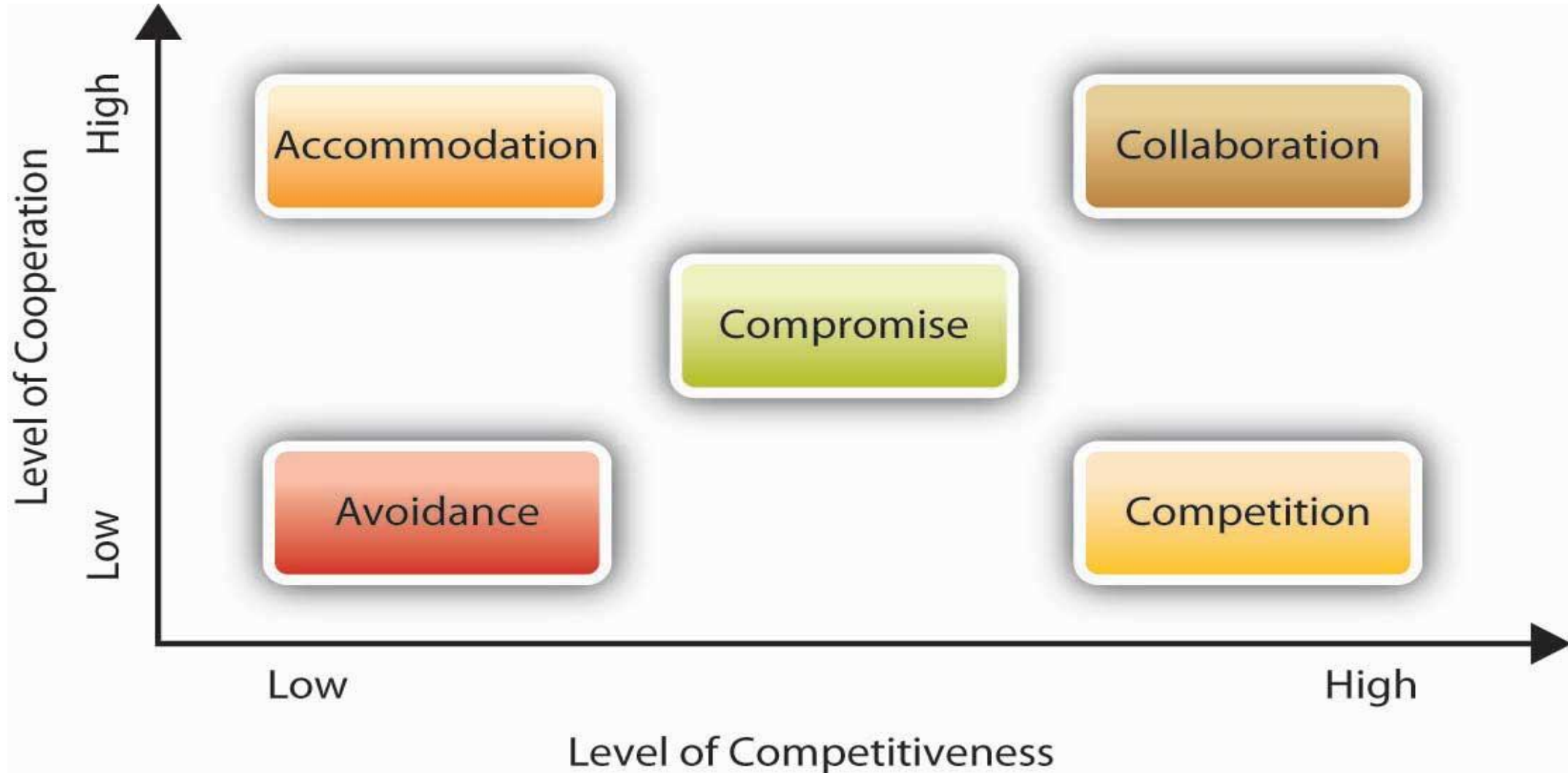


THE NEED FOR COLLABORATION IN THE TAKAFUL INDUSTRY



Definitions of Collaboration, Cooperation and Competition

Competition

Refers to a situation in which individuals, groups, or entities vie against each other to achieve a specific goal, attain a reward, or outperform others in a particular activity, market, or context, with the intention of being superior to others in the same or similar endeavors. It involves:

