



AFRICAN TAKAFUL
& NON-INTEREST FINANCE
C O N F E R E N C E

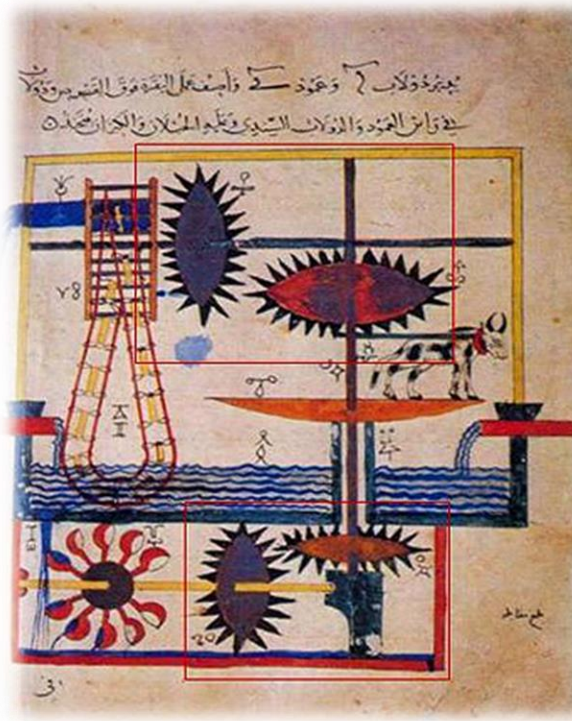
The Role of Technology in Growing Takaful

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Insurance Federation of Egypt (IFE)

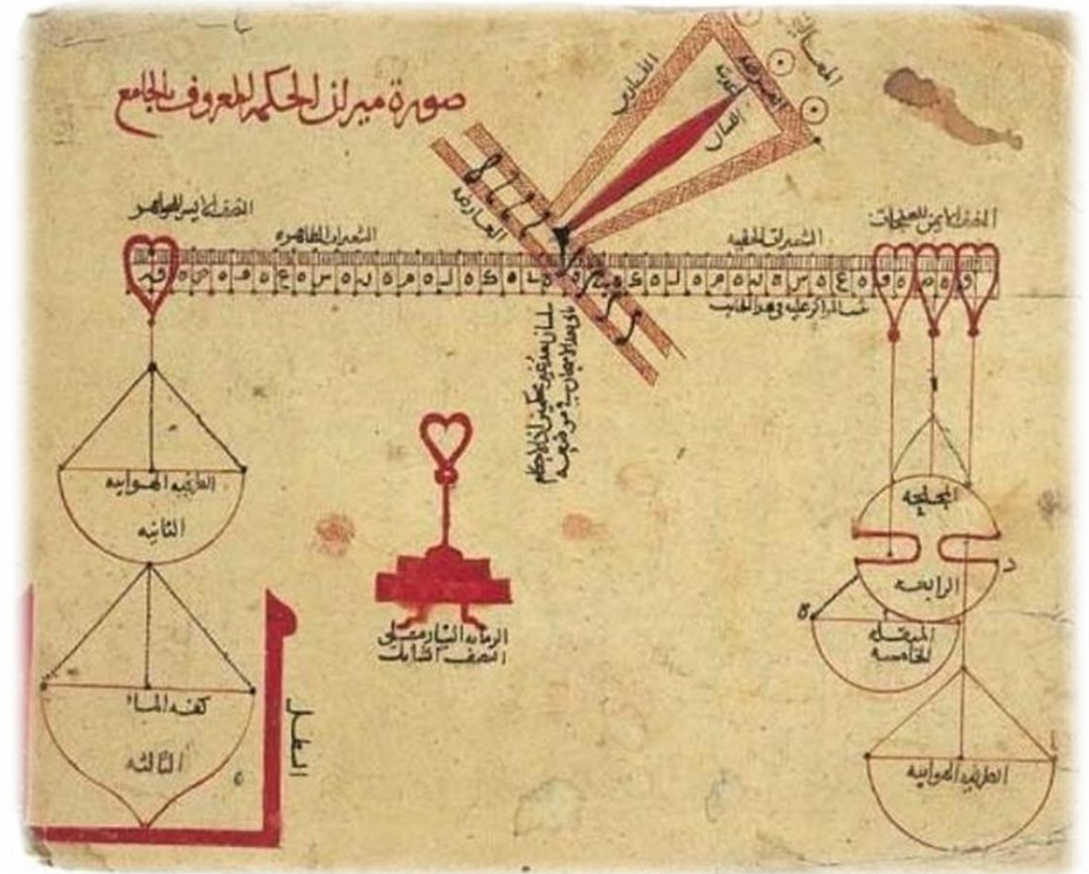
السَّلَامُ عَلَيَّ وَعَلَىٰ آلِي
وَرَحْمَةُ اللَّهِ
وَبَرَكَاتُهُ

