



## Priority Strategy of Financial Institution Pension Funds (FIPF) for Islamic Scheme in Indonesia: Internal, Market, and Regulation Approach

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**Abstract:** According to a survey conducted by Otoritas Jasa Keuangan (OJK), 74.8% of workers and 85.7% of employers are attracted to Islamic pension funds. However, its market share is still relatively low compared to other Islamic financial product. The purpose of this study is to identify the internal, market and regulation issues that affect the development of FIPF (financial institution pension funds) and construct the strategy to develop FIPF for Islamic scheme. This study applies the analytical hierarchy process (AHP) to determine the strategy based on the priority scale assessed by several experts. The internal issues of FIPF are the priority of both problems and solutions in the development of FIPF for Islamic schemes. Furthermore, from the identification of problems and solutions, the strategy for optimizing FIPF scheme performance and services are the main strategies in expanding the FIPF's market, followed by FIPF's socialization and literacy strategy, and strategies for strengthening relationships and synergy between the authority and FIPF management.

**Keywords:** AHP, Development Strategy, Islamic Pension Funds, and FIPF.

Article History

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### Introduction


Pension is a continuous payment people receive from the start of their retirement until their death (Blake 2006). In Indonesia, pension funds are commonly managed by government institutions that provide retirement programs to civil servants and Indonesian National Armed Forces. However, not only by the government, pension funds are also managed by private sectors administering employees' pension programs. The employers can manage the pension program themselves, through Employer Pension Funds (EPF) or be supported by a financial institution called Financial Institution Pension Fund (FIPF). FIPF or *Dana Pensiun Lembaga Keuangan* (DPLK) is an independent institution that can be joined personally by those who are unofficially registered as employees, such as housewives, part-timers, and freelancers.

Nowadays, FIPF is developing faster than EPF. This can be seen from several indicators, namely the participant and net asset-composition (Table 1). From the portion of participants, the latest data in 2018 showed that the number of FIPF participants was significantly higher than EPF participants. In 2018, the proportion of FIPF participants reached 69.90% of total pension fund participants in Indonesia (OJK, 2019). However, in terms of net assets, the proportion of EPF still dominated. In 2018, the proportion of EPF to total pension funds in Indonesia reached 69.19%, while the proportion of FIPF was 30.81%. FIPF had a positive increase from 2014 to 2018 while EPF experienced a drop for the same period, from both participant and net asset composition, as can be seen in Table 1.

The development of FIPF, in terms of the number of both participants and assets, is expected to continue to increase. This also indicates an opportunity for FIPF based on Islamic principles called FIPF for Islamic scheme. This is due to the fact that Indonesia is the largest Muslim country in the world. According to a census conducted by *Badan Pusat Statistik* (BPS) or Statistics Indonesia in 2010, the population of Indonesian Muslims reached 87.18% of the total population of Indonesia. In addition, according to OJK's Islamic Non-Bank Financial Industry Roadmap 2015 - 2019, as many as 74.8% of workers and 85.7% of employers have an interest in Islamic pension funds. This indicates a very large

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market potential for Islamic pension programs, including FIPF. Islamic pension funds have also been increasingly attractive after Indonesian Ulema Council (MUI) issued a DSN-MUI Fatwa No. 88 of 2013 on General Guidelines for the Implementation of Pension Programs Based on Islamic Principles and DSN-MUI Fatwa No. 99 of 2015 on Islamic Annuities for Pension Programs.

Table 1. The Participant and Net Asset Composition of Pension Program in Indonesia for 2014 to 2018

Type of Pension Funds	2014	2015	2016	2017	2018
Participant Composition					
EPF	36.84%	34.40%	32.61%	31.42%	30.10%
FIPF	63.16%	65.60%	67.39%	68.58%	69.90%
Asset Composition					
EPF	79.57%	76.77%	72.75%	71.11%	69.19%
FIPF	20.43%	23.23%	27.25%	28.89%	30.81%

Source: OJK, 2019 (processed data).

In addition, OJK Regulation (POJK) No. 33 of 2016 on the Implementation of Pension Programs Based on Islamic Principles becomes comprehensive legal protection for Islamic pension programs in providing legal certainty needed for Islamic pension funds or other interested parties, such as institutions, management, contracts, fees and wealth management. However, the total assets of Islamic FIPF amount to Rp3.468 trillion or about 5.15% of total Islamic non-bank institution assets. In Indonesia, there is only one Islamic FIPF, which is provided by Bank Muamalat Indonesia (BMI). However, there are some conventional banks and insurance companies that offer Islamic investment package for Islamic pension programs. Thus, the scope of this study is FIPF for Islamic scheme, including Islamic FIPF and FIPF with Islamic investment package.

It can be generally concluded that many factors may come from FIPF's internal management, market, and regulation. In this case, identifying problems and solutions related to the FIPF are crucially required to construct the strategic management. Some previous studies have been carried out for pension programs focusing on its market demand and preference (Kasri et al., 2017; van Dullemen & de Bruijn, 2015; Collins-Sowah et al., 2013; Ipsos MORI & Nest Corporation, 2011; Castel, 2006; Withanage et al., 2004) and its financial management and performance (Adami et al., 2012; Chen et al., 2017; Menoncin et al., 2006), but none of them focused on the priority strategy from the internal, external and regulation approach, particularly on FIPF for Islamic schemes.

