International Journal of Management, Economic and Accounting
Volume 3, Issue 1 February 2025
E-ISSN 3025-5627 (Online)
https://doi.org/10.61306/ijmea

Stock Transaction Manipulation

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Abstract

The Indonesian capital market continues to grow rapidly with the increasing number of retail investors in recent years. However, this growth is also accompanied by the phenomenon of stock transaction manipulation, especially in small-cap stocks or known as "gorengan" stocks. This manipulation practice creates price distortions that do not reflect the company's fundamentals, thereby harming investors and diminishing trust in the integrity of the capital market. This research aims to identify transaction patterns of risky stocks and penny stocks, analyze the factors causing stock transaction manipulation, and evaluate its impact on the stability of the capital market in Indonesia. The research method used is qualitative descriptive with a literature review approach. Data were obtained from reports by the Indonesia Stock Exchange (IDX), the Financial Services Authority (OJK), academic journals, and trusted economic news sources. The analysis techniques used include descriptive analysis and content analysis with data source triangulation to enhance the validity of the findings. The research results indicate that the lack of transparency from issuers, suboptimal regulations, and low financial literacy among retail investors are the main factors that enable stock manipulation. The impacts include high price volatility, potential significant losses for investors, and a decline in trust in the capital market. To address this issue, strengthening regulations, utilizing early detection systems based on data analytics technology and artificial intelligence (AI), as well as providing financial education for retail investors to enhance their understanding of investment risks, are necessary. With these measures, it is hoped that the stability and integrity of the Indonesian capital market can be better maintained.

Keywords:
Transaction Manipulation; Market Manipulation; Risky Stocks; Capital Market; Indonesia Stock Exchange

Introduction

The Indonesian capital market has experienced significant growth over the past few decades, becoming one of the key pillars of the national economy. The Indonesia Stock Exchange (IDX) recorded an increase in the number of retail investors, surpassing 7 million in 2021, a drastic rise from approximately 1.1 million in 2016. This growth reflects the growing public interest in stock investments.

However, alongside this growth, a negative phenomenon has emerged in the form of market manipulation practices, particularly in small-cap stocks, often referred to as "pump-and-dump" stocks. These practices involve transaction engineering to create the illusion of false demand or supply, causing stock prices to move inconsistently with the company's fundamentals. This can harm investors and disrupt the integrity of the capital market (R. B. Purba, 2019a).

One of the most prominent cases was the manipulation of PT Murni Daya Industri Tbk (MDIY) shares in early 2025. On the first day of trading, MDIY shares initially experienced a lower auto-reject (ARB) of 25% at Rp1,240 before surging to a peak of Rp1,900 and closing at Rp1,690, with a total transaction value reaching Rp721.2 billion. This suspicious transaction involved related parties with an additional equity injection of Rp524 billion, raising suspicions of financial engineering (feb.ui.ac.id).

Additionally, a Rp100 billion default case involving one of the securities firms that facilitated stock transactions of PT Sekawan Intipratama Tbk (SIAP) also indicated stock price manipulation. Eight securities firms were involved in this transaction, ultimately uncovering long-suspected manipulation practices (capital-asset.co.id).

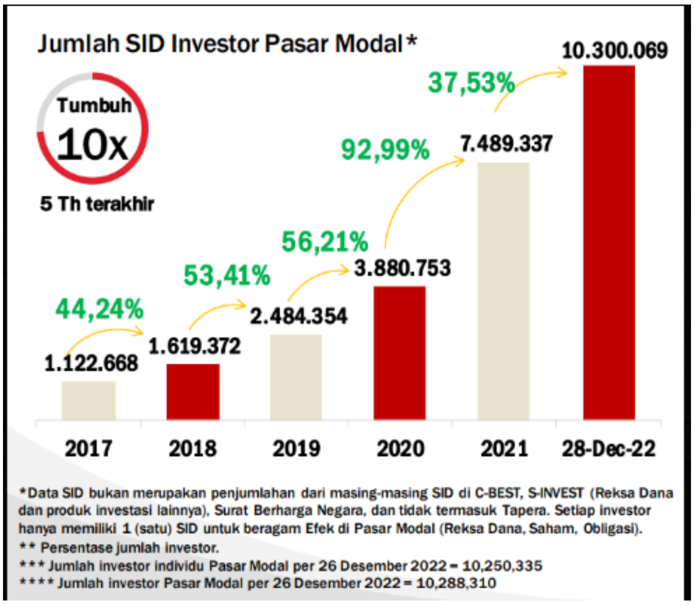
Market manipulation practices like these not only harm individual investors but can also undermine the confidence of institutional and foreign investors in the Indonesian capital market. The presence of “pump-and-dump stocks” has the potential to erode investor trust, both domestic and foreign, making it crucial for all stakeholders to ensure valid and transparent transactions (bpkn.go.id).

