Jurnal Jamsostek
Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

The Future of Sharia-Based Employment Insurance for Indonesia's Employment Insurance Agency (BPJS Ketenagakerjaan): Learning from Malaysia

Dewi Murtiana

BPJS Ketenagakerjaan

(email: dewi.murtiana@bpjsketenagakerjaan.go.id)

Abstract

The growing Islamic economy worldwide has inspired the launch of "Indonesia's Islamic Economic Masterplan 2019-2024" in May 2019. The blueprint aims to establish a sustainable domestic Islamic market and make Indonesia the key player in the global Islamic economy and finance hub by developing several sectors such as Islamic banking, Islamic capital market, social security, and Islamic social sectors. Data from Indonesia's Financial Authority shows a huge gap between conventional and Islamic insurance regarding their contribution to Indonesia's GDP in the third quarter of 2018. The former contributed 31,7%, while the latter only had 1,13%. It seems that Indonesia, home to the world's largest Muslim population, is left behind among other Muslim majority countries to create an Islamic economic market. In contrast, Malaysia with fewer Muslim inhabitants has succeeded in building a feasible sharia economic market and Islamic insurance in its social security institution called the Employees' Provident Fund (EPF). This study uses a comparative study to observe phenomena and analyze differences and similarities to be interpreted or evaluated, and comparisons will be made between Indonesia and Malaysia as units of analysis. Our findings indicate that the probability of developing Islamic insurance in social security institutions not only depends on the precise scheme that BPJS Ketenagakerjaan will introduce as the provider but also on the willingness of the national government to build a new regulatory framework.

Keywords:

BPJS Ketenagakerjaan; sosial security; islamic insurance; EPF

Introduction

Sharia insurance as the Islamic finance product is potentially expected to grow, along with the growth of the Islamic industry and Muslim population or Islam believers around the world, both in Muslim majority and non-Muslim majority countries. Meanwhile, as a country with more than 80% Muslim population, Indonesia is experiencing a lag to develop sharia insurance market. Based on data from Financial Service Authority (OJK), until August 2018, sharia insurance

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

contributions to Indonesia's GDP in the third quarter were 1,13%, which is considerably small compared to conventional insurance of 31,7% (Bappenas, 2018). Further, according to OJK data, sharia insurance's market share to conventional products only reached 6% by December 2020 (Ardianto, 2021). Interestingly, Malaysia, a neighbor country of Indonesia with a smaller Muslim population that totaled 60% is considered as a leading hub in the Islamic finance industry. The market penetration of Islamic insurance in Malaysia by 2020 was predicted to exceed 16% and might continue to grow in the future (Aziz & Kassim, 2020). Malaysia also has succeeded in delivering sharia insurance in its national pension agency called the Employees' Provident Fund (EPF).

Therefore, this article aims to examine what lessons can be learned from Malaysia to improve the development of Islamic insurance in Indonesia. As a nation with more than 80% of the total population being Muslim, this is crucial to find out about the low engagement of the community to sharia insurance products. Based on the survey conducted by Prudential – one of the insurance companies that have launched sharia products, showed that 40% of Indonesian people prefer to use sharia insurance products only, followed by 30% who prefer to use conventional insurance products, and the rest still have not decided yet (Perdana, 2017). Also, Sondang Martha Samosir, as Director of Literacy and Financial Inclusion OJK argued that, many non-Muslim people choose to use sharia products because these products' value seems suitable to their principles (Aziza, 2017). From the data, this can be assumed that Indonesian people, Muslim, and non- Muslim populations accept the idea of sharia insurance, however, the problem is there is still a lack of public engagement from the willingness to involve in Islamic insurance.

Although there were up to 62 sharia insurance companies by 2019 (OJK, 2019), the development of sharia insurance in Indonesia still had a growth slowdown. Based on data reported by OJK, up until August 2018, sharia insurance contributions to Indonesia's GDP in the third quarter were 1,13%, a relatively small amount, compared to the conventional insurance industry which reached 31,7% in the meantime. Besides, the Islamic insurance sector's total assets as of August 2018 only totaled IDR41,68 trillion or equal to around 6,16 % of Indonesia's GDP in the third quarter while at the same time, conventional assets were as much as IDR676,15 trillion or approximately 31,7% from the country's GDP (Bappenas, 2018, pp. 222-224). Responding to the small market share of Islamic insurance, the Chairman of the Indonesian Sharia Insurance Association (AASI) Ahmad Sya'roni, argues that there are three main factors why sharia insurance has not become the choice of Indonesian people. Firstly, insurance has not become the primary need of the community, especially in the lower middle-class economy group.

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

The subsequent reason is there is a low literacy and knowledge level about the distinction between conventional and Islamic insurance. Lastly, the Indonesian people are still accustomed to conventional insurance products than sharia insurance (Lestari, 2018).

It is assumed that Sya'roni's arguments are hand in hand with the report that has been presented by OJK about the weak literacy and the low awareness of insurance among Indonesian people. The study showed the insurance literacy index in Indonesia has only reached 15,76% in 2017, decreased from the 2013 survey at 17,84%. While at the same time, the utility level reached 12,08%, which did not differ from the 2013 survey at 11,81%. Based on the report, this can be assumed that of 100 people in Indonesia, only 15 to 16 people are aware of insurance, and just 12 people have used or are using insurance (Bappenas, p. 226). While the CEO of Generali Indonesia Life Insurance, Edy Tuhirman, argued that low public engagement occurs because the sharia insurance products that have been developed by private insurance companies are not relatively different from the conventional scheme (Lestari, 2018). Hence, it then becomes a challenge for industry players to create Islamic products that are completely different and purely adopt the Islamic system to attract Indonesian people.

