

How are Islamic Pension Funds Efforts in Advancing Islamic Financial Institutions in Indonesia?

Bagaimana Upaya Dana Pensiun Syariah dalam Memajukan Lembaga Keuangan Syariah di Indonesia?

Muhammad Ash-Shiddiqy

ABSTRACT

Pension Fund is a legal entity that manages and runs programs that promise pension benefits. The increasing development of Sharia transactions in the financial industry in Indonesia allows pension funds to be managed according to Sharia. This paper aims to find out how far the increase in Sharia pension funds in Indonesia is significantly the increase for Sharia financial institutions. Pension funds are generally regulated in Law No. 11 of 1992. The primary difference between Sharia pension funds and conventional pension funds lies in receiving contributions, investment instruments, investment returns, and pension benefits. Not only that, the most noticeable difference between Sharia pension funds and conventional pension funds is the investment management system carried out to avoid usury and interest-based conventional financial investments.

Keywords: fund, pension, sharia, Indonesia

ABSTRAK

Dana Pensiun adalah badan hukum yang mengelola dan menjalankan program-program yang menjanjikan manfaat pensiun. Semakin berkembangnya transaksi syariah di industri keuangan di Indonesia memungkinkan dana pensiun dikelola sesuai syariah. Tulisan ini bertujuan untuk mengetahui sejauh mana peningkatan dana pensiun syariah di Indonesia secara signifikan terhadap peningkatan lembaga keuangan syariah. Dana pensiun umumnya diatur dalam UU No. 11 Tahun 1992. Perbedaan utama dana pensiun syariah dengan dana pensiun konvensional terletak pada penerimaan iuran, instrumen investasi, hasil investasi, dan manfaat pensiun. Tidak hanya itu, perbedaan yang paling mencolok antara dana pensiun syariah dan dana pensiun konvensional adalah sistem pengelolaan investasi yang dilakukan untuk menghindari investasi keuangan konvensional berbasis riba dan bunga.

Kata Kunci: dana, pensiun, syariah, Indonesia



JIHBIZ

Journal of Islamic Economy, Finance, and Banking

P-ISSN 1238-1235 | E-ISSN 2807-6028

Vol. 7 No. 2 2023

Page 138-151

Published by:

Program Studi Ekonomi Syariah dan Program Studi Perbankan Syariah Universitas Islam Raden Rahmat, Malang, East Java, Indonesia

Website:

<http://ejournal.uniramalang.ac.id/index.php/jihbiz/>

Article's DOI:

<https://doi.org/10.33379/jihbiz.v7i2.2870>

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Article Type: Conceptual paper

Submission's History:

Received	:	30 June 2023
Revised	:	7 July 2023
Accepted	:	11 July 2023

1. Introduction

Pension is when a person stops working because he has entered a certain age or condition, so he must be dismissed at his request. A person who has retired will not get income in the form of wages/salaries received every month but is entitled to the rights he gets in the form of pension funds or severance pay from the company where he last worked.

Pension funds will continue to be obtained by the retiree until he dies, then proceed to the heirs who have been appointed.

When the age is still productive, many workers are less concerned about planning for old age, which increases the risk of funding difficulties in retirement. The existence of this pension fund is essential so that the community can be appropriately served because, First, someone who has stopped working still has the necessities of life. Therefore, by joining

With the pension program, you will still have a source of income for the necessities of life. Second, someone who still can meet the cost of living feels relatively calm in living his life, thus avoiding feelings of inferiority because he does not depend on others. Third, if everyone lives in peace, it is easier to create social harmony in social life. Thus, a comfortable living environment will be created and protected from social problems.