WELCOME

Muslim heritage in technology



Water-Raising Device of Al-Jazari
12th century



Colorful diagram of mīzān al-hikma (the balance)
designed by Al-Isfizārī and Al-Khāzinī - 12th century

Takaful : the *status quo*



Obstacles (optimistically: challenges)



Countries and territories	Insurance density: premiums per capita in USD in 2021			Insurance penetration: premiums ¹ in % of GDP in 2021		
	Total business	Life business	Non-life business	Total business	Life business	Non-life business
Morocco	143	66	77	4	1.8	2.2
Tunisia	83	20	63	2	0.5	1.6
Kenya	44	20	24	2.2	1	1.2
Côte d'Ivoire	31	13	18	1.1	0.5	0.7
Egypt	27	2	15	0.6	0.3	0.4
Ghana	26	12	13	1.1	0.5	0.6
Algeria	24	2	22	0.7	0.1	0.6
Nigeria	7	4	3	0.4	0.2	0.2
Emerging EMEA (average)	92	35	58	1.6	0.6	1



Above average



Below average



Considerably below average

Obstacles (optimistically: challenges)



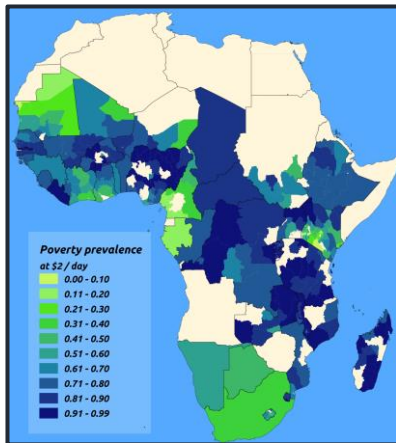
- USD 30.1 bn , 2022.
- CAGR of 13%
- USD 62.57 bn , 2028



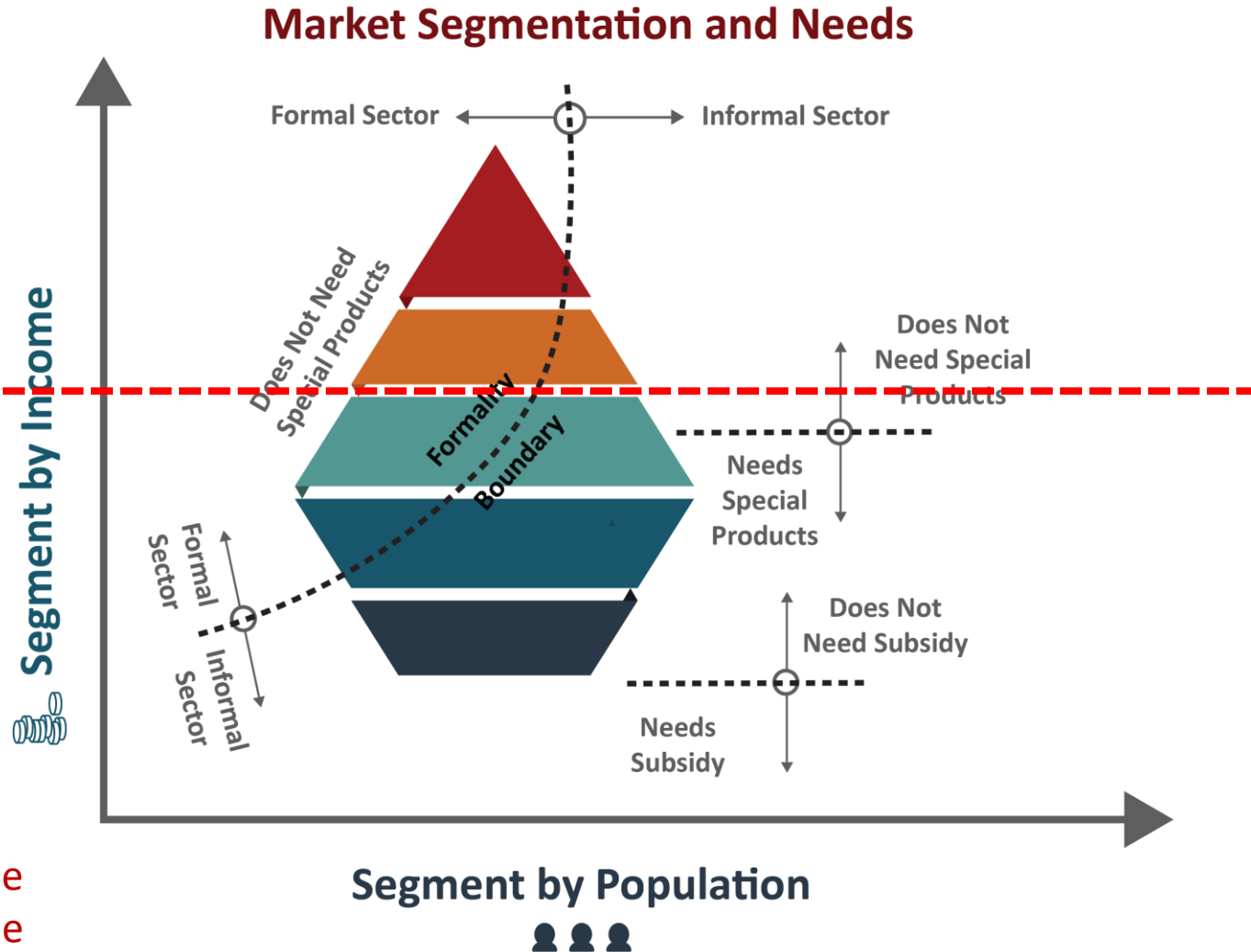
Global market share
0.5% of ~ USD 6
trillions

