

Managing Islamic Financial Planning Inclusion In Indonesia

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Abstract. *Indonesia is a country with the largest Muslim population. However, the understanding of Islamic finance is still limited. Meanwhile, more people are becoming more aware of the importance of managing personal finances. The interest of Muslim community to financial planning is a great opportunity to improve Islamic financial inclusion. The community is not only learning how to control personal finance according to Islamic principles, but also knows how and where to invest funds in compliance to shariah principles. Long-term impacts can increase the share of the Islamic financial market in Indonesia, both in the Islamic banking sector, Islamic insurance, sukuk, Islamic capital market, or fintech. Thus the shariah ecosystem could be strengthened further. This paper surveys the literature in the area of Islamic financial planning, and aims to design the basic concepts of Islamic personal financial planning needs, as well as to compare it with conventional personal financial planning. The next stage is to calculate the factors that could increase the inclusion of Islamic personal financial planning. The output of this study is a conceptual framework of Islamic financial planning that could also improve Islamic financial literacy and inclusion.*

Keywords: *Financial Planning, Islamic Financial Inclusion, Islamic Finance*

Abstrak. *Indonesia merupakan Negara dengan populasi muslim terbanyak. Akan tetapi pemahaman akan keuangan Islam masih sangat terbatas. Sementara itu, sekarang ini semakin banyak masyarakat menyadari pentingnya mengatur keuangan personal. Adapun adviser financial planner terbatas, lebih lagi mayoritas ilmu financial planner masih berbasis konvensional. Minat masyarakat muslim akan perencanaan keuangan menjadi peluang besar sebagai media inklusi keuangan Islam. Masyarakat tidak hanya mampu mengendalikan keuangan personal sesuai kaidah Islam, tetapi juga mengetahui cara dan tempat menginvestasikan dana secara tepat dan sesuai syariah. Dampak jangka panjang dapat meningkatkan pangsa pasar keuangan islam di Indonesia, baik di sektor bank syariah, asuransi syariah, sukuk, pasar modal syariah, p2p lending syariah, e-money syariah, dan sebagainya. Dengan demikian ekosistem syariah akan terbentuk secara masif dan terintegrasi. Studi ini merupakan literatur studi yang bertujuan merancang konsep dasar kebutuhan Islamic personal financial planning, serta mengkomparasikan dengan personal financial planning konvensional. Tahap selanjutnya adalah mengkalkulasi faktor-faktor yang mampu meningkatkan inklusi Islamic personal financial planning. Output dari studi ini adalah kerangka konseptual perencanaan keuangan syariah yang mana dapat meningkatkan literasi dan inklusi keuangan syariah, yakni IFP yang inklusif.*

Keywords: *Financial Planning, Islamic Financial Inclusion, Islamic Finance*

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Introduction

The times have resulted in an increase in complex and complicated human needs. On the other hand, commonly people has economic limitations to meet all their needs and wants (Senduk, 2008). Thus, it is important to arrange the priority and allocate the fund appropriately according to economic conditions. The gap between complex needs and financial capabilities can be overcome with good financial planning. Financial planning also has an important role, especially in dealing with uncertain economic and market conditions. As has happened recently, the outbreak of the Covid19 pandemic has had a major impact on the economic conditions of the community (Dennis, 2020; Wijayanti, 2020).

Financial planning is a planned process to achieve one's life goals (FPSB Indonesia, n.d.). While Islamic financial planning is when the processes carried out in achieving these financial goals do not conflict with shariah principles, and these goals are not only oriented to the world but also the hereafter (Financial Services Authority, 2019).

The majority of the population in Indonesia is Muslim (Amilahaq et al., 2020). The Muslim population in Indonesia reaches 87.18% of the total population of 255 million (BNI Syariah, 2020; Kaltim Post, 2020; Koran Jakarta, 2020), with a middle class population reaching 50 million people. Meanwhile, the number of professional financial planners (Certified Financial Planner/CFP) in Indonesia is only 1,598 people (FPSB Indonesia, n.d.). Thus, the country still need more experts in personal financial planning, in an effort to help people achieve financial independence with good financial planning. Moreover, financial planners who are experts in the field of Islamic financial planning. Because the Muslim community should have a financial plan that is in accordance with the values of their beliefs, allocating investments in shariah products, utilizing shariah products as risk management, as well as the

process of distributing wealth in accordance with shariah provisions (inheritance law).

As a country with a majority Muslim population, Indonesia has a very low index of Islamic literacy and inclusion compared to conventional literacy and inclusion indexes. The Islamic literacy index in 2019 is 8.93% while conventional literacy has reached 37.72%. The level of Islamic financial inclusion in 2019 was 9.1%, while conventional financial inclusion has reached 75.28% (BNI Syariah, 2020; Financial Services Authority, 2019; Kaltim Post, 2020; Koran Jakarta, 2020; Nurrahman & Hartoyo, 2019; Puspaningtyas & Yolanda, 2019; Puspaningtyas & Zuraya, 2019). This shows the great efforts that must be made by the Islamic finance industry, government, shariah economists, Islamic economics enthusiasts, and academics, to improve Islamic financial literacy and inclusion in Indonesia.

