



PRESS RELEASE

For Immediate Release

FAMILY TAKAFUL GOES DIRECT

Kuala Lumpur, 3 July 2017 – Family Takaful Operators in Malaysia will start offering commission-free pure protection products directly to consumers from 1st July 2017. The first out of the series of industry endorsed products is a pure protection term product providing death and total and permanent disability coverages with a sum covered of up to RM500,0000 depending on the entry age of an individual.

Encik Muhammad Fikiri Muhammad Rawi, Malaysian Takaful Association's Management Committee Chairman, said, "Starting from 1st July 2017, consumers can now participate in an industry endorsed Takaful plan directly from any of our 11 Takaful Operator members. The product is now available either via online at the Takaful Operator's website or accessible at the Takaful Operator's branches depending on the direct channel distribution strategy adopted by individual Takaful Operators."

The introduction of the direct channel is indeed timely against the back drop of digitalization and demands for convenient services especially catering to the increasing market segment that prefers self-service options.

"The way the world operates has evolved tremendously with digitalization. People are now able to get their hands on almost anything online. Millions of online transactions are happening daily from purchasing of items, financial transactions, to updating of personal information. It is imperative for the Takaful industry to embrace the evolving environment and offer better services and remain relevant to its customers in this competitive and demanding landscape." Encik Muhammad Fikri added.

The establishment of the direct channel is in support of both, Bank Negara Malaysia's and the industry's development aspiration to diversify and create new cost-efficient distribution channels with the intention of creating better value to consumers. With the accessibility capabilities the channel offers and its simple to understand pure protection product offerings, it is hoped that it will spur an increase in the penetration rate for Family Takaful. Ultimately, the aim is to reach to new market segments and also help in addressing the protection gap faced by majority of Malaysians.

“Majority of Malaysians do not have enough coverage even if they already have some sort of existing Takaful protection. Based on a protection gap study issued by Malaysian Takaful Association back in 2014, the average protection gap for a Malaysian is approximately 8.7 times of their average annual income. The protection gap becomes more apparent for the younger working population below 30 years of age where the gap is at approximately 17 times of their annual income. It is hoped that the availability of the direct channel – online channel in particular, coupled with a simple product offering focused on providing adequate protection at an affordable price would appeal to the younger market segment.” Encik Muhammad Fikri further explained.

While the newly established direct channel is intended to provide convenient access to simple protection products, the existing traditional distribution forces such as agency and bancatakaful will continue to play an important role in increasing penetration and providing services to Malaysians especially involving more complex products that requires explanation and advisory services.

“With the diversification of channels, the industry is now able to offer its products and services catered to the needs and preference of the different types of consumers in the market. This is indeed a significant milestone achieved by the industry in our continuous effort of providing the best products and services catered to the different walks of Malaysians.”

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About Malaysian Takaful Association

MTA was established on November 2002 under the Societies Act 1966. It is a trade association representing all 15 licensed Takaful and Retakaful operators in the country. Please visit www.malysiantakaful.com.my for more information.

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