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THE ROLE OF TAKAFUL AGENTS AT THE TAKAFUL OPERATORS FROM SHARIAH PERSPECTIVE

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Abstract: A Takaful Agent is a community representative appointed by the takaful operator to promote takaful protection products and plans. Takaful agents are very important in promoting the concept of *Hibah*, where they typically go into the field to promote the products of their appointing party. Hence, this study aims to highlight the role and ethics of Takaful Agents according to the legislation and create awareness of customer trust in Takaful in Malaysia. This study adopted qualitative and quantitative methods to fulfill its objectives. For the former, the researchers interviewed a senior figure in the Malaysian Takaful Ikhlas sector. As for the latter, the researchers distributed online survey questionnaires to the Takaful customers, consisting of family members, close friends, schoolteachers, and public and private university graduates. The findings from this study showed that most of the respondents have an awareness of Takaful protection schemes, despite the different types of Takaful they have taken. To conclude this study, Takaful agents must maintain an attitude and have to comply with every ethics and code of conduct that has been set. Dealing with customers as their main task, Takaful agents need to instill confidence in the customer to take Takaful protection.

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Therefore, Muslim consumers need to choose trustworthy and responsible Takaful agents to protect their rights and benefits in the future.

Keywords: Takaful, Takaful Agents, Role of Takaful Agent, Ethics of Takaful Agent, *Hibah*.

Introduction

The genesis of the takaful sector in Malaysia in the 1980s¹ was owing to the demands of Muslims in the country at the time, who required an alternative to traditional insurance. The ruling of Malaysia's National Fatwa Council, which determined that traditional insurance was an invalid contract, had a significant impact on the takaful industry's existence and development at the time. In 1982², the government decided to form a Special Task Force to research the growth of Islamic-based insurance companies in the United States. The Takaful Act, which went into effect in 1984³, was created by the Task Force. So, in general, the establishment of Takaful Malaysia was on 29 November 1984⁴ and commenced operations on 22 July 1985⁵. After operating for more than a decade, the Company was made a public limited company on 19 October 1995⁶.

Generally, Takaful is a method of insurance that is based on Islamic principles and is appropriate with the *Maqasid Shariah*. Takaful comes from the Arabic word meaning “guaranteeing each other” or joint-guarantee⁷. Islamic insurance exists where each participant contributes to a fund that is used to support one another, with each participant contributing a sufficient amount to cover expected claims. The objective of Takaful is to pay a defined loss from a defined fund. The word “Takaful” does not appear in the Quran but conceptually originates from the word “Ta’awun”, which means mutual assistance. Allah SWT has said in Surah al-Maida verse 2⁸:

﴿وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ ۖ وَلَا تَعَاوَنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ ۚ وَاتَّقُوا اللَّهَ ۚ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ﴾ [المائدة: ٢]

¹ Sejarah Takaful Di Malaysia <https://www.hibahtakafulmalaysia.com/2021/02/sejarah-takaful-di-malaysia.html> accessed on 7 September 2024.

² *Ibid.*

³ *Ibid.*

⁴ Takaful Malaysia: Latar Belakang Syarikat <https://www.takaful-malaysia.com.my/lang/bm/corporate/aboutus/Pages/companybg.aspx> accessed on 7 September 2024.

⁵ *Ibid.*

⁶ *Ibid.*

⁷ Nasser Yassin and Jamil Ramly, *Takaful: A Study Guide*, (Selangor: Percetakan Mesbah Sdn Bhd, 2011), p. 84.

⁸ “And let you help each other to do good and piety, and do not help one another in committing sins (immorality) and aggression. And keep your duty to Allah, for verily Allah is Severe in punishment breaking His commandments”).

The Prophet (P.B.U.H.) also clarified that some of the virtuous pre-Islamic practices are Islamic and can be adopted based on “assisting one another.”⁹ This concept pre-dates the Islamic era when the rough model of Takaful was practiced by Arabic tribes, holding to the principle of pooled resources to help the needy on a voluntary and gratuitous basis. Among the examples of early Takaful were the merchants of Mecca pooling funds for victims of natural disasters, misfortunes, or piracy.

Generally, people know that the “Takaful Agent” is a community representative who the takaful operator appoints to promote takaful protection products and plans¹⁰. Nowadays, the researcher also found that takaful agents are very important in promoting the concept of Hibah. Takaful agents typically go out into the field to promote the products of their appointing party. The takaful agent is eligible to collect a commission as a wage if he or she is successful in acquiring the involvement of consumers or participants. Simply defined, the takaful agent is the first person to interact with members of the community in order to deliver information about relevant and appropriate products or plans.

In this research, the researchers will explain more about the role of takaful agent according to Shariah in terms of rewards and bonuses, the trust of customers in takaful agent, and the ethical issues of Takaful agents in Malaysia. Thus, this research will introduce to all communities in Malaysia the views from the Shariah perspective regarding the Takaful and Takaful agents in Islam, which has become an important thing to know in life.

Definition of Takaful

The word *takaful* is derived from an Arabic root-word *kafala* (كفل), which means to guarantee, bail, warrant, look after, trust, or an act of securing one’s need. The noun *takāful* is derived from the verb *takāfala*, which literally translates to “looking after one another”. Khafif (1966),¹¹ states that *takāful* is a type of mutual help involving many people against any peril or hazard. Furthermore, according to Kwon (2007),¹² the word *takāful* originates from the Arabic word *al-kafala*, which means ‘joint benefit’ or ‘shared responsibility’. He also adds that *takāful* insurance must be participant-oriented and not shareholder-oriented.

⁹ Nasser Yassin and Jamil Ramly, *Takaful: A Study Guide*, pp. 85-86.

¹⁰ Khuzama Ab Rahaman dan Farah Adibah Mohd Apandi, Penulis dari Jabatan Pematuhan Syariah Takaful Ikhlas Berhad: *Tugas Ejen Pastikan Peserta Dapat Maklumat Tepat*, <https://www.takaful-ikhlas.com.my/media-centre/news-events/tugas-ejen-pastikan-peserta-dapat-maklumat-tepat> accessed on 7 September 2024.

¹¹ Khafif Ali, *At-Ta'min*, Majallatul Azhar, 1966.

¹² Kwon, W. Jean, Islamic Principle and *Takāful* Insurance: Re-evaluation. *Journal of Insurance Regulation*. 2007.