The enactment of Presidential Decree Number 91 Year 2016 then led to the formation of a national committee, namely the National Committee for Sharia Economy and Finance (KNEKS) to coordinate and supervise all policies and actions pursued by authorities to accelerate the development of Indonesian Islamic finance (Diela, 2017). To catch up with the lag in the Islamic insurance or finance industry, KNEKS launched a blueprint namely "Indonesian Islamic Economic Masterplan 2019-2024" in May 2019. The objective of the masterplan is to make Indonesia as the World Islamic Economic and Finance Hub with the 5 missions such as increasing Islamic businesses, expanding Islamic financing, developing the Islamic financial markets, increasing Islamic economics and finance literacy, and strengthening the international positioning (COMCEC, 2019, p. 72). In this context, under the Blueprint, Indonesia plans to enhance the four potential sectors including Islamic banking, Islamic capital market, social security, and Islamic social sectors, particularly zakat (alms giving) and waqf (endowment) (Bappenas, pp. 176-177).

Regarding the notion to strengthen social security with an Islamic scheme, the government has shown its commitment by signing a Memorandum of Understanding (MoU) with BPJS Ketenagakerjaan in 2019 to develop Islamic-based employment social security. BPJS Ketenagakerjaan is an Indonesian government agency in charge of settling employment social security under the national social security system. This paper argues that this strategy is taken because the membership of BPJS Ketenagakerjaan is compulsory for workers, not only individual

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

with Indonesian nationality but also foreign workers. Hence, BPJS Ketenagakerjaan has a competitive advantage among other insurance providers to be a government partner in the collaborative work to develop Islamic insurance.

In addition, EPF and BPJS Ketenagakerjaan are relatively the same; both institutions are state agencies, the difference centers around the operational scope. EPF is a government agency that manages the compulsory savings and retirement plan for workers in Malaysia, while BPJS Ketenagakerjaan provides employment social security programs that consist of work accident insurance, old age insurance, pension benefits, and life insurance. In comparison, Malaysia which has a total population of Muslims 61,3% succeeded in placing its country as a leading hub for sharia finance in Muslim countries outside the Middle East region. While sharia savings in EPF subsequently declared its victorious in exceeding the mandated target of delivering a minimum dividend of 2,5% yearly basis, and at least 2,0% real dividend on a rolling three-year basis in February 2019 (The Star Online, 2019). EPF also succeeded to obtain 705.485 EPF members or equal to 5,03% that have switched to sharia savings in 2018 (Hariz, 2018). Although, the statistical data shows that the development of Islamic insurance remains low, however, Indonesia has a large potential to develop the insurance industry.

As one of the largest Muslim population countries in the globe which accounts for 13% of the global Muslim population or equal to 215 million people (KNEKS, 2019), Indonesia receives a community benefit in developing Islamic financial sectors. This can be seen through the Global Islamic Finance Report (GIFR) which placed Indonesia as first rank in the global sharia financial market in 2019, with 81,93 points on the 2019 Islamic Finance Country Index (IFC) (KNEKS, 2019). Therefore, the strategy of developing Islamic insurance becomes essentially needed for Indonesia because if the government succeeds to apply appropriate actions, Indonesia might emerge as a country with a large Islamic economic power.

This paper addresses a question of what sort of lessons can be learned from the EPF practice to develop an Islamic scheme in BPJS Ketenagakerjaan?

Existing studies, such as that being seen in Malaysia show that Islamic financial institutions emerge as potential financial instruments since long time ago. It is apparent through the introduction of the Islamic Banking Act 1983 and the Government Investment Act 1983. By using the Islamic Banking Law, the government created a separation between Islamic banks and conventional banks. Hence, the monitoring and control systems between those types of banks were clearly different. The enactment of the Government Investment Act, 1983 eventually enabled the government to issue Government Investment Certificates (GICs). Through the Act,

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

the government could publish Islamic bonds, which later were used as investment instruments by Islamic banks. The development of Islamic banks in Malaysia started to rise with the rapid establishment of 21 Islamic banking products, which applied several sharia principles in the beginning of 1993 (Korshid, 2004).

A remarkable legislative framework to regulate sharia insurance then was passed through the introduction of the Malaysian Takaful Act 1984 (Korshid, p. 117). Through this Law, the sharia insurance scheme succeeded to enter the financial market and compete with the conventional insurance companies. The office of Director General then regulated the business process of Takaful insurance, which the leader of its board was appointed by the Minister of Finance. The establishment of Takaful created a situation in which the fund needed to be invested in compliance with sharia principles. At that time, the Malaysian government seemed to be supportive in providing regulations and investment instruments which is suitable for Islamic law. A Sharia Supervisory Council eventually imposed the legality of a business operator in sharia law (Korshid, p. 119). Although Mukhlisin (2017) argues that Malaysia has been quite lenient in endorsing its regulation. For instance, according to the Sharia Advisory Committee of the Malaysian central bank, the time value of money issue in accounting is not an issue of shariah-compliant financial contract for takaful industry.

Pramudya Iriawan Buntoro, the former Deputy Director of Actuarial of BPJS Ketenagakerjaan (Pram, 2019) argued after establishing sharia savings in EPF, the Malay government then amended the EPF Law by adding an article. The government's action is deemed crucial because the article amendment aimed to differentiate the dividend rate between sharia savings and conventional schemes. As such, unlike EPF's conventional scheme that provides a guaranteed dividend, Islamic savings does not have a guaranteed dividend to its members (KWSP-EPF, 2021). Besides, he also highlighted the role of Ulema support as the essential factor to develop sharia savings. It is because the Ulema council perceived sharia savings as a new strategy for people, especially the Muslim population to have an insurance model without riba-based usury (Sinar Harian 2019; Hakim 2021).