The Financial Services Authority (OJK), as the capital market regulator, plays a vital role in preventing and taking action against these manipulative practices. OJK has issued various regulations to protect investors, including law enforcement measures against market manipulators. However, the effectiveness of this enforcement remains a challenge due to the complexity and continuous innovation in the modus operandi of perpetrators (ojk.go.id).

Previous studies have also shown that real activity manipulation, such as improper management of operating cash flows, can impact a company’s profitability and dividends. A study by Hariyani (2016) found evidence of real activity manipulation among companies listed in the LQ45 index on the Indonesia Stock Exchange (IDX), carried out through operating cash flows. However, the study did not find a significant impact of real activity manipulation on the dividends distributed (media.neliti.com).

Grafik di bawah ini menggambarkan tren peningkatan jumlah investor ritel di BEI dari tahun 2016 hingga 2021:

Figure 1.1 Graph of the Trend of Increasing Retail Investors in the IDX



Source: Indonesia Stock Exchange (IDX)

This phenomenon of stock transaction manipulation highlights the importance of financial literacy for the public, strict supervision by relevant authorities, and firm law enforcement against manipulators. By doing so, the integrity and trust in the Indonesian capital market can be maintained, supporting sustainable economic growth (R. B. Purba, 2019b).

Based on these issues, the objectives of this study are:

a. To identify the trading patterns of risky and penny stocks on the Indonesia Stock Exchange (IDX).

b. To analyze the factors that contribute to stock transaction manipulation.

c. To explain the impact of transaction manipulation on market stability and investor confidence.

Literature Review

Market manipulation is an act carried out by individuals or groups to create a false or misleading impression regarding trading activities, market conditions, or securities prices on the stock exchange. The goal is to influence others to buy, sell, or hold certain securities. In Indonesia, market manipulation practices are prohibited under **Law No. 8 of 1995 on the Capital Market**, specifically Articles 91 and 92.

Article 91 states that any party is prohibited from taking actions that create a false or misleading impression regarding trading activities, market conditions, or securities prices on the stock exchange (R. Purba et al., 2023; Umar et al., 2019).

Article 92 prohibits conducting two or more securities transactions that result in a fixed, rising, or falling securities price with the intent to influence others to buy, sell, or hold securities.

Some common forms of market manipulation include:

1) Pump and Dump

a. Perpetrators buy a large number of shares at a low price and then spread misleading positive information to inflate the stock price.
b. Once the price rises, they sell their shares for a profit, while other investors suffer losses due to a sudden price drop.

2) Wash Trading
Perpetrators execute buy and sell transactions with themselves or affiliated parties to create the illusion of high trading volume, attracting interest from other investors.

3) Marking the Close
Perpetrators execute large transactions just before market closing to influence the closing price of a stock, which is often used as a reference by investors and analysts.

Several factors contribute to market manipulation, including:

a. Lack of Financial Literacy
   Investors with limited understanding of the capital market mechanisms are more vulnerable to manipulation as they can be easily influenced by misleading information.
b. Weak Market Surveillance
   Limited resources and technology in market supervision create opportunities for perpetrators to manipulate stocks without detection.
c. Desire for Quick Profits
   The motivation to earn substantial profits in a short period can drive individuals or groups to engage in manipulative practices.

Market manipulation has significant negative impacts on capital market stability, including:

a. Financial Losses for Investors
   Investors caught in manipulation schemes can suffer substantial losses due to abnormal price fluctuations.
b. Decline in Investor Confidence
   Manipulative practices can reduce investor trust in the integrity of the capital market, leading to lower market participation and liquidity.
c. Stock Price Distortion
   Manipulation causes stock prices to no longer reflect the company's fundamental value, disrupting the efficiency of resource allocation in the capital market.

