



Challenges and Development Strategy of Sharia Insurance in an Era of Economic Disruption

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Abstract

The presence of Islamic insurance is an alternative to avoid conventional insurance, which is considered to have elements of usury, maytsir, gharar and zholim. In the era of economic disruption, Islamic insurance players and customers are waiting for the government's strategic policies as regulators and facilitators. The formulation of a sharia insurance development strategy policy begins with analyzing the obstacles to developing sharia insurance in Indonesia. These constraints mean that the number of sharia insurance customers in Indonesia is not maximal. These obstacles include the lack of socialization and promotion, inadequate use of technology, lack of product and service development, lack of knowledge, and the existence of conventional insurance. Based on these constraints, strategies for developing sharia insurance in Indonesia that can be carried out include maximizing socialization and promotion, maximizing the use of technology, developing products and services, increasing literacy, and market penetration. This research aims to analyze Islamic insurance's constraints and development strategies using a mathematical method, namely the Analytic Network Process (ANP) method so that scientific studies support policy recommendations. Furthermore, in this study, the ANP method was adopted in a survey design involving several respondents. The heterogeneity of the assessments of some respondents is expected to provide a more rational alternative. The analysis results using the ANP method are priority constraints to get more attention and priority strategies that can be used to formulate policies to make them more focused.

Keywords: *Sharia Insurance; Economic Disruption Era; Challenges; Strategies; and Analytic Network Process.*

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INTRODUCTION

Insurance is like an umbrella that every family must-have. The precautionary concept that each individual must do, if at any time something unwanted comes along. In general, insurance is a preparation made by people to face a slight loss as something unexpected. If the loss befalls one of the group members, then the loss will be shared by them (Sudarsono, 2003).

Sharia insurance is a practice in which insurance participants provide mutual assistance when members of their group experience a disaster (Ahmad, Masood & Khan, 2010). The idea of Islamic insurance known as *takaful* was first introduced in Sudan in 1979 (Qureshi, 2011). This is motivated by the increasing need for Muslim consumers to obtain insurance coverage compatible with sharia principles.

Change is a necessity, as is economic disruption – an era where all lines move quickly, including the economy. For the world of Islamic insurance, this can be an advantage on the one hand, but it can be a time bomb if it doesn't respond well to changes. Facing the era of economic disruption, Islamic insurance players and customers need to wait for a response from the government as regulator and facilitator towards this change. Disruption comes from the word *disruption*, defined as a change to bring the future to the present. Two things that make companies disrupt, including technology and consumer behavior (Arsamodra, 2020).

Many factors become obstacles in developing the Islamic insurance industry, such as political interests, laws and regulations, adequate infrastructure, and cooperation with other institutions. Government support is also the key to the success of Islamic insurance if it is to develop. This support can be shown by making regulations that explain sharia insurance and human resource training involving international institutions in detail. The market share of Islamic insurance in Indonesia is still low, and quality human resources are still limited (Redhika & Mahalli, 2014).

The number of competitors in the insurance industry, both from sharia insurance and conventional insurance, is also a challenge. Not to mention the lack of public understanding of Islamic insurance and capital regulations. Strategies



that can be implemented are optimizing the breadth of reach with the support of branch offices and agents, increasing and maintaining cooperation with the Islamic banking industry, and increasing flexibility in the claim processing mechanism. Sharia insurance must also have a particular legal basis, where currently the rules are still very minimal to regulate sharia insurance.

The lack of public understanding and low awareness of sharia insurance makes the role of an Islamic insurance agent indispensable to bridge information to the public about products, systems, uses, and benefits of sharia insurance. Insurance agents are expected to provide the best solutions and services to prospective participants in choosing sharia insurance products. One example of the best service for potential participants is providing correct understanding according to practice without any engineering (Jannah & Nugroho, 2019).

Previous research that has been described, as well as the development of sharia insurance in Indonesia, there are several obstacles to the development of sharia insurance in Indonesia, namely: lack of socialization and promotion, technology that has not been fully utilized, lack of product and service development, lack of knowledge about sharia insurance, and the existence of insurance conventional. In the current era of disruption, this challenge certainly needs to be accompanied by a strategy to impact stakeholders for the development of Islamic insurance. Several studies and literature can draw several solutions/strategies for developing sharia insurance in Indonesia, namely: utilizing social media and collaborating with influencers for socialization and promotion, maximizing the use of technology, developing sharia insurance products and services, increasing Islamic insurance literacy, and market penetration.

This study analyzes Islamic insurance's constraints and development strategies using a mathematical method, so scientific studies support that policymaking. The Analytic Network Process (ANP) method is a mathematical theory that develops the Analytic Hierarchy Process (AHP) method. This method is an alternative for qualitative studies that combine intangible values and subjective judgments with statistical data and other tangible factors (Saaty, 2007). In ANP modeling, decision-making problems that involve subjective judgments are resolved using criteria/assumptions. Based on the criteria/assumptions that were built, the final result was obtained in the form of a global value where the



criterion with the highest global value was the criterion with the highest priority. The best alternative decisions are displayed in the order of priority ranking based on the order of global values of each criterion.

