



**THE DETERMINANTS INFLUENCING THE SELECTION  
OF MOTOR TAKAFUL AMONG UTM SKUDAI STUDENTS**

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## **ABSTRACT**

Muslims are prohibited to involve in conventional insurance due to the prohibited element such as riba, gharar and maysir that are against the Shariah principles. Motor takaful is an Islamic insurance product that is not restricted solely for Muslims but also available for the non-Muslim. Current trend indicated significant increase on the demand of motor takaful compared to motor conventional insurance. The main objective of this study is to analyse the determinants that influence the selection of Motor Takaful among UTM Skudai students. While specific objective for this study are to analyse the Shariah compliance factor, the self-awareness factor, the benefits factor and the level of knowledge factor that influence the selection of motor takaful among UTM Skudai students. In order to investigate the study on motor takaful, 120 sets of questionnaire were distributed to the UTM Skudai students. In order to analyse data, SPSS statistical software is used. The findings are derived from the four variables includes dependent variable through calculations in this software.

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# **CHAPTER 1: INTRODUCTION**

## **1.1 Introduction**

This chapter discusses the overview of the study, background of the study, problem statement, research objectives, research questions, significant of study, scope of study, limitation of study and conclusion.

## **1.2 Overview of Study**

### **1.2.1 Overview of Takaful**

Takaful came from an Arabic word which is “kafala” which means mutual guarantee or protection (Imran Ali, 2008). Takaful is based on the concept of mutual cooperation, where the insured is also the insurer and therefore shares in the profit or loss of the institution to which they are paying the contribution (Anwar, 2008). Takaful is an agreement between members of the scheme to compensate any of its members who suffer a loss as specified in the Takaful policy document (Swartz, Coetzer, 2010). Takaful operator managed the certain amount that participant contribute based on principle of donation (tabarru’) into a pool of fund.

Takaful had been practiced by Arab society before the arrival of Islam. The practiced is also known as al-Aqilah. Al- Aqilah is a practiced