

RESEARCH ARTICLE

The Ownership of Islamic Insurance (Takaful) in Malaysia

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Abstract

The objective of this study is to examine the demographic factors on the awareness of Islamic life insurance i.e. family takaful schemes (FTS) in Malaysia. It is found that, although Malaysia is regarded as among the countries having the fastest growth of takaful at the international level, but it is a disappointed fact that there are those who are unaware of the existence of FTS. From a total of 200 questionnaires that were distributed, 150 respondents returned the questionnaires, out of which 138 were usable (valid and completed), thereby yielding a response rate of about 69 percent. The respondents were the public servants from the selected government departments in Federal Territory of Kuala Lumpur and Putrajaya, Malaysia from different gender, age groups, type of occupations, education levels and income levels as to establish a better mixture of background and increase the generalization of the result. A Chi-square test was conducted to test whether the awareness of FTS existence is related to demographical aspects. It shows that none of the factors is significantly related to awareness the FTS. It is also indicated that only one demographic factor that is income level has a significant relationship with participation of FTS. The reason for this might be based on the fact that those who earn more have higher disposable income compared to those who earn less. The findings of this study would provide some important information on demographic factors with the level of awareness on the FTS existence in the country.

Keywords: *Awareness and Takaful, Demographic factor.*

Introduction

Conventional and Islamic insurance (which is popularly known as takaful) are two different contracts based on their nature and processes. Conventional insurance is a product designed to give protection to individuals and businesses against specified contingencies, created out of human needs for security and stability. While takaful is an insurance system which complies with Islamic regulations [1].

In principle, takaful is a financial transaction based on the principles of cooperation, responsibility, assurance, protection and assistance between groups of participants, which represent a form of mutual insurance. Under the takaful scheme, takaful participant (also known as policy holders in insurance) contributes a certain proportion of the full amount of his contribution as *tabarru'*. The donations from all participants are accumulated into a common fund called *tabarru'* fund or risk fund, from which compensation or indemnification is given to participants suffering a defined loss [2]. It is a policy of mutual co-operation, solidarity and brotherhood against unpredicted risk or

catastrophes, in which the parties involved, are expected to contribute genuinely.

There are two types of takaful namely; takaful life insurance (known as family takaful) and non-life insurance (known as general takaful). Takaful non-life insurance operates quite similar to a joint guarantee where all participants contribute their own shares of premiums into a pool and mutually agreed to indemnify participants who suffer from an insured peril. Takaful life insurance works both as savings instrument where participants set their own target amount to accumulate over a certain period, as well as a protection tool where all participants guarantee each other against certain events which would change their financial condition [3].

Takaful can be distinguished from conventional insurance by several features that are; (i) Contract: where in conventional insurance, the contract is a sale and purchase in nature of which the insured buys the promise and the insurer undertakes to compensate in the event of misfortune. On the other hand, takaful contract is based on *tabarru'* (donation) contract and must be

in line with the Islamic law of contract, and also bilateral in nature which binds both contracting parties. The existence of clear *'aqad* (contract), the elements of *gharar* (uncertainty), *maysir* (gambling) and *riba* (interest) are eliminated, (ii) Rights and obligations of the parties, (iii) Ownership of risk, (iv) Operation (v) Status of nominee [4].

The development of the takaful industry in Malaysia began in the 1980s when the needs for the Muslim consumers for a substitute to the conventional life insurance as the result of a *fatwa* issued by the Malaysian National Fatwa Committee which declared that conventional life insurance is a void contract due to the existence of the elements of *maysir* (gambling), *gharar* (uncertainty) and *riba* (interest) [5]. In conjunction with the *fatwa*, the Takaful Act 1984 was enacted and the first takaful operator Syarikat Takaful Malaysia Berhad was incorporated in the subsequent year.

Starting its operation from a single player with limited products, over the years it has constantly recorded strong growth momentum and proven to be feasible and resilient in spite of the financial crisis and intense rivalry from its conventional counterparts. The BNM statistics recorded a far higher growth of the industry than of the conventional insurance [5].

