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### RESEARCH ARTICLE

#### FUSING FAITH AND FINANCE VIA FATWA: THE FUTURE OF WAQF-TAKAFUL DEATH COMPENSATION PRODUCT AT FWD TAKAFUL BERHAD

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#### Abstract

The waqf-takaful concept involves channeling death compensation benefits from deceased takaful participants to selected religious institutions, thereby generating perpetual and sustainable waqf contributions. Despite recent challenges such as inconsistent implementation standards and management issues, some takaful operators in Malaysia have started to incorporate death compensation waqf into their offerings. Key players in this field, such as FWD Takaful Berhad, Waqaf An-Nur Corporation Berhad (WanCorp) and Yayasan Waqaf Malaysia (YWM), have significant potential for collaboration in advancing this product. This study aims to develop a waqf-takaful death compensation product for FWD Takaful Berhad, known as FATWA. This product integrates elements of death compensation waqf and takaful, combining the efforts of FWD Takaful with WanCorp and YWM to optimize takaful benefits. The study uses a qualitative approach, with data collected through focus group discussions involving academics in Islamic finance, waqf, law and marketing, as well as industry players from selected takaful companies in Malaysia, YWM and the Malaysian Takaful Association (MTA). The data were analysed using thematic analysis via ATLAS.ti software. The study found that waqf-takaful death compensation products, FATWA developed by FWD Takaful Berhad through WanCorp or YWM, have unique strengths. Both are competitive and capable of making significant contributions to the takaful and waqf industries, offering substantial benefits to the Muslim community as a whole.

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#### Introduction:-

Waqf and takaful are integral components of Islamic finance, each serving distinct yet complementary roles. Waqf, an Islamic charitable endowment, involves the dedication of assets for the benefit of various social causes, including education, healthcare, and community development. This practice fosters a culture of giving and supports societal

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well-being by ensuring the continual flow of resources to those in need. On the other hand, takaful represents an Islamic insurance system grounded in mutual cooperation and risk-sharing. Unlike conventional insurance, takaful operates on the principles of shared responsibility and collective risk management, adhering to Islamic jurisprudence. The integration of waqf and takaful into a death compensation product represents an innovative approach that combines the benefits of both systems. By channeling the benefits from deceased takaful participants to religious institutions, this model aims to sustain perpetual waqf contributions. This fusion not only enhances the social impact of takaful but also strengthens the financial foundation of waqf institutions, creating a synergistic effect that benefits both the insurance and charitable sectors.

Implementing waqf-takaful death compensation products presents several challenges. Key issues include inconsistent standards across the industry, which can affect the reliability and effectiveness of these products (Ahmad et al., 2022; Abu Bakar et al., 2023a; Abu Bakar et al., 2023b). Management issues, such as resource allocation and operational inefficiencies, further complicate the implementation process (Ahmad et al., 2024). Additionally, limited collaboration among stakeholders can hinder the development and integration of waqf-takaful products, impacting their overall effectiveness and reach. Hence, the objective of this study is to develop a waqf-takaful death compensation product, named FATWA, for FWD Takaful Berhad. This product aims to seamlessly integrate waqf and takaful principles to optimize benefits for the Muslim community. By combining these two systems, the study seeks to create a product that not only provides financial protection but also supports the ongoing contributions to waqf institutions, thereby enhancing both charitable and insurance benefits. This study holds significant importance for both the takaful and waqf industries. The development of the FATWA product has the potential to offer substantial benefits to the Muslim community by providing a sustainable and ethical solution for death compensation. By integrating waqf with takaful, the product promises to create a model that supports charitable causes while delivering financial protection. This innovative approach could serve as a benchmark for future waqf-takaful products, fostering greater collaboration and enhancing the impact of Islamic finance on community development.

## **Literature Review:-**

### **Waqf in Islamic Finance**

Waqf has played a significant role in Muslim societies for centuries, providing essential services at no cost to the state (Cizakca, 1998). Modern waqf has evolved from its classical structure, incorporating new dimensions such as financial products, investment tools, and risk mitigation mechanisms (Abdullah, 2018). Recent innovations include parallel waqf, waqf-based sukuk, and micro-takaful (Abdullah, 2018). The integration of financial technology has improved efficiency and transparency in waqf operations (Jahangir et al., 2020). Modern waqf management introduces professional governance, ensuring sustainability and better returns for beneficiaries (Alnaeif et al., 2024). The concept of waqf has also influenced Common Law trust in Islamic countries with British colonial heritage (Syed & Genc, 2002). Historically, waqf has been a key component of Islamic civil society, organizing private and public life according to religious norms and fostering personal conscience and communal solidarity (Setia, 2014).

Waqf as an Islamic social finance institution, faces numerous challenges in modern implementation. These include legal constraints, narrow stakeholder mindsets, and lack of public awareness (Yusoff et al., 2021; Jalil, 2020). Governance issues such as non-uniform management practices and quality issues in reporting hinder its effectiveness (Yunus et al., 2024). Insufficient funds and liquidity management problems limit waqf's potential (Puad et al., 2015; Abdul Aziz et al., 2019). Poor data management, compromised historical records, and lack of transparency obstruct waqf's rejuvenation (Alharthi, 2021). In China, issues include waste of resources, difficulties in retaining assets, and low professionalism (Ma & Kassim, 2017). Yemen faces challenges in management, investment, and finance of waqf assets (Saad et al., 2019). Despite these obstacles, integrating waqf with microfinance shows promise for poverty alleviation, though it still faces risks related to credit, moral hazard, and economic viability (Diniyya, 2019).

Recent research highlights several challenges facing waqf in Malaysia's Islamic finance sector. These include legal issues, lack of awareness and knowledge, insufficient funds, idle assets, management inefficiencies, incomplete records, and illegal invasions (Jalil, 2020). Governance of waqf properties requires improved transparency, accountability, and standardized practices (Yunus et al., 2024). The issuance of waqf sukuk faces Shariah, legal, regulatory, and operational challenges, including a shortage of skilled personnel (Kachkar & Alfares, 2022). Malaysian researchers have extensively studied cash waqf, identifying it as a potential solution for socio-economic development (Alshater et al., 2022). However, implementation issues persist, such as difficulty in fundraising and

the need for competent management teams (Johan et al., 2016). To address these challenges, proposals include creating *tabarru'* funds, focusing on profit-sharing-based financing, and improving human capital in the Islamic finance industry (Khan et al., 2021).

### **Takaful and Its Evolution**

Takaful has evolved significantly since its modern inception in Sudan in 1979 (Hassan, 2019). It adheres to Shariah principles, avoiding prohibited elements like uncertainty, usury and gambling (Abu Bakar et al., 2023a). The industry has experienced stable growth, particularly in Malaysia, with the introduction of innovative products such as investment-linked family takaful (Parveen et al., 2020). Various takaful models have been developed by Shariah scholars to meet market demands (Hassan, 2019). The takaful models include *mudharabah*, *wakalah*, *ta'awun*, and *wakalah-waqf*, each addressing Shariah compliance and market needs (Pasha & Hussain, 2013). Despite its growth, takaful faces challenges, including misconceptions that it's exclusively for Muslims (Swartz & Coetzer, 2010) and issues with claiming processes (Bashir & Mail, 2011). The industry's future prospects include potential expansion in both Muslim and non-Muslim markets (Sadeghi, 2010). To ensure sustainable growth, emphasis on Maqasid Shariah and Sustainable Development Goals (SDGs) in product development (Abu Bakar et al., 2023a, Abu Bakar et al., 2023b), improved governance standards (Parveen et al., 2020), and increased public education on takaful (Zainuddin & Noh, 2013) are recommended.

Studies have shown that factors such as consumer awareness, perception, and religiosity influence Muslim preferences for takaful products (Mansoret al., 2015). However, participation rates among Muslims remain low due to insufficient understanding and competition from conventional insurance (MohdZain, 2000). Recent innovations include waqf-takaful death compensation products, which adhere to Maqasid Shariah principles (Abu Bakar et al., 2023a), and takaful funeral products, which address market needs for Shariah-compliant funeral services (Saharuddin et al., 2023). Despite challenges, the takaful industry continues to evolve and adapt to meet consumer needs (Ali, 2016).

### **Integration of Waqf and Takaful**

The integration of waqf and takaful has been explored as a potential model for enhancing Islamic financial services and poverty reduction. Several studies have proposed integrated models combining waqf, Islamic microfinance, and takaful (Haneef et al., 2013; Haneef et al., 2015; Habibi & Yudha, 2017). These models aim to address limitations in conventional microfinance, such as high costs and interest rates (Haneef et al., 2015). The integration of waqf and Islamic finance can create synergies for social welfare by using the financial sector to develop waqf assets and using waqf to expand financial inclusion (Ahmed, 2021). Some takaful operators have attempted to incorporate waqf into their products, but challenges remain (Rahman & Ahmad, 2011; Muhamat et al., 2019). Shariah concerns have been raised regarding existing takaful models, leading to proposed solutions such as the *wakalah* with waqf fund model (Wahab et al., 2007). Additionally, the integration of waqf with venture capital has been explored as a potential model for economic development (Tanjung, 2018).