Methods

The research will be conducted in a qualitative approach, an analysis of the development of Islamic insurance in the financial industry based on literature study. This research will use case studies as the design or method to develop an in- depth analysis of the case and activity process, related to the establishment of sharia savings in EPF Malaysia (Creswell & Poth, 2018). The researcher collects detailed information using a variety of data collection procedures, in textual or visual analysis, such as from journals, books, and videos. Besides, the inquirer collects data through observations with formal in-depth interviews with the representative of BPJS Ketenagakerjaan. Further, to guarantee validity and reliability, the researcher takes a triangulation method using multiple data sources to compare the findings, such as combining interviews and documents.

Discussion

Comparing of Islamic Insurance Market in Indonesia and Malaysia

Of the total Islamic insurance contribution in the Southeast Asia region that reached USD 12 billion in 2018 (ICD, p. 31), Malaysia accounted for USD 9 billion from its nine Islamic insurance corporates (ICD, p. 31). Malaysia with a 61,3% Muslim population succeeds in placing its country as a leading hub for sharia finance in Muslim countries outside the Middle East region. Malaysia also was positioned in third place among the countries with large Islamic finance assets, which totaled USD 20 billion, below Saudi Arabia and Iran by 2018 (KNEKS, 2019, p. 30). Based on data reported by OJK, up until August 2018, sharia insurance contributions to Indonesia's GDP in the third quarter were 1,13%, a relatively small amount, compared to conventional insurance contributions were 31,7% (Bappenas, pp. 222-224). Regarding the assets, the Islamic insurance sector's total assets as of December 2019 were totaled IDR45,45 trillion, while conventional assets were as much as IDR735 trillion. From the finding, the proportion of sharia insurance assets only reached 6,18% of the conventional industry (KNEKS, 2020). In the global realm, data from the Islamic Financial Services Industry in the second quarter of 2018 showed that the Islamic banking share in Indonesia amounted to approximately 5%. Sadly, the percentage is considered low if the total is compared to Malaysia, which accounted for 26,5% that was in the sixth position as the country with the largest Islamic banking assets – (IFSB, 2019).

Contrary to Malaysia that has succeeded to develop Islamic insurance in its national pension agency in 2016, Indonesia the most populous Muslim country in the Southeast Asia region experiences a slowdown in growth in developing the Islamic insurance market. As of 2018, 54 private insurance providers that offer Islamic insurance only contributed a total value of USD 3 billion (ICD, p. 31). While Malaysia's total value of Islamic insurance was at USD 12 billion with 9 insurance companies. The difference between Malaysia's and Indonesia's outcomes in the Islamic financial industry might be caused by how the governments put Islam in a relation to the country's type. It is apparent that Indonesia is a Pancasila country that recognizes the other

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

official five religions whereas Malaysia puts Islam as the official religion that is stated in the Federal Constitution of Malaysia (Suryadianata, 2017).

Given that, this leads to an assumption that Islam has a special position in Malaysia although Malaysia is not an entirely Islamic country. According to Shad Faruqi, "Malaysia is neither a full- fledged Islamic state nor wholly secular", but in light of "Muslims constitute the majority population, and Islamisation is being vigorously enforced, Malaysia can indeed be described as an Islamic or Muslim state" (Adil, 2018). On the other hand, Indonesia is a more moderate Muslim country where diversity is being strengthened. The preliminary research argues that Malaysia has enormous support from the Ulema Council since Islam is being put in the Federal Constitution of Malaysia.

A. The Successful Employee Provident Fund (EPF) Malaysia in Delivering Sharia Saving

The remarkable strategy to create Malaysia for being a key player in the Islamic financial market is considered when the Malay government established sharia savings in EPF. EPF is a government agency that manages the compulsory saving plans and retirement planning for private-sector workers in Malaysia with a single pension scheme under the Employees Provident Fund Act 1991. The discussion of adding the sharia option has been initiated during the implementation of BNM - Bank Negara Malaysia's Financial Sector Blueprint in 2011 (KWSP EPF, 2018). The blueprint was created to develop Malaysia as a leader in the sharia economy (Lee, 2011). After that, the proposed sharia method also was formalized and incorporated through the five-year plan interval of EPF Strategic Plan 2013-2017 and was implemented formally in August 2016 (KWSP EPF, 2018). The introduction of sharia savings was conducted after EPF held an audience with its members which in the hearing, more than 70% of participants accepted the sharia- compliant pension savings option (KWSP EPF, 2018).

In delivering the Islamic insurance scheme, EPF offers a conversion choice for its members. In the initial registration, people automatically would enroll in the conventional scheme in the initial register. Afterward, they can convert to the sharia scheme without considering their religion, race, or nationalities. However, members are restricted to revert to the conventional account after the effective date of the sharia savings calculation. The sharia savings' registration or conversion is open throughout the year, and the conversion deadline falls at the end of December (usually between the 24th and 25th); meanwhile, the calculation of the dividend will be done at the year-end. The essential differences between conventional and sharia savings

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

are related to Akad or the initial contract of conducting the savings agreement and the amount of dividend rate.

In terms of Akad, sharia savings are based on the Wakalah model, which means the insured place their business into the insurance operator, and the insurance provider would designate specific agents to deal with or support the insured (Billah, 2019, p. 36). The application of Akad becomes crucial in the Islamic business transaction as the offer and acceptance process in Akad would affect the validity of transactions and creates a bond between both parties. Once EPF and members have signed a mutual contract, then both parties must fulfill the obligations and the rights in the agreement (Billah, 2019, p. 428). Regarding the dividend rate, conventional profit is subjected to gain a minimum dividend amounting to 2,5%, from the accumulation of the sharia and conventional investment. Unlike the conventional scheme that has a fixed dividend of 2,5% per year (The Star Online, 2017), the Sharia scheme of EPF has an uncertain dividend of sharia savings, and the profit issue later emerged as a debate whether people should enroll in the sharia scheme or not (Noordin, 2019). However, according to Akmal Hassan, managing director of Asian Islamic Investment Management Sdn Bhd, the primary reason why people wanted to change the scheme or not depends on their investment (Noordin, 2019). Table 1 below illustrates the features of sharia savings and conventional products.