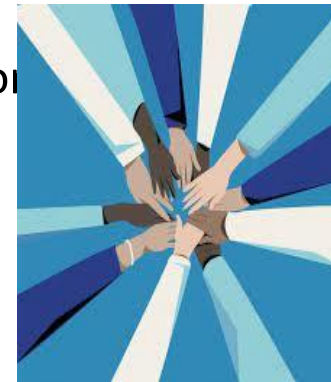
- Rivalry
- Individualistic/self interest Focus
- Win or Lose Outcomes
- Rules and Regulations
- Limited Resources & Opportunities



Collaboration

Refers to the process of individuals or entities working together to achieve a common goal or objective. It involves the joint effort of multiple parties, who share their knowledge, skills, resources, and ideas to reach a mutually beneficial outcome. It involves:

- Shared goals
- Win-win outcomes
- Open Communication
- Synergy
- Trust and Respect
- Consensus building



Cooperation

Refers to the act of individuals or entities working together in a coordinated and mutually supportive manner to achieve a common goal or objective, with the willingness to share resources, knowledge, efforts, and responsibilities for the benefit of all involved parties. It involves:

- Common Goal
- Mutual Support
- Coordination
- Inter Dependence
- Shared Benefits



Differences Between Competition, Collaboration and Cooperation

	Competition	Collaboration	Cooperation
Goal Orientation	Individuals or entities engage in rivalry or contests with the goal of outperforming others and superiority over rivals.	To achieve a shared, common objective that benefits all participants involved. It emphasizes working together as a cohesive unit to reach a collective outcome.	Involves individuals or entities working together to achieve their individual goals or objectives and individual interests.
Level of Integration	Participants remain independent entities and compete against each other, seeking to outdo one another.	Requires a high level of integration, where participants actively share resources, ideas, responsibilities, and decision-making, as a unified team.	Involves a level of coordination and support among individuals or entities, but they remain separate entities, maintain their independence.
Communication	May be guarded or strategic, as individuals or entities may not want to reveal their plans or weaknesses to their rivals.	Relies on open and transparent communication, fostering active discussions, brainstorming, and feedback sharing to reach common ground and make joint decisions.	Tends to be more transactional, with limited sharing of information beyond what is necessary to support each other's individual objectives.
Outcome	The outcome is often "win-lose," meaning that one or a few participants achieve success while others do not.	The outcome is achieving a shared goal, with all participants contributing to and benefiting from the final result.	The outcome is achieving individual goals, which may or may not align perfectly with the goals of others involved.
Interdependence	Participants are independent and do not rely on each other's contributions, and does not directly affect the success of others.	Involves a high level of interdependence, as the success of the collective endeavor relies on the active contributions and cooperation of all participants.	Relying on each other to some extent, but they can also function independently if needed.
Attitude	Often involves a "win-lose" attitude, where the success of one party comes at the expense of others.	Involves a "win-win" attitude, seeking to benefit all parties involved and finding solutions that meet everyone's needs.	Individuals support each other's efforts, but the primary focus remains on individual success.

Need for Collaboration among Takaful Operators in Nigeria

Synergy, Innovation and Expertise

- Takaful players can work together by combine their diverse skills, knowledge, and perspectives to create innovative and unique takaful solutions that may not be possible with individual efforts.

Industry Advocacy

- Takaful operators can work together coherently in their dealings with the government bodies, regulators and other interested bodies (such as NIA, Brokers Association) to advocate and influence perceptions, policies and regulations that impact the industry, creating a more favorable operating environment.