To prevent and take action against market manipulation, relevant authorities such as the **Financial Services Authority (OJK)** and the **Indonesia Stock Exchange (IDX)** have issued various regulations and policies, including:

a. Implementation of Trading Rules
   Establishing specific trading limits, such as **auto rejection**, to prevent abnormal price fluctuations.
b. Transaction Monitoring
   Conducting real-time surveillance of trading activities to detect suspicious transaction patterns.

c. Investor Education
d. Organizing financial literacy programs to improve public understanding of sound investment practices and market manipulation risks.
e. Law Enforcement
   Taking firm legal action against market manipulators through legal proceedings in accordance with applicable regulations.

By understanding this theoretical framework, research on stock transaction manipulation is expected to contribute significantly to efforts in enhancing the integrity and transparency of the Indonesian capital market (Kuncoro et al., 2024; Umar et al., 2018, 2020).

Methods

A. Research Approach

This research used a descriptive qualitative approach with a literature review method. This approach aims to analyze and understand the phenomenon of the implementation and management of BOS funds in more depth (Creswell, 2014).

The descriptive method was used to provide a comprehensive picture of the phenomenon under study, while the literature review aimed to gather findings from previous relevant research (Neuman, 2016).

B. Location and Time of Research

This research is conducted through desk research, with data sources obtained from the Indonesia Stock Exchange (IDX), the Financial Services Authority (OJK), as well as Sinta-indexed journals and reputable international journals.

The research period spans from January 2025 to July 2025, covering the processes of data collection, analysis, and the preparation of the research report.

C. Operational Parameters of Variables

The variables examined in this study include:

Stock transaction characteristics on the Indonesia Stock Exchange (IDX) :

1) which cover trading volume, price volatility, and stock liquidity.
2) Indications of stock transaction manipulation and its impact on capital market stability and investor confidence.
3) Capital market regulations, market capitalization, and macroeconomic conditions (Tandelilin, 2010).

D. Population and Sample

The population of this study consists of all companies listed on the Indonesia Stock Exchange (IDX). The research sample is selected using purposive sampling, focusing on stocks with high volatility and frequent significant price changes within a short period (Sugiyono, 2019).

The sample selection criteria in this study are:

1) Companies whose stocks fall into the category of risky stocks and penny stocks.
2) Stocks that experience a surge in trading volume within a specific period.
3) Issuers with a history of unusual transactions, as reported by the IDX or OJK.

E. Data Collection Techniques

This study uses secondary data obtained from:

1) Indonesia Stock Exchange (IDX): Stock trading reports, annual reports of issuers.
2) Financial Services Authority (OJK): Regulations and policies related to stock trading.
3) Academic journals: Previous research indexed in SINTA, Scopus, Emerald, and Springer.
4) Economic news sources: Information from reputable business media such as Bloomberg, CNBC Indonesia, and Kontan.

The data collection technique is conducted through documentary studies, where data is systematically analyzed to identify patterns and trends related to stock transaction manipulation.

F. Data Analysis Methods

The data analysis methods used in this study include descriptive analysis and content analysis:

3) Descriptive Analysis
   a) Used to identify trading patterns of risky stocks and penny stocks on the IDX.
   b) Visualizes data in the form of graphs and tables to understand stock trading trends.
4) Content Analysis
   a) Analyzes documents and journals related to stock transaction manipulation.
   b) Evaluates the impact of capital market regulations on stock manipulation practices (Krippendorff, 2019).
5) Data Source Triangulation
   Data source triangulation is conducted by comparing information from multiple sources (IDX, OJK, academic journals, and business media) to ensure the validity of research findings.

Using these methods, this study aims to provide in-depth insights into the phenomenon of stock transaction manipulation and its impact on capital market stability in Indonesia.

Results

A. Characteristics of Risky Stocks and Penny Stocks on the IDX

Risky stocks and penny stocks on the Indonesia Stock Exchange (IDX) have several characteristics that distinguish them from blue-chip stocks or large-cap stocks. These stocks typically come from companies with weak fundamental values and are often the target of speculative trading.

Below are the key characteristics of risky stocks and penny stocks on the IDX:
1) High Volatility
Risky stocks often experience extreme price fluctuations within a short period. This high volatility is caused by low trading volume, making stock prices highly sensitive to small transaction volumes. Some examples of such stocks include:

a) PT MNC Energy Investments Tbk (IATA), which recently saw a significant price surge but later plummeted due to massive sell-offs.
b) PT Maming Enam Sembilan Tbk (AKSI), which surged by more than **100% in a month but then dropped sharply due to selling pressure.

