


THE CUSTOMER-CENTRIC APPROACH: EVALUATING FAMILY TAKAFUL PRODUCTS AT FWD TAKAFUL BERHAD

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Abstract

This study aims to evaluate the management efficiency of family takaful products at FWD Takaful Berhad, focusing on customer preferences and the factors influencing them; specifically religious, ethical and practical considerations. Utilizing quantitative methods, the study employs regression analysis to examine the relationships between customer preferences and these influencing factors, with data collected through a structured survey and analyzed using AMOS software to identify key trends and correlations. The findings reveal significant relationships between customer preferences and religious compliance, ethical conduct of takaful operators, and practical usability, suggesting that customer preferences are strongly influenced by these factors and highlighting the need for alignment between family takaful products and customer values. While the study is limited to FWD Takaful Berhad and may not be generalizable to other operators, the insights gained offer a valuable understanding of customer behaviors in the Islamic financial sector. This study provides critical insights for takaful operators, emphasizing the importance of incorporating religious, ethical, and practical factors into product development and marketing strategies to improve customer satisfaction and loyalty. It contributes to the growing body of research on customer preferences in the takaful industry, providing actionable recommendations for enhancing product offerings and aligning them with customer expectations.

Research Paper

Keywords: Family Takaful, Customer Preferences, Management Efficiency, Islamic Finance, FWD Takaful Berhad

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Introduction

In recent years, the takaful industry has experienced significant transformation, driven by advancements in technology and a growing emphasis on customer-centric approaches. Among these advancements, family takaful products have emerged as a key focus area for ensuring effective risk management and financial protection for families in compliance with Shariah principles. This shift necessitates a thorough assessment of the efficiency and effectiveness of these products in meeting customer needs. In the rapidly evolving financial services sector, the efficiency of management practices within the takaful industry, particularly regarding family takaful products, has garnered increasing attention. FWD Takaful Berhad, a leading provider in Malaysia, offers a diverse range of family takaful products designed to cater to various customer needs while adhering to Shariah principles. As the takaful sector experiences significant growth, driven by heightened awareness of Shariah-compliant financial solutions and technological advancements, it becomes crucial to evaluate how effectively these products are managed and aligned with customer preferences. This study aims to evaluate the management efficiency of family takaful products at FWD Takaful Berhad by investigating how religious, ethical, and practical factors influence customer preferences. Despite the sector's expansion, there is limited research on how these factors impact customer preferences and overall product management. Addressing this gap can provide valuable insights into enhancing management practices and ensuring that family takaful products meet customer expectations effectively.

Religious factors are crucial in the takaful sector, as compliance with Shariah principles is a primary concern for customers. Azam (2021) highlights the impact of Customer Relationship Management (CRM) in enhancing satisfaction and aligning offerings with religious expectations. Effective CRM can help ensure that family takaful products meet the spiritual and religious needs of customers, thereby improving management efficiency. Ethical factors also play a significant role in customer decision-making. Ethical considerations, such as fairness and transparency, are integral to customer satisfaction in takaful services (Abdur Rehman et al., 2020). The ethical dimension of family takaful products influences customer trust and loyalty, which are critical for assessing the efficiency of product management. Practical factors, including product features, cost, and accessibility, are essential in determining customer preferences. Ali (2021) discusses how technological advancements, such as TakafulTech, can enhance business excellence and customer satisfaction by addressing practical needs and improving product efficiency. Additionally, Muhamad et al. (2024) provide a framework for evaluating e-takaful participation readiness, which underscores the importance of practical considerations in shaping customer preferences. Despite advancements and efforts to enhance product offerings, the takaful industry faces ongoing challenges. Wahab & Hassan (2023) analyse these challenges and prospects, emphasizing the need for continuous improvement in management practices to better meet customer expectations.

The current challenge is to evaluate how effectively FWD Takaful Berhad's family takaful products manage these factors to meet customer needs. Without a comprehensive evaluation of how religious, ethical, and

practical considerations impact customer preferences, it is difficult to identify areas for improvement in product management. This gap in understanding can hinder the ability of takaful providers to optimize their offerings and enhance customer satisfaction. Therefore, this study aims to evaluate the management efficiency of family takaful products at FWD Takaful Berhad by investigating how religious, ethical, and practical factors influence customer preferences. The findings provide valuable insights into improving product management and aligning offerings with customer expectations in the takaful industry.

Literature Review

Family Takaful Products in Malaysia: Concepts and Characteristics

Family takaful is gaining significance in Malaysia's economic growth (Arifin et al., 2013). It operates on principles of mutual cooperation and risk-sharing among participants (Saputra et al., 2016). The main factors influencing the demand for family takaful include agency networks, reputation, product offerings, marketing strategies, and socio-demographic characteristics (Arifin et al., 2013; Yazid et al., 2012). The products align with Maqasid Shariah, focusing on five key protections: religion, life, intellect, progeny, and wealth (Ismail & Fisol, 2020). Premium calculations consider mortality rates, expected returns, costs, and claims (Saputra et al., 2016). The industry's growth has positively impacted Malaysia's socio-economic development through employment and profit generation (Rahman, 2008; Batrancea et al., 2019, 2022). Recent research explores integrating Islamic philanthropy and

corporate social responsibility to enhance the *mudharabah* family takaful model, potentially extending benefits to marginalized groups (Ahmad, 2021).

Even though family takaful has shown significant growth in Malaysia, it still lags behind in market penetration (Arifin et al., 2013; Yazid et al., 2012). Key determinants of family takaful demand include socio-demographic and economic factors, religious adherence, reputation, and innovation attributes (Redzuan et al., 2009; Arifin et al., 2014; Arifin et al., 2022). The industry has introduced investment-linked products, combining protection and investment (Parveen et al., 2020). Family takaful plays a role in social economic development and serves as a savings instrument (Rahman, 2008). However, concerns have been raised regarding Shariah compliance and ethical issues in the modified *mudharabah* model used in family takaful products (Htay & Salman, 2013). To increase market penetration and compete with conventional insurance, the industry must address these challenges and focus on product innovation and customer loyalty (Arifin et al., 2022).

