

Level of Knowledge on Takaful Among Mindanao State University - Main Campus Employees

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Abstract

This study focused on the knowledge of the employees of MSU Main Campus about takaful, its concept, principles and objectives, which is identified as a gap between the emergent takaful window model in the Philippines and the public's understanding of shariah-compliant risk sharing. The knowledge was assessed using descriptive quantitative survey, which was best suited for measuring the knowledge in the areas of mutual-help philosophy, contractual structure, and product scope among the MSU Main Campus employees. The results indicated that the cooperative underpinning of takaful was well recognised with both ta'awun and tabarru' being affirmed by many respondents, although there was a lack of clarity between conceptual and legal understanding because almost half of the respondents believed that takaful is owned by the operators. Likewise, awareness of takaful's multi-line products, and its cross-faith inclusivity, was high, with approximately half of the employees confusing the two products as being one and the same, under a contract. Results show that even at promotional level, awareness of the Islamic identity of takaful has not yet been reflected in any type of operational literacy on fund ownership and contractual mechanisms, suggesting a need for more specific institutional education – beyond the philosophical level.

Keywords: *takaful, Islamic financial literacy, ta'awun and tabarru', Shariah-compliant insurance, Mindanao State University*

1. Introduction

As of the time of writing, the Takaful in the Philippines has just been starting an early yet significant phase of development, with Insurance Commission Circular Letter No. 2022-04 and the more comprehensive Circular Letter No. 2024-13 introducing the Takaful window model of existing insurers and Mutual Benefit Associations (Insurance Commission, 2022, 2024). By 2026, there are 4 licensed operators, and 6 approved products, including the Family, Personal Accident and emerging Micro-Takaful products. This momentum, coupled with the mass of Muslims in the Bangsamoro autonomous region in Muslim Mindanao, calls for closer examination of a university workforce located within that region.

However, the industry is small, awash with lack of public awareness, inadequate Shariah trained personnel, shortage of Shariah compliant investment products, and poor Retakaful capacity, and lack of market information (Insurance Commission, 2024). There was a significant amount of research done in the past on how shared terminology between takaful and conventional insurance, e.g. indemnity and insurable interest, causes persistent

confusion between shared risk and risk transfer models, even in the developed takaful industry (Rifas et al., 2023; Mutafov, 2024; Abdullah, 2015). So far, no one has ever looked at whether this confusion also permeates the campus of Mindanao State University.

This gap provides a contribution to the Islamic financial literacy literature by adding to the evidence base that is mostly Malaysia and Middle Eastern focused (Alias et al., 2023; Ossofo et al., 2025; Hussain et al., 2025) to a less studied Philippine, minority Islamic-finance-market environment. Findings provide population-specific evidence for literacy interventions over and above any assumptions that can be made from known Takaful markets, and provide empirical support to the notion that disclosure asymmetry between mandatory and voluntary Shariah reporting affects the knowledge of its stakeholders (Alias et al., 2023).

The objective of this study is to find out the level of knowledge that Mindanao State University employees have on the concept of takaful, shariah principles and objectives of takaful and its relationship with their acceptance of takaful as an alternative to conventional insurance. A baseline is thus created to guide the future financial inclusion approach of an institution that will be advantageous for the takaful development (Hussain et al.,

2025), whether through Micro-Takaful, Bancatakaful or distribution via digital media.

2. Research Objectives

1. Concept and philosophy: What is the level of employees' knowledge of the basic concept and philosophy of takaful, including mutual help, cooperation, and the tabarru' mechanism?

2. Shariah principles: What is the level of employees' knowledge of the Shariah principles underlying takaful operations, including halal investment and the prohibition of riba, gharar, and maysir?

3. Objectives, scope, and inclusivity: What is the level of employees' knowledge of takaful's product objectives and scope, including coverage types, non-Muslim participation, and how takaful differs from conventional insurance?

