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INTERVIEW GUIDE

A. Interviewee Identity

1. Name :
2. Position :
3. Length of time working at BPKH :

B. Hajj Fund Investment Strategy by BPKH

1. What is the main strategy applied by BPKH in managing the investment of Hajj funds?
2. What are the most dominant investment instruments used by BPKH?
3. What is the decision-making process in determining the investment portfolio of Hajj funds?
4. What are the main challenges faced by BPKH in managing Hajj fund investments, especially after the COVID-19 pandemic?
5. How is the investment diversification policy implemented in the management of Hajj funds?

C. Effectiveness of Hajj Fund Investment Strategy by BPKH

1. How does BPKH measure the effectiveness of the investment strategy that has been implemented?
2. To what extent has BPKH's investment strategy been able to provide optimal benefits for prospective pilgrims?
3. What are the main indicators used to assess the investment performance of Hajj funds?
4. Has BPKH's investment strategy changed after the COVID-19 pandemic? If so, how did it change?
5. How is transparency and accountability in the management of Hajj funds maintained in accordance with sharia principles and government regulations?

DATA COLLECTION TECHNIQUE

Number	Technique	Components
1	Interviews	<ol style="list-style-type: none"> 1. What is the main strategy applied by BPKH in managing the investment of Hajj funds? 2. What are the most dominant investment instruments used by BPKH? 3. What is the decision-making process in determining the investment portfolio of Hajj funds? 4. What are the main challenges faced by BPKH in managing Hajj fund investments, especially after the COVID-19 pandemic? 5. How is the investment diversification policy implemented in the management of Hajj funds? 6. How does BPKH measure the effectiveness of the investment strategy that has been implemented? 7. To what extent has BPKH's investment strategy been able to provide optimal benefits for prospective pilgrims? 8. What are the main indicators used to assess the investment performance of Hajj funds? 9. Has BPKH's investment strategy changed after the COVID-19 pandemic? If so, how did it change? 10. How is transparency and accountability in the management of Hajj funds maintained in accordance with sharia principles and government regulations?

Number	Technique	Components
2	Documentations	<p>A. Regulatory and Policy Documents</p> <ul style="list-style-type: none"> • Law No. 34 Year 2014 on Hajj Financial Management • Government Regulation (PP) No. 5 of 2018 concerning the Implementation of Law No. 34 of 2014 • BPKH regulations related to investment strategy and financial policy • DSN-MUI Fatwa governing sharia investment instruments <p>B. Financial Documents and Performance Reports</p> <ul style="list-style-type: none"> • BPKH Annual Report (including financial and investment reports) • BPKH Audited Financial Report (audited by BPK or public accountant) • BPKH Investment Report which includes asset portfolio and investment returns • Fund under management (FUM) data <p>C. Investment Strategy and Planning Document</p> <ul style="list-style-type: none"> • BPKH Strategic Plan (Renstra) • BPKH Annual Work Plan and Budget (RKAT) • Investment policy document (Strategic Asset Allocation - SAA) • Investment risk management guidelines <p>D. Comparison documents and market data</p>

Number	Technique	Components
		<ul style="list-style-type: none"><li data-bbox="762 371 1356 510">• Investment performance benchmarks (e.g. Islamic Capital Market Index, Islamic JCI, Sukuk, etc.)<li data-bbox="762 533 1356 622">• Islamic finance industry reports and global investment trends<li data-bbox="762 645 1356 734">• Similar investment return data from other Islamic financial institutions



INTERVIEW TRANSCRIPT

Supervisory board of the Hajj Financial Management Agency (BPKH)

Hajj Fund Investment Strategy by BPKH

1. What is the main strategy applied by BPKH in managing the investment of Hajj funds?

The main strategy of BPKH in managing the investment of Hajj funds is to prioritize safety, liquidity, and optimal returns, while adhering to sharia principles. Our focus is on maintaining the sustainability and integrity of the fund to ensure the availability of services for Hajj pilgrims. We implement a prudent investment strategy by balancing low-risk instruments and sharia-compliant growth assets, ensuring long-term financial health.

2. What are the most dominant investment instruments used by BPKH?

BPKH primarily invests in the following sharia-compliant instruments:

- State Sharia Securities (SBSN): These are the most dominant instruments due to their low risk and alignment with national development.
- Sharia-compliant deposits and bank products.
- Corporate sukuk and sharia mutual funds, although these form a smaller portion.

Our portfolio is heavily weighted toward SBSN and sharia deposits, maintaining high liquidity and security.