Waqf-Takaful Death Compensation Product in Malaysia

The waqf-takaful death compensation product in Malaysia integrates the principles of waqf with takaful. Currently, only a limited number of takaful companies in the country offer this product, which enables participants to allocate death benefits as waqf (Abu Bakar et al., 2023a; Abu Bakar et al., 2023b; Ahmad et al., 2024). Although the product aligns with the objectives of Maqasid Shariah, it faces various challenges related to its implementation and governance (Abu Bakar et al., 2023a; Ahmad et al., 2024). The effective governance of these products is heavily reliant on the presence of well-trained

takaful agents (Ahmad et al., 2024). This concept holds promise for contributing to socio-economic development (Ahmad et al., 2022), especially by supporting vulnerable groups such as flood victims and low-income households (Zakaria et al., 2019; Che Mohd Salleh et al., 2020). However, several obstacles, including limited awareness, regulatory restrictions, and capital requirements, must be addressed (Che Mohd Salleh et al., 2020). The model has also been suggested for application in crop micro-takaful to assist smallholder farmers (Salleh et al., 2021).

The integration of waqf into takaful products in Malaysia encounters significant challenges. A limited number of takaful companies provide waqf-based death compensation schemes, with varying standards of implementation (Abu Bakar et al., 2023a; Ahmad et al., 2024). Key challenges include legal issues, low public awareness, inadequate funding, underutilized assets, inefficiencies in management, incomplete documentation, and unauthorized encroachments (Jalil, 2020; Puad et al., 2014). Although the application of Maqasid Shariah principles is essential, it remains a challenging aspect of waqf-takaful products (Abu Bakar et al., 2023a). The governance of waqf-takaful compensation models is significantly influenced by the expertise of takaful agents (Ahmad et al., 2024). Despite these challenges, waqf-takaful products hold potential for fostering socio-economic development (Ahmad et al., 2022). Nonetheless, past efforts to integrate waqf into takaful products have encountered difficulties, as illustrated by the discontinuation of Syarikat Takaful Malaysia Berhad's Takaful-Waqf Plan (Rahman & Ahmad, 2011).

The willingness of takaful operators to adopt waqf features is largely dependent on the presence of structured development processes (Muhamat et al., 2019).

Customer Satisfaction and Efficiency in Family Takaful

Customer satisfaction plays a vital role in the success of family takaful in Malaysia, with service quality and the effectiveness of agents being key determinants (Shaladdin et al., 2018; Jamaludin et al., 2020). Trust, commitment, and word-of-mouth are also important factors that influence customer satisfaction (Ishak & Saraih, 2021; Arifin et al., 2020). However, the efficiency of family takaful in Malaysia lags behind that of conventional insurance (Baharin & Isa, 2013; Salsabila & Nasution, 2022). Efficiency is influenced by various factors, including firm-specific attributes and corporate governance elements like board size and composition (Lee et al., 2019). Marketing mix strategies, especially those related to process improvements, also positively affect customer satisfaction (Rusuli et al., 2019). Despite Malaysia being the second-largest takaful market outside the Arab region, the industry faces challenges in market penetration and customer retention (Arifin et al., 2020). Enhancing service quality, improving the role of agents, and addressing efficiency issues are essential for the continued growth and success of family takaful in Malaysia.

The family takaful industry in Malaysia encounters several challenges concerning customer satisfaction and operational efficiency. Although Malaysia is the second-largest takaful market outside the Arab region, its market penetration remains lower than that of conventional insurance (Ishak &

Saraih, 2021). Research indicates that perceived service quality, trust, and word-of-mouth are significant drivers of customer satisfaction and loyalty (Jamaludin et al., 2020; Ishak & Saraih, 2021). However, the efficiency of Malaysian family takaful operators is relatively low, with an average production efficiency of 56.83% from 2017 to 2020 (Salsabila & Nasution, 2022). Efficiency is influenced by factors such as firm-specific characteristics and corporate governance practices (Lee et al., 2019). To boost customer satisfaction, takaful operators should prioritize enhancing service quality, empowering agents, and optimizing processes (Rusuli et al., 2019; Shaladdin et al., 2018). Furthermore, maintaining a smaller board size with a higher proportion of executive directors could improve cost efficiency (Lee et al., 2019).

Takaful Efficiency

Recent studies have examined the efficiency of takaful and insurance companies using Data Envelopment Analysis (DEA) across various regions. Research indicates that takaful firms generally demonstrate high technical efficiency but moderate cost efficiency (Al-Amri, 2015; Ab Rahim et al., 2021). In Malaysia, some takaful operators were found to be efficient, while others showed inefficient resource utilization (Muhamat et al., 2023). Comparisons between takaful and conventional insurance have yielded mixed results, with some studies finding takaful more efficient (Khan & Noreen, 2014) and others reporting lower cost efficiency for takaful (Baharin & Isa, 2013). Geographic variations were observed, with GCC takaful companies outperforming Malaysian operators in terms of efficiency (Miniaoui & Chaibi, 2014).

Factors influencing efficiency include company size, market share, and organizational structure (Islam et al., 2013; Coşkun et al., 2021). These findings provide valuable insights for takaful industry managers and policymakers.

The efficiency of takaful operators in Malaysia faces several challenges. Studies using various approaches like Stochastic Frontier Analysis (SFA) and Data Envelopment Analysis (DEA) have found that takaful operators generally exhibit lower efficiency compared to conventional insurers (Salsabila & Nasution, 2022; Muhamat et al., 2021; Lee et al., 2019; Ismail et al., 2011). Key issues include scale inefficiency, technological regress, and management inefficiency (Yusof, 2020; Baharin & Isa, 2013). Other challenges involve Shariah compliance, legal frameworks, operational costs, and low public awareness (Mukshar et al., 2023). To improve efficiency, takaful operators need to enhance technological innovation, increase market share, develop new products, and improve distribution channels (Sharif, 2004; Yusof, 2020). Additionally, maintaining smaller board sizes with a higher proportion of executive directors could enhance cost efficiency (Lee et al., 2019).

The Role of Technology and Innovation in Takaful

The takaful industry is navigating both challenges and opportunities amid rapid technological advancements. Big data analytics and robo-advisory tools are significantly influencing various aspects of the industry, from underwriting to claims processing and marketing strategies (Ahmad et al., 2023; Hemed et al., 2021). To expand the takaful market, especially in countries

with large Muslim populations like Indonesia, innovation in products, marketing, and processes is essential (Nugraheni & Muhammad, 2020). The rise of fintech is reshaping takaful operations, with some companies partnering with software firms to enhance their digital capabilities (Manaf & Amiruddin, 2019). Market orientation and innovation are considered to have a positive impact on takaful performance (Remli et al., 2013). However, the industry still trails behind conventional insurance in terms of market penetration and product innovation (Hassan & Salman, 2021). To maintain competitiveness, takaful operators need to prioritize customer experience, improve cost efficiency, and develop innovative products that align with Shariah principles (Arifin et al., 2022; Ichsan, 2016).