2) Low Liquidity
Penny stocks generally have small market capitalization with low daily trading volume. Their low liquidity makes these stocks difficult to trade in large amounts without causing significant price changes. Examples include:

a) PT Sky Energy Indonesia Tbk (JSKY), which once attracted investor interest but had low daily trading volume, making its stock price easy to manipulate.
b) PT Sinergi Megah Internusa Tbk (NUSA), which frequently experiences abnormal price movements due to limited transaction volume.

3) Frequent Involvement in Market Manipulation
Small-cap and low-liquidity stocks are often targets of market manipulation, especially through pump-and-dump and wash trading practices. Examples include:

a) PT Hanson International Tbk (MYRX), which saw a price surge before being investigated by OJK for suspected transaction manipulation.
b) PT Sekawan Intipratama Tbk (SIAP), which experienced a price surge due to unusual trading activity before eventually plummeting and being delisted from IDX.

4) Weak Fundamental Performance
Many penny stocks lack stable financial performance. Some even have no clear profitability, yet they remain actively traded due to market speculation. Examples include:

a) PT Borneo Olah Sarana Sukses Tbk (BOSS), a coal mining company that recorded consecutive losses but saw a sudden price surge due to speculation.
b) PT Tiga Pilar Sejahtera Food Tbk (AISA), which, despite high debt and poor financial performance, remains a target for speculators.

5) Small Market Capitalization
Risky stocks generally come from companies with small market capitalization (small-cap) and limited outstanding shares. This makes their stock prices easier to manipulate by certain market players. Examples include:

a) PT Bliss Properti Indonesia Tbk (POSA), which has a small market capitalization and frequently experiences unnatural price surges in a short period.

b) PT Steady Safe Tbk (SAFE), which has a low market cap but frequently sees price movements that do not reflect its business fundamentals.

6) Lack of Information Transparency

Many penny stock companies do not provide transparent financial reports. Investors often find it difficult to assess their financial condition. Examples include:

a) PT Trada Alam Minera Tbk (TRAM), which has inconsistent financial reports and frequently delays financial disclosures to IDX.
b) PT Golden Plantation Tbk (GOLL), which often fails to provide clear information to investors regarding its business conditions.

7) Low Interest from Institutional Investors

Institutional investors such as mutual funds and pension funds rarely invest in risky stocks due to their high-risk profile. These stocks are mostly targeted by retail investors, who may lack a deep understanding of investment risks. Examples include:

a) PT Garuda Indonesia Tbk (GIAA), which frequently experiences high price swings due to retail speculation, despite facing financial challenges.
b) PT Pelita Samudera Shipping Tbk (PSSI), whose stocks are mostly owned by retail investors, leading to high volatility.

Penny stocks often experience drastic price movements due to market sentiment, whether driven by news or social media rumors. Examples include:

a) PT Bumi Resources Tbk (BUMI), which frequently experiences sharp price fluctuations due to market speculation on global coal prices.
b) PT Bank Amar Indonesia Tbk (AMAR), which is often affected by rumors about fintech industry developments.

8) High Return Potential with High Risk

Many investors are attracted to risky stocks due to their potential for high returns in a short period. However, these stocks also carry very high risks. Examples include:

a) PT Bumi Resources Minerals Tbk (BRMS), which saw a 200% price surge in three months but later dropped sharply due to profit-taking activities.
b) PT Sentul City Tbk (BKSL), which frequently experiences sudden price spikes due to rumors about major property projects but later crashes once those rumors are debunked.

9) Not Included in Major Indexes

Risky and penny stocks are usually not included in major stock indexes such as LQ45 or IDX30, which represent high liquidity and quality companies. Examples include:

a) PT Zebra Nusantara Tbk (ZBRA), which is not part of the major IDX index due to its small market cap and unstable price movements.
b) PT Exploitasi Energi Indonesia Tbk (CNKO), which failed to enter major indexes due to its weak fundamentals and high volatility.

Risky and penny stocks on IDX have characteristics that set them apart from blue-chip stocks. High volatility, low liquidity, and a high risk of manipulation make these stocks attractive to speculators but extremely risky for long-term investors. Many of these stocks experience abnormal price movements due to lack of transparency and weak fundamental performance.

