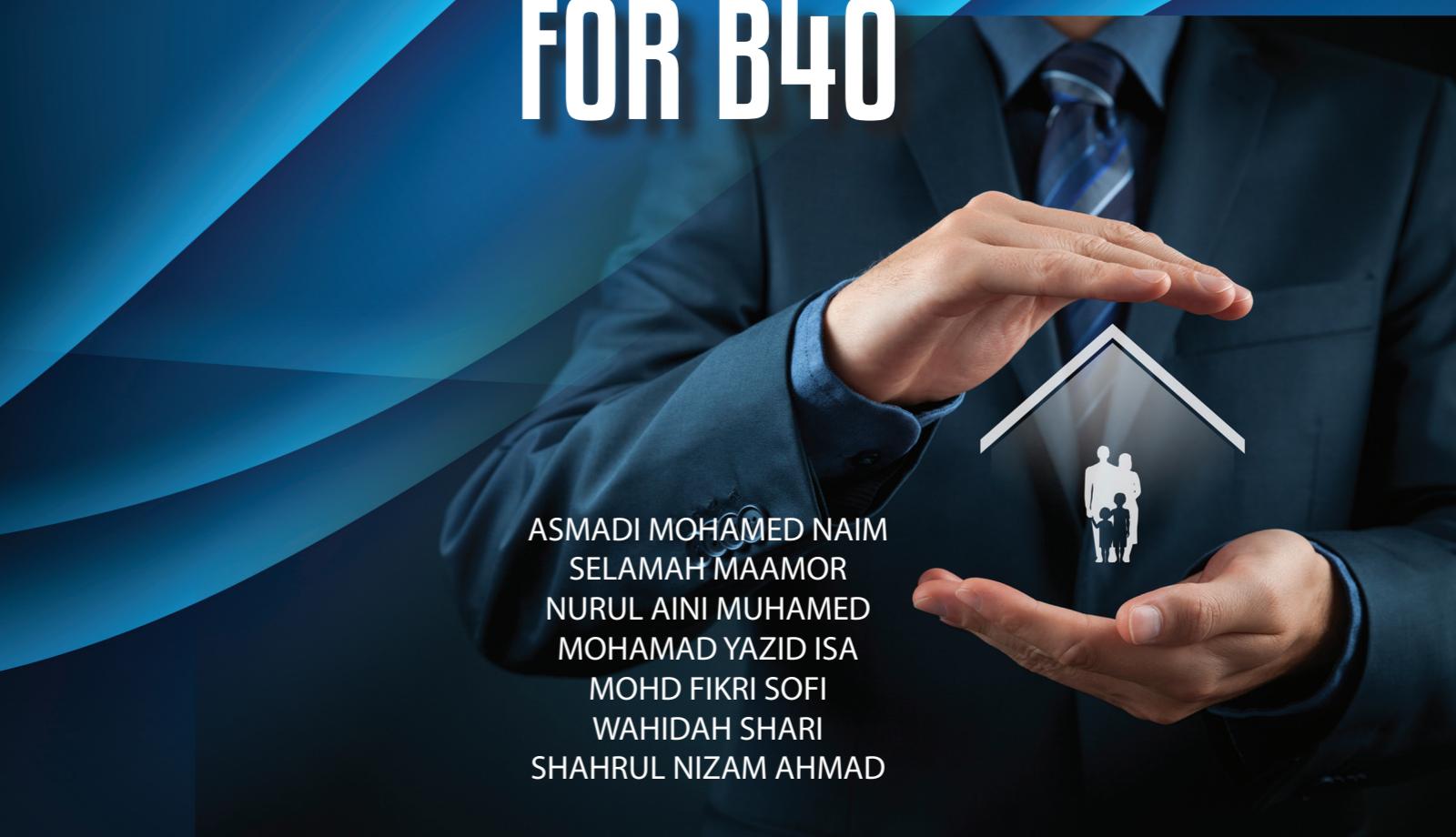


SUITABLE **TAKAFUL PLAN** and **DISTRIBUTION CHANNEL** **FOR B40**



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UNIVERSITI UTARA MALAYSIA
2020

RESEARCH REPORT

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CHANNEL FOR B40**

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ACKNOWLEDGEMENT

In the Name of Allah, the Most Beneficent, the Most Merciful.

First and foremost, praises and thanks to God, the Almighty for his shower of blessings throughout research work to complete the research successfully.

We would like to express deep and sincere gratitude to our funders, FWD Takaful for giving us the golden opportunity to do this research and providing funding via Research Grant Scheme. We would like to include a note of thanks to the Bank Negara Malaysia (BNM) for giving informal feedback on methodology and finding of the research project.

We would like to acknowledge the Research and Innovative Management Center (RIMC) of Universiti Utara Malaysia (UUM) and Institute of Shariah Governance and Islamic Finance (ISGaIF) for communicating and managing this industrial research collaboration.

We would like to extend special gratitude to Islamic Business School (IBS) for providing facilities needed to produce and complete the project.

Finally, we would like to thank the Vice Chancellor of Universiti Utara Malaysia (UUM) and the Dean of Islamic Business School, for their continuous support from the beginning until the final stage of the research project.

Our appreciation goes as well to Universiti Sains Islam Malaysia (USIM) for allowing its academic staff to be part of this research.

Last but not least, our highest appreciation to our families as they are unseen individuals that suffered and stood beside us with their patience in facing our busy academic job.

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LIST OF ABBREVIATION

AIM	AMANAH IKHTIAR MALAYSIA
ASEAN	ASSOCIATION OF SOUTHEAST ASIAN NATIONS
B40	BOTTOM 40% HOUSEHOLDS
BNM	BANK NEGARA MALAYSIA
BR1M	BANTUAN RAKYAT 1 MALAYSIA
BSH	BANTUAN SARA HIDUP
FGD	FOCUS GROUP DISCUSSION
LIAM	LIFE INSURANCE ASSOCIATION OF MALAYSIA
MTA	MALAYSIAN TAKAFUL ASSOCIATION
NGO	NON-GOVERNMENT ORGANIZATION
PIAM	PERSATUAN INSURANS AM MALAYSIA
PMR	PENILAIAN MENENGAH RENDAH
PPRT	PROJEK PERUMAHAN RAKYAT MISKIN TEGAR
PT3	SISTEM PENTAKSIRAN TINGKATAN TIGA
SPM	SIJIL PELAJARAN MALAYSIA
SRP	SIJIL RENDAH PELAJARAN
STPM	SIJIL TINGGI PERSEKOLAHAN MALAYSIA
TEKUN	TEKUN NASIONAL
UPSR	UJIAN PENCAPAIAN SEKOLAH RENDAH

EXECUTIVE SUMMARY

This research attempts to examine the suitable takaful plan and distribution channel for B40. The B40 group is the bottom 40 percent group based on household income and is considered as the financially vulnerable members in the society. Based on Department of Statistics Malaysia (DOSM) 2019 data, the range of income for B40 is between RM 2,499 and below to RM 4,849. DOSM further categorized the B40 group into four levels – B1 (less than RM 2,499), B2 (RM 2,500 – RM 3,169), B3 (RM 3,170- RM 3,969), B4 (RM 3,970-RM 4,849). Studies show that this group is the most likely exposed to financial shock when there is a loss of family income due to the death of breadwinners or their temporary or total permanent disabilities (TPD) because of injuries and illness. Financial tensions evolve when the family does not have enough buffer from savings and other income to sustain (such as to cover for living expenses as well as for children's education purposes) after the misfortunes.

Taking consideration of this factor, micro takaful and micro insurance for underserved group is very important as a safety net to support their short term and long-term expenditures and future needs after facing with misfortune events. In that case, participation in takaful / insurance should be part of the financial commitment of this group. However, data shows that takaful contribution is not part of the majority of household expenditure as their income is used mainly for daily expenditure such as food, utilities, transportation etc. (DOS 2019). This result is consistent with the percentage of takaful subscription in Malaysia. As at 2017, the takaful penetration rate was at 14.8 percent. This percentage is far compared to Bank Negara Malaysia (BNM) target at 25 percent penetration (MEIR 2019).

The government through the BNM with collaboration between Life Insurance Association of Malaysia (LIAM), Malaysian Takaful Association (MTA) and General Insurance Association of Malaysia (PIAM) launched 'Perlindungan Tenang' protection scheme on 24 November 2017. This initiative was part of the government effort to encourage the participation of the B40 in the takaful and insurance scheme. In addition, MySalam has been introduced by the government under national protection scheme, specifically for health protection. As the government's initiative in introducing 'Perlindungan Tenang' protection scheme is one step to encourage B40 takaful product offering, it also becomes an indication for the suppliers to offer products that fulfil certain criteria. As mentioned in Chiew Hui Lin (2018), five parameters for B40 products offering are; 1) affordable pricing; (2) provides good value; (3) widely accessible; (4) easy to understand; and (5) easy to purchase and claim.

While there were initiatives pursued by the government with the industry collaboration, understanding the takaful specific needs among the B40 group from different demographic background is significant for B40 product structuring. Fieldwork data is very important as it can provide the actual data that can reflect people actual needs. There are limited studies have been done on B40 micro takaful in Malaysia. Yusoff, Roslan and Ariffin (2020) survey the purchasing decision of micro takaful among B40. They adopt several demographic items (such as age, income, education level, gender and age) for the study. While the there was a variable on pricing aspect, there was no variable is included for coverage required. In addition, there is some limitation on sample size as the study was only conducted in Lembah Subang. Another study by Bakri, Ramli and Sulaiman (2018) used several demographic variables (such as race,

gender, marital status, education, residential location, employment, income, numbers of dependents and, saving and loans) as factors that can influence the takaful ownership. Pricing variable was mainly used as the independent variables. The study yet was conducted in Perak only.

Taking consideration of the abovementioned parameters as well as contributions of other studies (including in other countries), this research offered comprehensive study on micro takaful for Malaysian B40 group. This study aimed to determine the suitable takaful plan and distribution channel for B40 according to its different groups, affordable contribution, expected coverage as well as respondents' preference and type of insurance company. This study also gained information from two perspectives, i.e. suppliers and customers. Six research objectives have been outlined to achieve the aim which as following; (i) to investigate supplier's views, desire, capacity, requirement and technicality to offer micro takaful product. (ii) to investigate potential participant's views, desire, requirement to participate in family micro takaful product. (iii) to investigate the coverages that suits B40s' needs. (iv) to analyse rules and regulations on family micro takaful product development and implementation. (v) to analyse suitable pricing for suitable family micro takaful product for B40. (vi) to determine suitable distribution channel of family micro takaful product for Malaysian B40.

To achieve those objectives, this study adopted mixed methods approaches that combined the (i) qualitative and (ii) quantitative approaches. The qualitative approaches consist of content analysis and interview. The qualitative methods led the researchers to gain in depth understanding on the subject of the study. Content analysis was used to grasp micro takaful and micro insurance background as well as the regulatory framework. Structured interview has been conducted with product development and actuarial team of a takaful operator (TO). It covers several areas such as pricing, capacity of supplier in offering products, requirement and technical aspects.

The quantitative approaches in this study depended on the survey questions as a way to generalize the findings towards the customers. Research objectives two until five was based on quantitative approaches. The demographic variable of respondents (customers) used in the study included ages, marital status, number of children of respondent group, academic qualification, occupation, income, outstanding financing, monthly income and preferred operators. The demographic variables were then cross-correlated with other variables group such as expected coverage, contribution, and preferable operator. The distribution channels for the contributors are also reviewed for appropriate mechanisms to be applied for takaful products distributions. In order to strengthen the findings, qualitative method - focus group discussion (FGD) - was used as part of the method to support the findings. A total of 1165 surveys and 330 FGD were analysed to achieve objectives two to five.

The analysis for research questions 1-5 highlights important connotations. The results from the suppliers' perspectives shows that the B40 takaful products can be offered at minimum amount of RM 3.25 and the cash benefit can go up to RM 10,000 with the stated contribution. From the general perspectives of all participants (regardless of their demographic background), most of them preferred to have takaful/insurance as protection from accident, life and medical. Respondents were also willing to allocate RM 50 and below as monthly contribution for takaful or insurance protection with the coverage of at least up to RM 20,000. In terms of the channel of distribution, most of the respondents (regardless of their background) prefer to use the provider's branch

office, post office and also online transactions both for subscriptions and claim.

For the third objective, overall findings on coverage and demographic background show that the two highest preferences of the coverage chosen by respondents are RM 5,001 to RM 10,000 and RM 50,000 to RM 100,000. There were relative differences between those who opted for RM 5,001 to RM 10,000 and RM 50,000 to RM 100,000. As an evaluation was made on rules and regulations on family micro-takaful product development and implementation (in objective four), findings concluded that newly launched micro-takaful product has mostly no restriction to adhere to all the guidelines and regulations underlined.

Objective five looks at the pricing aspect. Findings showed that most of the B40s afforded to contribute at RM 6-RM 10, RM 41-RM 50 and also RM 51-RM 100 per month. The group with RM 6-RM 10 did not expect high coverage as they only required the coverage around RM 5,000 to RM 10,000. Those who afforded to contribute at RM 41-RM 50 per month have expectation for coverage within RM 50,000 to RM 100,000. Based on previous findings, this number is within the capacity of takaful operator. Finally, those who are willing to contribute RM 51-RM 100 have expectation around RM 40,000-RM 50,000 coverage.

Objective six is related to suitable distribution channel of micro-takaful product for Malaysian B40. This study found that B40s prefers to subscribe protection plan offered by takaful company compared to the plan provided by the insurance company. Regardless of the amount of monthly contributions or protection coverage, majority of the respondents prefer to subscribe their micro takaful protection directly from takaful company.

Providing suitable takaful plan with affordable pricing, and satisfactory values (in terms of good value, accessibility), within expected coverage as well as innovative distribution channel is necessary to cater for underserved groups of B40s. B40s has some limitations in terms of income, and a limited knowledge of protection products which requires the suppliers to understand their specific needs in the products and to provide good marketing packages to increase customers' awareness. This study contributes to the takaful providers in terms of structuring their products for B40. In addition, this study proposes elements for good marketing package in terms of pricing and distribution channel for B40. This effort will accelerate the products offering for B40, in parallel with the government initiatives.

With regards to qualitative method, interview approach was used to achieve objective one and the study found that there is a gap between FWD proposal on the B40 product with Tenang Protection Scheme in term of minimum contribution and number of participants. Hence the study proposed that FWD Takaful should relook into its actuarial calculation and capacity in offering B40 product that competitive with other products in the market.

Meanwhile, by conducting documents analysis approach for objective seven of the study, the finding of this study concluded that any newly launch micro-takaful product has mostly no restriction to adhere to all the guidelines and regulations underlined. Micro-takaful provider must fully take into consideration, predominantly on the appointment and selection of an agent with some limitation on their roles, especially with attention to financial protection advice to the customers. Moreover, the list of

distribution channel suggested is without obstruction extendable to a number of social organizations to reach this underserved and insurance excluded groups in a better solution. Thus, if both sides play a significant role effectively, the objective of micro-takaful is achievable to accumulate low-income households for a good access of takaful that meets the needs of financial protection.

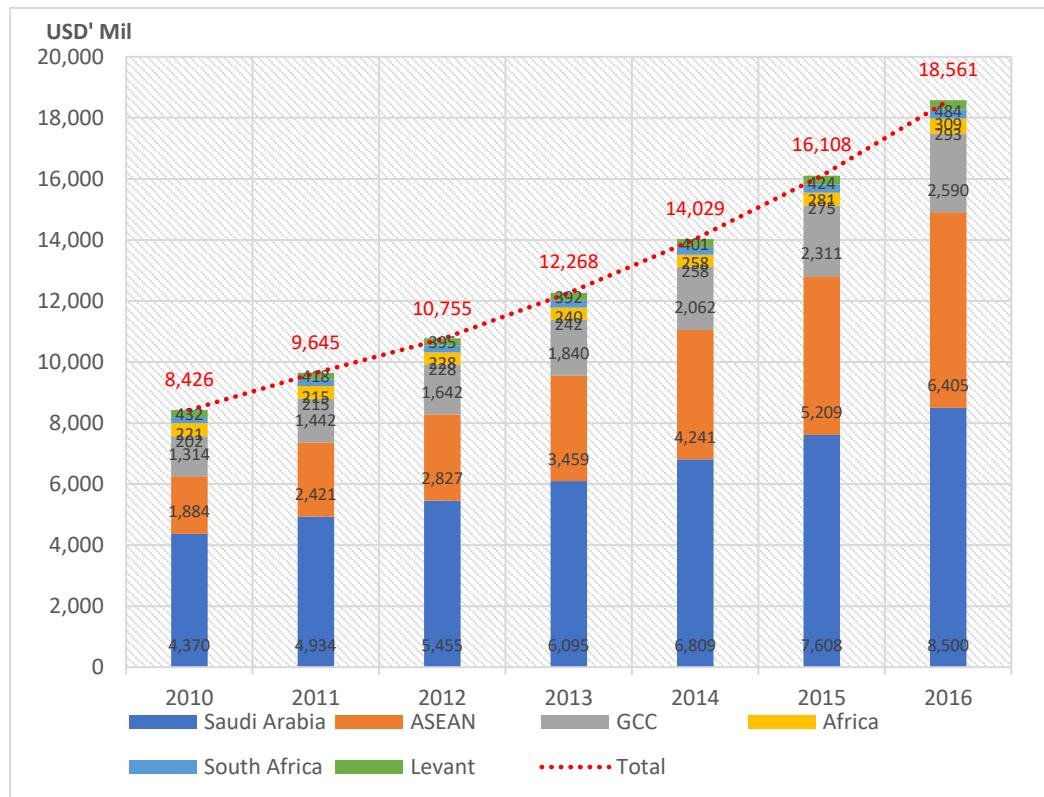
CHAPTER ONE

INTRODUCTION

1.1 Overview

Globally, takaful market has reached a value of US\$ 23.7 billion in 2019. The market is further projected to reach US\$ 48.1 billion by 2025. Global Islamic Finance Report (2016) segmented the takaful market into six regions: Saudi Arabia, Association of Southeast Asian Nations (ASEAN), Gulf Cooperation Council (GCC), Africa, South Africa, and Levant countries. However, takaful has seen much of its growth in countries with high Muslim populations including Saudi Arabia, Malaysia, Egypt, Bangladesh, Pakistan and Indonesia. As of 2014, there were 215 takaful companies and 96 takaful windows worldwide. Figure 1 illustrates the global gross takaful contributions by six regions. It can be observed that Saudi Arabia, ASEAN and GCC countries contribute more than 70% of gross takaful contributions every year since 2010.

Figure 1.1: Global Gross Takaful Contributions by Region (2010 – 2016) Source: Global Islamic Finance



Report, 2016

1.2 Global Landscape of Micro-insurance and Micro-takaful

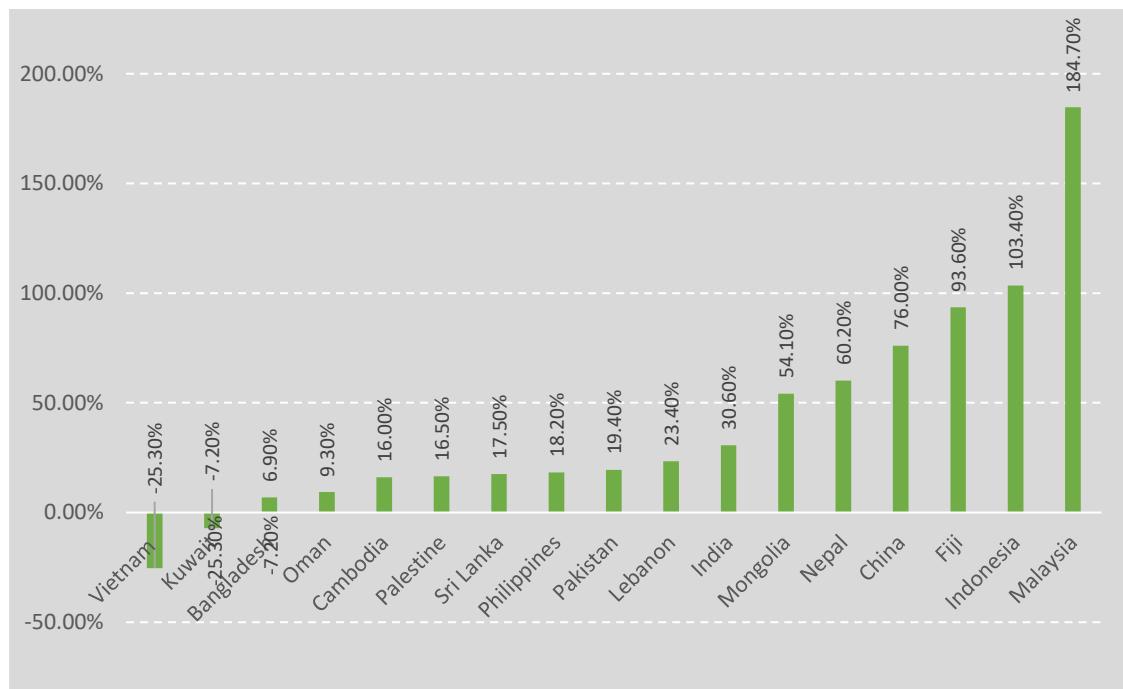
Micro-takaful can be defined as takaful protection designed for the low-income market, such as farmers, blue collar workers, and small traders. In other words, micro-takaful must have unique product features in line with the needs of the target market such as cost effective, affordable, accessible, understandable, and simple purchase and claim procedure (Lin, 2018). Micro-takaful scheme has begun in Lebanon by the Lebanon Agricultural Mutual Fund in 1997. It provides health insurance coverage and meets costs that are not covered by the Government Social Security Fund, which usually covers 85 percent of hospital fees. The fund covers more than 5,000 families (23,000 beneficiaries) with contributions of \$10 per month (Global Islamic Finance Report, 2016).

Table 1.1: Micro-takaful / Micro-insurance in Various Countries

Country	Takaful/ Insurance Provider Types	
Bangladesh	Prime Islamic Life of Bangladesh	<ul style="list-style-type: none"> ▪ Offers double the sum assured on death ▪ Contributes towards memorial service costs ▪ Provides the candidate a monthly income of \$7-14 for a term of one year.
	Shiekan Insurance and Reinsurance	<ul style="list-style-type: none"> ▪ Offers micro-takaful products to cover household credit insurance, family takaful, material harm and domesticated animals, fire and theft and agribusiness.
Indonesia	PT Ansuransi Allianz	<ul style="list-style-type: none"> ▪ "AlliSya Credit Life" ▪ Covers indebted individuals of pawned gold, from one of their bank accomplices. The assurance given to the indebted person is as long as four-month's inclusion, in accordance with the residency of the credit.
	Joint effort: Ansurasi Takaful Keluarga, Takmin Working Group and Shariah Micro fund organizations	<ul style="list-style-type: none"> ▪ Takaful Micro Sakina. ▪ It is a Shariah-agreeable credit insurance product offered to free the customer's structure obligation on account of death.
Indonesia	PT Ansuransi Takaful Keluarga (ATK), Indonesia, teamed up with National Alm Board	<ul style="list-style-type: none"> ▪ Offers a micro-takaful plan extraordinarily intended for Alm beneficiaries. The members income about \$5 and \$530 is given on death from normal causes.
Indonesia	PT Al Amin, (Life)	<ul style="list-style-type: none"> ▪ Offers an education micro-takaful product.
Indonesia	PT Amnah Githa (Life)	<ul style="list-style-type: none"> ▪ In partnership with ASyKi and the Sidogiri Group of Islamic cooperative, offers life and PA micro-takaful
Sri Lanka	Amana Takaful	<ul style="list-style-type: none"> ▪ Partnership of Muslim Aid's microfinance programmed ▪ Provides affordable coverage for credit life, hospitalization and medical charges. ▪ Provides death and disability covers. ▪ Premiums as low as 0.20 USD per month.

1.3 Macro Takaful in Malaysian Market

The micro-insurance and micro-takaful market in Malaysia are currently at a nascent stage of development. However, Malaysia is leading in terms of micro-insurance coverage (See Figure 1.2). Malaysia has recorded 184.7% compound annual growth rate of micro-insurance coverage between 2010 and 2012. This implies a serious effort of the Malaysia government to help and protect low-income house groups. As an evidence, the insurance and takaful industry had put endless efforts by introducing several innovative and cost-effective protection plans for low-income individuals, business asset, liability, theft, fire, and other coverage of risks (See Table 1.1).