In Malaysia, the takaful industry faces both challenges and opportunities as it adapts to technological advancements. The sector is undergoing a digital transformation, with companies like Takaful Malaysia partnering with software firms to upgrade their digital platforms (Manaf & Amiruddin, 2019). Despite its growth, takaful still has lower market penetration compared to conventional insurance (Shaifuddin, 2020). Key challenges include product innovation, marketing strategies, pricing, and distribution channels (Hassan & Salman, 2021). However, there are significant opportunities in leveraging big data, advanced analytics, and forming partnerships with major tech companies (Ahmad et al., 2023). To remain competitive, takaful operators must enhance awareness, improve distribution channels, adopt cutting-edge technologies, and develop innovative products that adhere to Shariah principles

(Sharif, 2004). The industry's future success hinges on addressing these challenges while staying aligned with Shariah principles and regulatory requirements (Eldaia et al., 2020; Husin, 2019).

FWD Takaful Berhad

FWD Takaful Berhad is a takaful provider in Malaysia, known for offering a range of Shariah-compliant financial products. As part of the FWD Group, which is a Pan-Asian insurance company, FWD Takaful Berhad aims to provide innovative and customer-focused solutions. They offer various takaful plans, including family takaful, health, education, and retirement plans, designed to meet the diverse needs of their customers while adhering to Islamic principles. Their approach often emphasizes digital transformation, making their products accessible through online platforms and apps, aligning with the broader industry's move toward fintech solutions. FWD Takaful Berhad also focuses on enhancing customer experience, which is crucial for building trust and satisfaction in the competitive takaful market.

FWD Takaful Berhad offers a range of family takaful products designed to provide financial protection and savings in a manner that aligns with Shariah principles. One of their notable offerings is FWD Kasih, a plan tailored for individuals seeking affordable yet comprehensive coverage. This product ensures that in the event of death or total permanent disability (TPD), the policyholder's family receives financial support. The straightforward application process and budget-friendly contributions make FWD Kasih an attractive option for those looking to secure their family's future without significant financial strain. Another significant product is the FWD Family First

Takaful, which provides comprehensive protection combined with savings. This plan covers a wide range of scenarios, including death, TPD, and critical illnesses, offering peace of mind to policyholders that their loved ones will be financially secure in various circumstances. The product also allows for optional riders, giving participants the flexibility to enhance their coverage according to their specific needs. This combination of savings and protection makes it a holistic solution for family financial planning.

For those interested in integrating investment with protection, FWD Invest First Takaful is an ideal choice. This investment-linked plan allows participants to grow their wealth while simultaneously ensuring that their dependents are financially protected in the event of the policyholder's death or TPD. The flexibility in managing investment funds within this plan enables policyholders to tailor their investment strategy to align with their financial goals, making it a versatile option for those seeking both growth and security. Additionally, FWD SpecialCare Direct is a unique takaful plan specifically designed for families with children who have special needs. Recognizing the additional financial responsibilities such families face, this plan provides coverage that ensures the child's future is secure even if the parents are no longer around. The ease of applying online for this plan further adds to its appeal, offering a straightforward solution for a very specific need.

Through these diverse family takaful products, FWD Takaful Berhad demonstrates its commitment to providing comprehensive, flexible, and Shariah-compliant financial solutions that cater to the varied needs of families across Malaysia. Table 1 is the summary of family takaful products offered

by FWD Takaful Berhad. It provides an overview of each product, highlighting its key features and the types of coverage it offers.

Table 1. Summary of Family Takaful Products Offered by FWD Takaful Berhad

Product Name	Description	Coverage	Key Features
FWD Kasih	Affordable family takaful plan providing basic protection.	Death, Total Permanent Disability (TPD)	Simple application process, budget-friendly contributions.
FWD First Takaful	Comprehensive family takaful plan combining protection and savings.	Death, TPD, Critical Illnesses	Optional riders for enhanced coverage, holistic financial planning.
FWD Invest First Takaful	Investment-linked plan offering both protection and wealth growth.	Death, TPD	Flexibility in managing investment funds, tailored financial goals.
FWD Care Direct	Specialized takaful plan for families with children who have special needs.	Death, TPD	Tailored coverage for special needs children, easy online application.

Customer Preferences for Family Takaful Products

Customer preferences for family takaful products are influenced by various factors. Religious adherence, including faith and Islamic practices, is a key motivator (Arifin et al., 2014; Nazir & Noor, 2018). However, some studies found profit return to be more important than religion (AlNemer, 2015). Awareness, affect, facilitating conditions, and religious obligation are

significant predictors of intention to purchase family takaful (Mehboob Shaikh & Amin, 2023). Attitude, subjective norms, and Halal certification also play crucial roles in influencing customer choices (Farhat et al., 2019). Other factors include the product's Shariah compliance, government support, and the concept of *tabarru'* (Nazir & Noor, 2018). Age group and education about takaful concepts also impact preferences (Marković et al., 2012; Iqbal et al., 2016). Understanding these factors is essential for takaful operators to develop effective marketing strategies and improve product offerings (Mansor et al., 2015; Purnamasari & Alam, 2020).

Family takaful demand in Malaysia is influenced by several key factors. Religious adherence, reputation, and image are critical determinants (Arifin et al., 2014). Consumer awareness and perception also play significant roles (Mansor et al., 2015; Tajpour et al., 2021; Malik et al., 2024). Economic factors such as GDP per capita, education, and savings impact demand (Abdullah, 2012; Redzuan et al., 2009; Ebrahimi et al., 2022). Trust and word of mouth contribute to customer satisfaction (Ishak & Saraih, 2021). Agency systems, product features, and marketing strategies are important determinants (Arifin et al., 2013; Rusni Hassan et al., 2018). Social and religious factors, along with product features and marketing, significantly influence consumer adoption of takaful products (Hassan et al., 2018). Mass media and word of mouth affect subjective norms, which in turn influence purchase intentions for family takaful schemes (Md Husin et al., 2016). These findings provide valuable insights for takaful operators to enhance their market penetration and competitiveness.

