

**APPLICATION OF *HIBAH* PRINCIPLE: A STUDY OF  
TAKAFUL INDUSTRY IN KELANTAN**

FKP

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SASHIENTHARAN A/L INTHIRAN (A20A2266)

UNIVERSITI

MALAYSIA

KELANTAN

DEGREE OF BUSINESS ADMINISTRATION (ISLAMIC BANKING AND  
FINANCE) WITH HONORS

2024

**APPLICATION OF *HIBAH* PRINCIPLE: A STUDY OF  
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UNIVERSITI  
MALAYSIA  
KELANTAN

by

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Supervised by

**PROF. MADYA DR. MOHD ZULKIFLI BIN MUHAMMAD**

A thesis submitted in fulfillment of the requirements for the degree of  
Bachelor of Business Administration (Islamic Banking and Finance) with  
Honors

**Faculty of Entrepreneurship and Business  
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Sekian, terima kasih

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**Research Topic:** APPLICATION OF *HIBA*H PRINCIPLE: A STUDY OF TAKAFUL INDUSTRY IN KELANTAN

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		Data analysis is not supported with relevant output/figures/tables and etc.	Data analysis is fairly supported with relevant output/figures/tables and etc.	Data analysis is adequately supported with relevant output/figures/table and etc.	Data analysis is strongly supported with relevant output/figures/table and etc.	___ x 1 (Max: 4)
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**Matric No.** A20A2266

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## ABSTRACT

Hibah is known for providing money to recipients while the donor is still living, but *hibah* for family takaful products only sends funds to the nominee when the participants die. It contradicts the spirit of *hibah*. Hibah is viewed as an alternative to traditional estate planning among Muslim participants who want to distribute their wealth according to their wishes. A fully executed *hibah* contract that meets all terms and conditions demonstrates the transfer of benefits from donor to recipient (Noor et al. 2008). The validity of the takaful benefits conferred, whether they are regarded as participants' property, and whether the grant is halted upon the grantor's passing, in which case it ceases to be a grant. The study investigates the application of the *hibah* principle in the takaful industry in Kelantan. This research study utilizes an interview-based questionnaire with four (4) informants using qualitative methods including descriptive study. The interview results produce the data collected and then the data is analyzed by the content analysis using ATLAS.ti software. According to the findings, it revealed that most reported *hibah* cases were very minimal which proves that most Muslims did not realize its existence and importance although it can be the best alternative for them to manage the distribution of their assets rather than an option for *wasiyyah* and *faraid*. The implications of this study are that it can raise awareness among Kelantan citizens, elevate *hibah*'s wisdom in society, and make takaful agents aware of *hibah*. The findings may contribute to the ease of application of the *hibah* principle in the takaful industry.

**Keywords:** Hibah, Takaful, Hibah Principle, Awareness, Understanding, Knowledge

## ABSTRAK

*Hibah* dikenali kerana memberikan wang kepada penerima semasa pemberi masih hidup, tetapi *hibah* untuk produk takaful keluarga, hanya boleh memberikan dana tersebut kepada penerima apabila pemberi meninggal dunia. *Hibah* dilihat sebagai alternatif untuk perancangan harta pusaka tradisional di kalangan peserta Muslim yang ingin mengagihkan kekayaan mereka mengikut kehendak mereka. Kontrak *hibah* yang dilaksanakan sepenuhnya, yang memenuhi semua syarat dan terma, menunjukkan pemindahan manfaat dari pemberi kepada penerima (Noor et al. 2008). Kesan takaful yang diberikan, sama ada dianggap sebagai harta peserta, dan sama ada pemberian dihentikan apabila pemberi meninggal dunia, dalam kes ini ia tidak lagi dianggap sebagai *hibah*. Kajian ini menyiasat aplikasi prinsip *hibah* dalam industri takaful di Kelantan. Kajian penyelidikan ini menggunakan soal selidik berasaskan temu ramah dengan empat (4) informan menggunakan kaedah kualitatif termasuk kajian deskriptif. Keputusan temu ramah menghasilkan data yang dikumpulkan dan kemudian data dianalisis melalui analisis kandungan menggunakan perisian ATLAS.ti. Menurut dapatan, ia mendedahkan bahawa kes-kes *hibah* yang dilaporkan sangat sedikit, membuktikan bahawa kebanyakan Muslim tidak sedar tentang kewujudan dan kepentingannya walaupun ia boleh menjadi alternatif terbaik bagi mereka untuk menguruskan pengagihan harta mereka berbanding pilihan wasiyyah dan faraid. Implikasi kajian ini adalah ia dapat meningkatkan kesedaran di kalangan warga Kelantan, meningkatkan hikmah *hibah* dalam masyarakat, dan membuat ejen takaful menyedari *hibah*. Dapatan ini mungkin menyumbang kepada kelancaran aplikasi prinsip *hibah* dalam industri takaful.

