

Innovative Synergy: Massive Penetration of Inclusive Marketing of Islamic Insurance in Indonesia

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Abstract. The integration of Islamic insurance in the business ecosystem is an exciting phenomenon to consider as part of increasing public financial literacy and inclusion, especially for MSMEs. This research explains the innovative marketing strategies of Islamic insurance in the Indonesian business ecosystem. This research uses a descriptive qualitative approach to explore relevant literature and conclude. The findings show that digital marketing strategies and Pentahelix collaboration increase public understanding and access to Islamic insurance products; MSMEs gain inclusive access to Islamic insurance from collaborator platforms. The implications felt by MSMEs are the sustainability of business life and peace of mind in doing business. The novelty lies in an Islamic insurance integration model in fintech. Research limitations are material for the continuation of empirical and quantitative writing.

Keywords. Islamic Insurance; Innovative Strategies; Inclusive Marketing Channels; Business Sustainability.

INTRODUCTION

Insurance industry literacy still lags behind other financial services industries. The results of the 2024 SNLIK show that the financial literacy index of the Indonesian population is 65.43 percent, while the financial inclusion index is 75.02 percent. The 2024 SNLIK also measures the level of literacy and inclusion in Sharia finance. The 2024 SNLIK results (OJK, 2024) indicate that the sharia financial literacy index of the Indonesian population is 39.11 percent. Meanwhile, the sharia financial inclusion index is 12.88 percent, which means that overall, although there is a basic understanding of sharia finance among some segments of the population, access to and use of Sharia financial products is still very low. Therefore, the government, financial institutions, and other stakeholders must intensify their efforts to enhance sharia financial literacy and inclusion in Indonesia. Educational programs, the development of more relevant products, and more effective marketing strategies can achieve this. One of the most crucial aspects is the necessity for inclusive marketing in the insurance industry, to boost public participation. This is crucial because, according to data from the Financial Services Authority (OJK) in 2023, the insurance coverage stands at just 16.6 percent. The density and penetration rate of Indonesia in the insurance industry are still low compared to other Southeast Asian countries such as Malaysia, Thailand, and Singapore.

Despite the great growth potential of Islamic insurance, its penetration in society remains low due to several historical factors, including a lack of transparency and past fraud cases. These factors have caused some people to feel uneasy and question the reliability of insurance products, including Islamic insurance. Additionally, the absence of prior information technology has exacerbated the anxiety of potential insurance customers, further contributing to a lack of transparency. In addition, Islamic insurance is a relatively new product in the Islamic insurance business. It was established around 1994 with the

establishment of Syarikat Takaful Indonesia, which became the holding company for two pioneering Islamic insurance companies in Indonesia (AASI - Asosiasi Asuransi Syariah Indonesia, n.d.). This was further reinforced by numerous regulations accompanying Islamic insurance (Maksum, 2011), including DSN MUI fatwas regarding Islamic insurance and the contracts within it. Therefore, customer satisfaction management is becoming increasingly important in the insurance industry. Specifically, determining a customer-oriented strategy and implementing digital applications based on technology, such as artificial intelligence or cloud computing, is one of the main strategic challenges. Strategic steps are necessary to strengthen sales and marketing positions, simplify standard processes, and enhance efficiency and customer interaction (Eckert, Neunsinger, & Osterrieder, 2022).

Innovation in Sharia insurance is essential to reach a broader market. There are many benefits and opportunities in the application of basic information technology in Islamic insurance, with digital transformation accompanying the development of insurance through the use of big data analytics, artificial intelligence, the Internet of Things (IoT), cloud computing, blockchain technology, and others (Yaneva, 2021). This presents an opportunity for Islamic insurance to grow in Indonesia with a large Muslim market share. Innovation in digital transformation for Sharia insurance presents an opportunity to demonstrate clarity, transparency, and the company's commitment to prospective and existing customers, which brings mutual benefit. Technology implements digital transformation bias in Sharia insurance (Eckert et al., 2022).

This research aims to analyze the various contemporary marketing strategies for Sharia insurance products. With a deeper understanding, this research contributes valuable insights for the community and the Sharia insurance industry, elaborating on features with many benefits through affordable contributions and broader stakeholder collaboration by developing inclusive marketing strategies.

The era of technology now presents solutions to various challenges in the insurance industry (Eckert, Eckert, & Zitzmann, 2021). By leveraging technology, Sharia insurance companies can enhance fund and claim management transparency. This will help restore public trust and encourage their interest in utilizing Sharia insurance products. Almost all types of businesses require insurance protection, and what increasingly attracts public interest are the Sharia principles that prioritize justice and legal certainty. Moreover, the increasing public awareness of the relevance of financial planning also drives the growth of this sector.