The Theory of Planned Behavior (Ajzen, 1991) offers a useful framework for examining customer preferences in Islamic finance. According to this theory, individual behavior is influenced by three primary components: attitude toward the behavior, subjective norms, and perceived behavioral control (Agu et al., 2024; Anwar et al., 2024). In the context of family takaful, customers' attitudes toward the product are significantly shaped by their religious values, ethical beliefs, and practical considerations. For instance, adherence to Shariah principles plays a central role in shaping positive attitudes toward family takaful products, as many consumers view these products as a means to fulfill both financial protection and spiritual obligations (Arifin et al., 2014). This aligns with the notion that religious adherence, which reflects an individual's internalized attitudes towards Islamic principles, is a critical motivator for selecting takaful products (Nazir & Noor, 2018).

Subjective norms, as outlined in the Theory of Planned Behavior, suggest that social and cultural influences significantly affect customer preferences. In Malaysia, religious and cultural norms are crucial in determining the extent to which individuals are willing to engage in Shariah-compliant financial practices. The perceived expectations of family, peers, and religious leaders often drive individuals to choose takaful products that align with Islamic values, making these subjective norms a significant predictor of consumer behavior (Mehboob Shaikh & Amin, 2023). Additionally, halal certification, a marker of Shariah compliance, plays a pivotal role in signalling the product's authenticity and aligning it with religious expectations, further reinforcing subjective norms (Farhat et al., 2019).

The role of facilitating conditions and awareness is another crucial theoretical component in understanding customer preferences. The Theory of Reasoned Action (Fishbein & Ajzen, 1975) posits that a person's intention to perform a behavior is influenced by their perceptions of the ease or difficulty of performing the behavior. In the case of family takaful, facilitating conditions such as product accessibility, ease of purchase, and the availability of information about the products play an essential role in shaping consumer preferences. When customers perceive family takaful products to be easy to access and understand, their intention to purchase increases (Mehboob Shaikh & Amin, 2023). Moreover, the role of consumer awareness cannot be overstated; increased awareness about the benefits and features of takaful products, as well as the concept of *tabarru'* (donation), strengthens the consumer's perception of the products as both a financial and a socially responsible choice (Nazir & Noor, 2018).

From an economic perspective, consumer preferences for family takaful products are also influenced by socio-economic factors, including income levels, education, and general financial literacy (Abdullah, 2012; Redzuan et al., 2009). Customers with higher income levels are more likely to purchase takaful products, as they can afford the premiums and recognize the long-term benefits, such as investment returns and financial protection. This insight suggests that the economic environment and the consumers' ability to understand the product's value proposition play significant roles in shaping their preferences.

Furthermore, the Marketing Theory, particularly the concept of the Marketing Mix (4Ps), emphasizes the importance of the product, price, promotion, and place in influencing consumer decision-making. For family takaful, marketing strategies must be aligned with the product's core value propositions: religious compliance, ethical conduct, and practicality. Effective marketing strategies that highlight these factors, along with strong distribution channels, are critical to increasing market penetration and consumer adoption (Arifin et al., 2013; Rusni Hassan et al., 2018). The impact of word of mouth and trust further enhances consumer confidence, as positive feedback from peers and family can strongly influence purchasing decisions in a social context where religion and ethical values are significant (Ishak & Saraih, 2021).

In sum, customer preferences for family takaful products are influenced by a variety of factors that are rooted in both psychological and sociocultural theories. Religious adherence, ethical considerations, practical usability, consumer awareness, and economic conditions are all crucial determinants. Understanding these factors allows takaful operators to tailor their offerings to meet customer needs, develop effective marketing strategies, and improve product accessibility, ultimately enhancing customer satisfaction and loyalty in the competitive takaful market.

Research Methodology

Research Design

This study adopts a quantitative research design to examine the factors influencing customer preferences for family takaful products at FWD Takaful

Berhad. The research aims to establish the relationships between the dependent variable (customer preferences) and the independent variables (religious factors, ethical factors, and practical factors). A correlational approach was employed to assess the strength and direction of these relationships, followed by regression analysis to determine the extent to which these factors predict customer preferences.

Data Collection and Sampling Method

The study employed a convenience sampling method, selecting 40 respondents who are customers of FWD Takaful Berhad. This sampling method was chosen due to its practicality and ease of access to a specific group of respondents. However, convenience sampling has inherent limitations, as it does not ensure a fully representative sample of the broader customer base at FWD Takaful Berhad. The sample size, while suitable for exploratory research purposes, may not accurately reflect the diversity of customers across different age groups, income levels, or geographic locations. This could affect the generalizability of the results to the entire customer population.

The relatively small sample size (40 respondents) was selected based on the scope and nature of the study, but it should be noted that larger sample sizes are typically preferred to increase statistical power and enhance the reliability of the findings. The study's limitations regarding sample size and representativeness should be considered when interpreting the findings. Further research with a larger, more representative sample would provide a more accurate picture of customer preferences and strengthen the conclusions drawn from the study.

Data were collected through a structured online questionnaire, which included items measuring customer preferences and the three main influencing factors: religious factors, ethical factors, and practical factors. Respondents were asked to rate their agreement with a series of statements using a five-point Likert scale. The items were designed to capture various dimensions of the factors influencing customer preferences, including religious adherence (e.g., Shariah compliance), ethical considerations (e.g., transparency and fairness of takaful operators), and practical aspects (e.g., affordability, usability, and accessibility of the takaful products).

Measures

The measures employed in this study focus on both the dependent and independent variables that influence customer preferences for family takaful products at FWD Takaful Berhad. The dependent variable, customer preferences, was assessed through a series of statements where respondents indicated their level of agreement. These statements addressed customer habits, satisfaction with the products, and the perceived importance of features specific to Islamic financial products. The independent variables were categorized into three main factors influencing customer preferences: religious factors, ethical factors, and practical factors. Religious factors included aspects such as religious compliance, the concept of Shariah compliance, and the incorporation of religious elements in the takaful products. Ethical factors measured customer perceptions of the ethical behaviour of takaful operators, focusing on transparency and fairness in the product offerings. Lastly, practical factors encompassed considerations related to the usability, affordability,

and accessibility of the family takaful products, ensuring that these products met the practical needs of the customers. Figure 1 illustrates the conceptual framework of this research, including the relationship between the independent and dependent variables.

