



**DETERMINANT OF FINANCIAL  
PERFORMANCE FOR FAMILY TAKAFUL IN  
MALAYSIAN INDUSTRY**

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“In the name of ALLAH, the most gracious and the merciful”

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## **ABSTRACT**

Malaysia's Takaful industry is a developing rapidly since the first Takaful Company which is Syarikat Takaful Malaysia was established in 1985. Since year 2005 until 2010, the Malaysian Takaful has been experiencing the increasing and Family Takaful business shows the positive growth. The aim of this study is to analyze the factor that influencing financial performance of Family Takaful business. This study is limited to focus in 8 years period. Financial data has been collected on yearly basis from year 2003 until year 2010. 8 Takaful operators out of 12 has become as a sample. Data analysis has been done by using Eviews program. The data collected was analysed by using a basic statistical techniques which is Multiple Linear Regression. The result shows that the Company Size has a significance negative relationship with the financial performance of Malaysian Family Takaful. Meanwhile, Liquidity and Underwriting Risk have a significant positive relationship with the financial performance of Malaysian Family Takaful.

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Overview of Islamic Finance**

Islamic financial have been significant growth in recent years and there is every reason to expect that this growth will continue at a rapid pace. Islamic finance now has a presence in over 300 Islamic financial institutions in more than 75 countries though they are mainly concentrated in the Middle East and Southeast Asia, but are also gaining popularity in Europe and the United States. The existing countries are Malaysia, UAE, Bahrain, Qatar, Brunei, Indonesia, Pakistan and Sudan and potential new markets are United Kingdom, Hong Kong, Singapore, Thailand, Japan and USA. Currently, it is estimated that the industry will grow at a rate of 15% to 20% annually.

In the context of financial infrastructure, the Malaysian Islamic financial system is both robust and fast growing. The Islamic finance industry is now in its fourth decade and during that period, has developed extremely rapidly. In the past few years, overall market growth has been estimated at between 10% and 15%