From the economic point of view, *takāful* means “a mutual guarantee or assurance based on the principles of *al-‘aqd* (contract) provided by a group of people living in the same society against a specific risk that befalls an individual’s life or possessions”.¹³ According to Billah (2007),¹⁴ *takāful* is a financial transaction of mutual help between two parties towards providing financial security for one of them against an unexpected loss, peril or hazard. In a *takāful* arrangement, the party called the participant (insured), pays a particular amount of money known as contribution (premium) to the *takāful* operator (insurer) under a mutual agreement (*kāfīl*) legally calls for providing the participant with financial protection against unexpected loss within an agreed period.

Islamic Financial Services Act 2013 (IFSA 2013), Clause 2, defines *takāful* as:

An agreement based on mutual assistance under which *takāful* participants agree to contribute to a common fund providing for mutual financial benefits payable to the *takāful* participants or their beneficiaries on the occurrence of pre-agreed events.

In addition, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Accounting Auditing and Governance Standards (2004/2005), No. 12, Appendices E, defines *takāful* as:

Islamic insurance is a system through which the participants donate part or all of their contributions, which are used to pay claims for damages suffered by some of the participants. The company’s role is restricted to managing the operations and investing the insurance contributions.

The definition of *takāful* has been further elaborated in the Accounting and Auditing Organization for Islamic Financial Institution, *Shari’ah* Standard 26(2) 2007, which provides that:

Islamic insurance is an agreement between persons who are exposed to risks to protect themselves against harms arising from the risks by paying contributions on the basis of “commitment to donate” (*iltizām bi al-tabarru’*). Following from that, the insurance fund is established and it is treated as a separate legal entity (*shakhsiyyah I’tibāriyyah*) which has independent financial liability. The fund will cover the compensation against harms that befall any of the participants due to the occurrence of the insured risks (perils) in accordance with the terms of the policy.

¹³ Kassar, Khaled, *What’s Takāful: A Guide to Islamic Insurance*, (Beyrut: BISC Group, 2008).

¹⁴ Billah, Mohd Ma’sum, *Applied Takāful and Modern Insurance, Law & Practice*, (Petaling Jaya: Maxwell Asia, 2007).

Finally, the Islamic Financial Services Board and International Association of Insurance Supervisors, Issues in Regulation and Supervision of *Takāful* also define *takāful* as:

The Islamic counterpart of conventional insurance and exists in both life and general forms. It is based on the concept of mutual solidarity and a typical *takāful* undertaking will consist of a two-tier structure that is a hybrid of a mutual and a commercial form of company.

To sum up, the definition of *takāful* from the Accounting and Auditing Organization for Islamic Financial Institution, *Sharī'ah* Standard 26(2) 2007 is better because it includes all the concepts of *takāful*. *Takāful* is also Islamic insurance, which is grounded in Islamic *mu'āmalat* (man-to-man relationship), observing the rules and regulations of Islamic law (*Sharī'ah*). As a matter of fact, *takāful* plan is an alternative to insurance in conventional financial planning.

Definition of Takaful Agent

In General, most people know that the “Takaful Agent” is a community representative who the takaful operator appoints to promote takaful protection products and plans. For general information, Takaful Agents are licensed or registered with the Registrar of Takaful Intermediaries, namely "Persatuan Takaful Malaysia" (Malaysia Takaful Association-MTA). Based on the book "Takaful Basic Examination" Takaful Agent is a representative of the takaful operator to promote the product. They explain the features of the takaful product or plan to potential customers. Next, the takaful agent provides services related to the issuance, renewal, or continuation of the certificate¹⁵.

According to the book "Takaful: A Study Guide", the meaning of “Agent” refers to people or organization who procure business insurance for an insurance company, people, or organizations who act on behalf of takaful operators promoting takaful plans for potential participants to join such a scheme. In addition, the book also mentions that the agent brings together those who want to seek takaful or insurance protection with the operator or insurer, they are also counted as duties including as professional or technical advisors to the participant or insured and share all the necessary information on the product or scheme offered by the operator. Then, this book also says that a general takaful agent can represent not more than two principals (takaful operator) at any one time. However, in respect of the

¹⁵ Takaful Ikhlas Berhad (593075 U) is a wholly-owned subsidiary of MNRB Holdings Berhad (2022). *Texts Book Takaful Basic Examination*, p. 161.

Family Takaful business, it can only represent one operator¹⁶. Finally, the researchers summarized some findings from the questionnaire answers answered by 50 respondents, some of them understood the meaning of “Takaful Agent” is a person who knows more clearly about Takaful products, explains what is takaful to the public, prepares relevant papers to become a consultant and explain to the customer about the packages available. Apart from that, they also said that the takaful agent is the person who is responsible as Consult people about the advantages and importance of financial planning for both short-term and long-term period, facilitator to get information related to takaful plan, as well as the Takaful Agent acting as the appointed representative by takaful operators to promote takaful protection products and plans to the community and usually Takaful Agents move in the field to introduce the products of their appointing parties. Respondents also mention that Takaful Agent is someone who are trained and had a certificate on how to encourage and help people about the benefit of takaful and lastly, respondents understand that Takaful agent is someone who Gives an understanding of the unexpected needs of a person during the situation the unexpected as well as helping manage those needs.

The Ethics of Takaful Agent

Based on the Fourth Edition Hall Dictionary, ethics is a moral principle or moral values that are held by an individual or a group¹⁷. Good behavior will be judged by society. This is because, before doing any job, attitude is the main thing that is seen and evaluated by the employer or company before getting into other things like knowledge and soft skills. This is so, to ensure that the work done is done sincerely, not even in the pursuit of profit alone. According to the book “Takaful: A Study Guide,” it mentions that, ‘agent must be of good character, with a high degree of honesty¹⁸.

As a result of the interview with Encik Abdul Wahab Bin Mat Ariff¹⁹, He said that every Takaful agent must be honest and trustworthy. He said if Takaful Agents violated the rules or laws that have been set, they will be fined or punished based on those laws. As such, it is rare for Takaful Agents to misappropriate customers' money because they are afraid and know the law. Apart from that, ethics also have standards that have been set by takaful operators. Such standards ensure their ethics When dealing with customers meet the

¹⁶ Nasser Yassin and Jamil Ramly, *Takaful: A Study Guide*, (Selangor: Percetakan Mesbah Sdn Bhd, 2011), p. 151.