LITERATUR REVIEW

Sharia Insurance

Sharia insurance is one of the business activities carried out according to sharia principles. The study of Islamic insurance emerged when the Islamic world was interested in examining what and how to actualize the concept of sharia economics. Sharia insurance is also called *ta'awun insurance*, which means helping or helping each other. Therefore, the basic principle of *ta'awun* insurance is the basis of sharia that is mutually tolerant of fellow human beings to build togetherness in alleviating disasters that may be experienced. Sharia insurance with the principle of *ta'awun* has begun to develop rapidly in Indonesia in recent years (Effendi, 2016).

Sharia insurance is an Islamic insurance system based on principles that combine efforts to seek halal profits through the *al-mudhorabah* system and the intention to do charity through donations (charity) with the *tabarru'* system to help insurance participants who experience death or property loss (Ichsan, 2014). In essence, insurance is an anticipatory effort in minimizing the financial impact due to something that happens to humans (Sula, 2004). Because no human being knows what will happen to him, nor can anyone guarantee that forever one's life will be exemplary (Anwar, 2007).

Humans naturally tend to guard and protect themselves from future misfortunes. This natural tendency to mitigate risks gave birth to a concept of insurance that dated back thousands of years and was practiced in earnest by many ancient tribes. Over time, the concept of insurance has changed because it is now commercialized and transformed into a profit-oriented business (Nazarov & Dhiraj, 2019). In Indonesia, sharia insurance is a non-bank financial institution with beneficial values for the community to anticipate overcoming life in a world full of uncertainty and risk (Ridlwan, 2016).



Insurance comes from Arabic, namely kafala, which means assurance. Sharia insurance is based on the principles of cooperation (*ta'awun*) and giving donations (*tabarru'*) (Ismail, 2011). The *tabarru'* principle of sharia insurance participants is in the form of a collection of mutual funds, while the *ta'awun* principle is compensation for the use of mutual funds to members who need it, as written in the Alquran (Mohd Fauz *et al.*, 2016):

وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ

"... and help you in (doing) virtue and piety, and do not help in sin and enmity." (Surah Al-Maidah).

Hussen and Tismanstates define sharia insurance as a basis for the principle of mutual assistance (at-Ta'awun). At the same time, business practices carried out by conventional systems are based on uncertainty, carrying out activities that are prohibited by Islamic principles (Hussen & Pasha, 2013). Islamic insurance uses Islamic rules by providing security in groups together to avoid losses (Thohari, 2011). Sharia insurance is here to solve people who consider the usury system haram (Aravik, 2016).

Farooq *et al.* (Farooq, Chaudhry, Alam & Ahmed, 2010) mentioned that the Islamic insurance industry is the fastest growing financial industry in the Muslim world and achieved 20% growth in its initial phase. Insurance can provide benefits to the insured, including providing a sense of security and protection. Fairer distribution of costs and benefits, insurance policies can be used as collateral for obtaining credit, as savings and a source of income, as a means of spreading risk. They can help increase business activities (Tho'in & Anik, 2015). In general, sharia activities must be avoided from usury, maytsir, gharar and zholim (Effendi, 2016). The presence of Islamic insurance is an alternative to avoid conventional insurance that is considered to contain these elements.

Under the insurance rules, policyholders get their rights if they make a claim, but if not, the customer will lose the premium. At the same time, the



insurance company will profit if the policyholders do not make a claim, but the insurance company is the loser if they make a claim. This practice makes the practice of gambling because one party's gain is another party's loss. The result is that it will bring injustice to the customer. Gambling in insurance is a form of uncertainty. Thus, conventional insurance is prohibited in Islam because of prohibited elements such as interest, uncertainty, and gambling (Khorshid, 2004).

Sharia insurance is here to apply togetherness in bearing the risks caused by disaster or risk-sharing, in contrast to conventional insurance, which applies for risk transfer. Sharia insurance participants are expected to agree to be mutually accountable, cooperate, protect each other, and share difficulties with one another. It is reflected in the contract or contract between the company and the customer, which is a contract of deposit and help (*ta'awuni*), not like insurance conventional with sale-purchase contracts (*tabadulli*) (Arijulmanan, 2016). The concept of Islamic insurance is based on cooperation between companies with assistance among insurance participants. This concept is meant for all, irrespective of religion (Agha, 2010). This concept seems to be widely accepted and offered even in non-Muslim countries. Many researchers have written about Islamic insurance. However, research is still limited to the comprehensive development of Islamic insurance and its products and models.

The concept of insurance is not a new phenomenon in the history of human civilization. Insurance has existed since the Babylonian era in Mesopotamia, originally intended to protect private property, real estate, and commercial and family affairs. Likewise, *takaful* ideas and practices are not new as was practiced during the time of the Prophet Muhammad by adopting the concept of *aqilah* (Suharto & Fasya, 2017). Insurance being a business is something new in the Islamic world. It is a category of contemporary problems that only rose to the surface in the last half of the XVIII century, precisely after Ibn Abidin (1784-1836 AD). A legal expert who adheres to the Hanafi school of thought commented on the practice of insurance in a book of *Radd al-Mukhtar* (Billah, 2011).