To avoid falling into the trap of risky stocks, investors must conduct in-depth analysis before purchasing these stocks. IDX and OJK also play a crucial role in enhancing market transparency and tightening regulations to prevent price manipulation that could harm retail investors.

Recommendations*

1) Investors should understand the risks associated with risky stocks and conduct fundamental analysis before investing.
2) IDX and OJK should enhance market surveillance on stocks with unusual trading patterns.
3) Investment education for retail investors should be strengthened to prevent them from falling into speculative stock traps.

By gaining a better understanding of the characteristics of risky and penny stocks, investors can make wiser decisions when investing in Indonesia's capital market.

B. Factors Contributing to Stock Transaction Manipulation on the IDX

Stock transaction manipulation on the Indonesia Stock Exchange (IDX) occurs due to various factors that enable price and trading volume manipulation. The main contributing factors to this phenomenon include:

1)Lack of Transparency Among Listed Companies

Many companies listed on the IDX do not maintain adequate transparency in their financial reporting. Some of them delay financial disclosures, provide unclear information, or even engage in non-standard accounting practices. This lack of transparency allows market participants to manipulate stock prices without strong fundamental backing. Examples :

a) Case of PT Trada Alam Minera Tbk (TRAM) – This company frequently delayed its financial reports, making it difficult for investors to assess its true business condition. As a result, its stock price often experienced sharp fluctuations due to rumors and market speculation.
b) PT Hanson International Tbk (MYRX) – Before facing legal issues, this company experienced an unusual surge in stock price. Investors lacking adequate information bought the stock massively, only to see its price collapse once the legal case surfaced.

This lack of transparency prevents retail investors from making data-driven investment decisions, making it easier for speculators to create an illusion of stock demand or supply.

2) Ineffective Market Regulations

Although the Financial Services Authority (OJK) and IDX have introduced various regulations to prevent market manipulation, gaps remain in the supervisory system. Many manipulation cases go undetected or are only acted upon after significant losses occur. One major challenge is the use of anonymous or nominee accounts to execute suspicious transactions. Examples :

a) Case of PT Sekawan Intipratama Tbk (SIAP) – The company's stock surged drastically due to high trading volume, but later it was revealed that most of the transactions were conducted by related parties to create an illusion of high liquidity. After an investigation, its stock was suspended and eventually delisted.
b) Penny Stock Manipulation in 2023 – The IDX recorded several stocks with unusual trading patterns, leading to suspensions, such as PT Borneo Olah Sarana Sukses Tbk (BOSS), which saw a 300% price surge in a few months without any supporting fundamental news.

Weak regulations allow manipulators to exploit market loopholes, moving stock prices as they wish without facing swift and effective legal consequences.

3)High Speculation Among Retail Investors

Retail investors in Indonesia are still dominated by individuals with limited knowledge of stock analysis. Many make investment decisions based on recommendations from social media, Telegram groups, or stock discussion forums without fully understanding the risks. This makes them easy targets for pump-and-dump or wash trading schemes carried out by stock syndicates. Examples :

a) Case of PT Sentul City Tbk (BKSL)– This stock surged sharply after being widely discussed in retail investor groups, only to plummet once stock manipulators offloaded their holdings.
b) PT Rimo International Lestari Tbk (RIMO) – This stock experienced extreme gains before dropping drastically within a short period. Retail investors who entered late suffered massive losses.

Excessive speculation without in-depth analysis often makes retail investors victims of stock transaction manipulation, carried out by organized groups with large capital.

4) Information Asymmetry

One major factor that disadvantages retail investors is information asymmetry between them and institutional investors or stock syndicates. Institutional investors typically have access to in-depth research, analyst reports, and wider information networks compared to retail investors. Examples:

a) Case of PT Garuda Indonesia Tbk (GIAA) – Before the financial restructuring announcement, GIAA's stock surged unnaturally. Institutional investors with earlier access to information managed to profit before retail investors realized the risks.
b) PT Bumi Resources Tbk (BUMI) – This stock frequently experiences sudden price spikes, known only to a select few, before falling again after official news is released.

Retail investors who rely solely on public media information often lag in making decisions, buying stocks at their peak and selling them at their lowest after a price correction.