The penetration of pension funds in Indonesia has stagnated in the last five years. In the 2018 pension fund statistics published by the Financial Services Authority (OJK), the penetration of pension funds only reached 6.01% or covered 4.64 million people out of a total workforce of 77.14 million. The total workforce is divided into the categories of self-employed, working with permanent workers, and workers/employees/employees. Three main things cause the slowing growth of pension fund penetration:

1. Many companies objected to shouldering the burden of the allocation of pension funds, so the pension fund program was eventually disbanded.
2. Pension funds founded by small companies also need more ability to grow and develop quickly.
3. Employers prioritize contributions to BPJS/Jamsostek so that pension funds are neglected.

Therefore, the author wishes to study more deeply the "Sharia Pension Fund."

From the background of the problems described above, it can be formulated to formulate problem writing about the efforts of Islamic pension funds in improving Islamic financial institutions in Indonesia. So, the question in this paper is, "How are Islamic Pension Funds Efforts in advancing Islamic Financial Institutions in Indonesia?"

From the formulation of the problem described, this paper aims to find out how far the increase in Sharia pension funds in Indonesia significantly increases Sharia financial institutions.

2. Literature Review

2.1 Definition of Sharia Pension Funds

Generally, a pension fund is an institution or legal entity that manages a pension program. This program is designed to prove the welfare of the company's employees, especially those entering retirement age. Pension funds are managed by individuals or legal entities, collecting funds from the income of company employees who repay the funds as retirement benefits after a certain period, according to a contract or agreement.

In this case, a pension can only be granted if the employee has reached retirement age or for other reasons and is therefore entitled to receive pension benefits. According to Law No. 11 of 1992 concerning pension funds, namely legal entities that manage and implement programs that promise pension benefits such as pension benefits for employees of companies.

Sharia pension funds are pension funds that are managed and operated according to Sharia principles. In 2013 DSN MUI issued fatwa number 88/DSN-MUI/XI/2003 concerning general guidelines for the implementation of a Sharia-based pension program, and the pension fatwa stipulates that accelerated retirement is only possible when employees have reached retirement age, for example, ten years before the average retirement age or because the employee has a permanent disability.

a. Retirement Postponed

Pension funds (1992) explained that the delayed consequence is the pension benefits of those who retire before the average retirement age, whose payers are transferred according to the pension fund by pension fund regulations. The point is that this pension is given to employees who ask themselves to retire, but the retirement age still needs to meet the age for retirement. In this case, the employee who applies for it remains out, but the pension fund is only paid when the retirement age has been met.

b. Disability Pension

The disability pension is given not because of the participant's age but because the participant has an accident that results in disability, so he is considered unable to carry out his work. Pension payments are usually calculated according to the average ratio benefit formula, where years of service are recognized as if they were up to the average retirement age.

2.1.1 Types of Sharia Pension Funds

There are two types of pension funds, namely (Pension Fund Law Number 11 of 1992):

- a. Employer Pension Fund (DPPK), which is a pension fund formed by a person or entity that employs employees as founders to organize a Defined Benefit Pension Program (PPMP) or a Defined Contribution Pension Program (PPIP) for the benefit of part or all of its employees as participants and which results in obligations to the employer.
- b. Financial Institution Pension Fund (DPLK), which is a pension fund established by a bank or life insurance to administer a Defined Contribution Pension Program (PPIP) for individuals, both employees and independent workers, which is separate from the Employer Pension Fund for bank employees or the life insurance concerned.



Picture 1 Types of Sharia Pension Funds

Meanwhile, according to the Pension Fund Law Number 11 of 1992, pension funds consist of two types of programs, namely:

- a. Defined Benefit Pension Program (PPMP), which is a pension program that stipulates a certain formula for the benefits that will be received by participants when they reach retirement age. In this pension plan, pension fund companies will generally consider the length of service and the amount of salary or income of employees.
- b. Defined Contribution Pension Program (PPIP), which is a pension program whose contributions have been determined in accordance with the Pension Fund Regulation (PDP) with benefits in the form of total/accumulated contributions along with the results of development or investment as chosen by the participants.

