

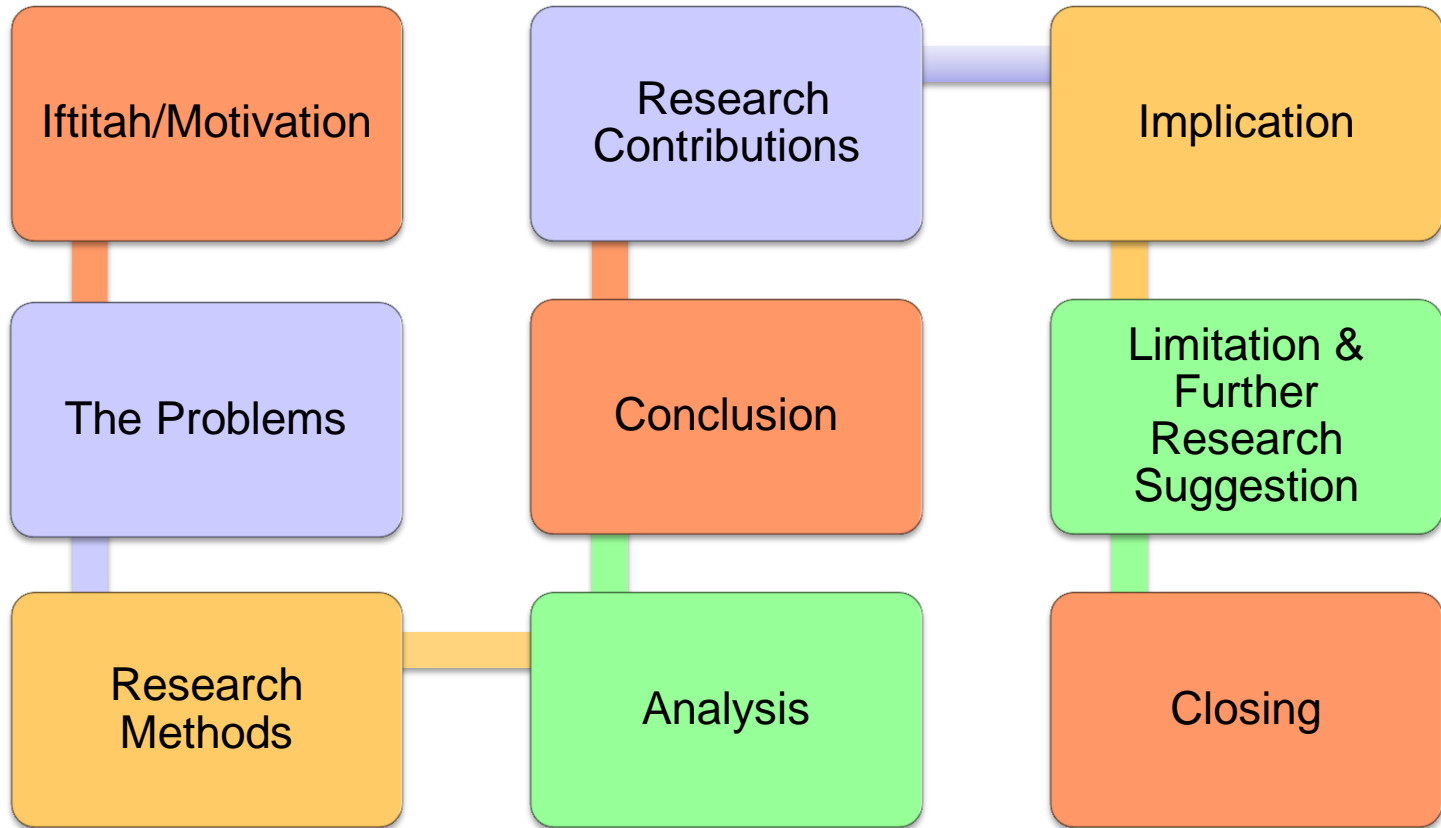
WHAT MAKES CONVENTIONAL INSURANCE COMPANIES ESTABLISH SHARIA UNITS?