The low index of literacy and inclusion of Islamic finance shows that the Islamic financial industry is still far from realizing well literacy. With a good literacy level, it is hoped that the community, especially the Muslim community, can take advantage of appropriate financial products and services to achieve sustainable financial well being (Amalia, 2020). Moreover, one way to overcome the damage from the global financial crisis is with good financial literacy by the whole community (Zeamer & Estey, 2020). The community needs to make efforts such as seeking financial education, either individually or with a partner, such as attending seminars or hiring professional financial planner.

Based on the potential of literacy, inclusion, and Islamic financial planning that is still large in Indonesia, and due to the low level of literacy and inclusion of Islamic finance in Indonesia, this research aims to develop concepts that can improve Islamic financial literacy, Islamic financial inclusion, and awareness of financial planning in accordance with Islamic principles.

Literature Review

Financial Planning

Financial planning is the process of achieving one's life goals through integrated and planned financial management. From a professional perspective, financial planning is a process of coordinating working with clients to determine and achieve client-specific life goals. These objectives will be prioritized, then the planning process that has been compiled will be evaluated and adjusted to any changes in the client's financial condition and economic capacity.

The financial goals of a person or client include; prepare education funds for children, prepare old-age funds for themselves and their spouses, prepare funds to own a house, prepare an inheritance for the family, prepare funds for the pilgrimage, holidays, and so on. Therefore, financial planning generally discusses 6 things; a) Financial management (managing income and expenses, managing assets and debt), b) planning and risk management, c) investment planning, d) planning for retirement, e) tax planning, and f) planning for inheritance. Financial planning can be done independently by studying the required sciences, or people can involving a professional financial planner (Pangeran, 2013; Zeamer & Estey, 2020)

Based on conventional financial planning, the financial goal is preparing the fund after the retirement. Financial planners are proven to help individuals achieve long-term finance (Kim et al., 2018). In an example, because the allocation of pension portfolio for employees is limited, thus the preparation of the investment plan becomes very important. Employers should ask advisors to periodically evaluate the performance of the plans under their management by using objective measures (Yao et al., 2020). Professional financial planners can also provide advice to the public / workers to decide on a pension program that suits them. Advice on the right pension program according to the wishes and needs of each employee will provide maximum satisfaction with the investment made (Ryan & Cude, 2020).

The Importance of Personal Financial Planning

Several reasons why financial planning is needed are; because there are financial goals to be achieved, the high cost of living from time to time, the condition of the Indonesian economy is not always good (there are times when it is in a crisis), the human physique will not always be healthy, and the number of financial products on offer (Senduk, 2008).

Limitations to fulfill all their desires make people have to determine the priority. The amount of funds needed to fulfill several basic things, such as vehicles, cars, and so on, has made the community also have to prepare funds in advance. And with the awareness that the productivity period is limited, encouraged them to plan funds after retiring. Thus, having financial planning is very important to do.

Financial planning has an important role, especially in dealing with uncertain economic and market conditions. As has happened recently, the outbreak of the Covid19 pandemic has had a major impact on the economic conditions of the community. The community can be calmer and ready to face such conditions after consulting with financial experts such as the Financial Planner (Dennis, 2020).

Moreover, one way to overcome the damage from the global financial crisis is with good financial literacy by the whole community (Zeamer & Estey, 2020). The community needs to have financial education, such as attending seminars or hiring professional financial planning.

Financial Planning Profession

The financial planning profession began with the establishment of the International Association for Financial Planning in 1969. This association was founded by Loren Dutton and 13 of his colleagues. Meanwhile in Indonesia, this profession was widely used in the banking and insurance industry in 1990. The monetary crisis in 1997 made many people start exploring financial planning. Many Indonesians take direct certification in America, or learn it self-taught. Financial planning after the monetary crisis in Indonesia developed

with the opening of the Priority/Private Banking/Wealth Management division in the banking sector. This division provides services in the form of helping to manage the customer finances (Putra, 2013).

A financial planner is a professional who is qualified to help individuals and companies meet their long-term financial goals (Scott, 2020). A financial planner is someone who focuses on building a financial plan to help clients achieve their final goals (Smith, 2020). A financial planner is responsible to clients. They can work individually or institutions. A financial planner is in charge of consulting with clients to analyze goals, risk tolerance, life, stages, and types of investment that are suitable for them. From the results of this analysis, financial planners will plan programs that can help clients achieve their financial goals.

People who have financial planning skills can be divided into 2 groups. The first is the dependent or tied group with other agencies such as banks, insurance companies, securities companies, and asset management companies. Meanwhile, another group is independent from other agencies. So that generally the advice or opinion that is conveyed is focused on facts and the personal goals of the client. If the dependent financial planner benefits from the company's salary, the independent financial planner earns income from consulting fees provided, as well as fees from products that work with them, while maintaining the integrity and professionalism of an independent financial planner. Another source is from conducting training or seminars (financial educators).

Financial planners can explore a field in the world of finance (specialization) in order to provide optimal advice/advice to the public about the field. These specializations include corporate financial planners, personal financial advisors, investment advisors, asset management, planning management, experts in the fields of insurance, capital markets, risk, and so on.

