

UNIVERSITI TEKNOLOGI MARA

**FACTORS INFLUENCING THE
CHOICE OF TAKAFUL OVER
CONVENTIONAL INSURANCE:
THE CASE STUDY IN SHAH ALAM**

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Academic Writing Submitted in partial fulfillment
of the requirements for the degree of
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AUTHORS'S DECLARATIONS

I declare that the work in this academic writing was carried out in accordance with the regulation of Universiti Teknologi MARA. It is original and it is the results of my own work unless otherwise indicated or acknowledged as referenced work. This academic writing has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Under Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

The present research attempts to study the factors that influence respondents in Shah Alam to choose Takaful over conventional insurance. The study was guided by the following research questions: how does community in Shah Alam understand the concepts of Takaful in Islam? , what comparison between Takaful and conventional insurance? And what is the factors that influencing choice of Takaful over conventional insurance in Shah Alam? .In 1972, the Fatwa Committee of the National Council for Islamic Religious Affairs Malaysia has issued a decree that the conventional insurance is prohibited or haram under the Syariah or Islamic Law as the conventional insurance consists the existence elements of uncertainty or gharar, the involvement of interest and usury or riba' and the presence of gambling or maisir. Takaful or Syariah-Compliant insurance which prohibits the elements of uncertainty, usury and gambling was introduced in Malaysia and the Takaful Act was enacted by the Malaysian Parliament in 1984.

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