3. What is the decision-making process in determining the investment portfolio of Hajj funds?

The process involves multiple stages:

- Strategic Planning: Annual investment strategies are outlined based on macroeconomic projections and risk assessments.
- Sharia Board Consultation: All instruments must pass through the Sharia Supervisory Board for compliance verification.
- Investment Committee Review: The Investment Committee evaluates potential instruments and partners.

- Supervisory Board Oversight: We monitor and evaluate the process to ensure governance, risk management, and alignment with policy.

Final decisions are made by the Executive Board, but are subject to strict oversight and audit.

4. What are the main challenges faced by BPKH in managing Hajj fund investments, especially after the COVID-19 pandemic?

Post-COVID, the major challenges include:

- Fluctuating returns due to global economic instability and interest rate adjustments.
- Liquidity management as Hajj operations resumed with increased demand for disbursements.
- Limited sharia-compliant investment instruments in the domestic market.
- Foreign exchange volatility, especially given the Hajj's dependence on foreign currencies.
- Geopolitical risks affecting investment environments, especially in international markets.

5. How is the investment diversification policy implemented in the management of Hajj funds?

Diversification is carried out through:

- Instrumental diversification: Investing across various sharia instruments such as SBSN, sukuk, deposits, and mutual funds.
- Time horizon diversification: Balancing short-term liquidity needs with long-term growth investments.
- Geographic and sector diversification, although still limited, is being explored further to reduce systemic risks.

We are continually seeking new sharia-compliant instruments and markets to broaden our investment base while upholding prudence.

Effectiveness of Hajj Fund Investment Strategy by BPKH

1. How does BPKH measure the effectiveness of the investment strategy that has been implemented?

Effectiveness is measured through:

- Return on Investment (ROI) benchmarks compared to target returns.
- Fulfillment of liquidity needs for annual Hajj operations.
- Compliance with sharia and regulatory frameworks.
- Annual financial audits and risk assessments.

Effectiveness is ultimately tied to maintaining the sustainability of the fund and providing financial benefits to pilgrims.

2. To what extent has BPKH's investment strategy been able to provide optimal benefits for prospective pilgrims?

Our investment strategy has consistently provided value-added benefits for pilgrims, including:

- Subsidizing Hajj costs, allowing for more affordable pilgrimages.
- Maintaining the real value of pilgrims' savings over time.
- Ensuring the fund's sustainability, even during crises such as the COVID-19 pandemic.

Despite economic uncertainties, we have avoided significant losses and maintained the fund's integrity.

3. What are the main indicators used to assess the investment performance of Hajj funds?

Key indicators include:

- Annual ROI versus benchmark.
- Sharia compliance index (verified by the Sharia Board).
- Asset-liability match to ensure liquidity.
- Financial audit outcomes and reports from BPK, BPKH auditors, and internal control systems.
- Performance comparisons with other government investment bodies.

4. Has BPKH's investment strategy changed after the COVID-19 pandemic? If so, how did it change?

Yes, the strategy has adjusted to:

- Prioritize liquidity to ensure fund availability amidst uncertain Hajj quotas.
- Increase investments in short-term, low-risk instruments.
- Temporarily reduce exposure to volatile and long-term instruments.
- Strengthen risk management and scenario planning.

We also increased collaboration with financial institutions to create new sharia investment vehicles suited for post-pandemic recovery.

5. How is transparency and accountability in the management of Hajj funds maintained in accordance with sharia principles and government regulations?

We maintain transparency and accountability through:

- Regular public reports and audited financial statements.
- Oversight by BPK (State Audit Board), DPR (House of Representatives), and the Ministry of Religious Affairs.
- A robust internal audit and risk management framework.
- Compliance with sharia law, verified by the Sharia Supervisory Board.
- A commitment to publishing annual investment performance reports on our official platforms.

Executive Board of the Hajj Financial Management Agency (BPKH)

Hajj Fund Investment Strategy by BPKH

1. What is the main strategy applied by BPKH in managing the investment of Hajj funds?

As part of the Executive Board, our primary strategy is to manage Hajj funds with a balanced approach that prioritizes security, liquidity, and optimal returns, while strictly adhering to sharia principles. We apply a portfolio-based investment strategy that differentiates between placement (for liquidity) and investment (for value growth), ensuring that funds are available when needed for Hajj operations while also generating sustainable returns over the long term.