Following the introductory section, this study is classified as follows. Section 2 explores some related literature. Section 3 and Section 4 explain the methodology as well as the results and the analysis, respectively. Finally, Section 5 concludes and offers some recommendations from the study.

## Literature Review

### *The History of Islamic Pension System in Islam*

The concept of a modern pension fund, according to Manjoo (2012), is related to the concept of 'ata (sustenance) or wazifa (fixed wages or salary). This pension system is similar to the modern pension program established at the time of the Caliphate of Umar bin Khattab (El-Ashker & Wilson, 2006; Manjoo, 2012). At that time, Umar bin Khattab established a *baitul maal*, a place for managing the state finances. The sources of state revenues included but not limited to taxation from several regions, war booty, and other revenues obtained from the expansion of territory carried out by the Islamic government at that time.

With an abundance of state revenues, some portions were allocated in the form of regular, annual and monthly benefits to provide for the orphans, the wives of the Prophet Muhammad and also veteran soldiers. The provision of benefits continued and was developed by subsequent caliphs, such as Uthman bin Affan, Ali bin Abi Talib, and Muawiyah bin Abu Sufyan.

The decentralization of the pension program caused pension program policies to vary in different regions. Abu Ubaydha, who was the Governor of Syria, did not provide pension funds for soldiers because it was feared that state revenues would not be able to meet the needs of the state at that time. Therefore, it needs to be underlined that the amount of pension funds provided is highly dependent on the condition of the state finances.

### ***Financial Institution Pension Funds (FIFP) for Islamic Scheme from Strategic Management View***

Strategic management combines a firm's integrated arrangement and operation purposing at obtaining a strategic position over the competitive advantage and above rate-returns (Pakkanen, 2012). In order to arrange strategy, a firm obliges to identify a fundamental analysis of its internal and external environment. A firm is able to establish and develop its strategy based on the internal and external environment (Coulter 2008).

The internal environment consists of factors that affect the company's resources. Internal environment concentrates on the company's capability and core competencies that are able to be classified and explained by applying concepts of value chain and core competencies (Hitt et al. 2007). Meanwhile, the external environment contains factors influencing outside the organization. External environment comprises various factors of different entities, which include but not limited to political, sociological, demographical, global and technological factor; customer preference factor; and industry-related factor (Pakkanen, 2012). In addition, according to Five Forces Model by Porter, a company will encounter five different forces that will affect its competitiveness, namely threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitute products, and rivalry among competing firms (Lindroos and Lohivesi (2006) cited by Pakkanen, (2012)).

Applying the concept of strategic management, this study attempts to formulate the internal and external factors of FIFP for Islamic funds. It could be derived from other Islamic institutions. Ascarya (2013) found that the internal factors of profit loss sharing (PLS) financing in Islamic banking were upper management, human resources and technical aspects while the external factors were society, authority and customer. Edgina et al. (2006) identified the internal issues of Islamic pawnshop, namely product marketing, human resource development, and information technology, and its external issues, which were divided into two, namely customer and competition issues. Rusydiana and Devi (2017) classified the internal and external factors of micro-*takaful* institution, namely institution scale, human resource capability, promotion fund, and agency sales for internal factors and market competition, saturated market, Islamic microfinance institution routines as well as society paradigm of Islamic insurances for external factors. However, Rusydiana and Devi (2013) constructed the priority strategy without classifying the internal and external factors. The study showed that human resources, technical, legal and structural regulations as well as market were the factors that influenced the development of Baitul Maal wat Tamwil (BMT).

### ***Previous Studies about Islamic Pension Funds***

Previous studies related to Islamic pension programs have been conducted. However, these studies discussed Islamic pension programs from the supply side. A study by Alvara Research Center (2017) analyzed the factors that bank and insurance company directors considered when establishing Islamic FIFP. The results showed that the factors were business considerations, company readiness, approval of the holding company, regulations, and competitors. The strategies that could be performed included socialization, service strategies, and innovation.

Another study was conducted by Alvara Research Center (2015) on the potential implementation of pension programs based on Islamic principles in Indonesia. The results of the study were: 1) There was not considerable knowledge regarding the existing EPF and the potential EPF for organizing pension funds using Islamic principles was still relatively low, which included knowledge on Fatwa DSN MUI on the implementation of pension funds based on Islamic principles; 2) There was considerable interest from the existing EPF to organize pension funds using Islamic principles, which out of three possible options, conversion option (43.9%) was the main option, followed by the establishment of Islamic units (28.1%) and the establishment of new pension funds using Islamic principles (28.1%); 3) There was considerable interest from the potential EPF to establish pension funds based on Islamic principles; 4) There was considerable interest from the potential EPF to include its employees in pension funds with

Islamic principles; and 5) There were considerable important aspects to be regulated by OJK, which were management aspects (wealth management, contributions, payment of benefits), followed by institutional aspects (licensing, management and dissolution), governance aspects and supervision aspect.

Kasri et al. (2017) analyzed the demand for Islamic pension funds in Indonesia by collecting data from six major cities in Indonesia, namely Jakarta, Surabaya, Bandung, Makassar, Medan, and Balikpapan, and involving 200 respondents. The results showed that marketing and religiosity were the main factors that determined the participation in Islamic pension plan schemes. Aziz et al. (2019) conducted study about the determinants of Islamic funds in Indonesia. The study stated that internal, external, and religious factors influenced the assets of Islamic FIPF. Purnamasari and Rani (2019) analyzed the risk management of Islamic FIPF in Bank Muamalat Indonesia (BMI). The result pointed out five types of risks, namely strategic risk, operational risk, risk of assets and liabilities, reputation risk, and risk to participants.