3. Literature

3.1 Historical and Scriptural Foundations of Mutual Assistance

The philosophy of takaful is not in the field of insurance engineering, but in pre-Islamic and Islamic risk-pooling custom, according to the literature. Rifas et al. (2023) cite the practice from Al-Aqilah, the customary blood-money sharing system practiced by the Arab tribes, which the Prophet Muhammad (PBUH) confirmed, and the obligation to be prepared for future loss from Qur'an verses and hadith, such as the command to "tie your camel first. In a sense, this same lineage is taken up as the structural precedent for cooperative pooling by Mutalov (2024). These sources paint a picture of takaful as one of the traditional systems of jurisprudence, and not a recent Islamic rebranding of Western insurance, which directly helps to determine the understandings of employees regarding takaful as an authentic system or as a marketing variant.

3.2 Ta'awun and Tabarru' as the Defining Structural Mechanism

Mutual assistance (ta'awun) and voluntary donation (tabarru') are the conceptual heart of the Islamic banking industry's takaful and conventional banking. Abdullah (2015) views tabarru' as moving risk management towards the realm of worship, while Rifas et al. (2023) see tabarru' as an alternative to the commercial exchange contract, replacing it with a contract of charity, risk sharing. This philosophy is put into practice by Mutalov (2024), who demonstrates that the contributions are legally segregated and that the Participants' Risk Fund is separate from the company's assets, meaning that the Participants and not the

company own the pooled fund. Sufyan and Othman (2025) indirectly are supported by empirical evidence as they have found that the disclosure rate of Takaful operators in terms of participant-fund mechanics is significantly higher than that of conventional operators in terms of disclosure of similar mechanics.

3.3 Doctrinal Boundaries: Rejection of Riba, Gharar, and Maysir

Mutual assistance (ta'awun) and voluntary donation (tabarru') are the conceptual heart of the Islamic banking industry's takaful and conventional banking. Abdullah (2015) views tabarru' as moving risk management towards the realm of worship, while Rifas et al. (2023) see tabarru' as an alternative to the commercial exchange contract, replacing it with a contract of charity, risk sharing. This philosophy is put into practice by Mutalov (2024), who demonstrates that the contributions are legally segregated and that the Participants' Risk Fund is separate from the company's assets, meaning that the Participants and not the company own the pooled fund. Sufyan and Othman (2025) indirectly are supported by empirical evidence as they have found that the disclosure rate of Takaful operators in terms of participant-fund mechanics is significantly higher than that of conventional operators in terms of disclosure of similar mechanics.

3.4 Institutional Translation of the Concept into Practice

Conducting the concept into practice within the institutions. As for the concrete organizational form, Mutalov (2024) and Sufyan and Othman (2025) continue the philosophical discussion in terms of the implementation of ta'awun and tabarru' through Wakala (agency), Mudaraba (profit-sharing) or hybrid operating models, and the separation of the Participants' Risk Fund from the Shareholders' Fund. Surplus in the risk fund is returned to the participants and remains in the fund as surplus or is retained for future use, and if there is a deficit, it is preserved in Qard Hasan, which is a loan without interest from the operator. These properties of operations provide measurable, testable details for the abstract concept: a respondent's knowledge of tabarru' can be explored not only in terms of definitional recall, but as to what occurs with surplus and who possesses it.

3.5 Maqasid Shariah as the Philosophical Rationale

Abdullah (2015) provides the most comprehensive philosophical linkage that ties the mutual-assistance nature of takaful to the five higher objectives of Islamic law (Maqasid Shariah): preservation of religion, life, intellect, lineage and wealth. This theme places the idea of takaful beyond the contractual framework of 'buy a policy', but also as a socio-economic institution to community welfare (maslahah). The remaining three studies do not directly apply the term Maqasid Shariah, but the results of the

study conducted by Sufyan and Othman (2025) that the Takaful operator's scores are higher than the conventional insurer's scores in terms of consumer ethics disclosure is generally consistent with Abdullah's welfare-oriented framework.