**Kata Kunci:** *Hibah*, Takaful, Prinsip *Hibah*, Kesedaran, Pemahaman, Pengetahuan



# CHAPTER 1

## INTRODUCTION

### 1.0 INTRODUCTION

The application of the *hibah* Principle in the Kelantan takaful business will be studied in the first chapter of this paper's introduction. This paper outlines an additional investigation into the idea of *hibah* that could be applied to aid in the growth of the Islamic takaful system. Following that, the study's background, problem statement, objectives, questions, operational definitions, scope, and importance will be covered, along with the study's methodology.

### 1.1 BACKGROUND OF STUDY

According to Hamid (n.d.), the Arabic term "*hibah*" implies "gift". The phrase "*voluntary payment*" (in cash or kind) at the discretion of financial institutions to their customers on certain financial instruments to thank them for the "loan" they have granted them is a term that is frequently used in the Islamic finance sector. *Hibah* is a contract that transfers ownership of a piece of property or an item freely and without the expectation of payment (Eddine, 2013).

The term "*habubah*" in Arabic, which means "passing," is the source of the word "*hibah*." The ownership of property that is given away without compensation from a donor (*wahib*) to a recipient (*mawlahu*) is referred to as *hibah* (Bank Negara Malaysia, 2016). Additionally, a beneficiary accepts a donor's promise to transfer property to them in exchange for nothing in return (Mujani et al., 2011; Buang, 1993). *Hibah* is mostly used to solve problems, however donors are free to donate wealth anyway they see fit (Abdul Rashid et al., 2014).

By facilitating the simple and efficient transfer of inheritance assets, *hibah* applications assist beneficiaries who are in need and seek to prevent disputes amongst them (Azmi et al., 2021). In Malaysia, the majority of takaful companies use *hibah* as an estate planning tool to ensure the welfare of beneficiaries if policyholders pass away. As of now, Takaful Act 1984 did not govern *hibah*. As a result, this causes several legal rights conflicts and issues among beneficiaries and raises concerns about the amount of *hibah* granted to the intended nominee. All *hibah* court matters are resolved based on the recommendations of Muslim scholars (Noor et al., 2008).

Participants may contribute their takaful benefits in one of two ways. First, wealth belonged to the deceased, therefore it was dispersed in accordance with *faraid*, and only legal heirs who were eligible (Basira & Abd Rahman, 2022). According to the second viewpoint, participants may give *hibah* to anyone, regardless of the standing of the nominee (Noor et al., 2008).

The application of *hibah* by takaful operators was not without its problems. *Hibah* is known for distributing money to beneficiaries while the donor is still alive, while *hibah* for family takaful products only transfers money to the nominee when the participants pass away. It goes against the spirit of *hibah*. For Muslim participants who want to distribute their wealth according to their wishes, *hibah* is regarded as an alternative to traditional estate planning. A fully executed *hibah* contract that complies with all terms and conditions demonstrates the transfer of benefits from donor to donee (Noor et al., 2008). However, unless the *hibah* is made from the donor's immediate family to his offspring, the donor cannot simply remove their *hibah* benefits from the donee. For instance, a father may give his son *hibah* benefits (Noor et al., 2008).

Despite the fact that the word "*takaful*" derives from the Arabic word "*kafalah*," which means "*guaranteeing each other*" or "*joint guarantee*," takaful, as it is now practiced, is closer to an investment contract than an insurance or pooled fund contract (Maki, 2014). They must therefore compete with the traditional insurance companies and be profit-driven organizations while adhering to Shariah (Salman, 2014). Takaful, on the other hand, can be a better option than typical insurance, which only focuses on benefits, disregarding the overall welfare of low-income individuals, who do not have the chance to carry all the responsibilities of life from calamities or familial and financial tragedy. People who think that takaful is an Islamic-compatible product and that it might be a superior alternative to traditional insurance have recently seen the takaful business experience amazing growth.

The Takaful Act of 1984 was gazetted after that study and based on its suggestions; it thereafter went into effect. There does not seem to be much distinction between traditional insurance and takaful at first glance. Indeed, there is no conceptual overlap because both adhere to the time-honored tenet "pool of the many to help the unfortunate few." MTA is committed to advancing the interests of its members and to overseeing the takaful industry's practice of self-regulation (Azhar & Badarulzaman, 2015).