¹⁷ Prpm.dbp.gov.my. 2022 <https://prpm.dbp.gov.my/cari1?keyword=etika> accessed on 10 September 2024.

¹⁸ Nasser Yassin and Jamil Ramly, *Takaful: A Study Guide*, p. 151.

¹⁹ Abdul Wahab Bin Mat Ariff (2022, June 14). Group Agency Manager in W&K Empire Sdn Bhd. (Personal interview).

requirements. Therefore, they have a minimum standard of service that has been set by Bank Negara Malaysia (BNM), the Malaysian Takaful Association (MTA), or the Malaysian Insurance and Takaful Brokers Association (MITBA). These standards must be adhered to by takaful intermediaries to conduct business with high accountability & professionalism²⁰.

Before a person is confirmed as a Takaful Agent, a person has to undergo an examination that has been compulsory for them to qualify them as a takaful agent or vice versa. The function of the examination is to ensure that the Standards of the professional code of ethics when dealing with the client meet the requirements set by the company. Among them are the Takaful intermediary must be a graduated and registered agent, have an Authority Card containing information of the name of the takaful operator represented & valid period of registration, General Takaful Agent can represent only two general takaful operators & family Takaful agent is allowed to represent one takaful operator, the takaful broker needs to be a member of MITBA and have a license issued by Bank Negara Malaysia and Explain to the client about the type of information required in the proposal form & about the importance of understanding the important facts²¹.

The professional code of ethics was established to ensure that each takaful agent deals with customers by established standards. Therefore, the Takaful Agent will perform his work carefully, efficiently, and diligently and comply with the terms and conditions contained in his agency agreement²². Indirectly, issues related to untrustworthy or irresponsible takaful agents are difficult to arise. If that happens, they will be fined as stipulated in the legislation.

Findings from the interview, Encik Abdul Wahab Bin Mat Ariff,²³ He said that, when talking about takaful, look back to basics. People only see takaful as a mere business. But when we look in the context of our lives, the Muslim life as (*ad-Deen*) that is the way of life has already been set such as the chapter on morality, Shariah beliefs, and so on. So here we want to mention takaful sitting under the *Shariah* context of *Muamalat*. This shows how Islam teaches us about *Muamalat*, and how we socialize with people. In this context, when a person joins takaful, in terms of ethics and the role of the Takaful agent has been educated by our religion that is how we do *Muamalat*, in other words, the way we socialize with

²⁰ Takaful Ikhlas Berhad (593075 U) is a wholly-owned subsidiary of MNRB Holdings Berhad (2022). *Texts Book Takaful Basic Examination*, p. 164.

²¹ *Ibid.*, p. 167.

²² *Ibid.*, p. 169.

²³ Abdul Wahab Bin Mat Ariff (2022, June 14). Group Agency Manager in W&K Empire Sdn Bhd. (Personal interview).

someone else. Because Islam is complete in every aspect. Thus, a Muslim working as a Takaful Agent will understand this concept of ethics and then practice what has been taught in Islam.

The Law for Takaful Agent

Before entering the field of an agent in the takaful industry, a person is required to pass the "Takaful Basic Examination," which is a requirement that must be satisfied. The Takaful Operator will thus provide lessons before participants take the test to make sure they completely comprehend what they must do after graduation to become a Takaful Agent. They learn about a variety of topics in class, such as *Muamalat*, product knowledge, morals, and other topics. Indirectly, the "Takaful Basic Examination" does indeed include and teach the chapter on the law of being an agent.

There must be a law governing takaful agents, and so there is also a Legal Act developed just for takaful agents. This is done in order to continually monitor their attitudes and actions, as well as to make sure they carry out their jobs in a trustworthy and honest manner without experiencing any problems like stealing customers' money. General information: Under the Malaysian Takaful Association, Takaful Agents who pass the test will be granted a license or registered with the Registrar of Takaful Intermediaries (MTA)²⁴. Based on examination, five laws mandate them to hold duties as agents with trust. If the Takaful Agents fail to perform their duties properly, they will be subject to the following fines:

1. Section 36 (1)²⁵ The agent must introduce the operator's products & inform the prospective customer that he is the legal agent of the takaful operator.
2. Section 36 (2)²⁶ If an agent contravenes section 36 (1) he may be fined not more than RM4000 or imprisoned not more than 6 months or both.
3. Section 35 (1)²⁷ Agents or brokers shall not market or promote products produced by unlicensed takaful operators. Otherwise, can be fined not more than RM20k or jail for not more than 12 months or both.

²⁴ Mifc.com. 2022. *Malaysian Takaful Association - The Malaysia International Islamic Financial Centre (MIFC)* <https://www.mifc.com/-/malaysian-takaful-association> accessed on 10 September 2024.

²⁵ Takaful Ikhlas Berhad (593075 U) is a wholly-owned subsidiary of MNRB Holdings Berhad (2022). Texts Book Takaful Basic Examination, p. 162.

²⁶ *Ibid.*

²⁷ *Ibid.*

4. Section 35 (2)²⁸ & subsection (3), Every broker is required to conduct transactions with a licensed takaful operator. Otherwise, a fine not exceeding RM8,000 or imprisonment not exceeding 6 months or both.
5. Section 35 (3) The contract prescribed in the Act refers to direct takaful business only not re-takaful.

In legislation, a takaful agent must comply with the rules of conduct outlined by the **“Supervision and Enforcement of Market Conduct”** that is BNM regulate the market conduct practices of financial service providers and takes corrective and/or enforcement measures against any conduct that violates market conduct. The second is the **“Minimum service standards”** set by BNM, the Malaysian Takaful Association (MTA), or the Malaysian Insurance and Takaful Brokers Association (MITBA). Takaful agents need to be complied with takaful intermediaries to conduct business with high accountability & professionalism.

To fulfill their obligations as takaful agents, they must carry out their work carefully, effectively, diligently, and in accordance with the terms and conditions outlined in the agency agreement. Additionally, commissions will be used to pay their service costs. Additionally, they must submit the statement of account to the principal upon request, comply with the principal's instructions, and not let their interest conflict with those of the principal. Additionally, they must keep confidential information private, refrain from disclosing it to third parties, avoid making secret profits, and refrain from accepting bribes from anyone.²⁹

In conclusion, as stated above, this is the process of conditions and laws that a person must abide by and undergo to become a legally registered takaful agent. Indirectly, the process will form a responsible and trustworthy takaful agent in the job.