Resource Sharing

- The takaful industry can share resources, such as technology, fraud, data, or underwriting capacity. This enables the takaful operators to access information, leverages, assets they may not have had on their own.

Areas of Collaboration for Takaful in Nigeria

Areas	Details
Data and Analytics	Collaboration in data sharing and analytics can help takaful operators gain deeper insights into customer behavior, risk assessment, and fraud detection. By pooling anonymized data takaful operators can collectively analyze trends and patterns to make better underwriting decisions.
Fraud Prevention	Takaful Operators can collaborate on fraud prevention initiatives, sharing information and data on fraudulent activities to collectively combat fraud and protect both takaful operators and customers.
Industry Standards and Best Practices	Takaful operators can collaborate to develop and promote industry-wide standards and best practices, ensuring a high level of professionalism and consistency across the sector. For example, establishing code of conduct for the members.
Risk Pooling/Sharing/Co-Takaful/Retakaful	For certain high-risk or complex products, takaful operators may collaborate to pool their risks. This approach allows them to spread the potential losses more evenly, reducing individual companies' exposure to catastrophic events. For example, establishing an African takaful/retakaful pool mechanism.
Educational & Awareness Campaigns	Joint educational campaigns can increase public awareness about takaful products and the importance of risk management, ultimately benefiting the entire industry. For example establishing common licensing examination for agents.
Industry Research & Thought Leadership	Joint research projects and thought leadership initiatives among the takaful operators can contribute to a deeper understanding of industry trends, challenges, and opportunities.

Case Study

Collaboration among Takaful Operators through Malaysian Takaful Association (MTA)

- Malaysian Takaful Association (MTA) was established in November 2002 under the Malaysian Societies Act of 1966.
- It is a statutory association, as provided by the Financial Services Act 2013, which stated that all Takaful operators in the country are required to be members of MTA before they can commence operations.
- Its main purpose is to improve industry self-regulation through uniformity in market practices and promoting a higher level of cooperation among the players in developing the industry.
- Being a trade association established on the requirement of a statutory provision, MTA works actively with other stakeholders in the industry, such as the Central Bank of Malaysia (Bank Negara Malaysia) and other related trade associations and relevant government ministries.
- The Association's affairs are managed by a Secretariat established to implement and oversee the execution of initiatives and directives of the management committee.

Mission and Vision of MTA



Mission

To support the achievement of our vision, we are committed to build and strengthen our foundation through MTA Reform Plan 2022-2023 (Islah23) focusing on the following key strategic objectives:

- establishing Visibility for MTA;
- adopting Best Governance practice;
- achieving Operational Efficiency; and
- attaining organizational Sustainability.



The Vision for the industry and MTA

To achieve the desired future takaful landscape by creating value for the industry, society and country in every aspect of our conduct, in line with the Maqasid Shariah

Among key Initiatives of MTA – Value Based Intermediation

UNDERPINNING THRUSTS



KEY OUTCOMES



If fully implemented, by the end of 2024, some or the majority of Takaful products will be affordable and simple, a marketplace for Takaful products will have been established for easy reference and comparison, VBIT will be part of Takaful companies' strategy in some or all departments, scorecards for VBIT will be available for the industry and programs on VBIT will be available at the industry level, among others.

MTA aims of enhancing public awareness regarding the concept and benefits of takaful, alongside promoting financial literacy seeking for increasing the penetration rate this year

Kuala Lumpur, 9 May 2023 – The Malaysian Takaful Association (MTA) today launched the Takaful4All initiative that specifically with the aim of enhancing public awareness regarding the concept and benefits of takaful, alongside promoting financial literacy, through a series of activities including, roadshows, contests, engagements as well as a series of media activities across multiple platforms, namely the mainstream, digital and social media. The ceremony was held in Asian Institute of Chartered Bankers (AICB) is discovered as an all-encompassing and inclusive campaign for stakeholders including Takaful ecosystem players and their customers.