5) The Role of Stock Syndicates and Manipulation Groups

In the Indonesian capital market, stock syndicates (bandar saham) play a major role in controlling certain stock prices. These groups, composed of investors with large capital, manipulate prices by executing repeated transactions to create an illusion of high demand. These stock syndicates usually have organized strategies to control market sentiment and influence retail investor decisions. Examples :

a) Stock of PT Sugih Energy Tbk (SUGI) – This stock was once targeted by syndicates, who pushed its price from a very low level to a high level in a short time, before abandoning it, causing a sharp decline.
b) Manipulation of PT Minna Padi Investama Sekuritas Tbk (PADI) – The stock soared sharply over a few weeks due to transactions conducted by specific group, before experiencing a steep correction once the syndicates exited the market.

The presence of stock syndicates and manipulation groups makes certain stock prices detached from their fundamental values and instead driven purely by price games controlled by specific entities.

Stock transaction manipulation on the IDX occurs due to a combination of several factors, including:

a) Lack of transparency among issuers
b) Ineffective regulations
c) High retail investor speculation
d) Information asymmetry
e) The influence of stock syndicates

These factors create conditions where stock prices can be easily manipulated, often harming retail investors, who lack access to the same information as institutional investors or stock syndicates.

To address this issue, the following steps should be taken:

1) Strengthening Regulations and Supervision–OJK and IDX must increase monitoring of stocks with unusual trading patterns.
2) Financial Education and Literacy – Retail investors must understand the risks of speculative stocks and conduct fundamental analysis before investing.
3) Enhancing Transparency – Issuers must be required to provide clearer and more accurate financial reports.
4) Stronger Law Enforcement – Stock manipulators should face harsher penalties to deter future manipulative practices.

With these measures, Indonesia's capital market is expected to become more transparent and fair for all investors, particularly retail investors who often fall victim to stock manipulation schemes.

C. The Impact of Stock Transaction Manipulation on Capital Market Stability in Indonesia

Stock transaction manipulation has a significant impact on the stability of the capital market. Price manipulation by certain parties not only harms retail investors but can also reduce institutional investor confidence, disrupt market liquidity, and trigger stock price instability. Below are the main impacts of stock transaction manipulation on the Indonesia Stock Exchange (IDX):

1) Decline in Investor Confidence

Investor confidence, both retail and institutional, is crucial in maintaining capital market stability. When investors realize that stock prices can be systematically manipulated, they become more cautious or even withdraw their investments from the market. This leads to a decline in daily transactions and reduced market liquidity. Examples:

a) PT Sekawan Intipratama Tbk (SIAP) Case – After the revelation of stock transaction manipulation, many investors lost confidence in small-cap stocks with unusual trading patterns, resulting in a sharp decline in investment interest in these stocks.
b) Manipulation of PT Hanson International Tbk (MYRX) – When OJK investigated suspicious transactions on this stock, many investors began withdrawing their funds from similar stocks, fearing similar losses.

This declining confidence leads to lower investor participation in stock trading, especially in sectors frequently targeted for speculation.

2) Stock Price Instability

Stock price manipulation causes extreme volatility that does not reflect the company's fundamental value. Unreasonable price fluctuations make the market inefficient, making it difficult for investors to determine the true value of a stock. Examples:

a) PT Borneo Olah Sarana Sukses Tbk (BOSS) – Within a few months, this stock surged over 200% before crashing again without any significant fundamental news. Investors who bought at high prices suffered huge losses.
b) PT Minna Padi Investama Sekuritas Tbk (PADI) Case – This stock soared sharply within a short period due to speculation but eventually plummeted after syndicates exited the market, leaving retail investors at a loss.

This price instability creates a high-risk investment environment, where stock prices are more influenced by market manipulation rather than company performance.

3) High Financial Losses for Investors

One of the most apparent impacts of stock transaction manipulation is the significant financial losses suffered by retail investors trapped in price manipulation schemes. After stock prices surge due to speculation, manipulators (stock syndicates) sell off their shares in large volumes, causing a sudden price drop and resulting in substantial losses for retail investors. Examples :

a) PT Sugih Energy Tbk (SUGI) Case – This stock skyrocketed before suddenly crashing within a short time. Many retail investors who bought at high prices suffered heavy losses after a massive sell-off occurred.
b) PT Rimo International Lestari Tbk (RIMO) Stock – This stock experienced an extreme price surge due to speculation but then plummeted within a few days, causing many investors to lose up to tens of percent of their invested capital.