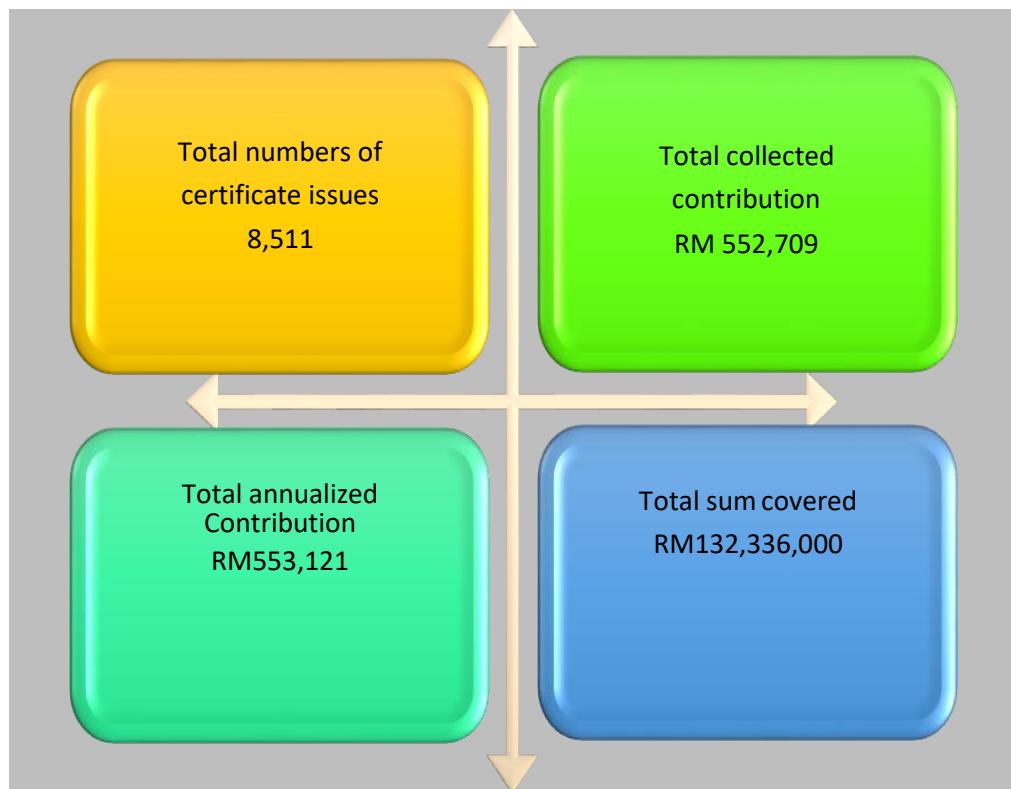


Sources: Munich Re Foundation, Report on The Landscape of Micro-insurance in Asia and Oceania 2013

Figure 1.2: Micro-insurance Coverage Compound Annual Growth Rate by Asian Country (2010 -2012)

On 24 November 2017, the Bank Negara Malaysia (BNM) officially launched ‘Perlindungan Tenang’ protection scheme. It is a collaborative effort between the central bank, the Life Insurance Association of Malaysia (LIAM), Malaysian Takaful Association (MTA) and General Insurance Association of Malaysia (PIAM). The product is formulated to meet the demand of the low-income household segment and also solution for the general public who are not currently covered by any insurance or takaful protection. The initiative aims to stimulate insurers and takaful operators to offer

products that meet five parameters: (1) affordable pricing; (2) provides good value; (3) widely accessible; (4) easy to understand; and (5) easy to purchase and claim (Lin, 2018). As presented in figure 4, the total accumulated certificates issued since its establishment until 2018 was 8,511 with total sum covered RM 132,336,000. The number shows that more people are becoming aware of low-income protection products available in the market.



Source: Malaysian Takaful Association, 2018

Figure 1.3: Statistics of Pertindungan Tenang Scheme 2018

Table 1.2: Micro-takaful/Micro-insurance in Malaysia

Takaful Provider	Product offered	Features
Prudential BSN	Micro-takaful Jariyah Programme	<ul style="list-style-type: none"> • Free 12-month family takaful coverage for selected and eligible low-income households (B40).
AIA Public Takaful	AIA i-Starter Plan (<i>Skim Perlindungan Tenang</i>)	<ul style="list-style-type: none"> • Entry age: 16-55 years old • Sum covered: RM 10K – RM 30K • Contribution: min RM 33/ year (depend on age/gender)
Allianz	Allianz Kasih hayat (<i>Skim Perlindungan Tenang</i>)	<ul style="list-style-type: none"> • Sum covered: RM 10K & RM 20K • Contribution: min RM 38/year
Allianz	BIMA Life (<i>Skim Perlindungan Tenang</i>)	<ul style="list-style-type: none"> • Sum covered: RM 20K, RM 40K, RM 60K & RM 100K • Contribution: min RM 5.30/month
Great Eastern	Easy Care Plus (<i>Skim Perlindungan Tenang</i>)	<ul style="list-style-type: none"> • Sum covered: RM 15K & RM 40K (depend on age) • Contribution: min RM 10/month
Hong Leong Assurance	Life Protector (<i>Skim Perlindungan Tenang</i>)	<ul style="list-style-type: none"> • Sum covered: RM 20K • Contribution: RM 60/year
Prudential BSN	PruBSN Lindungi (<i>Skim Perlindungan Tenang</i>)	<ul style="list-style-type: none"> • Entry age: 19 - 60 years old • Sum covered: RM 20K - RM 30K • Contribution: min RM 50/year (depend on age /gender/health status/occupation)
Sun Life Malaysia	GOLIFE (<i>Skim Perlindungan Tenang</i>)	<ul style="list-style-type: none"> • Sum covered: RM 18K – RM 76K • Contribution: min RM 60/year (depend on plan)
Takaful Ikhlas	AGRO Mabru-r-I (<i>Skim Perlindungan Tenang</i>)	<ul style="list-style-type: none"> • Entry age: 18 - 64 years old • Sum covered: RM 13K - RM 40K (depend on plan) • Contribution: min RM 75/year (depend on plan)
Tokio Marine Life	Tokio Marine- starter Pack (<i>Skim Perlindungan Tenang</i>)	<ul style="list-style-type: none"> • Sum covered: RM 10K – RM 15K • Contribution: min RM 6/month (depend on plan)
Malaysia government	My Salam	<ul style="list-style-type: none"> • Free takaful assistance scheme by the government which provides takaful protection for eligible individuals

1.4 Research Objectives

The study aims to explore the following objectives:

The study aims to explore the following objectives:

- To investigate supplier's views, desire, capacity, requirement and technicality to offer microtakaful product.
- To investigate potential participant's views, desire, requirement to participate

in family microtakaful product.

- iii. To investigate the coverages that suit B40s' needs.
- iv. To analyze rules and regulations on family microtakaful product development and implementation.
- v. To analyze suitable pricing for suitable family microtakaful product for B40.
- vi. To determine suitable distribution channel of family microtakaful product for Malaysian B40.

1.5 Research Methodology

The study applied mixed method approach, namely qualitative and quantitative integration techniques. Qualitative approach employed in this study comprises interview and content analysis to achieve all the objectives from different sources of data. Content analysis was done to achieve the introductory objective and the sixth objective by analyzing reports, guidelines and literatures. As for objective one, the study had conducted an interview with product development and actuarial team of a takaful operator (TO). For objective two to five, they are subject mainly to quantitative approach to gather responses from respondents, qualitative approach was employed to support qualitative finding using focus group discussion (FGD). The summary of the methods used and sources of data in accordance to objectives is shown in the Table 1.3.

Table 1.3: Summary of the Methods Used and Sources of Data Based on Objectives in This Study

Objectives	Method Used	Source of data
1. To investigate supplier's views, desire, capacity, requirement and technicality to offer micro-takaful product.	Content analysis	Interview with Takaful operator
2. To investigate potential participant's views, desire, requirement to participate in micro-takaful product.	Descriptive analysis, cross-tabulation and Content Analysis	Survey and FGD
3. To investigate the coverages that suit B40s' needs.	Descriptive analysis, cross-tabulation and Content Analysis	Survey and FGD
4. To analyse suitable pricing for family micro-takaful product for B40.	Descriptive analysis, cross-tabulation and Content Analysis	Survey and FGD
5. To determine suitable distribution channel of micro-takaful product for Malaysian B40.	Descriptive analysis, cross-tabulation and Content Analysis	Survey and FGD
6. To analyse rules and regulations on micro-takaful product development and implementation.	Content analysis	Review current policies

There are three main research activities involved in this study, which are interview with operator, survey and FGD as summarized in Table 1.4. Interview with the takaful operator is implemented by using guided open-ended questions. The structure of the guided questions is shown in Table 1.5 and the question has been distributed through email. Meanwhile, for the survey, the respondents are B40 group of Malaysians in which their age ranges from 18 to 60. The questionnaire structure is illustrated in Table 1.6 conducted face to face and distributed to the selected respondents based on clustered sampling technique employed. Meanwhile, for the FGD, the open-ended questions structure as shown in Table 1.7 is rendered through a face to face group discussion which consists of 5 members per session. The FGD session lasted for 1 to 2 hours and some sessions have been recorded with permission and all of the feedbacks are written or jotted down by the interviewer.

Table 1.4: Summary Explanation on Interview with Operator, Survey and FGD

Interview with Operator	Survey	FGD
<ul style="list-style-type: none"> • Respondent are FWD officers • Guided open-ended questions • Email 	<ul style="list-style-type: none"> • Respondent are Malaysian B40, Age 18 to 60 years old Clustered sampling technique • Fill up structured questionnaires Face to face session • 30-45 minutes per question 	<ul style="list-style-type: none"> • Discussion face to face • 5 members per session • 1 to 2 hours • Guided open-ended questions • Recorded

Table 1.5: Structure of the Open-Ended Questions for Interview

Structure of Open-ended Questions for Interview
SECTION 1: View and desire SECTION
2: Pricing
SECTION 3: Capacity
SECTION 4: Requirement
SECTION 5: Technical

Table 1.6: Structure of the Survey Questionnaire

Section	Variable	Reference
A – Respondent Background	- Basic demographic - Financial background *Ratio, nominal, ordinal data	Ndurukia Zulekha, Njeru Agnes W., Waiganjo Esther (2017). Neelamegam Kerala Ram (2017)
B – Information related takaful/ insurance plan	- Experience on takaful/insurance - Health status - Desire towards takaful/insurance *Ratio, nominal, ordinal data	Firas Al-Rawashdeh. (2016) Chiew Hui Lin (2017) Wairimu Mugo Lucy & Walter Okibo (2015).
C – Knowledge on takaful/ insurance	- Knowledge related takaful/insurance to practice - Knowledge on term used in takaful *Likert scale	Martin Eling, Shailee Pradhan, Joan T. Schmit (2013)
D - Perception on takaful/ insurance	- Trust and peer effects - Religion/fatalism - Quality of service - Financial literacy - Risk aversion - Takaful/insurance adoption *Likert scale	

Table 1.7: Structure of the Open-Ended Questions for FGD

Structure of Open-ended questions for FGD
✓ Background
✓ Financial background
✓ Risk
✓ Survival
✓ Takaful/insurance
✓ Views and experience towards takaful/insurance

Sampling technique employed in this study is stratified sampling technique in which the sample stratified based on the zone and also four (4) main categories of B40, which are i. FELDA residents; ii. Fishery sector; iii. Urban B40 households; and iv. agriculture sector workers and self-employed. The target sample for this study is 2,021 respondents, however, the actual usable sample is 1,165 respondents. The details of the sampling frame and actual sample can be seen in Table 1.8. Meanwhile for FGD, this study plans to have 405 sample of FGD members. However, this study managed to have only 330 members or informants. The number of samples for survey and FGD is abundant to be analyzed and generalized.

Table 1.8: Sampling Frame and the Actual Sample for Survey

No	Zone	Sample	Collected	Analyzed
1	Northern	405	140	140
2	Central	405	125	125
3	Eastern	405	216	209
4	Southern	405	304	300
5	Sabah/Sarawak	401	396	391
	TOTAL	2021	1181	1165

Table 1.9: Sampling Frame and Actual Sample for FGD

No	Zone	Sample	Collected	Analyzed
1	Northern	75	75	75
2	Central	75	25	25
3	Eastern	75	50	50
4	Southern	75	75	75
5	Sabah/Sarawak	105	105	105
	TOTAL	405	330	330

1.6 Summary of the Chapter

This chapter discussed micro-insurance practices and current market segmentation in global market, the objectives of the study and the methodology that had been employed in this study.

CHAPTER TWO

FWD PREFERENCES ON SUITABLE TAKAFUL PRODUCT AND DISTRIBUTION CHANNEL FOR B40 IN MALAYSIA

2.1 Introduction

This chapter aims to report FWD Takaful preference on suitable takaful product for B40. Originally there are five sections in the interview with FWD Takaful regarding suitable takaful product and distribution channel for B40 in Malaysia. However, after further analysis, the responses can be grouped into nine sub topics.

2.2 FWD Responses on Suitable Takaful Product and Distribution Channel for B40 in Malaysia

The FWD preferences are as follows:

2.2.1 The View and Desire of the FWD

FWD Takaful reveals that the company has the interest to penetrate B40 market of insurance or takaful. The company targets both segments of B40 whose income is below RM 2K and above RM 2K per month. FWD Takaful is of the view that B40's is able to pay takaful or insurance monthly contribution if the amount is affordable based on their income.

2.2.2 Payment Responsibilities

The company suggests that the government should pay the contribution of the micro-takaful product by using a proportion of Bantuan Rakyat 1 Malaysia (BR1M) cash handouts to provide a higher amount of coverage upon the death of a person. FWD Takaful also opines that there should not be any other parties to be held liable to pay takaful or insurance products on behalf of the B40 group due to their unaffordability.

2.2.3 Pricing

To understand the FWD pricing, the following is the response of FWD:

According to the company, if the monthly contribution is RM 5, the minimum number of participants subscribes to this product shall be 250,000 where the maximum cash benefit for member will be at RM 2,000. As for monthly contribution of RM10 and the minimum number of participants must reach 150,000, the maximum cash benefit for participants will be at RM 4,000. For monthly contribution of RM15, the minimum number of participants to subscribe this product is 100,000 where the maximum cash benefit for participants is RM 6,000. The table below summarized the responses.

Table 2.1 Monthly Contribution, Minimum Number of Participants and Maximum Cash Benefit

Monthly contribution in RM	Minimum number of participants	Maximum cash benefit in RM
5	250000	2000
10	150000	4000
15	100000	6000

2.2.4 Participants' Health History

The participants' health history will affect the contribution pricing amount as well as the benefit of protection. However, this may also depend on the total number of participants and the target contribution amount where higher number of participants will result in a more diversified risk. Hence, it may be plausible to do away with the health history checks. But, if the health testing examination is ignored, this may increase the overall contribution required.

2.2.5 Capacity

FWD Takaful has the capacity (capital, human resource, sales, distribution channel etc.) to offer this takaful product for the B40 group.

FWD Takaful responds on the question of 'To what extent, retakaful can support this

product in term of its underwriting capacity' by stating that its underlying capacity depends on retakaful requirement. Commonly retakaful would require a certain minimum number of participants or contribution size before they can be comfortable to support this type of product.

2.2.6 Requirements for Company to Offer the Product

FWD responded that the biggest challenge to offer micro-sized protection is usually on the fixed expenses; i.e. per certificate expenses. Therefore, it is crucial to have a certain minimum number of participants to achieve economy of scale. Other cost- reduction initiatives like going fully digital, simplified underwriting questions may also help to reduce the cost.

2.2.7 Technicalities of Product Offering

i. Material Information Required to Affect Coverage

Age, gender, smoking status, simplified health checks or underwriting questionnaire are the material information required to affect the coverage. Other factors that may also be considered is the occupational type or class.

ii. Contribution and Benefits.

With basic coverage for death, temporary and permanent disability and maybe *khairat* or funeral expenses, the amount of benefit can be procured with certain monthly contribution as shown in the Table 2.2 below:

Table 2.2: Amount of Contribution and Benefits

No.	Contribution (RM)	Benefits
1.	RM5	RM2,000
2.	RM10	RM4,000
3.	RM15	RM6,000
4.	RM20	RM8,000
5.	RM25	RM10,000
6.	RM30	RM12,000
7.	RM35	RM14,000
8.	RM40	RM16,000
9.	RM45	RM18,000
10.	RM50	RM20,000

2.2.8 Few Criteria of the Contributions and Benefits:

There are few criteria related to contributions and benefits

- a. The contribution amount would be fixed for the period of coverage.
- b. The minimum or maximum term of coverage range from 5 to 10 years
- c. The age range to be covered is from 18 to 60 years old.

The other benefits that FWD Takaful is willing to offer without increasing the premium could be explored, but should be tied up with benefits upon incidents instead of benefits payable while the person is still alive as the survival benefit will be costly.

2.2.9 Subscription Process

FWD Takaful may consider to simplify underwriting questions in the place of medical or other requirements needed to affect the coverage.

2.3 Summary of the Findings

The chapter had summarized the views of FWD regarding the suitability of takaful product and distribution channel for B40 in Malaysia as preferred. By comparing FWD proposal on the B40 product and Tenang Protection Scheme as stated in Chapter 1, the chart below explained the gap between the proposal and the existing Tenang product.

Table 2.3: Comparison - FWD and Skim Perlindungan Tenang

FWD TAKAFUL	Monthly contribution in RM	Minimum number of participants	Maximum cash benefit in RM	SKIM PERLINDUNGAN TENANG																								
	5	250,000	2,000																									
	10	150,000	4,000																									
	15	100,000	6,000																									
The contribution amount would be fixed for the period of coverage.																												
The minimum or maximum term of coverage range from 5 to 10 years																												
The age range to be covered is from 18 to 60 years old.																												
Premium should be tied up with benefits upon incidents instead of benefits payable while the person is living																												
<table border="1"> <tr> <th>Product</th> <th>Minimum contribution in RM</th> <th>Cash benefit in RM (eligibility for benefit)</th> </tr> <tr> <td>AIA i-Starter Plan</td> <td>As low as RM3.25 monthly</td> <td>RM10k/15k/20k/25k/30k (Death)</td> </tr> <tr> <td>Lindungi</td> <td>As low as RM4.17 monthly</td> <td>RM20k/30k (Death and TPD)</td> </tr> <tr> <td>Agro Mabruk-I</td> <td>Plan 1 RM6.25 Plan 2 RM11.25 Plan 3 RM16.25 Monthly</td> <td>RM13k/26k RM26k/52k RM40k/80k (Death and TPD)</td> </tr> <tr> <td>Allianz Kasih Hayat</td> <td>RM2.30 monthly</td> <td>RM10k/20k (Death)</td> </tr> <tr> <td>Tokio Marine-Starter Pack</td> <td>Plan 1 RM15 Plan 2 RM9 Plan 3 RM6 monthly</td> <td>RM50k/25k RM30k/15k RM20k/10k (Death)</td> </tr> <tr> <td>Great Eastern Easy Care Plus</td> <td>RM10 monthly</td> <td>RM40k/15k</td> </tr> <tr> <td>BIMA Life</td> <td>RM5 monthly</td> <td>RM20k (Death)</td> </tr> </table>					Product	Minimum contribution in RM	Cash benefit in RM (eligibility for benefit)	AIA i-Starter Plan	As low as RM3.25 monthly	RM10k/15k/20k/25k/30k (Death)	Lindungi	As low as RM4.17 monthly	RM20k/30k (Death and TPD)	Agro Mabruk-I	Plan 1 RM6.25 Plan 2 RM11.25 Plan 3 RM16.25 Monthly	RM13k/26k RM26k/52k RM40k/80k (Death and TPD)	Allianz Kasih Hayat	RM2.30 monthly	RM10k/20k (Death)	Tokio Marine-Starter Pack	Plan 1 RM15 Plan 2 RM9 Plan 3 RM6 monthly	RM50k/25k RM30k/15k RM20k/10k (Death)	Great Eastern Easy Care Plus	RM10 monthly	RM40k/15k	BIMA Life	RM5 monthly	RM20k (Death)
Product	Minimum contribution in RM	Cash benefit in RM (eligibility for benefit)																										
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BIMA Life	RM5 monthly	RM20k (Death)																										

Source: *Perlindungan Tenang*, (http://www.malaysiantakaful.com.my/family_takaful/perlindungan-tenang_Perlindungan_Tenang, http://www.liam.org.my/customer_zone/?c=18&ct=2)

Hence, the FWD Takaful should relook into its actuarial calculation and capacity in offering B40 product competitively in the market.

CHAPTER THREE

PROFILE OF THE SURVEY RESPONDENTS

3.1 Introduction

This section builds up the background information of the respondents where we looked at the demographics and the financial information.

3.2 Demographics

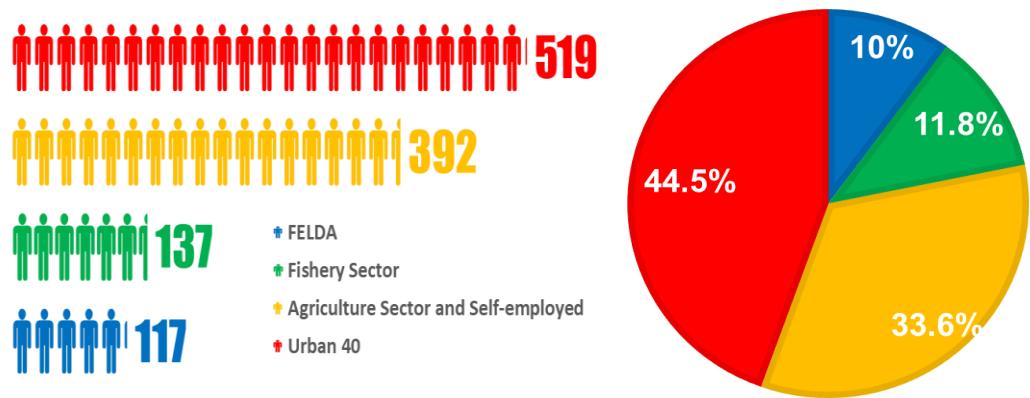


Figure 3.1: Number of Respondents from Each Sector

From Figure 3.1, there were a total of 1,165 respondents for our survey which comprise of 519 respondents from Urban B40 (44.5%), 392 from Agriculture & Self Employed (33.6%), 137 from the Fishery sector (11.8%) and 117 from FELDA which accounts to 10% of the total population.

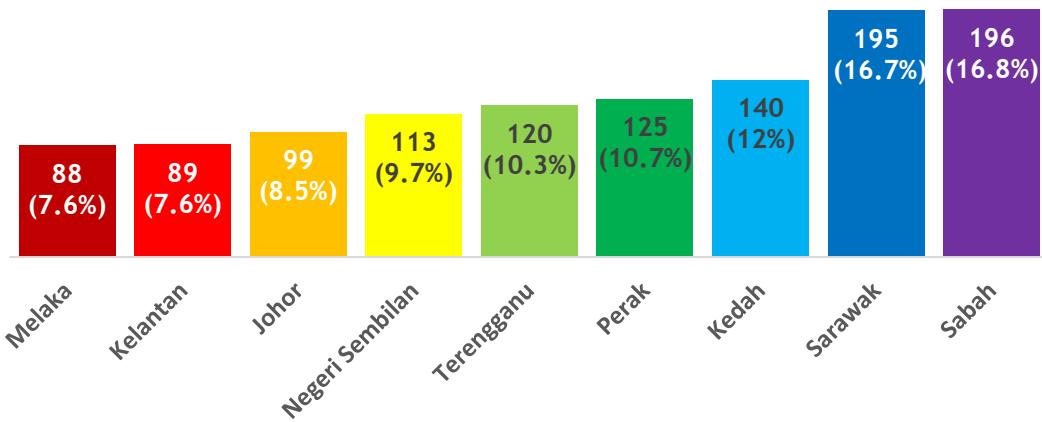


Figure 3.2: Respondents According to States

Figure 3.2 shows that most of the respondents were from the Peninsular which was 774 from the states of Melaka, Kelantan, Johor, Negeri Sembilan, Terengganu, Perak and Kedah, whilst another 391 were from Sabah and Sarawak.

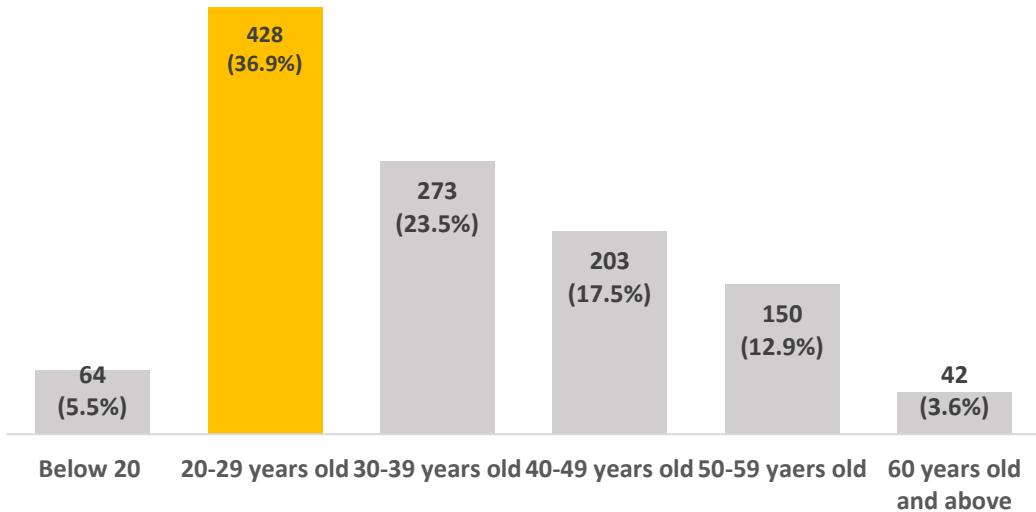


Figure 3.3: Age of Respondents

Figure 3.3 shows that most of the respondents were from the age of 20 to 59 years old which accounts to 1054 (90.8%) of the total respondents which will be the age band of the working class in Malaysia.

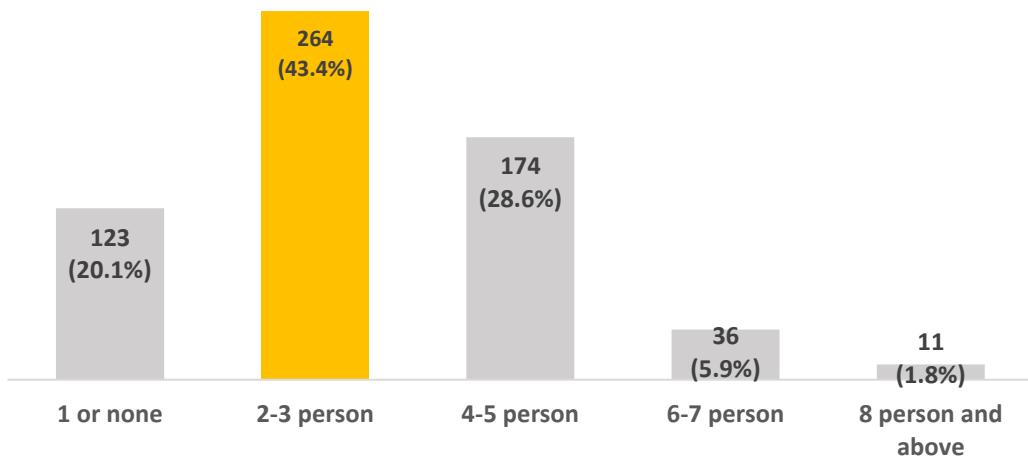


Figure 3.4: Number of Dependents

Figure 3.4 shows that most of the respondents (72%) have dependents of 2 to 5 persons. Highest being 264 (43.4%) have dependents 2 to 3 persons. The lowest group that had number of dependents that 8 persons and above only 11 (1.8%).