## **Methodology**

### ***Sampling Method***

This study used expert respondents who were considered to have broad insights on Islamic pension programs organized by FIPF. The intended experts came from academics, practitioners, and industry players. In this study, there were seven expert respondents who were interviewed on the FIPF priority strategy.

### ***Analysis Method***

Analytical Hierarchy Process or AHP is a measurement through pairwise comparisons that depends on the judgment of experts in order to determine the priority scale (Saaty, 2008). Saaty (1990) stated that there are some basic principles in solving problems with AHP, namely:—1) Decomposition; 2) Comparative judgment, and 3) Synthesis of priority. Decomposition is performed by solving the whole problem into its elements, so it is broken down into several levels, until it is not possible to do further solving. Comparative judgment is performed by comparing the elements in the hierarchy presented in the form of a matrix. This comparison is performed by pairing between elements. This method is also called a pairwise comparison. Meanwhile, the final result of all priorities will result in the synthesis of priority. Thus, the priority of each element will be obtained.

There were three stages that were completed. The first stage is the construction of a model or decomposition to identify, analyze, and structure the complexity of problems in AHP networks. In this phase, a literature review is conducted to collect problems related to the object under study. Then, the complexity of the problem was structured into the AHP framework. Understanding the problem could be performed through literature study, questionnaire, focus group discussion (FGD) and in-depth interview. After that, the model is validated by experts and practitioners who serve as respondents.

The second stage was the quantification of the model or pair comparison. In this phase, the survey on experts and practitioners by means of AHP questionnaire is carried out. The questionnaire is developed according to the AHP framework with a numerical scale assigned to it. Questionnaires are distributed separately for each respondent. The questionnaires is filled out by giving a numerical scale of 1-9 to find out which of the two given questions had a greater influence and how much the difference was seen from one side.

The third step is the synthesis and analysis results. Data processing and synthesis are performed by means of an AHP software, Super Decisions. Then, after the data are processed using Super Decisions, conclusions and decisions were obtained.

## **Results and Analysis**

From literature review, FGD and in-depth interview with the experts, this study identified internal and external factors related to the FIPF for Islamic scheme. The external factors were divided into market and regulation. In this study, there were three clusters, namely problem clusters, solution clusters, and strategy clusters. The problem cluster consisted of internal problems in the FIPF for Islamic scheme

and external problems consisting of market and regulatory aspects. Each cluster problem was faced with a solution that was determined during the identification process. Finally, the FIPF priority strategy was formulated to develop the FIPF for the Islamic scheme.

### **Problems of FIPF for Islamic Scheme**

After the AHP model was formed, the next step was to quantify the model by performing the pairwise comparison. According to Figure 1, the main priorities of FIPF problems are internal problems of FIPF (0.64), market problems (0.26), and regulation problems (0.10). This shows that the internal FIPF needs a lot of improvement and innovation in order to expand the existing market.

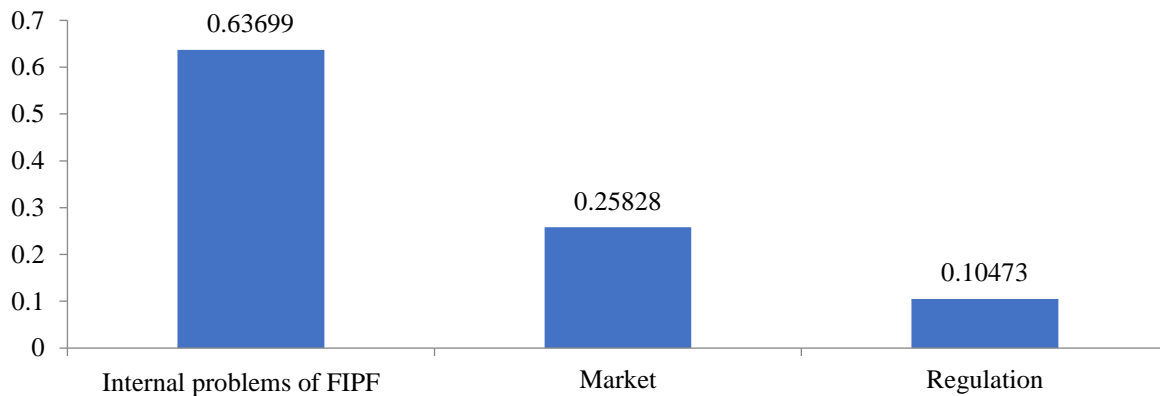


Figure 1. Aspect of Problems

Some respondents stated that FIPF needs to improve its services, including its close relationship with customers, both individuals and corporations. Some respondents also suggested that FIPF should be more informative so that customers can easily access information. Some FIPFs do have limitations in the provision of special FIPF outlets. Therefore, cooperation with the holding company, both banks and insurance companies, is needed. The second and third priority problems are market and regulatory problems, which are external to FIPF. This indicates that the majority of respondents really hope that the internal of FIPF can provide the best service for customers and prospective customers.