The Takaful Legislation in Malaysia

In order to fulfill their obligations as takaful agents, they must carry out their work carefully, effectively, diligently, and in accordance with the terms and conditions outlined in the agency agreement. Additionally, commissions will be used to pay their service costs. Additionally, they must submit the statement of account to the principal upon request, comply with the principal's instructions, and not let their personal interests conflict with

²⁸ *Ibid.*

²⁹ *Ibid.*, p. 169.

those of the principal. Additionally, they must keep confidential information private, refrain from disclosing it to third parties, avoid making secret profits, and refrain from accepting bribes from anyone. The 7 Rules and Operational Framework of the Takaful Business are:

1. Company Act 1965³⁰
2. Takaful Act 1984³¹
3. Institutional Accounting and Auditing Organization³²
4. Islamic Finance (AAOIFI)³³
5. Islamic Financial Services Board (IFSB)³⁴
6. Central Bank of Malaysia Act 2009³⁵
7. Malaysian Accounting Standards Board (MASB)³⁶
8. Income Tax Act 1967³⁷

Islamic Financial Services Act 2013 (IFSA)³⁸

The IFSA 2013 is the culmination of efforts to modernize the laws governing the conduct and supervision of financial institutions in Malaysia³⁹. This is to ensure that these laws remain relevant and effective in maintaining financial stability, supporting inclusive growth in the financial and economic systems while providing adequate protection for consumers. The law also gives Bank Negara Malaysia the necessary supervisory, regulatory and supervisory powers to achieve its broad mandate in a more complex and interconnected environment, given the regional and international nature of financial developments.

This includes an increased focus on early preventive measures to address emerging issues in financial institutions that may affect the interests of depositors and policyholders, as well as the effectiveness and efficiency of the financial intermediary function. IFSA incorporates several separate laws to regulate the financial sector under a single legal framework for the conventional and Islamic financial sectors, respectively, namely the Banking and Financial Institutions Act 1989, Islamic Banking Act 1983, Insurance Act 1996,

³⁰ *Ibid.*, p. 114.

³¹ *Ibid.*

³² *Ibid.*

³³ *Ibid.*

³⁴ *Ibid.*

³⁵ *Ibid.*

³⁶ *Ibid.*

³⁷ *Ibid.*

³⁸ Mohd Yusof bin Abdul Rahman, D. P. S. R. (2013). Akta Perkhidmatan Kewangan 2013 dan Akta Perkhidmatan Kewangan Islam (2013) <https://www.bnm.gov.my/documents/20124///3edcbdfd-58a1-cf5b-c422-4a063ce9fe89/> accessed on September 10, 2024.

³⁹ *Ibid.*

Takaful Act 1984, the Payment Systems Act 2003 and the Exchange Control Act 1953 which were repealed on the same date.

In conclusion, IFSA is not a direct collaboration with Takaful Operator companies but IFSA issues Acts that must be complied with by any company or Islamic Financial Institution⁴⁰. So, our Takaful Ikhlas is also considered as a company involved in Islamic Finance. Therefore, as a professional Takaful Agent they must follow all the guidelines issued by the IFSA.

The concept of Reward, Bonus and Commission

“Reward” is an award or appreciation given to someone for an achievement or positive thing that has been done. In the perspective of work, rewards usually take the form of bonuses as an imbalance to the performance or fulfillment of company targets. According to Sastrohadiwiryo (2009)⁴¹, reward is an imbalance of services provided by the company to the workforce because the workforce has contributed energy and thoughts for the progress of the company to achieve the set goals. A "Bonus" or so-called “Profit” is an additional payment made on top of wages or other compensation as a present or reward. It also refers to an interest payment made to shareholders or policyholders of an insurance firm⁴².

“Commission” is the amount (percentage) of fees paid to a person, agent, salesperson, and others. For his or her services. Commissions are a must⁴³. Bank Negara Malaysia controls these Takaful agents' commission (BNM). The Bank Negara, Malaysia's central bank, is in charge of all financial transactions. Bank Negara has two divisions: Islamic banking (Takaful) and Insurance banking. Takaful adheres to Shariah, whereas conventional banking does not. The Takaful Agent's Commission is the same across all Takaful Operators, with the exception that Bank Negara only establishes rules for the overall percentage of commission; nevertheless, the Takaful Operator's choice on how to pay the commission is subject to Bank Negara's approval. For instance, in addition to receiving a commission, they may additionally receive gifts, money, or vacation incentives. While the

⁴⁰ Abdul Wahab Bin Mat Ariff (2022, June 14). Group Agency Manager in W&K Empire Sdn Bhd. (Personal interview).

⁴¹ Juliawanti, L. (2022, February 11). *Apa Itu Reward? Ini Dia Pengertian, Jenis, Manfaat Dan Syaratnya!* Lifepal Media <https://lifepal.co.id/media/reward-adalah/> accessed on September 15, 2024.

⁴² Bonus - maksud di kamus Bahasa Melayu. Kamus Bahasa Melayu - <https://kamusbm.com/bonus/> accessed on September 15, 2024.

⁴³ Abdul Wahab Bin Mat Ariff (2022, June 14). Group Agency Manager in W&K Empire Sdn Bhd. (Personal interview).

reward is a gift from the Takaful Operator to the Takaful Agent, the mandatory basic is just a commission. Commissions and prizes are thus permissible and halal on the side of *Syara*’.

Results and Findings

In this section, an attempt is made by the researchers to discuss the results and findings collected from the questionnaires covering the following:

Number of Respondents by Gender, Age, Education, and Occupation.

The number of respondents involved in this study is 50, including teachers, close associates, families, and public and private university graduates.

