

Takaful Market Report by Product Type (Life/Family Takaful, General Takaful), and Region 2024-2032

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Report description:

The global takaful market size reached US\$ 33.6 Billion in 2023. Looking forward, IMARC Group expects the market to reach US\$ 74.0 Billion by 2032, exhibiting a growth rate (CAGR) of 8.9% during 2024-2032. The market is experiencing robust growth, driven by the rising global Muslim population, increased awareness of Islamic finance among consumers, the introduction of supportive governmental policies, continual technological advancements, and economic development in Islamic countries.

Takaful Market Analysis:

Market Growth and Size: The takaful market, an Islamic insurance system, is witnessing significant growth, driven by increasing awareness and demand for Sharia-compliant financial products. The market's expansion is further fueled by the rising Muslim population and growing economic power in Islamic countries.

Major Market Drivers: Key drivers of the takaful market include the growing Muslim population globally, increased economic development in Islamic countries, and a rising preference for Sharia-compliant financial services. This trend is supported by regulatory initiatives in various countries aimed at promoting Islamic finance.

Technological Advancements: Technological progress, such as digital platforms for takaful services and blockchain for secure transactions, is enhancing the efficiency and appeal of takaful offerings. These advancements are making takaful products more accessible and trustworthy, thereby expanding the market base.

Industry Applications: Takaful has applications across various sectors, including health, property, and life insurance, providing a Sharia-compliant alternative to conventional insurance products. Its adaptability to different insurance needs is broadening its appeal and market reach.

Key Market Trends: A notable trend in the takaful market is the increasing integration of fintech solutions, which streamline operations and improve customer service. Additionally, there's a growing trend of conventional insurance companies launching takaful windows to cater to this niche market.

Geographical Trends: The takaful market is predominantly strong in the Middle East and Southeast Asia, with countries like Saudi Arabia, Malaysia, and the UAE leading in market share. However, there's growing interest in non-Muslim majority regions due to

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the ethical nature of takaful.

Competitive Landscape: The market features a mix of specialized takaful companies and conventional insurers with takaful divisions. Competition is intensifying as more players enter the market, and existing companies expand their product range and geographical reach.

Challenges and Opportunities: Challenges include regulatory heterogeneity across countries and a limited understanding of takaful products among potential customers. However, these challenges present opportunities for market education and harmonization of regulatory frameworks, which can further stimulate market growth.

Takaful Market Trends:

Growing Muslim population

The expanding Muslim population globally is a primary driver of the Takaful market. This demographic shift increases the demand for Sharia-compliant financial products, including insurance. As the Muslim population grows, particularly in regions like the Middle East, Southeast Asia, and Africa, there is a corresponding rise in the need for Takaful services. This demographic trend not only broadens the customer base but also encourages financial institutions to develop and offer Takaful products. The unique features of this insurance concept, such as risk-sharing and the absence of interest (riba), gambling (maisir), and uncertainty (gharar), align well with the values and financial practices of the Muslim community. Therefore, the increasing Muslim population directly contributes to the growth and expansion of the Takaful market.

Government support and regulatory frameworks

The industry is receiving significant support from various governments, especially in countries with large Muslim populations. Governments are implementing favorable regulatory frameworks that encourage the development and growth of the market. These frameworks often include specific guidelines for operations, ensuring that they comply with Sharia principles while also maintaining the standards and stability of the broader insurance market. Such regulatory support not only legitimizes Takaful operations but also boosts investor confidence, which is crucial for the industry's growth. Furthermore, in some regions, governments are actively promoting this insurance concept through public awareness campaigns and by integrating it into national financial inclusion strategies. This governmental backing is instrumental in the development and expansion of the market.

Continual technological advancements

The integration of technology in the Takaful industry is significantly influencing its growth. Technological advancements like fintech, blockchain, and artificial intelligence (AI) are being employed to streamline operations regarding this insurance concept, to enhance customer experience, and improve risk assessment and management. These technologies facilitate more efficient policy management, underwriting, claims processing, and compliance with Sharia principles. Additionally, digital platforms are making it more accessible to a broader audience, including younger tech-savvy generations who prefer online transactions. The adoption of technology in insurance operations is not only improving operational efficiency but also opening up new avenues for market growth and innovation.

Takaful Industry Segmentation:

IMARC Group provides an analysis of the key trends in each segment of the market, along with forecasts at the global and regional levels for 2024-2032. Our report has categorized the market based on product type.

Breakup by Product Type:

Life/Family Takaful

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General Takaful

General takaful accounts for the majority of the market share

The report has provided a detailed breakup and analysis of the market based on the product type. This includes life/family takaful and general takaful. According to the report, general takaful represented the largest segment.

Life or family takaful segment represents a Sharia-compliant alternative to conventional life insurance. It provides financial security to participants against life-related uncertainties, focusing on long-term savings and investment. Contributions from participants are pooled into funds, which are then invested in Sharia-compliant assets. In the event of death or disability, beneficiaries receive a payout from this pool. This segment also offers investment-linked products, where a portion of the contributions is invested for returns, catering to long-term financial planning needs like retirement, education, or wealth accumulation. It is particularly popular in regions with significant Muslim populations, offering a blend of ethical investment and social security.