Obstacles (optimistically: challenges)

Islamic finance and Takaful in particular still focusing on the top of the pyramid



Around 460 million people on the continent are living below the extreme poverty line



Obstacles (optimistically: challenges)

Macro-environment challenges

- Low penetration rate & insurance density markets.
- Considerably, low market share (except in few countries .e.g. Malaysia).
- No or limited access to most of population!
- Regulatory & Governance Challenges (in some countries)

Micro-environment challenges

- Selling takaful as a religious product (only) despite its features and benefits.
- Challenging rating methodology of Takaful Companies
- Shortage of skills, knowledge and experience
- Unfair competition from Takaful windows
- Lack of cost- effective distribution

From obstacles to opportunities

The Story of Two Shoe Salesmen in Africa

Once upon a time, a shoe company sent two salesmen to Africa to determine the market potential for their products.

- **One salesman reported:** “No one here wears any shoes, there is no market for us here!”.
- **The other salesman sent a message** “No one here wears any shoes, there is a huge market for us, send inventory fast!”.

The other flip of the coin: opportunities

- The world's 1.5 billion Muslims + Non- Muslims may buy Takaful for its features and benefits.
- The population pyramid in Muslim countries is skewed in the direction of young people (the continent will have the largest youth population in the world by 2025).
- Most self-insurance' solutions provided by extended family and tribe groups may no longer be possible because of the urbanization trend in Muslims countries.

The other flip of the coin: opportunities



Hala food can be eaten by non – Muslims and Takaful too!