The concept of helping (*ta'awun*) and protecting (*al-tadhamun*) one another in Islamic insurance covers all participants as a collective unit. Therefore, mechanisms are established to collectively withstand uncertain future risks (Said & Grassa, 2014). Muhammad Amin bin Umar (d. 1252H/1836), known as



Ibn Abidin al-Dimaski, is considered one of the first Islamic jurists to discuss Islamic insurance (Irkhami, 2017). His opinion on insurance stemmed from a case when a merchant chartered a ship to load merchandise from a non-Islamic country. Traders pay ship fees and a sum of money to people outside the Islamic country to ensure the safety of their merchandise. If the ship is sunk or burned, the guarantor (insurance agency) must pay for the accident.

Economic, industrial, and trade developments encourage insurance companies to develop rapidly. It is evidenced by the number of new insurance companies competing to promise protection against risk. Institutionally, the development of global Islamic insurance is marked by the presence of sharia insurance companies in various parts of the world, including Sudanese Islamic Insurance (1979), Islamic Arab Insurance Co. (1979), Dar Al-Maal Al-Islami, Geneva (1981), Islamic Takafol Company (ITC), SA Luxembourg (1985), Islamic Takafol and Re-Takafol Company, Bahamas (1983), Al-Takafol Syarikat Al-Islamiah Bahrain, EC (1983), Takaful Malaysia (1985). This development then encouraged the scholars and practitioners of Islamic economics in Indonesia to develop insurance based on sharia principles (takaful). In 1994, the Indonesian Ministry of Finance approved the first sharia life insurance program, PT. Asuransi Takaful Keluarga (Irkhami, 2017).

Responding to the era of economic disruption, Prof. Kasali concludes that there are five essential things in disruption: first, disruption means saving many costs through simpler business processes. Second, the quality of the products/services produced will be better. Third, disruption has the potential to create new markets and open up those that have been closed. Fourth, the products/services produced are easier to reach because they only require an internet network and smartphones. The last is that the products/services produced are more innovative (Arsamodra, 2020). In this era of economic disruption, it is hoped that insurance companies will be able to innovate to keep up with the changing times, especially in terms of technology and the needs that consumers expect. This innovation era is expected to present sharia insurance to disrupt the market to create a new market.

In addition to the above, through the National Committee for Sharia Economics and Finance (KNEKS), the current government is designing global

standard sharia insurance or world-class takaful following the merger of 3 state-owned sharia banks. It is just that this still has the same constraints, namely literacy. Currently, Islamic insurance only contributes 3.3% of the total financial share, a relatively small number. Literacy development to increase the share of the sharia insurance market requires support from the government, such as including sharia insurance in several programs launched by the government (CNN Indonesia, 2020).

Previous research revealed that socialization should be carried out more seriously and comprehensively to respond to the enormous opportunity for sharia insurance. Hence, it is necessary to synergize various parties' interests, such as the insurance industry itself. The government (regulators), scholars, academics, and institutions focus on the development of the sharia business. It is necessary to have professional and adequate human resources, accompanied by capital support, plus a supporting legal umbrella (Effendi, 2016). In line with what Arif Effendi said, Dita, in his research, also concluded that the main obstacles faced in developing Islamic insurance are regulation and weak knowledge of Human Resources (HR) in understanding the principles of sharia in Islamic insurance (Maksum, 2011).

Maryam, in her study, revealed that market players, by overcoming properly categorized constraints, can bring significant growth in the sharia insurance sector. Based on the content analysis, there are several internal constraints Islamic insurance industry in Islamic countries: awareness of the concept of takaful, lack of education, different models of takaful, lack of standardization, scarcity of human resources, natural income management, corporate governance, technical efficiency, rural markets, low penetration rates, technological capabilities inadequate, cultural differences, less amount of sharia reinsurance, risk of non-sharia compliance, operating efficiency, human resources, participant income levels, and large takaful companies (Saeed, 2019).

Jaenal Effendy, in his research, revealed that the internal problem that must be resolved is the lack of socialization (Effendi, 2018). There are still many customers who do not fully understand Islamic insurance. The existence of competitors, conventional insurance is also considered to be a problem. Sharia insurance also needs to be supported by solid regulations to enforce aspects of



sharia in the Islamic financial industry. The solutions offered in this research are product and service development and optimized marketing through traditional and modern media. To increase the potential of the Islamic insurance market, it is necessary to improve service quality, followed by a strategy of socializing Islamic insurance products (Salman, Majdi, Rashid, & Htay, 2015). His research states that insurance management commitment should not be ruled out. Without existing management, of course, Islamic insurance cannot develop as it is today. There needs to be support from regulators for the advancement of the Islamic insurance industry.

