



Resilience of Takaful

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TABARRU

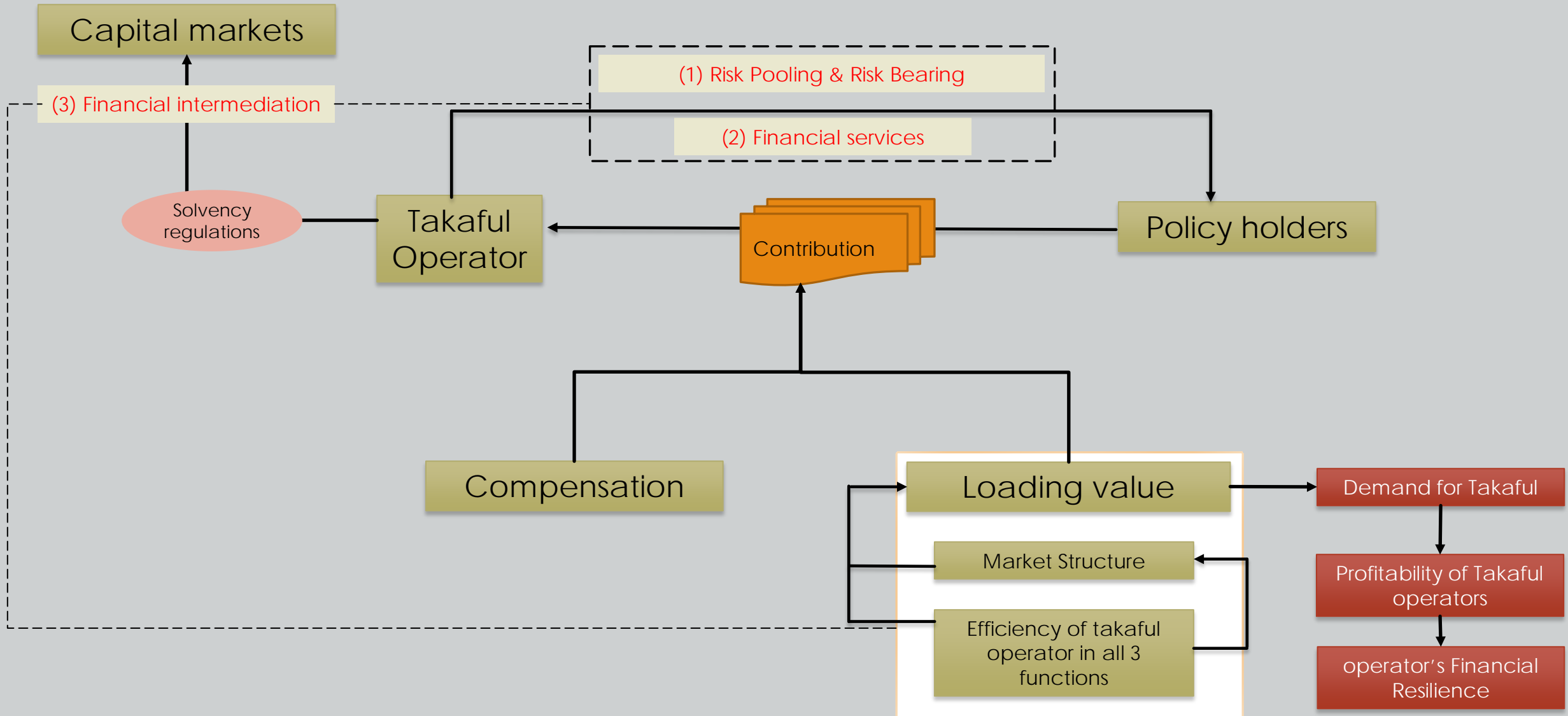
وَتَعَاوَنُوا عَلَى الْبِرِّ وَالتَّقْوَىٰ

Contract of conventional
insurance Vs of Takaful

Purify our Intentions

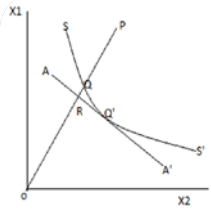
“Get rid of the selfish/ Utilitarian approach”

EFFICIENCY



MEASUREMENTS OF EFFICIENCY

DATA ENVELOPMENT ANALYSIS



Technical Efficiency

Revenue Efficiency

Cost Efficiency

Profit Efficiency

Managerial Efficiency

Scale Efficiency

Value Added (production) Approach

- **Outputs**

1. Claims paid and additions to reserve
2. Real invested assets

- **Inputs**

1. Labour
2. Capital
3. Business services

TAKAFUL OPERATORS CAN BE MORE EFFICIENT THAN CONVENTIONAL INSURERS

TECHNICAL EFFICIENCY

$$\overline{TE}_T > \overline{TE}_C$$

2009 - ↑ 17% \overline{PTE}_T

2010 - ↑ 12.7% \overline{PTE}_T

2007 - ↑ 2.7% \overline{SE}_T

COST EFFICIENCY

$$\overline{CE}_C = \overline{CE}_T$$

$$\overline{AE}_C > \overline{AE}_T$$

2012 - ↑ 36.2% \overline{AE}_C

2013 - ↑ 23.1% \overline{AE}_C

2014 - ↑ 18.9% \overline{AE}_C

REVENUE EFFICIENCY

$$\overline{RE}_T > \overline{RE}_C$$

2009 - ↑ 32% \overline{RE}_T

2010 - ↑ 23% \overline{RE}_T

Size Efficiency

+ve

Financial Resilience

How efficiency can be maximized

- Proper actuarial valuations
- Innovative investments
- Input minimization
- Optimum size of the Takaful firm