Table 1.

Conventional and Sharia Saving Feature in EPF

	Shariah Saving	**Conventional Saving**
Membership	All EPF members can choose to switch their account to Shariah saving	All EPF members in default are Conventional saving, if they are still not opted to switch to Shariah saving
Akad (Shariah Contract)	Subject to Akad Shariah saving based on Wakalah contract	Not applicable
Dividend rate	The dividend rate is based on the actual performance of shariah-compliant investment	The dividend rate is based on the actual performance of the conventional investment (non-shariah-compliant and shariah-compliant investments) and is subject to a minimum dividend of 2,5%
Endorsement by the Shariah Advisory Committee (SAC)	Endorsed by the EPF Shariah Advisory Committee (SAC) and subject to the Shariah Governance Framework	Not applicable
Account Conversion	Members are not allowed to revert to conventional savings after the effective date	Members may choose to switch from Conventional saving to Shariah saving

Source: KWSP-EPF, 2019

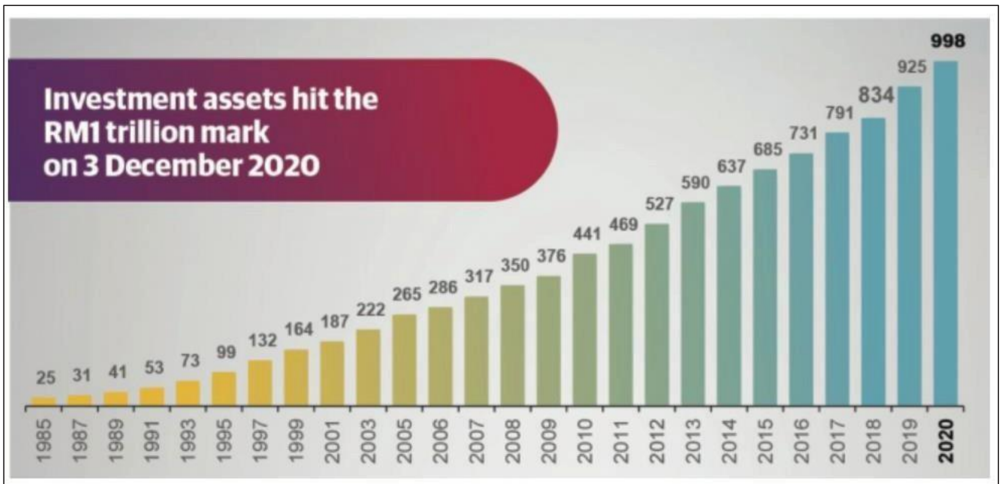
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

By 2018, EPF subsequently declared its victorious in managing two saving schemes by releasing the high dividend rates of sharia savings that totaled 6,4% with a payout totaled RM3,98 billion while the conventional scheme reached 6,9% and the payout was equal to RM44,15 billion (KWSP- EPF, 2018) (The Star Online, 2018). EPF also succeeded to make 705.485 members from a total of 14 million individuals or equal to 5,03% to convert to sharia savings during the initial establishment in 2018 (Hariz, 2018). According to EPF Chairman Tan Sri Samsudin Oman, from the gross investment income in 2017 that totaled RM 53,14 billion, Shariah savings were able to contribute RM 4,6 billion. Although the sharia savings scheme's total participant is still far from the expectation, which was targeted at 40% members, but the dividend's result breaks the doubt of people and is expected to attract more people for switching to the sharia-compliant scheme in the future (The Star Online, 2017).

Further, it is assumed that the establishment of Islamic savings in EPF brings more positive impact on the other Islamic financial sectors and in reverse, the acceleration of the Malay Islamic financial market also makes EPF becomes stronger since the institution has adequate sharia-compliant investment instruments. While at the time of publishing this paper, there is a Covid-19 pandemic which leads to a slowdown in the growth of the global economy. Despite the unanticipated crisis, for 2020, EPF showed a resilient ability by attaining the highest gross investment income totaled at RM60,98 billion; from the total, RM6,15 had been allocated to sharia savings as shown in Figure 1 (The Malaysian Reserve, 2021).

Figure 1.

The amount of EPF Investment between 1985 and 2020



Source: The Malaysian Reserve, 2021

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

B. Learning from Malaysia's EPF

Unlike Malaysia which has developed the Islamic scheme in a state agency since 2016, the Indonesian government just founded the National Committee for Sharia Economy and Finance (KNEKS) to accelerate, expand, and develop sharia-compliant financial services in 2017 (Diela, 2017). To develop the Islamic insurance market, KNEKS started an MoU with BPJS Ketenagakerjaan in 2019 that aimed to develop Islamic-based employment social security. So that it is important to conduct a comparative study between Malaysia and Indonesia is needed to analyze what critical elements can be taken or reflected from Malaysia's practice and then will be used to improve the development of Islamic insurance in Indonesia. Besides, the research has found three key successes of Malaysia's EPF in expanding Islamic insurance, namely the government's support and regulation, the ulema council and support, and the enabling environment. These elements will be discussed in the following.