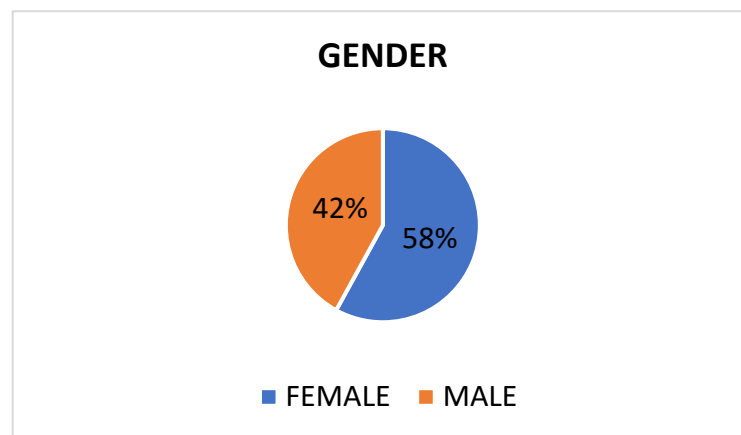


Figure 1: Number of Respondents by Gender

GENDER	NUMBER OF RESPONDENTS	PERCENTAGES (%)
Male	21	42%
Female	29	58%
TOTAL	50	100%

Table 1: Number of Respondents by Gender

This chart shows the number of respondents of different genders who were equal. There were 21 male respondents, which are 42%, and 29 female respondents, which are 58%, respectively. The numbers show that both genders were mostly equal in participating for the survey.

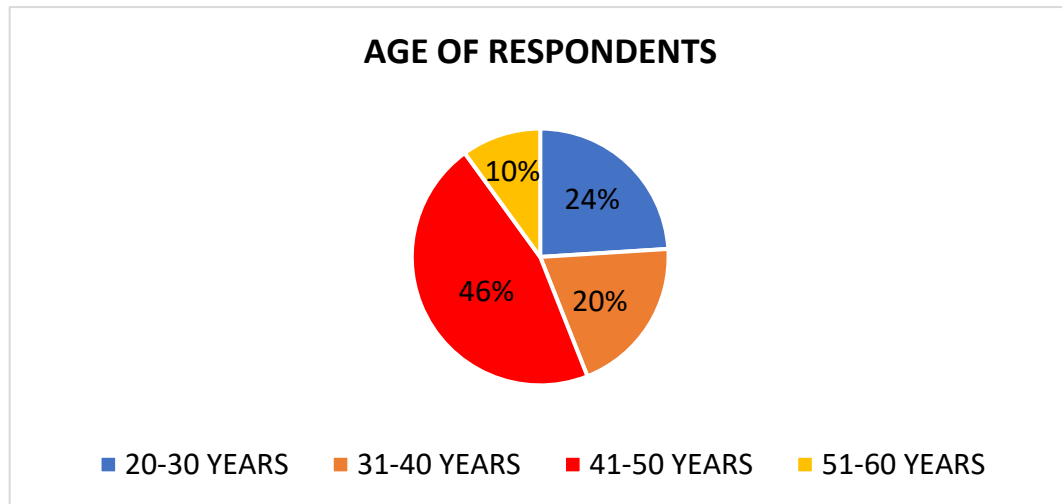


Figure 2: Number of Respondents by Age

AGE	NUMBER OF RESPONDENTS	PERCENTAGE (%)
20-30	12	24%
31-40	10	20%
41-50	23	46%
51-60	5	10%
TOTAL	50	100%

Table 2: Number of Respondents by Age

The chart above shows the age of respondents by different categories. There are 12 respondents, or 24%, aged 20-30 years old, and 10 respondents, or 20%, of 31-40 years old. Besides, there are 23 respondents or 46% from 41-50 years old, and the researcher found that the least number of respondents are from 51-60 years old, which is 5 respondents or 10%. Most of the respondents were between the ages of 41-50 years old, due to high awareness or interest in getting protection from the takaful. Generally, at this age, most people are stable in terms of financial growth and take the highest precaution to take the takaful coverage because at this age, the body will be affected by any critical illness. The senior citizen recorded the least number of respondents, maybe because most of them were not interested in answering the survey, mostly already retired, and at this age, they already got coverage from the takaful or insurance.

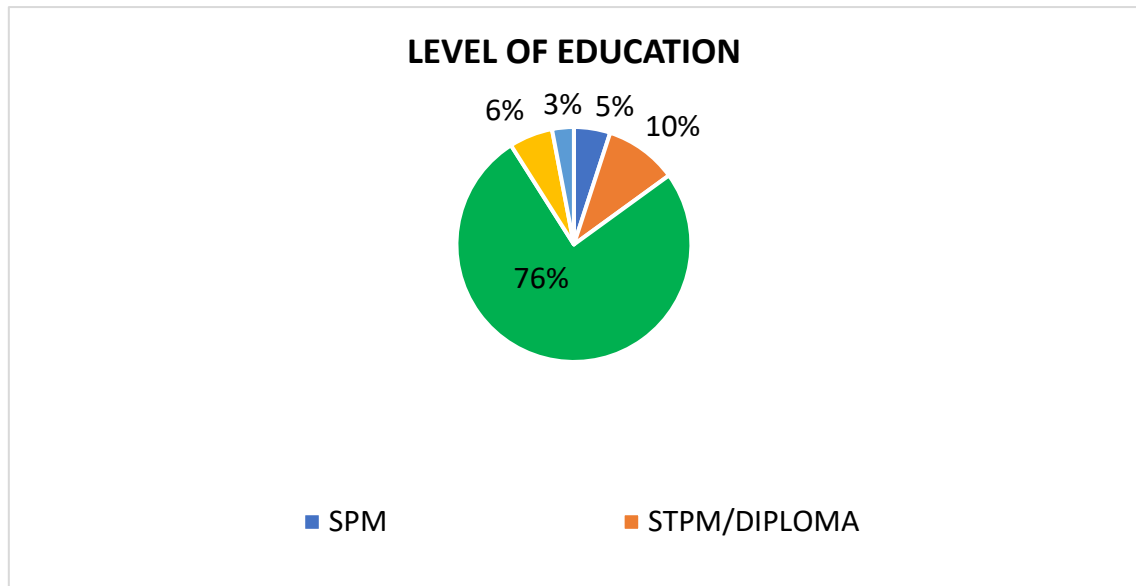


Figure 3: Number of Respondents by Level of Education

EDUCATION	NUMBER OF RESPONDENTS	PERCENTAGE (%)
SPM	2	4%
STPM/Diploma	5	10%
Degree	38	76%
Master	3	6%
Sijil Kemahiran Malaysia	2	4%
TOTAL	50	100%

Table 3: Number of Respondents by Level of Education

Table 3 shows the number of respondents by level of education according to different categories. There were the same number of respondents with 2 respondents or 4%, namely Sijil Pendidikan Malaysia (SPM) and Sijil Kemahiran Malaysia (SKM), while 5 respondents or 10% are Sijil Tinggi Persekolahan Malaysia (STPM) and Diploma. The researcher found that the level of education of most respondents is at the Degree's level, which is 38 people or 76%, while at the Master's level is 3 people or 6%. Respondents from the degree level recorded the highest percentage because the level of awareness of getting protection and

coverage from the takaful is very high, and most of the respondents will get the coverage at a young age to have a low price of the coverage and be less affected by critical illness.

