

ENHANCING THE VALUE PROPOSITION: NEW APPROACHES TO THE MARKETING OF FAMILY TAKAFUL

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**THE WORLD TAKAFUL
CONFERENCE**

مؤتمر التكافل العالمي

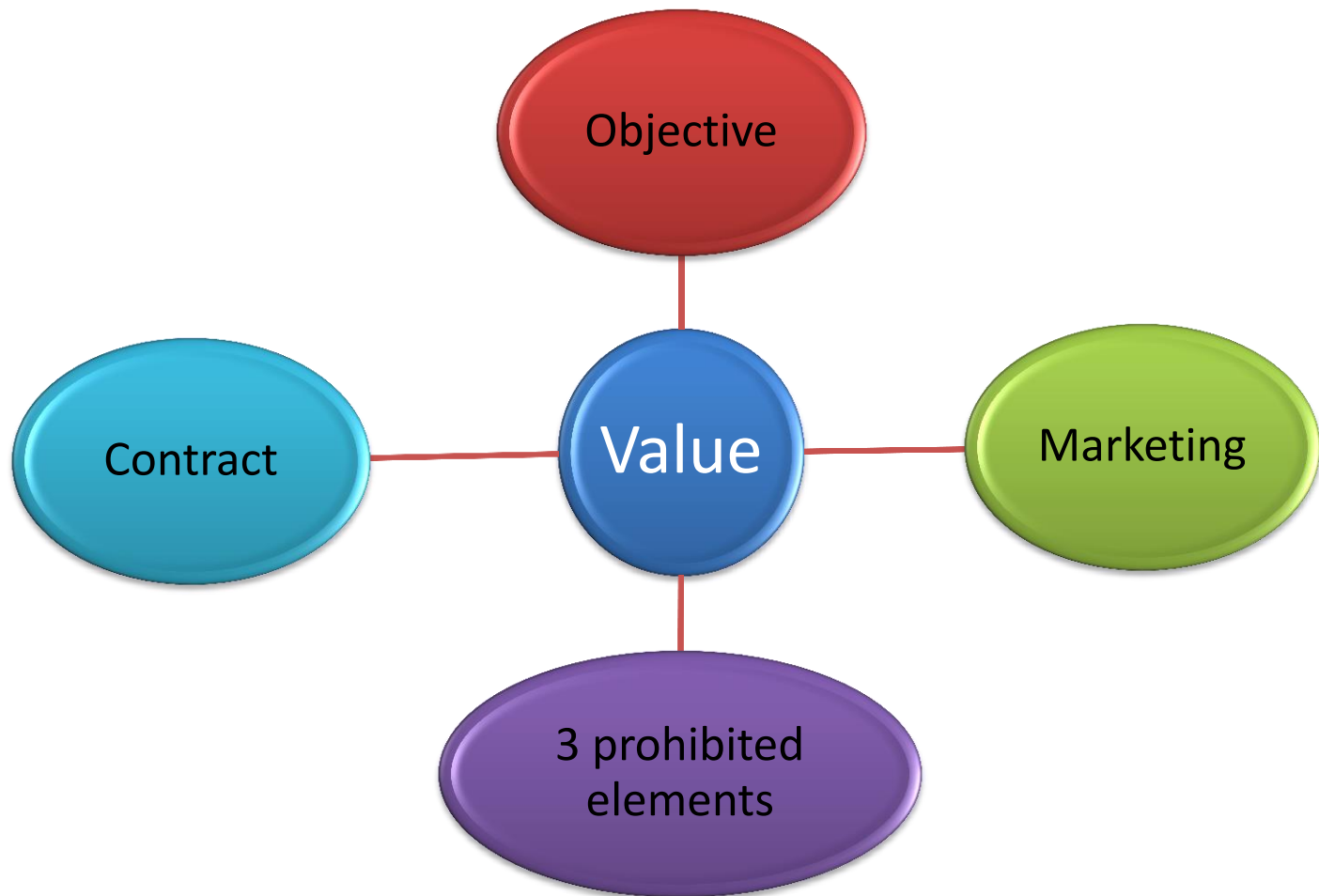
FAMILY TAKAFUL SUMMIT - MALAYSIA

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VALUE IN TAKAFUL



What differentiate Takaful & conventional insurance products?