Many literatures explore the integration of waqf and takaful in Malaysia, highlighting potential benefits and challenges. Waqf-based takaful models have been proposed to address issues in traditional takaful practices, such as the *tabarru'* contract (Rosele & Johari, 2016). Syarikat Takaful Malaysia Berhad (STMB) introduced a Takaful-Waqf Plan in 2002, which operated until 2009 (Wan Ab Rahaman & Yaacob, 2014). Despite initial success, the plan was discontinued due to issues with the *mudharabah* system and underwriting problems (Rahman & Ahmad, 2011). Studies have examined the readiness of takaful operators to adopt waqf features in their products (Muhamat et al., 2019) and proposed new models integrating waqf and takaful for socio-economic development (Ahmad et al., 2022). Research has also explored the integration of waqf with Islamic microfinance for poverty reduction in Malaysia and other countries (Haneef et al., 2013; Haneef et al., 2015).

### **Takaful Product Development**

Product development is crucial for the industry's expansion, with innovative offerings needed to meet market demands (Hassan et al., 2018; Hassan & Salman, 2021). Microtakaful, targeting low-income groups, presents opportunities for financial inclusion and risk management (Rusydiana & Devi, 2017; Mokhtar et al., 2012). Family takaful products are being aligned with Maqasid Shariah principles to enhance halal sustainability (Ismail & Fisol, 2020). The integration of waqf into takaful policies is being explored as a potential product feature (Muhamat et al., 2019). Despite its growth, takaful faces challenges in awareness, distribution, and technology adoption (Sharif,

2004). The industry's development is supported by various takaful models and regulatory frameworks established by international organizations (Salman et al., 2015).

Current literature highlights ongoing challenges in takaful product development in Malaysia. These include the shortage of long-term sukuk, longevity risk, and risk-based capitalization for retirement annuity plans (Soualhi, 2017). Investment-linked family takaful products face regulatory and Shariah governance issues (Parveen et al., 2020). Microtakaful development struggles with providing affordable protection to the underprivileged (Puad, 2014). The industry needs to increase awareness, improve distribution channels, and introduce new products to compete with conventional insurance (Husin, 2019). Despite Malaysia's leading role in Islamic finance, takaful penetration remains low at 15.2% compared to the 61.3% Muslim population (Shaifuddin, 2020). Recent challenges include Shariah compliance, legal issues, costs, operations, and public awareness (Mukshar, 2023). However, the industry shows potential for growth in Malaysia and the Arab Gulf States (Abu-Hussin et al., 2014).

### **FWD Takaful Berhad**

FWD Takaful Berhad is a Malaysian provider of family takaful services. The company operates under the Islamic Financial Services Act (IFSA) 2013 and is regulated by Bank Negara Malaysia. FWD Takaful is part of the FWD Group, a pan-Asian life insurance business serving around 10 million customers across 10 markets, including some of the fastest-growing insurance sectors globally (FWD Group Holdings Limited, 2023). Since its establishment in 2013, FWD has been dedicated to simplifying and enhancing the insurance experience through innovative offerings and straightforward products, all supported by digital technology. This customer-focused approach reflects FWD's commitment to transforming the perception of insurance and takaful. Since entering the Malaysian takaful market in March 2019, FWD Takaful has experienced continuous growth, expanding its customer base, developing new distribution channels, and introducing innovative products. The company has also forged important partnerships with banks and various ecosystem players, all in pursuit of its vision to reshape how people perceive takaful.

FWD Takaful Berhad is recognized for its commitment to delivering a superior takaful experience. The company has established itself as a trusted brand by focusing on the needs of its customers and leveraging the power of technology to enhance its services. FWD's approach is centered around ensuring that the takaful process is as seamless and beneficial as possible, which has set the company apart in a competitive market. One of FWD's key strengths lies in its dedication to making its takaful certificates straightforward and easy to understand (FWD Group Holdings Limited, 2023). Recognizing that complex jargon and technical terms can be barriers for customers, FWD has taken steps to simplify these documents. By doing so, the company ensures that its customers have a clear understanding of the coverage and benefits provided by their takaful plans. This focus on clarity not only improves customer satisfaction but also fosters a sense of trust and transparency between FWD and its clients.

In addition to simplifying its offerings, FWD has adopted a modern approach to delivering takaful services (FWD Group Holdings Limited, 2023). The company prides itself on being a digital-first provider, integrating the latest technological advancements into its operations. This digital emphasis allows FWD to provide efficient and convenient services while maintaining a human touch that ensures personalized customer care. By balancing technological innovation with a focus on customer relations, FWD has successfully positioned itself as a forward-thinking and customer-centric company. Moreover, FWD is committed to promoting takaful literacy and advocacy across Malaysia. The company understands the importance of raising awareness about takaful and its benefits, particularly in reaching underserved communities. FWD's efforts to expand takaful inclusion reflect its ambition to make financial protection accessible to a wider segment of the Malaysian population. This commitment to social responsibility aligns with the core values of Islamic finance, which emphasize the welfare of the community.

Finally, FWD's approach to improving customer experience is rooted in its embrace of digitalization and innovation. The company leverages digital and data-driven platforms to continuously optimize its services and introduce new product innovations (FWD Group Holdings Limited, 2023). This commitment to staying at the forefront of technological advancements ensures that FWD can meet the evolving needs of its customers, providing them with cutting-edge solutions that enhance their takaful experience. To sum up, FWD Takaful Berhad has distinguished itself in the Malaysian takaful market through its customer-centric approach, emphasis on simplicity, and commitment to innovation. By focusing on clarity, adopting a modern digital strategy, promoting takaful literacy, and driving continuous improvement, FWD not only meets the needs of its customers but also contributes to the broader goal of making takaful more accessible and understood across Malaysia. As FWD continues to evolve, it

remains dedicated to changing the way people perceive and experience takaful, solidifying its role as a leader in the industry.

#### **Waqaf An-Nur Corporation Berhad (WanCorp)**

Waqaf An-Nur Corporation Berhad (WanCorp) is a prominent waqf management organization in Malaysia, initially established by Johor Corporation (JCorp) and later recognized as a *nazir khas* by the Johor Islamic Religious Council (MAIJ). The corporation operates as a company limited by guarantee, without shares, focusing on the management and development of waqf assets and properties. WanCorp's primary mission is to empower the ummah economically and socially through various waqf initiatives that align with Maqasid Shariah. The organization has expanded its waqf programs to include public participation, enabling broader community involvement in contributing to and benefiting from waqf assets. This inclusive approach has allowed WanCorp to enhance its efforts in areas such as healthcare, education, and social welfare, directly impacting the socio-economic development of the community (Waqaf An-Nur Corporation Berhad, 2023). The corporation is also involved in waqf with banks. For instance, it provides revolving funds to offer iTEKAD micro-financing to micro-entrepreneurs, helping to generate sustainable income and enhance the financial resilience of micro-enterprises in overcoming current challenges, in collaboration with Bank Islam Malaysia Berhad (BIMB) (BeritaHarian, 2024).

WanCorp continued to strengthen its role as a catalyst for socio-economic empowerment through strategic management and expansion of waqf assets (Pressreader, 2023). One of the notable achievements was the successful expansion of its waqf programs, which facilitated greater public involvement. This expansion allowed WanCorp to enhance its initiatives across several key areas, including healthcare, education, and social welfare. In healthcare, WanCorp's efforts included supporting and sustaining its chain of KlinikWaqaf An-Nur (KWAN) clinics, which provide affordable medical services to underserved communities. This initiative reflects WanCorp's dedication to improving access to essential healthcare services, particularly for low-income groups.

In the field of education, WanCorp made strides in supporting educational programs and institutions, contributing to the development of human capital within the community. The corporation's efforts in this area are aimed at providing educational opportunities for underprivileged students, ensuring that waqf contributions are effectively utilized to foster educational growth. Additionally, WanCorp continued its involvement in various social welfare initiatives, including food aid programs and housing projects, which are designed to uplift the living standards of marginalized communities. These initiatives highlight WanCorp's commitment to addressing socio-economic inequalities and providing sustainable solutions for community welfare.

Overall, WanCorp's achievements underscore its ongoing mission to utilize waqf assets for the betterment of society, focusing on impactful and sustainable development projects that align with its broader vision of empowering the ummah (Waqaf An-Nur Corporation Berhad, 2023). WanCorp's continuous growth and emphasis on public participation in waqf programs have strengthened its position as a potential leading institution in integrating waqf with financial products like takaful. This approach not only provides financial security but also ensures that the benefits are reinvested into community development, making it a sustainable model for socio-economic growth.

#### **Yayasan Waqaf Malaysia (YWM)**

Yayasan Waqaf Malaysia (YWM) is a national waqf foundation in Malaysia established to manage and develop waqf assets across the country. Founded in 2008 under the Malaysian Islamic Development Department (JAKIM), YWM plays a pivotal role in coordinating waqf activities at the national level, aiming to maximize the socio-economic benefits of waqf for the broader community. YWM's core objectives include promoting the culture of waqf, enhancing the management of waqf assets, and encouraging public participation in waqf contributions. The foundation focuses on various sectors, including education, healthcare, social welfare, and infrastructure development, ensuring that waqf assets are utilized efficiently to uplift the socio-economic status of the ummah (Yayasan Waqaf Malaysia, 2022).

