

Takaful Development in Malaysia

*13th Meeting of the COMCEC Financial Cooperation Working Group
17 October 2019 | Ankara, Turkey*



Takaful protection – a key enabler to achieve economic resilience

Development objectives

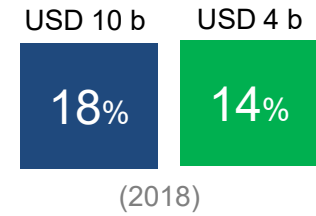
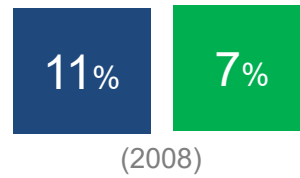
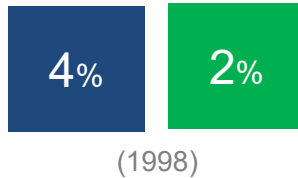
Financial inclusion




Reducing protection gap

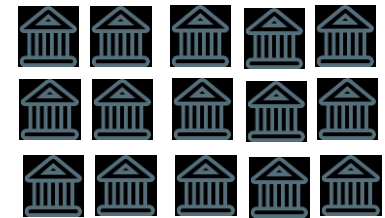
Value-based impact

Industry growth

Share of total insurance and takaful business



-  Family takaful
-  General takaful
-  Takaful operator



Strategy approach

- Licensed takaful operator – First establishment in 1984 with 10 years head-start
- Implement proportionate Shariah governance to promote public confidence

- Scale-up takaful operators
- Diversify takaful business – beyond death/mandatory business lines (motor, fire)
- Issuance of new licences to bring in expertise

- Align corporate value to delivering positive and sustainable impact to society, economic and environment
- Drive innovation

Key building blocks for sustainable takaful development

1 Financial literacy

2 Effective business delivery

3 Scale and capacity

4 Innovative leadership

5 Responsive regulations

Recent developments

- Financial Education Network
- National Financial Literacy Strategy
- Awareness programmes – SMEs, rural community
- Digitalisation of distribution and operations
- Balanced Scorecard Framework
- Diversification of protection solutions
- Conversion to single takaful licenses – phased-out composite licences
- Diversification of protection solutions
- Innovation governance – Board and Senior Management responsibility
- Value-based Intermediation Strategy
- Regulatory sandbox – fintech/business model
- Proportionality framework

Development opportunities & upcoming programmes

Professional programmes, research & training on Takaful

Develop “industry-ready” talent & expertise



- Produce industry ready professionals for IF industry
 - 1,745 alumni from 73 countries
 - AACSB accredited
 - Action-based learning
- INCEIF offered Massive Open Online (MOOCs) on Takaful
- Professional IF programmes include Takaful module

Cutting-edge research



- Has a dedicated unit for Takaful
- Research outputs e.g.
 - Insurable interest in Takaful
 - Concept & challenges of Takaful investment
 - Application of the contracts
 - Parameters of permissible risks
- Organised various discourses on takaful e.g. ISRA-MTA thematic workshop

Upskill industry expertise via training



- Upskilling the Islamic finance workforce including takaful
 - > 130k certification holders
 - > 1,700 programmes/events
 - > 30 strategic collaborations
- Administrator of Takaful Basic Examination (TBE) since 2012
- Launched revised TBE with Malaysian Takaful Association in 2018 to update new regulatory requirements and current practices

Key events and programmes



Thematic capacity building programmes on Islamic finance