First, regarding the government's support and regulation, the Malay government has developed the sharia finance and market since 2011 by introducing the Sharia Governance Framework in 2011 and the Islamic Financial Services Act (IFSA) 2013. These strategies aimed to supervise the sharia system in some key areas, such as sharia advisory, sharia review, sharia audit, and sharia research (Abdullah 2019). Not only enacting supporting regulations, according to Deputy Finance Minister Datuk Amiruddin Hamzah, several strategies also have been conducted, for instance, the issuance of Sustainable and Responsible Investment Sukuk (SRI) and Green Sukuk, the introduction of the Investment Account Problem (IAP), and the development of the Waqf Fund to develop the Muslim economy (Bernama, 2018). Further, to support the development of sharia savings, the Malaysian government also decided not to subject the minimum dividend of sharia savings, which is applied in the conventional scheme amounted to 2,5%.

Finally, the adequate sharia- compliant investment instruments have also played a substantial enabling environment for the EPF succeed. The research of Lincoln University discovers that Malaysia's Islamic capital market runs parallel to the conventional capital market (Wareza, 2019). Hence, it is unsurprising that Malaysia has adequacy of investment instruments for sharia savings. Based on market data in 2017 (KWSP EPF, p. 19), the allocation for the sharia savings in EPF is invested under several instruments, such as fixed income (59%), equities (36%), and the remaining were placed in the cash and inflation accounted for 3% and 2%, respectively. From the data, this can be seen that the majority of EPF's assets were invested in the local

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

Investment instrument, which can be assumed that Malaysia's Islamic financial market can support the development and sustainability of Islamic insurance.

Besides, as of December 2019, based on the BNM data, the total assets of Islamic banking in Malaysia reached RM 835,19 billion or equivalent to IDR 2,789 trillion, with the sharia banking penetration amounting to 40%-50% (Setiawan, 2020). Willis Towers Watson's Global Pension Assets Study 2016 also predicted that Malaysia's total pension assets were at USD 35,4 trillion, which was placed as the top 19 pension world markets. Regarding investments, the majority of EPF's funds, or around 75% were invested in Malaysian equities, bonds, and sukuk; meanwhile, the overseas investments accounted for 25% of its portfolio. In terms of sukuk investments, Malaysia became the most significant and developed country with varieties of maturities and issuers in sukuk issuance. The existence of a significant sukuk market made EPF easier to conduct sharia-compliant investment instruments for the sharia scheme. The large number of sukuk also provides advantageous impacts to Malaysia's domestic Islam financial market due to the well-known sukuk as the preferable fixed sharia investment instrument for local and foreign investors (Parker, EPF's syariah scheme a game- changer, 2016).

Conclusion

This paper has one research question consisting of what lessons can be learned from EPF to develop Islamic insurance in Indonesia. Using System Theory and Theory of Al Hisbah, this finding has reached a conclusion in which the availability of MEKSI and Qanun No.11/2018 make the development of the sharia scheme in BPJS Ketenagakerjaan can be implemented. Although there would be several constraints, such as investment and membership issues; however, the establishment of BSI, the introduction of several Islamic investment instruments, and the implementation of Qanun in Aceh province create an inevitable environment to launch shariah employment insurance.

Arguably, three lessons can be taken from EPF's shariah savings that consist of (1) the government's support and regulation, (2) Ulema council support, and (3) the adequate sharia-compliant investment instruments as a substantial enabling environment. From the findings, the collaboration between the national government, the Ulema Council, and the Islamic banking sector has proven to make EPF successful in delivering the sharia savings scheme. The government provides EPF with the framework that enables the insurance agency to implement the sharia scheme, such as the Sharia Governance Framework in 2011, IFSA 2013, SRI and Green

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

Sukuk, IAP, Waqf Fund to develop the Muslim economy, and the regulation for not requiring sharia savings to provide minimum dividend alike conventional scheme, that amounted to 2,5%.

Admittedly, the subsequent factor is related to the Ulema council support, Ulema and their fatwa have significant power in Malaysia since people who violate Ulema fatwa are assumed to be disrespectful to Ulema and Islam. While, fortunately, Malay Ulema is relatively loose in applying regulation toward sharia savings since they do not force people to convert into sharia savings and require them to do wealth purification. It is assumed that the loose Ulema fatwa makes Malay people more attracted to understand more about the sharia savings scheme in EPF. Lastly, the good supply and demand in the domestic Islamic financial market. From the Islamic Financial Board data in the above discussion, Malaysia becomes a country outside of the Middle East and North Africa (MENA) that has a relatively great amount of Islamic global assets. The sufficient domestic Islamic financial market then enables EPF to perform a maximum investment to provide a great dividend. This research discovers that although Indonesia still has a lower Islamic financial market or banking compared to Malaysia, however, the future of the Indonesian Islamic financial market or banking is promising. It is because the government has issued several financial instruments to accelerate Islamic funds, such as sukuk, waqf, BSI-the Indonesia's largest sharia bank. Arguably, many argue that those actions would provide a good impact on the Islamic financial sector's acceleration and growth and might affect the increase of the Islamic capital market on the large scale, eventually.

This paper concludes that the existence of Qanun Law and the establishment of a more feasible Islamic financial market in Indonesia enables shariah employment insurance in BPJS Ketenagakerjaan to be developed. It is because, on the one side, Muslim communities, especially Acehnese people need Islamic insurance, while, on the other hand, to create a sustainable Islamic financial product, a balance of supply and demand is required. Supply denotes the availability of Islamic investment instruments and demand represents the number of people who use Islamic employment insurance. Hence, this paper also suggests the urgency to establish a new regulatory framework to ensure collaborative action among the Islamic financial institutions and stakeholders to develop and grow the Islamic economy and sharia insurance as the Islamic financial product. The new framework is crucially needed since a sustainable Islamic financial market will emerge as there is sufficient demand and supply in the Islamic economy chain.