2.1.2 Difference Between Sharia Pension Funds and Conventional Pension Funds

The difference between sharia pension funds and conventional pension funds can be seen as follows:

Table 1 Difference Between Sharia Pension Funds and Conventional Pension Funds

Activity	Conventional	Sharia
Receipt of dues	Contributions are an obligation or commitment of the employer to workers through pension fund funding, and the contribution cannot be withdrawn.	Applied as grants, <i>bi-syarh</i> and <i>muqayyadah</i> grant contracts are used between the employer and the participant regarding contribution payment.
Instrument of Investment	Free investment or not differentiated by sharia or not both money market and capital market.	Sharia investment instrument only and in the money market and sharia capital market.
Investment returns or fund development	By using the yield in the form of interest or yield.	Development of profit sharing <i>mudharabah</i> .
Benefits pension	Depending on the investment result or on non-shariah, the benefits are according to the results of non-sharia investment,	Benefits pension according to sharia investment returns.

2.2 History of Sharia Pension Funds

Before the Law on Pension Funds was enacted, in the community, a form of savings had developed, namely the Pension Fund and Old Age Savings (THT), which many private and government companies formed. This form of savings has characteristics, namely long-term savings whose results are enjoyed after retirement. Where the implementation is carried out in a program, namely a pension program, which seeks pension benefits for its participants through a system of fertilizing funds, this programming aims to protect employees against the risk of loss of income due to layoffs due to old age, accidents resulting in permanent and total disability, death, death in service, and so on.

At that time the program with the accumulation of funds was organized by the company/employer based on the provisions (*Stadblaad*, 1926 No. 377), which was a provision for the implementation of Article 1601s of the Civil Code which contained the implementation of raising funds through the *Arbeibersfonden Ordonantie*, many employers took the form of a foundation as a forum for collecting funds known as the Pension Fund Foundation.

Almost all pension programs implemented before Law No. 11 of 1992 is in the form of a Pension Fund Foundation. However, the weakness in the form of this Pension Fund foundation, one of which is the form of a legal entity that is accepted from practice based on habits, is engaged in social activities only (not taking profit) and needs proper members, therefore, this foundation is not appropriate to be used as a forum for organizing pensions. From Law No. 11/1992, the Minister of Finance approved two types of Pension Fund institutions: the Employer Pension Fund (DPPK) and the Financial Institution Pension Fund (DPLK). Pension funds of financial institutions (Banks) are managed in a system where more than 70% of pension fund investments are placed in time deposits, certificates of deposit, and SBI (Hasibuan, 2010).

In fact, in Indonesia in 1995, only one pension fund stipulated Sharia principle, namely the Sharia pension fund issued by PT Principal Indonesia. The pattern is almost the same as the savings pattern. Meanwhile, in 1997, companies already managed Sharia pension funds, including Bank Muamalat Indonesia (BMI), Manulife (Principal Indonesia), and Allianz.

Bank Muamalat Indonesia Tbk. as the founder of the Financial Institution Pension Fund (DPLK) Muamalat is a company engaged in banking with management based on Islamic Sharia. Since operating in 1992, Bank Muamalat has shown an ever-increasing performance in asset enhancement and network expansion. The Muamalat Financial Institution Pension Fund (DPLK) is the organizer of the Fixed Contribution Pension Program (PPIP), which was established by Bank Muamalat Indonesia, Tbk. and ratified based on the Decree of the Minister of Finance No. KEP.485/KM/1997, October 10, 1997. Through the support of the largest Bank Muamalat network throughout Indonesia, DPLK is ready to provide services at every BMI outlet for registration, deposit, and payment of pension benefits in the future (Eni, 2017).

2.3 Basic Concepts of Sharia Pension Funds

2.3.1 Contract in Sharia Pension Funds

Contract in Sharia serves to get an agreement from both parties. In public institutions, all things are still in accordance with the approval of the customer or consumer concerned. However, in Sharia, especially pension funds, everything is aimed at the customer's abilities, circumstances, and capabilities. A contract or promise is pronounced when both parties negotiate and find a suitable solution. In addition to agreeing to the agreement, it requires a signature on stamp duty.