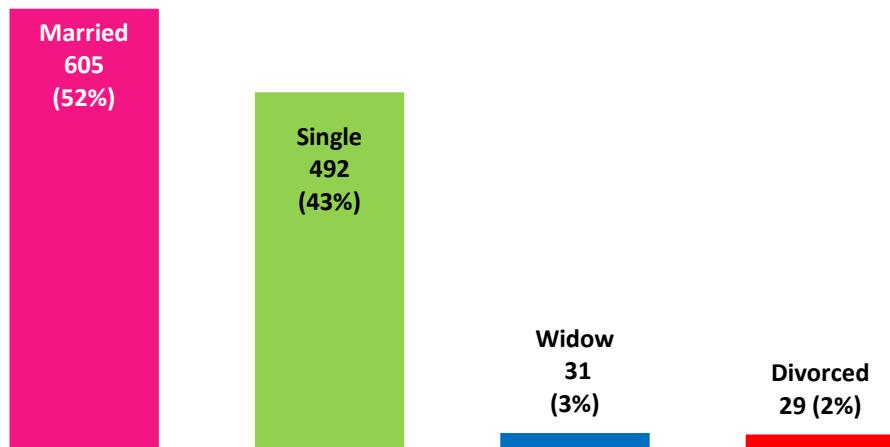


Figure 3.5: Marital Status

Figure 3.5 shows that about 52% of the respondents were married and 43% were single, whilst the rest were widows and divorcee.

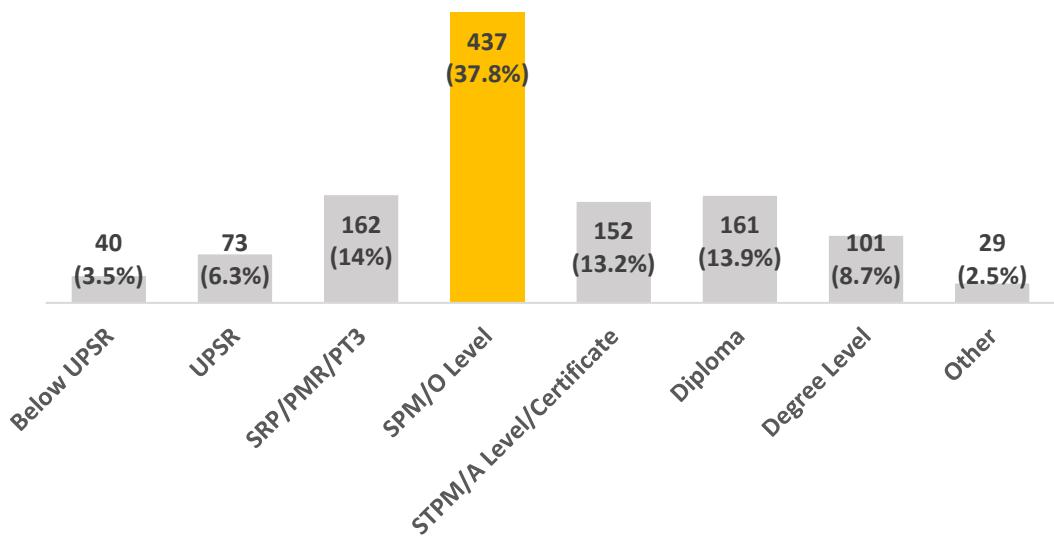


Figure 3.6: Education Level

Figure 3.6 shows that most of the respondents (74.8%) had education until SPM or certificate whilst 24.4% of them had higher education. A big part of the respondents was SPM/O Level which was 437 (37.8%), whilst for Diploma is 161 (13.9%) and Degree Level 101 (8.7%).

3.3 Financial Background

Figure 3.7 shows that 57.1% of the respondents were from private sector and self-employed. The table also shows that 119 (10.4%) worked in the government, 98 (8.5%) were students, 97 (8.4%) were housewives, 59 (5.1%) were entrepreneurs and 9 (0.8%) were retirees.

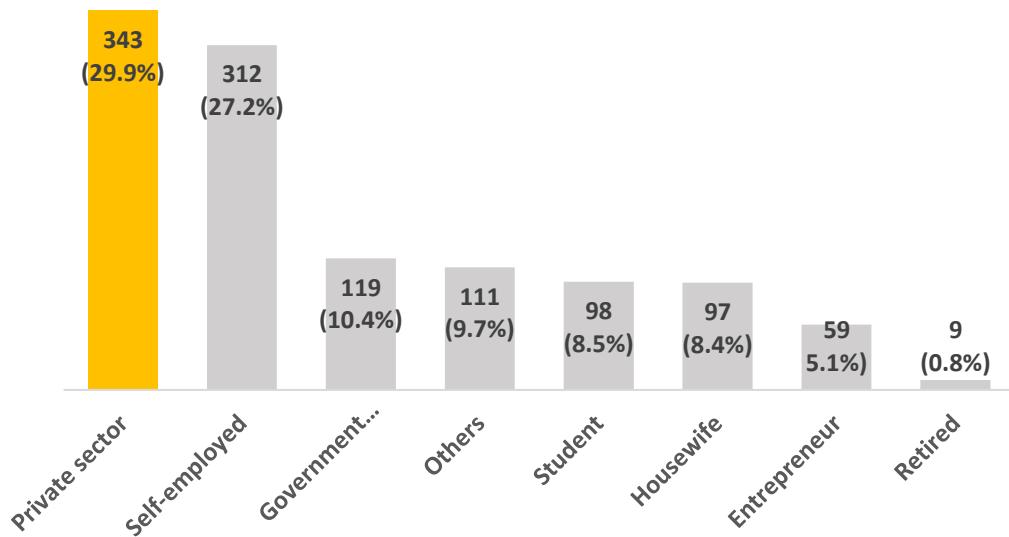


Figure 3.7: Profession

Figure 3.8 shows that 612 (60.4%) of them have monthly income of RM500 to RM1,500. The highest monthly income from RM3501 and above involves only 18 (1.8%) respondents. Besides, the lowest monthly income that is RM500 and below involves only 108 (10.7%) respondents.

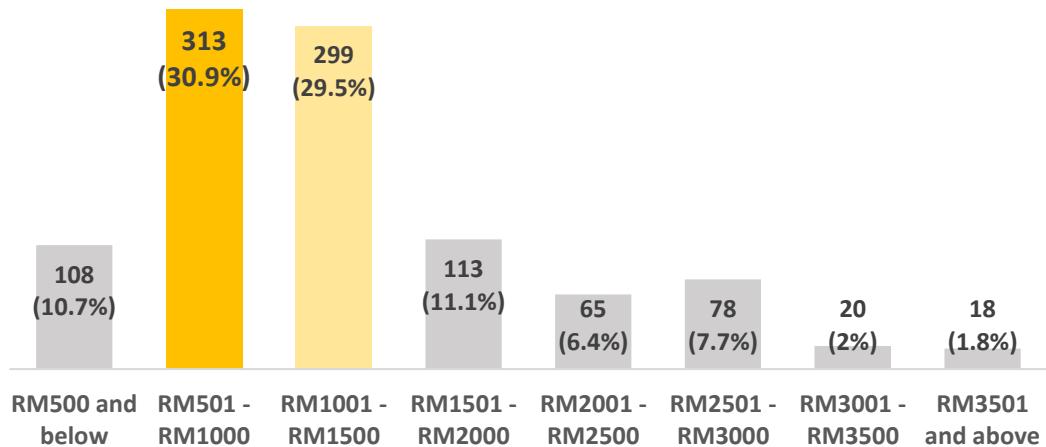


Figure 3.8: Monthly Income

Figure 3.9 shows that a large number of respondents, which is 402 (40.1%) respondents, have total expenditure per month of RM500 to RM1,000. The lowest monthly expenditure of RM500 and below were from 281 (28%) of the respondents. Whilst only 7 (0.7%) respondents have the highest monthly expenditure of RM3001 and above.

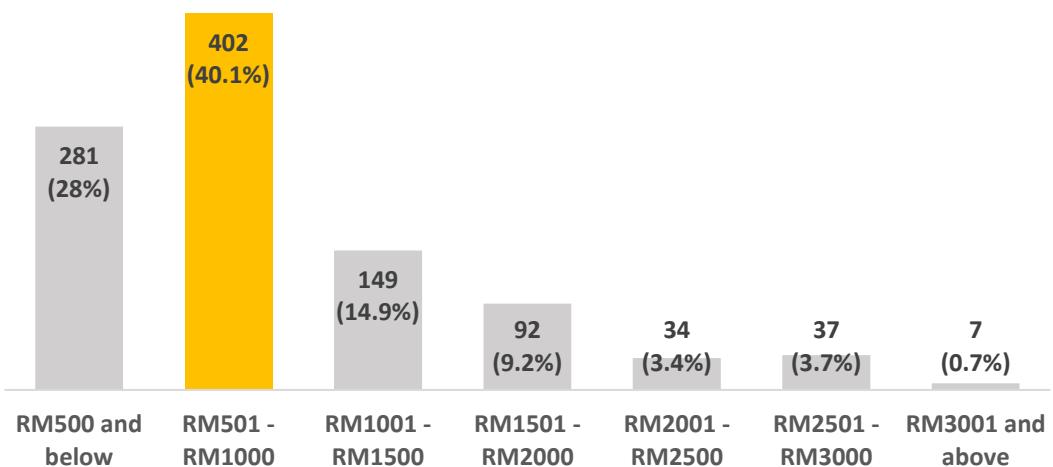


Figure 3.9: Monthly Expenditure

Figure 3.10 shows that 519 (65.4%) of respondents got their financial support from BSH/BR1M, 58(7.3%) from zakat, 26 (3.3%) from PPRT and 25 (3.2%) from Jabatan Kebajikan Masyarakat. Out of the respondents, 14 (1.8%) from NGO or foundation aids and 5 (0.6%) from aimed subsidies. 25 or 3.2% of the respondents got their financial support from others.

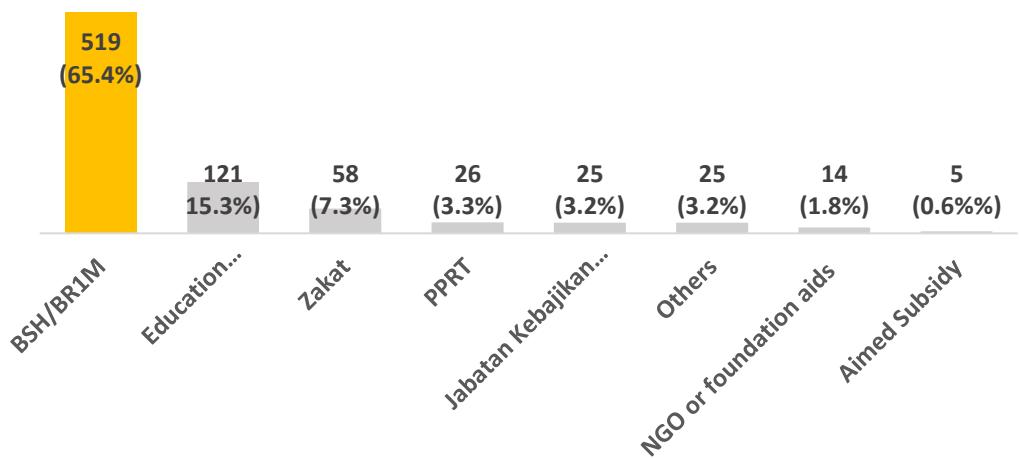


Figure 3.10: Financial Support

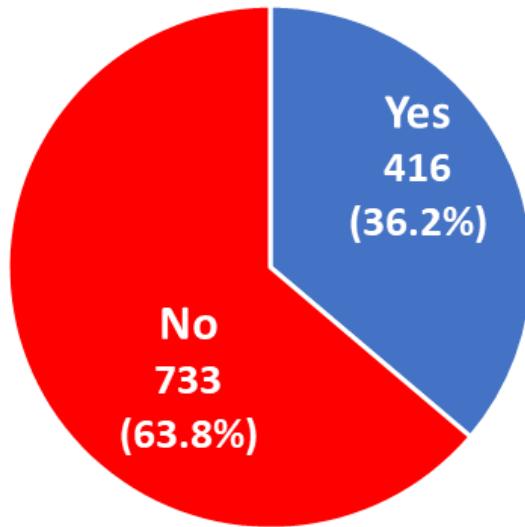


Figure 3.11: Borrowings

From the survey of borrowings number of respondents, 416 (36.2%) has had a commitment to various sources of financing. It is shows that 145 (30%) from Banking Institution. Legal institution which from AIM/TEKUN 58 (12%), Mortgage/AR-Rahnu 37 (7.6%), Licensed money 34 (7%) and Union/COOP 22 (4.5%) from the total number of respondents. Loan shark have a number of 3 (0.6%) respondents.

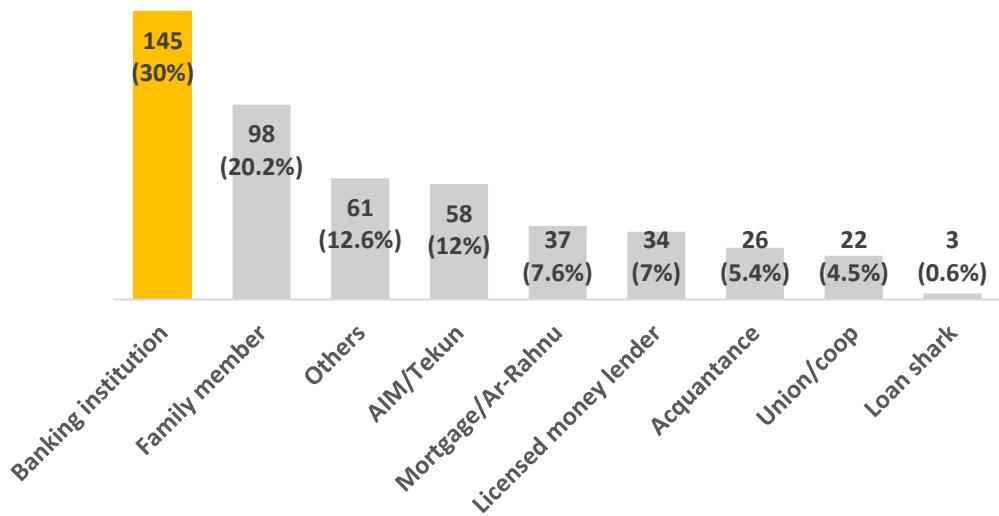


Figure 3.12: Sources of Financing

Figure 3.13 shows that most of the respondents which is 63 (22.6%) have outstanding loans of RM1000 to RM5000. The second highest, was 54 (19.4%) have outstanding loans of RM10,000 to RM30,000. Whilst 49 (17.6%) have the lowest outstanding loans of RM1000 and below, only 8 (2.9%) have the highest outstanding loans of RM200,001

and above.

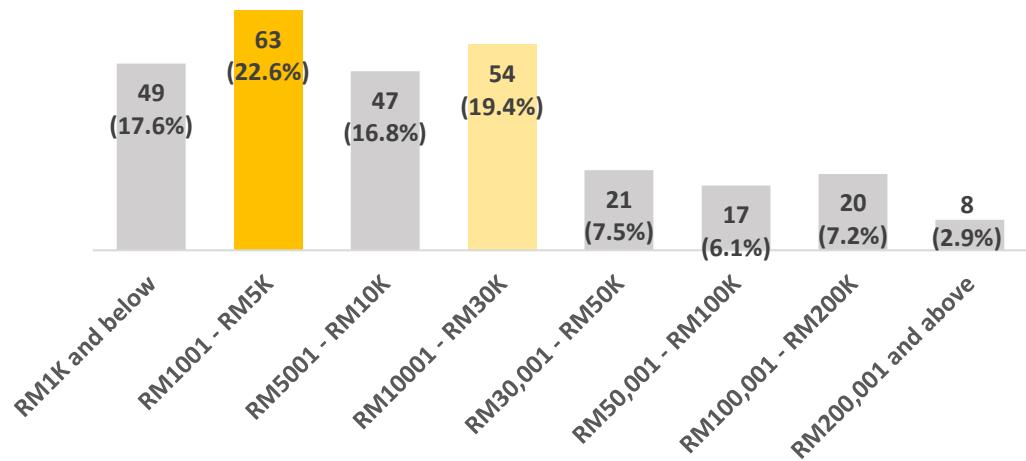


Figure 3.13: Outstanding Loans

Figure 3.14 shows that education was the main reason for taking loans for 123 (21.7%) respondents. Other reasons daily use for 120 (21.1%), Asset/Vehicle purchase for 92 (16.2%), Debt Repayment for 69 (12.1%), Business Capital for 65 (11.4%), House purchasing for 59 (10.4%) and Medical for 19 (3.3%). While 21 (3.7%) of the respondents stated other reasons for taking loans.

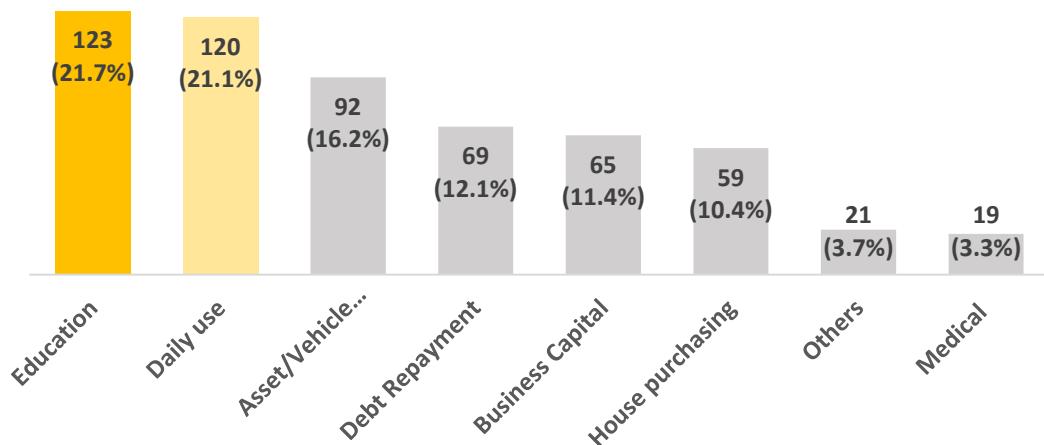


Figure 3.14: Loan Purposes

Figure 3.15 shows that a large number of respondents of 123 (42.6%) have monthly

commitment of RM500 and below. Only 3 (1%) of respondents have monthly commitments of RM3001 and above.

Apart from income, most of them (65.4%) had financial support from BR1M or BSH and surprisingly, only 36.2% of the respondents had actually borrowed and most of them does not have loans. Almost all loans were made from licensed financial institutions, family and acquaintances and only about 0.6% were made from loan sharks. From those who took loans, about 76.4% had outstanding loans from RM1,000 to RM30,000. The loans were taken due to education (21.7%), medical (3.3%) whilst others were for personal reasons. Their monthly commitment for the loan taken was mostly less than RM1,000.

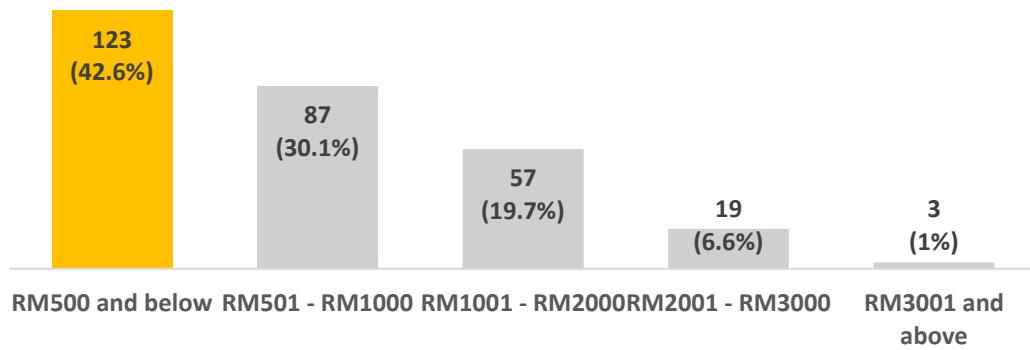


Figure 3.15: Monthly Commitment

3.4 Protection Preference

Figure 3.16 shows that out of the total respondents only 30.4% have procured insurance or takaful product. This shows that there is still a large market of 69.6% to be penetrated.

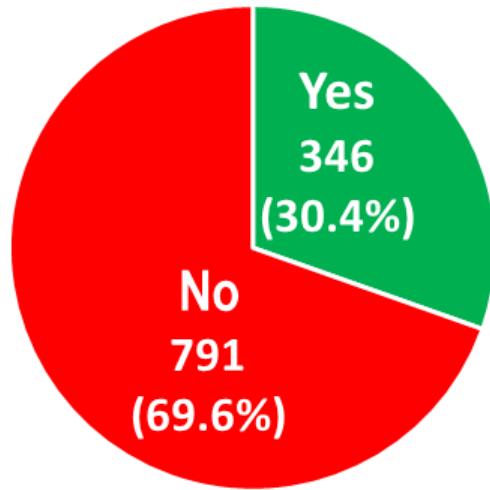


Figure 3.16: Protection Subscription

Figure 3.17 shows that a big proportion of the respondents purchased protection plans like 25.8% for accident, 23.2% for Life product, 21.2% for medical product, 16.4% for funeral expenses only. Whilst, 11.7% purchased other family products and 1.8% purchased other than family products.

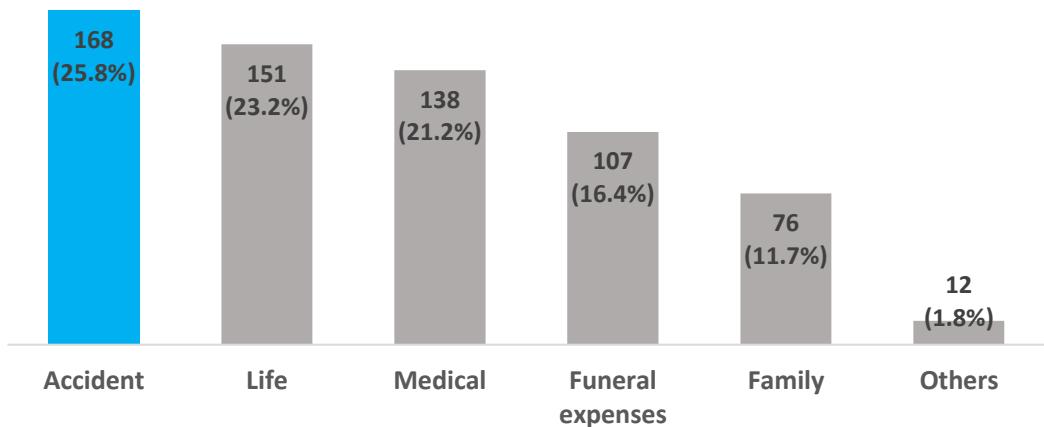


Figure 3.17: Current Protection Plan

Figure 3.18 shows that 644 or 58.7% of the respondents express their interest to purchased takaful or insurance products. Whilst, 41.3% or 454 of them have yet compelled to purchase.

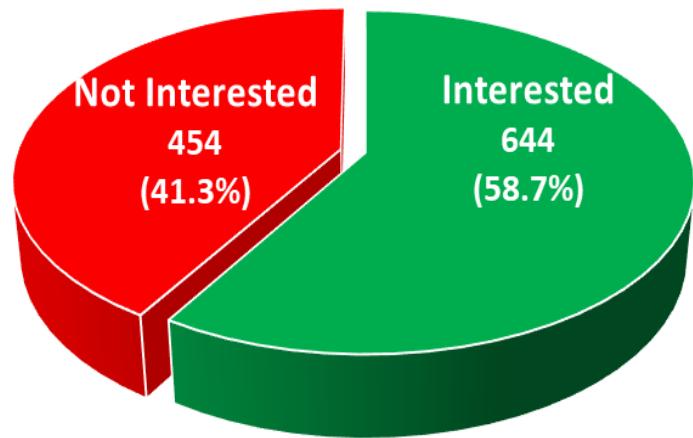


Figure 3.18: Interest to Subscribe Protection Plan

Figure 3.19 shows that most of the respondents have excellent health status where 71.4% have health status of scale 8 to 10. Only about 0.13% of the respondents have lesser health status which are from scale 1 to 3.

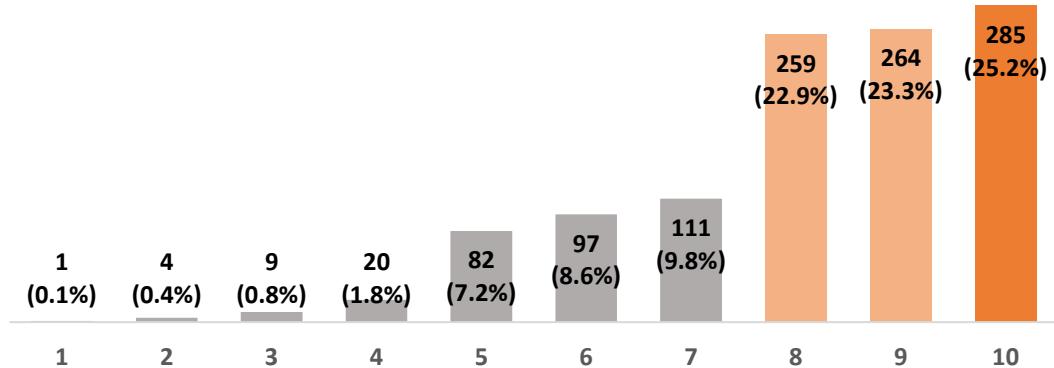


Figure 3.19: Current Health Status

Figure 3.20 shows that 65.9% of respondents can only afford to put aside RM50 or less per month to purchase insurance or takaful. Nonetheless, about 34% of the respondents were willing to put aside more than RM50 to purchase insurance or takaful.