Islamic Financial Planning (IFP)

The awareness of Muslims in Indonesia about the prohibition of usury from bank interest is the starting point for Islamic financial planning. Shariah financial institutions have emerged, such as Islamic banks, Islamic insurance, and the Islamic capital market. Conventional financial planning has also developed and transformed into Islamic financial planning.

Financial planning is a planned process to achieve one's life goals (FPSB Indonesia, n.d.). Generally, the purpose of life in financial planning is only material and world-oriented, such as financial freedom, buying assets, a prosperous old age, fulfilling children's education, tax planning, and distribution of inheritance. As for the Islamic financial planning, it is when the processes carried out in achieving these financial goals do not conflict with shariah principles, and these goals are not only oriented to the world but also the hereafter (Financial Services Authority, 2019). Islamic financial planning makes the welfare and safety of the world and the hereafter as the goal. In other words, IFP is an entire process that aims to achieve the personal goals of an individual through the acquisition, maintenance and distribution of wealth in adherence to Islamic principles and values (Ahmed & Salleh, 2016).

Islamic financial planning for individuals and families starts with managing cash flow, making future financial goals, setting priorities in life, then implementing it with Islamic way (Masyarakat Ekonomi Syariah, 2017). Islamic financial planning (*sakinah finance*) prioritizes needs based on *maqasid syariah*, namely the needs of *dharuriyyat* (top priority), *hajiyyat* (supporters), and *tahsiniyyat* (luxury items) from the stages of wealth creation, wealth accumulation, wealth protection, the distribution of wealth / wealth distribution throughout life from infancy until the end of an individual's life in the world (Wijayanti, 2020).

Some individual priorities for religious financial goals such as; performing the pilgrimage should be prioritized over the purpose of traveling abroad, and preparing children's school funds should be prioritized over the purpose of changing cars, meeting household needs, wills, having children,

taking care of parents, property, *takaful & taawun*, planning emergency funds and others. Besides that, it is expected to have a better lifestyle and goals than before. Not only focusing on the present life but also with the life in the hereafter (Masyarakat Ekonomi Syariah, 2017).

In achieving these financial goals, investment products used also must comply with shariah principles. For example, sukuk, Islamic deposits, or Islamic mutual funds. As for inheritance planning, it must follow the inheritance rules in Islam (Masyarakat Ekonomi Syariah, 2017).

At least there are several things that must be considered in doing financial planning with Islamic principles. Some of these things are important to consider in order to achieve one's financial goals. 1) *Cleansing of Wealth* (zakat, infaq, shadaqah, waqaf), 2) *Management of Wealth*, regulating expenses, minimizing debt, as well as asset composition (cash flow and balance sheet), 3) Arrange financial goals in accordance with Islam, 4) Using shariah financial products, 5) Get used to a simple lifestyle and not consumptive (not wasteful), 6) *Risk & Insurance of Wealth*, determine shariah insurance and prepare emergency funds (takaful and taawun on family finances, health, assets and emergency funds), 7) *Saving & Investment of Wealth*, saving and investing according to Islamic principles. (houses, vehicles, children's education funds, pension/retirement funds, entertainment funds, Hajj etc.), 8) *Distribution of Wealth* (inheritance, will, grant) (Bratadharma, 2018; Putra, 2013).

The concept of Rizq in Islam (Sustenance)

Rizq (or *rezeki*) is not just in the form treasure or money. Sustenance is anything that can be taken advantage of. Sustenance is the inner pleasure that Allah SWT (Almighty and Fortuitous) gives in the world and the hereafter (*fiddunya hasanah wafil Akhirati hasanah*). As for the assets can be categorized into 4 definitions, namely; 1) assets as a trial, 2) assets as a mandate, 3) optimizing assets, 4) assets play an important role in the life / worship of a Muslim. Assets/treasure that is used to meet personal needs will run out in the world, while wealth that is donated will last forever to the hereafter.

Islamic financial planning regulates how humans should value assets or money as a mandate and part of sustenance. Thus Islamic financial planning explains toward Muslims about ways to gain sustenance (property), how to manage or spend it, so that it can be accounted for wisely in the afterlife. Technically, Islamic financial planning discusses obtaining *halal* income, spending Islamically (*toyyib*), debt management, protection (risk management) according to Islamic law, investment decisions such as saving, social responsibility such as zakat, alms, infaq and endowments, and financial planning for long term such as for unproductive periods (retirement) and inheritance policies (Putra, 2013).

Islamic Financial Planning Concept

According to Islam, all human activities must be aimed at achieving *falah* (success in this world and in the hereafter). The main purpose of Islamic laws is to bring prosperity or benefit (*maslahah*) and avoid damage (*mafsadah*) (Ahmed & Salleh, 2016). Islamic financial planning (IFP) is important as a form of fulfillment of the objectives of shariah (*maqashid al syariah*). Then it must be planned as well as possible. In Islamic financial planning, the process carried out must not contradict the principles of Islam and it is oriented towards the afterlife. For example managing cash flow, establishing financial goals, using Islamic products, and planning inheritance. In cash flow management, Islamic financial planning must; a) include the allocation for zakat as the first responsibility, b) prioritize debt payments if have, c) develop financial goals according to Islamic thoughts, d) allocate investment in products that are in accordance with Shariah, e) adopt an Islamic lifestyle such as controlling desire (avoid excessive lifestyle), and f) prepare a reserve fund or an emergency fund.