In Sharia pension funds, there are several contracts, including (Rezkisari, 2017):

- a. *Mudharabah* contract is a business cooperation agreement between the owner of the funds or DPS and another party who manages the funds, commonly called *mudharib*. Where the giver and recipient get the benefits that are divided according to the agreement so that no particular distribution is written, everything goes back to both parties. At the same time, the loss is charged to the DPS. Suppose the loss occurs not due to the negligence of the manager. For example, suppose a business is destroyed due to a natural disaster, or for example. In that case, the money received does not match its original nominal value. Spirituality becomes the property of the funder.
- b. *Wakalah* contract is a contract in the form of delegation of power by a power of attorney to another party, in this case, welcome to be represented as appointed by the other party.
- c. A grant contract is a contract in which the donor of funds, or called *mashup bih*, from the employer (*wajib*) to workers in the administration of pensions.
- d. *Muqayyadah* grant contract occurs when the grant-giving *Wahib* has determined the person entitled to receive pension benefits, including the inability to take retirement benefits prematurely. For example, if you want to take out a pension before the age of 60, you can only take the fund after the age of 60.
- e. *Bi Syarth* grant contract, a contract that is carried out with a grant system if the terms and agreements have been met and follow existing regulations. This grant contract is considered the safest and most appropriate because it can reach the recipient.
- f. *Wakalah bil ujah* contract, *wakalah* contract is a contract accompanied by rewards or wages. When you want to decide, ensuring that the product is Sharia would be better. The operating system is by Sharia rules and regulations rather than by digging into deep information.

2.3.2 Purpose of Sharia Pension Funds

The objectives of organizing a pension fund program from the interests of the company, participants and pension fund management institutions are as follows (Lubis, 2021):

- a. Company
 1. Moral obligation, where the company has a moral obligation to provide comfort to employees in the future because they still have income when they reach pension age.
 2. Employees are expected to be loyal to the company and increase employee motivation in carrying out daily tasks.
 3. Labor market competence, where companies will have competitiveness to get qualified and professional employees in the labour market.

4. Give awards to employees who have served in the company.
 5. So that at the pension age, the employee can still enjoy the results obtained after working at the company.
 6. Leaving the company's image in the eyes of the government and society.
- b. Participant
1. Participants feel safe in the future because they still have income when they reach retirement age.
 2. Better compensation, i.e., participants have additional compensation even though they can only be enjoyed when they reach pension age.
- c. Pension fund management institution
1. Manage pension funds for profit.
 2. Participate in assisting and supporting government programs.
 3. As a social service to the participants.

2.3.3 Functions of Sharia Pension Funds

The functions of pension funds are as follows (Lubis, 2021):

- a. Insurance, namely participants who die or are disabled before reaching retirement age can be given sum assured for the joint burden of the pension fund.
- b. Savings, namely the set of participant contributions and employer contributions, which are savings for and on behalf of the participants themselves.
- c. Pension, namely the entire set of participant contributions and employer contributions as well as the results of their management will be paid in the form of pension benefits from the first month, since reaching retirement age for the lifetime of the participant.

2.3.4 Benefits Sharia Pension Funds

- a. The benefits of sharia pension funds for employers include:
 1. Improve the company's image in the eyes of the public and the government;
 2. Increase employee productivity through motivation at work;
 3. Provide rewards for employees who have worked for many years;
 4. Increase employee loyalty to the company so as to reduce employee turnover.
- b. The benefits of sharia pension funds for employees include:
 1. Provide a sense of security against financial risks in old age;
 2. Can be calmer and more focused at work;
 3. There is certainty of getting income when you can no longer work.
- c. The benefits of sharia pension funds for pension program organizers include:
 1. Get a share of the profits from managing the funds that have been raised;
 2. Participate in the realization of government programs;
 3. Improve the image of financial institutions with a more complete product offering (Pamela, 2022).