Jurnal Jamsostek
Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

References

Abdullah, A. 2019. Malaysia a global leader in Islamic banking. Retrieved November 2, 2019 (https://www.nst.com.my/opinion/columnists/2019/02/458228/malaysia-global- leader-islamic-banking)

Adil, M. A. 2018. Is Malaysia a secular state? (https://www.nst.com.my/opinion/columnists/2018/12/444567/malaysia- secular-state)

Anggraeni, R. 2020. Indonesia Masih Kalah dari Malaysia Soal Ekonomi Syariah. (https://ekbis.sindonews.com/read/269756/178/indonesia-masih-kalah-dari- malaysia-soal-ekonomi-syariah-1608081178)

Anyebe, A. A. 2018. An Overview of Approaches to the Study of Public Policy. *International Journal of Political Science* 4(1): 8-17.

Ardianto, P. (2021, March 25). Alhamdulillah, Pangsa Pasar Asuransi Syariah Sudah 6%. (https://investor.id/finance/242213/alhamdulillah- pangsa-pasar-asuransi-syariah-sudah-6)

Aziz, N. I., and Kassim, S. 2020). The Contributions of Takaful Industry towards Economic Growth Savings and Investment in Malaysia. *International Journal of Advanced Research in Economics and Finance*: 31-38.

Aziza, K. S. 2017. OJK: Banyak Warga Non Muslim Juga Minati Produk Syariah. (https://ekonomi.kompas.com/read/2017/10/05/103000726/ojk--banyak-warga- non-muslim-juga-minati-produk-syariah-)

Bappenas. 2018. Indonesia Islamic Economic Masterplan 2019-2024. In: D. Planning (Ed.), Indonesia Islamic Economic Masterplan 2019-2024 (pp. 176- 177). Jakarta: Indonesian Ministry of National Development Planning.

Barbuscia, D. 2021. S&P Forecasts Global Islamic Financial Industry Growth. (https://www.insurancejournal.com/news/international/2021/05/04/612567.htm)

Bell, W. 2009. Foundations of Future Studies (Vol. 1). New Jersey: Transaction.

Bernama. 2018. Malaysia maintains position as Islamic finance global leader. Retrieved November 2, 2019 (https://www.nst.com.my/business/2018/10/417367/malaysia- maintains-position-islamic-finance-global-leader)

Billah, M. M. 2019. Islamic Insurance Products: Exploring Takaful Principles, Instruments and Structures. Cham: Palgrave Macmillan.

Budiman, I. K., Abdulaziz, M., Jaffar, A., and Lo, M. T. 2019. Impacts of the Islamic Financial Services Act 2013 on Investment Account products offered by Islamic Banks in Malaysia. *International Journal of Management and Applied Research* 6(4): 317-327.

CNBC Indonesia. 2019. KNKS: Dalam 5 Tahun Aset Perbankan Syariah Bisa Rp 2.000 T. (https://www.cnbcindonesia.com/syariah/20191031183029-31-111828/knks- dalam-5-tahun-aset-perbankan-syariah-bisa-rp-2000-t)

COMCEC. 2019. Infrastructure Financing through Islamic Finance in the Islamic Countries. Antara: COMCEC Coordination Office.

Creswell, J. W., and Poth, C. N. (2018). Qualitative Inquiry and Research Design Choosing Among Five Approaches. Thousand Oaks: SAGE Publications, Inc.

Diela, T. 2017. Committee for Shariah Finance to Make Indonesia Global Hub for Islamic Economy. Retrieved October 28, 2019 (https://jakartaglobe.id/context/committee-sharia-finance-make-indonesia- global-hub-islamic-economy/)

DLHK Aceh. 2020. Info: Qanun No. 11 Tahun 2018 Tentang Lembaga Keuangan Syariah. (http://dlhk.acehprov.go.id/2020/02/info-qanun-no-11-tahun-2018-tentang- lembaga-keuangan-syariah/)

DSN-MUI. 2006. Akad Wakalah Bil Ujrah pada Asuransi Syariah dan Reasuransi Syariah. (https://ekonomi-islam.com/wp-content/uploads/2015/05/DSN-2006_52_AKAD-WAKALAH-BIL-UJRAH.pdf)

Easton, D. 1965. A Systems Analysis of Political Life. London: John Wiley and Sons. Eloksari, E. A. (2021, February 4). Govt launches Indonesia's largest sharia bank. Observers sense opportunity. (https://www.thejakartapost.com/news/2021/02/03/govt-launches-indonesias- largest-sharia-bank-observers-sense-opportunity.html)

Financier Worldwide. 2011.The growth of Shariah-compliant insurance. Retrieved May 7, 2020 (https://www.financierworldwide.com/the-growth-of-shariah-compliant-insurance#.XrPFNKhLg2y)

Fitriyanti, A. 2020. Indonesia and the global Shariah economy. (http://sr.sgpp.ac.id/post/indonesia- and-the-global-shariah-economy)

Habib, S. F. 2018. Fundamentals of Islamic Finance and Banking. Sussex: Wiley.

Hakim, A. b. (2021, April 17). IRSYAD AL-FATWA SIRI KE-562: ADAKAH PERLU MENYUCIKAN WANG KWSP SELEPAS BERTUKAR KE AKAUN SIMPANAN SYARIAH? (https://muftiwp.gov.my/en/artikel/irsyad-fatwa/irsyad-fatwa-umum-cat/4732- irsyad-

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

al-fatwa-siri-ke-562-adakah-perlu-menyucikan-wang-kwsp-selepas- bertukar-ke-akaun-simpanan-syariah)

Hanafi, K. H., Sawari, M. F., and Dolah, H. 2019. Employees' Shariah Provident Fund in Malaysia: A Juristic Analysis. *International Journal of Fiqh and Usul Al-Fiqh Studies* 3(2): 91-97.