Basrowi revealed from a macro perspective, some of the challenges that arise regarding the development of the Islamic insurance system in Indonesia are purchasing power, marketing management, use of IT, competitors from conventional parties, Islamic financial markets, government regulations, and the unity of the Muslim world (Basrowi & Ronaldo, 2019). The government needs support in developing the sharia system in Indonesia through the Ministry of Finance, the Financial Services Authority (OJK), and related parties to policymakers before the sharia insurance market experiences a significant decline.

Executive Director of the Indonesian Sharia Insurance Association (AASI), Erwin Noekman, said that the government had taken no concrete steps to support the development of Sharia insurance (Republika, 2020). There has been no government program that uses sharia insurance services, either for guaranteeing assets or for government activities. According to Erwin, this is due to the low level of understanding of the halal value chain. He believes that if this can be adequately understood, it is believed that the sharia insurance industry will develop even better without having to take a portion of conventional insurance. The rating agency Fitch Ratings assesses that government support will be the primary key to the growth of Indonesian sharia insurance (Republika, 2020). Sharia insurance industry players themselves expressed readiness to protect state assets. Lack of consumer awareness and understanding of insurance products also hampers the expansion of this sector.

Economic Disruption

Disruption occurs so fast, even beyond human expectations and in the economic field and various fields (Ramli, 2018). It is due to huge technological developments (Rudito & Sinaga, 2017). Disruption has become a challenge and an unavoidable necessity in the current era (Savitri, 2019).

Disruption is an era of massive innovation and change that fundamentally changes all existing systems, structures, and landscapes to new ways. As a result, players who still use the old methods and systems are unable to compete. In the current era of disruption, the business world has experienced two shifts: the relation between production and capital. Production relations before industry 4.0 were more superior-subordinate, worker-capital owner, and rigid. The current phenomenon is that production relations are more partner and more flexible. The definition of capital also changes from material modality to knowledge, innovation, competence, and others (Syafiq, 2018).

Opportunities and Challenges

On the one hand, disruption provides enormous opportunities for humans, but on the other hand, it is also a challenge. Visioning, refocusing strategy, and leadership are needed in facing challenges and opportunities in the era of disruption (Direktorat International Bank Indonesia, 2007). In facing challenges and efforts to take existing opportunities, developing the right strategy for sharia products is also necessary. The product chosen must be suitable according to market demand and does not conflict with Islamic teachings, of course (Nugraha & Murniawaty, 2018). Opportunities and challenges are things that need to be faced in achieving prosperity in life, where Allah Swt gives this. to all his creatures who do good and believe in Him, according to the Qur'an Surah An-Nahl verse 97 (Sodiq, 2016). This effort is also expected to be in line with the construction of Islamic economics. Economic activity is a form of liberation from poverty, fostering self-esteem and making choices about the future (Jalil, 2017).

The opportunity for the sharia insurance business in Indonesia is that the advantages of the concept of sharia insurance can meet the increasing demands for fairness/sense of justice from the community, the number of Muslim population



in Indonesia is more than 200 million people, increased awareness of Muslims according to sharia, thrives mainly in the middle class, increasing the need for insurance services due to the economic development of the people, the growth of other Islamic financial institutions (LKS) such as banks and mutual funds, there are still few competitors in the sharia insurance business, the enactment of regional autonomy laws that will spur regional economic development, the need to improve children's education, increase risks life, increased health fees, decreased sense of help in society (no longer cultured), globalization (internet technology to support business), the existence of the Pension Fund Law, and "Employee Benefits" as part of the company's package for employee recruitment (Ichsan, 2016).

The challenges themselves in the world of insurance can be interpreted as the efforts made by insurance agencies to inspire people to use insurance services more. This business can also be provided to insurance customers to continue to use insurance services in the form of the best service that the company can provide. There are two significant insurance opportunities in Indonesia. First, the room for penetration of insurance products in Indonesia is still extensive, considering that the percentage of individual policyholders in Indonesia has only reached around three percent of the total population. Second, most of Indonesia's population is Muslim. The presence of products that are in line with religious concepts and values has an excellent opportunity to be accepted by the wider community.

Method of Analytic Network Process

The Analytical Network Process method is the relationship between groups of individuals at different hierarchical levels and the interaction between criteria and sub-criteria to obtain accurate and efficient results. The Analytic Process (ANP) method is the development of the Analytic Hierarchy Process (AHP) method, where this method can improve the weaknesses of the AHP method in the form of the ability to recommend linkages to the ANP method (Azhar & Destari, 2019).



RESEARCH METHOD

The data used in this study are primary in the form of survey data to 26 respondents. Survey respondents are sharia insurance customers and/or practitioners/academics in the field of sharia insurance. The survey data were then analyzed using the Analytic Network Process method using R Software. R provides a wide variety of statistical techniques (linear and nonlinear modeling, classical statistical tests, time-series analysis, classification, etc.), a wide variety of graphic techniques, and is highly extensible (Suhartono, 2008). The package used was an ahpsurvey developed by Frankie Co to carry out an analysis using the Analytic Hierarchy Process method to adopt a survey design (Frankie, 2019). Furthermore, by modifying the source code in the ahpsurvey package, the R Software can be used for data analysis using the Analytic Network Process method in survey design adoption.