One of the significant achievements of YWM is its collaboration with various State Islamic Religious Councils (SIRC), private sectors, and non-governmental organizations (NGOs) to implement waqf projects that have a meaningful impact on society. These projects include the development of waqf properties, educational scholarships, and healthcare facilities, contributing to the overall well-being of the community. YWM also actively engages in

awareness campaigns to educate the public about the importance of waqf and the benefits it brings to society, striving to increase the participation of Malaysians in waqf activities (Yayasan Waqaf Malaysia, 2022).

YWM marked significant progress through strategic initiatives aimed at enhancing the waqf sector's contribution to socio-economic development. A key achievement was the formation of a strategic partnership with Bank Simpanan Nasional (BSN), which sought to improve the accessibility and management of waqf funds across Malaysia. This collaboration leveraged BSN's extensive network to facilitate easier waqf contributions, thereby expanding public participation and strengthening the waqf ecosystem (BERNAMA, 2023). Additionally, YWM collaborated with Eq8 to introduce the first Waqf Exchange-Traded Fund (ETF) on Bursa Malaysia. This innovative financial product allows investors to simultaneously support waqf initiatives and potentially earn returns on their investments, effectively merging financial growth with charitable contributions (New Straits Times, 2023). These achievements reflect YWM's commitment to modernizing and expanding the waqf sector, highlighting its role in making waqf more relevant and impactful in today's financial landscape and providing a strong foundation for integrating waqf with takaful products.

The literature review reveals a rich history and ongoing evolution of waqf and takaful, but also highlights significant challenges and opportunities that relate to the development of a waqf-takaful death compensation product. Waqf, a philanthropic institution with deep historical roots, has seen modern adaptations including waqf-based sukuk and micro-takaful (Cizakca, 1998; Abdullah, 2018). Recent advancements in financial technology and professional governance have aimed to enhance the efficiency and sustainability of waqf operations (Jahangir et al., 2020; Alnaeif et al., 2024). However, challenges such as legal constraints, governance issues, and inadequate funds persist, impacting the effectiveness of waqf initiatives (Yusoff et al., 2021; Yunus et al., 2024). These barriers suggest a need for innovative solutions and more transparent management practices.

Takaful, while adhering to Shariah principles, has also undergone significant changes since its inception in 1979, with innovations like investment-linked family takaful (Hassan, 2019; Parveen et al., 2020). Despite its growth, the takaful industry faces challenges such as misconceptions, issues with claims processes, and low participation rates among Muslims (Swartz & Coetzer, 2010; Bashir & Mail, 2011). Recent innovations, including waqf-takaful death compensation products, reflect an attempt to address these issues while adhering to Maqasid Shariah principles (Abu Bakar et al., 2023a). The integration of waqf with takaful models presents opportunities to address gaps in traditional takaful practices and enhance socio-economic development (Haneef et al., 2013; Rahman & Ahmad, 2011).

The integration of waqf and takaful is a relatively new but promising area of research. Models combining waqf, Islamic microfinance, and takaful have been proposed to leverage synergies between these financial tools for social welfare and financial inclusion (Haneef et al., 2015; Ahmed, 2021). Despite the potential, challenges remain, including Shariah compliance concerns and the effectiveness of integrating waqf features into takaful products (Rahman & Ahmad, 2011; Muhamat et al., 2019). Case studies such as STMB's Takaful-Waqf Plan and the proposed waqf-takaful models underscore the potential benefits and challenges of these integrated approaches (Wan Ab Rahaman & Yaacob, 2014; Ahmad et al., 2022).

Besides, the literature review also highlights key gaps in the integration of waqf into takaful products. While there is recognition of the need for innovative product development to meet market demands (Hassan et al., 2018; Hassan & Salman, 2021), the specific role of waqf-takaful products in addressing these demands is underexplored. The challenges of awareness, distribution, and technology adoption (Sharif, 2004) are noted, yet the literature lacks detailed insights into how waqf-takaful models can tackle these issues. Additionally, although regulatory and Shariah compliance challenges are acknowledged (Soualhi, 2017; Parveen et al., 2020), there is insufficient analysis on how waqf-takaful products align with Shariah principles. The need for better marketing and distribution strategies (Husin, 2019) is also highlighted, but there is a lack of research on effective approaches for waqf-takaful products. In fact, the literature does not provide a comprehensive comparison of waqf-takaful products with conventional insurance (Abu-Hussin et al., 2014). Addressing these gaps is essential for advancing waqf-takaful products and enhancing their impact on the industry.

FWD Takaful Berhad, Waqaf An-Nur Corporation Berhad (WanCorp), and Yayasan Waqaf Malaysia (YWM) represent key players in the waqf-takaful landscape. FWD Takaful Berhad is noted for its customer-centric and digitally innovative approach (FWD Group Holdings Limited, 2023). WanCorp's extensive experience in managing

waqf assets and its focus on socio-economic development through healthcare, education, and social welfare initiatives (Waqaf An-Nur Corporation Berhad, 2023) make it a valuable partner in integrating waqf with takaful. YWM's efforts in modernizing waqf through strategic collaborations and innovative products like the Waqf ETF demonstrate its commitment to enhancing the impact of waqf (Yayasan Waqaf Malaysia, 2022; BERNAMA, 2023).

This study aims to address gaps in the current integration of waqf and takaful by developing a waqf-takaful death compensation product for FWD Takaful Berhad, known as FATWA. By combining elements of waqf and takaful death compensation, and collaborating with WanCorpor YWM, the study seeks to optimize takaful benefits while addressing the challenges identified in the literature.

## **Methodology:-**

### **Research Design**

A research design involves the strategic approach that guides researchers in addressing their research questions. This approach enables them to effectively achieve the predetermined research objectives (David & Sutton, 2004; Denzin & Lincoln, 2011). The study employs a qualitative research design to develop a waqf-takaful death compensation product for FWD Takaful Berhad, referred to as FATWA. This approach is chosen to deeply explore the integration of waqf and takaful elements, allowing for a nuanced understanding of how to combine financial and religious objectives effectively. By focusing on the qualitative aspects, the study aims to capture the complexities of this integration, particularly in a way that addresses both the operational challenges and the potential benefits to the Muslim community.

### **Data Collection Method**

Data is collected primarily through Focus Group Discussions (FGDs) with key stakeholders. These discussions involve a diverse group of participants, including academics in Islamic finance, waqf, law, and marketing, as well as industry professionals from selected takaful companies in Malaysia, such as Takaful Ikhlas Family Berhad, Zurich Takaful Malaysia Berhad, Etiqa Family Takaful Berhad, Hong Leong MSIG Takaful Berhad, and Sun Life Malaysia Takaful Berhad, along with representatives from Yayasan Waqaf Malaysia (YWM) and the Malaysian Takaful Association (MTA). The FGDs are designed to gather a broad spectrum of insights on the challenges, opportunities, and potential collaborations in the development of the FATWA product. All informants were selected using a purposive sampling approach, as suggested by Patton (2002). Patton (2002) explains that purposive sampling involves selecting individuals or groups who are particularly knowledgeable or experienced with the subject of interest. He emphasizes that this approach allows researchers to intentionally choose informants who can best contribute to the study, ensuring that the data collected is both meaningful and comprehensive. This study chose Patton's (2002) purposive sampling approach because it aligns well with the research objectives, which require in-depth insights from informants who possess specialized knowledge and experience relevant to the phenomenon under investigation. Meanwhile, secondary data involves existing data that has been collected through primary sources and processed by past researchers. In this study, the researchers collect data from published materials and internet access through databases. The data includes books, theses, dissertations, research reports, papers, proceedings, and articles from workshops, seminars, conferences, and other relevant sources.

### **Data Analysis Method**

The collected data is analyzed using thematic analysis to identify key themes and patterns relevant to waqf-takaful product development. The process begins with coding the transcribed data, followed by identifying and categorizing themes that align with the research objectives, such as the integration of waqf and takaful, product development challenges, and potential market impacts. ATLAS.ti software facilitates this process, ensuring a systematic and thorough analysis. The identified themes are then interpreted to provide insights into the strengths, weaknesses, and potential contributions of the proposed FATWA product to both the takaful and waqf industries.

### **Validation**

To ensure the reliability and credibility of the findings, the study employs several validation techniques. Member checking is conducted by allowing key participants to review the findings and confirm the accuracy of the interpretations. Additionally, triangulation is used to cross-verify insights obtained from the FGDs and other data. This approach ensures that the findings are robust and provide a well-rounded understanding of the research topic.

### **Ethical Considerations**

The study strictly adheres to ethical guidelines throughout the research process. This includes obtaining informed consent from all informants, ensuring the confidentiality of their contributions, and handling sensitive religious and financial information with the utmost respect. These ethical considerations are integral to maintaining the integrity of the research and ensuring that the findings are both credible and respectful of the informants' perspectives and cultural context.