Each problem has three to four elements. According to Figure 2, the priority order of the internal problem elements faced by FIPF are limited human resources, especially marketing staff (0.47), lack of socialization and promotion conducted by FIPF (0.28), limited information technology (0.17) and lack of choice in Islamic investment products (0.07). Limited human resources are the main priority issues of the FIPF internal. This was acknowledged by several experts not only from academic respondents and practitioners but also from FIPF practitioners. An example can be found in Bank Muallamat Indonesia (BMI). Due to its limited funds, the bank cannot afford to provide one FIPF special staff for each one of its offices, which currently amounts to 400 branch offices around the country. Presently, BMI provides additional fees for its marketing staff for selling FIPF products. However, this arrangement is faced with some obstacles because the bank focuses on selling its own products. According to the FGD results, FIPF is currently not a product of a top priority for sale, so the head of the holding company prioritizes the sales of products other than FIPF.

The second priority issue is the lack of socialization and promotion. It is also resulted from the fact that there are limited human resources available to perform socializations and promotions. Until now, socialization activities for individual customers are performed only by the marketing staff of the bank, whereas for corporate customers, if a company states its intention to join the FIPF, special marketing staff of the FIPF will directly deliver a presentation about its products. The socialization process between the FIPF and the company will usually result in an agreement, including a product discount when the company places a large number of pension funds.



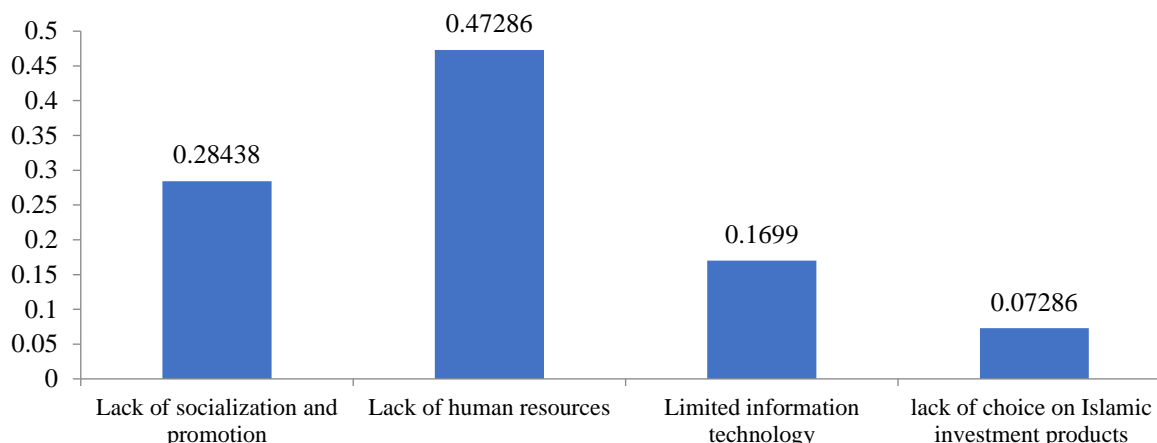


Figure 2. Elements of FIPF Internal Problems

Next is the element of the market problems aspect. According to Figure 3, the priority order of market problems is the lack of public literacy on FIPF products (0.64), the less competitive return on investment (0.26), and the existence of BPJS and Taspen (0.10). As it was previously discussed, Indonesian people's literacy and awareness on financial products are still deficient. According to some expert respondents, this was caused by a lack of socialization and education from both relevant authorities and practitioners as well as the fact that Indonesian people prefer to invest in assets like land and gold. In addition, it needs to be recognized that many Indonesians do not have sufficient knowledge on good financial planning and management. This results in a lack of public awareness to prepare savings for old age.

The next priority element of the market aspect is a less competitive return. Return is one of the most important incentives for customers. However, the results of interviews with several respondents, both market and experts, demonstrated that the return provided by FIPF was less competitive compared to the return on other investment products, such as stocks and mutual funds. In a number of cases, such as the Islamic FIPF or conventional FIPF that have Islamic investment packages, this is due to the lack of available Islamic investment products. The majority of investment managers choose to save pension funds in Islamic deposits. In addition to Islamic deposits, FIPF managers can also invest their funds in sukuk, Islamic shares, and Islamic mutual funds. According to experts from Bank Muamalat Indonesia of FIPF, the majority of FIPF customers choose an investment package that is invested in Islamic deposits and sukuk. This is because, at present, Islamic mutual fund investment options are still less profitable.

The last priority issue is the existence of BPJS Employment and Taspen. For expert respondents from the industry, it is a big problem. However, for academics and practitioners, it is not a big problem because mandatory pension programs such as BPJS or Taspen are really needed by the Indonesian people.

Next is the element of the regulation problems aspect. According to Figure 4, the priority order of regulation problems are regulations related to withdrawal of pension benefits (0.54), additional costs related to the implementation of Islamic pension plans (0.29) and tax regulations (0.16). The regulation aspect is the last priority issue for FIPF market expansion. Some expert customers consider that the existing regulations are sufficient to facilitate the community and industry practitioners. However, when viewed from elements of the regulation aspect, POJK No. 5/POJK.05/2016, which is one of the policies that allow customers to withdraw benefits at any time, turns out to be the main priority issue. For some expert respondents, the existence of this rule has slightly changed the concept of pension programs – old-age funds are expected to be like regular savings. Benefits withdrawal can indirectly influence investment management in FIPF, especially for corporate customers who have high employee turnover rates.