IFP is designed to serve every segment of all population so that IFP does not only for high-income and middle-income households, but also to serve low-income households and those who are stricken with poverty (Ahmed & Salleh, 2016).

Islamic financial planning can be executed into 2 ways, namely for net surplus households (high income and middle income) and for net-deficit households (low and poor income). The difference in service between net-surplus households and net-deficit households is due to differences in characteristics and financial needs between each group (Mat Nawi, 2018). After grouping, the planning will then be compiled, the planning includes the following points (Ahmed & Salleh, 2016).

Table 1. Characteristics of Society in Personal Financial Planning Strategies

Difference	Net Surplus Household	Net Deficit Household
Money Management	In this group, people have started planning zakat payments and productive investment, which can maximize the obligation to pay zakat.	For net-deficit households, budgeting is needed to provide income, commonly their income could be supported by zakat receipts. Furthermore, this group also needs productive spending that can be covered from shariah microfinance and zakat receipts. In addition, money lending for consumptive purposes is also available through qardhul hasan loans and savings needs can be met by creating a wadiah account at shariah bank.
Emergency Planning	net-surplus household can start to participate in takaful schemes related to waqf. Thus they will not only be covered by shariah insurance but also donate in the form of wakf.	For net-deficit households, emergency planning can use shariah insurance services (<i>takaful</i>), both disabled income takaful, house takaful, and family takaful using funds from zakat and waqf receipts. In addition, emergency savings through wadiah accounts and shariah pawnshops (<i>ar-Rahn</i>) can also be other alternatives.
Investments for Specific Purposes	Besides old-age savings, the long-term investment that can be made by a net-surplus household is investment to fulfill the realization of waqf assets. As for the investment products use shariah financial products such as shariah banking, shariah insurance, islamic stocks markets, sukuk (Islamic obligation), shariah pawnshops, etc.	This investment is intended to meet long-term needs, such as old age savings. For net-deficit households, their focus is on fulfill their daily needs rather than long-term needs. Thus, financial educator or financial planner has a task to motivate them towards this need (long term need, long term plans).
Wealth Transfer Planning	Especially for the net-surplus household, they can inherit the assets which are then used for the	

Difference	<i>Net Surplus Household</i>	<i>Net Deficit Household</i>
	creation of waqf, which must be in accordance with the will of the deceased.	

Source: Ahmed & Salleh (2016)

Islamic Financial Planning Opportunities in Indonesia

The majority of the population in Indonesia is Muslim (Amilahaq et al., 2020). The Muslim population in Indonesia reaches 87.18% of the total population of 255 million (BNI Syariah, 2020; Kaltim Post, 2020; Koran Jakarta, 2020), with a middle class population reaching 50 million people. Meanwhile, the number of professional financial planners (Certified Financial Planner/CFP) in Indonesia is only 1,598 people (FPSB Indonesia, n.d.). Thus, the country still need more experts in personal financial planning, in an effort to help people achieve financial independence with good financial planning. Moreover, financial planners who are experts in the field of Islamic financial planning. Because the Muslim community should have a financial plan that is in accordance with the values of their beliefs, allocating investments in shariah products, utilizing shariah products as risk management, as well as the process of distributing wealth in accordance with shariah provisions (inheritance law).

Conventional financial planners in Indonesia generally have to follow the inheritance law in the State. In this case, it means that it is also in accordance with the inheritance law in Islam, as the majority population in the country is Muslims. However, the perspective of wealth in Islam, the point of view of consuming in Islam, are values that are contained in religious thoughts and are reflected in Islamic norms (*akhlaq*). So that an inclusive and comprehensive Islamic financial planner is still very much needed.

Thus, it is very important to provide financial planning education from an early age, as an effort to eradicate poverty, including the poor

mindset (mental poor). The simple education about sakinah finance (Islamic financial planning) can discuss the planning and management of assets by individuals or families for the financial achievement of a sakinah family (Wijayanti, 2020).

Islamic Financial Literacy and Inclusion in Indonesia

Islamic Financial Literacy

Financial literacy is a series of processes or activities to increase the knowledge, skills and confidence of consumers and society so that they are able to manage personal finances well (Amalia, 2020)

As for Islamic financial literacy is basic knowledge of economic and financial principles according to Islamic rules, as well as having the skills (financial skills) and confidence (financial confident) in managing their financial resources (financial behavior) appropriately, to achieve well-being and balance in the world and the hereafter according to Islamic guidance (Departemen Ekonomi dan Keuangan Syariah, 2020)

Financial literacy is very important because before consumers are ready to adopt products and services, they will go through various processes including knowledge, persuasion, decision and confirmation. With good financial literacy, it will affect a person's behavior ability in making consumption decisions, including investment. The level of literacy and inclusion of Islamic finance that is not good enough makes industry penetration less optimal. Because more and more Shariah financial transactions are carried out by the community, the more businesses and community production can be funded by Shariah finance (Amalia, 2020).