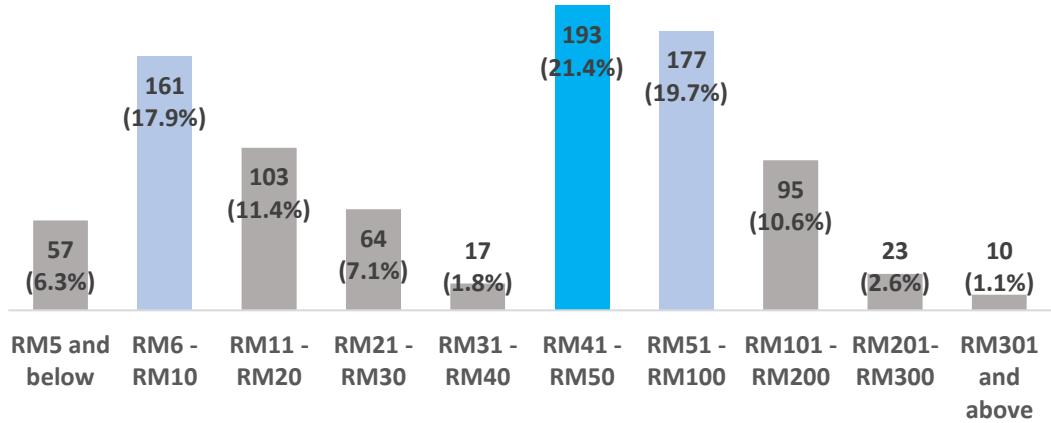


Figure 3.20: Monthly Contribution Affordability

Figure 3.21 shows that 174 (20.2%) of respondents would expect coverage of up to RM10,000 for the money they are willing to set aside for protection. The second highest of 139 (16.2%) for coverage of RM1000 and below. Another 136 (15.8%) of respondents would expect coverage of up to RM100,000.

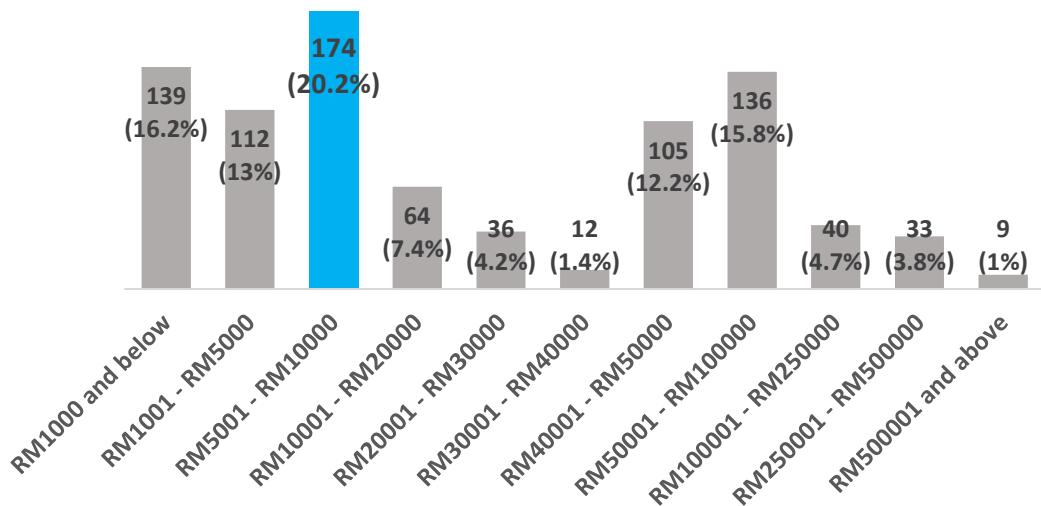


Figure 3.21: Expected Coverage

Figure 3.22 shows that 531 (50%) of the respondents prefer to pay premium by monthly contribution and 262 (25%) prefer to pay annually. While other prefer to pay by quarterly or semi-annually.

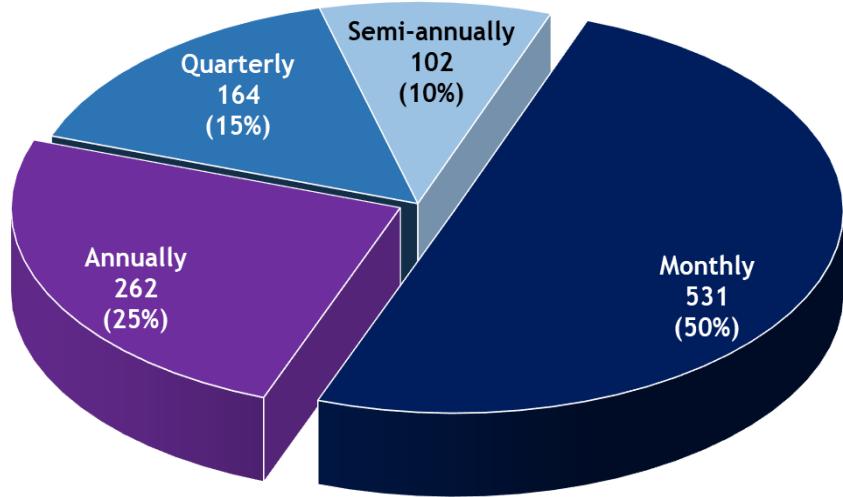


Figure 3.22: Preferred Frequency of Contribution

Figure 3.23 shows that 392 (35.6%) of respondents put the death of breadwinner as the highest-ranking risk. Permanent disablement in the second ranking and critical diseases as the third ranking. Accident and disaster on the 4th and 5th respectively.

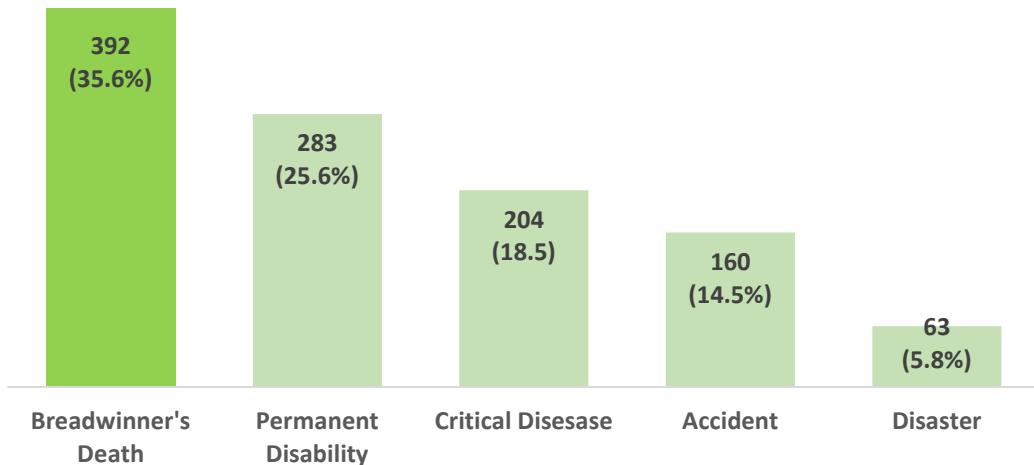


Figure 3.23: Risk Ranking

Figure 3.24 shows the ranking of protection plan that the respondents are looking for where personal accident as the highest, family protection as the 2nd, health protection as the 3rd, education as the 4th and asset protection as the 5th.

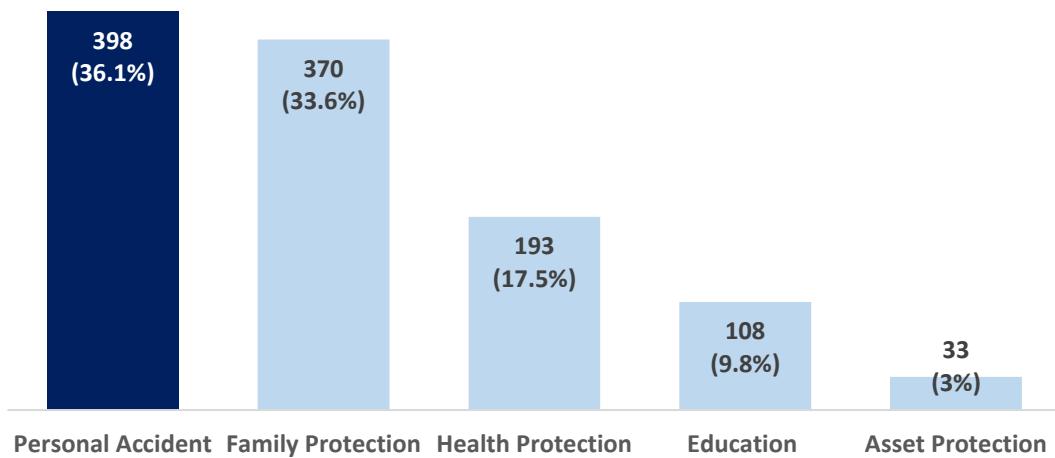


Figure 3.24: Protection Plan Ranking

Figure 3.25 shows the ranking of the preferred product subscription channel where the takaful or insurance operator's branch as the most preferred, 2nd for Online, post office as the 3rd and banks as the 4th. The least preferred were the local committee, association and others.

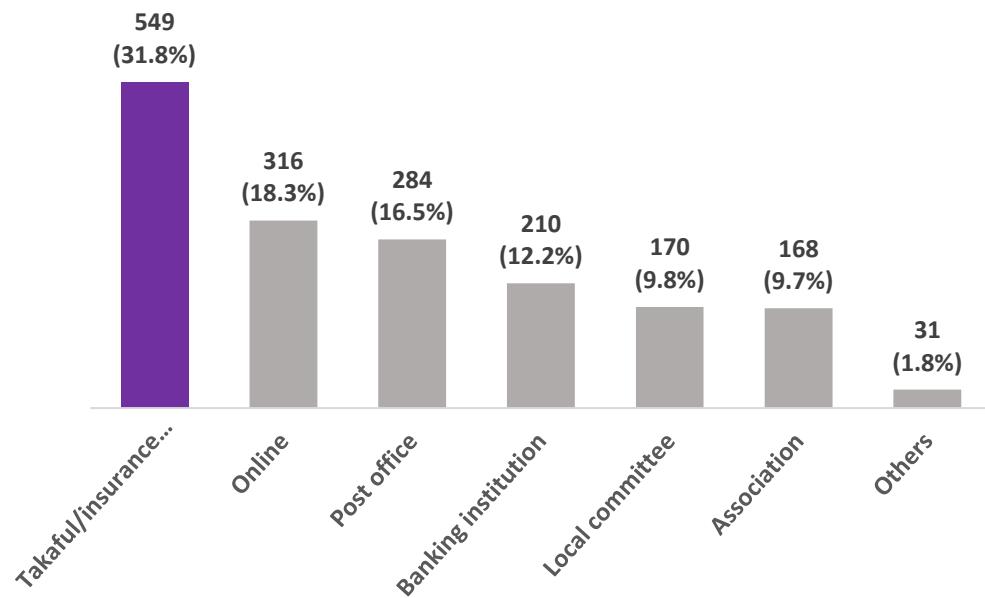


Figure 3.25: Product Subscription Channel

Figure 3.26 shows that the most preferred contribution payment channel is online, post office at 2nd, takaful or insurance branch as 3rd and banks as 4th. The most least preferred are association, local committee and others.

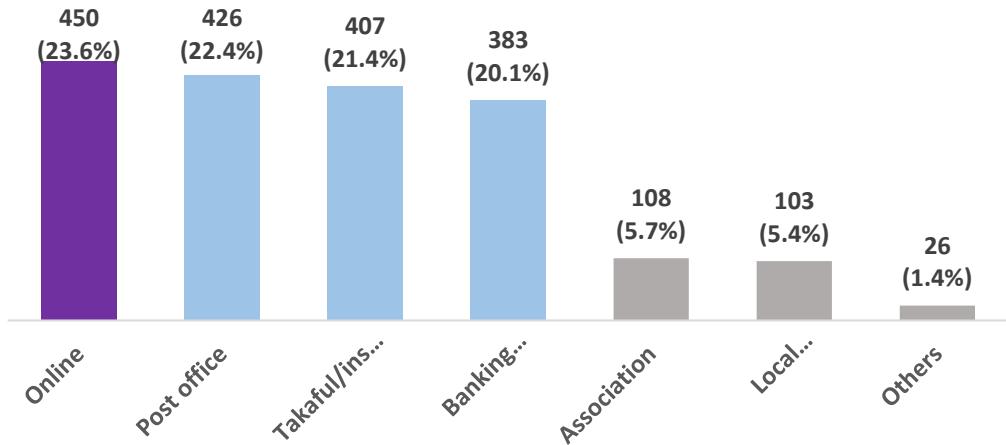


Figure 3.26: Contribution Payment Channel

Figure 3.27 shows the most preferred benefits or claims payment channel is from takaful or insurance branch, banks at 2nd, online at 3rd and post office at 4th. The most least channel are local committee, association and others.

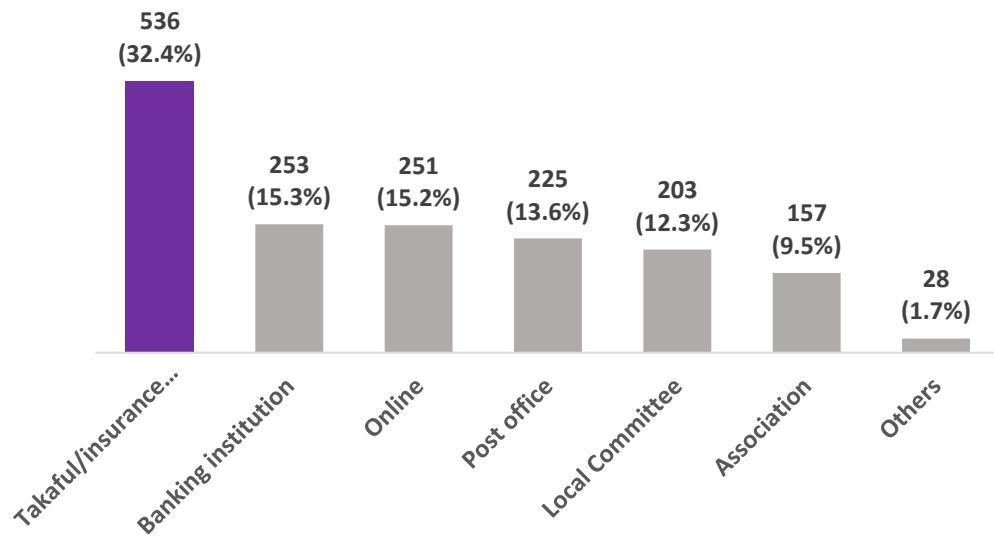


Figure 3.27: Benefits Claims Payment Channel

Figure 3.28 shows that the most preferred mode of benefit is cash at 87%, whilst, property replacement at 2nd and other types of facility at 3rd.

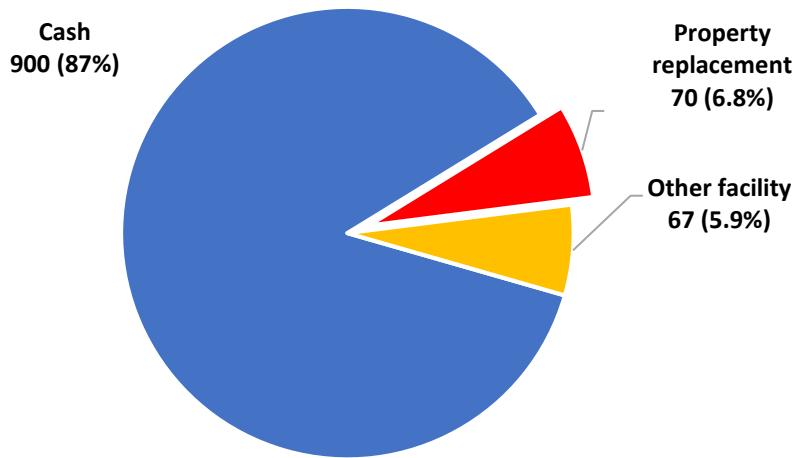


Figure 3.28: Preferred Benefit

3.5 Summary of the Findings

Only 30.4% of the respondents had takaful or insurance protection and the types of protection mostly procured were accident (25.8%), life (23.2%), medical (21.2%) and funeral expenses (16.4%). Out of the total respondents (58.7%) were interested to procure takaful or insurance protection. About 71.4% of the respondents were in excellent health condition.

65.9% of the respondents were willing to put aside RM50 and below as monthly contribution for takaful or insurance protection and 56.8% of the respondents were looking for coverage of at least up to RM20,000. 75% of the respondents would prefer to pay their contribution monthly or annually.

From the survey, the risks that they were very concerned were breadwinner's death (35.6%) and permanent disability (25.6%), and this corresponds to the type of protection needed which were personal accident (36.1%) and family protection (33.6%).

In terms of preferred channels for subscription, contribution payment and claim payment, most of the respondents prefers to use the provider's branch office, post office and also online transactions. Regardless of the type of claims, about 87% of the

respondents would prefer to receive their claims payment by cash.

CHAPTER FOUR

ANALYSIS ON THE DESIRE AND SUBSCRIPTION OF TAKAFUL OR INSURANCE AMONG B40

4.1 Introduction

This section examines the desire and subscription of takaful or insurance for B40 group as their protection plans based on their demographic backgrounds. Desire refers to respondent preferences of protection plan whether they opt for takaful or insurance. Meanwhile subscription refers to whether they have intention to subscribe takaful and insurance.

4.2 Analysis of Desire

Analysis of desire investigates the preferences of respondents in choosing takaful or insurance. This reflects their understanding, perception and awareness on takaful and insurance whether the former is indifferent with the later. For this trait, respondents are given questions whether they a) prefer takaful, b) prefer insurance or c) either – possibility to choose takaful or insurance.

4.2.1 Distribution of Desire by Gender

Table 4.1 shows the distribution of desire and gender of respondents. Majority of them (men 59% and women 57%) prefer takaful compare to insurance. The similar pattern is also found for total distribution where in average 58% (647 out of 1124 respondents) choose takaful as their protection plan.

Table 4.1: Distribution of Desire by Gender

	Takaful	Insurance	Either	Total
Men	324 (59%)	41	191	556
Women	323 (57%)	59	186	568
Total	647 (58%)	100	377	1124

4.2.2 Distribution of Desire by Marital Status

Table 4.2 shows the distribution of desire and marital status of respondents. The results indicate that single, married and widowed prefer to subscribe takaful compare to insurance. On average, 50% to 63% respondents from these categories prefer takaful. Although there are 56% respondents from divorced category choose insurance, but the number is small and insignificant which only represented 15 out of 27 respondents.

Table 4.2: Distribution of Desire by Marital Status

	Takaful	Insurance	Either	Total
Single	257 (54%)	49	174	480
Married	365 (63%)	44	174	583
Divorce	9	3	15 (56%)	27
Widowed	15 (50%)	3	12	30
	646 (58%)	99	375	1120

4.2.3 Distribution of Desire by Age

Table 4.3 shows the distribution of desire and age of respondents which majority of them (48% to 65%) prefer takaful except for respondent from age 60 and above. Respondent from this category (21 respondents which represent 51% of respondents) opt to choose takaful or insurance (either) but the number is small and insignificant. Hence, the results indicate that majority of respondent for various age levels prefer takaful compare to insurance and this is reflected in the higher percentage (645 out of 1122 respondents) that choose takaful.

Table 4.3: Distribution of Desire by Age

Age	Takaful	Insurance	Either	Total
Below 20 years	51 (48%)	9	47	107
20-29 years	205 (56%)	41	124	369
30-39 years	162 (61%)	24	79	265
40-49 years	115 (59%)	14	66	195
50-59 years	94 (65%)	9	42	145
60 and above	18	2	21	41
Total	645 (58%)	99	378	1122

4.2.4 Distribution of Desire by Number of Dependent

Table 4.4 highlights the distribution of desire and number of dependents. Regardless of number of dependents, all groups show the tendency to choose takaful as their protection plan. The similar trend is also reported for total distribution, where 61% (354 out of 583 respondents) have intention to purchase takaful compared to insurance.

Table 4.4 : Distribution of Desire by Number of Dependent

	Takaful	Insurance	Either	Total
1 or None	73 (62%)	8	36	117
2-3 persons	151 (60%)	24	77	252
4-5 persons	98 (57%)	13	60	171
6-7 persons	22 (69%)	0	10	32
8 persons and above	10 (91%)	0	1	11
	354 (61%)	45	184	583

4.2.5 Distribution of Desire by Education Background

Table 4.5 shows the distribution of desire and education level of respondents. Majority of respondents prefer takaful except for those with UPSR qualification and others category. But the number is insignificant where only 49% (UPSR) and 52% (others)

opt to choose takaful or insurance (either) as their protection plans and these are slightly different from those who prefer takaful in the same categories. This can be supported by the higher percentage of total distribution (644 out of 1,119 respondents) that choose takaful.

Table 4.5 : Distribution of Desire by Education Background

	Takaful	Insurance	Either	Total
Below UPSR	21 (54%)	6	12	39
UPSR	34	3	35 (49%)	72
SRP/PMR/PT3	101 (64%)	11	46	158
SPM/O Level	233 (56%)	34	147	414
STPM/A Level/Certs	82 (54%)	24	46	152
Diploma	89 (57%)	13	53	155
Bachelor	70 (70%)	9	21	100
Others	14	0	15 (52%)	29
	644 (58%)	100	375	1,119

4.2.6 Distribution of Desire by Sectors

For economic sectors, Table 4.6 shows the distribution of desire and the classification of sectors. The results indicate that fishery, agriculture, self employed, FELDA and urban B40 groups prefer takaful as their protection plan. The similar trend is reported for total distribution where 648 out of 1,127 respondents choose takaful as their preference.

Table 4.6 : Distribution of Desire by Sectors

	Takaful	Insurance	Either	Total
Fishery sector	79 (60%)	2	50	131
Agriculture and Self-Employed	184 (49%)	35	158	377
FELDA	72 (63%)	7	36	114
Urban B40	313 (62%)	56	136	505
	648	100	379	1,127

4.2.7 Distribution of Desire by Occupation

As for Table 4.7, it shows the distribution of desire and occupation of the respondents. The results show that regardless of the occupation background, on average, 48% up to 68% of the respondents across all level of occupations prefer takaful compared to insurance. For instance, 78% of government servants show the tendency to subscribe takaful plan. The trend is similar for the total distribution, where 58% (643 out of 1,114 respondents) choose takaful as their preferences.

Table 4.7: Distribution of Desire by Occupation

	Takaful	Insurance	Either	Total
Entrepreneur	32 (56%)	4	21	57
Private Sector	177 (54%)	41	108	326
Housewife/husband	57 (60%)	6	32	95
Pensioner	7 (78%)	0	2	9
Government servant	79 (68%)	8	29	116
Self-employed	170 (56%)	23	110	303
Students	46 (48%)	14	37	97
Others	75 (68%)	4	32	111
	643 (58%)	100	371	1,114

4.2.8 Distribution of Desire by Level of Income

Table 4.8 highlights the distribution of desire and level of income where the results show that regardless of level of income, the respondents prefer takaful compared to insurance. On average, 568 out of 984 respondents choose takaful as their preference for plan protection.

Table 4.8: Distribution of Desire by Level of Income

	Takaful	Insurance	Either	Total
RM500 and below	53 (49%)	9	46	108
RM501 - RM1000	185 (61%)	14	106	305
RM1001 - RM2000	219 (56%)	40	134	393
RM2001 - RM3000	85 (61%)	20	35	140
RM3001 and above	26 (69%)	2	10	38
	568 (58%)	85	331	984

4.3 Subscription of Takaful/Insurance

Subscription of takaful/insurance is another dimension of this study. Subscription refers to respondents willingness to receive something as a result of paying in advance on monthly basis the takaful/insurance as their protection plan.

4.3.1 Distribution of Subscription by Gender

Table 4.9 shows the distribution of subscription of takaful/insurance by gender of respondents. Majority of them (men 60% and women 57%) show tendency in subscribing takaful/insurance and similar trend is also found for total distribution where on average, 59% (642 from 1,095 respondents) have tendency to purchase takaful/insurance.

Table 4.9: Distribution of Subscription by Gender

	Yes	No	Total
Men	328 (60%)	215	543
Women	314 (57%)	238	552
Total	642 (59%)	453	1,095

4.3.2 Distribution of Subscription by Marital Status

Table 4.10 shows the distribution of takaful/insurance subscription by marital status of respondents. The results indicate that single and married have tendency to subscribe takaful/insurance meanwhile, contradicting results are found for divorced and widowed. On average, 73% (divorced) and 51% (widowed) show no intention to subscribe takaful/insurance. However, the sample of divorced and widowed are small (26 and 29) compared to overall number of respondents (1,090).

Table 4.10: Distribution of Subscription by Marital Status

	Yes	No	Total
Single	294 (64%)	163	457
Married	324(56%)	254	578
Divorce	7	19 (73%)	26
Widowed	14	15 (51%)	29
	639 (59%)	451	1,090

4.3.3 Distribution of Subscription by Age

Table 4.11 shows the distribution of subscription of takaful/insurance by age of respondents. The results indicate that majority of respondents have intention to subscribe takaful/insurance except for respondents older than 60 years. The similar trend is found in total distribution where 59% (641 out of 1,094 respondents) intend to subscribe takaful/insurance.

Table 4.11: Distribution of Subscription by Age

Age	Yes	No	Total
Below 20 years	70 (72%)	27	97
20-29 years	232 (64%)	129	361
30-39 years	139 (54%)	121	260
40-49 years	102 (53%)	89	191
50-59 years	83 (58%)	61	144
60 and above	15	26 (63%)	41
Total	641 (59%)	453	1,094

4.3.4 Distribution of Subscription by Number of Dependents

Table 4.12 highlights the distribution of subscription of takaful/insurance and the number of dependents. Majority of them have intention to subscribe takaful/insurance except those with dependents between 2 to 3 persons. On average, 55% of total respondents show the tendency to buy takaful/insurance.

Table 4.12 : Distribution of Subscription by Number of Dependents

	Yes	No	Total
1 or None	67 (58%)	49	116
2-3 persons	127	131 (51%)	258
4-5 persons	100 (62%)	62	162
6-7 persons	17 (53%)	15	32
8 persons and above	7 (64%)	4	11
	318 (55%)	261	579

4.3.5 Distribution of Subscription by Education Level

As for the level of education, Table 4.13 shows the distribution of subscription by classifying the respondents based on education level of achievement. Regardless of level of education, most of the respondents have intention to subscribe takaful/insurance. The similar trend is also reported in total distribution where 641 out of 1,091 respondents show the tendency to buy takaful/insurance.