This article will explain how applying an inclusive marketing approach can significantly benefit underserved communities and contribute to the development of a more inclusive and sustainable financial industry in Indonesia.

METHOD

This research uses a descriptive qualitative approach based solely on a review of references. We employ this approach to examine and evaluate diverse marketing strategies for sharia insurance products. The first step in this methodology is to identify relevant literature sources, such as academic journals, articles, and books that cover the relevant topics. The selected literature sources include previous research papers discussing marketing strategies for Islamic insurance and marketing channels. We conduct content analysis after selecting the literature sources to understand the various marketing strategies applied or proposed by previous researchers.

We analyze the data from the literature review descriptively to identify patterns and significant findings related to inclusive marketing strategies in the provision of Islamic insurance. This approach allows researchers to present a comprehensive picture of existing marketing strategies and analyze the successes and challenges associated with their implementation. Therefore, the qualitative descriptive approach used in this literature study allows researchers to gain a deep understanding of the framework of inclusive marketing strategies in the provision of sharia insurance (Caesar, 2024).

RESULTS AND DISCUSSION

Cognitive Bias

In the ever-changing landscape of Islamic finance in Indonesia, a deep understanding of consumer behavior plays a crucial role in the success of Islamic insurance marketing. Tversky's (1979) (Tversky, 1979) behavioral theory offers a sophisticated structure. It offers a thorough elucidation of how psychological and social elements impact individual financial choices. By understanding the cognitive biases that often arise, Islamic insurance companies can develop more effective marketing strategies and more innovative products. They align with the aspirations and anticipations of the Indonesian populace.

Cognitive bias is a systematic tendency in thinking that can lead to less optimal decisions. Some important thinking tendencies about investment include:

- 1) Overconfident. Someone may tend to project future investment results with excessive confidence;
- 2) Loss aversion refers to a person's tendency to be more reluctant to experience losses than to gain profits. This often makes individuals hesitant to take risks. The profit potential is substantial;
- 3) Anchoring bias refers to an individual's inclination to base their decision-making process solely on the information they initially gathered. People tend to make decisions without taking into account the novelty or relevance of the information at hand;
- 4) Herd behavior refers to the inclination of individuals to follow the actions of the majority without conducting a thorough analysis (Camerer, 2003).

Understanding cognitive biases has significant implications for marketing Islamic insurance in Indonesia. By understanding loss aversion, companies can design insurance products that emphasize protection against losses and provide a sense of security to customers. For example, insurance products that offer protection against health risks or natural disasters will be very relevant to the needs of Indonesian society. To address overconfident bias and anchoring bias, companies need to present product information transparently and in an easily understandable manner. The use of simple language, effective data visualization, and investment simulations can help customers understand the complexity of insurance products.

By providing adequate financial education, the company can help customers reduce the influence of herd behavior and make more rational investment decisions. Testimonials from satisfied customers and ongoing educational programs can build trust in the company's products and brand. The company can develop marketing strategies that positively leverage cognitive biases. For example, the use of social proof, such as testimonials from religious figures or local influencers, can enhance the credibility of the product.

Inclusive Sharia insurance marketing focuses on providing broader access to Islamic insurance products that adhere to Sharia principles. The discussion of the research results focuses on digital marketing, fintech, and Pentahelix collaboration in enhancing public

understanding and access to Sharia-compliant insurance products. We will discuss various technological solutions, the important role of cross-sector collaboration, as well as the challenges and opportunities faced in achieving Sharia financial inclusivity.

The Digital Transformation of Sharia Insurance

Several factors, including 1) rising consumer expectations, 2) unprecedented competitive pressure, 3) the need for automation, 4) process optimization, and the rising number of claims paid, are driving a crucial transformation in the insurance industry (Yaneva, 2021). Thus, all insurance companies must accompany it with key strategic steps, namely 1) enhancing customer engagement, 2) expanding insurance offerings, 3) ensuring process simplification and automation, and 4) partnership ecosystems. The most important innovations that accompany and shape digital transformation in business include 1) big data analytics, 2) artificial intelligence, 3) the Internet of Things (IoT), 4) cloud computing, 5) blockchain technology, and others. Sharia insurance companies now require these four fundamental strategies. While implementing basic technologies is a significant investment, it is crucial for the sustainability of the business. Doing so will provide benefits and opportunities for each specific technology and application in the insurance industry.