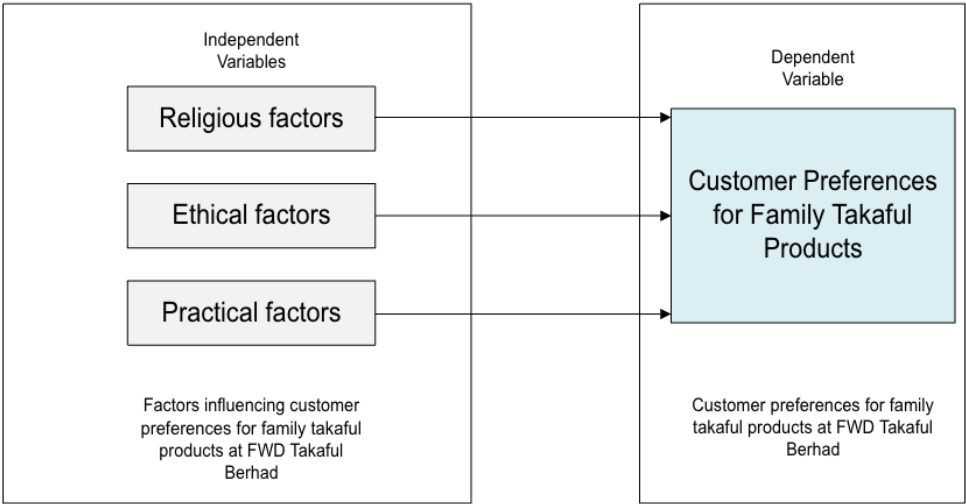


Figure 1. Conceptual Framework: Relationship Between Independent and Dependent Variables

Data Analysis Techniques

Data analysis was conducted using AMOS (Analysis of Moment Structures) software. Descriptive statistics were first calculated to summarize the data. This was followed by correlation analysis to examine the relationships between customer preferences and the independent variables. Pearson correlation coefficients were used to determine the strength and direction of these relationships. Subsequently, regression analysis was performed to as-

sess the predictive power of religious, ethical, and practical factors on customer preferences. The model's fit was evaluated using the R-squared value, and the significance of the predictors was tested using ANOVA.

Ethical Considerations

The study adhered to ethical guidelines for research involving human participants. Informed consent was obtained from all respondents, and they were assured of the confidentiality of their responses. The data collected were used solely for research purposes, and participants had the right to withdraw from the study at any time without any consequences.

Study Limitations

The study has several limitations that should be considered when interpreting its findings. Firstly, the use of convenience sampling means that the sample consists of a limited group of respondents who are easily accessible, which may introduce sampling bias. As a result, the sample may not be fully representative of the broader customer base at FWD Takaful Berhad, potentially limiting the generalizability of the findings. Additionally, the sample size of 40 respondents, while suitable for an exploratory study, is relatively small and may lack sufficient statistical power to draw definitive conclusions. A larger and more diverse sample would enhance the reliability and robustness of the results. The study's cross-sectional design also limits its ability to capture changes in customer preferences over time, as it provides only a snapshot of preferences at a single point. Furthermore, there is a possibility of response bias, particularly due to the online survey method, where

respondents may provide answers, they perceive as socially desirable, especially in relation to sensitive topics like religious adherence and ethical considerations. These limitations suggest that future research with a more representative sample, larger sample size, and longitudinal design would provide a more comprehensive understanding of customer preferences for family takaful products.

Research Findings

The mean analysis of factors influencing customer preferences for family takaful products at FWD Takaful Berhad reveals several key insights. Figure 2 illustrates the descriptive statistics of religious factors influencing customer preferences for family takaful products at FWD Takaful Berhad. Religious factors, including religious compliance (Mean = 4.35), religious characteristics (Mean = 4.30), and the concept of Shariah compliance (Mean = 4.25), are highly significant to customers. Among these, religious education and knowledge (Mean = 4.40) is particularly valued, reflecting the importance customers place on well-informed products that align with Islamic principles. Figure 3 illustrates the descriptive statistics of ethical factors influencing customer preferences for family takaful products at FWD Takaful Berhad. Ethical considerations also play a substantial role, with high means across various dimensions such as ethical considerations (Mean = 4.33) and the ethical characteristics of takaful (Mean = 4.43). Customers view adherence to ethical principles as crucial for the success of takaful products, with ethical principles determining success (Mean = 4.50) being notably emphasized. Figure 4 illus-

trates the descriptive statistics of practical factors influencing customer preferences for family takaful products at FWD Takaful Berhad Practical factors are equally influential, as demonstrated by high mean scores for practical considerations when choosing a product (Mean = 4.47), practical factors influencing product choices (Mean = 4.47), and the importance of practical factors in determining good product management (Mean = 4.47). These results indicate that practical attributes of takaful products are highly valued by customers and serve as important benchmarks in product development.

Descriptive Statistics	N	Mean	Std. Deviation
Religious compliance	40	4.35	.580
Religious characteristics	40	4.30	.648
Concept of Shariah compliance	40	4.25	.776
Religious elements in products	40	4.18	.781
Religious education and knowledge	40	4.40	.591
Valid N	40		

Figure 2. Descriptive Statistics of Religious Factors Influencing Customer Preferences for Family Takaful Products at FWD Takaful Berhad

Descriptive Statistics	N	Mean	Std. Deviation
Ethical considerations	40	4.33	.572
Ethical characteristics of takaful influence choices	40	4.43	.501
Ethical principles	40	4.43	.549
Ethical principles determine success	40	4.50	.506
Ethics in every matter is a religious requirement	40	4.43	.549
Valid N	40		

Figure 3. Descriptive Statistics of Ethical Factors Influencing Customer Preferences for Family Takaful Products at FWD Takaful Berhad

Descriptive Statistics			
	N	Mean	Std. Deviation
Practical considerations when choosing a product	40	4.47	.506
Practical factors influence product choices	40	4.47	.599
Practical factors are important for choosing a good product	40	4.52	.506
Practical factors determine good product management	40	4.47	.506
Practical factors serve as benchmarks in developing quality takaful products	40	4.40	.591
Valid N	40		

Figure 4. Descriptive Statistics of Practical Factors Influencing Customer Preferences for Family Takaful Products at FWD Takaful Berhad

Customer preferences for family takaful products reflect a high level of satisfaction and specific inclinations. Figure 5 illustrates the descriptive statistics of customer preference factors for family takaful products at FWD Takaful Berhad. Customers consider their preferences paramount (Mean = 4.45) and acknowledge that personal habits and preferences significantly influence their choices (Mean = 4.50). The emphasis on the features of Islamic financial products (Mean = 4.58) suggests that these attributes are crucial in the decision-making process. Additionally, while recognizing the challenges associated with family takaful products (Mean = 4.43), customers maintain a strong focus on satisfaction and the alignment of products with their needs and expectations. Overall, practical considerations appear to be the most influential factor in shaping customer preferences, though religious and ethical factors also play essential roles.