2.4 Legal Basis/Regulatory Sharia Pension Funds

Sharia pension funds are part of the financial sector that is supervised by the OJK, the activities of pension funds in Indonesia are usually regulated in Law Number 11 of 1992 concerning Pension Funds. In addition, pension funds have Government Regulation Number 76 of 1992 concerning Employer Pension Funds and Government Regulation Number 77 of 1992 concerning Financial Institution Pension Funds.

The following are the legal/regulatory bases that constitute pension funds and sharia pension funds, including:

Table 2 Legal Basis/Regulation of Sharia Pension Funds

Regulation	About
POJK No. 33/POJK.05/2016	Implementation of a Pension Program Based on Sharia Principle: The form of the implementation of the sharia pension program; Sharia Supervisory Board; Additional Qualification Evidence for Management regarding Sharia pension fund/ Islamic finance; The Contract used in the implementation of the Sharia pension program; Management of Contribution, Investment and pension benefits based on Sharia principle; Provisions regarding the <i>Ta'zir</i> Fund (for late than 2.5 months from the due date) Additional document requirements in order to obtain approval of Sharia pension funds.
POJK No. 13/POJK.05/2016	Procedure for Application for Approval of Establishment of Employer Pension Fund and Approval of Amendment to Pension Fund Regulation of Employer's Pension Fund.
POJK No. 14/POJK.05/2016	Ratification of the Establishment of Financial Institution Pension Funds and Amendment to Pension Fund Regulations from Financial Institution Pension Fund.
POJK No. 3/POJK.05/2015	Pension Fund Investment, as amended by POJK No. 29/POJK.05/2018
POJK No. 14/POJK.05/2017	Contribution, Pension Benefits, and Other Benefits Organized by the Pension Fund, as amended by POJK No. 60/POJK.05/2020
POJK No. 14/POJK.05/2018	Pension Fund Periodic Report
POJK No. 8/POJK.05/2018	Pension Fund Funding
POJK No. 15/POJK.05/2019	Pension Fund Governance
POJK No. 44/POJK.05/2020	LJKNB Health Level Assessment
POJK No. 44/POJK.05/2020	Application of Risk Management for LJKNB
POJK No. 4/POJK.05/2021	Risk Management in the Use of LJKNB Information Technology
POJK No. 9/POJK.05/2021	Determination of Status and Follow-up on LJKNB Supervision
SEOJK No. 5/SEOJK.05/2020	Pension Fund Health Level Assessment
SEOJK No. 5/SEOJK.05/2021	Form and Structure of Periodic Report of Pension Fund Organizing Pension Programs Based on Sharia Principle
SEOJK No. 22/SEOJK.05/2021	Application of Risk Management in the Use of IT by LJKNB

2.5 The Roles and Responsibilities of the Sharia Supervisory Board

In carrying out its duties and functions, the DPS will be assisted by an internal shari'ah review conducted by the internal auditor to assess the compliance of Islamic banks with principles and report the results of the assessment and testing to the sharia supervisory board. In this case, the internal auditor functions to bridge communication between DPS and management in controlling all bank activities so that they are in accordance with sharia principles and rules (Summitro, 2004).

- a. The duties and authorities in more detail can be described as follows:
- b. Provide sharia guidelines and outlines for both implementing and disbursing funds and other bank activities.
- c. Carry out repairs if a product that is being implemented is considered to be in conflict with sharia.
- d. Provide answers in the form of fatwas to problems posed or faced by the executive and operations.
- e. Examine the annual report book and provide a statement on sharia compliance of all products and operations during the current year.

In order to carry out these duties, DPS has the right and authority to:

- a. Together or individually in company office hours to inquire or check all company products and activities from an Islamic point of view.
- b. For this matter, the board of directors and bank officials and others are obliged to provide an explanation of all matters asked by the DPS.