The priority issue from the second regulatory aspect is POJK No. 33/POJK.05/2016 on Islamic pension funds. According to POJK 33/POJK.05/2016, it is stated that *Dewan Pengawas Syariah* (DPS) or Shariah Advisory Council is required to exist for each EPF and FIPF that uses Islamic principles. As

explained earlier, this causes the FIPF that has Islamic investment packages to temporarily stop selling as it has not fulfilled DPS's requirement. In addition, this also results in additional costs because the institutions have to pay DPS. For FIPF which assets are still small, it can surely be frustrating because they usually use the same DPS as the holding company.

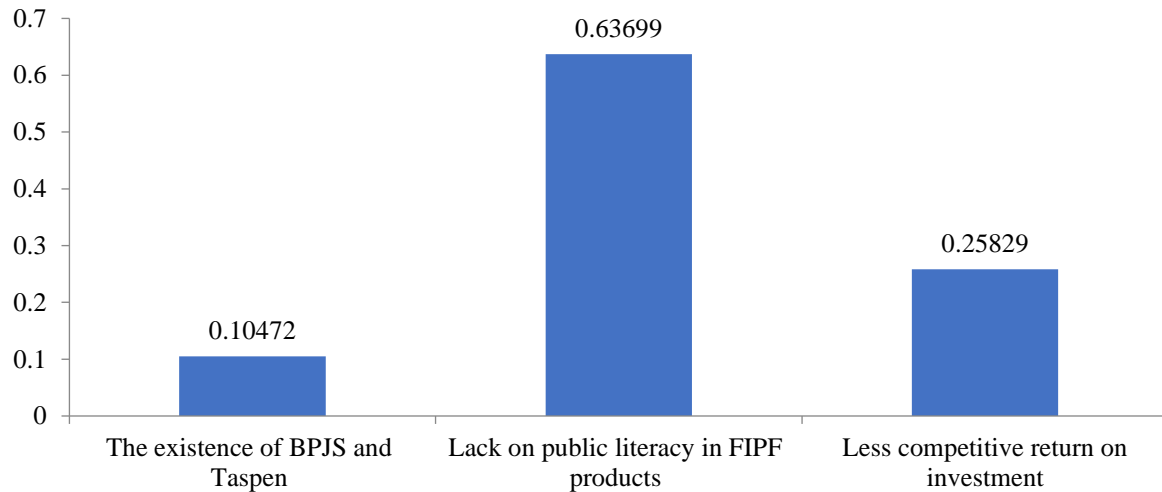


Figure 3. Elements of Market Problem Aspect

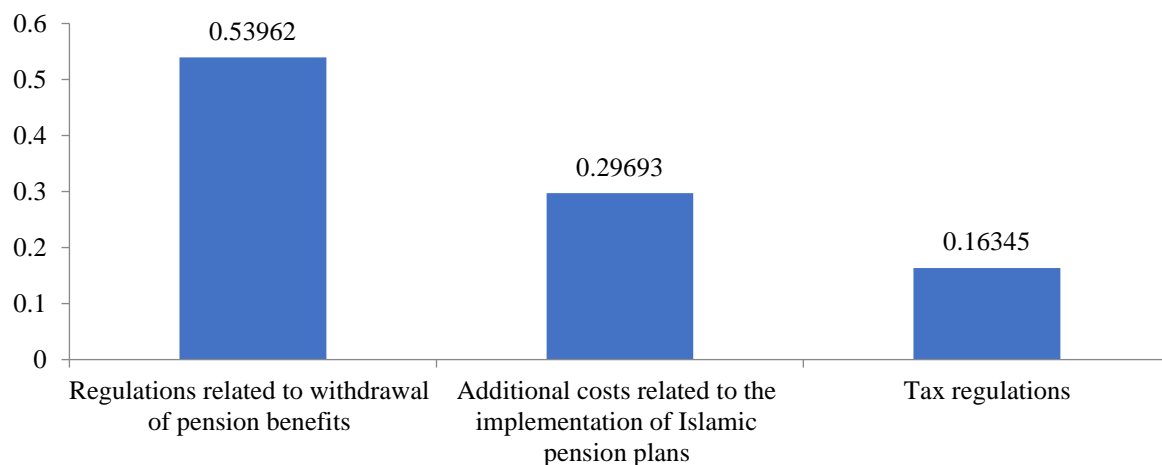


Figure 4. Elements of Regulation Problems

### ***Solutions of FIPF for Islamic Scheme***

In the solution aspect, according to Figure 5, the main priorities for the FIPF market expansion solution are the solutions for internal FIPF itself (0.56), market solutions (0.32), and regulation solutions (0.12). The quantification of the solution aspects was in harmony with the problem aspects, where the internal FIPF solution was the main priority of the solution aspect. This shows that the majority of expert respondents consider the solution provided by the internal FIPF to be the main thing that must be performed to develop the FIPF for Islamic Scheme.

