



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”**

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## DECLARATION OF ORIGINAL WORK



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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

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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.

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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.