As a matter of fact, the industry shows high potential as indicated by its robust expansion with annual growth rate of total assets and contributions averaging between 20 percent and 26 percent over the period of 2004 to 2009 [6].

The development of the industry is also evident by the increasing number of takaful operators as recorded from BNM statistics which show that currently there are ten operators in existence as compared to only five in the year of 2005. Product offerings by takaful operators have further broadened to cater to the differentiated needs of customers, with family takaful products now dominating the market with a share of 78 percent of net contribution, as compared to general takaful products that dominated a share of 63 percent back in 1984.

Whilst sustaining the current pace of development, growth prospect continues to be strong for the takaful sector, in view of the market penetration of both conventional insurance and takaful industry, where out of the 53.5 percent market penetration rate for both takaful and insurance, the rate for takaful was

only 10.9 percent in September 2010 as compared to the conventional at above 40 percent [6]. As such, a large potential market for takaful in Malaysia still remains untapped to its fullest. A large component of this untapped market comprised of Muslim community [7], therefore, the insurance sector, specifically takaful operators, should pull out their utmost effort to fully capture these markets.

In relation to that, this study tries to find out the demographic factors on the awareness of family takaful scheme (FTS) as well as the conventional life insurance (CLI). Thus the objective of this study is to investigate the demographic factors on the level of awareness of both FTS and CLI schemes.

The most relevant study to this paper is one carried out by Mohamad, A.H. et al [8] which extends the study by Norlida, A.M. et al [9] by using the same instrument of survey proposed by the latter with a number of modifications in order to accommodate the issue of knowledge and understanding of concepts, Arabic and *shariah* terms in takaful. The study finds that majority of the respondents agree with the usage of Arabic terms mainly, as to differentiate with the conventional insurance and secondly, to show that takaful promotes Islamic finance products. On the contrary, most of them have not known or understood about *tabarru'* as the salient feature of takaful as well as the newly-practiced concepts such as *al-ujrah* (commission) and *al-wakalah* (agent). The findings also reveals that more than half of the respondents have not known or understood the elements of *gharar* (uncertainty) and *maysir* (gambling) which are being used by the conventional insurance.

This paper is an extension to the study by Norlida, A.M. et al [9] on awareness and ownership of FTS among Muslim community in Malaysia. Unlike Norlida, A.M. et al. [9] and Mohamad, A.H et al [8] who focus on the Muslim in general as their respondents, this study focuses on specific group i.e. focus group which is public servant. Public servant was chosen due to the fact that the fact that majority of public servants in Malaysia are Muslim.

Literature Review

Research on takaful carried out by Maysami & Kwon [3] was merely on conceptual in which it focuses on the fundamental philosophy and operations of both conventional insurance and takaful in several chosen countries such as the Arabian Peninsula (including Saudi Arabia,

Kuwait, Egypt and Lebanon), the Asian region (including Malaysia, Indonesia and Singapore) and other continent such as United States of America (U.S.). The researchers pose few issues which need to be resolved as to ensure further development of the takaful industry. The issues are among other; the importance of public education on insurance, the limited local market operation of takaful and the absence of general agreement on the needs of takaful whether to be based solely on religious doctrine or to offer competitive products as the conventional insurance.

Study by Mohd. Ma'sum, B. [10] mainly discusses the nature of takaful and its development in several selected countries such as Malaysia, Singapore, Indonesia, Saudi Arabia and Kuwait. The study is quite similar to that of Maysami & Kwon [3].

Due to the infancy of the industry and the limited literature and empirical evidence on the topic, this study has to use the conventional insurance sector, specifically life insurance as the best alternative in providing some practical insights and facts on the factors affecting the purchase of family takaful products.