### **Results & Discussion:-**

#### **Development of FATWA Product:**

Based on the FGDs analysis, the researchers have proposed two variation of FATWA products, namely; FATWA (FWD An-Nur Takaful Waqf Plan) and FATWA-YWM ((FWD-YWM Takaful Waqf Plan). FATWA plans are designed to collaborate with two big names in waqf industry, either Waqaf An-Nur Corporation Berhad (WanCorp) or Yayasan Waqaf Malaysia (YWM). The development of the FATWA product involves a collaborative approach that seamlessly integrates waqf and takaful elements. The process starts with FWD Takaful Berhad spearheading the design and implementation of the takaful components, including compensation structures and underwriting criteria, to ensure robust insurance protection. Concurrently, WanCorp or YWM applies its expertise in waqf management to channel contributions effectively to designated waqf institution. Both WanCorp and YWM play a crucial role in overseeing the waqf aspects, aligning the product with its charitable objectives and managing the distribution of funds to various waqf projects.

Integration of these components involves careful planning to create a system where death compensation benefits support waqf projects, fulfilling both financial and charitable goals. The development process includes compliance with regulatory and Shariah guidelines, consultations with legal and Shariah experts, and refinement based on feedback from focus groups and industry specialists. The FATWA product is then created with marketing strategies highlighting its online purchase options, affordability, high compensation, and its contribution to waqf. Post-creation, ongoing management ensures that the product delivers as expected, contributions are managed efficiently, and waqf funds are used appropriately. This integrated effort by FWD Takaful Berhad, WanCorp or YWM ensures that the FATWA product not only offers valuable death compensation but also significantly supports sustainable charitable initiatives, thereby making a meaningful impact on the community.

#### **Key Elements of Waqf-Takaful Death Compensation**

The concept of waqf-takaful death compensation is a unique and innovative approach that combines the Islamic principles of waqf and takaful to provide financial protection and community benefits after a participant's death. This concept not only aims to secure financial compensation for the beneficiaries of the deceased but also channels the funds into socially beneficial projects through waqf. Basically, there are three key elements of waqf-takaful death compensation as follows:

#### **Waqf Corpus:**

The waqf corpus is the foundational element in this concept. It refers to the initial waqf made by the participants in the takaful plan or by other donors. This corpus is created when a participant commits a portion of their takaful contributions or a lump sum waqf specifically for the creation of a waqf fund. The corpus is a permanent fund, meaning it is not depleted but rather invested or managed in a way that it generates ongoing benefits over time. The idea is that the initial waqf remains intact while the returns or income generated from it are used to fund various charitable activities. In the hereafter, donors of the waqf corpus (*waqif*) are believed to receive continuous spiritual rewards and blessings (*sadaqah jariyah*) for their charitable contributions, as these waqfs keep benefiting others long after the waqif has passed away.

#### **Benefits Generated:**

The waqf fund, established through the waqf corpus, generates various benefits that can be financial, social, or both. These benefits are derived from the income generated by investing the waqf funds in Shariah-compliant avenues, such as businesses, real estate, or financial instruments. The income generated from the waqf fund can be used to support community development projects, educational programs, healthcare services, and other forms of social welfare. For example, the waqf fund might finance scholarships for students, provide medical care for those in need, or improve public infrastructure.

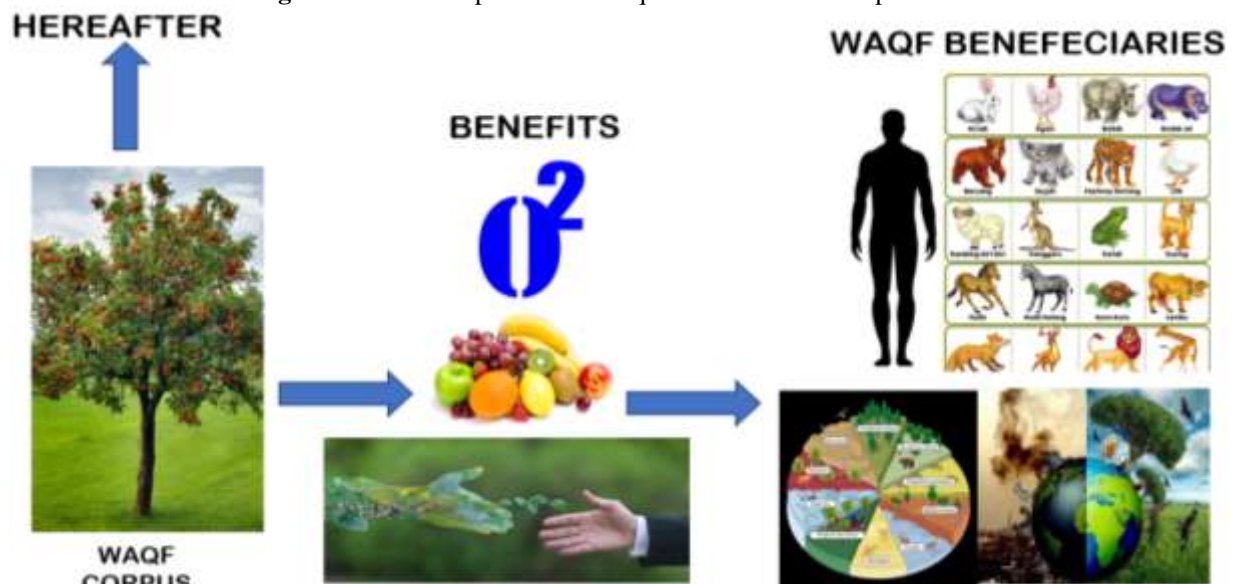


### Waqf Beneficiaries

The waqf beneficiaries are the individuals and communities who receive the benefits generated by the waqf fund. These beneficiaries can include a broad segment of society. For instance, students may gain scholarships funded by the waqf corpus, enabling them to pursue higher education. Patients might receive medical care financed by the waqf fund, helping them access necessary treatments they otherwise couldn't afford. Additionally, the general public might enjoy improved infrastructure, such as better roads, schools, or healthcare facilities, funded by the waqf. In essence, the waqf-takaful model ensures that the death of a takaful participant has a lasting positive impact on society, with the benefits of their contributions continuing to aid others indefinitely.

The concept of waqf-takaful death compensation marries the financial protection aspect of takaful with the enduring social benefits of waqf. By creating a waqf corpus from takaful contributions, it generates long-term benefits for the broader community. This dual impact makes the waqf-takaful model a powerful tool for achieving socio-economic development and fulfilling religious obligations, offering a sustainable and holistic approach to financial protection and social welfare. The modus operandi of waqf-takaful death compensation is illustrated in Figure 1.

**Figure 1:-** Modus Operandi Of Waqf-Takaful Death Compensation.



Source: Researchers' Own (2024)

A detailed explanation of each component is as follows:

### Generating Income:

This component focuses on creating financial returns through various means. Within the FATWA model, income is generated through a combination of savings and dividends. Specifically, participants contribute to a savings fund, which accumulates over time. Every three years, the model pays out dividends based on the performance of these savings. This process ensures a continuous flow of income, which is crucial for sustaining the waqf and takaful components of the product.

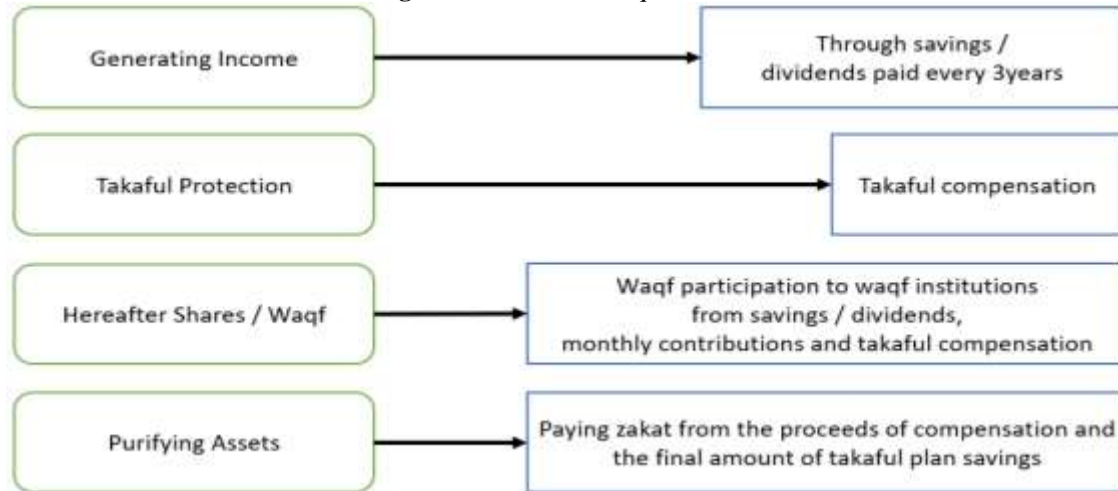
### Takaful Protection:

Takaful protection provides death compensation to participants. In the FATWA model, this refers to the takaful compensation offered to beneficiaries upon the death of a participant. Takaful, being a cooperative insurance system, pools contributions from participants to provide financial support to those in need. The FATWA model integrates this protection to ensure that the financial needs of the participants' families are met, aligning with the principles of mutual assistance and risk-sharing inherent in takaful.

### FATWA Waqf-Takaful Plan Model

The FATWA Waqf-Takaful Model consists of four integral components designed to integrate waqf principles with takaful protection, creating a comprehensive and sustainable financial product as illustrated in Figure 2.