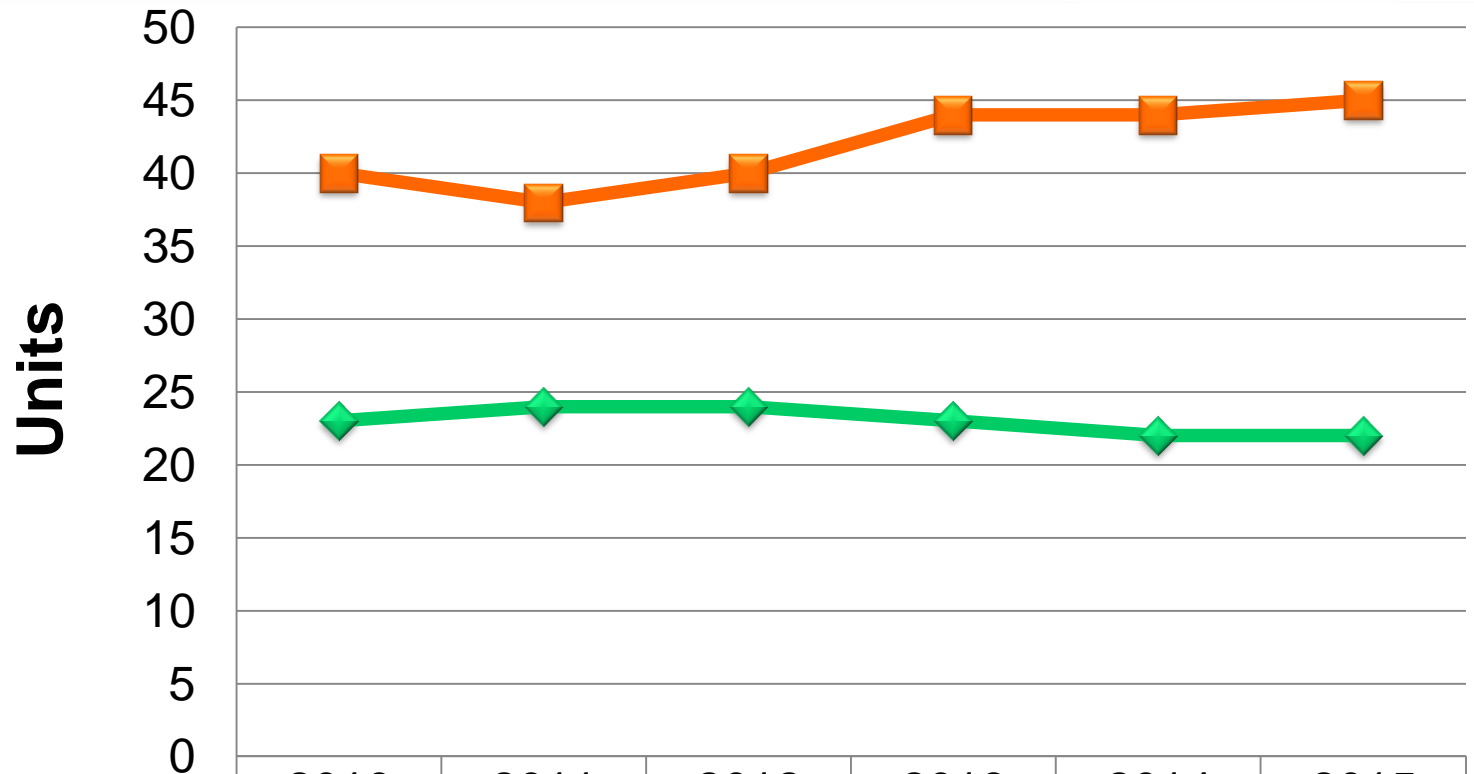
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Roadmap



Number of Companies with Sharia Units in Conventional Insurance and Conventional Bank



	2010	2011	2012	2013	2014	2015
◆ Sharia Unit of Conventional Bank	23	24	24	23	22	22
■ Sharia Unit of Conventional Insurance	40	38	40	44	44	45