Table 4.13: Distribution of Subscription by Education Level

	Yes	No	Total
Below UPSR	23 (64%)	13	36
UPSR	46 (66%)	24	70
SRP/PMR/PT3	89 (57%)	66	155
SPM/O Level	222 (55%)	177	399
STPM/A Level/Certs	90 (62%)	55	145
Diploma	92 (59%)	65	157
Bachelor	63 (62%)	38	101
Others	16 (57%)	12	28
	641	450	1,091

4.3.6 Distribution of Subscription by Economic Sector

Table 4.14 highlights the distribution of takaful/insurance subscription by economic sector. The results indicate that fishery, agriculture, self employed, FELDA and urban

B40 groups show the tendency to subscribe takaful/insurance. On average, 52% to 69% of respondents from these groups have intention to subscribe takaful/insurance.

Table 4.14: Distribution of Subscription by Economic Sector

	Yes	No	Total
Fishery sector	89 (69%)	40 (31%)	129
Agriculture and Self-employed	191(52%)	176 (48%)	367
FELDA	65 (59%)	45 (41%)	110
Urban B40	299 (61%)	194 (39%)	493
	644 (59%)	454 (41%)	1,098

4.3.7 Distribution of Subscription by Profession

Table 4.15 shows the distribution of takaful/insurance subscription by profession of respondents. On average, 51% to 74% of respondents in all categories of professions have the tendency to subscribe takaful/insurance. This is also shown in the total distribution trend where 59% (636 out of 1,082 respondents) intend to purchase takaful/insurance.

Table 4.15: Distribution of Subscription by Profession

	Yes	No	Total
Entrepreneur	31 (54%)	25	57
Private Sector	186 (57%)	138	324
Housewife/husband	51 (56%)	39	90
Pensioner	6 (66%)	3	9
Government servant	60 (51%)	57	117
Self-employed	163 (56%)	130	293
Students	63 (70%)	27	90
Others	75 (74%)	27	102
	636 (59%)	447	1,082

4.3.8 Distribution of Subscription by Income Level

Table 4.16 highlights the distribution of takaful/insurance subscription by the income level of respondents. The results indicate that regardless of the amount of income, most respondents show the tendency of subscribing the takaful/insurance. This trend is also found in the total distribution where 58% (556 out of 962 respondents) intend to purchase takaful/insurance.

Table 4.16: Distribution of Subscription by Income Level

	Yes	No	Total
RM500 and below	59 (59%)	42	101
RM501 - RM1000	180 (60%)	118	298
RM1001 - RM2000	216 (56%)	171	387
RM2001 - RM3000	82 (59%)	57	139
RM3001 and above	19 (51%)	18	37
	556 (58%)	406	962

4.4 Summary of the Findings

This chapter highlights the findings distribution of desire and subscription of takaful and insurance. The results found that in most cases, respondents choose takaful as their preferences. This does not only imply on the respondents across different areas (urban or rural), but also further along the different income level, education background and other traits. As for subscriptions, the same trend is reported where in most cases, respondents show the tendency of subscribing the takaful/insurance. Table 4.17 highlights the summary of findings based on the second objective.

Table 4.17: Summary of the Findings

Do you prefer takaful or insurance	Majority respondents prefer takaful – average 58% Gender, number of dependent, sector, profession and income: All categories Marital status: All categories (except for divorce) Age: All categories (except for 60 and above) Education: All categories (except for UPSR and others)
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Do you intend to subscribe takaful/insurance	Yes. Have intention to subscribe – average 55% to 59% Gender, education, sector, profession and income: All categories Marital status: All categories (except for divorce and widow) Age: All categories (except for 60 and above) Number of dependent: All categories (except for 2-3 persons)
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Based on the above findings, several justifications can be concluded:

- i. The tendency of selecting takaful as a preference protection plan might be resulted from the respondent's demography where majority of the respondents are from Malay/Bumiputera community.
- ii. Majority respondents prefer to subscribe takaful/insurance due to their awareness of undertaking protection plan in mitigating the risk of death and personal accident. However, this awareness should be supported by their financial commitment (affordability) and this is among the issue in B40 group that will be discussed in the next chapter.

CHAPTER FIVE

ANALYSIS ON THE COVERAGE THAT SUITS B40'S NEEDS

5.1 Introduction

This section examines the preference of takaful/insurance coverage among the respondents based on their demographic background. The demographic variables include the respondents' age, marital status, the number of children, respondent's group, academic qualification, type of qualification, income, outstanding financing, monthly commitment and preferred operator.

5.2 Distribution of Coverage Amount by Age

Table 5.1 examines the coverage and age of respondents (between less than 20 years and 60 years and above). Based on the data, majority of respondents below 20 years, 20-29, 30-39 and 60 years and above prefer the coverage between RM 5,001-RM 10,000.

Table 5.1: Distribution of Coverage Amount by Age

Ranges of Coverage	Below 20 years	20-29 years	30-39 years	40-49 years	50-59 years	60 and above	Total
Less than RM1,000	7	50	26	28 (19%)	26 (24%)	2	139
RM1,001 - RM5,000	3	36	24	26	17	5	111
RM5,001 - RM10,000	9 (24%)	76 (24%)	43 (20%)	22	17	6 (24%)	173
RM10,001 - RM20,000	2	25	15	13	6	3	64
RM20,001 - RM30,000	1	16	7	7	5	0	36
RM30,001 - RM40,000	1	3	2	2	1	3	12
RM40,001 - RM50,000	6	33	35	16	12	3	105
RM50,001 - RM100,000	5	49	37	24	18	2	135
RM100,001 - RM250,000	3	17	10	5	3	1	39
RM250,001 - RM500,000	0	14	10	6	3	0	33
RM500,001 and above	0	50	6	1	1	0	9
Total	37	320	215	150	109	25	856

The data also shows that those aged 40-49 years and 50-59 years prefer the coverage of less than RM 1,000. Based on FGD, some of the respondents highlight that they prefer the lowest coverage (less than RM 1,000) just to cover for their funeral expenses. N7, G5, R4 said:

5.3 Distribution of Coverage Amount by Marital Status

This part investigates the preference of respondents across the different marital status on various range of coverage. Table 5.2 shows that majority of respondents from those who are single (21%), and married (20%) prefer the coverage between RM 5,001-RM 10,000, while majority of the divorced (32%) choose the coverage between RM 50,000-RM 100,000.

Table 5.2: Distribution of Coverage Amount by Marital Status

Ranges of Coverage	Single	Married	Divorced	Widowed	Total
Less than RM1,000	55	78	2	2	137
RM1,001 - RM5,000	44	64	2	2	112
RM5,001 - RM10,000	73 (21%)	96 (20%)	3	2	174
RM10,001 - RM20,000	22	36	3	3	64
RM20,001 - RM30,000	16	19	1	0	36
RM30,001 - RM40,000	5	6	0	1	12
RM40,001 - RM50,000	45	54	2	4 (24%)	105
RM50,001 - RM100,000	49	78	6 (32%)	2	135
RM100,001 - RM250,000	24	15	0	1	40
RM250,001 - RM500,000	11	22	0	0	33
RM500,001 and above	2	7	0	0	9
Total	346	475	19	17	857

Findings also show that those who are divorced and widowed prefer a higher coverage compared to other groups. The reasons for the selection can be linked with their marital status as they are the main breadwinners in the family. N8, G5, R5 for example addressed:

apa. Kesian anak-

Based on this statement, they believed that having enough amount of coverage is important for their family needs if there are unfortunate events befall them.

5.4 Distribution of Coverage Amount by Numbers of Children

Findings on coverage amount and respondents across different number of children show different preferences. Data in Table 5.3 demonstrates that most of the respondents who are having 2 to 3 children (19%) and 4 to 5 children (22%) choose to have coverage value between RM 5,000 and RM 10,000. The data also shows apparent results where 50% of the respondents with eight and more children prefer a lower amount of coverage (RM 1,001-RM 5,000).

Table 5.3: Distribution of Coverage Amount by Number of Children

Ranges of Coverage	Less than 2	2-3	4-5	6-7	8 and more	Total
Less than RM1,000	15	35	24	3	0	77
RM1,001 - RM5,000	6	31	17	3	5 (50%)	62
RM5,001 - RM10,000	16	39 (19%)	29 (22%)	4	1	89
RM10,001 - RM20,000	5	15	13	2	1	36
RM20,001 - RM30,000	3	7	8	1	0	19
RM30,001 - RM40,000	1	2	3	1	0	7
RM40,001 - RM50,000	14	28	9	4	1	56
RM50,001 - RM100,000	18 (20%)	28	23	5 (21%)	1	75
RM100,001 - RM250,000	4	6	2	1	0	13
RM250,001 - RM500,000	3	11	5	0	0	19
RM500,001 and above	5	3	0	0	0	8
Total	90	205	133	24	9	461

5.5 Distribution of Coverage Amount by Respondent's Groups

Table 5.4 reports the coverage amount selected by respondents' group according to their economic and working sectors. Data shows that there is scattered responses among the respondents. Most of the respondents from the agriculture sector and self-employed, FELDA and urban B40 prefer the coverage of RM 5,001-RM 10,000. The findings

show unanticipated results, where the majority of the respondents from agriculture sector and self-employed groups choose the lowest coverage (less than RM 1,000).

Table 5.4: Distribution of Coverage Amount by respondent's groups

Ranges of Coverage	Fishery Sector	Agriculture Sector and Self-Employed	FELDA	Urban B40	Total
Less than RM1,000	17	59 (23%)	10	53	139
RM1,001 - RM5,000	18	35	7	52	112
RM5,001 - RM10,000	13	53	25 (29%)	83 (20%)	174
RM10,001 - RM20,000	7	18	8	31	64
RM20,001 - RM30,000	1	11	5	19	36
RM30,001 - RM40,000	1	2	2	7	12
RM40,001 - RM50,000	20 (21%)	31	11	43	105
RM50,001 - RM100,000	13	25	14	84 (20%)	136
RM100,001 - RM250,000	0	15	5	20	40
RM250,001 - RM500,000	6	6	0	21	33
RM500,001 and above	0	4	0	5	9
Total	96	259	87	418	860

As the comparison is made between the different demographic variables and the selection of the coverage, the findings show that most of the respondents from agriculture sector and self-employed anticipate a lower coverage, which is RM 5,001-RM 10,000 and below. This response is consistent with N10, G2, R1:

-3 kolam ikan keli. Dah

5.6 Distribution of Coverage Amount by Academic Qualification

The next analysis is on responses related to insurance/takaful coverage based on academic qualification as illustrated in Table 5.5. Results consistently show that majority of the respondents with academic qualification of UPSR and below, UPSR, SPM/O-Level, STPM/A-Level/Sijil and others prefer the coverage between RM 5,001-RM10,000. The second highest selected coverage is RM 50,001-RM 100,000 among the diploma holder and others.

Results also show that those with UPSR and below and first-degree holder prefer the lowest coverage (less than RM 1,000). The result is supported by FGD findings explaining that most of the first-degree holders work as part timers, and thus, they did not have sufficing financial capacity to pay greater monthly contribution in order to gain a higher amount of coverage.

Table 5.5: Distribution of Coverage Amount by Academic Qualification

Ranges of Coverage	UPSR and Below	UPSR	SRP/ PMR /PT3	SPM/ O Level	STPM /A Level /Sijil	Diploma	First Degree	Others	Total
Less than RM1,000	3	14 (24%)	18	46	15	21	17 (20%)	4 (19%)	138
RM1,001 - RM5,000	4	8	20	44	11	18	4	3	112
RM5,001 - RM10,000	10 (36%)	13 (22%)	21	60 (20%)	26 (24%)	24	15	5 (24%)	174
RM10,001 - RM20,000	3	8	10	19	10	6	7	1	64
RM20,001 - RM30,000	0	0	9	16	7	1	2	1	36
RM30,001 - RM40,000	0	1	3	5	0	2	1	0	12
RM40,001 - RM50,000	5	6	24 (20%)	38	12	8	11	1	105
RM50,001 - RM100,000	2	8	9	56	17	26 (20%)	13	5 (24%)	136
RM100,001 - RM250,000	1	1	2	13	5	12	6	0	40
RM250,001 - RM500,000	0	0	6	7	3	8	8	1	33
RM500,001 and above	0	0	0	2	3	4	0	0	9
Total	28	59	122	306	109	130	84	21	859

5.7 Distribution of Coverage Amount by Type of Occupations

Table 5.6 shows responses on coverage based on respondent's occupations. Most of the respondents from the group of entrepreneurs, private housewife and self-employed prefer the coverage between RM 5,001 and RM 10,000. In addition, the findings show that respondents with unstable income prefer low amount of coverage compared to the government servants who prefer a higher amount of coverage (RM 50,001-RM

100,000). The results are justifiable consistent with the contribution amounts preferred by the government servants explained in Table 5.6.

Table 5.6: Distribution of Coverage Amount by Type of Occupations

Ranges of Coverage	Entrep -reneur	Private Sector	Housewife /husband	Pensioner	Gover n-ment servant	Self- employed	Students	Others	Total
Less than RM1,000	12 (26%)	26	17 (27%)	0	17	30	17 (27%)	19	138
RM1,001 - RM5,000	5	26	12	1	6	44	3	14	111
RM5,001 - RM10,000	11 (24%)	54 (21%)	16 (25%)	2 (29%)	8	54 (24%)	13	13	171
RM10,001 - RM20,000	3	17	5	1	8	20	5	4	63
RM20,001 - RM30,000	4	11	1	0	2	13	3	2	36
RM30,001 - RM40,000	0	4	1	0	0	6	1	0	12
RM40,001 - RM50,000	4	41	4	2 (29%)	5	18	9	22 (23%)	105
RM50,001 - RM100,000	5	54 (21%)	4	0	20 (22%)	31	6	15	135
RM100,001- RM250,000	2	11	3	1	13	3	6	0	39
RM250,001- RM500,000	0	14	0	0	7	5	0	5	31
RM500,001 and above	0	2	0	0	3	2	0	2	9
Total	46	260	63	7	89	226	63	96	850

5.8 Distribution of Coverage Amount by Income

This part investigates the preference of respondents across different marital status on the coverages. Table 5.7 shows that majority of the respondents who earn an income within the range of RM 500 and below, RM 501-RM 1,000, RM 1,001-RM 1,500, RM 2,001-RM 2,500 choose the coverage between RM 5,001-RM 10,000. This is the highest preference if the comparison is made with other range of coverages.

Table 5.7: Distribution of Coverage Amount by Income

Ranges of Coverage	RM500 & below	RM501 - RM1,000	RM1,001- RM1,500	RM1,501- RM2,000	RM2,001 - RM2,500	RM2,501- RM3,000	RM3,001- RM3,500	RM3,501 & above	Total
Less than RM1,000	23 (27%)	44	32	8	5	6	1	1	120
RM1,001 - RM5,000	16	42	25	7	4	6	2	0	102
RM5,001 - RM10,000	22 (26%)	48 (20%)	50 (23%)	13	11 (21%)	3	1	0	148

RM10,001 - RM20,000	9	17	15	5	7	2	1	2	58
RM20,001 - RM30,000	2	13	11	5	4	1	0	0	36
RM30,001 - RM40,000	0	5	3	2	0	0	0	0	10
RM40,001 - RM50,000	4	35	28	10	4	5	2	4 (25%)	92
RM50,001 - RM100,000	7	27	45	19 (22%)	9	15 (27%)	3 (25%)	4 (25%)	129
RM100,001 - RM250,000	2	5	5	9	2	9	1	1	34
RM250,001 - RM500,000	0	8	6	5	4	5	1	4 (25%)	33
RM500,001 and above	1	0	0	2	3	3	0	0	9
Total	86	244	220	85	53	55	12	16	771

5.9 Distribution of Coverage Amount by Outstanding Financing

This part investigates the preference of respondents across different outstanding financing background on takaful/insurance coverages. This demographic variable was adopted in consideration that the outstanding financing (from families, friends and banking institutions) may affect the trend of preference on the total coverage. Table 5.8 shows that majority of the respondents who are bearing an outstanding financing within the range of RM 5,001-RM 10,000, RM 30,001-RM 50,000, RM 50,001-RM 100,000, RM 100,001-RM 200,000 and RM 200,001 and above choose the coverage between RM 50,001 and RM 100,000. This is followed by the preferred amount of coverage between RM 5,001 and RM 10,000 for those who are encumbering the outstanding financing between RM 1,000 and below and RM 10,001-RM 30,000.

Table 5.8: Distribution of Coverage Amount by Outstanding Financing

Ranges of Coverage	RM1,000 & below	RM1,000 -RM5,000	RM5,001- RM10,000	RM10,001- RM30,000	RM30,001- RM50,000	RM50,001- RM100,000	RM100,001 - RM200,000	RM200,001 & above	Total
Less than RM1,000	4	3	7	10 (23%)	3	3	0	0	30
RM1,001 - RM5,000	4	13 (27%)	8 (20%)	1	0	0	0	0	26
RM5,001 - RM10,000	11 (31%)	11	4	9 (21%)	3	2	0	0	40
RM10,001 - RM20,000	3	2	3	4	2	0	1	0	15
RM20,001 - RM30,000	1	1	0	1	0	0	1	0	4

RM30,001 - RM40,000	1	0	1	0	0	0	0	0	2
RM40,001 - RM50,000	8	6	3	4	1	1	3	1	27
RM50,001 - RM100,000	3	6	9 (22%)	6	5 (31%)	5 (31%)	7 (46%)	2 (29%)	43
RM100,001 - RM250,000	1	4	2	2	0	4 (25%)	0	0	13
RM250,001 - RM500,000	0	2	4	5	2	0	2	3 (43%)	18
RM500,001 and above	0	1	0	1	0	1	1	1	5
Total	36	49	41	43	16	16	15	7	223

There are some justifications as to those possessing high outstanding financing prefer a higher takaful/insurance coverage. As their outstanding financing is high, the respondents believe that they need to rely on takaful coverage protection to pay-off all their outstanding financing (including their family and friends). This perception is stated as one of the responses given by N7, G5, R3:

-banyak tu. Bukan takat hutang bank, hutang mak ayah dan adik beradi

5.10 Distribution of Coverage Amount by Monthly Commitment

This part investigates the preference of respondents across different monthly commitment on the amount of coverage. Table 5.9 shows that majority of the respondents who have the monthly commitment between the range of RM 501-RM 1,000 and RM 1,001-RM 2,000 prefer to have the coverage value of RM 50,001-RM 100,000. The choice contributes 20.3% of the total respondent's preference in amount of coverage.

Table 5.9: Distribution of Coverage Amount by Monthly Commitment

Ranges of Coverage	RM500 & below	RM501 - RM1,000	RM1,001 - RM2,000	RM2,001 - RM3,000	RM3,001 & above	Total
Less than RM1,000	19	6	5	2	0	32
RM1,001 - RM5,000	18	4	2	1	1	26
RM5,001 - RM10,000	22 (20%)	11	5	0	0	38
RM10,001 - RM20,000	7	6	2	2	0	17
RM20,001 - RM30,000	2	0	1	0	0	3

RM30,001 - RM40,000	0	0	0	0	0	0
RM40,001 - RM50,000	8	11	5	2	1	27
RM50,001 - RM100,000	11	16 (24%)	19 (40%)	1	0	47
RM100,001 - RM250,000	7	6	2	2	0	17
RM250,001 - RM500,000	4	5	5	4 (29%)	0	18
RM500,001 and above	1	3	1	0	1	6
Total	99	68	47	14	3	231

5.11 Distribution of Coverage Amount by Preferred Operator

This part investigates the preference of respondents across different type of available operators on the amount of coverage. Table 5.10 shows that the respondents prefer to have the coverage with takaful operators (62.3% out of total). From this 62.3%, majority of the respondents prefer the amount of coverage between RM 5,001 and RM 10,000.

Table 5.10: Distribution of Coverage Amount by Preferred Operator

Ranges of Coverage	Takaful Operator	Insurance Operator	Any Operator	Total
Less than RM1,000	77	8	52 (21%)	137
RM1,001 - RM5,000	60	12	40	112
RM5,001 - RM10,000	116 (22%)	17 (24%)	41	174
RM10,001 - RM20,000	43	4	17	64
RM20,001 - RM30,000	30	1	5	36
RM30,001 - RM40,000	8	1	3	12
RM40,001 - RM50,000	68	5	31	104
RM50,001 - RM100,000	79	14	43	136
RM100,001 - RM250,000	25	6	9	40
RM250,001 - RM500,000	22	2	9	33
RM500,001 and above	6	2	1	9
Total	534	72	251	857

5.12 Summary of the Findings

Overall, the findings on amount of coverage and demographic background show relatively consistent results. The two highest preferences for the amount of coverage chosen by the respondents are RM 5,001-RM 10,000 and RM 50,000-RM 100,000. As the comparison was made on the variables (demographic variables) that contribute to the coverage selections, data shows some distinctive attributes and trends (as shown in Figure 5.1 and Figure 5.2). These aspects will help us to understand the data and propose the appropriate products to cater the specific needs of the respondents.

While the data shows some similarities in demographic background of the respondents who chose the two preferences (RM 5,001-RM 10,000 and RM 50,000-RM 100,000), such age (20-29, 30-39, 40-49), marital status (single and married), B40 groups (urban B40, agriculture, self-employed), type of profession (private), income (RM 501-RM 1,000, RM 1,001-RM 1,500), monthly commitment (RM 501-RM 1,000), and preferred operators; there are some differences on some attributes.

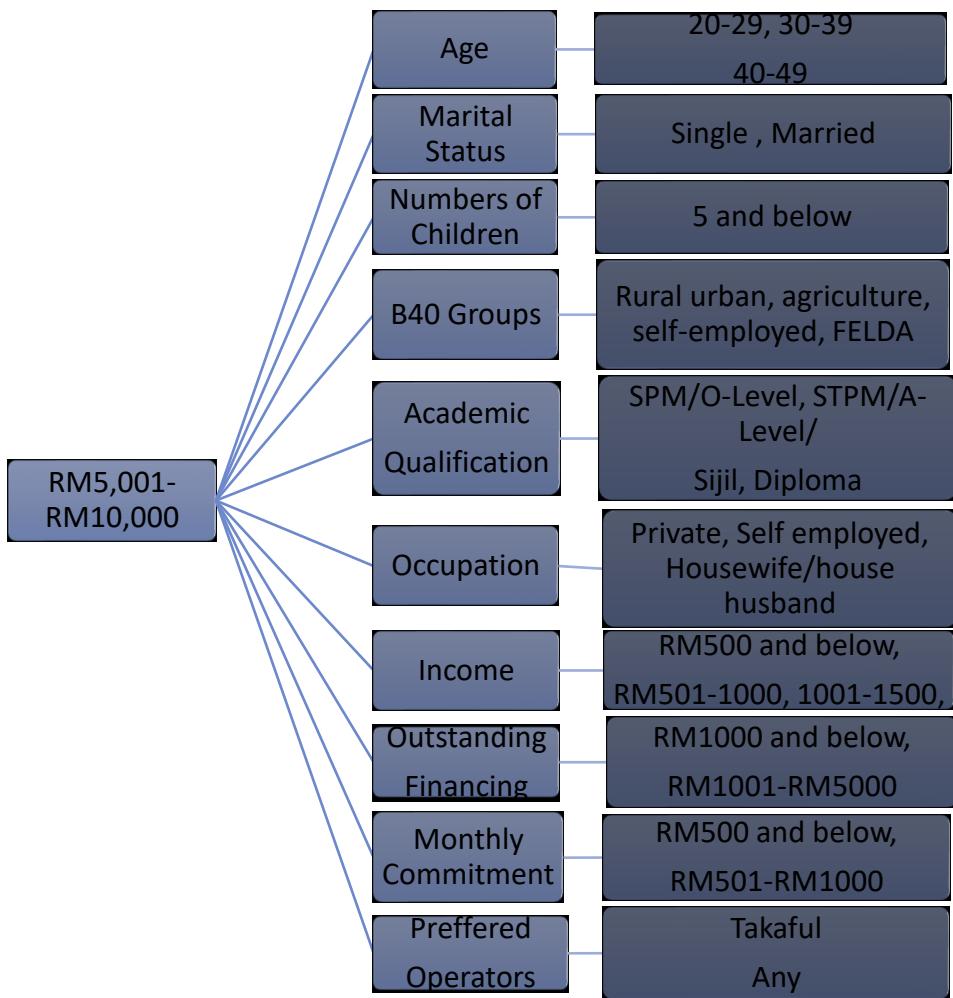


Figure 5.1: Preference of Coverage within the Range of RM5,001- RM10,000

Some distinctive attributes for those who chose the coverage within the range of RM 5,001-RM 10,000 are the number of children (5 and below), B40 groups (FELDA), educational qualification (STPM/A-level), profession (housewife/househusband), income (RM 500 and below), outstanding financing (different attributes – RM 1,000 and below, RM 1,001-RM 5,000), and monthly commitment (RM 500 and below).

Some distinctive attributes for those who chose the coverage within the range of RM 50,001-RM 100,000 are the number of children (2-3, 4-5 persons), B40 groups (excluding FELDA), educational qualification (excluding STPM/A-Level), profession (excluding housewife/househusband), income (excluding RM 500 and below),

outstanding financing (RM 5,001-RM 10,000, RM 100,000-RM 200,000), and monthly commitment (additional attributes RM 1,001-RM 2,000).