Hariz, L. 2018. EPF dividends: Why is the Shariah dividend lower? Retrieved November 2, 2019, (http://english.astroawani.com/business-news/epf-dividends-why-shariah-dividend-lower-168039)

Hussain, M., Shahmoradi, A., and Turk, R. 2015. An Overview of Islamic Finance. IMF.

ICD. 2019. ICD-REFINITIV Islamic Finance Development Report 2019. ICD-REFINITIV.

Ifdhal, M. 2020. Pakar: Merger bank syariah BUMN optimalkan pasar ekonomi syariah. (https://www.antaranews.com/berita/1790205/pakar-merger-bank-syariah- bumn-optimalkan-pasar-ekonomi-syariah)

IFSB. 2019. Islamic Financial Services Industry Stability Report 2019. Kuala Lumpur: Islamic Financial Services Board.

Jaelani, A. 2011. HISBAH DAN MEKANISME PASAR: Studi Moralitas Pelaku Pasar Perspektif Ekonomi Islam. *Jurnal Inklusif, Pascasarjana IAIN Syekh Nurjati Cirebon* 2: 1-23.

Karbani, F. 2015. Mastering Islamic Finance. Harlow: Pearson.

KNEKS. 2019. Global Islamic Finance Report 2019 places Indonesia in the Top Position in the Global Islamic Financial Market. Retrieved March 28, 2020 (https://knks.go.id/storage/upload/1571570472-Press%20Release%20GIFR%202019.pdf)

KNEKS. 2019. President of Indonesia Launches the Country's First Islamic Economy Master Plan. (https://www.kneks.go.id/news/36/president-of-indonesia-launches-the-countrys-first-islamic-economy-master-plan?category=1)

KNEKS. 2020. Optimisme Asuransi Syariah Capai Pertumbuhan Produktif 2020. Jakarta: KNEKS.

Korshid, A. 2004. Islamic Insurance: A Modern Approach to Islamic Banking (Islamic Studies). London: Routledge Curzon.

KWSP - EPF. 2020. Pilihan Simapanan KWSP Patuh Syariah. Retrieved May 11, 2020 (https://secure.kwsp.gov.my/ShariahResource/Simpanan_Shariah_bm_FA.pdf KWSP EPF. (2018). EPF'S EXPERIENCE IN OFFERING A SHARIAH-COMPLIANT) SCHEME. Kuala Lumpur: KWSP EPF.

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

KWSP-EPF. 2018. EPF Declares RM48.13 Billion Dividend Payout For 2017. Retrieved May 9, 2020 (https://www.kwsp.gov.my/-/epf-declares-rm48.13-billion-dividend-payout-for-2017)

KWSP-EPF. 2019. Simpanan Shariah. (https://www.kwsp.gov.my/member/simpanan-shariah)

KWSP-EPF. 2021. Declaration Of 2020 EPF Dividend. (https://www.kwsp.gov.my/dividend#DividendRate)

Lee, L. 2011. Financial Sector Blueprint focuses on 9 areas of improvement. Retrieved May 8, 2020 (https://www.thestar.com.my/business/business-news/2011/12/22/financial-sector-blueprint-focuses-on-9-areas-of-improvement)

Lestari, R. 2018. Asuransi Syariah Belum Jadi Pilihan karena 3 Faktor ini. (https://finansial.bisnis.com/read/20180220/215/740286/asuransi-syariah- belum-jadi-pilihan-karena-3-faktor-ini)

Lewis, M. K. 2011. The Evolution of Takaful Products. In M. K. Hassan, & M. Mahlknecht, Islamic Capital Markets: Products and Strategies (p. 185). Sussex: Wiley.

Manulife. 2021. Manulife Indonesia Membukukan Pertumbuhan Bisnis yang Solid di Sepanjang 2020 Didukung oleh Pendapatan Premi Bisnis Baru dan Lanjutan. (https://www.manulife.co.id/content/dam/insurance/id/documents/siaran-pers/IND%20Siaran%20Pers_Manulife%20Indonesia%20Membukukan%20Pertumbuhan%20Bisnis%20yang%20Solid%20di%20Sepanjang%202020%20
Didukung%20oleh%20Pendapatan%20Premi%20Bisnis%20Baru%20dan%20 La) Masini, E. B. 2000. Futures Research and Sociological Analysis. In S. R. Quah, & A. Sales (Eds.), The International Handbook of Sociology (p. 491). Trowbridge: SAGE.

Ministry of Manpower. 2021. Data Detail. (https://satudata.kemnaker.go.id/details/data/Sampai%20dengan%20Desember%202020%20%20tercatat%20sebanyak%2050,69%20juta%20orang%20terdaftar%20dalam%20kepesertaan%20BPJS%20Ketenagakerjaan,%20baik%20yang%20aktif%20maupun%20tidak%20aktif.#:~:text=Sampai%20den)

Mukhlisin, M. 2017. Unveiling IFRS standardization projects and the position of Takaful Industry in Indonesia; A Literature Review. *Journal of Islamic Accounting and Business Review* 8(2): 10. doi: 10.1108/JIABR-06-2015-0025

National Sharia Board - lndonesian Council of Ulama. 2020. Taälimat. Retrieved (https://dsnmui.or.id/produk/talimat/)

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

Noordin, K. A. (2019, August 8). Retirement Planning: Simpanan Shariah — to switch or not to switch? Retrieved November 2, 2019 (https://www.theedgemarkets.com/article/retirement-planning-simpanan- shariah-%E2%80%94-switch-or-not-switch)

OJK. (2019). Statistik Industri Keuangan Non Bank (IKNB) Syariah. Jakarta: Otoritas Jasa Keuangan.