Figure 2:- FATWA Waqf-Takaful Plan Model.



Source: Researchers' Own (2024)

### Hereafter Shares or Waqf:

This component involves channeling a portion of the accumulated savings, dividends, and takaful compensation into waqf institutions. The FATWA model ensures that a percentage of the funds is dedicated to waqf, which are charitable waqf made for religious or social purposes. Participants contribute to waqf institutions from their savings, dividends, and compensation payouts. This not only supports charitable causes but also ensures that the benefits of the contributions extend beyond the immediate financial needs, creating a legacy of perpetual charitable impact.

### Purifying Assets:

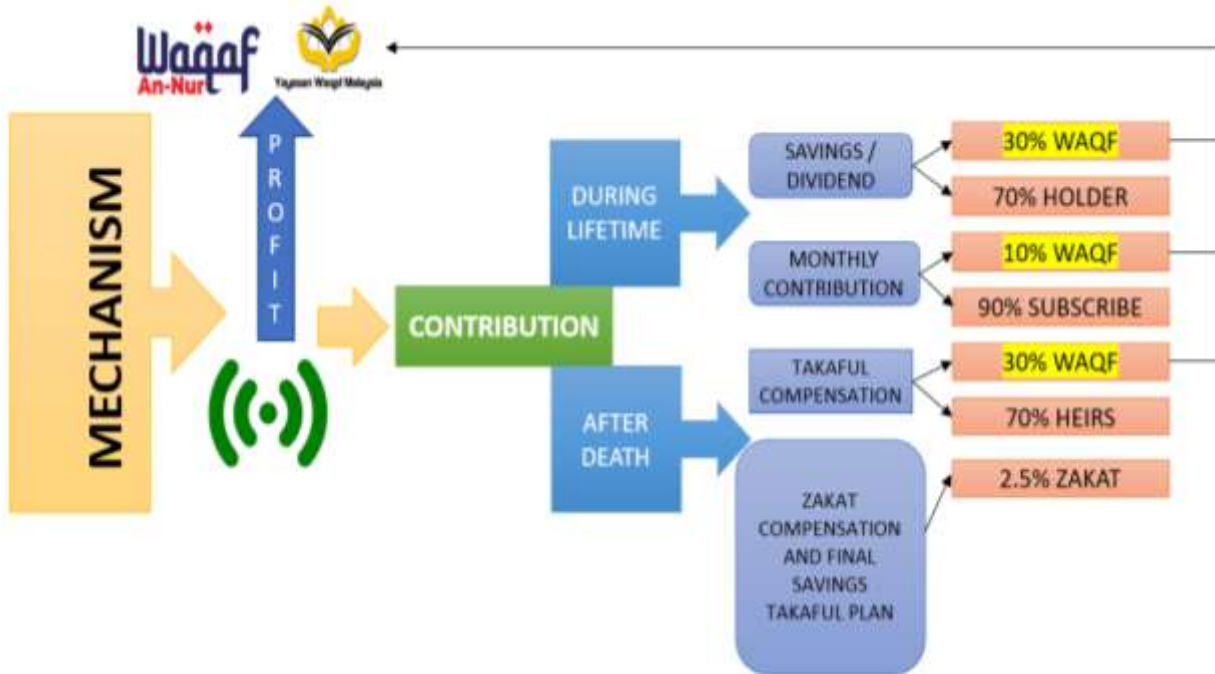
The final component focuses on maintaining the ethical and religious integrity of the assets involved. In the FATWA model, this is achieved by paying zakat from the proceeds of compensation and the final amount of takaful plan savings. Zakat is a mandatory almsgiving in Islam, which purifies wealth by redistributing it to those in need. By incorporating zakat into the model, the FATWA product ensures that the financial gains from the takaful and waqf components are used in a manner consistent with Islamic principles, thus purifying and legitimizing the assets.

### FATWA Waqf-Takaful Plan Mechanism

The FATWA Waqf-Takaful Plan Mechanism operates by participants contributing to a pooled fund, which is then invested and managed according to Shariah principles. The profits generated from these investments are utilized to pay out takaful claims, and a portion is allocated for waqf purposes. Waqaf An-Nur Corporation Berhad (WanCorp) or Yayasan Waqaf Malaysia (YWM) oversee the allocation of the waqf portion of the profits, ensuring that these funds are used effectively for charitable activities and community development projects, thereby benefiting society and fulfilling the waqf obligations.

The FATWA Waqf-Takaful Plan Mechanism entails takaful contributions made during the lifetime of participants, which are divided into two components: savings or dividend and monthly contributions. Within the savings or dividend portion, 30% is allocated for waqf purposes, while the policyholder retains the remaining 70%. Similarly, within the monthly contribution, 10% is designated for waqf initiatives, with the policyholder subscribing the remaining 90% for takaful coverage. The FATWA Waqf-Takaful Plan Mechanism dictates the distribution of takaful contributions after death. Firstly, the takaful compensation is divided, with 30% allocated for waqf purposes and the remaining 70% distributed among the heirs of the deceased. Secondly, a portion equivalent to 2.5% of the total zakatable amount is allocated as zakat compensation, ensuring compliance with Islamic obligations. The overall mechanism is illustrated as in Figure 3.

Figure 3: FATWA Waqf-Takaful Plan Mechanism

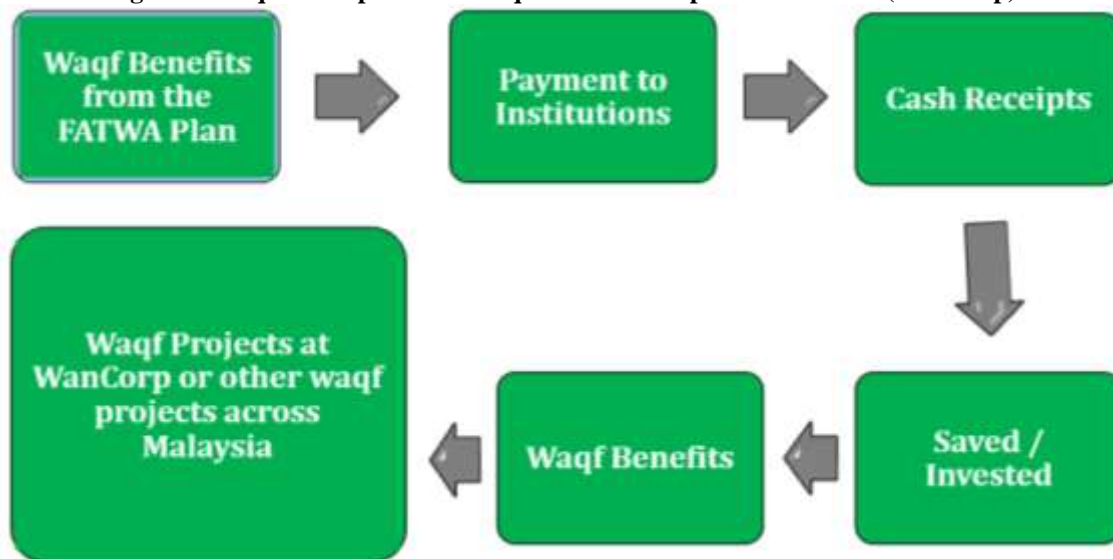


Source: Researchers' Own (2024)

#### Waqf Participation at Waqaf An-Nur Corporation Berhad (WanCorp)

At Waqaf An-Nur Corporation Berhad (WanCorp), participation in the FATWA Plan yields waqf benefits, ensuring financial protection and charitable contributions. Subsequently, payments from the plan are directed to institutions designated by WanCorp, efficiently distributing funds for charitable purposes. Cash receipts received are managed and allocated by WanCorp to various charitable initiatives and community projects, while funds are either saved or invested to ensure sustainable growth. The returns generated contribute to further waqf benefits, perpetuating a cycle of charitable giving and financial support. Ultimately, these funds are utilized to support waqf projects at WanCorp and across Malaysia, addressing diverse community needs and making a meaningful societal impact. The waqf participation at WanCorp is presented in Figure 4.

Figure 4: Waqf Participation at Waqaf An-Nur Corporation Berhad (WanCorp)



Source: Researchers' Own (2024)

### Waqf Participation at Yayasan Waqaf Malaysia (YWM)

At Yayasan Waqaf Malaysia (YWM), engaging with the FATWA-YWM Plan provides both financial protection and waqf advantages. Payments from this plan are allocated to institutions selected by YWM, ensuring effective distribution of funds for charitable activities. YWM oversees the management of received cash, directing it towards various charitable initiatives and community projects. The funds are either saved or invested to promote sustainable growth. The returns on these investments further enhance waqf benefits, creating a continuous cycle of charitable contributions and financial support. Ultimately, these resources are used to support waqf projects managed by YWM and throughout Malaysia, addressing a wide range of community needs and contributing positively to society. The waqf participation at YWM is presented in Figure 5.

**Figure 5:-** Waqf Participation at Yayasan Waqaf Malaysia (YWM).



Source: Researchers' Own (2024)

### Added Values to Existing Waqf-Takaful Plan

Some of the added values of FATWA compared to existing waqf-takaful plan include:

#### Purchase Online:

The option to purchase the waqf-takaful plan online simplifies the process for participants, providing a convenient and accessible method for enrollment. This digital approach allows individuals to sign up for the plan from the comfort of their homes, streamlining the application process and reducing the need for in-person visits.