In relation to the demand for life insurance, it is important to study the consumer purchasing behavior in life insurance as it gives effect to the insurance consumption. Consumer purchasing behavior in life insurance products is influenced by many environmental factors such as the demographic, economic and political factors. The demographic factors include the number of dependents, age, levels of income, levels of education, religion and culture. Among the economic factors which may affect the purchase of insurance are GDP, income per capita, current interest rate and inflation rate. The political factors that may cause an effect in the insurance purchase are policies imposed by the government relating to insurance operations and tax exemption.

Literature on the theory for life insurance demand shows that there exists no exclusive and integrated theory. According to Lim & Haberman [11] majority of the theoretical works on the demand for life insurance have related their work to the study of Yaari [12] which considered the demand for life insurance within the lifetime allocation process of an individual.

Yaari [12] states that a demand function for life insurance derived from the maximization of

utility function of the consumer would depend on wealth, income stream, a vector of interest rates, a vector of prices (including insurance premium) and the consumers' utility functions for consumption and wealth, which can be affected by the level of the market financial development.

A study by Rubayah, Y. et al [13] indicates that consumption of life insurance and the number of dependants are positively related. As the main purpose of life insurance is to protect the dependents against financial hardship in the event of premature death of wage earner, life insurance is expected to be one of the financial assistances for them to fulfill the daily basic needs. Hence, those with dependents have more tendencies to own life insurance compared to those who are not. Other research which came out with the same findings includes Brown & Kim [14]

Education has also been proven to be positively related to the demand for life insurance. Past researches conducted by by Zuriah, A.R. [15] established a positive relationship between education and life insurance consumption. In a study by Browne & Kim [14] in Rubayah, Y. et al [13] demonstrated that higher level of education may result in a higher degree of risk aversion and a higher level of awareness on the importance of insurance as well as the availability of various products to fit their needs.

A research by Hammond, Houston & Melander [16] shows that income, net worth holdings, life cycle, education and occupation of the household head are generally determined to be significantly related to premium expenditures. Researches by Campbell [17] in Browne & Kim [14] have shown that the demand for life insurance is positively correlated with income. Income level significantly affects the demand for life insurance, as income increases, life insurance becomes more affordable. Other previous researches conducted demonstrates that life insurance premium expenditures, in the US and Mexico are positively correlated to the national income of a country. According to Lim & Haberman [11] the findings of Browne & Kim [14] confirm that income has a positive relationship with life insurance demand [18].

Research Methodology

A survey instrument consists of five demographic questions were prepared in bilingual using Malay and English. Close-ended questionnaire form was developed for the purpose of collecting the main data for the study.

Three government departments were selected in Federal Territory of Kuala Lumpur and Putrajaya using the cluster sampling. The questionnaires were distributed to a representative of the selected departments who was briefed in advance of the purpose of the study. Using the random sampling, the representative then gathered a number of respondents, briefed about the study and distributed the questionnaires to be filled up. The respondents were left alone to answer the questionnaire and were not being interfered in order to avoid any potential bias.

From a total of 200 questionnaires that were distributed, 150 respondents returned the questionnaires, out of which 138 were usable (valid and completed), thereby yielding a response rate of about 69 percent. The respondents were the public servants from the selected government departments in Federal Territory of Kuala Lumpur and Putrajaya, Malaysia from different gender, age groups, type of occupations, education levels and income levels as to establish a better mixture of background and increase the generalization of the result.

The descriptive analysis has been employed to compare the data collected from 138 respondents. This analysis will give information for the data through the frequency distribution and cross tabulation, while inferences are made based on Chi-square test at 5 percent significant level.

Results and Analysis

Table 1 presents the demographic results generated using SPSS. From 138 respondents,

they are predominantly female, constituting 59.4% of all respondents, while the balance of 40.6% (n=56) are male respondents. In relation to age, majority of them are those of between 26 to 40 years old (89.9%; n=124), followed by those aged between 18 to 25 years old (8.7%; n=12). In terms of race, it is found that, Malay respondents are the dominant group with 90.2% (n=197), followed by Chinese respondents with 3.6% (n=5), while only 2.9% (n=4) are Indians and other races (1.4%; n=2). Thus, it can be inferred that majority of the respondents are Muslim.

