

Globalisation of Takaful

GIFF

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Outline

- Lets be clear
- A glance sideways...
- ...and quickly forward
- ?

Lets be clear

(what and when...)

- Globalising Takaful?...really?
- A conversation in 2002
 - Can takaful be international?
 - Who can help it get there?
- What are the constraints?
 - Consensus seemed to be reinsurance capacity
 - I felt it was asset management
 - PS - I still think it is asset management
 - (secret: It will always be asset management)
- Is any insurance global?
 - Show of hands?

Lets be clear

(how and why and who)

- Regulations?
 - Maybe some harmonisation, but as much with local conventional as international
- Products?
 - More consistent with local competitors, severe restrictions on Asset Management (and cross-border Shariah applicability)
- Governance and Risk Management?
 - Reliance on Shariah confirmations are local and look towards conventional first rather than international takaful
 - Definitely will approach international standards but as much out of wider trends
- People?
 - Yes, here I must admit and offer myself as an example of globalising takaful, but heavily constrained by local resources

A glance sideways

(talk is cheap)

- Lots of attention and Malaysia, esp. BNM, is centre of excellence, but issues exist:
 - Saudi embarking but all insurance is very, very new;
 - Singapore a bit over-sensitive;
 - international markets (UK, etc): heterogenous widely spread
- Insurance cousins know all too well that insurance is a desperately locally regulated activity:
 - There are over 20 state regulators for insurance in USA
 - Insurance sectors wield high local power to resist change
 - Is an Islamic service likely to be more or less accepted?
- Where should we turn to sell or attract business?
 - And more important, who will let us in?

And one forwards

(real progress illusive)

- **Building consensus on business models**
 - Wakala, Best practices and challenges will build momentum
 - Need to allow firms to find/establish competitive advantages
- **IFSB, conferences foster dialogue and cooperation**
 - But much energy is spent on differences
- **Need for balance/understanding, though**
 - Migration and training at all levels, not just experts.
 - 5 year (min) journey to build Human Capital in Malaysia
 - **Private and public sectors desperately need skilled people**
- **Care in developing rules or guidelines**
 - Industry is young/undeveloped but tendency to enforce uniformity on competing private sector firms must be resisted
 - Despite embracing equity; *we are not all the same.*

?

(should we care)

- **Customers buy local**
 - **Choice vs education**
- **Regulators are local**
 - **Accountability**
- **Risks are local**
 - **Underwriting vs customer access**
- **But... public is increasingly international**
 - **Kopi Tiam vs Starbucks**
- **... and competition is increasingly savvy and well funded**

thank you.