#### Affordable Monthly Product as Low as RM 30

The plan is designed to be financially accessible, with a low monthly premium starting at RM 30. This affordability ensures that a broad range of individuals can participate in the plan without straining their budgets, promoting inclusivity and financial accessibility.

#### High Compensation:

The waqf-takaful plan offers substantial compensation benefits, providing significant financial support to beneficiaries. This high compensation is crucial for ensuring that participants' families receive adequate support in the event of the participant's death, enhancing the plan's appeal and value.

#### Doesn't Require Sales Agents:

By eliminating the need for sales agents, the plan reduces additional costs and complexities associated with traditional sales processes. This direct approach allows for more transparent and streamlined interactions between the participants and the plan, potentially lowering overall costs.

**Two Trusted Collaborating Entities:**

The plan is developed through a partnership between two reputable and trusted organizations, enhancing its credibility and reliability. This collaboration ensures that the plan benefits from the expertise and resources of both entities, providing a more robust and trustworthy product.

**Has Profit Returns:**

Participants benefit from profit returns on their contributions, adding an extra layer of financial advantage. These returns contribute to the growth of participants' investments, making the plan not only a protective measure but also a profitable one.

**Open to Everyone Even with Medical History:**

The plan is inclusive, allowing individuals with pre-existing medical conditions to participate. This feature widens the plan's accessibility, ensuring that more people can benefit from takaful coverage regardless of their health status.

**Takaful Returns are Zakatable:**

The returns from the takaful component are subject to zakat, aligning with Islamic principles of almsgiving and financial purification. This feature ensures that the benefits derived from the plan are not only ethically managed but also contribute to the fulfillment of religious obligations.

**Fast Participation Approval Process:**

The plan offers a quick and efficient approval process, reducing the time required for participants to start benefiting from their coverage. This expedited process is essential for meeting the immediate needs of potential participants and providing timely support.

**Process Involving Implementation of ESG:**

The plan integrates Environmental, Social, and Governance (ESG) principles into its operations. This commitment reflects a dedication to sustainable and ethical practices, ensuring that the plan not only meets financial and religious goals but also aligns with broader social and environmental responsibilities.

**Strengths of FATWA**

The FATWA product demonstrates several key strengths that underscore its competitiveness in the market and its potential to make significant contributions to both the takaful and waqf industries. Firstly, FATWA offers a unique value proposition by integrating takaful protection with waqf contributions, providing policyholders with the dual benefit of financial security and the opportunity to contribute to charitable causes. This integration not only distinguishes FATWA from conventional takaful products but also appeals to customers seeking both material and spiritual fulfillment through their insurance choices. One of the product's competitive strengths is its affordability, with monthly contributions starting as low as RM 30, making it accessible to a broad range of customers, including those with lower incomes. Despite its affordability, FATWA does not compromise on the compensation offered, providing high coverage that ensures beneficiaries are well-protected financially. Additionally, the product is available for online purchase, which enhances convenience and accessibility, particularly in a digital age where consumers increasingly prefer online transactions.

FATWA also stands out in the market due to its inclusive approach, allowing participation even for individuals with a medical history, a feature that many other insurance products do not offer. This inclusivity broadens the potential customer base and addresses a significant gap in the market. Furthermore, the product does not require sales agents for distribution, which reduces operational costs and allows for more competitive pricing. Another notable strength is the involvement of two trusted entities; WanCorp and YWM, which enhances the credibility and trustworthiness of the product. The collaboration with these reputable institutions ensures that waqf contributions are managed effectively and transparently, further boosting customer confidence.

Additionally, FATWA's structure includes profit returns, adding another layer of financial benefit for participants. The product also aligns with ESG (Environmental, Social, and Governance) principles, reflecting a commitment to ethical and responsible business practices, which is increasingly important to today's consumers. In precis, the FATWA product's strengths lie in its innovative integration of takaful and waqf, affordability, inclusivity, convenience, and alignment with ethical principles. These attributes make it highly competitive in the market and position it as a significant contributor to the growth and development of both the takaful and waqf industries,



offering substantial benefits to the Muslim community and society at large. The two variations of FATWA products proposed are FATWA (FWD An-Nur Takaful Waqf Plan) and FATWA-YWM (FWD-YWM Takaful Waqf Plan). The details of each takaful plan are as follows:

#### **FATWA (FWD An-Nur Takaful Waqf Plan)**

The FATWA product is strategically positioned to offer substantial benefits to the Muslim community, particularly in terms of sustainability and ethical appeal. With over 20 years of establishment, the product is backed by WanCorp, a strong and stable brand under Johor Corporation (JCorp), and a special trustee of the Johor Islamic Religious Council (MAIJ). This gives the product a firm foundation in waqf management, ensuring that all operations are in full compliance with Shariah principles and relevant fatwas.

WanCorp's impressive portfolio includes audited finances, annual reports, and numerous recognitions and certifications, reinforcing the product's credibility and trustworthiness. The institution's extensive experience in managing waqf assets, which are valued close to RM 1 billion and are continually being expanded, ensures that the product is not only sustainable but also capable of significant growth. Additionally, WanCorp's involvement in numerous waqf innovations and its integration within the broader Johor Corporation Group network further enhances the product's potential impact.

The FATWA product also benefits from a team of skilled and professional employees, as well as extensive experience in marketing activities, ensuring effective communication and outreach to potential participants. Furthermore, the product's involvement with Environmental, Social, and Governance (ESG) principles and its active engagement in research and collaboration with universities underscore its commitment to ethical practices and continuous improvement. Through strategic partnerships and strong relationships with both federal and state governments, the FATWA product is well-positioned to make a significant contribution to both the takaful and waqf industries, offering meaningful and sustainable benefits to the Muslim community. This takaful plan came with two prospects; for participants with no medical history and with medical history. The details are presented in Figure 6 and Figure 7.

**Figure 6:- FATWA Takaful Plan for Prospects with No Medical History.**

FATWA PLAN RM30		FATWA PLAN RM50		FATWA RM70	
Death Compensation	RM300,000 [70% to heirs (before zakat deduction)]	Death Compensation	RM500,000 [70% to heirs (before zakat deduction)]	Death Compensation	RM700,000 [70% to heirs (before zakat deduction)]
TPD Compensation	NIL	TPD Compensation	NIL	TPD Compensation	NIL
Death Compensation Due to Accident	NIL	Death Compensation Due to Accident	NIL	Death Compensation Due to Accident	NIL
Dividend / Savings (Every 3 Years)	Subject to current value [70% to contributors (before zakat deduction)]	Dividend / Savings (Every 3 Years)	Subject to current value [70% to contributors (before zakat deduction)]	Dividend / Savings (Every 3 Years)	Subject to current value [70% to contributors (before zakat deduction)]
Waqf	30% of savings / dividends, 10% of the monthly contribution amount, and 30% of the takaful compensation	Waqf	30% of savings / dividends, 10% of the monthly contribution amount, and 30% of the takaful compensation	Waqf	30% of savings / dividends, 10% of the monthly contribution amount, and 30% of the takaful compensation
Zakat	2.5% of death compensation and dividends / savings are zakatable	Zakat	2.5% of death compensation and dividends / savings are zakatable	Zakat	2.5% of death compensation and dividends / savings are zakatable

Source: Researchers' Own (2024)

**Figure 7: FATWA Takaful Plan for Prospects with Medical History**

FATWA PLAN RM80	
Death Compensation	RM100,000 [70% to heirs (before zakat deduction)]
TPD Compensation	NIL
Death Compensation Due to Accident	NIL
Dividend / Savings (Every 3 Years)	Subject to current value [70% to contributors (before zakat deduction)]
Waqf	30% of savings / dividends, 10% of the monthly contribution amount, and 30% of the takaful compensation
Zakat	2.5% of death compensation and dividends / savings are zakatable



Source: Researchers' Own (2024)

#### **FATWA-YWM (FWD-YWM Takaful Waqf Plan)**

The FATWA-YWM product, created in partnership with Yayasan Waqaf Malaysia (YWM), is carefully designed to provide significant advantages to the Muslim community, emphasizing both sustainability and ethical values. YWM, as a national waqf entity operating under government agencies, brings over 15 years of experience and a solid reputation to the table. This long-standing establishment as a strong and stable brand reinforces the product's credibility and reliability.

The institution's commitment to transparency is evident through its financially audited records and annual reports, ensuring accountability and trustworthiness. By employing expert and professional staff, YWM guarantees the effective management and promotion of the FATWA-YWM product. Their extensive experience in marketing and collaboration with takaful companies further enhances the product's outreach and impact.

Operating in full compliance with fatwa and Shariah principles, FATWA-YWM aligns with the ethical and religious values of the Muslim community, making it an attractive option for those seeking Shariah-compliant financial products. YWM's established collaborative waqf partnerships with various industries and its nationwide waqf prospects highlight the product's potential for widespread impact.