The ANP modeling step in adopting survey data begins with defining the problem and determining the criteria/assumptions. Next, an assessment of the pair of criteria is carried out to assess the importance of one criterion against other criteria. This assessment was carried out in a survey to several respondents, using the Saaty scale 1 to 9 (Saaty, 1987). Table 1 is a guideline for grading the criteria pairs.

Table 1. Saaty Scale

Level of Interest	Information	Definition
1	Just as important	The two criteria have the same effect
3	A little bit more important	The assessment is a little more in favor of one criterion than the partner.
5	More important	The assessment is very favorable to one criterion than the partner.
7	Very important	One criterion is very influential and its dominance is evident.
9	Absolute is very important	One of the criteria proved to be absolutely preferable compared to its partner.
2,4,6,8	Middle value	If there is any doubt between the two adjacent judgments.
The opposite	If criterion x has one of the values above when compared to criterion y, then criterion y has the opposite value when compared to criterion x.	



The results of the assessment of each respondent using the Saaty scale were compiled in Individual Matrix Pairwise Comparison so that there are 26 matrices. These matrices are then aggregated into a single matrix called Aggregated Matrix Pairwise Comparison. Table 2 is the arrangement of the Pairwise Comparison Matrix (Individual and Aggregated), with C_i is the criterion, v_{ik} is the respondent's assessment with the Saaty scale, $i = 1,2,3, \dots, j$, $k = 1,2,3, \dots, j$, dan $v_{ki} = \frac{1}{v_{ik}}$.

Table 2. Matrix Pairwise Comparison

Kriteria	C_1	C_2	C_3	....	C_j
C_1	v_{11}	v_{12}	v_{13}	....	v_{1j}
C_2	v_{21}	v_{22}	v_{23}	....	v_{2j}
C_3	v_{31}	v_{32}	v_{33}	....	v_{3j}
⋮	⋮	⋮	⋮	⋮	⋮
⋮	⋮	⋮	⋮	⋮	⋮
C_j	v_{j1}	v_{j2}	v_{j3}	....	v_{jj}

The modeling is continued by determining the eigenvector and eigenvalue of the Pairwise Comparison Matrix. The eigenvector will be used to prepare the supermatrix, while the eigenvalue will be used to calculate the consistency index and consistency ratio using the formula Equation (1). CI is the consistency index, CR is the consistency ratio, λ_{max} Is the largest eigenvalue, n is the number of criteria used, RI is a random consistency index seen in Table 3. RI selected based on the many criteria used.

$$CI = \frac{\lambda_{max} - n}{n - 1} \text{ dan } CR = \frac{CI}{RI} \tag{1}$$

Table 3. Random Consistency Index (RI)

Banyak Kriteria	1	2	3	4	5	6	7	8	9	10	11	12	13
RI	0	0	0.535	0.884	1.11	1.25	1.34	1.41	1.45	1.49	1.51	1.54	1.55

If the consistency ratio (CR) value is less than 0.1, then the assessment on the Pairwise Comparison Matrix is consistent, and the modeling can proceed to the next stage, namely the preparation of a supermatrix. There are three stages in preparing the Supematrix: the preparation of the Unweighted Supermatrix, Weighted Supermatrix, and Limiting Supermatrix. Unweighted Supermatrix is the eigenvector of the Aggegrated Matrix Pairwise Comparison. Weighted Supermatrix is the multiplication of the eigenvector with the criterion weight and Limiting. Supermatrix is lifting the Weighted Supermatrix value continuously until the number in each column in the row is the same. The result of Limiting Supermatrix normalization is a global value that becomes a priority alternative. The highest global value is the top priority.

RESULT AND DISCUSSION

Each of the five criteria is used for constraint analysis (Figure 1) and strategy (Figure 2) to develop Islamic insurance in Indonesia. Analytic Network Process (ANP) modeling begins with weighting the criteria and weighting the dependence between criteria based on the survey results to the respondents. A scale of 1 to 9 is used as a pairwise assessment criterion.

Figure 1. Constraints on Sharia Insurance

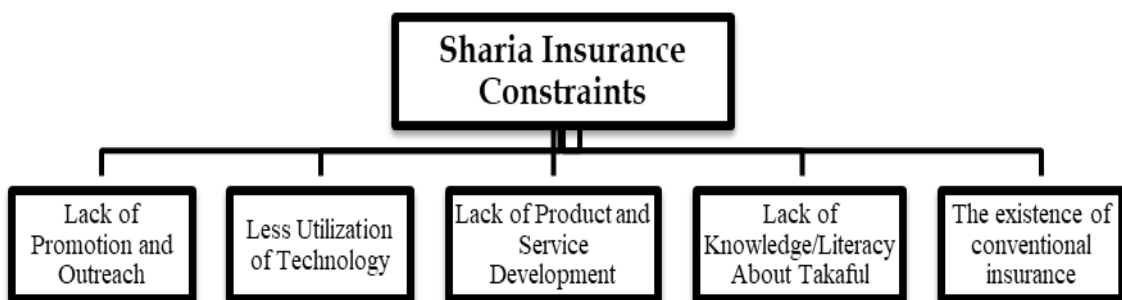


Figure 2. Sharia Insurance Development Strategy



The respondents filled out the questionnaire that had been prepared. Respondents came from academics (76.9%) and practitioners (15.4%) who are involved in the world of takaful (Figure 3). Respondents' ages ranged from 21-50 years (Figure 4). The education level of the respondents is from S1 to S3 graduates (Figure 5).

