

**UNIVERSITI TEKNOLOGI MARA**

**A STUDY ON THE LEVEL OF AWARENESS AND  
UNDERSTANDING OF MOTOR TAKAFUL AND  
INSURANCE AMONG STAFF AT JAHEAIK IN  
KELANTAN**

**NUR ATHIRAH BINTI MOHD FAUZI**

Thesis submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Muamalat (Hons)**

**Academy of Contemporary Islamic Studies (ACIS)**

**January 2025**

## ABSTRACT

This study investigates the level of awareness and understanding of motor takaful and insurance among the staff at the Jabatan Hal Ehwal Agama Islam Kelantan (JAHEAIK) in Kelantan. Takaful, as an Islamic insurance system, provides risk protection products in compliance with Shariah law. Despite its significance, awareness of takaful products remains relatively low, even within organizations knowledgeable about Islamic practices, such as JAHEAIK. This research adopts a qualitative approach to assess the staff's awareness, exposure, and understanding of motor takaful. Data were collected using qualitative methods, including interviews with open-ended questions to capture detailed insights into the level of awareness, sources of information, and barriers to accessing information about takaful products. Additionally, the researcher also used library research and observation methods. The findings reveal varying levels of awareness among the staff, with many demonstrating limited knowledge about the specifics and benefits of takaful. The study underscores the necessity for enhanced educational programs and effective information dissemination to foster a culture of continuous personal and organizational development. These initiatives are crucial for equipping JAHEAIK staff with the knowledge required to make informed decisions regarding takaful products. This research contributes to the existing literature on raising takaful awareness within Islamic institutions and provides valuable insights for takaful providers aiming to improve communication and engagement with targeted clients.

**Keywords:** Takaful, Motor Takaful, Awareness, Knowledge, Shariah Law

## **ACKNOWLEDGEMENT**

I would like to express my acknowledgment to The Almighty Allah for assisting me to complete my degree program. Had it not been for His love and mercy on me, it would have been an arduous task to accomplish to achieve this feat and it is He who has endowed me with the capacities and the power to commence and to complete the project on the required time schedule.

I also would like to extend my heartfelt appreciation to my supervisor Dr Shafiza Safie for her unending support, patience, motivation, encouragement and vast knowledge throughout my final year project. She has directed me, Nur Athirah Binti Mohd Fauzi, a student of Bachelor in Muamalat (IC210), to undertake a project paper on “A study on the level of awareness and understanding of motor Takaful and insurance among staff at JAHEAIK in Kelantan”. This thesis work was initiated as a research work under her supervision, her guidance uses to assist me a lot during all the time doing research and writing this thesis.

However, my special thanks goes to my friend because come out with the idea of this study and to my dearest families for their love, encouragement and a thoughtful contribution. Once again, thank you from the bottom of my heart. Some information background, statistical data and other important information that is necessary to fill in to provide coverage for the report, this report is mandatory to submit.

## TABLE OF CONTENTS

<b>CONFIRMATION BY PANEL OF EXAMINERS.....</b>	<b>i</b>
<b>AUTHOR’S DECLARATION.....</b>	<b>ii</b>
<b>ABSTRAK.....</b>	<b>iii</b>
<b>ABSTRACT.....</b>	<b>iv</b>
<b>ACKNOWLEDGEMENT.....</b>	<b>v</b>
<b>TABLE OF CONTENTS.....</b>	<b>vi</b>
<b>LIST OF TABLES.....</b>	<b>x</b>
<b>LIST OF FIGURES.....</b>	<b>x</b>
<b>LIST OF ABBREVIATIONS.....</b>	<b>x</b>
<b>CHAPTER ONE: INTRODUCTION.....</b>	<b>1</b>
1.1 Introduction.....	1
1.2 Background of Study.....	2
1.3 Problem Statement.....	3
1.4 Research Objectives.....	4
1.5 Research Questions.....	4
1.6 Operational Definitions.....	4
1.6.1 Awareness.....	4
1.6.2 Understanding.....	5
1.6.3 Motor Takaful (Islamic Insurance).....	5
1.6.4 Insurance (Conventional Insurance).....	5
1.7 Scope of Study.....	5
1.8 The Limitation of Research.....	6
1.8.1 Time Constraints.....	6
1.8.2 Subjectivity of Qualitative Data.....	6
1.8.3 Limited Scope of Takaful Products.....	7
1.8.4 Potential Language Barriers.....	7

# CHAPTER ONE: INTRODUCTION

## 1.1 Introduction

In recent years, the Islamic finance sector has seen remarkable growth, particularly in Malaysia, where financial transactions are guided by Shariah law. Among the various products offered, takaful serves as the Islamic alternative to conventional insurance and plays a vital role in providing financial protection in accordance with Shariah principles (Sharofiddin, 2021). Takaful, which is based on mutual assistance and cooperation, is gaining traction in Malaysia, especially in Kelantan, a state with a significant Muslim population. As an Islamic insurance model, takaful has become essential in enhancing financial security within Muslim communities by offering products that align with Islamic teachings and value.

In Malaysia, two main types of takaful are offered: Two broad categories of takaful which are general takaful and family takaful are distinguished. Family takaful is a more extended policy that people join with an intention to ensure that they secure a future need say for the education of their children or saving for retirement or for providing for dependents in the event of death or disability of the bread winner. This form of takaful normally covers planning time of between 10 to 30 years (Norazlina Mamat, 2023).

On the other hand, general takaful is a short-term policy where participants contribute funds, and operators manage the associated risks. The participants' contributions are pooled into a general takaful fund, which is invested, and any profits generated are returned to the fund (Farah Hanan Muhamad, 2023). The tabarru' (donation) element is more prominent in general takaful, as participants consider their contributions as donations to support fellow members. All funds are accumulated and then distributed to the participants in cases of loss. General takaful policies mainly are of short-term tenure; however, these policies can be renewed. The general takaful products that are commonly provided by the takaful operators include a wide range of products in both the retail and the corporate markets (Asmadi Mohamed Naim, 2018).

In general takaful, there are many products. In this study, the researcher focuses on the awareness and understanding of motor takaful and insurance among the staff at Jabatan Hal Ehwal Agama Islam Kelantan, where motor Takaful is one of the products within general takaful. The researcher gathers data from JAHEAIK staff to determine whether they are aware of motor takaful and insurance and if they can differentiate between the two. The research aims