Additionally, YWM's role as a focal point for research at many universities underscores its commitment to continuous improvement and innovation in waqf management. The organization's numerous strategic partnerships and strong relationships with federal and state governments further bolster the product's potential to make a significant and sustainable contribution to the Muslim community across Malaysia. This takaful plan came with two prospects; for participants with no medical history and with medical history. The details are presented in Figure 8 and Figure 9.


**Figure 8:- FATWA-YWM Takaful Plan for Prospects with No Medical History.**

FATWA-YWM PLAN RM30		FATWA-YWM PLAN RM50		FATWA-YWM RM70	
Death Compensation	RM300,000 [70% to heirs (before zakat deduction)]	Death Compensation	RM500,000 [70% to heirs (before zakat deduction)]	Death Compensation	RM700,000 [70% to heirs (before zakat deduction)]
TPD Compensation	NIL	TPD Compensation	NIL	TPD Compensation	NIL
Death Compensation Due to Accident	NIL	Death Compensation Due to Accident	NIL	Death Compensation Due to Accident	NIL
Dividend / Savings (Every 3 Years)	Subject to current value [70% to contributors (before zakat deduction)]	Dividend / Savings (Every 3 Years)	Subject to current value [70% to contributors (before zakat deduction)]	Dividend / Savings (Every 3 Years)	Subject to current value [70% to contributors (before zakat deduction)]
Waqf	30% of savings / dividends, 10% of the monthly contribution amount, and 30% of the takaful compensation	Waqf	30% of savings / dividends, 10% of the monthly contribution amount, and 30% of the takaful compensation	Waqf	30% of savings / dividends, 10% of the monthly contribution amount, and 30% of the takaful compensation
Zakat	2.5% of death compensation and dividends / savings are zakatable	Zakat	2.5% of death compensation and dividends / savings are zakatable	Zakat	2.5% of death compensation and dividends / savings are zakatable

Source: Researchers' Own (2024)

**Figure 9:- FATWA-YWM Takaful Plan for Prospects with Medical History.**

FATWA-YWM PLAN RM80	
Death Compensation	RM100,000 [70% to heirs (before zakat deduction)]
TPD Compensation	NIL
Death Compensation Due to Accident	NIL
Dividend / Savings (Every 3 Years)	Subject to current value [70% to contributors (before zakat deduction)]
Waqf	30% of savings / dividends, 10% of the monthly contribution amount, and 30% of the takaful compensation
Zakat	2.5% of death compensation and dividends / savings are zakatable



NO MEDICAL CHECK-UP REQUIRED

Source: Researchers' Own (2024)



## **Challenges and Opportunities of FATWA**

### **Challenges of FATWA**

The implementation of the FATWA and FATWA-YWM products is met with several critical challenges that could impact their success and effectiveness in serving the Muslim community. Firstly, inconsistent implementation standards across various takaful operators present a major hurdle. This inconsistency can manifest in different interpretations of the waqf-takaful model, varying levels of customer service, and disparities in how the products are marketed and managed. Such variations can confuse customers and undermine their confidence in the products, potentially leading to lower adoption rates.

Management issues also play a significant role in the challenges faced. Given that the FATWA and FATWA-YWM products are collaborative efforts involving multiple organizations, namely FWD Takaful Berhad, WanCorp, and YWM; coordinating these entities to work harmoniously is crucial. Each organization has its own management practices, strategic priorities, and operational procedures, which can complicate the integration process. Effective management is required to align these diverse practices and ensure that all partners are working towards the same goals. Without a cohesive management approach, the risk of miscommunication, delays, and operational inefficiencies increases, potentially compromising the products' performance.

Another critical challenge is the need for collaboration among key players. The success of the FATWA and FATWA-YWM products relies heavily on the seamless cooperation between FWD Takaful Berhad, WanCorp, and YWM. This collaboration must be built on mutual trust, clear communication, and a shared vision for the products. However, differences in organizational cultures, priorities, and expectations can pose significant barriers to effective collaboration. Furthermore, ensuring that all parties are equally committed to the products' success and are willing to invest the necessary resources is essential. If any of the key players fail to meet these expectations, it could hinder the development and implementation of the products, ultimately affecting their ability to deliver the intended benefits to the Muslim community.

Besides that, the products must also navigate the regulatory and Shariah compliance landscape, which adds another layer of complexity. The integration of waqf into takaful products is relatively new, and there may be limited precedents or regulatory frameworks to guide the implementation process. Ensuring that the products comply with all relevant Shariah principles and regulatory requirements is essential, but doing so can be challenging, especially when dealing with innovative financial products that blend traditional Islamic concepts with modern takaful practices.

Addressing these challenges will require a concerted effort from all involved parties. By establishing clear standards, improving management practices, fostering collaboration, and ensuring compliance, the FATWA and FATWA-YWM products can overcome these obstacles and successfully contribute to the takaful and waqf industries, ultimately benefiting the Muslim community.

### **Opportunities of FATWA**

Overcoming the challenges in implementing the FATWA and FATWA-YWM products requires a multifaceted approach that emphasizes partnerships, innovations in product design, and strategic marketing. One of the key opportunities lies in strengthening partnerships and collaboration among key players. Forming strategic alliances with established waqf and takaful institutions can help standardize implementation practices across different organizations. This collaboration can lead to the creation of shared frameworks and guidelines that ensure consistent product standards. Additionally, developing joint ventures between FWD Takaful Berhad, WanCorp, and YWM can enhance the integration process by pooling resources, expertise, and best practices. This unified approach can streamline management and align the objectives of all involved entities. Furthermore, engaging with government bodies and regulatory authorities can provide crucial support and guidance, helping to navigate regulatory challenges and increasing consumer trust in the products.

Innovations in product design also present significant opportunities for addressing implementation challenges. Introducing customizable features within the FATWA and FATWA-YWM products can cater to the diverse needs of the Muslim community. For instance, offering flexible contribution options or allowing customers to choose specific waqf beneficiaries can increase the products' appeal. Moreover, leveraging technology in product design can improve customer experience and operational efficiency. Digital platforms for policy management, customer interaction, and claims processing can reduce inefficiencies and enhance service delivery. Incorporating

Environmental, Social, and Governance (ESG) principles into the product design can further enhance the ethical appeal of these waqf-takaful offerings, attracting socially conscious consumers and investors.

Effective marketing strategies are essential to overcoming the challenges faced by the FATWA and FATWA-YWM products. Targeted marketing campaigns that educate the Muslim community about the benefits of waqf-takaful products can significantly raise awareness and increase adoption rates. These campaigns can be tailored to different demographic groups, highlighting the unique value propositions of the products. Additionally, digital marketing channels such as social media, email campaigns, and content marketing can expand the reach of these products and facilitate real-time customer engagement. Community engagement is another crucial aspect of the marketing strategy. Collaborating with community leaders, religious scholars, and Islamic organizations can enhance the credibility of the products and build a strong customer base through organized seminars, workshops, and outreach programs.

Ensuring regulatory and Shariah compliance is critical to the successful implementation of the FATWA and FATWA-YWM products. Establishing dedicated Shariah advisory boards that provide ongoing guidance and oversight can ensure that the products remain compliant with Islamic principles. These boards can also help resolve any compliance issues that arise during the implementation process. Additionally, working closely with regulators to innovate and develop new guidelines specifically tailored for waqf-takaful products can provide a clear framework for implementation, mitigating legal and compliance risks.

Furthermore, capacity building and training are essential components for overcoming challenges in the implementation of these products. Investing in training programs for employees and stakeholders involved in the implementation process can improve their understanding of waqf-takaful principles and enhance their ability to manage the products effectively. Facilitating knowledge-sharing sessions among industry players, academics, and regulators can foster innovation and improve the overall implementation process, leading to the development of new ideas and solutions to address existing challenges.

By capitalizing on these opportunities, the FATWA and FATWA-YWM products can effectively address the challenges they face, paving the way for successful implementation and making a meaningful impact on the Muslim community. These strategies can also position the products as leaders in the waqf-takaful market, enhancing their competitiveness and ensuring long-term sustainability.

### **Case Study: FWD Takaful Berhad**

#### **Overview of FWD Takaful's Involvement:**

FWD Takaful Berhad is strategically positioned to play a crucial role in the development and enhancement of waqf-takaful products. As a significant player in Malaysia's takaful market, FWD Takaful brings a wealth of experience and resources to the table. The company's involvement in this innovative financial product reflects its commitment to expanding its offerings and aligning with Islamic finance principles. By integrating waqf into its takaful products, FWD Takaful aims to provide a unique value proposition that combines financial protection with charitable impact.

FWD Takaful's motivation for incorporating waqf into its takaful offerings stems from multiple strategic objectives. Primarily, the integration aligns with the company's ethos of social responsibility and ethical finance. By offering products that merge financial security with charitable benefits, FWD Takaful enhances its reputation as a socially conscious entity, appealing to customers who value both personal and communal benefits. Additionally, the inclusion of waqf provides FWD Takaful with a competitive edge in the market. As the takaful industry becomes increasingly competitive, the ability to offer innovative products that stand out can attract a diverse customer base and foster greater customer loyalty. Moreover, incorporating waqf into takaful products addresses the growing consumer demand for financial products that contribute to social good. This strategic alignment not only meets market demand but also helps FWD Takaful to capture a larger segment of the Muslim community interested in products that offer both financial protection and charitable impact. By doing so, FWD Takaful aims to drive market growth and enhance its market presence.