Descriptive Statistics			
	N	Mean	Std. Deviation
Customer preference considerations are paramount when choosing financial products	40	4.45	.639
Customer habits or preferences influence product choices	40	4.50	.599
Satisfaction value is towards the product	40	4.50	.599
Choosing the features of Islamic financial products is important	40	4.58	.549
Family takaful products at FWD Takaful Berhad have their own challenges	40	4.43	.549
Valid N	40		

Figure 5. Descriptive Statistics of Customer Preference Factors for Family Takaful Products at FWD Takaful Berhad

The analysis of customer preferences for family takaful products at FWD Takaful Berhad reveals significant alignment with existing literature on the subject. The high importance customers place on religious factors, such as religious compliance and religious education, mirrors findings in the literature which highlight the critical role of religious adherence in shaping family takaful demand (Arifin et al., 2014; Nazir & Noor, 2018). This reflects the broader consensus that alignment with Islamic principles and Shariah compliance is essential for customer satisfaction and trust in takaful products (Ismail & Fisol, 2020). The study's emphasis on ethical factors, with high mean scores for ethical considerations and principles, is also consistent with literature that underscores the significance of ethical behavior in influencing customer choices and ensuring product success (Ishak & Saraih, 2021; Htay & Salman, 2013). Practical factors, including considerations of product functionality and management, were shown to have a strong impact on customer

preferences, which aligns with research indicating that practical attributes are crucial for the attractiveness and effectiveness of takaful products (Redzuan et al., 2009; Rusuli et al., 2019). Additionally, the high importance customers place on specific features of Islamic financial products and their acknowledgment of the challenges associated with family takaful products are in line with literature that emphasizes the need for innovation and addressing customer needs to improve market penetration and satisfaction (Farhat et al., 2019; Arifin et al., 2022). Overall, these findings support the literature's view that religious, ethical, and practical factors are key determinants of customer preferences in the family takaful market, highlighting the importance for takaful operators to focus on these areas to enhance product appeal and effectiveness.

Furthermore, the correlation analysis of factors influencing customer preferences for family takaful products at FWD Takaful Berhad reveals significant insights into how religious, ethical, and practical considerations impact customer choices. Figure 6 illustrates the correlation analysis of factors influencing customer preferences for family takaful products at FWD Takaful Berhad. The analysis shows a strong positive correlation between religious factors and customer preferences ($r = 0.646$, $p < 0.001$), indicating that customers who place high importance on religious values are more likely to prefer takaful products that align with these values. This relationship is further supported by a robust correlation between religious and ethical factors ($r = 0.814$, $p < 0.001$), highlighting those ethical considerations are closely linked with religious principles in shaping customer preferences. Additionally, religious factors are positively correlated with practical factors ($r = 0.741$, $p <$

0.001), suggesting that customers who prioritize religious aspects also consider practical attributes in their decision-making process. Ethical factors also demonstrate a very strong positive correlation with customer preferences ($r = 0.720$, $p < 0.001$), underscoring the significant role of ethical considerations in influencing customer choices. The high correlation between ethical and practical factors ($r = 0.889$, $p < 0.001$) suggests that ethical values are closely tied to practical attributes, reflecting those customers who value ethical aspects are also likely to prioritize practicality in their product choices. The correlation between ethical and religious factors reinforces the idea that ethical values and religious principles are interrelated in shaping customer preferences.

Practical factors exhibit the highest correlation with customer preferences ($r = 0.845$, $p < 0.001$), indicating that practical considerations have the most substantial impact on customer choices for family takaful products. The strong correlation between practical and ethical factors ($r = 0.889$, $p < 0.001$) further supports the notion that practical attributes are closely aligned with ethical standards. Similarly, the significant correlation between practical and religious factors ($r = 0.741$, $p < 0.001$) demonstrates that practical considerations are influenced by religious values. Overall, these findings reveal that while religious, ethical, and practical factors all play crucial roles in shaping customer preferences, practical factors are the most influential. The interconnectedness of these elements highlights the need for a balanced integration of religious adherence, ethical standards, and practical attributes to enhance customer satisfaction and preference in the family takaful market.

Correlations		Religious factors	Ethical factors	Practical factors	Customer preference
Religious factors	Pearson Correlation	1	.814**	.741**	.646**
	Sig. (2-tailed)		<.001	<.001	<.001
	N	40	40	40	40
Ethical factors	Pearson Correlation	.814**	1	.889**	.720**
	Sig. (2-tailed)	<.001		<.001	<.001
	N	40	40	40	40
Practical factors	Pearson Correlation	.741**	.889**	1	.845**
	Sig. (2-tailed)	<.001	<.001		<.001
	N	40	40	40	40
Customer preferences	Pearson Correlation	.646**	.720**	.845**	1
	Sig. (2-tailed)	<.001	<.001	<.001	
	N	40	40	40	40

** Correlation is significant at the 0.01 level (2-tailed).

Figure 6. Correlation Analysis of Factors Influencing Customer Preferences for Family Takaful Products at FWD Takaful Berhad

The analysis of customer preferences for family takaful products at FWD Takaful Berhad, considering religious, ethical, and practical factors, aligns with the literature on family takaful in Malaysia and underscores several key insights. Firstly, the strong positive correlation between religious factors and customer preferences ($r = 0.646$, $p < 0.001$) reflects the critical role of religious adherence in influencing customer choices. This finding is consistent with Arifin et al. (2014) and Nazir & Noor (2018), who highlight those Islamic values and Shariah compliance are pivotal in shaping customer preferences for family takaful products. Customers who prioritize religious values are more inclined to choose takaful products that align with their faith, emphasizing the importance of integrating Shariah principles into product offerings. Ethical factors also show a significant positive correlation with customer preferences ($r = 0.720$, $p < 0.001$), indicating that ethical considerations are a

key driver of customer choice. This aligns with the findings of Redzuan et al. (2009) and Arifin et al. (2022), who assert that ethical values play a substantial role in influencing the demand for family takaful products. The close relationship between ethical and practical factors ($r = 0.889$, $p < 0.001$) suggests that customers who are concerned about ethical aspects also value the practical attributes of the products, such as benefits and returns. This interplay highlights the necessity for takaful providers to address both ethical and practical dimensions in their product development and marketing strategies.