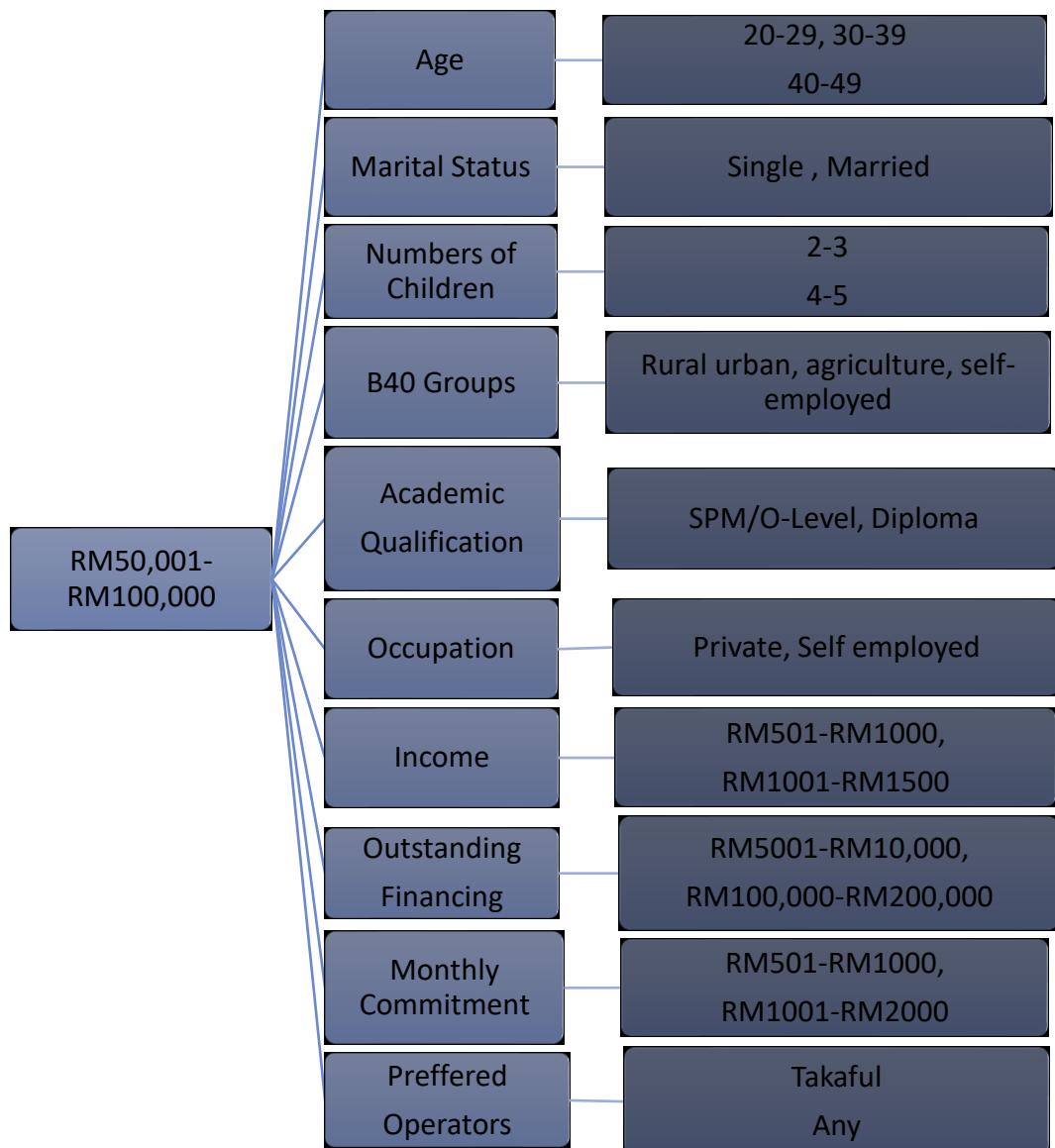


Figure 5.2: Preference of Coverage within the Range of RM 50,001- RM 100,000

CHAPTER SIX

ANALYSIS ON THE SUITABLE PRICING FOR SUITABLE FAMILY

MICRO-TAKAFUL PRODUCT FOR B40

6.1 Introduction

This section discussed the analysis on the suitable pricing, which is the affordable contribution for family micro-takaful product by the B40 group. The analysis discussed based on the cross-tabulation table which referred to the affordable contribution with the selected indicators such as age, groups, marital status and income.

6.2 Distribution of Affordable Contribution by Age

As shown in Table 6.1, the affordable range is shown in rows while the age range in column. The table should be read by column to analyze the findings. Based on the findings highlighted in Table 6.1, there are three groups of age that would spare the price of RM6 to RM10 among those who are below 20 years and 50 years above. Interestingly, those aged between 30-49 years old have the funds for contributing at RM41 to RM50, and it is more interesting where the respondents aged range 20-29 years old stand to contribute up to RM51-RM100 every month.

Table 6.1: Distribution of Affordable Contribution by Age

Contribution Range	Below 20 years	20-29 years	30-39 years	40-49 years	50-59 years	60 and above	Total
RM5 and below	1	10	15	16	12	3	57
RM6 - RM10	10 (25%)	67	23	26	28 (24%)	7 (26%)	161
RM11 - RM20	7	29	23	22	17	4	102
RM21 - RM30	0	26	12	13	10	2	63
RM31 - RM40	3	3	1	5	3	2	17
RM41 - RM50	8	65	59 (27%)	38 (25%)	20	3	193
RM51 - RM100	8	74 (22%)	47	24	18	4	175
RM101 - RM200	2	48	33	8	3	1	95
RM201- RM300	1	10	7	3	1	1	23
RM301 & above	0	4	2	0	4	0	10

Total	40	336	222	155	116	27	896
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6.3 Distribution of Affordable Contribution by Groups of B40

Table 6.2 shows the affordable contribution based on the groups of B40 as categorised in this study. For B40 group that falls under agriculture sector and self-employed, most of them (27%) are willing to contribute at RM6-RM10 only. However, with regards to FELDA and urban B40, 26% and 22% each of these groups manage to contribute at RM41-RM50. Interestingly, those from fishery sector accept a reasonable contribution at RM50-RM100 per month which represented by 33%. This finding is evidently supported by the information gathered from FGD. The quotations are as below:

N8, G1, R5: “Saya sanggup bayar RM450 sebulan untuk insurans keluarga saya sebab kalau saya tiada nanti sekurang-kurangnya mereka masih boleh teruskan hidup dengan duit insurans ni”.

N13, G2, R2: “Kamek orang susah, orang keje kampung, mana ada duit sangat, kamek tahu insurans bagus boleh bantu keluarga kamek kalau kamek tiada nanti, setakat sepuluh ringgit sebulan tu mampulah kamek, itupun kalau ada insurans semurah itu.”

N8, G3, R5: “Kami orang FELDA memang dah ada insurans dan itupun kami bayar murah je, kalau terpaksa ambil insurans lagi, kami mampu setakat 10 ringgit sahaja sebulan.”

N8, G4, R2: “Saya sanggup carum RM100-RM150 sebab saya tahu kalau saya meninggal dunia atau saya hilang upaya, keluarga saya ada sumber pendapatan lain untuk nak teruskan hidup”.

N7, G5, R1: “Kami mana ada duit, kalau kerajaan tak bagi bantuan tak delah kami duit nak belanja. Setakat 5, 10 ringgit sebulan tu bolehlah, lebih tak mampulah kami.”

Table 6.2: Distribution of Affordable Contribution by B40 Groups

Item	Fishery sector	Agriculture Sector and Self-employed	FELDA	Urban B40	Total
RM5 and below	9	30	6	12	57
RM6 - RM10	10	75 (27%)	19	57	161
RM11 - RM20	13	33	13	44	103
RM21 - RM30	5	19	1	39	64
RM31 - RM40	3	5	2	7	17
RM41 - RM50	20	54	24 (26%)	95 (22%)	193
RM51 - RM100	31 (33%)	35	16	95 (22%)	177
RM101 - RM200	2	20	7	66	95
RM201- RM300	1	7	0	15	23
RM301 and above	0	4	4	2	10
Total	94	282	92	432	900

6.4 Distribution of Affordable Contribution by Marital Status

The next discussion is on the affordable contribution based on marital status. Most of them irrespective of marital status; single, married, divorce as well as widowed, claims their proclivity to contribute at RM 41-RM 50 or RM 51 to RM 100 as highlighted in the Table 6.3.

Table 6.3: Distribution of Affordable Contribution by Marital Status

Item	Single	Married	Divorce	Widowed	Total
RM5 and below	14	38	4	1	57
RM6 - RM10	71	83	2	5	161
RM11 - RM20	42	58	2	1	103
RM21 - RM30	25	35	2	1	63
RM31 - RM40	6	11	0	0	17
RM41 - RM50	77 (21%)	108 (22%)	5 (25%)	2	192
RM51 - RM100	77 (21%)	88	4	7 (37%)	176
RM101 - RM200	47	46	0	2	95
RM201- RM300	9	14	0	0	23
RM301 and above	3	6	1	0	10
Total	371	487	20	19	897

6.5 Distribution of Affordable Contribution by Number of Dependents

There is a slightly different finding on the affordable contribution when focusing on the number of dependents. The trend shown in Table 6.4 is inverse between these two indicators. The higher the number of dependents, the lower the affordable contribution of B40 respondents. Those with number of dependents between 2 to 7 persons prepare to contribute at RM 41-RM 50 per month.

N8, G1, R3: Anak saya ramai, tanggungan saya ramai dan kalau jadi apa-apa pada saya, cemanalah mereka nak teruskan belajar nak makan nak hidup. Cemana susah pun, saya sanggup keluarkan modal RM 100 sebulan untuk insurans ni kalau nanti boleh bantu masa depan anak-anak saya.

Table 6.4: Distribution of Affordable Contribution by Number of Dependent

Item	1 or None	2-3 persons	4-5 persons	6-7 persons	8 persons and above	Total
RM5 and below	5	22	10	1	1	39
RM6 - RM10	13	38	27	4	2	84
RM11 - RM20	7	24	14	7	4 (36%)	56
RM21 - RM30	6	17	12	1	1	37
RM31 - RM40	1	2	4	2	1	10
RM41 - RM50	17	46 (22%)	35 (26%)	7 (28%)	2	107
RM51 - RM100	23 (24%)	38	18	2	0	81
RM101 - RM200	20	17	8	1	0	46
RM201- RM300	3	6	5	0	0	14
RM301 and above	2	0	3	0	0	5
Total	97	210	136	25	11	479

6.6 Distribution of Affordable Contribution by Academic Qualification

A different finding is found for the highest academic qualification held by the B40 respondents considering their affordable contribution as shown in Table 6.5. It can be seen that those with a lower academic qualification (below SRP/PMR/PT3), they can only afford to contribute at RM 6-RM10. In contrast to those who have a higher academic credential, at least, SPM/O-Level and above, they can provide to contribute at RM 41-RM50. Surprisingly, most of them who hold a bachelor's degree, they afford to contribute RM 101 to RM 200 per month.

Table 6.5: Distribution of Affordable Contribution by Academic Qualification

Item	Below UPSR	UPSR	SRP/ PMR/ PT3	SPM/O Level	STPM/ A Level/ Certs	Diploma	Bachelor	Others	Total
RM5 and below	4	5	12	21	5	6	1	3	57
RM6 - RM10	7 (24%)	13 (22%)	30 (24%)	62	13	20	5	9 (41%)	159
RM11 - RM20	4	12	15	39	12	16	2	3	103
RM21 - RM30	3	5	10	24	9	6	6	1	64
RM31 - RM40	3	2	5	3	1	2	1	0	17
RM41 - RM50	4	13 (22%)	23	84 (26%)	21	27 (20%)	17	4	193
RM51 - RM100	2	7	27	56	35 (31%)	25	22	2	176
RM101 - RM200	2	1	1	24	13	26	28 (31%)	0	95
RM201 - RM300	0	2	1	7	2	6	5	0	23
RM301 and above	0	0	3	2	2	1	2	0	10
Total	29	60	127	322	113	135	89	22	897

6.7 Distribution of Affordable Contribution by Profession

Meanwhile, Table 6.6 shows that most of the respondents notwithstanding their profession would bear to contribute within the range of either RM6-RM10 or RM51-RM100. The respondents who pick RM6-RM10 are entrepreneur, housewife or house husband, pensioner, self-employed and also students. Meanwhile, those who are working in private sector, government servant and other types of profession expect to contribute at RM41-RM100 per month.

Table 6.6: Distribution of Affordable Contribution by Profession

Item	Entrepreneur	Private Sector	Housewife/ Husband	Pensioner	Government servant	Self- employed	Students	Others	Total
RM5 and below	6	14	11	0	1	13	0	12	57
RM6 - RM10	10 (22%)	36	19 (28%)	2 (29%)	6	61 (26%)	18 (28%)	8	160
RM11 - RM20	6	23	10	1	3	41	6	11	101
RM21 - RM30	2	20	1	0	13	19	3	5	63
RM31 - RM40	2	6	1	1	0	5	1	1	17
RM41 - RM50	5	72 (26%)	9	1	22 (24%)	48	15	19	191
RM51 - RM100	10 (22%)	57	9	2 (29%)	22 (24%)	27	16	32 (32%)	175
RM101 - RM200	2	41	4	0	20	12	5	10	94
RM201- RM300	1	8	1	0	3	7	1	1	22
RM301 and above	2	0	2	0	2	2	1	1	10
Total	46	277	67	7	92	235	66	100	890

6.8 Distribution of Affordable Contribution by Income

In term of income, Table 6.7 shows the finding base on cross tabulation result between monthly affordable contribution range and monthly income range. Those who received income RM500 and below, most of them afford to contribute at RM6-RM10. Meanwhile, those who earned monthly income RM501 and above they afford to contribute RM41-RM100 per month. The detail can be seen in Table 6.7.

N7,G3,R1: “Saya ni tak kerja, harap duit suami je, anak-anak pun kecik lagi. Kalau terpaksa amik insuran ni, saya mampu takat RM5-RM10 je sebulan. Lebih tak mampu saya.”

Table 6.7: Distribution of Affordable Contribution by Income

Item	RM500 and below	RM501 - RM1000	RM1001 - RM1500	RM1501 - RM2000	RM2001 - RM2500	RM2501 - RM3000	RM3001 - RM3500	RM3501 and above	Total
RM5 and below	19	18	10	3	2	2	0	0	54
RM6 - RM10	24 (28%)	48	39	11	6	1	0	0	129
RM11 - RM20	7	36	27	8	7	4	0	0	89
RM21 - RM30	6	13	18	13	4	5	1	1	61
RM31 - RM40	1	6	4	2	2	1	0	0	16
RM41 - RM50	16	49	63 (28%)	14	11	14 (25%)	6 (40%)	4	177
RM51 - RM100	9	50 (20%)	45	21 (22%)	13 (23%)	11	5	5 (31%)	159
RM101 - RM200	3	21	19	19	8	13	2	4	89
RM201- RM300	3	5	3	2	3	5	0	2	23
RM301 and above	0	3	1	1	1	1	1	0	8
Total	88	249	229	94	57	57	15	16	805

6.9 Distribution of Affordable Contribution by Total Financing

In terms of total financing cumbered and the affordable contribution, the finding shows a sparsely and insignificant difference. Most of them can still afford to contribute RM41-RM50 per month and some of them who are equipped with a great leverage afford to contribute RM51-RM200 per month as shown in Table 6.8.

Table 6.8: Distribution of Affordable Contribution by Total Financing

Item	RM1K and below	RM1001 - RM5K	RM5001 - RM10K	RM10001 - RM30K	RM30,001 - RM50K	RM50,001 - RM100K	RM100,001 - RM200K	RM200,001 and above	Total
RM5 and below	3	3	2	2	0	0	0	0	10
RM6 - RM10	4	8	0	5	2	0	0	0	19
RM11 - RM20	4	4	7	2	0	0	1	0	18
RM21 - RM30	1	6	4	0	0	2	2	0	15
RM31 - RM40	2	2	0	0	0	0	0	0	4
RM41 - RM50	12 (32%)	14 (26%)	11 (27%)	15 (31%)	4	5	4	2 (29%)	67
RM51 - RM100	8	5	8	13	8 (53%)	3	4	2 (29%)	51
RM101 - RM200	2	10	7	9	1	6 (38%)	5 (29%)	2 (29%)	42
RM201- RM300	1	2	2	3	0	0	1	1	10
Total	37	54	41	49	15	16	17	7	236

6.10 Distribution of Affordable Contribution by Monthly Commitment

Table 6.9 shows the cross-tabulation results between affordable contribution and monthly commitment. The table shows that most of them with monthly commitment below than RM 2,000 are willing to contribute RM41 to RM50. However, there are some respondents with monthly commitment between RM 2,001 and RM 3,000 who afford to contribute at RM51 to RM200, but the number of respondents is small and not that significant.

Table 6.9: Distribution of Affordable Contribution by Monthly Commitment

Item	RM500 and below	RM501 - RM1000	RM1001 - RM2000	RM2001 - RM3000	RM3001 and above	Total
RM5 and below	8	2	1	0	0	11
RM6 - RM10	12	7	2	0	0	21
RM11 - RM20	6	7	3	0	0	16
RM21 - RM30	9	3	2	1	1	16
RM31 - RM40	2	0	1	0	0	3
RM41 - RM50	27 (25%)	23 (31%)	17 (36%)	2	1	70
RM51 - RM100	17	19	7	4 (27%)	0	47
RM101 - RM200	23	10	13	4 (27%)	1	51
RM201- RM300	3	3	1	3	0	10
RM301 and above	1	0	0	1	0	2
Total	108	74	47	15	3	247

6.11 Distribution of Affordable Contribution by Preferred Operator

Table 6.10 shows the affordable contribution based on the respondent's preferred operator. Those who choose Takaful afford to contribute RM41 to RM100. Likewise, those who choose either would likely afford to contribute at RM41-RM50.

N8, G4, R1: "Kita ni orang Islam pilihlah syarikat Islam, yang patuh syariah, biarlah kita bayar mahal sikit pun dapat pulangan balik rendah, yang penting halal."

Table 6.10: Distribution of Affordable Contribution by Preferred Operator

Item	Takaful	Insurance	Either	Total
RM5 and below	31	8	18	57
RM6 - RM10	109	11	40	160
RM11 - RM20	65	8	30	103
RM21 - RM30	45	6	13	64
RM31 - RM40	12	0	5	17
RM41 - RM50	115 (20%)	13	63 (25%)	191
RM51 - RM100	115 (20%)	10	52	177
RM101 - RM200	57	16 (20%)	22	95
RM201- RM300	12	6	5	23
RM301 and above	5	4	1	10
Total	566	82	249	897

6.12 Distribution of Affordable Contribution by Expected Coverage

Affordable contribution is also cross tabulated with the expected coverage as shown in Table 6.11. As we can see, there is a similar pattern on both indicators where the higher the affordable contribution, the higher the expected coverage by the B40 respondents. Those with expected coverage of RM 10,000 afford to contribute RM6-RM10, meanwhile, those presume the expected coverage of up to RM 100,000 afford to contribute to a greater degree of RM41-RM50. The detail can be seen in Table 6.11.

N13, G1, R1: “Yang ni kamek tau, kalau bayar sikit, tak kan nak boleh dapat banyak pulak, bayar sikit dapatlah sikit, bukan kitak yang dapat tapi waris kitak yang dapat. Kamek carum RM50, bolehlah syarikat nak bagi waris kamek RM50 ribu kan”.

Table 6.11: Distribution of Affordable Contribution by Expected Coverage

Item	RM1,00 0 and below	RM1,00 1 - RM5,00 0	RM5,001 - RM10,00 0	RM10,00 1 - RM200,0 0	RM20,00 1 - RM30,00 0	RM30,00 1 - RM40,00 0	RM40,00 1 - RM50,00 0	RM50,001 - RM100,00 0	RM100,00 1 - RM250,00 0	RM250,00 1 - RM500,00 0	RM500,00 1 and above	Total
RM5 and below	23	19	5	2	1	0	2	0	0	1	0	53
RM6 - RM10	11	20 (19%)	68 (40%)	14	1	2	15	12	1	0	0	144
RM11 - RM20	17	17	21	22 (35%)	4	1	8	7	1	1	0	99
RM21 - RM30	1	4	10	4	18 (53%)	3	9	9	3	1	0	62
RM31 - RM40	0	0	5	1	2	4 (33%)	1	2	1	0	0	16
RM41 - RM50	36 (28%)	20 (19%)	31	12	3	2	25	39 (30%)	3	6	0	177
RM51 - RM100	21	15	23	5	4	0	37 (36%)	37	7	13 (39%)	2	164
RM101 - RM200	14	7	7	3	0	0	6	17	20 (53%)	8	5 (55%)	87
RM201 - RM300	5	2	1	0	1	0	0	5	0	3	2	19
RM301 and above	1	1	0	0	0	0	0	4	2	0	0	8
Total	129	105	171	63	34	12	103	132	38	33	9	829

6.13 Summary of the Findings

Table 6.12 shows the summary and interesting finding for objective four between the affordable contribution and B40's attributes. As we can see in the table, most of the respondent's affordable contribution can be categorised into three (3) ranges of monthly contribution, which are RM6-10, RM41-RM50 and RM51-RM100. Every single category has their own attributes based on the findings discussed above.

For those who afford to contribute at RM6-RM10 per month, most of them are 20 to 50 years old because the former just started working while the latter began retiring and their monthly income is only RM500 and below. In addition, they also hold the highest academic qualification of SRP/PMR/PT3 and below. This implies that they do not have much knowledge on insurance and takaful as well as the awareness of the needs for the financial planning. Furthermore, B40 groups that afford to contribute at RM6 to RM10 are from agriculture sector and self-employed. This is because they only rely on asset and income earned as a measurement of their affordability to contribute on micro-

takaful. Therefore, this group does not expect high coverage of approximately RM 5,000 to RM 10,000.

For the attributes of the respondents that afford to contribute RM41-RM50, most of them are 30-49 years of age, FELDA and urban B40 groups, single, married, with 2 to 5 dependents, hold at least SPM certificate and above, work as government servant and earn income about RM 1,000 to RM 1,500 per month. Based on the findings of this category's attributes, it portrays that those with higher education background and earn higher income would be able to contribute incrementally even though they have a bigger number of dependents. Respondent's age at 30 to 49 years is also categorised as adultlike stood independently, economically and financially resistant. Most of the B40 groups like FELDA and urban B40 afford to contribute RM41 to RM50 because FELDA members are familiar with the insurance and takaful as well as cooperative contribution, where if anything happened within the active period of participation, the collected contribution would help the member's injurious misfortune. This is used to be a cultural norm among FELDA members. Meanwhile, urban B40 group is more informative and most of them are working and earning monthly income. They have the ability to contribute an extra amount and they also realise the needs of the takaful and insurance to assist their family when calamity ensues. This group also prefers takaful because it would not be priced excessively in the name of Islamic institutions. With the knowledge and understanding, they should choose Islamic protection product rather than going conventional befitting as a good practice Muslim in accordance to Shariah principle. With this range of affordable contribution, their expected coverage is only RM 50,000 to RM 100,000.

The third popular range of the B40 affordable contribution is RM51-RM100. This range has its uniqueness of the attributes which can be seen in Table 6.12. Most of them are in the age range of 20 to 29 years, where they are not only young-looking, but also assiduously earn a monthly income of RM 1,500 to RM 2,500, some of them already had one dependent. Thus, additional amount of contribution is deemed reasonable for them. Their education background is greater with at least a qualification in SPM. The need for their future could be implicated by some knowledge on risk protection. Their profession as entrepreneur, private sector employees, government servant and others

which include the workforces in fishery sector will most likely entice a strategic plan for mitigating future uncertainty. In this light, they would afford to contribute at a greater extent of RM51 to RM100. Nonetheless, this category also prefers takaful with the expected coverage around RM 40,000-RM 50,000.

Table 6.12: Summary of Finding for Objective 4 - Affordable Contribution and B40's Attributes

RM6-10	RM41-50	RM51-100
- Below 20 and above 50 years	- 30-49 years - FELDA	- 20-29 years - Fishery Sector
- Agriculture Sector and Self-employed	- Urban B40	- Urban B40
- SRP/PMR and below	- Single, Married	- Single
- Entrepreneur, Housewife/Husband, Self-employed	- 2-5 dependents - SPM	- 1 or no dependent - STPM
- Income: RM500 and below	- Government servant, private sector	- Entrepreneur, government servant, others
- Expected Coverage: RM5K-RM10K	- Income: RM1-1.5K - Total financing: Below RM30k - Monthly commitment: RM2k and below - Prefer Takaful - Any insurance company - Expected coverage: RM50-RM100K	- Income: RM1.5k to RM2.5K - Total Financing: RM30K and above - Monthly commitment: RM2K and above - Prefer Takaful - Expected Coverage: RM40-50K

CHAPTER SEVEN

ANALYSIS ON THE DETERMINANTS OF SUITABLE DISTRIBUTION CHANNEL FOR MICRO-TAKAFUL PRODUCTS

7.1 Introduction

This section analyses the determinants of suitable distribution channel for micro-takaful products focusing on three main distribution channels; 1) channel for product subscription; 2) channel for contributions payment; and 3) channel for compensation claims. Suitable distribution channel is one of the significant characteristics to influence customer participation in micro-takaful plan, especially to those ill-educated communities. This is because unenlightened public members normally possess a limited knowledge on takaful risk protection. Hence, there is a need for the takaful provider to identify the suitable distribution channel from the first contact to the point of compensation claims so as to attract different customer's background for subscription of micro-takaful products.

7.2 Channel for Product Subscriptions

Table 7.1 presents the most preferred distribution channel for micro-takaful products by age of respondents. Majority of the respondents fall in the age range between 20 and 29 years followed by respondents aged 30 to 39 (387 responds) and those aged 40 to 49 (314 responds). Based on the results, majority of the respondents prefer to subscribe their micro-takaful product directly from the takaful or insurance company except for the respondents aged below 20 years old. In particular, 547 which consist of 32% of the total respondents (1,721) prefer to go directly to protection provider to purchase the protection plan. This result is consistent with FGD findings when one of the respondents from Sabah argues that dealing directly with a takaful company is a lot easier by coincidence with the existing of takaful company nearby his residential.

N14, G1, R2:

pejabat syarikat takaful di kawasan penempatan. Dekat dan mudah untuk

Besides, 32% responses received from respondents aged below 20 years prefer to subscribe micro-takaful products through online platform. This channel is considered as second preferred for product subscription which amounting to 314 responses.

Table 7.1: Distribution of Channel for Micro-takaful Subscription by Age of Respondents

Items	< 20 years	20-29 years	30-39 years	40-49 years	50-59 years	> 60 years	Total
Insurance/ Takaful Company	17	193 (30%)	132 (34%)	98 (31%)	80 (37%)	27 (31%)	547 (32%)
Post Office	11	105	59	58	37	14	284
Bank	10	80	51	36	21	12	210
Online	22 (32%)	138	65	46	31	12	314
Village committee	3	63	37	38	19	8	168
Association	5	56	39	31	25	11	167
Others	1	9	4	7	7	3	31
Total	69	644	387	314	220	87	1721

Majority of the respondents in each category of B40 prefer to purchase micro-takaful products at first hand from the protection providers (See Table). However, the second preferred distribution channel shows a slight difference between categories where fishery sector (43 responses), agriculture sector and self-employed (107 responses), and FELDA (24 responses) are more comfortable buying their protection plan at the post office rather than going through online platform. Similarly, urban B40 group (162 responses) choose online platform as another alternative to purchase micro-takaful products effectively.