FWD Takaful's approach to developing waqf-takaful products involves several key steps designed to ensure the product's success. Initially, the company undertakes extensive market research to understand the needs and preferences of its target audience. This research informs the design of the waqf-takaful products, ensuring that they address customer demands effectively and align with market expectations. Collaborative efforts with waqf

institutions such as WanCorp or YWM are central to the product development process. These partnerships are crucial for integrating waqf elements into the takaful products, ensuring that the waqf components are designed in compliance with Shariah principles and operational requirements. This collaboration not only enhances the product's credibility but also leverages the expertise of established waqf institutions.

FWD Takaful also emphasizes rigorous testing and refinement of its waqf-takaful products. Pilot programs and stakeholder feedback are integral to this process, allowing for adjustments and improvements based on real-world insights. This iterative approach helps to fine-tune the products and ensure they meet the needs of the market. Technology and innovation play a significant role in FWD Takaful's product development strategy. The company invests in digital platforms that streamline the management of waqf-takaful products, facilitate claims processing, and handle contributions efficiently. These technological advancements are aimed at providing a seamless customer experience and enhancing operational efficiency.

Finally, FWD Takaful employs targeted marketing and educational campaigns to raise awareness about its waqf-takaful products. By highlighting the unique benefits and Shariah compliance of these products, the company seeks to build customer trust and drive adoption. This marketing strategy is designed to effectively communicate the product's value proposition and attract potential customers. To conclude, FWD Takaful Berhad's involvement in the development of waqf-takaful products showcases its commitment to innovation, social responsibility, and market differentiation. Through strategic partnerships, rigorous development processes, and a focus on technological advancements, FWD Takaful aims to create impactful products that offer both financial protection and charitable benefits, ultimately contributing to the growth and evolution of the takaful industry.

#### **Collaborative Efforts:**

The development of the FATWA and FATWA-YWM products represents a significant collaborative effort involving FWD Takaful Berhad, WanCorp, and YWM. Each organization brings unique strengths and expertise to the table, which can enhance the product's effectiveness and address various challenges encountered in the process. FWD Takaful Berhad, as a leading takaful provider, offers substantial experience in designing and managing takaful products. Their role involves integrating waqf elements into takaful policies, leveraging their financial expertise, and employing cutting-edge technology to streamline operations. FWD Takaful's strong market presence and established distribution channels are crucial for the successful rollout and adoption of the FATWA and FATWA-YWM products. Their focus on innovation ensures that the products are competitive, technologically advanced, and aligned with market demands.

WanCorp, as an established waqf institution, brings significant expertise in managing waqf assets and ensuring their alignment with Shariah principles. Their experience in the administration and growth of waqf funds is vital for integrating waqf elements into the products. WanCorp's extensive network and recognition within the waqf community contribute to the credibility and acceptance of the FATWA products. Their role includes overseeing the allocation of waqf contributions and ensuring that the funds are utilized effectively for charitable purposes. YWM, being a national waqf entity with a long history of managing waqf assets, plays a crucial role in the development of the FATWA-YWM product. YWM's involvement includes providing strategic oversight and ensuring that the waqf components of the product are managed in accordance with regulatory and Shariah requirements. Their extensive experience in collaborating with various stakeholders and their strong relationship with government agencies bolster the product's credibility and compliance. YWM's focus on research and innovation supports the continuous improvement and relevance of the waqf elements in the product.

The collaborative efforts of FWD Takaful Berhad, WanCorp, and YWM address several challenges associated with the implementation of waqf-takaful products. Inconsistent implementation standards are mitigated through the combined expertise of these organizations, ensuring that both takaful and waqf elements adhere to best practices and Shariah compliance. Management issues are effectively handled through clear roles and responsibilities, with WanCorp and YWM overseeing waqf-related aspects while FWD Takaful focuses on takaful operations. The need for robust collaboration is addressed by leveraging the strengths of each partner. FWD Takaful's technological capabilities and market expertise complement WanCorp's experience in waqf management and YWM's strategic oversight. This synergy helps to streamline the development process, enhance product features, and ensure that the final offerings meet the needs of the Muslim community effectively.

The partnership between FWD Takaful Berhad, WanCorp, and YWM enhances the strengths of the FATWA and FATWA-YWM products. The integration of waqf and takaful elements offers a unique value proposition, combining financial protection with charitable impact. This collaboration not only addresses market demands but also strengthens the product's appeal through its ethical and sustainable approach. Furthermore, the combined expertise of these organizations supports continuous innovation and improvement. By working together, they can overcome challenges related to product development, such as regulatory compliance and market penetration, ensuring that the FATWA and FATWA-YWM products are well-positioned to make a significant impact in the takaful and waqf sectors.

Concisely, the collaborative efforts of FWD Takaful Berhad, WanCorp, and YWM are pivotal in developing and implementing the FATWA and FATWA-YWM products. Their combined strengths and expertise contribute to overcoming challenges, enhancing the product's features, and ensuring its success in addressing the needs of the Muslim community.

#### **Impact on the Muslim Community:**

The FATWA and FATWA-YWM products represent a significant advancement in integrating waqf and takaful, offering a profound impact on the Muslim community. These products are designed to address both financial protection and charitable giving, aligning with the ethical and sustainable principles valued in Islamic finance. Both FATWA and FATWA-YWM products provide a robust solution for death compensation by combining takaful's financial protection with the enduring benefits of waqf. By integrating waqf elements into their offerings, these products ensure that compensation benefits are not only allocated to beneficiaries but also contribute to long-term charitable causes. This dual approach supports the community by offering financial security to the families of deceased participants while also fostering a culture of continuous charitable giving. The sustainability of these products lies in their ability to generate perpetual waqf contributions. Contributions made through the FATWA and FATWA-YWM plans are invested in waqf institutions, creating a sustainable source of funding for ongoing religious, educational, and social initiatives. This not only provides immediate financial support but also contributes to the long-term development and stability of waqf projects.

A key aspect of the FATWA and FATWA-YWM products is their role in supporting religious institutions through waqf. Payments from these products are directed to waqf institutions designated by FWD Takaful Berhad, WanCorp, and YWM. These institutions benefit from a steady stream of funding, which can be used to enhance their services and expand their outreach. The waqf funds generated by these products support various initiatives, including the construction of mosques, funding of educational programs, and provision of healthcare services. This aligns with the principles of Islamic philanthropy, where the benefits of charitable contributions are utilized to support community welfare and religious development. By channeling compensation benefits into waqf institutions, the products help sustain and grow these vital community resources.

The potential impact of the FATWA and FATWA-YWM products on the Muslim community is substantial. The products not only offer financial protection and peace of mind to participants and their families but also foster a culture of giving and communal support. By integrating waqf with takaful, they create a model that ensures charitable contributions continue to benefit the community long after the initial donation. Moreover, these products can enhance awareness and engagement with both takaful and waqf principles, encouraging more individuals to participate in and support these initiatives. The ethical appeal of combining financial protection with charitable giving resonates with the values of the Muslim community, promoting a sense of shared responsibility and collective welfare. In summary, the FATWA and FATWA-YWM products offer significant benefits to the Muslim community by providing sustainable and ethical death compensation and supporting religious institutions through waqf. Their innovative approach ensures that financial protection and charitable giving are seamlessly integrated, contributing to both immediate and long-term community development.

#### **Conclusion:-**

The study on the FATWA products highlights several key findings regarding their strengths and challenges. The FATWA and FATWA-YWM products, developed through collaboration between FWD Takaful Berhad, WanCorp, and Yayasan Waqaf Malaysia (YWM), effectively integrate waqf and takaful principles. Both offer significant benefits, including sustainable death compensation and enhanced support for waqf institutions. The products' strengths lie in its ability to provide financial protection while simultaneously generating ongoing charitable contributions. This dual functionality promotes a culture of giving and supports community development through

waqf. However, the study also identifies several challenges. These include inconsistent implementation standards, management issues, and the need for stronger collaboration among key players. The successful integration of waqf into takaful offerings requires addressing these challenges to ensure effective and reliable product delivery.

For takaful operators, waqf institutions, and other stakeholders, the findings underscore the importance of strategic collaboration and robust management practices. Takaful operators should focus on improving implementation standards and managing resources effectively to enhance the reliability and appeal of waqf-takaful products. Waqf institutions, such as WanCorp and YWM, are encouraged to leverage their strengths and established reputations to drive innovation and expand the reach of waqf contributions. Recommendations for improving the implementation of waqf-takaful products include standardizing practices across the industry, enhancing transparency in management, and fostering stronger partnerships among stakeholders. Effective communication and coordination between takaful operators and waqf institutions can also improve product integration and maximize benefits.

Future research could explore various aspects of waqf-takaful integration in different contexts. Potential areas include examining the effectiveness of waqf-takaful models in regions outside Malaysia or assessing their impact on specific community needs. Research could also investigate the long-term effects of waqf-takaful products on the Muslim community, including their sustainability and the extent to which they fulfill their charitable and financial protection objectives. Additionally, exploring innovative approaches to waqf-takaful product development and implementation could provide valuable insights and contribute to the broader adoption of these models.

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