What differentiate Takaful &
conventional insurance **AGENTS**?

إِنَّمَا الْأَعْمَالُ بِالنِّيَّاتِ ، وَإِنَّمَا لِكُلِّ امْرِئٍ مَا نَوَى

**Sesungguhnya setiap perbuatan tergantung niatnya.
Dan setiap orang akan mendapatkan
sesuai dengan apa yang ia niatkan
(HR. Bukhari dan Muslim).**

HADITS ARBA'IN NAWAWIYAH

HADITS KE-1 : NIAT



“ Our **intention**
creates
our **reality.** ”

Wayne Dyer



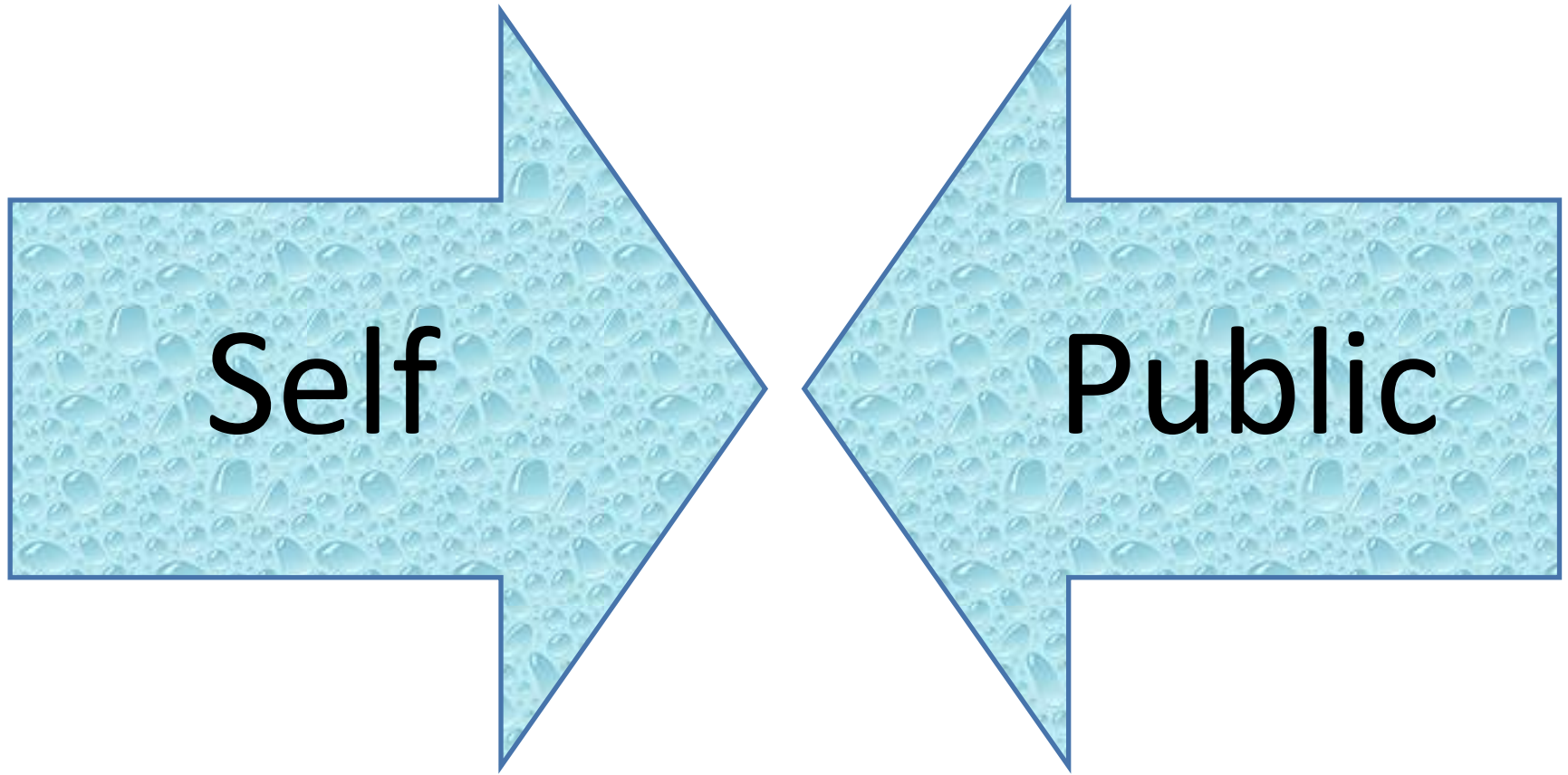
It is not about
how well you said it
or how often you said it
but its about how
sincere and true are you
with what you are saying