Table 7.2: Distribution of Channel for Micro-takaful Subscription by Group of B40

Items	Fishery sector	Agriculture sector & self-employed	FELDA	Urban B40	Total
Insurance/Takaful Company	59 (27%)	181 (30%)	50 (34%)	259 (34%)	549 (32%)
Post Office	43	107	24	110	284
Bank	29	76	11	94	210
Online	28	104	22	162	316
Village committee	28	64	17	61	170
Association	29	61	19	59	168
Others	3	13	2	13	31
Total	219	606	145	758	1728

Table 7.3 and Table 7.4 below show the distribution channel for product subscription by monthly contribution and total coverage respectively. The results indicate that regardless of the amount of monthly contribution or total coverage, most respondents prefer to choose a protection that provides either takaful company or insurance company as the best channel to purchase the protection plan. Although there are 8 respondents who seek to contribute between RM 31 and RM 40 via online platform, the number is insignificant compared to those who choose to go directly to the company premises (6 responses). Moreover, the number of responses received under the range of monthly contribution between RM 31 and RM 40 is relatively small and barely preferred (17 responses).

Table 7.3: Distribution of Channel for Micro-takaful Subscription by Monthly Contribution

Items	≤ RM 5	RM6 - RM10	RM11 - RM20	RM21 - RM30	RM31 - RM40	RM41 - RM50	RM51 - RM100	RM101 - RM200	RM201 - RM300	≥ RM 301	Total
Insurance/ Takaful Company	26 (47%)	82 (55%)	44 (47%)	30 (53%)	6	92 (58%)	90 (59%)	52 (63%)	11 (52%)	7 (70%)	440 (55%)
Post Office	19	51	26	17	5	37	43	23	5	3	229
Bank	13	36	11	8	3	38	37	18	7	3	174
Online	7	46	35	24	8 (47%)	53	53	29	7	4	266
Village committee	9	15	23	10	5	24	18	11	3	1	119
Association	8	11	20	6	2	27	29	14	4	2	123
Others	1	4	2	0	1	6	3	3	2	1	23
Total	55	150	94	57	17	160	152	83	21	10	799

Table 7.4: Distribution of Channel for Micro-takaful Subscription by Total Coverage

Items	RM1000 and below	RM1001 - RM5000	RM5001 - RM10000	RM10001 - RM20000	RM20001 - RM30000	RM30001 - RM40000	RM40001 - RM50000	RM50001 - RM100000	RM100001 - RM250000	RM250001 - RM500000	RM500001 and above	Total
Insurance/ Takaful Company	54 (46%)	54 (53%)	89 (55%)	27 (46%)	13 (40%)	6 (50%)	62 (62%)	74 (60%)	22 (61%)	22 (76%)	5 (63%)	428 (55%)
Post Office	27	38	56	15	9	1	33	32	7	8	0	226
Bank	34	19	34	13	6	0	17	26	9	11	1	170
Online	39	32	57	24	12	6	35	34	13	7	3	262
Village committee	17	20	30	10	6	2	10	18	6	1	2	122
Association	24	24	23	12	0	1	10	26	6	1	3	130
Others	7	1	4	0	0	1	1	7	1	0	1	23
Total	117	101	161	59	33	12	99	124	36	29	8	779

7.3 Percentage of Respondents by Choice of Protection Provider

When asking the question whether the respondents prefer to choose takaful company, insurance company or either (both takaful and insurance company have equal chances) as their protection provider, 58% of the respondents (563) agree to select takaful company as their main choice of protection provider (see Figure 7.1). Only 9% of the total respondents choose insurance company and the remaining 33% of the respondents (317) relay an unconvincing response between takaful and insurance company as their protection provider. Out of 568 respondents who favour takaful company, 34% of them decided to subscribe micro-takaful products personally from the takaful office as illustrated in Figure 7.2 below. It is followed by online mechanism (19%) and post office (15%).

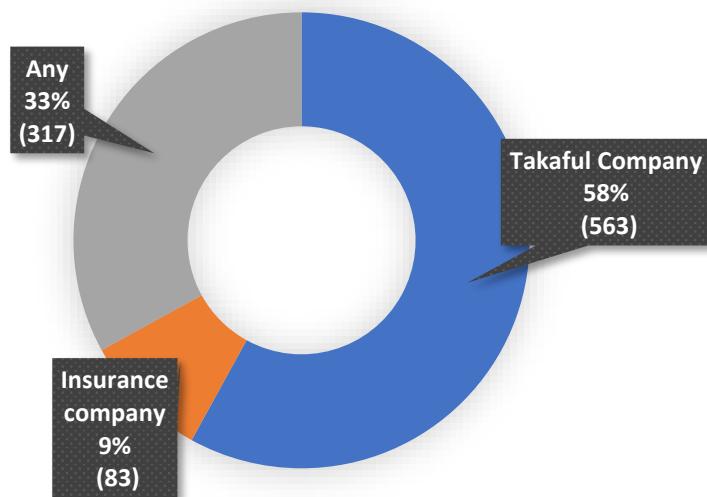


Figure 7.1: Percentage of Respondents by Choice of protection Provider

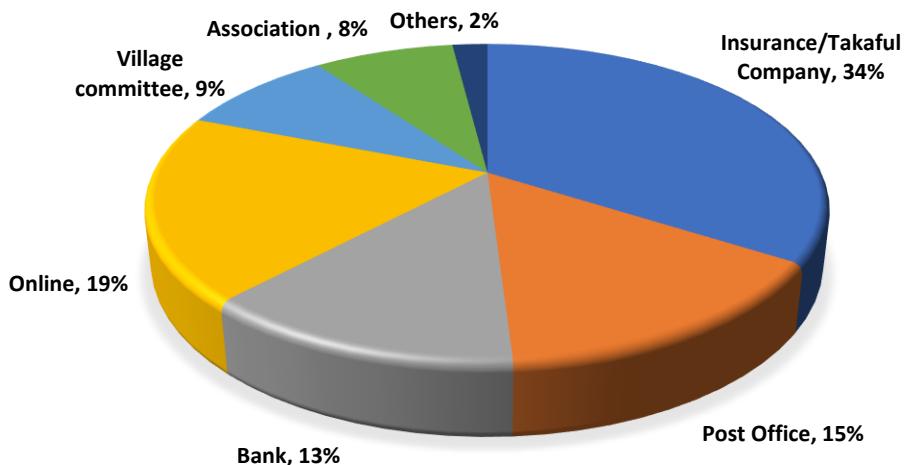


Figure 7.2: Percentage of Respondents Choose Takaful Company by Channel of product Subscription

7.4 Channel for Contribution Payment

Channel for contribution payment is another important factor for public and consumer in considering a participation in the scheme. Providing suitable channel for micro-takaful consumer facilitates the process of contribution payment. Table 7.5 presents the distribution of contribution payment channels by age of respondents. The results show a variation in the choice of channel for contribution payment depending on the age of respondents. The most preferred channel for contribution payment in every range of age is at the insurance or takaful premises, post office, and online platform. Overall, online platform has recorded the highest preference tagged by 449 responses which consist of 24% from 1,879 total responses received. This is in line with the argument in FGD where there is a respondent who claims that it is reasonably difficult to get to the city and it will be incurred cost to the respondents. Due to these reasons, majority of the respondents prefer to perform their monthly contribution through online platform for its effective and cost-free features.

N11, G3, R1:

Syarikat ada buka pejabat dan ada staf diletakkan di FELDA atau staf mari untuk membuat kutipan bulanan. Agak sukar dan memerlukan kos jika perlu keluar selalu ke bandar untuk

N11, G3, R5:

Setuju dengan Responden 1, atau secara transfer online.

Table 7.5: Distribution of Channel for Contribution Payment by Age of Respondents

Items	< 20 years	20-29 years	30-39 years	40-49 years	50-59 years	> 60 years	Total
Insurance/ Takaful Company	18	145	102 (24%)	72	53	15	405
Post Office	20 (26%)	160	92	79 (24%)	54 (24%)	20 (25%)	425
Bank	11	156	89	74	39	13	382
Online	19	188 (25%)	100	73	51	18	449 (24%)
Village committee	4	38	26	14	13	7	102
Association	5	41	19	21	18	4	108
Others	1	14	4	3	1	3	26
Total	78	742	432	336	229	80	1897

Table 7.6 reports the distribution of channel for contribution payment by four categories of B40. It can be seen that the choice of channel for contribution payment is substantially varied by categories of B40. Online platform apparently become the most favourite channel (450 responses) especially to fishery sector (55 responses) and unban B40 group (236 responses). Agriculture sector and self-employed prefer post office (159 responses) while FELDA would rather deal with insurance or takaful company (45 responses) without intermediary.

Table 7.6: Distribution of Channel for Contribution Payment by Group of B40

Items	Fishery sector	Agriculture sector & self-employed	FELDA	Urban B40	Total
Insurance/Takaful Company	33	134	45 (28%)	195	407
Post Office	45	159 (26%)	32	190	426
Bank	32	124	29	198	383
Online	55 (27%)	127	32	236 (26%)	450 (24%)
Village committee	10	35	14	44	103
Association	23	37	11	37	108
Others	4	6	2	14	26
Total	202	622	165	914	1903

Table 7.7 reports the distribution of channel for contribution payment by the amount of monthly contribution. It can be observed that, the choice of channel for contribution payment varies across amount of monthly contribution. However, the most preferred channels, among others, are online platform, banking institutions, post office and insurance or takaful company. The similar pattern is found in Table 7.8 when the responses are distributed based on total amount of coverage.

Table 7.7: Distribution of Channel for Contribution Payment by Monthly Contribution

Items	≤ RM 5	RM6 - RM10	RM11 - RM20	RM21 - RM30	RM31 - RM40	RM41 - RM50	RM51 - RM100	RM101 - RM200	RM201 - RM300	≥ RM 301	Total
Insurance/ Takaful Company	18	62	41	26	6	81 (26%)	59	37	2	6 (21%)	338
Post Office	20	71 (27%)	36	26	5	69	65	37	9	5	343

Bank	13	52	25	23	6	64	71	49 (26%)	9	4	316
Online	24 (25%)	52	43 (25%)	28 (25%)	10 (32%)	68	76 (24%)	43	17 (39%)	4	365 (24%)
Village committee	9	11	14	5	1	9	16	9	1	4	79
Association	10	10	12	3	1	12	21	8	5	4	86
Others	1	3	4	0	2	4	5	3	1	1	24
Total	95	261	175	111	31	307	313	186	44	28	1551

Table 7.8: Distribution of Channel for Contribution Payment by Total Coverage

Items	RM1000 and below	RM1001 - RM5000	RM5001 - RM10000	RM10001 - RM20000	RM20001 - RM30000	RM30001 - RM40000	RM40001 - RM50000	RM50001 - RM100000	RM100001 - RM250000	RM250001 - RM500000	RM500001 and above	Total
Insurance/ Takaful Company	37	43	76 (25%)	27	8	2	35	58	16	14	2	318
Post Office	66 (27%)	43	66	20	15	1	43 (26%)	52	12	11	4	333
Bank	43	41	60	23	9	1	34	62 (25%)	21 (22%)	12	5 (36%)	311
Online	49	52 (25%)	74	34 (31%)	16 (31%)	10 (59%)	41	52	15	14 (26%)	2	359 (24%)
Village committee	20	14	21	2	1	0	4	7	6	1	0	76
Association	26	10	17	4	1	2	5	16	3	1	0	85
Others	6	2	3	1	1	1	3	4	0	1	1	23
Total	247	205	317	111	51	17	165	251	73	54	14	1505

7.5 Channel for Compensation Claims

With regard to the channel for compensation claims by age of respondents (see Table 7.9), the protection provider (insurance or takaful company) scores the highest in every range of respondent's age. This indicates that, respondents prefer to reclaim their compensation from the protection provider at first hand (534 responses) compared to

other channels. Based on FGD responses with B40 group, some respondents argue that they were less optimistic to subscribe protection plan due to the difficulties encountered during claims application especially when dealing with agents who are contactless and went missing if the risk prevails.

N11, G3, R5:

syarikat insurans, kita perlu guna duit sendiri dahulu, kemudian baru claims pada

staf syarikat dan bukan ejen kerana ejen bersifat tidak

N11, G3, R4:

Banking institutions and online platform are another channels that receive considerable scores at 253 and 250 responses respectively. This can also be supported by FGD findings where respondents from Terengganu prefer to deal with banking institutions rather than personal agents due to reliability factor.

N11, G4, R2:

Table 7.9: Distribution of Channel for Compensation Claims by Age of Respondents

Items	< 20 years	20-29 years	30-39 years	40-49 years	50-59 years	> 60 years	Total
Insurance/ Takaful Company	17 (32%)	198 (31%)	139 (33%)	94 (33%)	70 (37%)	16 (33%)	534 (32%)
Post Office	9	85	53	44	24	9	224
Bank	7	98	67	49	27	5	253
Online	7	109	62	35	28	9	250
Village committee	9	82	53	32	22	4	202
Association	3	63	42	30	16	3	157
Others	1	9	10	3	2	3	28
Total	53	644	426	287	189	49	1648

Insurance or takaful company (32%) remain the most preferred channel for compensation claims even after all responses are tabulated by four categories of B40 (See Table 7.10). Looking at every category of B40 group, more than 30% of responses under each category choose protection provider (insurance or takaful company) as their preferred channel for compensation claims. The results are consistent across different amount of monthly contribution (see Table 7.11) and total amount of coverage (see Table 7.12).

Table 7.10: Distribution of Channel for Compensation Claims by Group of B40

Items	Fishery sector	Agriculture sector & self-employed	FELDA	Urban B40	Total
Insurance/Takaful Company	55 (32%)	165 (33%)	57 (36%)	259 (32%)	536 (32%)
Post Office	29	70	21	105	225
Bank	20	88	22	123	253

Online	21	59	22	149	251
Village committee	25	61	15	102	203
Association	20	52	14	71	157
Others	3	8	7	10	28
Total	173	503	158	819	1653

Table 7.11: Distribution of Channel for Compensation Claims by Monthly Contribution

Items	≤ RM 5	RM6 - RM10	RM11 - RM20	RM21 - RM30	RM31 - RM40	RM41 - RM50	RM51 - RM100	RM101 - RM200	RM201 - RM300	≥ RM 301	Total
Insurance/ Takaful Company	26 (33%)	75 (38%)	42 (28%)	32 (32%)	9 (33%)	106 (33%)	94 (31%)	47 (31%)	8 (27%)	6 (33%)	445 (32%)
Post Office	13	43	26	18	4	32	35	16	2	2	191
Bank	10	28	21	14	4	59	47	25	4	3	215
Online	7	22	34	19	8	49	43	24	7	2	215
Village committee	12	14	20	10	1	34	42	19	5	1	158
Association	8	11	12	6	0	33	33	16	3	3	125
Others	2	2	3	0	1	5	5	4	1	1	24
Total	78	195	158	99	27	318	299	151	30	18	1373

Table 7.12: Distribution of Channel for Compensation Claims by Total Coverage

Items	RM1000 and below	RM1001 - RM5000	RM5001 - RM10000	RM10001 - RM20000	RM20001 - RM30000	RM30001 - RM40000	RM40001 - RM50000	RM50001 - RM100000	RM100001 - RM250000	RM250001 - RM500000	RM500001 and above	Total
Insurance/ Takaful Company	58 (26%)	60 (31%)	86 (31%)	32 (34%)	12 (27%)	4	57 (36%)	78 (37%)	22 (45%)	20 (43%)	4 (25%)	433 (32%)
Post Office	29	33	51	14	8	0	20	26	5	3	1	190
Bank	41	28	42	17	9	2	20	32	8	15	2	216

Online	24	35	47	21	11	6 (46%)	23	26	8	6	2	209
Village committee	39	20	31	6	3	0	18	23	4	2	3	149
Association	30	17	18	4	2	0	18	25	2	1	3	120
Others	5	3	6	1	0	1	3	2	0	0	1	22
Total	226	196	281	95	45	13	159	212	49	47	16	1339

7.6 Summary of the Findings

Micro-takaful is an alternative protection that serves the low-income market. As such, a regular takaful product and processes need to be completely reengineered to fit the preferences of the target market such as agricultural workers, small entrepreneurs, fishery labourer, FELDA and other B40 groups. This means that micro-takaful must have unique features to reach the masses who may not have secured income, bank account or even possess a limited knowledge of protection products. Thus, providing suitable and innovative distribution channel is necessary to facilitate the process since the first contact of the distribution channel until the critical point of claims compensation.

Analysis on the determinant of suitable distribution channel for micro-takaful found that, majority of the respondents prefer to subscribe a protection plan offered by takaful company (58%) compared to the plan provided by the insurance company (9%). Regardless of the amount of monthly contribution or protection coverage, majority of the respondents prefer to subscribe the micro-takaful protection from the takaful company (32%) followed by online platform (18%).

As for the channel for the contribution payment, the most popular channel would be online medium and post office especially for those aged between 20 and 29 years old, categorized under urban B40 group, and the total expected protection coverage is below RM 50,001. Respondents who decide to subscribe the micro-takaful protection whose total coverage exceeds RM 50,001 favor to perform their monthly contribution payment

either at the takaful company or using the intermediary of banking institutions. As for the channel of compensation claims, majority of the respondents decided to attempt the takaful company in first place followed by banking institutions. The results are strong and consistent across respondent age, group of B40, amount of monthly contribution and the total amount of coverage protection.

CHAPTER EIGHT

ANALYSIS ON THE RULES AND REGULATIONS OF MICRO-TAKAFUL PRODUCT DEVELOPMENT AND IMPLEMENTATION

8.1 Introduction

This section reviews all the related rules and regulations for future product development of micro-takaful and implementation. The analysis will observe, among others, three main references rules and regulations, namely 1) Micro-insurance and micro-takaful discussion paper dated 18 April 2016, guidelines on family takaful products and guidelines on takaful operational framework. As far as micro-takaful is highly concerned, the offering of micro-takaful shall be successful upon complying all the rules and regulations by the Central Bank of Malaysia.

8.2 Micro-Takaful Basic Principles

The basic principle of micro-takaful is simplicity. Following the targeted consumers among B40 people, this product with its services shall be easily understood, direct and without many questions. A comprehensible feature of micro-takaful is self-explanatory with minimum advice from the operator. In addition, benefits, terms and conditions are straightforward delivered. Every disclosure material and language used responds all the enquiries which come into view of these people. To drive the protection needs, micro-takaful contribution must be allocated to a maximum exposure of protection that is relevant and meaningful suitable to their daily life risks in addressing their financial security.

More importantly, the best micro-takaful feature ensures the contribution is affordable and distribution channel is accessible in the best convenience manner. Product features and processes can be designed in accordance to their circumstances. Likewise, every process such as payment, certificate renewal, claims, particulars modification,

beneficiary's nomination and enquiries should not be too complex. Since many respondent concern about the claims process surrounding the takaful subscription, all processes involved along its operating shall be expedited in timely manner, particularly to shorten the claims approved and disbursed to the participants given the case is evidently genuine. Further, all the processes shall be simplified and automated as much as possible to support the accessible and efficient function of micro-takaful.

8.3 Micro-Takaful Product Development

In general, micro-takaful offers an avenue for immediate temporary relief when the participants encounter some financial difficulty with relevant to adverse events where the financial impact especially impermanent. Additionally, it would probably be the best access to financial resources to deal with sudden large expenses where the impact on personal financial capability is extremely at culmination. Consequently, the primary functions of micro-takaful provide a peace of mind discovering that financial relief would be available in easy and timely manner whenever a catastrophe materializes.

The success of micro-takaful in the market would likely depend on the demand of low-income population, the providers and regulators. But the most important factor lies with the participants when they recognise and understand the importance of financial protection and have the faith at shifting the risk to micro-takaful provider to meet the objective and financial protection needs. On the part of the operator, they have to invest particularly on innovation and a continuous service improvement to achieve a long-term growth perspective. However, this is almost impossible to implement without friendly intervention of regulators in encouraging and promoting positively this social finance tool.

Micro-takaful basic idea is to develop cost-efficient and innovative business model utilizing community-centric distribution channels and technology-driven process. Cost savings from this model can, thereby, moved to a lower amount required for micro-takaful contribution and a higher protection value to the participants. This distinguishable feature from the traditional model is highly associated with the social

group representative in a more efficient fashion of conducting the transaction online with less physical presence.

The development and approval of micro-takaful must satisfy the requirement in the Guidelines on Family Takaful Products. It is highlighted that the sum participated by a personal accident extension to a life policy or family takaful certificate shall not exceed five times the sum insured by the participated takaful certificate.

8.4 Intermediaries in Micro-takaful Distribution

Micro-takaful provider is allowed to appoint any special entities to distribute the product in comparison to the traditional agents. But the individual or entity must only be focusing on merely distributing micro-takaful product. Besides, micro-takaful agents will be excluded from the definition of traditional agents with relevant to the guidelines of the national trade association of all licensed direct and reinsurance companies for general insurance in Malaysia (PIAM), Life insurance Association of Malaysia (LIAM), and Malaysian Takaful Association (MTA).

In this effort, micro-takaful agents will be excluded from the following compulsory requirements imposed to the traditional agents:

- i. to register with the relevant association,
- ii. to obtain qualifications, written examinations, training and Continuing Professional Development;
- iii. to retain minimum requirements for persistency, maintenance of contract and promotion;
- iv. to maintain minimum number of agents allowed to represent.

The best part is micro-takaful provider prescribed with no requirement to observe limits on commission and agency-related expenses for micro-takaful agents as explained in established policy documents such as:

- i. Guidelines on Operating Costs of Family Takaful Business,
- ii. Guidelines on Medical and Health Takaful Business;

- iii. Guidelines on Investment-Linked Insurance/Takaful Business;
- iv. Guidelines on Bancatakaful.

Within its capacity, micro-takaful agents are required to promote and sell only micro-takaful products as approved by the bank. Additionally, they may assist the marketing, contracting and some other operating functions of micro-takaful provider. However, micro-takaful agents will not be allowed to advise customers that includes planning and analysing the financial needs in addition to recommending between various types of micro-takaful products available in the market. Moreover, micro-takaful agents can be allowed to distribute more than one product from many different providers.

8.5 Selection of Micro-takaful Agents

A guidance is provided in selecting micro-takaful agents to ensure due diligence conducted when promoting and offering micro-takaful with full responsibility and competent. In the case of micro-takaful is an individual, he or she must, at least, be registered with an established entity. Alternatively, if the agent is not an individual, the entity must have been approved, registered with or licensed by the relevant authorities and has permanent business premises or office with established core business function.

The long list of entities that can be considered by micro-takaful providers to appoint as micro-takaful agents goes exhaustively like the following:

- i. non-government organization (NGOs),
- ii. retail or chain provision stores;
- iii. bank agents;
- iv. societies, co-operatives, and unions;
- v. amenities and facilities such as hospitals, clinics and petrol stations; and
- vi. individuals who are formal members of a specific entities.

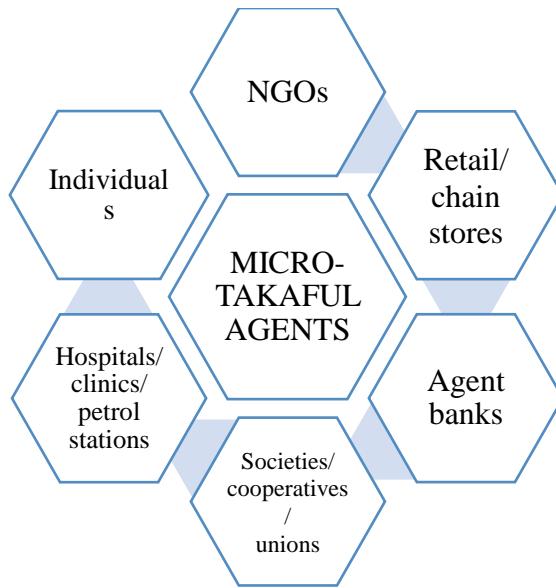


Figure 8.1 Entities That Can Be Considered by Micro-Takaful Providers to Appoint as Micro-Takaful Agents

8.6 Summary of the Findings

Overall, it can be said that a newly launch micro-takaful product has mostly no restriction to adhere to all the guidelines and regulations underlined. Micro-takaful provider must fully take into consideration, predominantly on the appointment and selection of an agent with some limitation on their roles, especially with attention to financial protection advice to the customers. Moreover, the list of distribution channel suggested is without obstruction extendable to a number of social organizations to reach this underserved and insurance excluded groups in a better solution. Thus, if both sides play a significant role effectively, the objective of micro-takaful is achievable to accumulate low-income households for a good access of takaful that meets the needs of financial protection.

CONCLUSION

The main purpose of this study is to determine the suitable takaful plan and distribution channel for B40 across different groups, affordable contribution, the expected amount of coverage, as well as, their preferred type of the protection provider. This study has employed a mix method approach where the qualitative part emphasizes on gathering data through the means of interview and FGD from the participation of 330 informants while quantitative method focuses on the data collected by the means of survey covering the whole Malaysia including Sabah and Sarawak with a total of 1,165 respondents.

The summary of the findings as well as the discussions are as follows:

Objective one of this study is to investigate supplier's view, desire, capacity, requirement and technicality to offer micro-takaful product. This study found that there is a gap between FWD proposals on the B40 targeted micro-takaful and Tenang Protection Scheme as stated in chapter one. In terms of minimum contribution, other market players could offer as minimum as RM3.25 and the cash benefit can go up to RM 10,000. Therefore, FWD Takaful should relook into its actuarial calculation and capacity in offering B40 micro-takaful to be seen competitive and relevant in the market.