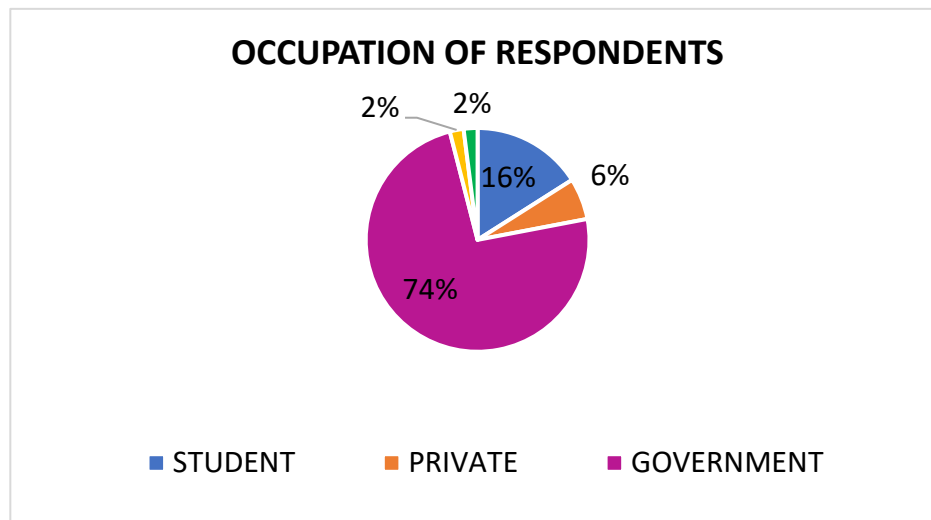


Figure 4: Number of Respondents by Occupation

OCCUPATION	NUMBER OF RESPONDENTS	PERCENTAGE (%)
Student	8	16%
Private	3	6%
Government	37	74%
Self-Employed	1	2%
Not Work	1	2%
TOTAL	50	100%

Table 4: Number and percentage of Respondents by Occupation

Table 4 shows the number of respondents by occupation. There were 8 or 16% of students, followed by the other respondents who have been recorded as workers at a private company, with 3 or 6%. The third highest number of respondents was recorded by the worker at the government, with 37 or 74%. Meanwhile, there were equal numbers of respondents recorded by self-employed and people not working, with 1 or 2% only. Respondents from the government sector recorded the highest percentage due to the high level of awareness of getting the takaful compared to the other sectors or the self-employed.

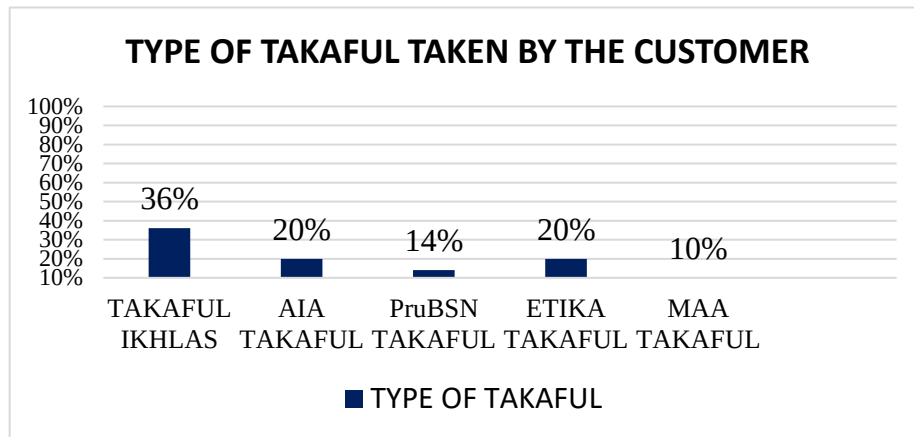
Data Analysis for Awareness and Trust of Customers Towards Takaful Agents

Figure 5: Type of Takaful Taken by the Customer

Type of Takaful	Number of Respondents	Percentage (%)
Takaful Ikhlas	18	36%
AIA Takaful	10	20%
PruBSN Takaful	7	14%
Etika Takaful	10	20%
MAA Takaful	5	10%
TOTAL	50	100%

Table 5: Type of Takaful Taken by Customer

The findings of the study, shown in Table 5, are the types of Takaful taken by the respondents. Most respondents (18), with 36%, have taken Takaful Ikhlas as their protection scheme. However, AIA Takaful and Etika Takaful occupy the same place with 20% of respondents (10) who chose them as their protection scheme. While PruBSN Takaful is as much for 14% of respondents (7) as their choice for protection, and MAA Takaful is the least that is respondents (5), with only 10%.

It can be concluded that most of the respondents have awareness of Takaful protection schemes despite the different types of Takaful. The findings from the questionnaire support this statement; the researchers found that there are certain reasons they choose these types of Takaful, one of which is that the majority of Takaful Ikhlas Agents are

from among their friends. Indirectly, they are approachable and trustworthy. Furthermore, the branding and the name of Takaful Ikhlas may be more marketable among Muslim customers.

Analysis of the Level of Customer Satisfaction with the Services and Services Provided by Takaful Agents

Scale	Number of Respondents	Percentage (%)
Satisfied	40	80%
Unsatisfied	4	8%
Not Sure	6	12%
TOTAL	50	100%

Table 6: Level of Customer Satisfaction with Takaful Agents

The findings of the study, shown in Table 6, are the level of customer satisfaction with the services of Takaful Agents. The majority of respondents (40) 80% were satisfied with the services provided by the Takaful Agent. However, 8% of respondents (4) were dissatisfied with the services provided by the Agent, while the remaining 12% of respondents (6) were unsure about the services provided. This is because this minority has not yet taken any Takaful with any Takaful Agent, so they do not know the extent of the services provided by the Takaful Agent.