The other flip of the coin: opportunities



70% of the world's mobile money transaction value is generated in Africa



50% of all digital financial services users live in Africa



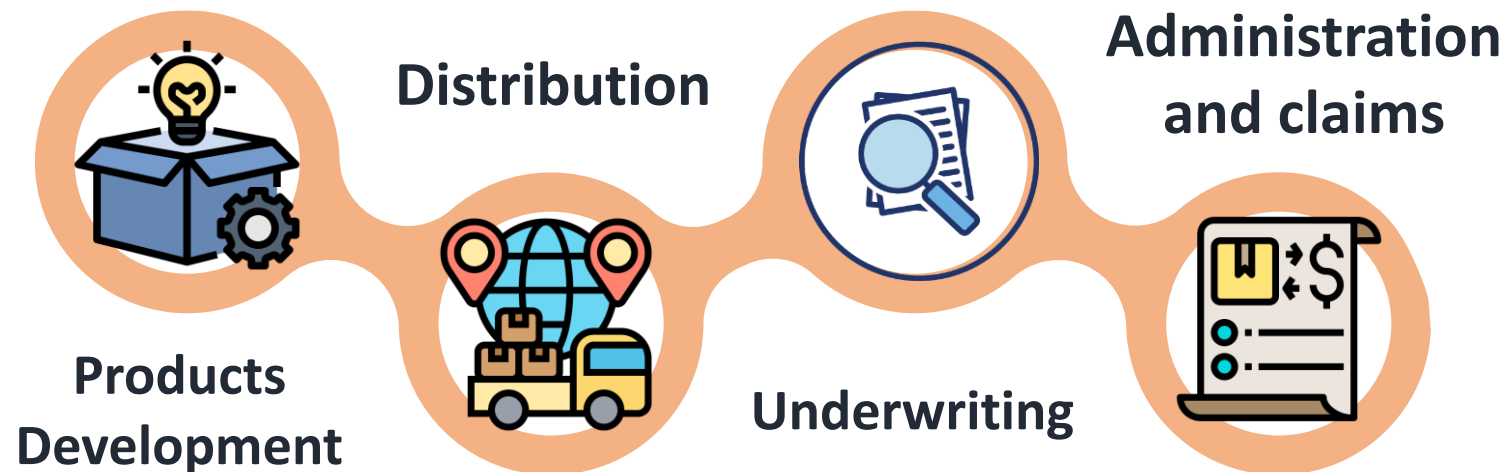
53% of the adults in Africa had a financial services or money account



Takaful : hereafter

E or not to E? (digitalization and inclusion)

- InsureTech is the use of technology in insurance transactions and processes
- InsurTech in the insurance product life cycle:

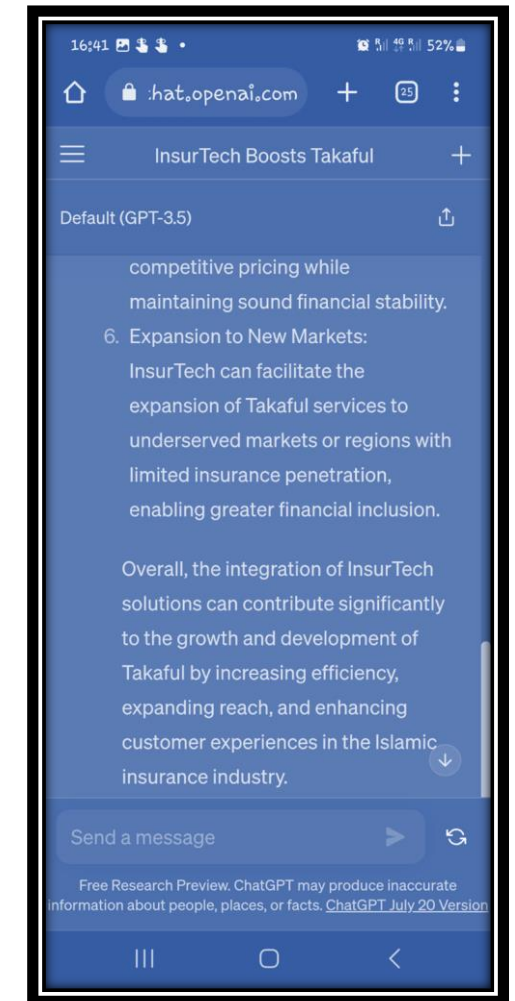
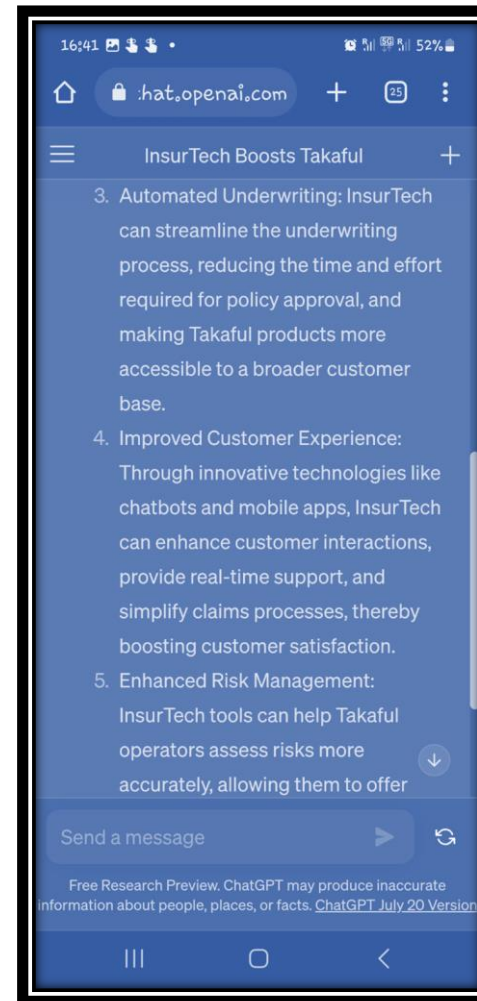
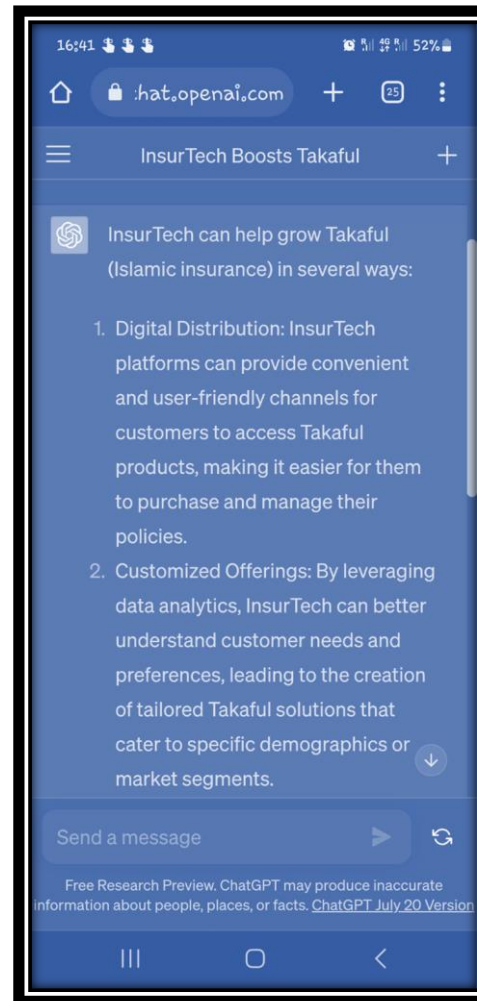