The second objective is to investigate the potential participant's view, desire and requirement to participate in micro-takaful plan. From the total of 1,165 respondents, it comprises four (4) groups of B40s, which are 44.5% urban B40 (519 respondents), 33.6% agriculture and self-employed (392 respondents), 11.8% fishery sector workforces (137 respondents) and 10% FELDA residents (117 respondents). In addition, only 30.4% of the respondents had takaful or insurance protection and the types of protection plans mostly subscribed were personal accident, life and medical. Most of them were interested to procure takaful protection and they were also in excellent health condition. They were also willing to put aside RM50 and below for monthly contribution in the subscription of takaful or insurance protection and they were looking for coverage of, at least, up to RM 20,000. The findings also found that, the risks that they were highly concerned were breadwinner's death and permanent

disability in corresponding to the precedence of protection as explained. In terms of preferred channels for subscription, the contribution payment and claims request, most of the respondents prefer to visit personally the provider's office, post office and also online transaction. Regardless of the type of claims, most of them would prefer to receive the claims payment by cash. Furthermore, the tendency of selecting takaful as a preferred protection plan might be resulted from the respondent's demography where majority of the respondents are Malay/Bumiputera ethnicity. Majority of the respondents prefer to subscribe takaful/insurance due to their awareness for undertaking protection plan in mitigating the financial risk in the case of death and accident.

The third objective of this study is to investigate the coverage that suits B40s' needs. Overall, the findings on coverage and demographic background show a relatively consistent result. The two highest preferred coverage selected by the respondents were RM 5,001 to RM 10,000 and RM 50,000 to RM 100,000. This study found that these two preferred ranges of coverage resemble those respondents that have similar background such as age (20 to 49 years), marital status (single and married), B40 groups (rural urban, agriculture and self-employed), profession (private sector), the range of income (RM 501 to RM 1,500) and monthly commitment (RM 501 to RM 1,000). However, this study also found different attributes for these two preferred ranges of coverage with regards to the profession, the range of income and also the number of dependents. These differences prevail due to their affordability to contribute based on the monthly income and monthly commitment. It shows that B40 commonalities are also aware on the significant relationship between monthly contribution and the coverage in takaful or insurance protection structure.

The fourth objective is to analyze the most appropriate pricing that corresponds to the family micro-takaful product for B 40 groups. In summary, this study found that most of the B40s afford to contribute at RM 6-RM 10, RM 41-RM 50 and RM 51-RM 100 every month. Those who afford to contribute at RM 6-RM 10 per month are below 20 and upper 50 years because the former just started working while the latter began retiring. Their monthly income was only RM 500 and below. In addition, they also hold the highest academic qualification at SRP/PMR/PT3 and below. This also implies that they did not have much knowledge on insurance and takaful as well as some benefits

of the financial planning. Furthermore, B40 groups that afford to contribute at RM 6 to RM 10 were from agriculture sector and self-employed. This is because they only rely on asset and income that they earned as a measurement of their affordability to contribute on micro-takaful. Therefore, this group did not expect a considerably high coverage around RM 5,000 to RM 10,000 only.

Meanwhile, for those who afford to contribute at RM 41-RM 50 per month, most of them are 30-49 years, FELDA and urban B40 groups, single, married, with 2 to 5 dependents, hold at least SPM certificate and above, work as government servant and earn income of RM 1,000 to RM 1,500 per month. Based on the findings of this category's attributes, it portrays that those who have higher education background and higher income would be able to contribute additionally even though they have a bigger number of dependents. The age of 30 to 49 years is also categorized as adult like stood independently, economically and financially resistant. Most of the B40 groups like FELDA and urban B40 afford to contribute RM 41 to RM 50 because FELDA members are familiar with the insurance and takaful as well as cooperative contribution, where if anything happened within the active period of participation, the collected contribution would help the member's injurious misfortune. This is used to be a cultural norm among FELDA members. Meanwhile, urban B40 group is more informative and most of them are working and earning monthly income. They have the ability to contribute an extra amount and they also realize the needs of the takaful and insurance to assist their family when calamity ensues. This group also prefers takaful because it would not be priced excessively in the name of Islamic institutions. With the knowledge and understanding, they should choose Islamic protection product rather than going conventional befitting as a good practice Muslim in accordance to Shariah principle. With this range of affordable contribution, their expected amount of coverage is only RM 50,000 to RM 100,000.

The third popular range that most of the B40s afford to contribute is RM 51-RM 100 per month. This range has its uniqueness of the attributes where most of them are in the age range of 20 to 29 years, where they are not only young-looking, but also assiduously earn a monthly income of RM 1,500 to RM 2,500, some of them already had one dependent. Thus, additional amount of contribution is deemed reasonable for them.

Their education background is greater with at least a qualification in SPM. The need for their future could be implicated by some knowledge on risk protection. Their profession as entrepreneur, private sector employees, government servant and others which include the workforces in fishery sector will most likely entice a strategic plan for mitigating future uncertainty. In this light, they would afford to contribute at a greater extent of RM 51 to RM 100. Nonetheless, this category also prefers takaful with the expected amount of coverage around RM 40,000-RM 50,000.

The sixth objective of this study is to determine suitable distribution channel of micro-takaful product for Malaysian B40. This study found that B40s prefer to subscribe a protection plan offered by takaful company compared to the counterparts, the insurance company. Regardless of the amount of monthly contribution or protection coverage, majority of the respondents prefer to subscribe the micro-takaful protection personally from takaful company followed by online platform. As for the channel of the contribution payment, the most popular channel would be using online transaction and post office, especially for those aged between 20 and 29 years, categorized under urban B40 group and the expected protection coverage is below RM 50,000. Respondents who decide to subscribe the micro-takaful protection whose expected coverage provides more than RM 50,001 favor to make their monthly contribution payment either over the counter at takaful company or through banking institutions. As for the channel of compensation claims, majority of the respondents decided to request their compensation at the premises of takaful company followed by banking institutions. The results are consistent across different respondent age, group of B40, the amount of monthly contribution and the amount of expected protection coverage.

The last findings allude to objective seven to analyze rules and regulations on micro-takaful product development and implementation. The findings of this study conclude that a newly launch micro-takaful product has mostly no restriction to adhere to all the guidelines and regulations underlined. Micro-takaful provider must fully take into consideration, predominantly on the appointment and selection of an agent with some limitation on their roles, especially with attention to financial protection advice to the customers. Moreover, the list of distribution channel suggested is without obstruction extendable to a number of social organisations to reach this underserved and insurance

excluded groups in a better solution. Thus, if both sides play a significant role effectively, the objective of micro-takaful is achievable to accumulate low-income households for a good access of takaful that meets the needs of financial protection.

Based on all the above findings, this study has successfully attained all of the seven objectives outlined by providing a set of relevant answers. Micro-takaful is an alternative protection that serves the low-income market. As such, a regular takaful product and its processes need to be completely reengineered to fit the preferences of the target market, especially the agricultural workforces, small and medium entrepreneurs, fisheries laborers, FELDA as well as urban B40 groups. This is especially true when micro-takaful must have unique features to reach masses who may not have secured income, bank account or even possess a limited knowledge of protection products. Thus, providing suitable and innovative distribution channel are necessary to facilitate the process since the first contact of the distribution channel until the critical point of claims compensation. The findings and discussions of this comprehensive study would be a fruitful input for the takaful operator as well as the policy maker in developing suitable takaful plan and distribution channel for B40, which will benefit all parties towards the betterment of Ummah.

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APPENDICES

APPENDIX A – FOCUS GROUP DISCUSSION

TATACARA PERLAKSANAAN FGD BAGI PENYELIDIKAN MIKRO TAKAFUL FWD

***Edarkan soalan survey terlebih dahulu sebelum mulakan sesi FGD (25 MINIT)**

Selepas collect baru mulakan Sesi FGD

KEPERLUAN PRE-FGD

1. Set Soalan FGD (Moderator)
2. Fail carta, gambar, pelekat coloring, pen marker (Moderator)
3. Set Borang jawapan ikut tema dan pen (Pembantu)
4. Perakam suara (Pembantu)

PROTOKOL PENGENDALIAN TEMUBUAL KUMPULAN FOKUS

1. Perkenalkan diri dan tujuan FGD diadakan.
2. Mohon izin untuk merakam dan tujuan rakaman serta tahap kerahsiaan maklumat yang bakal dikongsikan.
3. Maklumkan tiada jawapan yang betul atau salah untuk menggalakkan respon dari ahli.
4. Taaruf dan kenalpasti responden, lekat nama untuk pelekat coloring.

POST FGD

1. Wrap-up
2. Ucapkan terima kasih atas kerjasama.
3. Sesi penyerahan saguhati
4. Sesi bergambar

Tarikh: Masa: Tempat:

Untuk diisi oleh pembantu penyelidik

No	Tema	Resp1	Resp2	Resp3	Resp4	Resp5
1	Nama and jantina					
	a. Agama					
	b. Etnik					
	c. Jumlah tanggungan (anak dan ibubapa)					
	d. Bilangan adik beradik					
	e. Pendidikan					
	f. Pekerjaan					
	g. Tahap kesihatan					
2 (a)	Memikirkan/risau tentang musibah					
2 (b)	Cara survival					
2 (c)	Risiko yang paling dibimbangi dan sebab					
2 (d)	Jenis perlindungan yang menjadi keutamaan					
3 (a)	Pengetahuan tentang pelan perlindungan					
3 (b)	Jenis perlindungan yang dimiliki (jika ada)					
3 (c)	Berminat untuk mendapatkan pelan perlindungan					

3 (d)	Jenis bantuan yang diperlukan					
3 (e)	Jumlah yang sanggup dicarum					
3 (f)	Jumlah coverage yang diperlukan					
3 (g)	Kekerapan bayaran caruman					
4 (a)	Jenis syarikat perlindungan					
4 (b)	Saluran yang paling disukai untuk urusan					
4 (c)	Bentuk gantirugi yang paling disukai					
5	Lain-lain pandangan					

APPENDIX B – QUESTIONNAIRE



UUM
Universiti Utara Malaysia



SOALAN KAJI SELIDIK KESESUAIAN DAN KAEDAH PENYALURAN TERBAIK PELAN PERLINDUNGAN UNTUK GOLONGAN B40 DI MALAYSIA

Kaji selidik ini dijalankan bertujuan untuk mendapatkan maklumat berkaitan pelan perlindungan dan kaedah penyaluran terbaik produk tersebut kepada golongan B40 di Malaysia.

Soalan kaji selidik ini dibahagikan kepada empat bahagian utama iaitu:-

Bahagian A: Latar belakang responden

Bahagian B: Maklumat berkaitan pelan perlindungan keluarga dan harta

Bahagian C: Kefahaman dan pengetahuan responden

Bahagian D: Persepsi responden

Kami sangat menekankan **KERAHSIAAN** sesuatu maklumat, justeru segala maklumat yang diberikan adalah dijamin rahsia. Kami juga ingin merakamkan setinggi-tinggi penghargaan dan ucapan terima kasih di atas kerjasama anda untuk menjawab soal selidik ini dengan ikhlas dan jujur.

Sebarang pertanyaan berkaitan kaji selidik ini boleh menghubungi:-

Prof. Madya Dr. Selamat Maamor

Tel: 04-9286671/ 019-4480666

Emel: selamahm@uum.edu.my

Alamat: Pusat Pengajian Perniagaan Islam,
Universiti Utara Malaysia, 06010 Sintok, Kedah DA.

UNTUK KEGUNAAN PENYELIDIK SAHAJA

KOD NEGERI	<input type="text"/>	<input type="text"/>
NO. RESPONDEN	<input type="text"/>	<input type="text"/>
DAERAH	<input type="text"/>	

9. Kelayakan akademik tertinggi:
 Bawah UPSR STPM/A Level/Sijil
 UPSR Diploma
 SRP/PMR/PT3 Ijazah Sarjana Muda
 SPM/O Level Lain-lain (Nyatakan): _____
10. Jenis pekerjaan (pilih satu):
 Usahawan Pekerja Kerajaan
 Pekerja Swasta Bekerja Sendiri (Bukan Usahawan)
 Suri/Sura rumah Pelajar
 Pencen Lain-lain (Nyatakan): _____
11. Taraf pekerjaan (jika berkaitan):
 Tetap Sambilan Kontrak
12. Anggaran jumlah pendapatan bulanan: RM _____
13. Anggaran jumlah perbelanjaan bulanan: RM _____
14. Jenis bantuan yang pernah anda terima **SEKARAKA/TETAP**.
 Boleh tanda (/) lebih dari satu.
 Zakat Jabatan Kebajikan Masyarakat
 BSH/BR1M Pinjaman/Biasiswa Pelajaran
 Subsidi bersasar Bantuan daripada Yayasan/NGO
 PPRT Lain-lain (nyatakan): _____
15. Pernahkah anda meminjam wang?
 Ya Tidak (jika tidak, sila ke **Soalan 20**)

BAHAGIAN A: LATAR BELAKANG RESPONDEN

Sila jawab semua soalan. Isi tempat kosong dan tandakan (/) pada ruangan yang sesuai.

1. Umur: _____ tahun
2. Jantina: Lelaki Perempuan
3. Etnik:
 Melayu Cina India Orang Asli
 Kadazan Dusun Murut Bajau Pribumi Sabah
 Bidayuh Melanau Iban Pribumi Sarawak
 Lain-lain (nyatakan): _____
4. Agama:
 Islam Buddha Hindu Kristian
 Tradisional (cth:Orang asli) Lain-lain (nyatakan): _____
5. Status perkahwinan:
 Bujang Berkahwin Bercahai Balu
6. Jumlah tanggungan:
a) Anak: _____ orang
b) Lain-lain tanggungan (cth:ibu, bapa, nenek): _____
c) Tiada
7. Bilangan adik beradik: _____ orang
8. Kawasan tempat tinggal sekarang:
 Bandar Pinggir bandar
 Poskod tempat tinggal: _____
- Pedalaman

23. Jenis aset yang anda miliki.
 Boleh tanda (/) lebih dari satu.
 Rumah
 Kenderaan
 Hartanah
 Barang kemas
 Simpanan
 Pelaburan (saham, unit amanah)
 Lain-lain (nyatakan): _____
24. Adakah anda mempunyai pelan perlindungan ketika ini (takaful atau insurans)?
 Ya Tidak (Jika tidak, sila ke **Soalan 27**)
25. Jenis pelan perlindungan yang di sertai.
 Boleh tanda (/) lebih dari satu.
 Hayat/nyawa
 Kemalangan
 Keluarga
 Kesihatan
 Khairat kematian
 Lain-lain (Nyatakan): _____
26. Tuntutan/pampasan tertinggi yang pernah diterima daripada operator pelan tersebut.
RM _____
27. Jumlah khairat kematian/belanja pengebumian yang pernah diluntur. RM _____
28. Adakah anda berminat untuk mendapatkan pelan perlindungan takaful/insurans?
 Ya Tidak
29. Sila tandakan tahap kesihatan anda sekarang
 Sangat tidak sihat  Sangat sihat 
 1 2 3 4 5 6 7 8 9 10
16. Sumber pinjaman wang dan jumlah pinjaman anda.
 Boleh tanda (/) lebih dari satu.
 Institusi perbankan: RM _____
 Koperasi: RM _____
 Pajak Gadai/Ar-Rahnu: RM _____
 AIM/TEKUN: RM _____
 Lain-lain (nyatakan): _____
 Peminjaman wang berlesen: RM _____
 Peminjaman wang tidak berlesen: RM _____
 Ahli Keluarga/Adik Beradik: RM _____
 Kenalan: RM _____
17. Tujuan/sebab anda meminjam.
 Boleh tanda (/) lebih dari satu.
 Kegunaan harian
 Membayar hutang
 Perbelanjaan pendidikan
 Perbelanjaan perubatan
 Belian aset/kenderaan
 Belian rumah
 Modal perniagaan
 Lain-lain (nyatakan): _____
18. Jumlah hutang yang masih belum dibayar/tertunggak: RM _____
19. Jumlah bayaran tanggungan/komitmen bulanan: RM _____
20. Jenis pemilikan rumah anda sekarang
 Persendirian
 Pusaka
 Lain-lain (nyatakan): _____
 Sewa
 Rumah sumbangan kerajaan
21. Jenis rumah anda sekarang
 Banglow
 Kondominium
 Apartment/pangsapuri
 Kluster
 Teres
 Rumah Kampung
 Rumah panjang
 Rumah PPRT
22. Jenis bahan binaan rumah anda
 Batu
 Separa batu dan kayu
 Kayu
 Lain-lain (nyatakan): _____

39. Sila nyatakan sebab pilihan anda di **Soalan 38**.
Boleh tanda (/) lebih dari satu.
- | |
|--|
| Mudah |
| Murah |
| Lebih yakin |
| Lebih tahanam |
| Ikut kepercayaan agama saya |
| Ikut apa yang orang sekeliling saya guna |
| Lain-lain, nyatakan: _____ |
30. Tempat pilihan anda untuk mendapatkan rawatan kesihatan
Boleh tanda (/) lebih dari satu.
 Hospital/klinik kerajaan
 Perubatan alternatif (Cth: Perubatan Islam dan Tradisional)
 Hospital/klinik swasta
 Lain-lain (nyatakan): _____
31. Sebab pilihan anda di **Soalan 30**.
Boleh tanda (/) lebih dari satu.
 Murah
 Mudah
 Lain-lain (nyatakan): _____
32. Berapa kali anda ke klinik/hospital untuk mendapatkan rawatan dalam setahun?
Kali/ tahun

33. Jumlah bayaran klinik/hospital tertinggi yang pernah anda bayar untuk diri sendiri atau tanggungan.
RM _____
34. Sumber pembayaran bagi **Soalan 33**.
Boleh tanda (/) lebih dari satu.
 Pendapatan sendiri
 Pinjaman
 Zakat
 Lain-lain (nyatakan): _____
35. Berapakah anda sanggup mencarum daripada lebihan pendapatan bulanan untuk mengambil pelan perlindungan: RM _____
36. Berapakah jumlah minimum pelan perlindungan yang anda inginkan/perlukan jika berlaku apa-apa musibah?: RM _____
37. Nyatakan kekerapan bayaran caruman yang sesuai dengan anda.
 Bulanan
 3 bulan sekali
 6 bulan sekali
 Tahunan
38. Jika diberi pilihan, apakah jenis syarikat perlindungan yang anda akan pilih?
 Syarikat Takaful
 Syarikat Insurans
 Tidak kisah
40. Jika saya ingin mengambil sesuatu pelan takaful/insurans/perbankan, saya _____
Boleh tanda (/) lebih dari satu.
- | |
|---|
| <input type="checkbox"/> berbincang dengan ibubapa/adik beradik |
| <input type="checkbox"/> berbincang dengan pasangan |
| <input type="checkbox"/> membuat keputusan sendiri |
| <input type="checkbox"/> berbincang dengan kerahan |
41. Susun risiko yang paling dibimbangi yang boleh menjadi punca hilang pendapatan (Nyatakan 1, 2, 3, 4 dan 5)
- | |
|---|
| Kematian pencari nafkah |
| Hilang upaya kerjal |
| Sakit kritis |
| Bencana (banjir, tanah runtuh, kebakaran) |
| Kemalangan |
42. Susun pelan perlindungan mengikut keutamaan anda (Nyatakan 1, 2, 3, 4 dan 5)
- | |
|--|
| Kemalangan diri |
| Pendidikan |
| Perlindungan keluarga/ perlindungan hayat |
| Perlindungan aset |
| Perlindungan kesihatan (hospital dan pembedahan) |

Sila nyatakan tahap kefahaman anda tentang perkara-perkara berikut dengan membulatkan nombor yang bersesuaian berdasarkan skala berikut. 1= sangat tidak faham 2= tidak faham 3= faham 4= tidak pasti 5= sangat faham				
50. Maklud takaful	1	2	3	4
51. Beza antara takaful dan insurans	1	2	3	4
52. Istilah Personal Accident (PA) (kemalangan diri)	1	2	3	4
53. Istilah takaful keluarga/hayat	1	2	3	4
54. Istilah nilai pampasan takaful	1	2	3	4
55. Maksud kontrak wakalah dalam takaful	1	2	3	4
56. Maksud riba (bunga) dalam insurans	1	2	3	4
57. Maksud unsur tidak pasti (gharar) dalam insurans	1	2	3	4

43. Terdapat tiga (3) proses utama yang terlibat dalam unsur takaful/insurans diantara unsur mendapatkan produk, membuat bayaran dan proses tuntutan. Pada pendapat anda, apakah saluran terbaik berdasarkan proses tersebut.
Boleh tanda (/) lebih dari satu.

No	Saluran	a) Mendapatkan produk	b) Membuat bayaran	c) Proses tuntutan
1	Syarikat takaful/insurans			
2	Pejabat pos			
3	Institusi perbankan			
4	Atas talian (Online)			
5	Jawatankuasa kampung			
6	Persatuan			
7	Lain-lain (nyatakan)			

44. Apakah bentuk ganti rugi yang paling sesuai dengan anda dan lebih anda suka?

BAHAGIAN D: PERSEPSI RESPONDEN

Sila tentukan sejauh manakah anda bersetuju dengan setiap kenyataan berikut. Sila bulatkan nombor yang bersesuaian berdasarkan skala berikut. 1= sangat tidak setuju 2= tidak setuju 3= tidak pasti 4= setuju 5= sangat setuju				
58. Ibu bapa saya menyokong saya untuk mengambil pelan perlindungan.	1	2	3	4
59. Adik-beradik saya menggalakkan saya mengambil pelan perlindungan.	1	2	3	4
60. Masyarakat di sekelling saya menyokong saya mengambil pelan perlindungan.	1	2	3	4
61. Rakan-rakan saya berperpaduan saya perlu mengambil pelan perlindungan.	1	2	3	4
62. Saya yakin bahawa Tuhan akan membimbing dan membantu saya dalam kehidupan.	1	2	3	4
63. Saya yakin setiap perkara yang berlaku pada diri saya adalah atas ketentuan Tuhan.	1	2	3	4
64. Saya berpegang teguh dengan prinsip agama saya walaupun ia mungkin tidak disukai oleh orang sekeiling saya.	1	2	3	4

BAHAGIAN C: KEFAHAMAN DAN PENGETAHUAN RESPONDEN

Sila nyatakan tahap kefahaman anda tentang perkara-perkara berikut dengan membulatkan nombor yang bersesuaian berdasarkan skala berikut. 1= sangat tidak setuju 2= tidak setuju 3= tidak pasti 4= setuju 5= sangat setuju				
45. Saya tahu tempat untuk membuat tuntutan pelan perlindungan sekiranya berlaku musibah	1	2	3	4
46. Saya tahu borang yang diperlukan untuk urusan tuntutan pelan perlindungan	1	2	3	4
47. Saya tahu dokumen-dokumen yang perlu disediakan semasa membuat tuntutan.	1	2	3	4
48. Saya tahu jenis perlindungan (coverage) bagi pelan perlindungan saya.	1	2	3	4
49. Saya tahu jumlah maksimum pampasan bagi pelan perlindungan saya.	1	2	3	4

65.	Agama saya menggalakkan saya membantu orang lain dalam kesusaahan.	1	2	3	4	5
66.	Agama saya tidak melarang saya melanggar produk kewangan yang berunsurkan riba (bunga).	1	2	3	4	5
67.	Pada pendapat saya, pihak yang menawarkan pelan perlindungan mestilah menyediakan maklumat yang lengkap dan mudah difahami.	1	2	3	4	5
68.	Pada pendapat saya, maklumat berkaitan perlindungan yang dianjurkan produk perlindungan mestilah tejarat.	1	2	3	4	5
69.	Pada pendapat saya, operator pelan perlindungan hendaklah berindakbaik dengan cepat dan pantas dalam menyelesaikan sesuatu masalah pelanggaran.	1	2	3	4	5
70.	Pada pendapat saya, operator pelan perlindungan hendaklah prihatin terhadap kehendak dan kepuasan pelanggaran.	1	2	3	4	5
71.	Pada pendapat saya, operator pelan perlindungan hendaklah mempunyai kemudahan yang terkini.	1	2	3	4	5
72.	Saya sentiasa memantau perbelanjaan harian saya.	1	2	3	4	5
73.	Saya akan memperuntukan sebahagian pendapatan saya untuk simpanan dan keperluan kecemasan.	1	2	3	4	5
74.	Saya membayar bil elektrik mengikut masa yang ditetapkan.	1	2	3	4	5
75.	Saya membuat perancangan kewangan setiap bulan.	1	2	3	4	5
76.	Saya menetapkan maklumat perbelanjaan bulanan dan iaanya dibincangkan bersama keluarga.	1	2	3	4	5
77.	Saya sangat mengambil berat tentang risiko atau kemalangan (musibah) yang mungkin berlaku kepada ahli keluarga saya.	1	2	3	4	5
78.	Saya risau tentang kos yang perlu dikeluarkan jika berlaku sebarang musibah kepada ahli keluarga saya.	1	2	3	4	5
79.	Saya risau tentang apa yang akan berlaku kepada ahli keluarga saya jika saya tiada kelak.	1	2	3	4	5
80.	Saya risau tentang masa depan keluarga saya jika saya tiada kelak.	1	2	3	4	5
81.	Saya risau jika sesuatu musibah berlaku kepada saya akan menyusahkan keluarga saya.	1	2	3	4	5

82.	Saya yakin dengan mempunyai pelan perlindungan satu idea yang baik.	1	2	3	4	5
83.	Saya yakin dengan mempunyai pelan perlindungan memberi ketenangan fikiran kepada saya.	1	2	3	4	5
84.	Saya mempunyai persepsi yang positif terhadap pelan perlindungan.	1	2	3	4	5
85.	Saya yakin dengan mempunyai pelan perlindungan adalah bermafaat.	1	2	3	4	5
86.	Saya yakin dengan mempunyai pelan perlindungan adalah tindakan yang terbaik.	1	2	3	4	5

87. Apakah kepuasan perkhidmatan yang anda utamakan?

<input type="checkbox"/> Lokasi yang berhampiran	<input type="checkbox"/> Layanan yang baik
<input type="checkbox"/> Kemudahan parkir yang luas	<input type="checkbox"/> Perkhidmatan yang cekap dan cepat
<input type="checkbox"/> Sistem yang terkini	<input type="checkbox"/> Lain-lain (nyatakan): _____

88. Sila berikan pandangan dan cadangan anda berkaitan pelan perlindungan kepada golongan B40?

TERIMA KASIH ATAS KERJASAMA YANG DIBERIKAN!