These financial losses not only affect individual investors but can also undermine overall confidence in Indonesia's capital market.

4) Increased Regulatory Interventions

To prevent further negative impacts, OJK and IDX often intervene by suspending stock trading or implementing stricter regulations on stocks suspected of price manipulation. While these actions protect investors, frequent regulatory interventions can also create uncertainty in the market and slow down investment growth. Examples:

a) Suspension of PT Sinergi Megah Internusa Tbk (NUSA) Stock – After an unusual price surge, IDX imposed a trading suspension to prevent further losses for investors. However, this also trapped investors who still held the stock, preventing them from selling their assets.
b) Auto Reject Upper and Lower (ARA & ARB) Regulation in 2023 – IDX implemented a price fluctuation limit to prevent manipulation, but this also restricted healthy stock price movements, leading some investors to view the regulation as a hindrance to market freedom.

This intervention demonstrates that price manipulation has widespread effects on capital market stability, forcing regulators to take actions that impact overall stock trading dynamics.

5) Domino Effect on the Indonesian Capital Market

When stock manipulation scandals emerge, they not only affect the manipulated stocks but can also trigger a domino effect across the market. Investors who have suffered losses from stock manipulation tend to become more cautious, leading to lower market liquidity. Examples :

a) PT Tiga Pilar Sejahtera Food Tbk (AISA) Case – After accounting irregularities and stock manipulation issues were exposed, this stock experienced a significant decline, affecting investor confidence in the consumer goods sector.

b) Impact of Penny Stock Manipulation in 2023 – After several stocks surged artificially and then collapsed, many investors avoided small-cap stocks, making the market for these stocks less liquid.

This domino effect can impact the entire capital market, reducing investor participation and slowing investment growth in Indonesia. Stock transaction manipulation has widespread negative effects on the stability of Indonesia's capital market. From declining investor confidence and stock price instability to significant financial losses for retail investors, these manipulative practices create an unhealthy investment environment.

To mitigate these impacts, the following steps must be taken:
1) Enhancing Transparency and Accountability Among Issuers – Companies listed on IDX must be required to provide clear and accurate financial reports.
2) Strengthening Regulations and Supervision – OJK and IDX must improve monitoring of stocks with unusual trading patterns and take firm action against market manipulators.
3) Investor Education – Retail investors must be better informed about investment risks and how to identify stock manipulation patterns.
4) Harsher Penalties for Market Manipulators – Stronger legal enforcement should be applied against stock transaction manipulators to restore investor confidence in Indonesia's capital market.

Discussion

The results of this study reinforce previous findings highlighting the high risk of manipulation in Indonesia's capital market. High volatility in small-cap stocks provides a significant opportunity for market participants to manipulate transactions (Hariyani, 2016).

Ramadhan & Yulianto (2023) found that low institutional investor participation increases manipulation potential, while Santoso & Hidayat (2022) revealed that regulatory gaps allow manipulation to persist, calling for AI-based monitoring. Wulandari & Syahputra (2021) noted that retail investors often react emotionally to price spikes caused by manipulation, leading them to buy at high prices and suffer large losses.

Thus, stronger regulations, advanced monitoring technology, and increased financial literacy are essential for maintaining capital market stability. Several studies have also highlighted that low financial literacy among retail investors is a major cause of widespread speculation on IDX (Budi Frensidy, 2021).

To combat this issue, market surveillance must be improved:
1) Maruddani & Astuti (2021) suggest implementing data analytics-based early detection systems to identify suspicious trading patterns more effectively.

2) Santoso & Hidayat (2022) recommend using AI-driven surveillance for faster detection of unusual transactions.
3) Wulandari & Syahputra (2021) emphasize financial education for retail investors to reduce excessive speculation and increase awareness of price manipulation risks.

Conclusion

1) Risky and penny stocks exhibit high volatility, low liquidity, and frequent market manipulation.
2) The main causes of stock transaction manipulation on IDX include lack of transparency, ineffective regulations, high retail investor speculation, and information asymmetry.
3) Market manipulation negatively impacts capital market stability, reducing investor confidence, increasing price volatility, and raising investment risk.
4) This study supports previous research showing that stricter oversight and improved financial literacy are critical in preventing stock transaction manipulation.

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