2. What are the most dominant investment instruments used by BPKH?

Our investment instruments are all sharia-compliant and include: State Sharia Securities (SBSN), including project-based sukuk and retail sukuk – these represent the largest share due to their reliability and support of national infrastructure development; Sharia-compliant deposits at Islamic banks, which provide low risk and liquidity; Corporate sukuk and sharia mutual funds, used selectively for diversification and higher yield opportunities; SBSN and Islamic bank deposits are the most dominant, accounting for the majority of our managed portfolio.

3. What is the decision-making process in determining the investment portfolio of Hajj funds?

The decision-making process is structured and guided by clear governance; We begin with an annual strategic investment plan, aligned with macroeconomic projections and the Hajj operational calendar; Our Investment Committee reviews opportunities and conducts risk assessments; Every potential investment must receive approval from the Sharia Supervisory Board, ensuring it complies with Islamic finance principles; Final investment allocations are determined by the Executive Board, under the supervision of the Supervisory Board, and must follow the Regulation of BPKH and the Financial Services Authority (OJK); This process ensures a high level of accountability and risk management.

4. What are the main challenges faced by BPKH in managing Hajj fund investments, especially after the COVID-19 pandemic?

Post-pandemic, we've faced several key challenges; Market volatility and lower investment yields due to global interest rate shifts; - Exchange rate risks, especially as Hajj expenses are denominated in foreign currencies like the Saudi Riyal.

- Liquidity pressures to meet the needs of resumed Hajj operations after two years of restrictions.
- Limited variety of sharia-compliant investment instruments, restricting diversification opportunities.
- Need to rebuild public confidence in fund sustainability after pandemic disruptions.

5. How is the investment diversification policy implemented in the management of Hajj funds?

We implement diversification by:

- Allocating across different types of instruments – SBSN, sukuk, deposits, and mutual funds.
- Investing in various tenors and risk profiles – balancing short-term instruments for liquidity and long-term instruments for growth.
- Exploring new sectors and asset classes that comply with sharia, such as infrastructure-linked sukuk or Islamic real estate funds.
- Collaborating with financial institutions to develop innovative sharia products to broaden our investment scope.

Diversification aims to spread risk while ensuring optimal and sustainable returns.

Effectiveness of Hajj Fund Investment Strategy by BPKH

1. How does BPKH measure the effectiveness of the investment strategy that has been implemented?

Effectiveness is measured through a combination of:

- Return on Investment (ROI) against pre-set performance benchmarks.
- Consistency in liquidity provision for Hajj operations.
- Compliance with sharia principles, as monitored by the Sharia Supervisory Board.
- Results from external and internal audits, including reviews by BPK (Audit Board of Indonesia).
- Achievement of strategic objectives outlined in the Annual Work and Budget Plan (RKAT).

2. To what extent has BPKH's investment strategy been able to provide optimal benefits for prospective pilgrims?

Our strategy has delivered significant benefits, such as:

- Subsidizing the cost of Hajj (indirect benefit value), so that pilgrims only pay a portion of the real cost.
- Preserving the value of pilgrims' savings during long waiting periods.
- Ensuring the availability of funds to support Hajj operations each year.

While market dynamics pose challenges, our prudent management ensures that pilgrims' savings remain protected and productive.

3. What are the main indicators used to assess the investment performance of Hajj funds?

Key performance indicators include:

- Annual investment return (yield) compared to target benchmarks.
- Asset growth year-over-year.
- Capital preservation metrics – ensuring no capital loss.
- Liquidity ratios to confirm sufficient funds are available to meet Hajj needs.
- Sharia compliance index, assessed internally and externally.

4. Has BPKH's investment strategy changed after the COVID-19 pandemic? If so, how did it change?

Yes, we made several important adjustments:

- Shifted more investments to highly liquid and low-risk instruments, such as SBSN and short-term deposits.
- Paused or scaled back higher-risk instruments during the uncertain period.
- Enhanced scenario planning and risk stress testing to anticipate market shocks.
- Expanded cooperation with financial institutions to access better sharia-based opportunities and mitigate risks.

These changes reflect a more conservative yet agile approach in response to increased uncertainties.

5. How is transparency and accountability in the management of Hajj funds maintained in accordance with sharia principles and government regulations?

We ensure transparency and accountability through:

- Public disclosure of financial statements, investment reports, and annual reports via our website and national media.
- Regular audits by BPK and internal audit units.
- Oversight from the Supervisory Board, the Sharia Supervisory Board, and the DPR RI (Commission VIII).

- Use of an integrated monitoring system (SIPATUH and SIPKEH) for fund tracking and reporting.
- Strict adherence to Government Regulation No. 5 of 2018 and related financial management laws.

Every process is documented and traceable to promote integrity and public trust.