Big Data technology provides comprehensive and real-time registration advantages that update all streams of information, such as insurance ranking information, ratings, prices, customer data, personalized offers, cross-selling, etc. Artificial intelligence technology is beneficial for improving efficiency, the quality of customer experience, optimizing costs, accelerating service processes, and eliminating system failures that are crucial in the insurance business. Thus, the company can quickly perform customer segmentation and management, risk assessment, fraud detection, cross-selling, service transparency, chatbots, digital assistants, and robot consultations. IoT technology is beneficial in the insurance business because it can accumulate information, observe customer behavior, provide real-time information in claims processing, risk assessment, and also serve as customer guidance, loss prevention, and reduction. When the company implements IoT technology, it can immediately conduct risk assessment and management, perform digital monitoring, implement new products, create usage-based insurance, create holistic platform insurance, create automated assistance services, cross-sell, and even prevent fraud. The utilization of cloud computing technology for insurance companies is highly beneficial, as it offers process efficiency and flexibility, cost savings for configuration, development, hardware licensing, installation, and maintenance of old systems, and data availability anywhere and anytime. Thus, insurance companies can enhance communication processes, function like "self-service," focus on customers, and create partnership models to promote cooperation with brokers and cross-selling. The use of blockchain technology in Islamic insurance aligns with the spirit of transparency and security in Islam. The benefits for insurance companies emphasize sustainability and security, effective information, and generalized and comprehensive data-based customers. Companies can implement this technology with smart contracts, risk assessment and insurance level refinement, insurance detection, on-demand insurance, parametric insurance, and peer-to-peer insurance.

Digital Marketing

Social media should be a crucial tool in the design of a marketing strategy. The use of social media influences the delivery of messages or information. When customers respond positively, this will positively influence the brand's image. It increases engagement, purchase

interest, and the decisions made by consumers. Finally, marketing performance will improve. Finally, the results were achieved well (Santoso, 2021).

Social media is also considered a medium that plays an important role in modern life for marketing purposes. Social media platforms like Facebook, TikTok, and Instagram, when used in conjunction with blogs, serve as a crucial strategic step in developing product marketing strategies due to their significant potential to boost sales. Social media platforms enable wider and more convenient availability (Monica, 2024).

In the rapidly advancing digital era, marketing Sharia insurance requires an innovative and inclusive approach to achieve broader penetration, especially among millennials and micro, small, and medium enterprises (UMKM). One effective strategy is to utilize social media platforms such as Instagram and TikTok to deliver product information engagingly and interactively. Social media has proven to be a powerful tool in reaching a wider audience, especially the millennial generation, who are very active on these platforms. Presenting relevant and engaging content, like short educational videos, easy-to-understand infographics, and interactive quizzes, is crucial. With quality content, Sharia insurance companies can build trust and raise public awareness about the importance of protection through insurance.

Collaboration with influencers is also key in expanding marketing reach. Influencers with a relevant follower base can help promote Sharia insurance products more credibly. Testimonials from influencers who have used the product can have a significant impact on the purchasing decisions of potential customers. Relevant content tailored to the audience's needs becomes a key factor in the success of digital marketing. Sharia insurance companies need to understand the characteristics and interests of their target market to create relevant and engaging content. In addition, educational content is also important to improve the financial literacy of the community, so they can make better decisions when choosing insurance products.

Fintech

The increasing penetration of Sharia insurance in Indonesia is a result of technological advancements and innovative business models. One of the main driving factors is the emergence of various insurance technology platforms, or InsurTech, that offer more inclusive and accessible solutions. Insurance technology plays a critical role in various forms.

- 1) **Aggregator.** Aggregator platforms serve as a bridge between potential customers and various insurance companies. This business model allows consumers to easily and quickly compare various insurance products, enabling them to choose the one that best suits their needs and budget. An example of this is the numerous online insurance comparison platforms that have emerged.
- 2) **Intermediaries or Brokers/Agents.** The role of insurance brokers or agents remains relevant in providing more personalized consultations and recommendations to clients. With in-depth knowledge of insurance products, they can help clients choose the most suitable product.
- 3) **The Full Stack InsurTech.** Insurance companies that have adopted full-stack technology allow customers to complete the entire process of purchasing and claiming insurance online without having to visit a branch office. This is very convenient for customers who have high mobility or live in areas far from the city center.

In the world of the insurance industry, FinTech has changed the methods used by insurance companies. Applicable regulations influence operations such as risk assessment, premium determination, and claim handling. Financial technology is driving the transformation of the insurance industry, making it a key focus. As the monetary authority in Indonesia, Bank Indonesia has taken the initiative to ensure the security and order of payment traffic through organized and controlled administration. Monitoring developments in the FinTech sector, the OJK has also issued several regulations related to FinTech, such as POJK No. Regulation Number 77 of 2016 concerning lending services using money lending facilities that rely on information technology, as well as POJK Number 13 of 2018 concerning the innovation of digital financial technology use in the financial services sector (Kurniawan, 2024).

The development of FinTech technology, especially InsurTech, has influenced the insurance industry sector. InsurTech refers to the utilization and application of technology in the insurance industry. The development of technological innovations aimed at increasing the efficiency of the current model allows the insurance industry to operate smoothly. There are several significant impacts that InsurTech can have on the development of the insurance industry in Indonesia, including changes in the insurance industry's landscape to enhance public participation and encourage more consistent use of insurance products (Kurniawan, 2024).