3.6 Public Confusion as Evidence of an Unresolved Knowledge Gap

The common issue highlighted is that the terms used by takaful and conventional insurance, such as indemnity, insurable interest and utmost good faith, create a communication gap among the public. Both Rifas et al. (2023) and Mutalov (2024) refer to this terminological overlap as the main determinant in consumers' confusion regarding takaful products as Islamic rather than conventional insurance products. Abdullah (2015) goes as far as to say that the low market penetration despite high assets growth is attributed directly to the lack of understanding of the difference between risk sharing and risk transfer among consumers, and therefore the last thing they want is takaful. The theme itself is the motivation for the present study, as it has been documented and shown that this knowledge gap is not a local phenomenon; it is literature that has been identified in the wide field of takaful.

3.7 Imperative of Strict Shariah Governance and Institutional Oversight

The literature of the institutions demonstrates that the operationalisation of Takaful is based on the principle of Islamization (Shariah) of all structural levels. Unlike other financial institutions that follow the rules for commercial operations, Takaful institutions are bound to conduct their business in the framework of strict Shariah governance and under the supervision of the regulatory bodies and internal Shariah boards. According to Alias et al. (2023), adherence to the mandatory Shariah requirements is considered as a necessity (daruriyat) in the framework of Maqasid Shariah, which means that ethical compliance is essential to protect the interests of the public (maslahah). Hence the non-negotiable legal base of Takaful is not merely a marketing plan of the institutions, but institutional compliance with the principles of Shariah.

3.8 Halal Investment Screening and Asset Allocation Boundaries

One of the essential operating principles of Shariah governance is the limitation of the contributions of the participants to the participation in investment vehicles that comply with Shariah rules, namely halal. Takaful managers are doctrinally and legally barred from investing in businesses related to interest-bearing financial instruments, alcohol production, gambling and other businesses that are not allowed in Islam. The stringent screening of assets that Ossofo et al. (2025) mention

serves the main principle of Shariah, which is to maintain wealth untainted by unethical assets, and profits generated for the risk pool are not contaminated by unethical revenue sources. On the other hand, if the investment is made in prohibited sectors, the investment not only constitutes a violation of the underlying trust but also renders the operational contract Shariah compliant.

3.9 Operational Elimination of Riba, Gharar, and Maysir in Risk Management

The three elements prohibited in Takaful are riba (usury/interest), gharar (excessive uncertainty) and maysir (gambling or speculation), which are systematically excluded from Takaful insurance. Conventional insurance is based on aqd al-mu'awadah, commercial exchange contract, which contains elements of gharar—uncertainty—because the risks of a loss of payoff are exchanged for a fixed premium, thereby introducing the concept of financial gambling (maysir) and interest-based accumulation (riba). Unlike conventional insurance, Takaful is based on a mutual donation agreement (tabarru'), where all takaful members are required to make mutual contributions to a pool that will be used to reimburse members who have suffered a financial loss. This collaborative approach eliminates the speculative element of the gambling industry and excesses of risk distribution, and helps to correlate financial protection with mutual solidarity and fair burden-sharing.

3.10 Ownership Segregation and Cooperative Fund Surplus Redistribution

The amount of contributions made by participants in a Takaful is not the income of the Takaful operator as per the Shariah rules, but rather is an independent and segregated risk pool, and belongs to the participants. If claims and operating costs during a financial period fall below the level of contributions to the total pool, the remaining money earned by the certificate holder (called underwriting surplus) stays the certificate holders' money. Both Alias et al. (2023) and Ossofo et al. (2025) point out that this surplus can be returned directly to qualified members or kept as reserves in the pool. This is a redistribution mechanism that is designed to further embed the non-commercial nature of Takaful, with excess funds flowing back to the participants and not as corporate profits.

