UNIVERSITI TEKNOLOGI MARA

FACTORS INFLUENCING THE PURCHASE OF TAKAFUL AMONG THE STAFF OF PEJABAT AGAMA JAJAHAN MACHANG

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ABSTRACT

The religious offices in Malaysia, sometimes called the Department of Islamic Religion at the state level or JAKIM at the federal level, hold great importance for the observation of several aspects of the life of the Muslim community. The relationship to takaful is such that religious officials can be involved in educating the public about takaful as an alternative to conventional insurance, which contains elements not allowed in Islam. Islamic insurance or Takaful is an insurance product based on Shariah compliance. Although many people have shown great interest in Islamic financial products, Takaful also has to grapple with challenges that are impeding widespread consumer adoption. This study seeks to explore some factors likely to affect the purchasing of Takaful among the staff of Pejabat Agama Jajahan Machang. Quantitative surveys will be carried out through a questionnaire containing 33 questions distributed to respondents via social media, such as WhatsApp. In total, 28 respondents who are the staff of Pejabat Agama Jajahan Machang have answered the question. Besides, the collected data was analyzed using IBM SPSS Statistics software version 27 to find out the level of awareness of the staff towards takaful and factors influencing their decision to purchase takaful. As a result, majority of the staff aware that Takaful is not involved in the elements of riba' (usury), maysir (gambling) and gharar (uncertainty). The results also showed that financial resources, religious adhering, and awareness level were the variables influencing the purchase of takaful among Pejabat Agama Jajahan Machang staff. Thus, this research could identify the causes that influence the purchasing of takaful among the staff. These findings will drive Takaful providers and policymakers in designing programs according to the needs and preference of this demographic, thus increasing further penetration of Takaful products.

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CHAPTER ONE
INTRODUCTION

1.0 Research Background

Religious offices in Malaysia, at the state level often refer to the Department of Islamic Religion, or at the federal level JAKIM, meaning Department of Islamic Development Malaysia, have great importance for the control and regulation of different aspects of the life of the community of Muslims. The relation with takaful is that the religious officials can be involved in the educative process to the masses on the importance of takaful as an alternative to conventional insurance, which may contain elements not allowed by Islam. They will be helpful in disseminating information regarding the benefits that takaful will offer and its ability to meet the financial needs of Muslims within the Shariah framework.

Individuals living their lives daily are daily exposed to various forms of hazards and risks in the environment, and insurance protection becomes a financial necessity. Anyone can fall sick, get injured, die, be incapacitated, or even get their property damaged at any moment due to unfortunate occurrences. Insurance obviously cannot avert these unfortunate occurrences from taking place but can definitely mitigate the intensity of losses that arise from such happenings through financial assistance in the form of claims and returns.

In Malaysia, there exist two parallel financial systems operating together: takaful and conventional insurance. Takaful has been available since the passing of the Takaful Act in 1984 to meet the requirements of Malaysia's Islamic financial system. The first takaful operator was established in 1985 and was named Syarikat Takaful Malaysia Berhad (STMB). Takaful, or Shariah-compliant insurance, is an alternative to conventional insurance contracts. On the contrary, takaful is explained as worldly benefit that can be subscribed by all people regardless of their religious orientation. In