Kuala Lumpur,
Tuesday, 17 January
2023 – Malaysian
Takaful Association
(MTA) signed a
Memorandum of
Agreement (MoA)
with Iranian
Insurance Research
Centre that recognize
the importance of
mutual collaboration
and contribution to
the takaful industry,
both parties share a
desire...

Malaysian Takaful Association Kicks Off Race for Cover 3.0 Campaign to Spur Industry Growth

Kuala Lumpur,
Saturday, 4 February
2023 – Malaysian
Takaful Association
(MTA) today kicked
off its Race for Cover
Campaign to
collectively increase
awareness of Takaful
among Malaysians
through friendly and
healthy competition.
A symbolic flag-off of
a convoy of 30...

The Malaysian Takaful Association (MTA) will launch a sustainability fund under its Fund4Cause program to support the industry's aspirations toward combating climate change.

Sub-Committees of the MTA - Finance

- To review, develop and recommend to the MC as well as adapt when necessary, on the development of accounting standards, tax and investment affecting the Takaful industry;
- To contribute to the development of accounting and financial reporting for Takaful industry through close working relationship with accounting bodies.
- To communicate on a regular basis with members on issues and developments affecting Takaful practice in terms of accounting, tax and investment.
- To communicate with the relevant regulators (i.e. Central Bank of Malaysia) and other industry associations (such as Life Insurance Association of Malaysia (LIAM) and General Insurance Association (GIAM)) and obtain feedback on issues affecting the industry.
- To provide advice, expertise and represent MTA in any joint committees with LIAM and/or GIAM, and other related Committees.

Family Technical

- To review, develop and recommend to the MC as well to adapt when necessary, on the development of industry initiatives related to Technical/Operations/Technology for the strengthen of Takaful Operators operations;
- To initiate and undertake research and development for the Takaful industry by way of reviewing new and existing regulations issued by Government Agencies, Bank Negara Malaysia (BNM), Insurance Deposit Malaysia (PIDM) etc.;
- To initiate educational programs for consumers and partners to create and improve awareness in relation to Family takaful operations and services;
- To communicate and represent the industry in any engagement with Bank Negara Malaysia and others industry associates (i.e. Life Insurance Association of Malaysia(LIAM)) and obtain feedback on the issues;

Retakaful

- To develop and formulate strategy to increase retention of Retakaful contribution within the local economy.
- To review and recommend to the MC on Retakaful related matters of the Association and on issues in the Takaful industry.
- To synergize Retakaful business strategy with Takaful operators to enhance industry capacity, technical capability and elevate industry competitiveness.

Family Distribution

- To initiate and carry out research and development for the industry in creating wider range of innovative distribution channel plans and recommend to the MC on industry new initiatives.
- To create cohesiveness and synergies of environment between TOs by increasing the market share of Takaful by distribution of a product through all available channels.
- To advice and develop the necessary rules and regulations for the intermediaries.
- To advice and develop the relevant related training and development for industry.
- To escalate matters and recommendations from the subcommittee to the Management Committee (MC) for approval and advice.

General Distribution

- To initiate and carry out research and development for the industry in creating wider range of innovative distribution channel plans and recommend to the MC on industry new initiatives.
- To create cohesiveness and synergies of environment between TOs by increasing the market share of Takaful by distribution of a product through all available channels.
- To advice and develop the necessary rules and regulations for the intermediaries;
- To advice and develop the relevant related intermediaries training and development for industry;
- To escalate matters and recommendations from the subcommittee to the Management Committee (MC) for approval and advice.

