

UNIVERSITI TEKNOLOGI MARA

**Factors That Influence Individual's Intention to Participate in
Family Takaful Scheme Among Community in Taman Permint,
Dungun**

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ABSTRACT

This paper aimed to identify the Factors that Influence Individual's Intention to Participate in Family Takaful Scheme among community in Taman Permint, Dungun. This study begins with the brief about Family Takaful Scheme. A set of questionnaires was distributed to the respondent among community in Taman Permint, Dungun using probability sampling and 100 questionnaires have been returned. The data analysed using Descriptive Analysis and Reliability by using Statistical Package for Social Science (SPSS). Finally, the limitation and recommendation are included to help further research to have a better finding of the result.

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In the name of Allah, the Most Gracious and Most Merciful,

Our beloved Prophet, Muhammad S.A.W

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CHAPTER ONE INTRODUCTION

1.1 Research Background

Takaful Act 1984 defines Takaful as a plan primarily based on brotherhood, solidarity and mutual aid inside the form of financial help and allows participants make contributions to a selected reason. Takaful comes from the Arab verb "Kafalah" which means to guarantee or keep. Takaful concept, where resources are collected to help those in need which this plan are not contradict of Shariah and is in keeping with the precept of reimbursement and collective responsibility in society. It had been practised over 1400 years ago.

Conventional insurance is totally contradicted to Islamic Shariah due to the presence of gharar, maisir and riba. Gharar is the uncertainty in the contracts contained in insurance policies because insurers are uncertain about the loss coverage he will get. Maisir is like gambling as insurance cover provides huge protection against a small amount of premium and riba is present in insurance as conventional insurance invests in lending products and earning interest (riba) which is prohibited in Islamic Shariah. Takaful concept practiced the value of Shariah compliance that can be distinguished by the conventional insurance concept (Hamid & Rahman, 2011). It is generally accepted by Islamic jurists that conventional insurance operations do not comply with Shariah rules and requirements

Takaful legally defined as “an arrangement based totally on mutual help under which takaful members agree to make contribution to a common fund providing for mutual financial benefits payable to the takaful participants or their beneficiaries on the occurrence of pre-agreed events” (Islamic Financial Services Act, 2013). The first introduced the Takaful to the public in 1985 with the establishment of Syarikat Takaful Malaysia Bhd. The Financial Sector Master Plan (FSMP) aims to enhance the desired financial system of the country (including the Islamic banking and takaful system) which has opened eyes of the public on the importance of Islamic financial services in the economy with the number of takaful operators is also increasing from time to time. (Islamic Financial Services Act, 2013).