

THE EFFECT OF NET INCOME (NI), RETURN ON EQUITY (ROE), AND RETURN ON ASSET (ROA) TOWARDS THE PERFORMANCE OF SELECTED TAKAFUL FIRMS

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ABSTRACT

There are many past researches focused on Takaful industry performances in terms of qualitative factors. However, there are limited studies on the Takaful performances that can relate with their financial performances. This study emphasized on making comparison between Takaful firms in terms of financial ratios, which is net income, return on equity, and return on asset. Today, Takaful industry has received much attention due to their significant growth in Asia and Middle East. The objective of the study was focused on making comparison between Takaful firms by selecting only ten Takaful firms, which consists of three from Asian region and seven more from Middle East region. The firms are randomly selected based on the availability of data. The data collected was in three-year period which is from 2010 to 2012. This paper also employs descriptive statistics to see which Takaful firms that perform or not perform in terms of net income, return on equity, and return on asset. After make summarization, the result shows that Syarikat Takaful M'sia Bhd. dominates in terms of net income and return on equity by calculating their mean value for all three-year period. However, Takaful Islamic Insurance LTD from Bangladesh takes the lead in ranking in terms of return on asset as compared to others. For further studies, a wider scope is recommended where more determinant variables can be taken into account.