Wakaf Benefits of Sharia Insurance And Wakaf Benefits of Sharia Investment Insurance

Wakaf of sharia insurance benefits is a concept where part or all of the received insurance benefits are endowed for social purposes. Thus, customers not only receive financial protection for themselves and their families but also contribute to community development. The benefits of waqf can include the construction of mosques, schools, hospitals, or other social programs. The concept of waqf for the benefits of Sharia insurance investment offers a more flexible approach. In this model, the investment funds from Shariah insurance products are endowed, and the investment returns are used to finance various social projects. The concept of waqf from the benefits of Sharia insurance and waqf from the benefits of Sharia investment insurance offers new opportunities to enhance financial inclusion. Through waqf, the community can provide long-term benefits to others while also gaining financial advantages. Collaboration with waqf institutions can help expand the reach of sharia insurance products and provide broader social benefits. The legal basis for the use of waqf for the benefits of Sharia insurance and Sharia insurance investment is derived from the interpretation of the Qur'an, hadith, and the opinions of scholars. The fiqh principle that states "*mâlâ yudraku kulluhu lâ yutraku kulluhu*" can be utilized to develop waqf in the realm of sharia insurance. With the permission of cash waqf, the scope of waqf has become broader as it includes products from other Sharia financial institutions. The integration of waqf values into the insurance industry in Indonesia has promising growth potential thanks to the collaborative synergy of various involved parties. (Vidiati, 2023).

Sharia Capital Market

The integration between Islamic insurance and Islamic capital markets can create more innovative and attractive investment products. One example is the creation of Sharia unit-linked products, which allocate customer funds to Sharia capital market instruments.

Educational Institutions

Collaboration with educational institutions, both formal and informal, is essential to enhance sharia financial literacy among the community. Engaging and easily understandable educational programs can help the community understand the benefits of sharia insurance and how to choose the right products.

The Government

Clear and comprehensive regulations serve as the foundation for the development of the sharia insurance industry. Legislation regulating Sharia principles, Sharia insurance products, and supervision of Sharia insurance companies is essential to provide legal certainty for industry players and consumers. Good coordination between the Financial Services Authority (OJK) and the Indonesian Ulema Council (MUI) is crucial to ensure that sharia insurance products and services comply with sharia principles and applicable laws and regulations. OJK plays a role in supervising the financial sector, while MUI provides fatwas related to sharia financial products. The government needs to encourage the improvement of sharia financial literacy among the public. The government can achieve this through extensive education, socialization, and campaign programs. By understanding the basic principles of sharia insurance, the community will be more confident in choosing insurance products that align with their needs and beliefs. The government can also play a role in facilitating the development of infrastructure that supports the growth of the sharia insurance industry, such as providing relevant data and information, as well as supporting the development of information technology.

Sharia Insurance in Sustainable Development

Sharia insurance plays a crucial role in supporting sustainable economic development through contributions in various fields. To achieve this goal, it is important to integrate economic, social, and environmental aspects in a balanced manner.

- 1) First, sharia insurance protects the lives and property of the community by providing compensation in the event of a disaster, thus helping to maintain the continuity of life and economic activities;
- 2) Second, it supports a fair and inclusive economy with principles of justice and risk-sharing, providing access to protection for all layers of society;
- 3) Third, Islamic insurance plays a role in reducing the risk of natural disasters and the impact of climate change by providing affordable protection schemes for disaster-prone areas;
- 4) Fourth, this insurance encourages socially and environmentally responsible investments, avoiding harmful sectors and supporting eco-friendly projects.

By applying Sharia principles, Sharia insurance contributes to the achievement of Sustainable Development Goals (SDGs), such as eradicating poverty and protecting the environment, as well as creating a more just and sustainable economic condition (Safika, Hidayati, & Purwanto, 2024).

CONCLUSION

The integration of sharia insurance into the business ecosystem is crucial for enhancing financial literacy and inclusion, especially for MSMEs. With the implementation of innovative marketing strategies, including digital marketing and Pentahelix collaboration, public access

to sharia insurance is becoming more widespread. The novelty of this research lies in the development of an integration model for Islamic insurance within fintech, which is efficient and compliant with Sharia principles and opens up opportunities for sustainable economic growth. The concept of waqf benefits from Sharia insurance, which also offers new opportunities to enhance financial inclusion and provide broader social benefits. The integration of Sharia insurance within the business ecosystem has significant potential to improve community welfare and support sustainable economic development. With the right marketing strategy and strong collaboration among various parties, the penetration of Sharia insurance in Indonesia can continue to increase.

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