Islamic Financial Inclusion/Shariah Financial Inclusion

Financial inclusion is a process that ensures easy access, availability and use of the formal financial system for every person (Amalia, 2020). Financial inclusion ensures access to common financial products and services that are appropriate and needed by all levels of society, as well as for vulnerable groups economically and in a location (remote). This access must be safe, comfortable,

fair, and at an affordable cost. This access can be utilized by the community properly, if only the community has been provided with adequate and sufficient education (literacy). So that they can make financial decisions better according to what they need, and then they will receive optimal benefits. In other words, financial inclusion is an inseparable part of financial literacy (Amalia, 2020).

The government has implemented the National Strategy for Financial Inclusion (Strategi Nasional Keuangan Inklusif /SNKI) through Presidential Regulation number 82/2016. The aim is to encourage economic growth, accelerating poverty reduction through reducing gaps between individuals and between regions, and forming an inclusive, stable and deep financial system (BNI Syariah, 2020). An inclusive level of finance shows a good understanding including financial awareness, knowledge of financial products, and understanding of the benefits of using financial products or services (Puspitasari et al., 2020). As for increasing financial inclusion, it must overcome the barrier such as the limited supply (financial service providers), high costs (price barriers), information barriers (public ignorance), design product barriers (suitable products), and channel barriers (facilities and infrastructure) (Norman, 2020).

Based on previous research, it is known that financial knowledge and financial experience affect the behavior of family financial investment planning; the attitude of financial managers moderates and strengthens the influence of financial knowledge (Silvy & Yulianti, 2013).

Development of Islamic Financial Literacy and Inclusion in Indonesia

There are still many people who have not been able to access financial services, especially accessing Islamic banking. Even though financial inclusion is a major banking issue in the world (Lubis & Ramadhoni, 2020). The results of the National Financial Literacy Survey in 2019 showed the financial literacy index in Indonesia reached 38.03%, and the financial inclusion index was

76.19% of people who had acquired financial literacy. This value has exceeded the financial inclusion target of 75% (Financial Services Authority, 2019).

Table 2. Development of Islamic Financial Literacy and Inclusion in Indonesia

INDEX	2016	2019
Conventional Financial Literacy Index	29,3%	37,72%
Shariah Financial Literacy Index	8,1%	8,93%
National Financial Literacy Index	29,7%	38,03%
Conventional Financial Inclusion Index	65,6%	75,28%
Shariah Financial Inclusion Index	11,1%	9,1%
National Financial Inclusion Index	67,8%	76,19%

Sources: (BNI Syariah, 2020; Financial Services Authority, 2019; Kaltim Post, 2020; Koran Jakarta, 2020; Nurrahman & Hartoyo, 2019; Puspaningtyas & Yolanda, 2019; Puspaningtyas & Zuraya, 2019)

Meanwhile, the level of Islamic financial literacy in Indonesia is at 8.93%, and the inclusion of the Islamic financial index at 9.1% (Kaltim Post, 2020; Koran Jakarta, 2020). The level of Islamic financial inclusion has decreased where previously it reached 11.1% in 2016 (BNI Syariah, 2020; Nurrahman & Hartoyo, 2019). This is because although there has been an increase in Islamic financial inclusion from 2016 to 2019, the market capitalization for increasing conventional financial inclusion is much greater. So that the Islamic financial inclusion index appears to be decreasing in a ratio (Nurrahman & Hartoyo, 2019; Puspaningtyas & Yolanda, 2019; Puspaningtyas & Zuraya, 2019). Thus, the point is as a country with a majority Muslim population, Indonesia has a very low index of Islamic literacy and inclusion compared to conventional literacy and inclusion indexes.

The largest population in Indonesia is the Muslim community (Amilahaq et al., 2020). The population of Muslims in Indonesia is 87.18% of the total population of 255 million. So the potential for increasing the Islamic financial inclusion index is very large (BNI Syariah, 2020; Kaltim Post, 2020; Koran Jakarta, 2020).

The low index of literacy and inclusion of Islamic finance shows that the Islamic financial industry is still far from realizing well literacy. With a good literacy level, it is hoped that the community, especially the Muslim

community, can take advantage of appropriate financial products and services to achieve sustainable financial well being (Amalia, 2020).

Efforts to increase financial literacy and inclusion need to involve various agencies such as the government, supervisory parties such as the OJK, as well as the financial services industry and other parties. One effort that can be done is targeting the halal industry (Kaltim Post, 2020; Koran Jakarta, 2020). Which is providing services such as Islamic financial planning is part of halal industry in services.

Method

This research uses descriptive of literature study. Descriptive of literature study is research that is more specific to the understanding of social problems based on real conditions that are complex and detailed (Indriantoro & Supomo, 1999). Resource of study is collected from various literature such as scientific journals, books, mass media (news), reports relating to the problem under study, etcetera. Social problems are conditions that many people find unpleasant, disrupting the social functioning of a number of people, and their reasons for asking for collective solutions. One of the social problems is the need of shariah financial planning to be known to the Muslim society in Indonesia. By using social problem theory is expected to make a positive contribution in solving the overall problem.