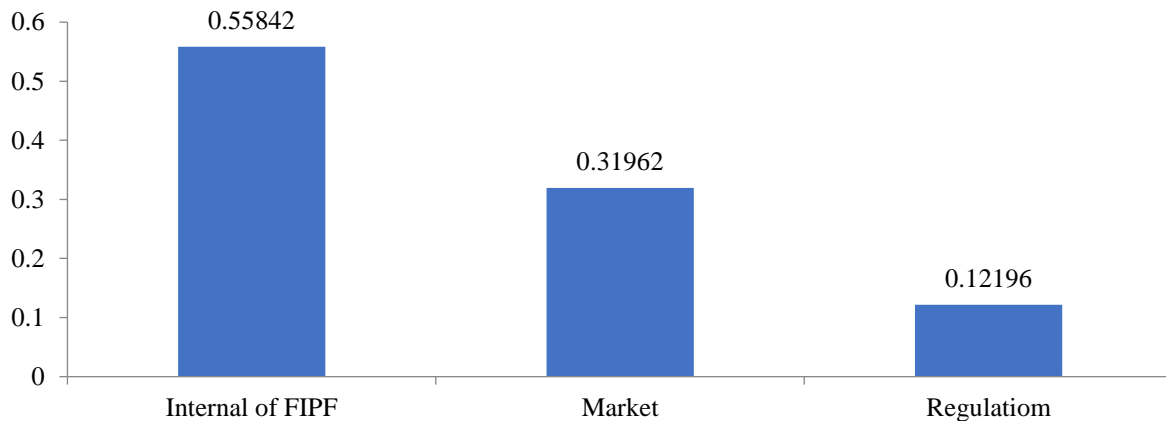


Figure 5. Solution Aspect

As with any aspect of the problem, there are three to four elements in each aspect of the solution. According to Figure 6, the priority order of internal solution elements that can be carried out by FIPF includes adding human resources (HR), especially marketing staff (0.47), optimizing and developing information technology (0.28), optimizing marketing strategies (0.17), and developing Islamic investment product choices (0.07).

Increasing the quantity and quality of FIPF HR is the main solution priority that must be carried out by FIPF for Islamic scheme. In terms of quantity, as explained in the aspect of internal problems, the number of HR of FIPF for Islamic scheme, especially marketing staff, is still very limited. Therefore, regular recruitment can be carried out by the FIPF and given that the recruitment process requires a high enough cost, it cannot be performed massively. If FIPF cannot increase the number of human resources, at least it will continue to develop the existing human resources, not only those who are already specialized in FIPF but also employees of the banks and insurance branch offices. Human resource development is conducted through a variety of trainings, enabling HR of FIPF to serve customers with sufficient information.

Other priority solutions that are quite important are the optimization and the development of information technology and the optimization of marketing strategies. Optimization and development of information technology need to be performed in the face of technological advances to facilitate customers in obtaining information. The development of information technology should be able to provide convenience for consumers in accessing all information related to FIPF savings and contribution payments.

Some FIPFs have collaborated with their holding companies so it is possible to make payment activities and view the number of FIPF accounts through mobile banking. However, from the FGD results, it turns out that there are also FIPFs that are still unable to facilitate their customers to make FIPF payments through mobile banking. Therefore, the development of information technology systems must continue in order to improve services for FIPF customers. In addition, the problem of the lack of promotion and socialization can also be solved by information technology systems.

Furthermore, the optimization of marketing strategies must also be performed. In a marketing strategy, there are four marketing mixes, namely product, price, place, and promotion. Because the FIPF's marketing strategy is still attached to that of the holding company, it is strongly recommended to conduct further coordination with the leaders of the company. From the results of the FGD, FIPF practitioners currently assume that FIPF products are not a priority product to be developed. Therefore, some of them are still trying to convince the leaders that FIPF products have a good prospect to be the flagship product.



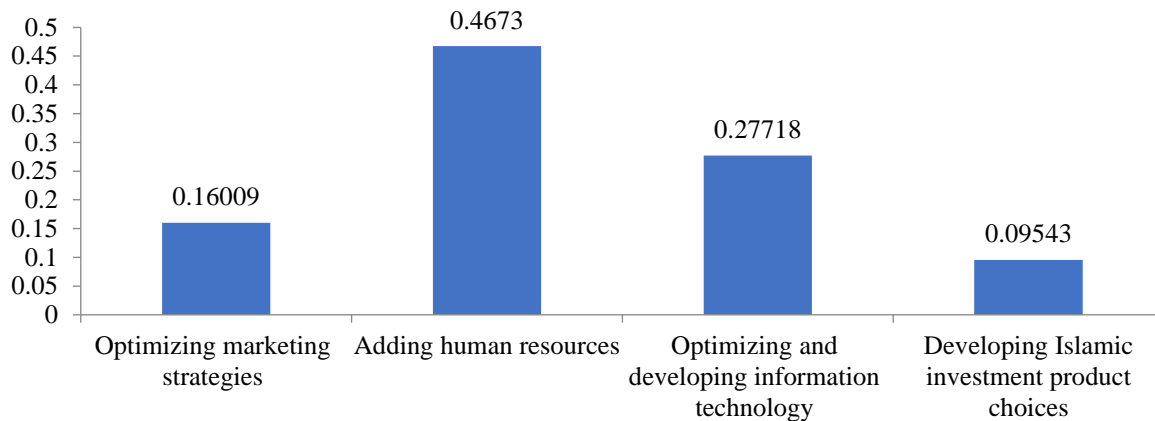


Figure 6. Elements of FIPF Internal from Solution Aspect

Next is the element of the market solution aspect. According to Figure 7, the priority order of market solutions is the socialization to the public on products and benefits of FIPF (0.57), the development of more competitive Islamic investment instruments (0.33), and the variety of products offered (0.10). Socialization is a top priority in the aspect of market solutions because of the low literacy of Indonesian people on financial products, especially products offered by FIPF for Islamic scheme. Socialization and education can be performed by holding seminars in collaboration with the holding company and OJK, participating in expos or exhibitions, using social media or television pamphlets, or visiting companies or government agencies to conduct socialization, education or promotion, which is known as the proactive system.