Figure 3 Respondent Academician/Practitioner

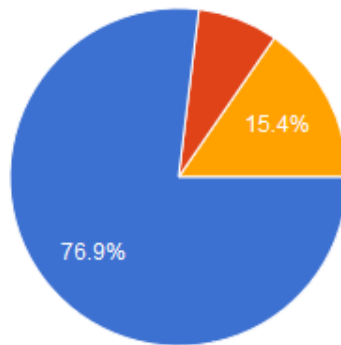


Figure 4 Age of Respondents

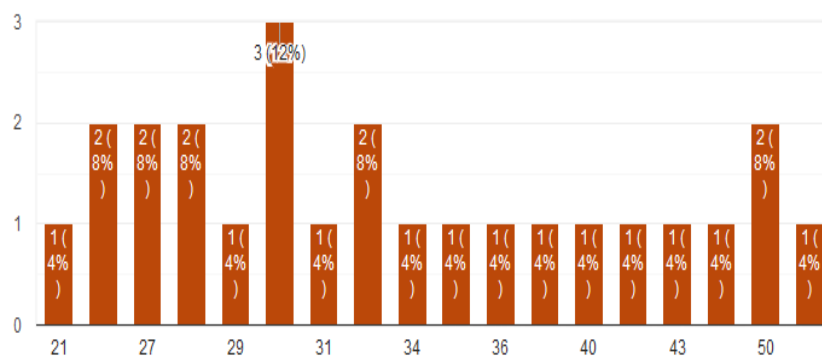
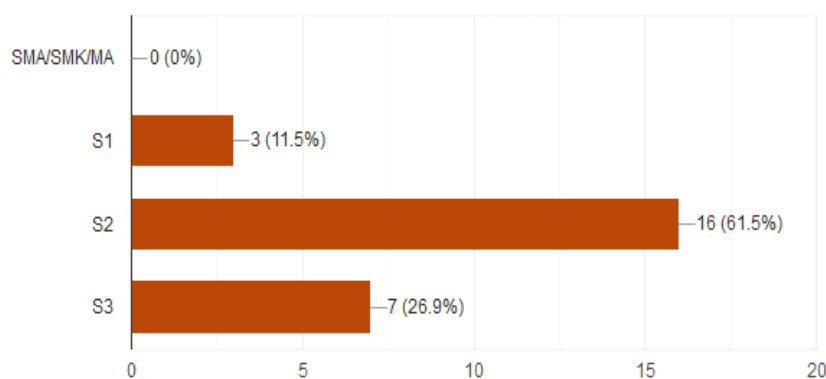


Figure 5. Respondents Education Level



Sharia Insurance Constraints in Indonesia

The steps to analyze the constraints of Islamic insurance in Indonesia are continued by compiling a Pairwise Comparison Matrix that compares the constraints criteria based on the respondent's assessment. Matrix Pairwise Comparison obtained is as follows (Table 4).

Table 4. Matrix Pairwise Comparison of Islamic Insurance Constraints

Criteria	Lack of Promotion and Outreach	Less Utilization of Technology	Lack of Product Development and Service	Lack of Knowledge/Literacy	The existence of conventional insurance
Lack of Promotion and Outreach	1.00	0.4631893	0.3518742	0.3090620	0.3150949
Less Utilization of Technology	2.158944	1.00	0.3278232	0.2892055	0.3059925
Lack of Product Development and Service	2.841925	3.0504246	1.00	0.3117259	0.2852549
Lack of Knowledge/Literacy	3.235597	3.4577484	3.2079464	1.00	0.3197986
The existence of conventional insurance	3.173647	3.2680537	3.5056363	3.1269677	1.00

The next step is to calculate the eigenvector and eigenvalue of the Pairwise Comparison Matrix (Table 4). The eigenvector will be used to prepare the Supermatrix, while the eigenvalue will be used to calculate the consistency index and consistency ratio from the assessment given by the respondent. The results of the eigenvalue calculation are shown in Table 5 below.