Apart from that, majority of surveyed respondents are well educated, with 84.1% (n=116) graduated with first degree and 8.0% (n=11) are Masters or Ph.D holders. Only 5.8% (n=8) of them have secondary education while 2.2% (n=3) are diploma holders. In terms of monthly income as depicted in the table, 16.7% (n=23) of the respondents are in the monthly income group below RM2,500. The majority of them fall under the income group between RM2,500 to RM5,000 per month which comprises of 75.4% (n=104), while 8.0% (n=11) of them earn between RM5,001 to RM10,000 per month.

In general, it is found that majority of respondents involved in this research are female, aged between 26 to 40 years old, Malay, degree holder, and have a monthly income between RM2,500 to RM5,000 per month. The following table summarizes respondents' demographic profiles.

Table 1: Demographic profile of respondents

No	Profile	Description	Frequency	Percentage (%)
1.	Gender	Male	56	40.6
		Female	82	59.4
2.	Age	18 – 25 years	12	8.7
		26 – 40 years	124	89.9
		41 – 55 years	2	1.4
		56 years and above	0	0
3.	Race	Malay	197	92.0
		Chinese	5	3.6
		Indian	4	2.9
		Others	2	1.4
4.	Education	Secondary	8	5.8
		Diploma	3	2.2
		Graduate	116	84.1
		Postgraduate and above	11	8.0
5.	Monthly Income	<RM2,500	23	16.7
		RM2,500 – RM5,000	104	75.4
		RM5,001 – RM10,000	11	8.0
		Above RM10,000	0	0

As demonstrated in Table 2, it can be observed that, Section 1 (Relationship with FTS and CLI) shows an overall mean of 1.78 on a nominal scale, which is significantly high. It seems that majority of the respondents have relationship either with both FTS and CLI, or with FTS only or with CLI only. Similarly, Section 2 (Consumer Awareness) which also uses a nominal scale illustrates a score of 1.57 in its overall mean. This indicates that the respondents' awareness on the existence of FTS and CLI is considerably good.

In terms of dispersion, the result shows that the standard deviation for Section 2 (Consumer Awareness) with a score of 0.31 is the minimum dispersion score compared to section 1 with standard deviation score between the ranges of 0.67. This indicates that, in relation to their awareness to FTS, most respondents are very close to the mean of the section which is 1.57.

Table 2: Descriptive statistics

No.	Sections	Min.	Max.	Mean statistic	Standard deviation
1.	Relationship with FTS and CLI	1.00	4.33	1.7798	0.67315
2.	Consumer Awareness	1.00	2.50	1.5700	0.31192

The reliability of the questionnaire was tested according to Cronbach's Alpha measurements. The internal reliability of the instruments was verified by computing the Cronbach's alpha (Nunnally, 1978). As depicted in Table 3, the Cronbach's alpha was calculated for every section and it shows acceptable.

Table 3: Summary of reliability test result

Sections	No of questions	Cronbach's alpha after deleted
Relationship with FTS and CLI	2	0.726
Consumer Awareness	5	0.71

The construct validity was verified by computing the Kaiser-Meyer-Olkin (KMO) and Bartlett's test. The test suggests that a KMO near 1.0 supports a factor analysis and that anything less than 0.5 is probably not amenable to useful factor analysis. Kaiser (1974) had refined the index further and suggested that anything in the .90s was 'marvelous', in the .80s 'meritorious', in the .70s 'middling', in the .60s 'mediocre', in the .50s 'miserable' and below .5 'unacceptable'. The

Bartlett's test of sphericity tests whether the correlation matrix is an identity matrix, which would indicate that the factor model is appropriate or not. Results in Table 4 indicates

that the KMO measured is 0.767 or 0.77 with the Bartlett's test of sphericity is significant (.000). The more than 0.5 KMO value is obtained and the highly significant level of the test of sphericity, are both very comfortable indications that the given set of data are adequate for factor analysis and the factor analysis was appropriate. Consequently, it is proven that the measurement model used in this study has sufficient convergent validity.