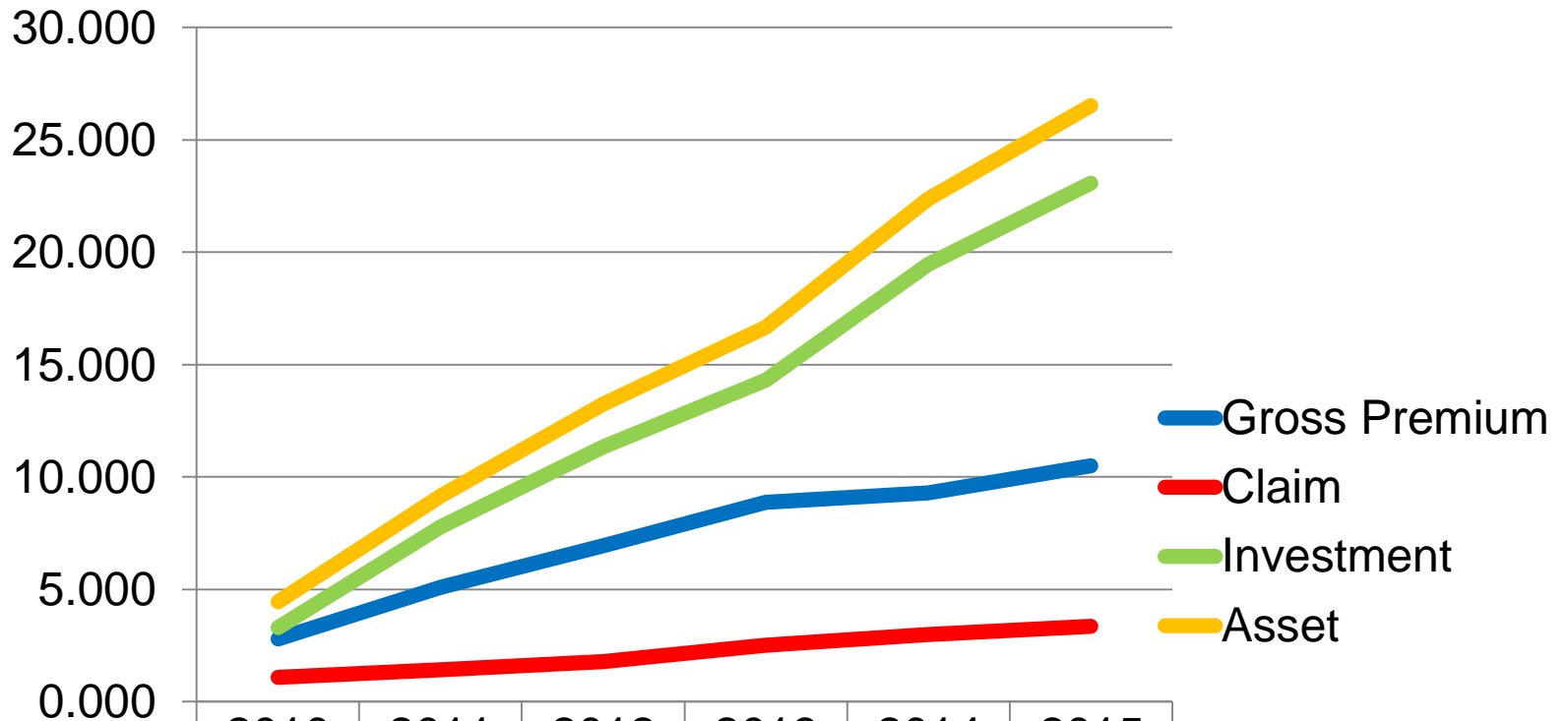
Source : Indonesian Financial Services Authority, 2015