How InsurTech can grow Takaful?

Answer from AI platform ChatGPT



What is ChatGPT used for?
ChatGPT is a form of generative AI



AI answer !!!



Default (GPT-3.5) – ChatGPT : **How InsurTech can grow Takaful?**

InsurTech can help grow Takaful (Islamic insurance) in several ways:

- **Digital distribution:** InsurTech solutions can offer convenient and user-friendly platforms for customers to access Takaful products, making it easier for them to purchase and manage their policies.
- **Enhanced customer experience:** Utilizing technology, InsurTech can improve customer engagement and satisfaction through personalized services, quick claim processing, and 24/7 support.
- **Data analytics:** InsurTech can analyze customer data to gain insights into their preferences and behaviors, leading to the development of tailor-made Takaful products that better meet their needs.
- **Automation and efficiency:** By automating administrative tasks and underwriting processes, InsurTech can reduce operational costs, making Takaful more affordable for customers.
- **Financial inclusion:** InsurTech can reach a broader audience, including those in underserved areas, by providing accessible and affordable Takaful options through digital channels.
- **Risk management:** Utilizing advanced analytics and AI, InsurTech can improve risk assessment, enabling Takaful providers to better manage risks and maintain financial stability.
- **Partnerships and collaborations:** InsurTech startups can collaborate with existing Takaful providers to innovate and expand their product offerings, tapping into a wider customer base.

Overall, by leveraging technology and innovation, InsurTech can play a crucial role in growing the Takaful industry, making Islamic insurance more accessible, efficient, and customer-centric.

E or not to E? (digitalization and inclusion)

Product

1. Peer-to-peer or P2P models
2. Pay-as-you-go (PAYG)
3. Episodic/on-demand insurance
4. Index insurance (parametric)

Distribution

1. Artificial intelligence (AI),
2. robotic process automation (RPA)

Underwriting

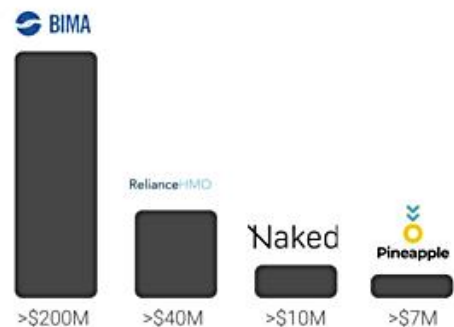
1. Big Data
2. Internet of things (IoT) and smart devices
3. Location-based sensors
4. Wearable or personal devices