SELL WITH SINCERITY

Be genuine. Build relationships. Provide value.

Instil awareness on Takaful





WHAT'S THE ISSUE?

The industry failed to retain its existing customers particularly for Family Takaful scheme

- Total customers who surrendered their Family Takaful scheme are increasing since the 2006
- Within five years, the highest was recorded in 2010 and the number has achieved 139,021 surrendered and about 81.5% increase from the previous year (Bank Negara Malaysia, 2010)
- Takaful penetration rate in Malaysia increased very slow
- In a recent study, it was verified that the most influential factors that influenced the low rate of Takaful penetration are [distribution channels and marketing practices](#) (Mohamed et al., 2013)
- Informal interview with Takaful customer;
 - 1) Takaful agent failed to offer excellent services
 - 2) Lack of product disclosure
 - 3) Poor relationship between the Takaful agent and the customer



New approach in marketing Takaful product

Islamic Relationship Marketing

‘a strategic business discipline which directs the process of creation, offering, and exchanging values from one initiator to the stakeholders in which the whole process should be **in accordance with the muamalah principles in Islam**’ (Kartajaya & Sula, 2006: p.27)

“Invite to the way of your Lord with wisdom and good instruction, and argue with them in a way that is best. Indeed, your Lord is most knowing of who has strayed from His way, and He is most knowing of who is [rightly] guided”. (An Nahl,16:125)

“O you who have believed, enter into Islam completely [and perfectly] and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy”. (Al-Baqarah, 2:208)



Islamic Ethics

My Takaful representative **explains clearly about Shariah aspects of Takaful** compared to conventional insurance.

He/she **gives me adequate information about Takaful** scheme.

He/she **explains to me about the objectives of Takaful** which is a **donation scheme and mutual cooperation** among the participants.

He/she **practices professional attitudes** in dealing with me.

He/she is an **honest** person.

He/she is a **responsible** person.

He/she always **keeps a good relationship** with me.

He/she **protects my confidentiality**.

He/she **wear professional attire** while dealing with me.

Social Bonds

My Takaful representative contacts me to **keep in touch**.

He/she **asks my feedback** about his/her services.

I receive **greeting cards or gifts** from him/her on any of my special occasion.

He/she would **call or meet** me whenever I encounter any problem.

He/she provides **services after** I participate in the Takaful scheme.

Structural Bonds

My Takaful representative provides **personalised Takaful scheme according to my needs.**

I receive a **prompt response whenever I make a complaint.**

The Takaful operator provides **various ways for the payment of contribution.**

I can retrieve **any information about the company and products from various sources.**

Financial Bonds

My Takaful representative gave me **free gift when I first** participated in Takaful scheme.

He/she offers a **promotion package** during my subscription of the scheme.

I will receive a **sum of money at the end of the year in case I did not make any claim.**

I entitle to receive a **sum of money from Takaful company in case I admitted to hospital.**


I receive some **profit from my Takaful scheme** as it is a saving/investment account.