Growth of Sharia Insurance and Reinsurance Companies 2010 -2015

	2010	2011	2012	2013	2014	2015
Full Fledged:						
Sharia life insurance company	3	3	3	3	3	3
Sharia general insurance companies	2	2	2	2	2	3
Total Full Fledge (i)	5	5	5	5	5	6
Sharia Unit:						
Life insurance companies that have Sharia unit	17	17	17	17	18	19
General Insurance Companies that have Sharia unit	20	18	20	24	23	23
The reinsurance companies that have Sharia unit	3	3	3	3	3	3
Total Sharia Unit (ii)	40	38	40	44	44	45
The number of sharia insurance companies (i+ii)	45	43	45	49	49	51
Annual Growth Rate	7,14%	-4,44%	4,65%	8,89%	0%	8,16%

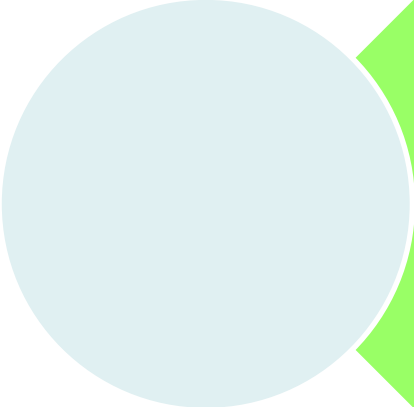
Source : Indonesian Financial Services Authority, 2015

Business Growth of Insurance & Reinsurance Takaful With Sharia 2010-2015 In Billion Rupiah

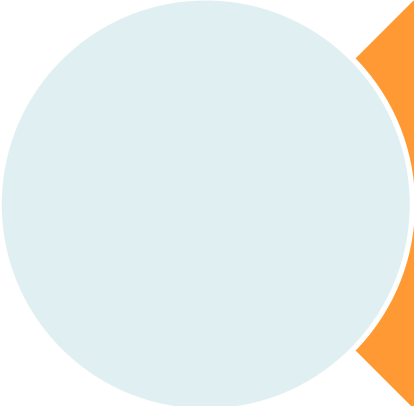


	2010	2011	2012	2013	2014	2015
Gross Premium	2.790	5.080	6.950	8.878	9.281	10.489
Claim	1.080	1.420	1.790	2.516	2.989	3.342
Investment	3.310	7.770	11.330	14.320	19.457	23.070
Asset	4.440	9.160	13.240	16.650	22.364	26.519

Riset Question



what are the factors which encourage conventional insurance to establish sharia business unit ?



what are financial and non-financial impact of the establishment of the sharia unit of the conventional insurance companies ?

Research Method

Types of Research

- Exploratory study with a qualitative approach and descriptive.

Research Object

- Sharia unit of conventional insurance located in Yogyakarta branch.

Research Subject

- Branch Manager

Type of Data

- Primary Data

Data Collection Technique

- Literature Studies (book, journal, article, and news)
- Field Studies (Interview with research subjects)

Data Analysis Method

- Pre-field study analysis
- Analysis during and after data accumulation in the field model Miles dan Huberman: data reduction, data display, and conclusion drawing

Informant Background

No	Branch Manager	Ages (Years)	Education	Length of work (Years)
1	BM1	45	BA	7
2	BM2	42	Master	11
3	BM3	49	BA	13
4	BM4	45	BA	18
5	BM5	30	Master	5
6	BM6	40	Master	4
7	BM7	43	BA	14

Source : Primary data were processed

Factors that Affect Conventional Insurance in Establishing A Sharia Business Unit

Factors	BM 1	BM 2	BM 3	BM 4	BM 5	BM 6	BM 7	TOT	%
The existence of demand and potential market	v	v	v			v	v	5	16,1
Interrelation between sharia insurance and sharia bank	v		v	v	v		v	5	16,1
Good perception on the prospect of sharia business	v	v		v			v	4	12,9
Public awareness on sharia economics				v	v	v	v	4	12,9
The number of Muslim population				v	v	v		3	9,6
The fast growing of sharia economics		v			v	v		3	9,6
Ability to survive during economic crisis					v	v		2	6,4
The demands the current era				v			v	2	6,4
Government supports	v					v		2	6,4
Greater transparency of sharia system				v				1	3,2
Total	4	3	2	6	5	6	5	31	100