The DSN decision regulates the duties and functions of the DPS, namely supervising the business activities of Islamic financial institutions so that they are in accordance with sharia provisions and principles that have been fatwa by DSN. And the main function of DPS is as an advisor and adviser to directors, heads of sharia business units and heads of sharia branch offices regarding matters related to sharia aspects as well as a mediator between sharia financial institutions and DSN in communicating proposals and suggestions for product and service development from Islamic financial institutions that require studies and fatwas from DSN. In addition, the functions of DPS are as follows (Isnaini, 2018):

- a. As advisor and adviser as board of directors, head of sharia business unit and head of sharia branch office on matters related to sharia aspects.
- b. As a mediator between Islamic financial institutions and DSN in communicating proposals and suggestions for product and service development from Islamic financial institutions that require studies and fatwas from DSN.

2.6 Policy, Constraint, and Strategy for Development Sharia Pension Funds

2.6.1 Policy Sharia Pension Funds

Management of pension funds in accordance with Islamic teachings has many benefits for the community, especially people who are compliant with sharia. The Al-Qur'an teaches its people

not to leave weak offspring and prepare for a better tomorrow. This teaching is interpreted as the importance of reserves of wealth for the future. This is very important, considering that after retirement humans still have needs that must be met. With these reserves, when someone has entered a less productive period, they still have a source of income.

Sharia pension funds have great potential to grow in Indonesia for a number of reasons:

- a. There is still a very small proportion of people who want to join the pension fund program, except for civil servants who automatically become members of Taspen and Askes. The very large number of private employees and independent employees (entrepreneurs) has the potential to become the target market for the sharia pension fund program.
- b. With the development of sharia financial institutions and businesses, the human resources working in these institutions have become a clear special market for sharia pension funds.
- c. The trust, sense of belonging, and public awareness of the importance of the Islamic finance and business industry that continues to improve will become the basic capital to increase loyal consumers and customers, especially for sharia pension funds.

For this reason, accelerated policies and programs are needed to accelerate the growth of Islamic pension funds. These policies and programs are expected to be sufficient to encourage growth in terms of supply and demand in a balanced manner and strengthen capital, management, and human resources for sharia pension funds. In addition, another important target is to involve all stakeholders of sharia pension funds to actively participate in the acceleration program according to their respective authorities, responsibilities, and competencies.

2.6.2 The Constraint for Development Sharia Pension Funds

It must be admitted that the development of Islamic pension funds is relatively lagging behind other Islamic finance industries. This is due to the lack of strategic and regulatory support. This can be seen in several ways:

- a. In the context of industrial development strategy. When banking, insurance and Islamic capital markets already have and are included in the road map of the development strategy of each industry, Islamic pension funds have not been touched in the slightest in the policies and strategies for the development of the Pension Fund Industry for 2007-2011.
- b. In the context of regulation. If banking, insurance, bonds, and sharia mutual funds already have many regulations and also support the DSN-MUI fatwa, then there is no single regulation or fatwa that supports sharia pension funds. So that the regulation as an operational framework for sharia pension funds only refers to general pension fund regulations and MUI fatwas which are also general, not specific and detailed. Provisions for direct investment in Law no. 11/1992 on Pension Funds. So far, Sharia Financial Institution Pension Funds (DPLK) have complained about bound investment products (*Mudharabah muqayadah*/restricted investment) which have great potential, cannot be entered by Sharia DPLK. *Mudharabah muqayadah* product is a sharia bank product in the form of investment in property or infrastructure with a very large project value, cannot be entered by Sharia DPLK. So far, Islamic banks have had difficulty financing the project because they collided with the maximum credit limit.
- c. Sharia pension fund investment instruments need to be included in the revision of the Pension Fund Law. Sharia DPLK requires this regulation to expand investment instruments that suit its character. The limitations of this investment instrument have resulted in the

funds being managed by Islamic pension funds being mostly invested in bonds, stocks, and sharia mutual funds. Whereas with the great potential of the Muslim community and with a very wide-open market, of course, Islamic pension funds have hopes for a bright future (Firman, 2017).