Governance

- To ensure effective deliberations and recommendations to the MC on new issuance and existing regulatory requirements and guidelines on the implications which may arise in these regulatory requirements.
- To formulate, coordinate and conduct discussions and briefing sessions to member companies to ensure that Shariah and compliance requirements are properly understood and adequately implemented.
- To deliberate regulatory views on related issues in other MTA subcommittee/working committee if necessary.
- To deliberate on related common industry issues that may have significant impact to the operation of the industry.
- To provide advice and views on the changes of all MTA guidelines/contracts/documents/agreements such as Inter Takaful Agreement (ITA) etc.

Corporate Communication

- To act as a high level oversight committee and communications platform for MTA and recommend the appropriate solution to the Management Committee (MC).
- To plan, strategize and organize public relation activities for MTA.
- To handle public relations and media relations regarding industry issues.
- To formulate and coordinating activities, seminars and program for industry development.

Claims and Operations

- To provide advice and expertise in business and operation of General Takaful and relevant issues in the industry and at the same time to recommend solutions to the Management Committee (MC)
- Recommend to the Management Committee on industry initiatives for the strengthening of Takaful operators operations.
- Initiate and carry out research for the industry in creating wider range of innovative Family and General Takaful Plans and business environment.
- Initiate and undertake research and development for the Takaful industry by way of reviewing new and existing regulation issues by government agencies. Bank Negara Malaysia (BNM) etc.
- Communicate with relevant regulators and other organisations (such as Life Insurance Association of Malaysia (LIAM) and General Insurance Association of Malaysia (GIAM) and obtain feedback on the issues.
- Look into the internal and external factors that influence claims cost and servicing. This includes identifying the drivers for the raising claims cost and the root cause for any servicing issues. To include but not limited to product design and development, underwriting practices, claims practices, trends in hospitals and doctors. Customer Behaviors, Agency Force and Regulators, Ministry of Health, Association of Private Hospitals of Malaysia etc.
- Provide advice, expertise and represent MTA in any joint committees with LIAM and/or GIAM and other related committees.
- Initiate educational programs for consumers and partners to create and improve awareness in relation to Takaful claims and services.

Shariah Advisory

- To review and recommend to the MC on Regulatory and Shariah-related matters applicable to the Association and on issues in the Takaful Industry for further deliberations or approval.
- To deliberate regulatory views on related issues in other MTA subcommittee / working committee if necessary.
- To deliberate common industry issues that may have significant impact to the operation of the industry.
- To review and provide impact study on the new issuance guidelines/standards/concept papers/Act by BNM and other regulation bodies.
- To vet through and advise on the changes of the all MTA guidelines / contracts / documents / agreement legal such as Inter Takaful Agreement (ITA) etc.
- To assist and advise relevant parties on Shariah and Regulatory matters that serve the Association, such as its legal counsel, auditor or other consultants, upon request.
- To communicate with the relevant regulators and obtain feedback on the issues;
- To promote awareness of emerging regulatory and Shariah issues and provide support and coordination with other MTA subcommittees and other relevant parties.

MTA – Takaful Basic Examination

- Takaful agents in Malaysia are required to comply with specific minimum standard of service set by the Regulator and MTA.
- The minimum standard of services ensures that takaful agents conduct their business with a high degree of responsibility and professionalism.
- The Takaful Basic Examination (TBE) is designed as **a compulsory entry requirement** - a license to practice - for all those who intend to be registered as Takaful agents with MTA.
- It is also an induction for individuals who intend to pursue a career in Takaful.
- Upon completion of this level, participants would attain a complete knowledge and have standard proficiency as Islamic finance professional. Their professionalism can be measured through their ability to articulate:
 - ✓ The nature of Takaful and its differences from conventional insurance
 - ✓ The knowledge of Shariah principles, concepts and underlying contracts applied in the Takaful business
 - ✓ Family and General Takaful operations, products and services
 - ✓ A comprehensive introductory knowledge of the technical and other aspects of Takaful including the appropriate skills of Takaful marketing.
 - ✓ A sense of social, ethical and professional responsibility as Takaful agents.

THANK YOU