3.11 Corporate Disclosure Asymmetry as a Driver of Stakeholder Knowledge Gaps

The depth of knowledge that the stakeholders have about the workings of Shariah is greatly determined by institutional transparency practices. Alias et al. (2023) use a Maqasid Shariah disclosure index to prove that the Takaful operators disclose nearly all mandatory information (daruriyat) while they disclose very little

voluntary information (hajiyat and tahsiniyat). This is the reason that the stakeholders are able to easily grasp the high-level prohibitions on riba, gharar and non-halal investments, but are not as familiar with operational details such as mechanics of surplus calculation, solvency management and investment screening.

3.12 Comprehensive Product Scope and Multi-Line Protection Architecture

The modern Takaful operations go beyond protecting properties and cover a wide variety of products including family protection (Ta'min al-Hayat), health cover, investment-linked saving products, and liability management (Ta'min al-Mas'uliyat). Abd Wahab et al. (2024) and Hussain et al. (2025) confirm that the idea of Shariah-compliant risk management aims to ensure comprehensive financial protection. The application of the concept of micro-Takaful (FWD Kasih) is an example and shows how the structures of products can integrate health, life, and wealth-preserving concepts to help protect households with low incomes from financial vulnerability, and thus the misconception that Takaful is just about property coverage.

3.13 Pluralistic Inclusivity and Cross-Faith Participation

One of the main topics of study in Takaful is the socio-demographic feasibility of Islamic risk-sharing institutions. The doctrine of social solidarity (al-Takaful al-Ijtima'i) stems from the Constitution of Madinah (Mithaq al-Madinah), with no indication of discrimination there, as argued by Hussain et al. (2025). The purchase, participation and benefit of non-Muslim members of the community are legally allowed for Takaful plans. This universal mandate is echoed by Abd Wahab et al. (2024) who found that social Takafuls operate as a "civic safety net" designed to enhance general community resilience for multi-religious communities.

3.14 Contractual Divergence Versus Perceived Commercial Parity

While consumers often think that Takaful and commercial insurance have the same financial contracts, literature points out that there are fundamental structural differences. Commercial insurance is based on contracts of sale (Mu'awadah) whereby the risk is transferred to a corporation for profit. Unlike conventional insurance, Takaful operates on a non-commercial basis through risk sharing arrangements like Wakalah (agency), Mudarabah (profit sharing) or Waqf (endowment) with contributions collated into an independent participant fund. Hussain et al. (2025) and Abd Wahab et al. (2024) demonstrate that indemnification comes directly from this pool of money, rather than as corporate profit.

3.15 Perceptual Barriers and Functional Literacy Disparity

Although the scope of the structures in Shariah-compliant models is wide, there are still gaps in knowledge concerning the diversity of products and their operational mechanisms. Abd Wahab et al. (2024) note that consumers' lack of financial literacy sometimes leads them to view Takaful as conventional commercial insurance or to believe that Takaful benefits are only applicable to Muslim consumers. It is imperative to tackle these misunderstandings in a proactive manner by engaging with institutions and creating awareness of the inclusive nature of Takaful and its contractual nature.

4. Methodology

The study used a descriptive quantitative survey approach in order to find out the status of the knowledge of MSU employees about takaful concept, principles and objectives. The study was carried out at Mindanao State University – Main Campus, Marawi City, using a total of 125 respondents who are working with the MSU Main Campus. The data were obtained from a structured questionnaire online via Google Forms on three key aspects which include basic concept and philosophy of takaful, Shariah principles and objectives, scope and inclusivity. The survey link was sent by email to the workers and they were given the opportunity to participate in the survey on a voluntary and anonymous basis during a specific data collection period. The data obtained were analyzed using weighted mean to understand the level of knowledge for each item and to interpret the corresponding verbal responses on the three research questions, respectively, as Strongly agree, Agree, Disagree and Strongly Disagree.