2.6.3 Strategy for Development Sharia Pension Funds

In dealing with obstacles to the development of sharia pension funds, the government needs to seek strategic steps to develop sharia pension funds, including:

- a. The Sharia Pension Fund synergizes with the pension insurance program organized by BPJS Employment by filling in the segments according to their business, namely the BPJS Pension Guarantee for basic benefits while the Pension Fund for additional benefits (top up);
- b. Conducted socialization of Islamic Pension Funds to Employers to establish Pension Funds;
- c. The regulator (OJK) provides ease of regulation for Sharia Pension Funds to convert from Conventional Pension Funds to Sharia Pension Funds; and
- d. The government adds tax-free incentives for Sharia Pension Fund investments.



Picture 2 Strategy for Development Sharia Pension Funds



Picture 3 Development of Islamic Non-Bank Financial Industry Assets

2.7 Development of Sharia Pension Funds in Indonesia

Sharia pension funds continue to experience positive growth and increase from year to year. The National Committee for Sharia Economics and Finance (KNEKS) noted that sharia pension fund assets began to grow with an increase of almost 13 percent from Rp 8 trillion in 2020 to Rp 9 trillion in December 2021. Not only in terms of assets, the growth of sharia pension funds was also seen from the number of participants in sharia pension funds, especially in the last five years.

Not only in terms of assets, the growth of sharia pension funds is also seen from the number of actors of sharia pension funds, especially in the last five years. Some of these new players are: the Muamalat sharia pension fund which converted in 2017; the RSI Jakarta sharia pension fund and the BNI sharia pension fund which converted in 2018; Muhammadiyah sharia pension fund, AXA Mandiri sharia pension fund, and Manulife pension fund that were converted in 2019; the BRI pension fund and the sharia pension fund of the University of Muhammadiyah Surakarta; as well as the Bank Indonesia sharia pension fund Contribution for establishing the Sharia Business Unit (UUS) and the Allianz pension fund converting in 2021.



Picture 4 Institutional Development of Islamic Pension Funds

Seeing the increase in the number of players in recent years, the National Committee for Sharia Economy and Finance (KNEKS) assesses that there is still potential to continue to encourage additional players who offer pension fund management according to sharia principles.

3. Conclusion and Recommendations

3.1 Conclusion

Sharia pension funds are pension funds that are managed and operated according to Sharia principles. According to the Pension Fund Law Number 11 of 1992, pension funds are divided into two types, namely, the Employer Pension Fund (DPPK) and the Financial Institution Pension Fund (DPLK). The basic difference between Islamic and conventional pension funds is receiving contributions, investment instruments, investment returns, and pension benefits. This pension fund has several contracts, such as *mudharabah* contract, *wakalah* contract, grant contract, *muqayyadah* grant contract, *bi Syarth* grant contract, and *wakalah bil ujah* contract.

The development of Islamic pension funds needs to catch up to other Islamic finance Industries. This is due to the need for more strategic and regulatory support. In several ways, the context of the strategy for developing the Sharia pension fund industry has yet to be touched in the slightest in the policies and strategies for developing the Sharia pension fund industry, as well as the lack of regulations and fatwas that support Sharia pension funds. So, the regulation of Sharia pension funds only refers to general pension fund regulations and general MUI fatwa because there are no specific and detailed regulations and fatwa.

3.2 Recommendations

Considering that most of Indonesia's population is the largest Muslim population in the world, Islamic financial institutions, in general, and Islamic pension funds, in particular, should have considerable potential to develop in Indonesia. However, a very small proportion of people still want to join the pension fund program with the development of Islamic financial institutions and businesses. Seeing the prospects for the development of Sharia pension funds which are classified as good, the government should be responsive to the efforts that must be made to minimize these inhibiting factors and encourage the development of Sharia pension funds in Indonesia.

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