It can be concluded that most of the respondents agreed that the services provided by the Takaful Agent are the best. This statement is supported by “Customer Feedback” by Fatih Haziq⁴⁴, Value Takaful Agent (2022). Many customers state that the Takaful Agent provides the best service for them. In this study, most of the consumers looked a lot at the testimonials from their friends who have already taken Takaful with any Takaful Agent. Especially about the protection plan information provided. Moreover, in order to ensure the credibility of the Takaful Agent, all Takaful operators are providing compulsory training to the Takaful Agents in order to empower the role and knowledge about takaful to the agents.

⁴⁴ Haziq, F., 2024. *Ejen Takaful Nilai – Ejen Takaful*. [online] Ejentakaful.com. <https://ejentakaful.com/nilai/> accessed on October 1, 2024.

How do Customers Trust a Takaful Agent throughout their Services, and how do Takaful Agents Convince Customers about Their Services?

From the opinion of the interviewee⁴⁵ Customers can easily trust Takaful Agents, who are skilled in communication. Communication skills are very important for a Takaful Agent because of the symbol of honesty in the information given to the customers. Indirectly, customers are happy to trust them and then decide to buy Takaful with the agent without hesitation. This is because Encik Abdul Wahab⁴⁶ said this customer puts personality first in dealing with, and then the service provided by the Agent. The result of the answers to the questionnaire on how customers trust the Takaful Agent is that most customers will choose a Takaful Agent they know, such as a close friend, colleague, or someone they know directly or indirectly. In addition, the main thing that convinces the customer is when the Takaful Agent is a registered legal agent and has a license as a Takaful consultant, and they will provide accurate information about Takaful. Therefore, they will not be easily fooled by people they know because the agent will give their phone number to the customer to make sure the customer trusts them. In addition, the study found that the customers will also see Takaful Agents through external appearance, such as their perseverance, how to communicate, how to dress professionally, a trustworthy and honest attitude, and so on. In addition to convincing the customers, they will share the experiences and testimonials of their customers who have been helped before, such as medical card claims, while in a private hospital. Lastly, Takaful Agents always give a quick response when a customer needs help.

Things that make customers trust Takaful Agents

From the opinion of the respondents and interviewees, things that make customers trust Takaful Agents are:

1. Valid evidence is shown by the Takaful Agent, such as a registered license. This statement is also supported by the Informant because each Takaful Agent must undergo an examination provided by the Takaful Company to obtain a valid license registered as an Agent. Proof of this license will convince the customer of a Takaful Agent. In addition, when problems occur, such as falling ill, accidents, or others, customers can claim money to cover high medical costs.
2. Customers are confident in a Takaful Agent when the attitude shown by them such

⁴⁵ Abdul Wahab Bin Mat Ariff (2024, August 14). Group Agency Manager in W&K Empire Sdn Bhd. (Personal interview).

⁴⁶ Abdul Wahab Bin Mat Ariff (2024, August 14). Group Agency Manager in W&K Empire Sdn Bhd. (Personal interview).

as honest, trustworthy while managing finances, responsible, and providing the best service. The agent also provides a clear description of the protection plans available in Takaful.

3. Takaful replaces Conventional Insurance, which is not based on Shariah. Indirectly, a Muslim will take out Takaful as a Shariah-compliant protection scheme. It is also based on their background, including family and Islamic background, and their service period as a Takaful Agent.
4. The influence of people around is also one of the factors customers believe in a Takaful Agent, such as close friends, previous acquaintances, top agents, and most importantly, is consistent in this business.
5. Customers are convinced that the purpose of Takaful Agents is truly to help the people, not just for the money, but to work with sincere intention to help their clients during disaster strikes. This statement is also supported by Informant, Encik Abdul Wahab Bin Mat Ariff,⁴⁷ Takaful Agents are also formed to be sincere people because the job of a takaful agent is actually more because they want to help people in managing their finances and help them to face unforeseen risks.
6. Takaful agents respond quickly when customers need their help. This statement was also supported by Informant, Encik Abdul Wahab Bin Mat Ariff⁴⁸, who said that a Takaful Agent needs to give a quick response when a customer contacts them. This is so because to ensure the customer is comfortable with the Takaful Agent and can be considered as a friend.

Analysis of Customers' Experience Being Approached by Takaful Agents and Their Reaction Towards Takaful Agents

From the opinion of the respondents, the majority of the 50 respondents stated that they were well-treated and customer-friendly agents. By a Takaful Agent and they successfully purchase Takaful with a Takaful Agent that they trust. Respondents said that the Takaful Agent answered the customer's questions well and provided accurate and satisfactory answers to the customer. Among the reactions given by the customers is that they will hear first about the description of the protection scheme, then they will do their research through reading or asking for the opinion of others before making a decision.

⁴⁷ Abdul Wahab Bin Mat Ariff (2024, August 14). Group Agency Manager in W&K Empire Sdn Bhd. (Personal interview).

⁴⁸ Abdul Wahab Bin Mat Ariff (2024, August 14). Group Agency Manager in W&K Empire Sdn Bhd. (Personal interview).

Some respondents initially wanted to buy Takaful, but suddenly did not buy because the agent was too slow in the process. This issue is a minor problem only because not all agents are like this. It depends on the attitude of the agent himself. So, that is why some examinations and laws regulate the attitude of agents so that trivial problems do not occur.

In addition, some respondents mentioned that they were sometimes not interested in Takaful because their agents liked to force them to buy protection schemes, which were often linked to the question of death. Finally, another response is that they refuse well if they do not want to buy Takaful, and they only listen to the explanation from the Takaful Agent, even though they already have Takaful in honor of the Takaful Agent's career.

The Informant, Encik Abdul Wahab Bin Mat Ariff, also supports the above statements⁴⁹ by saying that when becoming a Takaful Agent, facing rejection from a customer is a common thing for them. Therefore, every Takaful Agent must be mentally strong to face the rejection of customers who suddenly cancel buying Takaful and not give up on always giving awareness to the community about the importance of this Takaful protection scheme.

The Recommendations to the Takaful Agents to help them convince the Customers of their Services

From the opinion of the interviewee⁵⁰ and survey from respondents, all Takaful Agents must always be ready to help the customer in the event of any reason, such as accident, death, and so on. This is because Takaful Agents need to help them claim medical cards to cover the cost of their medication or treatment. At this point, Takaful Agents play a very important role. In addition, the Takaful Agent must be a person who is knowledgeable, consistent in his duties, and provides the best service to the customers. In addition, the Agent's good relationship with the customer is also important to convince the customer of their service. Most importantly, the way the Takaful Agent communicates well, in terms of confidence when speaking, gives accurate information, gives prompt feedback, always asks for news from customers, and is easy to contact. Finally, the recommendation given is that the Takaful Agent should advertise the feedback of customers who have successfully made a claim, state the date of the claim and the date of success in the process until the claim can be delivered to the owner, and then provide the best service and take action on their problems and show attitude as an agent who is ready to help them in any situation.