Otoritas Jasa Keuangan. (n.d.). Peraturan Otoritas Jasa Keuangan. (https://www.ojk.go.id/id/regulasi/otoritas-jasa-keuangan/rancangan-regulasi/Documents/RPOJK-Program-Pensiun- Syariah.pdf)

Parker, M. 2016. EPF's syariah scheme a game-changer. Retrieved May 12, 2020 (https://www.nst.com.my/news/2016/05/145835/epfs-syariah-scheme-game- changer)

Parker, M. 2016. EPF's syariah scheme a game-changer (https://www.nst.com.my/news/2016/05/145835/epfs- syariah-scheme-game-changer)

Perdana, J. 2017. Survei: Asuransi Syariah Dianggap Lebih Fair dan Transparan. (https://marketeers.com/asuransi-syariah-dianggap-fair-transparan/)

Pram. 2019. The Future of Sharia-compliant scheme in BPJS Employment. (D. Murtiana, Interviewer)

Prudential. 2021. About Prudential Indonesia. (https://www.prudential.co.id/id/about-prudential-indonesia/)

Purwanto, T. 2020. Layanan Syariah BP Jamsostek. Jakarta, DKI Jakarta, Indonesia: Deputi Direktur Bidang Perencanaan Strategis - BPJS Ketenagakerjaan.

Purwanto, T. 2020. Layanan Syariah BP Jamsostek. Jakarta, DKI Jakarta, Indonesia.

Qurratu'ain, I. 2019. Mempercepat BPJS-TK Syariah, KNKS bertemu DSN MUI. (https://knks.go.id/berita/57/mempercepat-bpjs-tk-syariah-knks-bertemu-dsn-mui?category=1)

Rama, A. 2015. Profiling Islamic economy and its potential. (https://www.thejakartapost.com/news/2015/04/27/profiling- islamic-economy-and-its-potential.html)

Saat, N. 2018. The State, Ulama and Islam in Malaysia and Indonesia. Amsterdam: Amsterdam University Press.

Septiana, D. (n.d.). Development of Islamic Capital Market and Improving Financing Access through the Issuance of Islamic Corporate Securities. (https://kneks.go.id/storage/upload/1626403195-

ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

International%20Conference%20ICM%202021%20KNEKS%20%20Mrs.%20Djustini%20(OJK).pdf)

Setiawan, D. 2020. Meneropong Prospek Bank Syariah BUMN Hasil Merger. (https://insight.kontan.co.id/news/meneropong-prospek-bank-syariah-bumn- hasil-merger)

Sherwood, H. 2018. Religion: why Faith is Becoming More and More Popular. (https://www.theguardian.com/news/2018/aug/27/religion-why-is-faith-growing- and-what-happens-next)

Sinar Harian. 2019. Simpanan Shariah KWSP, Tiada Lagi Was-Was. Retrieved May 11, 2020 (https://www.sinarharian.com.my/article/48599/BISNES/Simpanan-Shariah-KWSP-Tiada-Lagi-Was-Was)

Sinar Harian. 2019. Simpanan Shariah KWSP, Tiada Lagi Was-Was. (https://www.sinarharian.com.my/article/48599/BISNES/Simpanan-Shariah- KWSP-Tiada-Lagi-Was-Was)

Suryadianata, L. 2017. ''Islamization of Politics" in Indonesia and Malaysia?" a Commentary by Leo Suryadinata. (https://www.iseas.edu.sg/media/commentaries/islamization-of-politics-in-indonesia-and-malaysia-a-commentary-by-leo-suryadinata/)

Sutrisno, D. 2019. Mayoritas Muslim, Pasar Modal Syariah di Indonesia Justru Masih Minim. Retrieved March 14, 2020 (https://jabar.idntimes.com/business/economy/debbie-sutrisno/mayoritas- muslim-pasar-modal-syariah-di-indonesia-justru-masih-minim/4)

The Malaysian Reserve. 2021. EPF navigates safely through pandemic- stricken 2020. (https://themalaysianreserve.com/2021/03/01/epf-navigates-safely-through-pandemic-stricken-2020/)

The Star Online. 2017. EPF: More than half of Simpanan Shariah fund taken up. Retrieved November 2, 2019 (https://www.thestar.com.my/business/business-news/2017/01/18/epf-more-than-half-of-simpanan-shariah-fund-taken-up#Ch6P2ItIiUOW38o3.99)

The Star Online. 2018. EPF announces 6.9% dividend for conventional savings, 6.4% for shariah savings. Retrieved May 12, 2020 (https://www.thestar.com.my/news/nation/2018/02/10/epf-declares-dividends/)

The Star Online. 2019. EPF declares 6.15% for conventional savings, 5.9% for shariah. (https://www.thestar.com.my/news/nation/2019/02/16/epf-declares-dividends- for-2018)

Volume 1 Nomor 1, Juni 2023
ISSN Print: 3024-9147, ISSN Online: 3025-941X
https://doi.org/10.61626/jamsostek.v1i1.7

Wareza, M. 2019. Pasar Modal Syariah: Indonesia Vs Malaysia, Siapa Menang? (https://www.cnbcindonesia.com/syariah/20190428144048-29-69286/pasar- modal-syariah-indonesia-vs-malaysia-siapa-menang)

Wirdayanti, Y. N. 2020. Merger 3 Bank Jadi Akselerasi Ekosistem Keuangan Syariah Nasional. (https://finansial.bisnis.com/read/20201030/231/1311433/merger-3-bank-jadi-akselerasi-ekosistem-keuangan-syariah-nasional)

Wulandhari, R. 2019. Pertumbuhan Pasar Modal Syariah Terkendala Literasi Rendah. Retrieved May 14, 2020 (https://republika.co.id/berita/q023b0383/pertumbuhan-pasar- modal-syariah- terkendala-literasi-rendah)

Yolandha, F. 2020. Merger Bank Syariah, Siapa yang Untung? (https://republika.co.id/berita/qis2y2318/merger- bank-syariah-siapa-yang-untung)