



اَوْنِيُوْرَسِيْتِي تِيكْنُوْلُوْجِي مَارَا

**UNIVERSITI TEKNOLOGI MARA
KAMPUS KOTA BHARU, KELANTAN**

**“IMPORTANCE OF INFLATION RATE, INCOME,
INTEREST RATE AND RATE OF RETURN TOWARDS
THE PROFIT PERFORMANCE OF TAKAFUL”**

NADHILAH BINTI MAHMOOD

2009692202

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
MARA UNIVERSITY OF TECHNOLOGY
KOTA BHARU**

APRIL 2011

DECLARATION OF ORIGINAL WORK



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UNIVERSITI TEKNOLOGI MARA
CAWANGAN KELANTAN

BBA (Hons) FINANCE

FACULTY OF BUSINESS MANAGEMENT

I, Nadhilah Binti Mahmood (870510-03-5422)

Hereby, declare that:

- 1) This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.
- 2) This project paper is the result of my independent work and investigation, except where otherwise stated.
- 3) All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

Date: 10 APRIL 2011

ACKNOWLEDGEMENT

Praise be to Almighty Allah, who has perfectly built up the whole universe and allowed us to explore and utilize it in the best way of utmost devotion. May all the shalawat and salam be endlessly showered upon the Prophet Muhammad (S.A.W) whose teachings have opened door for Muslims to conduct best life and to strive for excellence.

I have learned an extraordinary amount of knowledge from the industrial attachment, lecturers, friends and others who have helped me to accomplish the present work. I take this opportunity to appreciate the help of my academic supervisor, Sir Wan Mohd Firdaus Bin Wan Mohamad and my second examiner Assoc. Prof Mohd Zaki Bin Zakaria for their encouragement and continuing reminder to accomplish my studies in the best way I can. And I shall not forget to thank the lineup of those who have offered me a sweet and everlasting friendship at UiTM.

My deepest thanks and dedication go to my beloved father Mahmood Bin Awg Kechik and mother Wan Ramlah Binti Wan Yusoff for their endless love that becomes a source of confidence in me carrying out the academic adventures all these years.

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EXECUTIVE SUMMARY

Takaful is an alternative form of financial instrument to insure assets, liabilities and other personal interests of individuals and organizations. The *takaful* industry in Malaysia is relatively a new industry as compared to its conventional counterparts. The research aims to identify the factors that influence the profit performance of *takaful*. Using time series data over the period 1990 until 2009, the findings of the study indicate that among the four variables studied, the income is the most significant factor that contributes to the profit performance of *takaful*. Other factors such as inflation rate, interest rate and rate of return do not appear significantly manipulate *takaful* purchase.