The high correlation between practical factors and customer preferences ($r = 0.845$, $p < 0.001$) indicates that practical considerations, such as coverage, benefits, and cost, are the most influential factors for customers. This finding is supported by the literature, which notes that practical attributes and product features are significant determinants of family takaful demand (Arifin et al., 2013; Yazid et al., 2012). The substantial impact of practical factors on customer preferences underscores the need for takaful operators to enhance the functionality and value of their products to meet customer expectations. The literature review emphasizes that while family takaful in Malaysia has experienced growth, challenges such as market penetration and customer retention persist (Arifin et al., 2013; Yazid et al., 2012). The integration of waqf with takaful products, although promising, faces implementation challenges and limited awareness (Abu Bakar et al., 2023a; Ahmad et al., 2024). Addressing these issues and improving product innovation and governance are essential for enhancing customer satisfaction and market share.

Moreover, customer satisfaction in family takaful is influenced by factors such as service quality, agent effectiveness, and trust (Shaladdin et al., 2018; Jamaludin et al., 2020). The findings suggest that improving service quality and agent performance, along with addressing efficiency issues, can significantly enhance customer satisfaction and loyalty (Ishak & Saraih, 2021; Rusuli et al., 2019). In summary, the correlation analysis highlights that while religious, ethical, and practical factors all influence customer preferences, practical considerations have the most substantial impact. This aligns with the literature's emphasis on the importance of product features and practical benefits in driving customer choices for family takaful products. Addressing the challenges identified in the literature, such as improving market penetration, product innovation, and governance, will be crucial for takaful operators to meet customer needs and achieve sustainable growth in Malaysia's takaful market.

Moreover, the regression analysis of customer preferences for family takaful products at FWD Takaful Berhad highlights the significant influence of religious, ethical, and practical factors on customer choices. Figure 7 illustrates the regression analysis summary for factors influencing customer preferences in family takaful products at FWD Takaful Berhad. The model accounts for 72.4% of the variance in customer preferences, indicating a strong explanatory power ($R^2 = 0.724$). This high R^2 value demonstrates that the independent variables: religious, ethical, and practical factors; collectively play a crucial role in shaping customer preferences. Figure 8 illustrates the ANOVA results for the impact of influencing factors on customer preferences in family takaful product at FWD Takaful Berhad. The significant ANOVA

result ($F = 31.546, p < 0.001$) confirms the overall model’s effectiveness in improving our understanding of customer preferences compared to a baseline model with no predictors.

Variables Entered/Removed^a			
Model	Variables Entered	Variables Removed	Method
1	Practical factors, Religious factors, Ethical factors ^b	.	Enter

- a. Dependent Variable: Customer Preferences
- b. All requested variables entered.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.851 ^a	.724	.701	1.36638

a. Predictors: (Constant), Practical factors, Religious factors, Ethical factors

Figure 7. Regression Analysis Summary for Factors Influencing Customer Preferences in Family Takaful Products at FWD Takaful Berhad

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	176.688	3	58.896	31.546	<.001 ^b
	Residual	67.212	36	1.867		
	Total	243.900	39			

- a. Dependent Variable: Customer Preferences

Figure 8. ANOVA Results for the Impact of Influencing Factors on Customer Preferences in Family Takaful Product at FWD Takaful Berhad

Among the factors, practical considerations are identified as the strongest predictor of customer preferences. This finding is consistent with

literature suggesting that aspects such as coverage, benefits, and costs are pivotal in customer decision-making (Arifin et al., 2013; Yazid et al., 2012). Furthermore, religious factors also emerge as a significant predictor, underscoring the importance of aligning products with Shariah principles to meet customers' faith-based needs (Arifin et al., 2014; Nazir & Noor, 2018). Ethical factors, while also significant, highlight the role of ethical considerations in shaping customer choices, aligning with previous studies that stress the importance of ethical values (Redzuan et al., 2009; Arifin et al., 2022).

Altogether, the analysis suggests that for FWD Takaful Berhad to effectively enhance customer satisfaction and product appeal, it should focus on optimizing practical aspects of its family takaful products, while ensuring strong alignment with religious and ethical standards. This comprehensive approach will likely improve customer preference and drive growth within the family takaful segment.

Analysis and Discussions

The analysis of customer preferences for family takaful products at FWD Takaful Berhad reveals critical insights into the factors that significantly influence customer choices. The regression analysis indicates that religious, ethical, and practical factors collectively explain a substantial portion of the variance in customer preferences, with an R^2 value of 0.724. This suggests that these factors are vital in shaping customer decisions when selecting family takaful products. Among these, practical factors emerged as the most influential, which aligns with existing literature highlighting the importance

of product features such as coverage, benefits, and costs in customer decision-making (Arifin et al., 2013; Yazid et al., 2012).

Religious factors also played a significant role, reinforcing the notion that aligning products with Islamic principles is crucial for attracting and retaining customers in the takaful industry. This finding is consistent with previous research that underscores the importance of religious adherence in influencing customer preferences for Islamic financial products (Nazir & Noor, 2018). Ethical considerations, while slightly less influential than practical and religious factors, also significantly impact customer preferences. This aligns with studies that emphasize the growing importance of ethics in consumer decision-making, particularly in the context of Islamic finance (Redzuan et al., 2009; Arifin et al., 2022).

The correlation analysis further supports these findings, showing strong positive relationships between customer preferences and each of the three factors. The correlation between customer preferences and practical factors was the strongest, followed by ethical and religious factors. This suggests that while all three factors are important, customers may prioritize practical benefits slightly more when choosing family takaful products. These findings are consistent with the broader literature on family takaful, which identifies practical product attributes, religious adherence, and ethical considerations as key determinants of demand (Arifin et al., 2013; Ismail & Fisol, 2020; Ahmad, 2021). However, the study also highlights the need for FWD Takaful Berhad to balance these factors to optimize customer satisfaction and loyalty. The significant role of religious and ethical factors suggests that even as prac-

tical considerations drive much of the decision-making process, ensuring Shariah compliance and maintaining ethical standards are non-negotiable for a significant portion of the customer base.

An important consideration in this study is the potential for cultural and regional variations in customer preferences for family takaful products, which could impact the generalizability of the findings. Malaysia, where FWD Takaful Berhad operates, is a culturally diverse country with significant variations in religious practices, economic conditions, and social norms across its different regions. These regional differences may influence how customers perceive and prioritize factors such as religious compliance, ethical conduct, and practical usability in takaful products.

For instance, customers in urban areas such as Kuala Lumpur and Penang may place more emphasis on the practical features of takaful products, such as affordability, flexibility, and digital accessibility, due to their higher exposure to modern financial services and greater emphasis on convenience. Conversely, customers in rural or more traditional regions like Kelantan or Terengganu may prioritize religious factors such as Shariah compliance and adherence to Islamic principles, reflecting the strong Islamic identity in these areas. These regions may also show a higher demand for takaful products that align with local customs and community-based values.

