



**THE FACTORS THAT INFLUENCE THE INTENTION OF
PARTICIPANTS ON ISLAMIC AUTO TAKAFUL AMONG
PERKESO EMPLOYEES IN KUALA LUMPUR**

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ABSTRACT

In 1985, the concept of Takaful (Islamic insurance) was first introduced in Malaysia. The first Takaful operator was established to fulfil the need of the public to be protected based on the Islamic principles. Among the popular Takaful products is Islamic Auto Takaful. A study carried out by Hamid & Othman (2009) showed that Muslim consumers do not have adequate understanding and information about the concept and essence of Takaful and this had relatively impede the progression of Takaful industry and its growth, especially in Malaysia. In 2010, the Takaful policy holders were only about 11% compared to the insurance industry which is 43%. Thus, this study is vital to analyze the factors that influence the intention of participants on Islamic Auto Takaful among Perkeso employees in Kuala Lumpur. Attitude, subjective norms, perceived behavior, level of knowledge and religious belief will be the independent variables. Intention of participants on Islamic Auto Takaful will be the dependent variable. For data analysis, SPSS software will be used to analyze the data collected that constitutes to primary data. The tools that will be used for this study are Frequency, Reliability Test, Descriptive Test and Multiple Linear Regression Model.

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CHAPTER 1: INTRODUCTION

1.0 Introduction

This research is to identify the relationship between the influential factors and the intention of participants on Islamic Auto Takaful among Perkeso employees in Kuala Lumpur. This chapter it will briefly discuss on the background of the study, problem statement, research questions, research objectives, significant of study and limitations of the study.

1.1 Background of the study

In the Arabic context, the term “Takaful” is derived from the word “Kafala” which means to guarantee, guard and protect. Besides that, Takaful means “guaranteeing each other”. According to the Islamic Financial Services Act 2013, in Malaysia, takaful is defined as:

[...] an arrangement based on mutual assistance under which takaful participants agree to contribute to a common fund providing for mutual financial benefits payable to the takaful participants or their beneficiaries on the occurrence of pre-agreed events.

The first Takaful operators in Malaysia had been established in 1984. Takaful also known as Islamic insurance. Takaful is using Tabarru’ which means sharing risks with other participants compared to insurance which is using the concept of transfer risk. There are two types of Takaful which are General Takful and Family Takaful. For example, Auto Takaful or also known as motor Takaful is one of the products under General Takaful. On the other hand, Family Takaful, also known as life insurance, offers financial protection to its clients and their dependents from financial loss because