Table 4: KMO and bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.767
Bartlett's Test of Sphericity	Approx. Chi-Square	268.835
	df	36
	Sig.	.000

Analysis on Relationship of Respondents with Takaful

The study reveals that from the total respondents of 138, only 108 responded to the question on the type of relationship they have, either with FTS only or with both FTS and CLI or with CLI only. Those who have not answered the question most probably have no relationship with either of them, since the study is initially intended to be carried out on respondents who are either Takaful or CLI participants, therefore no column provided for that category of relationship.

Table 5 shows that, 37 percent of them have relationship with FTS only as well as those who have relationship with both. The rest of the respondents whom comprise of 25.9 percent have relationship with CLI only. Therefore, it can be said that there is not much difference in terms of type of relationship among the respondents.

Table 5: Percentage of respondents in term of relationship with FTS and CLI

No. of respondents	Valid responses	Relationship		
		Only FTS	Both	Only CLI
138	108	40 (37.0%)	40 (37.0%)	28 (25.9%)

Analysis on Awareness of Family Takaful Scheme (FTS)

From the study, it is found that 86.2 percent of the respondents are aware of the existence of FTS. This finding indicates that the level of awareness on FTS existence has considerably been more realized by the public compared to the finding by Norlida, A.M. et al (2004) which shows only 51.1 percent of the respondents are aware of FTS existence. Unexpectedly, this finding is very

much similar to that of Mohamad, A.H. et al (2009) which finds the same percentage of aware respondents. Table 6 shows the percentage of aware respondents compared to the non aware.

Table 6: Percentage of respondents who are aware and non aware of FTS

No. of respondents	Aware	Non aware
138	119 (86.2%)	19 (13.8%)

Relationship between Awareness of Family Takaful Scheme (FTS) with Demographic Factors

A Chi-square test was conducted to test whether the awareness of FTS existence is related to demographical aspects. Table 7 below shows that none of the items is significantly related to awareness the FTS. This is in contrast to the findings by Norlida, A.M. et al's (2004) which shows that job category, education and income levels are significantly related to FTS awareness.

Table 7: Results of Chi-square test on the relationship between demographic factors with awareness

Demographic factors	χ^2	p-value
Gender	0.021	0.884
Age	1.673	0.433
Race	1.908	0.592
Education Level	2.280	0.516
Income Level	3.578	0.167

*Significant at the 5% confidence level

Cross tabulation was also performed to see any relationship between awareness of FTS existence with the demographic aspects. Table 8 shows that, for the male respondents whom constitute 40.6 percent from the total respondents, about 85.7 percent of them are aware of the FTS existence. The result shows no much difference with the female respondents, where it is found that 86.6 percent of them are aware of the FTS existence.

Table 8: Percentage of the respondents with awareness according to gender

Gender	Aware	Not aware	Total
Male	48(85.7%)	8 (14.3%)	56 (100%)
Female	71(86.6%)	11(13.4%)	82 (100%)
Total	119	19	138

Table 9 indicates that, from the dominant group of respondents who are from the age group of 26 to 40 years old, 87.1 percent of them are aware of FTS existence.

Table 10 surprisingly illustrates that, 15 percent of the Malay respondents who are the dominant group of the respondents are still unaware of the existence of FTS in the market. The result shows to us that, information on the availability of FTS

has some loopholes or weaknesses that need to be improved aggressively.