Table 5. Eigenvalue (Sharia Insurance Constraints)

λ				
5.44	$0.063 + \sqrt{2.3}$	$0.063 - \sqrt{2.32}$	$-0.286 + \sqrt{0.087}$	$-0.286 - \sqrt{0.087}$
	$\sqrt{2.3}$	$\sqrt{2.32}$	$\sqrt{0.087}$	$\sqrt{0.087}$

Based on the eigenvalue in Table 5, the consistency index (CI) and consistency ratio (CR) was calculated from the assessments given by the respondents using the formula Equation (1). The calculation of the calculation is as follows:

$$CI = \frac{\lambda_{max} - n}{n - 1} = \frac{5.44 - 5}{5 - 1} = 0.11$$

$$CR = \frac{CI}{RI} = \frac{0.11}{1.11} = 0.0990991$$

Obtained the value of $CR = 0.0990991 < 0.1$, so it can be concluded that the assessment given by the respondents is consistent, and the analysis can be continued to the next stage, namely composing a Supermatrix. The preparation of the Supermatrix was carried out in 3 stages, namely compiling an Unweighted Supermatrix, compiling a Weighted Supermatrix, and compiling a Limiting Supermatrix. The final result of the Limiting Supermatrix is the global value used to prioritize the constraints. The constraint with the highest global value is the main obstacle. The following is the result of calculating the global value of the takaful constraint criteria (Table 6).

Table 6. Global Values and Priority Constraints for Islamic Insurance

Takaful Constraint Criteria	Global Value	Order of Priority
Lack of Promotion and Outreach	0.065	5
Less Utilization of Technology	0.084	4
Lack of Development Products and Services	0.242	2
Lack of Knowledge/Literacy	0.219	3
The existence of conventional insurance	0.391	1

The main obstacle to Islamic insurance based on the analysis using the ANP method is conventional insurance, followed by the lack of product and service development, lack of knowledge literacy, inadequate use of technology, and lack of promotion/socialization. It is in line with the results of research, Ahmad Sya'roni, who serves as the General Chair of the Indonesian Sharia Insurance Association (AASI), stated that the deficient level of literacy towards Islamic insurance has made the public still make conventional insurance the primary choice compared to sharia insurance. In addition, almost all Islamic products are developed by companies that initially market conventional insurance. In the end, sharia products are less popular than conventional insurance that already existed (Jalil, 2017).

Related parties must strive to increase literacy in the community towards Islamic insurance. It is to reduce the dominance of conventional insurance as a competitor for Islamic insurance (Matsawali, 2012). On the other hand, Islamic insurance has a smaller capital than conventional insurance, and even the value is far apart. It makes its market expansion hindered by conventional insurance (Ramadhani, 2015). Table 7 is data on the number of conventional insurance companies and sharia insurance in 2010-2019.

Table 7. Number of Conventional Insurance Companies vs Year Sharia Insurance 2010-2017

	2010	2011	2012	2013	2014	2015	2016	2017
CONVENTIONAL	137	134	135	135	136	141	141	139
Life insurance	46	45	47	49	50	55	55	54
General / loss insurance	87	85	84	82	81	80	80	79
Reinsurance	4	4	4	4	5	6	6	6
SHARIA	45	43	45	49	49	55	58	63
Life insurance	20	20	20	20	21	24	27	30
Full-Pledge	3	3	3	3	3	5	6	7
Sharia Business Unit	17	17	17	17	18	19	21	23
General / loss insurance	22	20	22	26	25	28	28	30
Full-Pledge	2	2	2	2	2	4	4	5
Sharia Business Unit	10	18	20	24	23	24	24	25
Reinsurance	3	3	3	3	3	3	3	3
Full-Pledge	-	-	-	-	-	-	1	1
Sharia Business Unit	3	3	3	3	3	3	2	2
AMOUNT	182	177	180	184	185	196	199	202



Insurance may be very familiar to our people's ears, but what about sharia insurance? Conventional insurance that has existed for a long time dramatically affects people's knowledge of insurance. It also makes the public's insufficient attention to Islamic insurance, and insufficient attention leads to low curiosity and low literacy, making conventional insurance still more of a community's main option than Islamic insurance (Suadi, 2016). Islamic insurance is a solid alternative to replace conventional insurance (Nazarov & Dhiraj, 2019).

In addition to conventional insurance, according to research results, Islamic insurance needs to improve and develop various types of products to be competitive. Islamic insurance products must be competitive both in terms of price and quality. Sharia insurance must focus on developing its products before marketing them to the market. The results can be more optimal and do not seem to imitate or be the same as other insurance products (Al-Amri & Hossain, 2015).

Mehdi, in his research, revealed that sharia insurance needs to collaborate with sharia banks in developing sharia insurance products. In addition to developing appropriate products, sharia insurance can collaborate in marketing its products with Islamic banks. This continuous collaboration will make the prospects for sharia insurance much better and develop Islamic banking and finance as a whole (Sadeghi, 2010). It is part of the disruption in the insurance sector to create a new market that is stronger, more innovative, and in line with consumer needs.

Sharia Insurance Development Strategy in Indonesia

The step in analyzing the strategy for developing Islamic insurance in Indonesia is continued by compiling a Pairwise Comparison Matrix that compares strategic criteria based on respondents' assessments. The Pairwise Comparison Matrix obtained is as follows (Table 8).