5. Results and Discussions

5.1 Concept and philosophy

1. Takaful comes from an Arabic term that refers to mutual help among participants.	
Mean	3.38
Verbal Interpretation	Strongly Agree
2. Takaful is based on the concept of mutual help and cooperation among members.	
Mean	3.38
Verbal Interpretation	Strongly Agree
3. Takaful relies on pooled voluntary contributions (Tabarru') to assist members in need.	
Mean	3.22
Verbal Interpretation	Agree
4. The money pooled in the fund belongs to the participants, not the Takaful company.	
Mean	3.18
Verbal Interpretation	3.18
5. Takaful companies legally own all the money collected from participants.	
Mean	2.42
Verbal Interpretation	Disagree

The respondents had a high level of conceptual awareness about the concept of cooperative foundations of Takaful. Both of the statements ("mutual help" in Arabic) and "concept of mutual help and cooperation" had a mean score of 3.38 (Strongly Agree) with more than 95% of respondents agreeing. Likewise, the mean score of Statement 3 (pooled voluntary contributions/Tabarru') was 3.22 (Agree). The results suggest that the workers have an authentic understanding of the Takaful as an institution of mutual assistance (ta'awun) and not a commercial risk transfer. Rifas et al. (2023) and Mutalov (2024) confirm that Takaful's identity was historically linked to the pre-Islamic custom (Al-Aqilah), which was confirmed by Islamic jurisprudence, making mutual protection a religious duty and not just a commercial product. Moreover, the high recognition of tabarru' corresponds to the one mentioned by Abdullah (2015) that the bearing of financial protection by the replacement of commercial sale contracts (aqd al-mu'awadah) with charitable risk-pooling (aqd tabarru') raises financial protection as a form of shared worship and social welfare (maslahah).

Although there are good answers on the definitional issues, a significant knowledge gap is identified on fund segregation and ownership. The mean of Statement 4 (pooled money belongs to the participants) was 3.18 (Agree), while the mean of Statement 5 (Takaful companies legally own all the money collected) was 2.42 (Disagree). Worryingly, 46.4 per cent of respondents (12.8 per cent strongly agreed and 33.6 per cent agreed) affirmed unanimously that the funds collected by the takaful operator are legally owned by the operator. This paradox brings up a huge cognitive dissonance. Respondents agree with the general idea that participants share in the fund but almost half do not know that the fund is legally translated into a segregated Participants' Risk Fund separate from the Shareholders' Fund (Mutalov, 2024; Sufyan & Othman, 2025). This is an empirical paradox that confirms the general message from the literature, namely that sharing the same terms and expressions with conventional insurance can have serious negative consumer confusion effects (Rifas et al., 2023). If there is a lack of clarity in terms of fund segregation and surplus redistribution at the institutional level, stakeholders see Takaful only as religious insurance (Abdullah, 2015).

The information suggests that promoting the Islamic identity of Takaful is not enough to develop functional Islamic literacy. The educational approach in Mindanao State University should move away from theoretical explanation of concepts and be more practical in the operational contracts (Wakalah and Mudarabah), legal fund segregation and distribution of surplus. It is crucial to remove the public fog and stimulate informed institutional

engagement through clarity with regard to these legal arrangements.

5.2 Shariah principles

1. Takaful operations strictly follow Islamic law and principles (Shariah).	
Mean	3.36
Verbal Interpretation	Strongly Agree
2. Takaful contributions can only be invested in halal (Islamic-compliant) businesses.	
Mean	3.34
Verbal Interpretation	Strongly Agree
3. Leftover money (surplus) in the Takaful fund can be shared back with members.	
Mean	3.11
Verbal Interpretation	Agree
4. Takaful funds may be invested in any business, including alcohol, gambling, or interest.	
Mean	1.67
Verbal Interpretation	Strongly Disagree
5. Takaful allows financial gambling and high-risk uncertainty similar to regular insurance.	
Mean	1.64
Verbal Interpretation	Strongly Disagree