FIELD STUDY

Demographic Information		Frequency	Percent (%)
Takaful Operators	Syarikat Takaful Malaysia Berhad.	72	9.5
	Etiqa Takaful Berhad.	76	10.1
	Takaful Ikhlas Sdn. Bhd.,	60	7.9
	CIMB Aviva Takaful Berhad,	73	9.7
	Prudential BSN Takaful Berhad,	92	12.2
	HSBC Amanah Takaful Sdn. Bhd.	81	10.7
	MAA Takaful Berhad.	53	7.0
	AIA AFG Takaful Bhd.	67	8.9
	AmFamily Takaful Bhd.	43	5.7
	Great Eastern Takaful Sdn. Bhd.	83	11.0
	Hong Leong MSIG Takaful Bhd.	55	7.3
	Total	755	100.0
Gender	Male	352	46.6
	Female	403	53.4
	Total	755	100.0

No.	Statements on Islamic Ethical Behaviour	N	Mean
1	My Takaful representative explains clearly about Shariah aspects of Takaful compared to conventional insurance.	755	3.903
2	He/she gives me adequate information about Takaful scheme.	755	3.889
3	He/she explains to me about the objectives of Takaful which is a donation scheme and mutual cooperation among the participants.	755	3.936
4	He/she practices professional attitudes in dealing with me.	755	4.001
5	He/she is an honest person.	755	3.985
6	He/she is a responsible person.	755	4.016
7	He/she always keeps a good relationship with me.	755	4.008
8	He/she protects my confidentiality.	755	4.052
9	He/she wear professional attire while dealing with me.	755	4.054

No.	Statements on Social Bonds	N	Mean
1	My Takaful representative contacts me to keep in touch.	755	3.409
2	He/she asks my feedback about his/her services.	755	3.585
3	I receive greeting cards or gifts from him/her on any of my special occasion.	755	3.642
4	He/she would call or meet me whenever I encounter any problem.	755	3.470
5	He/she provides services after I participate in the Takaful scheme.	755	3.166



No.	Statements on Structural Bonds	N	Mean
1	My Takaful representative provides personalised Takaful scheme according to my needs.	755	3.886
2	I receive a prompt response whenever I make a complaint.	755	3.740
3	The Takaful operator provides various ways for the payment of contribution.	755	3.887
4	I can retrieve any information about the company and products from various sources	755	3.840



No.	Statements on Financial Bonds	N	Mean
1	My Takaful representative gave me free gift when I first participated in Takaful scheme.	755	3.436
2	He/she offers a promotion package during my subscription of the scheme.	755	3.428
3	I will receive a sum of money at the end of the year in case I did not make any claim.	755	3.424
4	I entitle to receive a sum of money from Takaful company in case I admitted to hospital.	755	3.770
5	I receive some profit from my Takaful scheme as it is a saving/investment account.	755	3.801

Other findings

- ❑ Takaful agents need to practice **all the constructs under IRM** in order to ensure future retention
- ❑ Once the agent **slightly enhances their Islamic relationship marketing practices, it would give big influence on future customer retention.**
- ❑ The marketers may well ensure the **retention of customers for the long term** by focussing on the **relationship quality which measured by customer satisfaction, trust, and commitment**

How is technology further enabling the marketing capabilities of Takaful?

1) One stop centre

- -online banking to pay contribution (in case customer refuse to deduct their monthly salary)
- -claiming process (fill in online form, check claim status)
- -add additional riders

2) Utilising modern devise/application to stay connect with customers

- -eg. whatsapp group (agent can create a group for their customer, can update the customers about current policy, investment changes, customer can share their problem with agent immediately)

Conclusion

- ❖ Theory and practice of Takaful must be parallel
- ❖ Takaful agents have big responsibility to promote the objective of Takaful (tabarru') as to instil the spirit of brotherhood in a society (1 Takaful = 1 Malaysia)
- ❖ The agents must have absolute confidence with the unique nature and value of Takaful rather than conventional insurance
- ❖ The training module for Takaful agents can be enhanced by additional information on IRM
- ❖ At the end of the day, public will realize that they need the Takaful than the conventional insurance

‘O people! Fear your Lord who created you from a single soul and made its mate from within it, and from that pair spread many men and women and fear Allah in Whose name you ask for and pay attention to the ties of relationship. Undoubtedly, Allah is watching you all time’

Surah an-nisa’:1