Table 9: Percentage of the respondents with awareness according to age

Group of age	Aware	Not aware	Total
18 to 25 years	9 (75.0%)	3 (15.0%)	12 (100%)
26 to 40 years	108 (87.1%)	16 (12.9%)	124 (100%)
41 to 55 years	2 (100%)	0	2 (100%)
Above 56 years	0	0	0
Total	119	19	138

Dissemination of information on FTS products is still scarce and lacking, even among the Malays who are Muslim by birth. This scenario should have not occurred as there are various marketing strategies could be undertaken by takaful operators to make their existence known by the public at large. Comparing the result with the other races, it is again a shocking finding to us to note that all other races demonstrate a full percentage of awareness, by neglecting the number of the respondents. Thus, it may be inferred that religion might not have significant relationship with awareness of the FTS existence.

Table 10: Percentage of the respondents with awareness according to race

Race	Aware	Not aware	Total
Malay	108 (85.0%)	19 (15.0%)	127 (100%)
Chinese	5 (100%)	0	5 (100%)
Indian	4 (100%)	0	4 (100%)
Others	2 (100%)	0	2 (100%)
Total	119	19	138

Table 11 below clearly illustrates that, respondents who are Diploma holders have the highest percentage of being unaware of the FTS existence. On the other hand, it is interesting to note that, although the dominant group of Graduate scores the highest percentage (89.9 percent) of being aware of FTS products, it cannot be something to be proud of since takaful has been in existence more than twenty years in the country. The percentage of those who are unaware of FTS existence within this group should have not reached a high rate as 12.1 percent since they are considered to be more exposed to all sources of information, moreover with the broad access to internet compared to those have lower educational qualification.

According to Table 12, those who earn more than RM5,000 to RM10,000 shows the highest percentage of being aware of FTS existence followed by those from the income group between RM2,500 to RM5,000 with slight difference in rate. It might be inferred that those who earn more might have participated in FTS or CLI since

their disposable income is much higher compared to those who earn less.

Table 11: Percentage of the respondents with awareness according to education level

Education level	Aware	Not aware	Total
Secondary	6 (75.0%)	2 (25.0%)	8(100%)
Diploma	2 (66.7%)	1 (33.3%)	3 (100%)
Graduate	102 (87.9%)	14 (12.1%)	116 (100%)
Postgraduate and above	9 (81.8%)	2 (18.2%)	11 (100%)
Total	119	19	138

Table 12: Percentage of the respondents with awareness according to income level

Income level	Aware	Not aware	Total
<RM2,500	17 (73.9%)	6 (26.1%)	23(100%)
RM2,500 – RM5,000	92 (88.5%)	12 (11.5%)	104 (100%)
RM5,001 – RM10,000	10 (90.9%)	1 (9.1%)	11 (100%)
Above RM10,000	0	0	0
Total	119	19	138

The study also finds that from the total respondents, there are 36.2 percent of them have ever been to the takaful operator companies. The rate is much lower compared to Mohamad, A.H. et al (2009) which finds that 60.34 percent of them have ever been to the takaful companies. Table 13 shows the percentage of have been to takaful companies compared to those who have never been.

Table 13: Percentage of respondents who have been to takaful companies

No. of respondents	Have been to takaful companies	Have never been to takaful companies
138	50 (36.2%)	88 (63.8%)

Relationship between Awareness of Family Takaful Scheme (FTS) with Participation

From the study, it is found that 51.4 percent of the total respondents participate in FTS while the rest of them have either participated in CLI or not participated in any FTS and CLI. Table 14 below shows the total respondents who are participants and non-participants of FTS.

Table 14: Respondents who are participants and non-participants of FTS

No. of respondents	Participants	Non participants
138	71 (51.4%)	67 (48.6%)

The study further investigates the percentage of FTS participants from among those who are aware. Cross tabulation was used to unveil the relationship which is shown in Table 15. Based

on the table, it is found that, from among the respondents who are aware of FTS existence, 58.0 percent of them are customers of the FTS. The number of participants in Table 15 does not tally with Table 14 which shows a difference of 2 in the total number of participants. The most possible reason for this might be caused by those respondents who participate in FTS not based on their awareness on the takaful existence but by accident, such as being approached by takaful agents or financial assistance providers or other persons closely related to them (families or friends).