Respondents demonstrated strong awareness of Takaful's multi-line product architecture. Statement 1 (*offering family, health, savings, and property coverage*) achieved the highest mean score overall at 3.42 (*Strongly Agree*), with 96.8% expressing agreement. Concurrently, respondents rejected Statement 5 (*limiting products to property protection*) with a mean score of 1.94 (*Disagree*), as 78.4% disagreed. These results align with literature establishing that modern Takaful provides comprehensive risk management—including family protection (*Ta'min al-Hayat*) and health coverage—designed to safeguard socioeconomic welfare and fulfill Shariah objectives of wealth and life preservation (*hifz al-mal* and *hifz al-nafs*) (Abd Wahab et al., 2024; Hussain et al., 2025; Ossofo et al., 2025).

The data shows that the employees acknowledge the inclusivity of Takaful in general. The mean for Statement 2 (non-Muslim participation) was 3.14 (Agree) with 86.4% agreeing to equal access; Statement 4 (Muslim-only restriction) had a mean of 2.05 (Disagree) with 86.4% disagreeing with restrictions based on Muslims only. This discovery aligns with the theoretical framework of social solidarity (al-Takaful al-Ijtima'i) that can be found in the Constitution of Madinah (Mithaq al-Madinah), which highlights the fundamental principle that Islamic risk-sharing institutions represent non-discriminatory, universal safety nets for multi-religious populations (Abd Wahab et al., 2024; Hussain et al., 2025). Nevertheless, 28.8% confirmed that there was no change in the perception of Takaful as a faith-based benefit, which means that the confusion of the sub-groups continues (Abd Wahab et al., 2024).

The greatest gap in literacy skills is in contractual mechanics. The mean score for the statement “3 Identical” in the case of financial contracts and commercial insurance was 2.41 (Disagree). Interestingly, 50.4% of the respondents (10.4% Strongly Agree and 40.0% Agree) mistakenly thought that the contracts for Takaful and commercial insurance were the same. In practice, commercial insurance is based on sales exchange contracts (Mu'awadah) to transfer risk and profit, while Takaful would be based on cooperative risk-pooling models like Wakalah (agency) or Mudarabah (profit-sharing) operating on segregated risk pools of participants (Abd Wahab et al., 2024; Hussain et al., 2025; Alias et al., 2023). This is the most common misunderstanding that is specifically addressed by corporate disclosure asymmetry (Alias et al., 2023). Takaful operators disclose at a near perfect level on basic compliance requirements (daruriyat), but at a low level on the operational aspects of the contracts (hajiyyat and tahsiniyat). This results in workers understanding a wide range of products but lacking in understanding and appreciation of the Takaful product's unique contractual arrangements, which further hinders financial literacy and perceptions (Abd Wahab et al., 2024; Alias et al., 2023).

Institutional outreach can no longer be done in isolation of marketing. Educational programs at Mindanao State University must explicitly explain the types of non-commercial contracts (Wakalah/Mudarabah); and emphasize the cross-faith accessibility to encourage informed participation by all employees.

5.3 Objectives, scope, and inclusivity

1. Takaful offers family protection, health coverage, savings plans, and property insurance.	
Mean	3.42
Verbal Interpretation	Strongly Agree
2. Non-Muslims are fully allowed to purchase and benefit from Takaful plans.	
Mean	3.14
Verbal Interpretation	Agree
3. Takaful and regular commercial insurance operate under the exact same financial contracts.	
Mean	2.41
Verbal Interpretation	Disagree
4. Takaful benefits are strictly for Muslim participants and cannot help non-Muslims.	
Mean	2.05
Verbal Interpretation	Disagree
5. Takaful products are limited to property protection and do not cover family health or life.	
Mean	1.94
Verbal Interpretation	Disagree