Results and Discussion

The Concept of Islamic Financial Planning in Improving the Islamic Financial Literacy and Inclusion

Financial knowledge is a basic need for everyone to avoid financial problems. Financial difficulties are not only because the low income. Financial difficulties can also arise if there is an error in financial management (mismanagement). Besides financial knowledge (literacy), the factor that affects investment planning is financial experience (inclusion). Experience in managing finances reflect the capability in understanding and doing well the

investment, then manage it. So that the financial decision is correct as the wish (Sriwidodo & Sumaryanto, 2018).

There are 2 sources for obtaining an understanding of financial planning, namely internal and external. Internal information sources include human resources, psychological factors, and attitudes. As external sources come from professionals from various fields of financial services. Previous studies have shown that obtaining advice from external parties, such as financial professionals, can mediate internal sources of consumer financial management outcomes such as saving behavior and using consumer credit. In increasing the quality and accessibility of internal and external information to the society, it needs financial education programs and affordable professional financial services (Fan, 2020).

Professionals who focus on Islamic financial planning can make society understand that money is used not only for worldly matters but also for the sake of heavenly and social interests. Therefore literacy of Islamic economic and finance needs to be improved (Ahmed & Salleh, 2016). By integrating Islamic financial literacy, Islamic financial inclusion, and Islamic financial planning (IFP), thus IFP inclusiveness can run well.

People who want to make planned financial goals need to increase their financial knowledge (literacy) and financial experience (inclusion) (Norman, 2020; Sriwidodo & Sumaryanto, 2018). Because with good literacy and inclusion, the planning will be very mature. Even more so if they have good self-control. The implementation of financial planning can be executed more discipline (Sriwidodo & Sumaryanto, 2018). That control is embedded in the values that Islam has. In Islam, people are encouraged to control consumptive behaviour, paying more attention towards others than for self fun, and many other humble values.

It is possible that people do not interested in shariah finance product because they do not know about the products advantage. The proper education about shariah finance industry is needed. Thus the literacy and inclusion of shariah finance products can increase and the market share is reach the target

(Lestari, 2019). Without clear objectives, it will be difficult to increase public awareness of Islamic financial literacy. The goals to be able having good financial planning will increase the public's acceptance about Islamic financial literacy and inclusion.

Literacy has an important role in increasing people's understanding of appropriate financial planning methods. With this literacy (psychologically) it can increase readiness, open mindset, and public awareness of the importance of financial planning. Because psychological factors are often considered a key factor in making decisions (financial decision). This can also affect lifestyle patterns, unplanned shopping patterns, life mindset, and so on (Subiaktono, 2014).

Previous research has described the framework of the relationship between financial planning, financial literacy, financial inclusion, and zakat and waqf. The combination of these 4 dimension will create the inclusive Islamic financial planning. This shows the role of financial literacy and financial inclusion in achieving inclusive Islamic financial planning (Ahmed & Salleh, 2016).

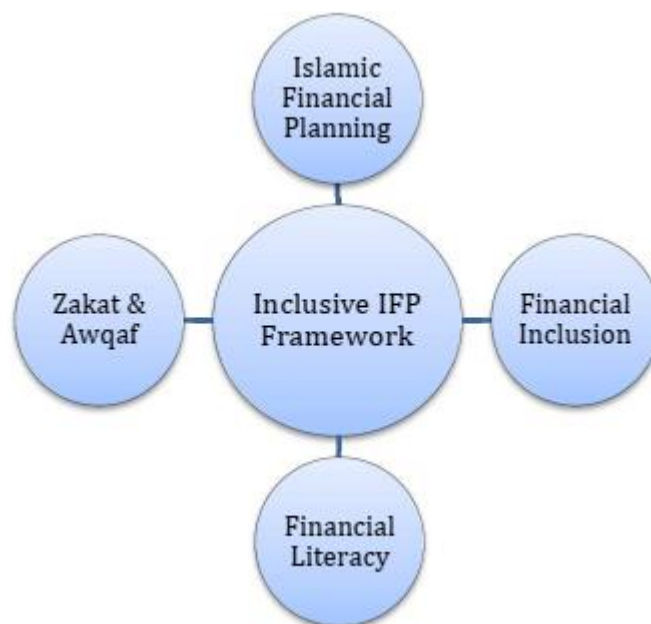


Figure 1. Inclusive Islamic Financial Planning

Sources: (Ahmed & Salleh, 2016), Durham University, United Kingdom

Based on the previous research model, the right strategy is formulated to increase the market share of the Islamic financial industry in Indonesia. Namely by explaining the importance of Islamic financial planning for each individual. When the community having a sense of need for this knowledge, Islamic values in muamalah can be more easily socialized to the community. Next step is the introduction of the products from Islamic financial industry as a medium that can be used by the Muslim community. This study develops a conceptual framework for developing a relationship between personal information seeking behavior and financial management outcomes. The model arranged is as follows.