Moreover, ethnic diversity plays a role in shaping customer preferences, as the Muslim population in Malaysia is not homogenous. The Malay Muslim majority, for example, may have different views on takaful products compared to other ethnic groups, such as the Indian Muslim or Chinese Mus-

lim populations, each of whom may interpret religious requirements and ethical considerations differently. This could affect the relative importance placed on halal certification or the *tabarru'* (donation) mechanism of takaful products, which might be viewed differently depending on one's cultural context.

Economic factors also vary regionally. In wealthier areas with higher GDP per capita, such as Kuala Lumpur or Selangor, consumers may have greater disposable income to invest in takaful products that offer comprehensive coverage and higher returns. In contrast, customers from lower-income areas may be more focused on basic protection and affordability, which could make them more likely to choose simpler, cost-effective takaful products.

The educational background of customers can also influence preferences. Higher education levels are generally correlated with greater awareness of financial products, including takaful, and this awareness may lead to a preference for more sophisticated, investment-linked takaful products. In contrast, individuals with less formal education may prefer straightforward family takaful plans that provide essential coverage without complex terms.

These regional and cultural variations suggest that customer preferences are not uniform across Malaysia and can significantly affect how takaful products are received. Future research should consider incorporating these cultural and regional dimensions into the analysis to provide a more nuanced understanding of customer preferences (Salamzadeh et al., 2024). A study that explores these differences could lead to more targeted marketing strategies and product offerings, ensuring that family takaful products are better aligned with the diverse needs of customers across various Malaysian regions.

The findings of this study have important implications for policymakers and regulators within the Islamic finance industry, especially concerning family takaful products. As demand for Shariah-compliant financial products continues to grow, regulators and policymakers must address several key areas identified in this study to ensure the continued development, accessibility, and sustainability of the takaful industry. The study highlights the critical role of religious adherence and Shariah compliance in shaping customer preferences, emphasizing the need for clear and transparent guidelines for Shariah certification and regular audits. Policymakers should consider introducing a standardized framework for assessing Shariah compliance to reduce consumer confusion and ensure consistency across the industry. The study also points to the importance of ethical conduct, including transparency, fairness, and corporate governance, in customer decision-making. Regulators must encourage innovation in takaful products and technology, while ensuring that such innovations uphold the ethical principles upon which the industry is built. Policies that promote ethical business practices, such as clear disclosures, fair pricing, and customer protection, are essential for building long-term trust in the takaful market.

Furthermore, customer awareness and understanding of takaful products significantly influence preferences, suggesting the need for public education campaigns to increase financial literacy, particularly in rural and lower-income areas. Policymakers could collaborate with takaful operators to offer educational materials and workshops to simplify the concepts of takaful and its Shariah-compliant nature. Practical factors like affordability and accessibility also heavily influence customer preferences, and policymakers

should create an environment that encourages affordable and accessible takaful products, particularly for underserved populations. Regulatory frameworks that support inclusive financial services could help address coverage gaps and ensure takaful products are available to all, regardless of income level. Additionally, fostering a competitive and sustainable takaful market that encourages innovation while safeguarding consumer interests is crucial. Regulations that facilitate market entry for new operators and promote competition will contribute to improved product offerings and service quality. Promoting partnerships between takaful providers and financial technology firms can further enhance product delivery and customer experience, particularly in the digital space. Finally, the study reveals cultural and regional variations in customer preferences, highlighting the need for region-specific strategies that account for cultural nuances and socioeconomic differences. By encouraging takaful operators to localize their offerings, policymakers can help ensure that family takaful products meet the unique needs of diverse communities, fostering broader adoption.

Conclusion

The findings of this study provide valuable insights into the factors influencing customer preferences for family takaful products at FWD Takaful Berhad. The regression analysis demonstrated that religious, ethical, and practical factors are significant predictors of customer preferences, collectively explaining 72.4% of the variance. Practical factors emerged as the most influential, highlighting the importance of product features in customer decision-making. However, religious and ethical factors also play crucial roles,

underscoring the need for takaful operators to align their products with Islamic principles and ethical standards.

Future research in the field of family takaful can explore several avenues to expand on the findings of this study. First, a larger and more representative sample could be utilized to enhance the generalizability of the results. This could involve using stratified sampling to ensure that diverse demographic groups, such as different age groups, income levels, and geographic regions, are adequately represented. Additionally, longitudinal studies could be conducted to track changes in customer preferences over time, providing insights into how preferences evolve with economic, cultural, or regulatory shifts. Another area for future research could involve a comparative study between family takaful products offered by different takaful providers, both within Malaysia and internationally. This would allow researchers to assess the relative strengths and weaknesses of various products and identify best practices in product development, marketing, and customer satisfaction. Understanding the factors that influence product selection across different operators could help takaful providers refine their offerings and strategies.

Further exploration could also focus on the impact of digitalization and financial technology (Fintech) on customer preferences in family takaful. With increasing reliance on digital platforms, future research could examine how online accessibility, mobile apps, and digital tools influence customers' decisions to purchase takaful products, especially in the context of younger generations who are more tech-savvy. In addition, researchers could investigate the role of socio-cultural factors in shaping customer preferences for

family takaful, particularly in rural or lower-income regions. This could involve exploring the influence of cultural values, family dynamics, and community support structures on the decision to engage with takaful products. Understanding these cultural nuances could help takaful operators tailor their products and marketing strategies to better align with local needs.

Finally, a deeper investigation into the regulatory and policy frameworks governing the takaful industry could be valuable. Research could explore the effectiveness of existing regulations in promoting Shariah compliance, ethical business practices, and consumer protection, as well as identifying areas where regulatory reforms could enhance the competitiveness and sustainability of the takaful sector. By pursuing these avenues, future research can provide more comprehensive insights into the factors influencing customer preferences in family takaful and contribute to the ongoing development and success of the industry.

In conclusion, for FWD Takaful Berhad to enhance customer satisfaction and competitiveness in the family takaful market, it must prioritize practical product attributes while ensuring strong adherence to religious and ethical values. By doing so, the company can better meet customer needs, improve market penetration, and strengthen customer loyalty. The findings also suggest that ongoing product innovation, coupled with a focus on Shariah compliance and ethical integrity, will be key to sustaining growth and success in the highly competitive takaful industry. These insights should guide strategic decisions in product development, marketing, and customer relationship management at FWD Takaful Berhad and potentially within the broader takaful industry.

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