On the other hand, general takaful covers non-life insurance needs, such as property, automobile, health, and liability insurance, operating under Islamic principles. In this segment, participants contribute to a risk pool to safeguard against potential losses or damages. This collective risk-sharing model, devoid of interest and speculative elements, adheres strictly to Islamic law. General Takaful is increasingly popular in both Islamic and non-Islamic nations due to its ethical approach, with products tailored to various commercial and personal requirements. Its growth is indicative of a broader acceptance and demand for Sharia-compliant financial products in diverse sectors.

Breakup by Region:

Gulf Cooperation Council (GCC)

Southeast Asia

Africa

Others

Gulf Cooperation Council (GCC) leads the market, accounting for the largest takaful market share

The market research report has also provided a comprehensive analysis of all the major regional markets, which include Gulf Cooperation Council (GCC), Southeast Asia, Africa and others. According to the report, Gulf Cooperation Council (GCC) accounted for the largest market share.

The market in the GCC countries is a significant and rapidly growing segment. The GCC region, comprising Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman, has seen a rise in Takaful due to high economic growth, substantial Muslim populations, and supportive regulatory environments. The GCC Takaful market is characterized by a strong demand for both family and general Takaful products, driven by increased awareness of Islamic finance, rising income levels, and governmental initiatives promoting Sharia-compliant financial services. This region is often seen as a leader in the Takaful industry, setting trends and standards for other Islamic markets.

Southeast Asia, particularly countries like Malaysia and Indonesia, represents a dynamic and growing segment of the market. These nations have large Muslim populations and have been pioneers in the development and regulation of this insurance concept. The market here is characterized by a blend of sophisticated financial products and strong governmental support, catering to both domestic and international consumers seeking Sharia-compliant insurance solutions.

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The market in Africa is emerging as a significant segment, with countries like Egypt, Nigeria, and Sudan leading the way. The continent's large and growing Muslim population, coupled with an increasing awareness of Islamic finance, is driving the demand for this insurance. Although in its nascent stages compared to other regions, the African Takaful market shows immense potential due to rapid economic growth, increased urbanization, and a burgeoning middle class.

Leading Key Players in the Takaful Industry:

Companies are focusing on the development of innovative and diverse Takaful products to meet the specific needs of different customer segments. This includes tailored products for health, education, property, and life insurance, which are Sharia-compliant and cater to the unique demands of various demographics. They are forming strategic partnerships with technology firms, conventional financial institutions, and other insurance companies. Also, major companies are expanding their operations into new regions, including non-Muslim majority countries, to tap into untapped markets. Recognizing the importance of digital transformation, Takaful operators are investing in advanced technologies such as blockchain, artificial intelligence, and mobile platforms.

The market research report has provided a comprehensive analysis of the competitive landscape. Detailed profiles of all major companies have also been provided. Some of the key players in the market include:

Islamic Insurance Company
JamaPunji
AMAN
Salama
Standard Chartered
Takaful Brunei Darussalam Sdn Bhd
Allianz
Prudential BSN Takaful Berhad
Zurich Malaysia
Takaful Malaysia
Qatar Islamic Insurance Company

(Please note that this is only a partial list of the key players, and the complete list is provided in the report.)

Latest News:

July 5, 2022: The Islamic International Rating Agency reaffirmed the Takaful Financial Strength rating of The Islamic Insurance Company PLC in Jordan at 'A' with a stable outlook, amidst a recovering Jordanian economy expected to grow by 2.2% in 2022 and 2.3% in 2023. TIIC, supported by the Jordan Islamic Bank and strong corporate and Shari'a infrastructure, showed solid financial performance with increased premiums, strong capital buffers, and liquidity, despite a conservative approach to risk and changes in its Re-Takaful panel.

May 18, 2022: Institute of Financial Markets of Pakistan (IFMP), known for its initiatives in financial education and literacy in Pakistan, which operates Jamapunji.pk, signed an MOU with Zameen.com in a ceremony conducted at Zameen's Karachi headquarters.

14th June 2023: Dubai Islamic Insurance and Reinsurance (AMAN) has announced that it will sell its individual life takaful portfolio to Abu Dhabi National Takaful Company (ADNTC) for 37.5 million UAE dirhams. AMAN, which is listed on the Dubai Financial Market (DFM), had previously been in talks for an acquisition with Salama, another DFM-listed insurer.

Key Questions Answered in This Report

1. What was the size of the global takaful market in 2023?

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2. What is the expected growth rate of the global takaful market during 2024-2032?
3. What are the key factors driving the global takaful market?
4. What has been the impact of COVID-19 on the global takaful market?
5. What is the breakup of the global takaful market based on the product type?
6. What are the key regions in the global takaful market?
7. Who are the key players/companies in the global takaful market?

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