⁴⁹ Abdul Wahab Bin Mat Ariff (2024, August 14). Group Agency Manager in W&K Empire Sdn Bhd. (Personal interview).

⁵⁰ Abdul Wahab Bin Mat Ariff (2024, August 14). Group Agency Manager in W&K Empire Sdn Bhd. (Personal interview).

The Issues of Takaful in Malaysia

From the opinion of the interviewee, there are no significant issues in the Takaful Industry because it is already well well-known industry. The Takaful Industry is regulated and monitored by Bank Negara Malaysia, so it's hard for critical issues to happen. However, there is one issue in the government's view, which is an issue when many Malaysians still have not received protection in life. So, the issue that needs to be addressed is how to make Malaysians aware of the importance of this Takaful so that at least one family has a Takaful policy.

Next is the issue from the point of view of the Takaful Agent. This issue depends on the Agency, for example, the group or Takaful Operator. In this issue, it looks at the issue of training whether the Takaful Operator provides adequate training or not to the Takaful Agents. This is because there are agencies whose structure is not very strong. This causes the Agent to not be able to get enough training and knowledge. Indirectly arising agents who fail to achieve the set sales. When not reaching the condition, there will be 2 probabilities. First, the Takaful Agent will have no sales, and second, there will be a mis-selling. If this mis-selling happens, it can cause people to say this Takaful Company is cheating, unreliable, and so on. The reason for such happening is that the Agent did not deliver correct and accurate information, he does not have the ability due to not receiving adequate training, and so on. Therefore, this issue needs to be addressed.

Recommendations and Suggestions

Among the suggestions that can be made to address the issue are, firstly, the Takaful Agent, they need to move comprehensively and actively promote the takaful to give awareness to the Malaysian people about the importance of Takaful. The community needs to be made aware of the life protection plan so that at least one family has a policy that can guarantee that when something unexpected happens, such as an accident, death, or something else. Therefore, this proposal is given to Takaful Agents to play a role in ensuring that Malaysians gain awareness. In addition, on behalf of the Takaful Operator, the company needs to have a strong financial position, strong administration, and other skills. When it has a strong structure, of course, the company has the potential to provide adequate training to the Takaful Agents. That is why the selection of an agency is very important for a Takaful Agent, so that the knowledge received is accurate and will convince the customer when they meet.

Conclusion

The legislation in the Takaful industry stipulates that every Takaful Agent must obtain a valid license registered with the Registrar of Takaful Intermediaries under the Malaysian Takaful Association (MTA). A Takaful Agent is a halal employee under Islamic law, as it is not at all like a Conventional Insurance Agent involving *Riba*, *Gharar*, and *Maysir*. This Takaful agent is responsible for explaining to prospective participants the key features of the product, complete details of commissions paid, and procedures for making claims and complaints while offering the product. Therefore, there will be no problem when the Takaful Agent complies with the prescribed laws.

Commissions are a compulsory thing. The commission of these Takaful agents is set by Bank Negara Malaysia (BNM). Any financial activity in Malaysia is under the central bank, namely Bank Negara. In Bank Negara, there are two departments, namely Islamic Banking (Takaful) and Insurance Banking. The Shariah-compliant is Takaful, while the non-Shariah-compliant is conventional. The Takaful Agent's Commission is the same in each Takaful Operator, except Bank Negara only sets the guidelines for the total percentage of commission, but the method of commission payment depends on the respective Takaful Operator, and must be from the agreement upon by Bank Negara. For example, in addition to getting a commission, they can also get rewards in the form of gifts, cash, and travel. Mandatory basic is only a commission, but the reward is a gift given to the Takaful Agent from the Takaful Operator. Therefore, commissions and rewards are halal and allowed on the side of *Syarak*.

The level of public awareness of Takaful is declining, and it is difficult to increase their trust in Takaful Agents. Therefore, this study opened the eyes of the public to the fact that many Takaful agents in Malaysia can be trusted. Based on the questionnaire, the majority of the community already has Takaful, and their response to the Takaful Agent is also mostly positive. Only a few people responded negatively. The community is now aware that Takaful Agents are not as they expect, but Takaful Agents are important people in helping people manage their finances. There is a strong relationship between the customers of the Takaful Agent through the help of the Agent during their difficult times. When these elements are positively correlated, it indicates that the level of respondents' trust in the Takaful Agent is increasing.

Steps that can be taken through strict legislation for improvement recommendations of any issue in Takaful. On behalf of the community, among the suggestions that can be taken is to increase trust in the Takaful industry in Malaysia because this industry plays a

very important role in today's life, especially when faced with significant risks involving finance. A clear understanding of Takaful is to find a legitimate Takaful Agent registered under the Takaful Company or seek the opinion of a knowledgeable person. On the part of the Takaful Operator, alternatives can be taken to increase the public's knowledge related to Takaful and disseminate important information about Takaful and always hold classes for Takaful Agents so that their knowledge is more in-depth.

The Takaful business has always been a marker of most Muslim consumers who want to get an Islamic-based protection scheme. As already discussed, Takaful is an instrument that replaces Conventional Insurance, which does not comply with Shariah. When entering the field of Takaful, the last priority is the Takaful Agent, the person who is responsible for explaining to the community the concept of Takaful as a whole. The results of this study have identified that the Muslim community attaches importance to Shariah-compliant business. This study has also discussed perspectives from the Islamic point of view on ethics, customer beliefs, and so on. This has indirectly guided them in choosing any trusted Takaful Agent and Takaful as a protection scheme instead of Conventional Insurance. The findings also show that ethics, commissions, rewards, and bonuses to agents are allowed in Shariah. This study is very significant in its contribution to the business industry, especially the Takaful industry sector. It also contributes benefits to the Takaful Operator, providing classes to Takaful Agents to ensure that the quality of Takaful Agents is always maintained. Therefore, every party in the industry needs to ensure that the community and members of the Takaful industry are aware of the importance of ethics and the importance of increasing the community's trust in Takaful Agents today.

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