It should be noted that based on interviews with experts, some of them stated that socialization and education are not the task of FIPF practitioners only but must also be supported by the OJK, the task of which is indeed to increase public literacy on financial products. The priority solution from the next market aspect is the development of investment instruments, especially Islamic investment products. With more and more profitable investment product choices, FIPF is expected to be able to manage the collected funds better – so it can produce returns that are also more competitive than other investment products.

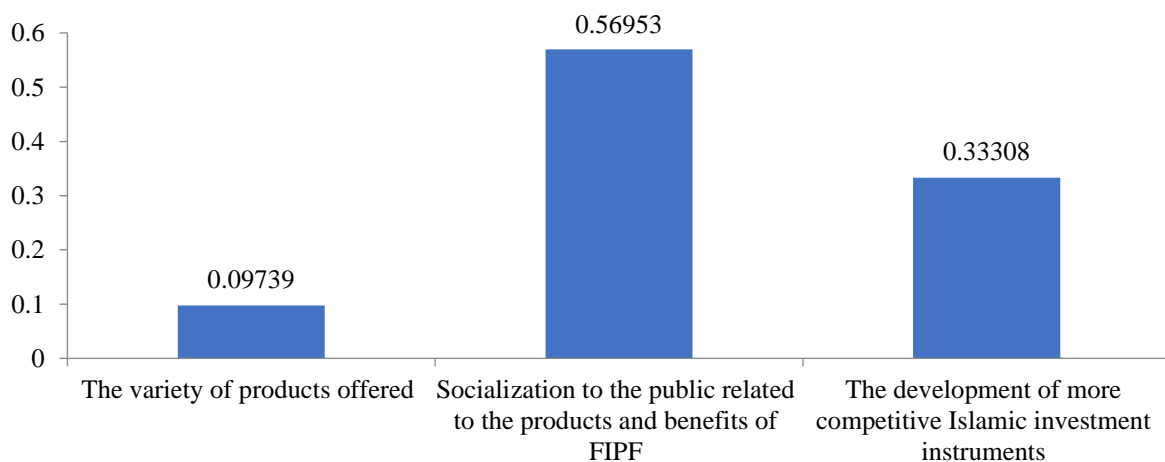


Figure 7. Elements of Market from Solution Aspect

The final element of the solution aspect is the regulation element. According to Figure 8, the priority order of the solution of the regulatory element are the evaluation of regulations related to withdrawal of pension funds before retirement (0.56), evaluation of regulations related to the additional costs of Islamic pension program implementation (0.32), and evaluation of taxation regulations (0.12). Regulation solutions are indeed not the main solution in FIPF market expansion. Although regulation

solutions are not the main solution for FIPF market expansion, considering the importance of regulation aspect is imperative to create a more favorable business climate for all parties.