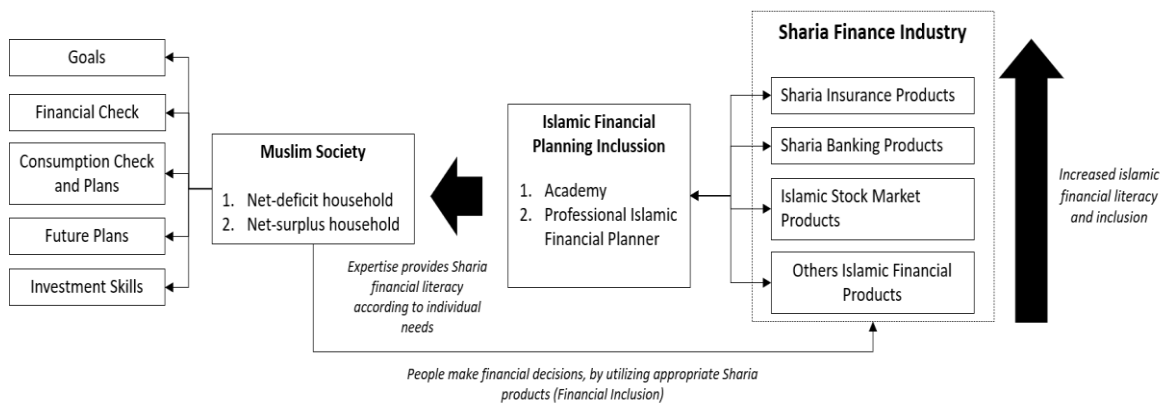


Figure 2. Managing Islamic Financial Planning Inclusion in Indonesia (Proposed Framework)

The figure shows the actors of Islamic financial planning inclusion are professional practitioners and academics. While the professional practitioners make financial planning services a da'wah as well as a source of livelihood, the academics can make this method a field of da'wah and knowledge distribution. Academics and experts in the field of Islamic economics can become the vanguard in increasing Islamic financial planning literacy, because they have some excellence namely; 1) Have an understanding of risks in an investment portfolio, 2) Have an up to date understanding of financial management topics.

For the net-deficit household, and the middle class of net-surplus householed. It could be quite difficult for them to hire a professional financial planner. Moreover, with still not many people who are aware of the importance

of Islamic financial planning. This chance is become the task of academics as agents of change to disseminate this knowledge. Namely as a financial educator.

As financial educators of the inclusive Islamic financial planning, academics are the right people because they are able to hold the principles of financial planning code of ethics, namely: 1) Client first, 2) integrity, 3) objectivity, 4) fairness, 5) professionalism, 6) competence, 7) confidentiality, 8) diligence. Financial planners or financial educator from academia will act objectively, fairly and professionally. Because they does not have an element of interest with any party (in example insurance agent). Academics also have adequate integrity and competence in related topics.

Strategy for the Implementation of Islamic Financial Planning in Increasing Islamic Financial Literacy and Inclusion

In the literature review chapter, 2 groups in Islamic financial planning have been explained, namely net-deficit household and net-surplus household. The strategies undertaken to manage money, prepare emergency plans, and investments, are tailored to each group. However, the basic stage in disseminating Islamic financial planning must begin by defining the financial goals of the community and providing an overview of financial goals from an Islamic perspective.

Having socialization in simple language is expected so that will more easily understood by the society. Because basically discussing finance will be closely related to cash flow, budgets, and financial recording, which are often use terms in accounting. The terms in Islamic financial planning is also closely related to accounting science. The Islamic financial educator's efforts is use easy and light phrase for the society. With simple, relaxed, and light of talk accounting, it will be more effective than reading personal financial reports in an overly tense situation (Saadah, 2018).

The flow that can be used as a guide in continuous socialization can be described as follows.

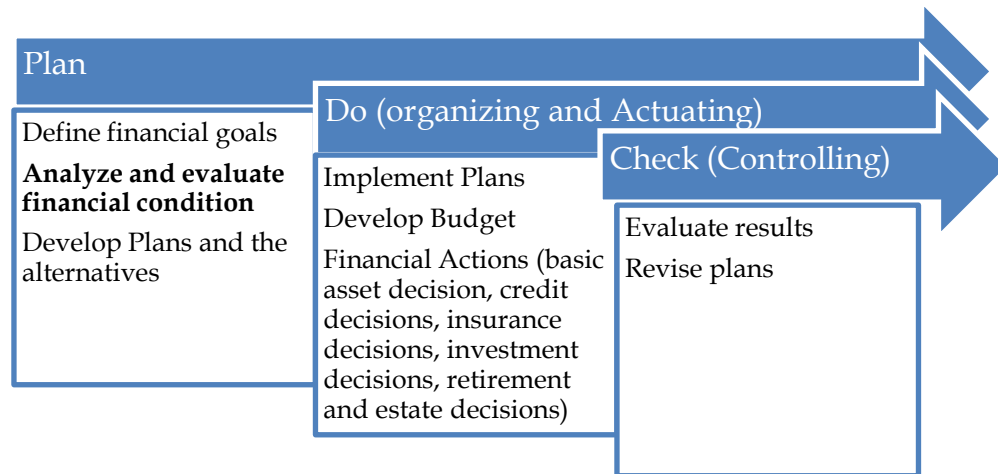


Figure 3. Financial Planning Process

Sources: (*Islamic Financial Planner* | *ArRIJAL & Partners*, n.d.; Smith, 2020)

Some explanations for the stages above are as follows.