Table 8. Matrix Pairwise Comparison of Sharia Insurance Development Strategies

Criteria	Increase Promotion and Outreach	Making Maximum Use of Technology	Developing Products and Service	Increase Knowledge/Literacy	Market Penetration
Increase Promotion and Outreach	1.00	0.2608317	0.2940136	0.2818974	0.2555199
Making Maximum Use of Technology	3.833889	1.00	0.2906867	0.2764105	0.3066590
Developing Products and Service	3.401203	3.4401297	1.00	0.2770126	0.3188942
Increase Knowledge / Literacy	3.547390	3.6178074	3.6099444	1.00	0.2652639
Market Penetration	3.913590	3.2609509	3.1258362	3.7698310	1.00

The next step is to calculate the eigenvector and eigenvalue of the Pairwise Comparison Matrix (Table 8). This eigenvector will be used to prepare the Supermatrix, while the eigenvalue will be used to calculate the consistency index and consistency ratio from the assessment given by the respondent. The results of the eigenvalue calculation are shown in Table 9 below.

Table 9. Eigenvalue (Sharia Insurance Development Strategy)

	λ			
5.38	$0.132 + \sqrt{3.59}$	$0.132 - \sqrt{3.59}$	$-0.473 + \sqrt{0.28}$	$-0.473 - \sqrt{0.28}$
	$\sqrt{3.59}$	$\sqrt{3.59}$	$\sqrt{0.28}$	$\sqrt{0.28}$



Based on the eigenvalue in Table 9, the consistency index (CI) and consistency ratio (CR) was calculated from the assessment given by the respondent, with the calculation of the following calculation:

$$CI = \frac{\lambda_{max} - n}{n - 1} = \frac{5.38 - 5}{5 - 1} = 0.095$$

$$CR = \frac{CI}{RI} = \frac{0.095}{1.11} = 0.0856$$

Obtained the value of $CR = 0.0856 < 0.1$, so it can be concluded that the assessment given by the respondents is consistent, and the analysis can be continued to the next stage, namely composing a Supermatrix. The preparation of the Supermatrix was carried out in 3 stages, namely compiling an Unweighted Supermatrix, compiling a Weighted Supermatrix, and compiling a Limiting Supermatrix. The final Supermatrix output is a global score used to prioritize takaful development strategies. The strategy with the highest global value is the primary strategy, so that it needs more attention in formulating a strategic policy for the development of takaful in Indonesia. The following is the result of calculating the global value of the strategic criteria for the development of sharia insurance (Table 10).

Table 10. Global Values and Priorities for Sharia Insurance Development Strategies

Takaful Development Strategy Criteria	Global Value	Order of Priority
Increase Promotion and Outreach	0.049	5
Maximum Technology Utilization	0.088	4
Developing Products and Services	0.238	2
Increase Knowledge / Literacy	0.235	3
Market Penetration	0.39	1

The primary strategy for developing takaful based on the ANP method is Market Penetration so that Islamic insurance can compete with conventional insurance. Market penetration is the key to the success of developing Islamic insurance. Synergy and firm determination are needed to develop Islamic insurance at all levels, both at

policymakers, industry players, scholars, and the wider community (Nizar, 2018).

Market penetration is essential to provide broader resonance and understanding to the public that Islamic insurance has various advantages in terms of insurance premiums, insurance contracts, investment funds and avoid the elements of gambling, uncertainty, and interest (Heradhyaksa & Hikmah, 2019). Data from the Indonesian Life Insurance Association (AAJI) in 2019 shows that Indonesia's life insurance penetration rate is only 1.2 percent of the Gross Domestic Product (GDP). It means that Indonesia is still lagging behind neighboring countries in the Asian region, such as South Korea, 8.4 percent, Japan 6.2 percent, and China 2.8 percent. Still referring to AAJI's third-quarter data, out of 17.8 million individual life insurance participants, only 1.3 million people have a Sharia insurance policy (MNC Trijaya 2020). The sharia insurance market is still lagging behind conventional insurance in terms of market penetration, development, and distribution of sharia insurance products. Country Manager of Sun Life Financial Indonesia, Bert Paterson, saw that in general, the awareness of the importance of life insurance in Indonesia is still deficient. This situation will continue until the sharia insurance industry can find different ways to penetrate the market (Republika, 2020).

CONCLUSION

Based on the results of the analysis of the constraints for the development of takaful in Indonesia using the ANP method, it was found that the priority order of obstacles to developing. Islamic insurance in Indonesia is the existence of conventional insurance, lack of product and service development, lack of knowledge/literacy, lack of technology, and lack of promotion. The priority strategies for developing sharia insurance in Indonesia that can be carried out are market penetration, increasing product and service development, increasing knowledge/literacy, improving technology, and increasing promotion.

Researchers recommend that insurance companies carry out a market penetration strategy in order to compete with conventional insurance. Through market penetration, sharia insurance is expected to create new markets during economic disruption and become the choice of prospective customers in covering their risks. Market penetration can be done by maximizing Islamic insurance literacy to the community, using appropriate technology, and maximizing promotion and socialization using social media by collaborating with influencers.



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