Administration and claims

1. Artificial intelligence (AI),
2. robotic process automation (RPA)
3. Augmented Reality / Virtual Reality

Insurtech companies in Africa | Q1 2022

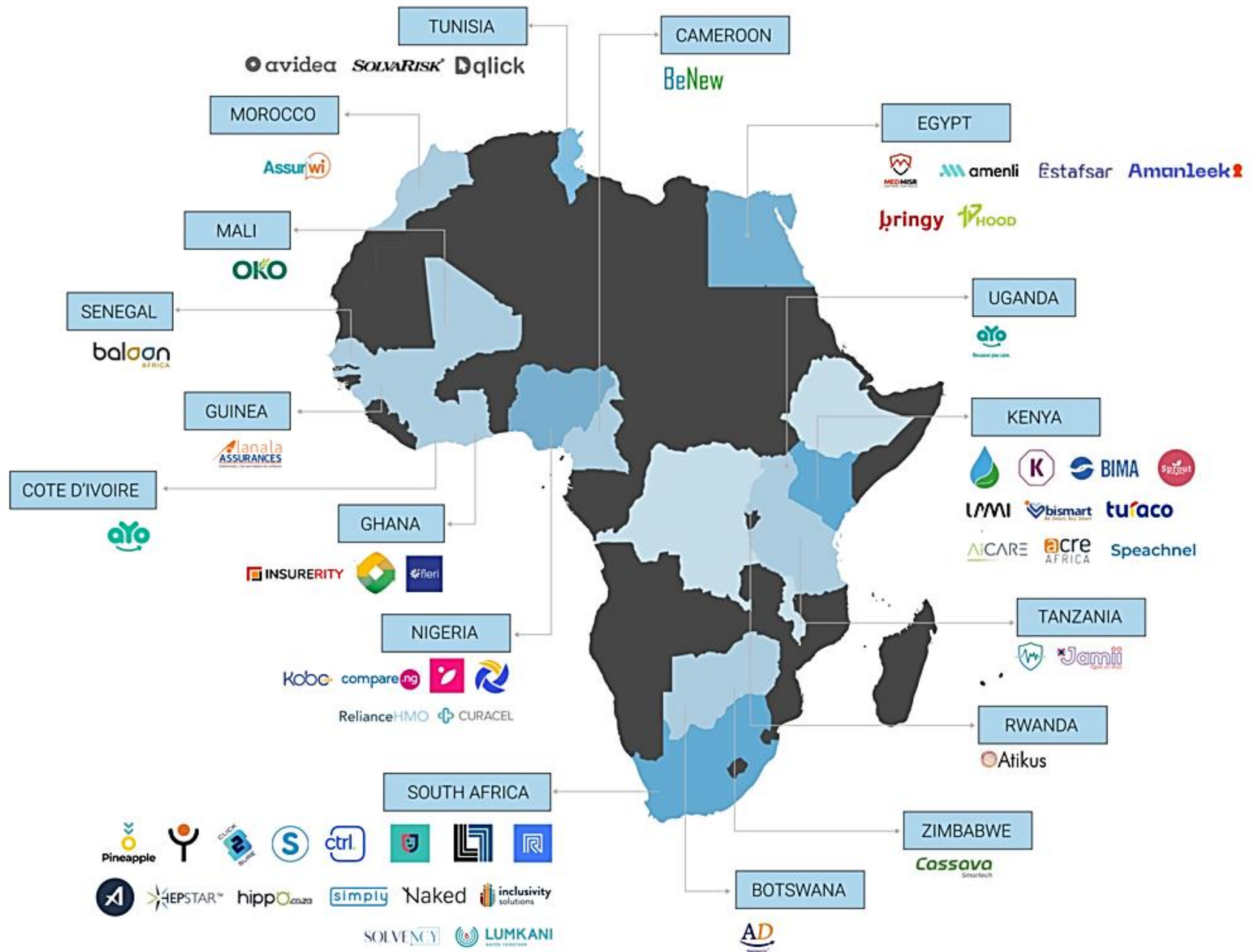
MOST FUNDED COMPANIES



INVESTORS



#InnovationMaps
3.0 Series



<https://briterbridges.com/stories/2022/2/19/insurtech-landscape-in-africa>

Ethical & regulatory concerns of using InsurTech

- Data ownership and privacy
- Non - technical price discrimination.
- Segmentation risk (uninsurables).
- Compliance, AML and ERM aspects and challenges.
- Commission allocation.

InsurTech: **I**nclusion or **E**xclusion?



شكراً جزيلاً

THANKS A LOT