1. Define Financial Goals

Everyone certainly has their own goals. Therefore, the first thing to explain toward society is to provide awareness of the financial goals. The formulation of these financial goals also needs to be balanced with Islamic values regarding the proper financial goals (which are in accordance with Islamic principles). Financial goals are not limited to worldly things but also have a vision of the hereafter. With clear goals and visions, determining the priority goals will be easier. For example, performing the Hajj is an obligation for a Muslim who is financially capable, so the priority for performing the Hajj pilgrimage must take precedence over other worldly desires such as buying a car, traveling abroad, and others (Bratadharma, 2018). Academics as financial educators play a role in conveying these things.

2. Analyze and evaluate financial condition, and minimize debt

After knowing the goals, it is necessary to evaluate the personal financial condition. They are income, expenses, savings, debt, debt repayment, and others. Generally, this evaluation must be proven by data or monthly records. In this way, it can be seen which parts are less than ideal and need to be repaired. For example, income is too low, so people need to

increase income first, or it turns out that the expenses are too large so it is necessary to know the cause. Whether because the high consumptive habit, or the large debt repayment, or others.

In Islam, having debts is allowed. However, Islam encourage us not to go into debt unless in an emergency or urgent situation. For someone who has debt, paying it off must be a top priority (Bratadharma, 2018). Academics as financial educators play a role in conveying these things.

3. Develop Plans and the alternatives

After knowing the targets, goals to be achieved, and the financial condition. So detailed financial planning is carried out, to improve financial conditions, and to achieve these financial goals.

a) Allocating funds for zakat, infaq and alms

As a Muslim, having a target to become a capable person (in finance) is a must. This is shown from zakat as one of the pillars of Islam. Zakat as one of the commands of Allah SWT must take precedence over other expenses. Especially for the net-surplus household group. By giving zakat, it is hoped that the sustenance obtained will be a blessing (Ali Imron 92) (Bratadharma, 2018).

b) Get used to a simple lifestyle and not wasteful

Simplicity is the beginning of happiness, because a simple life does not always mean lack but a way of life that aims to distance oneself from being greedy. Starting from a thrifty and simple lifestyle, managing income and expenses neatly, and getting used to only buying things that are needed and not extravagant (Bratadharma, 2018).

c) Setting up an emergency fund

Same with the preparation of a general financial plan, an emergency fund is still one of the things that must be fulfilled. Before allocate money for various financial purposes such as buying a car, house, and so on, an emergency fund is the first thing that must be prepared. These funds are used to anticipate various unexpected events, such as layoffs so that the

source of income is reduced, accidents that require funds for medical treatment, and various other unexpected events.

d) Using Islamic financial products

In achieving financial goals, of course, someone is already accustomed to using various financial products such as savings, deposits, insurance, and mutual funds. This is where the benefits of Islamic financial literacy and inclusion are integrated with the Islamic financial planning program. Because with Islamic financial goals, the efforts made must also be in accordance with shariah. Namely utilizing Islamic financial products.

Islamic financial literacy and inclusion play an important role here so that people can understand Islamic financial products, and can decide which Islamic financial products are suitable for them.

4. Financial Educator helps people carry out the plan

On the way to implementing the inclusive of Islamic financial planning, the community will be faced with various problems and obstacles. As a financial educator can help provide solutions to these problems. Moreover, maintenance for what have start is the key point of success of the project.

5. Help to keep an eye on the basic plan of Islamic financial planning

Follow-up and maintenance are activities that are rarely carried out but are very important in ensuring the strategy is successful. Likewise in this financial planning. Financial educators can help oversee the implementation of Islamic financial planning by the community by continuously communicating with the community and receiving various complaints or consultations. This step also helping people to keep consistency with the Islamic principle, especially in keep remembering the Islamic financial goals.

Conclusion

Without clear objectives, it will be difficult to increase public awareness of Islamic finance. Having the community to embrace financial planning

activities could improve Islamic financial literacy and inclusion. Those who aspire to achieve their financial goals need to increase their financial knowledge (literacy) and financial experience (inclusion) (Norman, 2020; Sriwidodo & Sumaryanto, 2018). Because with good literacy and inclusion, the planning and implementation process will be more reasonable and achievable (Sriwidodo & Sumaryanto, 2018). At the same time, an inclusive Islamic financial planning can be obtained.

The main drivers of Islamic financial planning inclusion could be from the professional practitioners and academics. While the professional practitioners render financial planning services a *da'wah* as well as a source of livelihood, the academics can make this method a field of *da'wah* and knowledge distribution. Academics and experts in the field of Islamic economics can become the vanguard in increasing Islamic financial planning literacy, because they have better understanding of risks in an investment portfolio, and also an up to date knowledge of financial management topics.

As financial educators of inclusive Islamic financial planning, academics are the right people because they are able to hold the principles of financial planning code of ethics, namely: 1) client first, 2) integrity, 3) objectivity, 4) fairness, 5) professionalism, 6) competence, 7) confidentiality, and 8) diligence. Financial planners or financial educator from academia will act objectively, fairly and professionally. Because they does not have an element of interest with any party (in example insurance agent). Academics also have adequate integrity and competence in related topics. Thus this study had proposed a concept of Islamic financial planning that could improve Islamic financial literacy and inclusion.

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