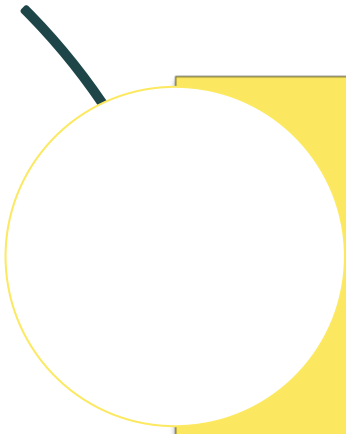
Source : Primary data were processed

Financial and non-financial impacts of the opening sharia unit on the company

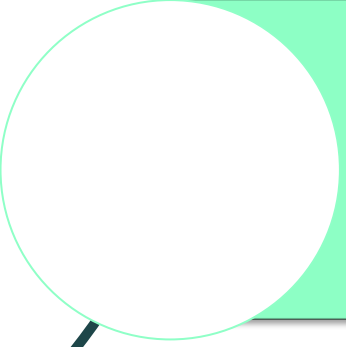
Factor	BM 1	BM 2	BM 3	BM 4	BM 5	BM 6	BM 7	TOT	%
Big Profits	v	v	v		v	v	v	6	33,3
The increase of people's understanding on insurance		v			v	v	v	4	22,2
Reducing unemployment	v			v	v			3	16,7
As parts of worshiping God				v	v	v		3	16,7
Wider recognition by the public				v				1	5,5
More equitable economy						v		1	5,5
Total	2	2	1	3	4	4	2	18	100

Source : Primary data were processed

Conclusion



10 factors influencing conventional insurance company in opening syariah operation unit (the demands and opportunities in the market, the relevance of syariah insurance and syariah bank, syariah prospects that are considered good, the society's awareness on syariah economy)



6 impacts of the opening of syariah operation units, financially they manage to have significant increase on their profit and non-financial aspect, they found the increase of public awareness on the importance of insurance in their life

Research Contributions

Theoretic

- Increasing knowledge particularly on the causes of conventional insurance companies opening syariah operation unit and the impacts to the companies.
- As a reference for the future researches and researchers.

Practical

- As means of reference and understanding for the practitioners in conventional insurance companies that are planning to open syariah operation unit.
- As the basis of better syariah insurance development in the future.

Implication

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- Development of human resources focusing on the syariah field

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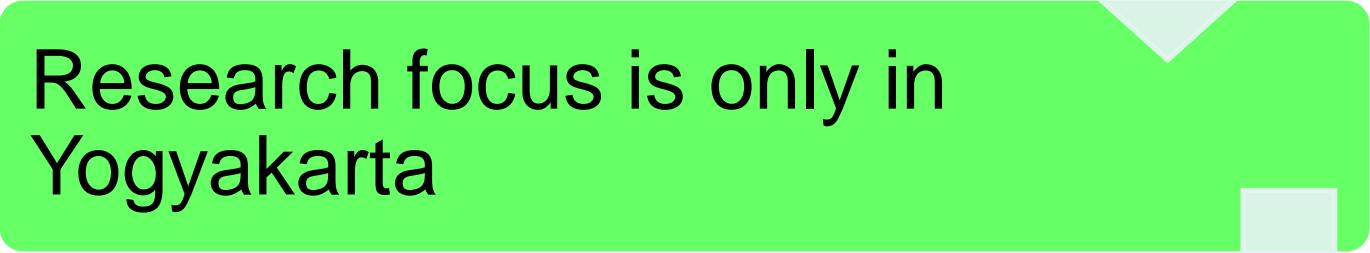
- There is also an opportunity that this will be beneficial

Limitation and Further Research Suggestion

There are only several informants



Research focus is only in Yogyakarta



We are not in the position of to generalize the findings



Limitation and Further Research Suggestion

There will be further attempts of extensive research

- 1

All the factors that we have identified can be tested quantitatively

- 2



Thank You

By :

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