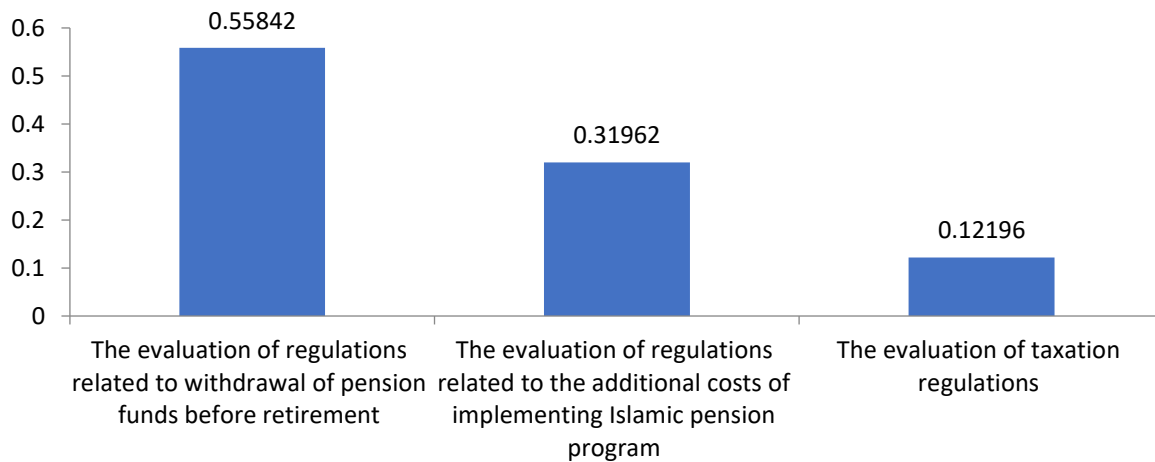


Figure 8. Elements of Regulation from Solution Aspect

### Priority Strategy of FIPF for Islamic Scheme

The last aspect is the strategy aspect the priority strategies that can be implemented are the optimization of FIPF's performance and services (0.56), the improvement of socialization and literacy on FIPF (0.32), and the consolidation of the relation and synergy between the authorities and FIPF managers (0.12). From the results of the expert's quantification, it can be seen that FIPF for Islamic scheme really needs to optimize its performance and services. This is in line with the priority of the problem and the priority of the solution which are always related to the internal FIPF. In this case, a marketing mix approach can be used to expand the FIPF market in relation to FIPF's performance and services. *First*, in terms of products, FIPF must be able to offer products that are attractive and profitable for the community. The products currently offered by FIPF are pension benefit products for individual and corporate customers as well as Program Pensiun Kompensasi Pesangon (PPUKP) products or pension programs for severance compensation. Some experts claim that a product considered attractive if it offers returns and facilitates customers access to information. *Second*, in terms of price, from the interview with the market clients, all respondents stated that they hitherto consider the contribution amount affordable. However, they also suggest that the contribution should not be paid regularly every month considering the fact that people in certain economic sectors, agriculture for example, do not possess a regular monthly income. *Third*, in term of place, in this case, related to FIPF accessibility. From the interview with market customers and experts, it can be inferred that access to FIPF is quite easy to find because in general, FIPF customers can be served by employees of banks and insurance companies. However, what needs to be underlined is the knowledge of the branch office employees themselves. FIPF customers that were interviewed stated that many branch office employees are not sufficiently informative. To gain information, the customers are consequently directed to FIPF offices or special outlets. Therefore, increasing the knowledge of bank employees, especially in serving customers, is imperative. *Fourth*, from the promotion side, promotion is one of the things that FIPF can do to attract new customers.

The next priority strategy is socialization and literacy related to the benefits of FIPF as well as strengthening the relationship and synergy between FIPF authorities and managers (see Figure 9). Literacy and education related to the benefits of FIPF are very important to make people understand the importance of the role of FIPF in meeting their needs in old age. This form of socialization requires a fairly high cost. Therefore, cooperation between authorities is needed, such as the OJK, holding companies, and other financial institutions, to support the education and literacy of pension funds.

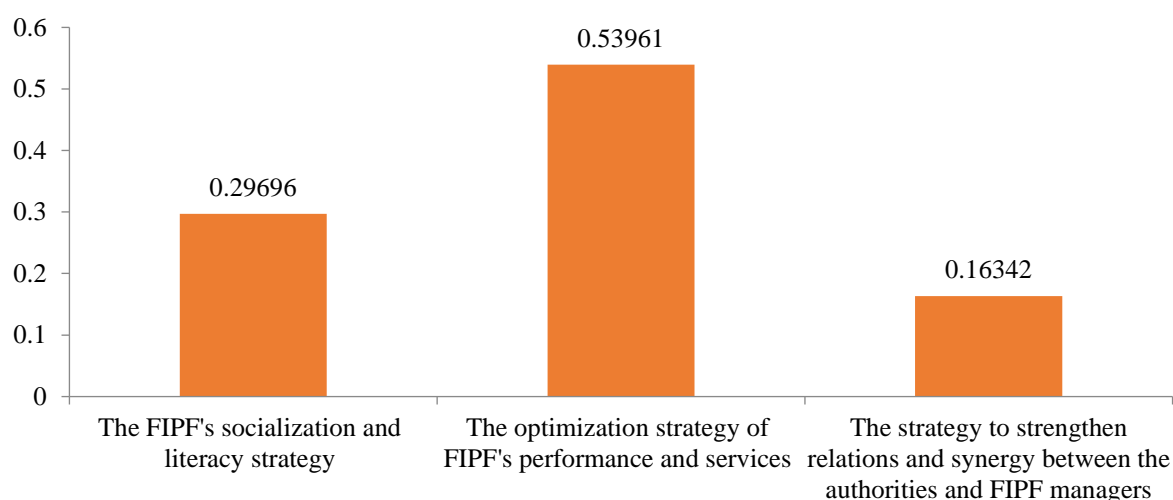


Figure 9. Strategy Aspect

### Conclusions and Recommendations

In formulating the FIPF market expansion strategy, it is necessary to identify problems and solutions that will later reduce the strategy. Through the AHP approach, it was found that FIPF's internal problems were a priority issue in the development of FIPF. FIPF's internal problems consist of lack of socialization and promotion, limited marketing human resources, limited information technology, and limited investment management. From the aspect of solutions, the internal FIPF solution is a priority solution consisting of elements of optimizing the marketing strategy, increasing the quantity of marketing human resources, optimizing and developing information technology, and developing Islamic investment products. From the identification of problems and solutions, aspects of the strategy for optimizing FIPF's performance and services are priority strategies in expanding the FIPF market, followed by FIPF's socialization and literacy strategy, and strategies for strengthening relationships and synergy between the authority and FIPF management.

This study suggests that the performance of FIPF for Islamic schemes needs to be improved and supported, particularly by its company (bank and insurance). FIPF as a product of banks or insurance companies should be considered a priority in company program development. FIPF product has a potential contribution through the investment product offered by an Islamic bank. Besides, OJK and financial services companies should improve society's literacy on Islamic financial products. Regulation aspect may become the least issue of FIPF for Islamic scheme. However, regulators should always consider a more favourable business climate for all parties, including industry and society.

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