Although by percentage it indicates that more than half of them participate in FTS, but it is still an unsatisfactory figure based on the fact that takaful has been in existence for more than twenty years ago in the country. The rate of participation should have been higher since more than 50 percent of the nation population is Muslim who should adopt Islam as a way of life, including the practice of life insurance. Fortunately, this finding yields a much better result than the finding of Norlida A.M. et al (2004) which reveals that merely 11.8 percent of those who are aware of the existence of FTS subscribe the policy. The increasing level of participation of FTS might have been caused by increasing level of awareness and knowledge of takaful products resulting from various reasons such as promotions and marketing strategies, adherence to *shariah* principles and other related reasons.

Table 15: Respondents who are aware and participants of FTS

No. of respondents who are aware of FTS	Participants	Non participants
119	69 (58.0%)	50 (42.0%)

Analysis on Participation of Family Takaful Scheme (FTS)

Chi-square test was also carried out to determine whether there is a significant difference in participation of FTS according to different demographic factors. Based on Table 16 below, it indicates that only one demographic factor that is income level has a significant relationship with participation of FTS with a p-value of 0.025. The reason for this might be based on the fact that those who earn more have higher disposable income compared to those who earn less. Therefore, they could afford to participate in FTS in contrast to those earn lesser, they would choose to spend their income on basic needs and necessities such as food, accommodation, transportation and so on, considering FTS or CLI is an option, not a must.

Table 16: Results of Chi-square test on the relationship between participation of FTS with demographic factors

Demographic factors	χ^2	p-value
Gender	0.576	0.448
Age	5.405	0.067
Race	3.725	0.293
Education Level	1.675	0.643
Income Level	7.354	0.025

*Significant at the 5% confidence level

Cross tabulation was also conducted to test on relationship between participation of FTS with income level factor. Table 20 shows that, for the wage earner group of less than RM2,500 per month, the rate of those who participate in FTS is 26.1 percent, while for those who have an income of more than RM2,500 to RM5,000, it is found that the rate of those who participate increases to 55.8 percent. The highest level of income group that is between RM5,001 to RM10,000 shows the highest rate of participation of 63.6 percent which further confirms the Chi-square result earlier.

Table 17: Percentage of the respondents who participate according to income level

Income level	Participate	Not participate	Total
<RM2,500	6 (26.1%)	17(73.9%)	23(100%)
RM2,500 – RM5,000	58 (55.8%)	46 (44.2%)	104 (100%)
RM5,001 – RM10,000	7 (63.6%)	4 (9.36.4%)	11 (100%)
Above RM10,000	0	0	0
Total	71	67	138

Conclusion

It is crucial to examine the level of awareness of FTS existence in the country since takaful industry has been in existence for more than 25 years. Although Malaysia is regarded as among

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the countries having the fastest growth of takaful at the international level, but it is a disappointed fact that there are those who are unaware of the existence of FTS. In view of that, the relevant authorities and bodies as well as the takaful operators should join their efforts in educating the public about the takaful existence in general, and FTS in specific. It is also of high importance that the relevant authorities and bodies as well as the takaful operators to identify the factors influencing the public participation in takaful and FTS, in order to put their focus and resources more towards these factors as a strategy to attract more potential customers. The findings of this study would provide some important information on demographic factors with the level of awareness on the FTS existence in the country. Researches on national takaful issues are still lacking and insufficient although takaful operation has been existed since 1985. Although there are several higher institutions offering takaful related courses, not many empirical studies have been carried out. Nevertheless to improve the study, a nation-wide survey should be conducted to study the level of awareness of FTS among the public at large, not confining to the public servants as they constitute merely about 0.05 percent of the country's total population. In relation to that, coverage on wider geographical areas (states and cities) should also be highly considered in order to enhance the generalizability of the findings. The findings of this kind of study will put the takaful operators at the advantage position to grab the opportunities to improvise their product offerings based on the local market needs.

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