Participants showed high awareness of the all-round product diversity of Takaful. When asked about the family protection, 96.8% of respondents agreed, with 51.2% strongly agreeing, and the mean score for this item was 3.42 (Strongly Agree). The mean score, and the highest score of the items evaluated, was for family protection,

with 96.8% of respondents agreeing (51.2% strongly agreeing). The mean score for Statement 5 (Only products for property protection) was 1.94 (Disagree) with 78.4% disagreeing with this. The results show that the employees are clearly aware that Takaful is no longer a narrow protection insurance scheme, but a multi-line financial instrument. In line with Abd Wahab et al. (2024) and Hussain et al. (2025), this is because modern Takaful offers comprehensive risk management, not only for family protection (Ta'min al-Hayat), but also for health coverage, saving and liability management. The creation of micro-Takaful is an example of such multi-line structures that help protect the comprehensive wellbeing in terms of economics and social development and that can achieve the objectives of Shariah in the preservation of life and wealth (Abd Wahab et al., 2024).

It can be noted that overall the data suggests that respondents have an understanding of the pluralistic nature of Takafuls inclusivity. The mean score for Statement 2 (non-Muslim participation) was 3.14 (Agree) with 86.4% agreeing. Similarly, respondents opposed to Statement 4 (Muslim-only restriction) (mean score 2.05 disagree) by 71.2% of the respondents. The study's conclusions support the theoretical perspective of Hussain et al., 2025 which linked the doctrine of social solidarity (al-Takaful al-Ijtima'i) to the Constitution of Madinah (Mithaq al-Madinah). In Islamic law, mutual protection is universal, applicable to multi-religious communities (Abd Wahab et al., 2024). The result of 28.8% who agreed to Statement 4, however, shows that there are still misconceptions among employees, as a sub-group of employees still misapprehends Takaful as a faith-restricted service (Abd Wahab et al., 2024).

The largest information gap is on the contractual mechanics. A mean score of 2.41 (Disagree) was obtained for statement 3 (identical financial contracts to commercial insurance). Importantly, 50.4% of respondents (10.4% Strongly Agree and 40.0% Agree) wrongly asserted that there is no difference between the financial contracts of Takaful and commercial insurance. In practice, commercial insurance is based on contracts of sales exchange that shift risk onto the shoulders of a corporate body for profit, while Takaful builds protection around non-commercial risk sharing mechanisms like Wakalah (agency) or Mudarabah (profit-sharing) with the pooled funds of participants (Abd Wahab et al., 2024; Hussain et al., 2025). This common misconception reflects the functional literacy difference mentioned by Abd Wahab et al (2024) that consumers do not understand the principle behind Takaful and view it as a commercial insurance.

The challenges of institutional implications and outreach strategies. In general, employees understand the wide

range of products provided by Takaful and the fact that it is accessible across religions, but they have difficulty with its unique contract structure. Preventing these misperceptions needs an institutional education programme that is proactive and focused on non-commercial risk sharing to enable the institution to achieve the true Takaful literacy.

6. Conclusions

This study concludes that MSU Main Campus employees have philosophical and doctrinal knowledge of takaful, but do not have an understanding of the mechanics in contract. The cooperative principles of ta'awun and tabarru' were strongly affirmed by the respondents and they correctly identified the Shariah principles that prohibit riba, gharar and maysir, showing a genuine understanding of the Islamic identity of takaful. Awareness of the takaful product scope and multi-line product was also high. But there was a consistent disconnect between the operational literacy: almost half of respondents felt that operators have a legal right to contributed funds and barely more than half felt that there was no difference between takaful and conventional insurance in terms of contract. This paradox suggests that institutional education on fund segregation, surplus distribution, Wakalah/Mudarabah structure and others are lagging behind promotional and philosophical messages. MSU should then move away from the conceptual affirmation and start to address takaful in a more targeted and practical way to bridge this literacy gap by explaining and outlining the legal and contractual structure of takaful.

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