Takaful is a sort of protection for one's family, friends, and oneself. Muslims are required to prepare for life in the here and now, as well as for life after death. Therefore, an individual must plan his estate and property management while both he is alive and after his death in order to ensure that things are accomplished. Concisely, Islam's approach to property management is to give people the opportunity to acquire virtue for both this life and the next (Ahmad, 2020). Benefits from takaful become Islamic heirlooms, ensuring the family's survival even after the contributor has passed away. A gift (*hibah*) is an act of giving performed out of love and

affection by the giver and given to the recipient. Actually, *hibah* takaful is being implemented in Malaysia and is expanding quickly. To prevent succession disputes following a giver's death, thorough documentation is crucial (Ahmad, 2020).

The *hibah* concept is applied in the takaful industry in a number of family-based takaful products where participants might contribute *hibah* by designating the nominee or *hibah* recipient as the takaful benefit recipient. The following passage of the Quran and hadith from Rasulullah SAW both supports giving *hibah* and gifts:

*"...but if they choose of their own accord to make over to you a part of it, then you may enjoy it with pleasure and good cheer."(Qur'an 4:4). "Abu Abdullah al-Hafiz has related to us that the Prophet Muhammad SAW said, "Exchange presents (among you) and you will love each other," and he said,"*

I heard that Abu Zakaria Yahya bin Muhammad al-'Anbari said, I heard that Abu Abdullah al-Busyanji said."Al-Baihaqi (1994).

## 1.2 PROBLEM STATEMENT

*Hibah* is a shariah concept that can play a special role in the growth of the contemporary Islamic financial system. Its status as a *tabarru'* contract, which shields the grant from *gharar* (uncertainty) that would otherwise violate the *mu'awadah* agreement, is frequently considered as a solution to some of the issues that crop up in the contemporary Islamic financial sector (Ahmad, 2020).

The concept of *hibah* has been applied in the Malaysian takaful sector, particularly in family takaful goods, to enable takaful benefits to be handed to the recipient specific in

accordance with the contributor's preferences without being subject to the law *faraid* and will. However, several issues remain, such as the validity of the takaful benefits conferred, whether they are regarded as participants' property, and whether the grant is halted upon the grantor's passing, in which case it ceases to be a grant. This demonstrates that the use of *hibah* in this issue still requires refinement so that every operational journey for Islamic takaful continues to be based on conformity with Shariah (Ahmad, 2020).

One issue facing the takaful sector is how to distribute extra takaful cash among participants and takaful operating companies. What is the finest foundation that can be used to describe the takaful surplus sharing method? In general, a number of theories have been put forth and used as a foundation, including the theories of *ju'alah*, *ujrah*, and similarly, *hibah*. Due to the advent of several shariah compliance concerns, there are still disagreements over the viability and applicability of these concepts (Ahmad, 2020).

However, if refined, the use of the suspended *hibah* concept with this death can result in issues with, among other things, the status of granted takaful benefits; are they regarded as the property of takaful participants even though they have not yet been paid, as is the status of the grant that is suspended by the giver's death? Does it not resemble a will? The question that then arises is: To what extent is this conditional *hibah* concept appropriate to be used as a basis to permit the payment of the entire amount of compensation due to a takaful participant's death (death takaful benefit) to a specific beneficiary chosen by the takaful participant without being subject to the law of wills and *faraid*?

The issue that arises demonstrates that conditional *hibah* must still be improved to ensure that every Islamic takaful operation stays on the path of Shariah compliance when it comes to

benefit payments made to a particular nominee after the participant's death under takaful without being subject to the law of *faraid* and will. The issue of how excess takaful monies is distributed between participants and takaful operating firms is one of several issues facing the takaful sector. Is the takaful company or operator entitled to this excess? Some groups contend that takaful operators need to get a portion of extra takaful funds as a reward for superior performance. The claim made is that takaful surplus is not a consequence that simply exists but rather is a product of good and effective management by takaful operators. As a result, they ought to be entitled to compensation for their success (Engku Rabiah & Odierno, 2008).

In general, a number of ideas have been put out and used as a foundation for delineating the takaful excess sharing technique, including the idea of *ujrah* and gift. Due to the advent of several shariah compliance concerns, there are still disagreements over the viability and suitability of these notions. Despite this, the concept of *hibah* in particular is one that needs to be studied thoroughly because it is a *tabarru'* contract with its own special characteristics and may be able to serve as the proper policy to detail and regulate the jurisprudence regarding the sharing of excess takaful (Ahmad, 2020).

### **1.3 RESEARCH QUESTIONS**

Research questions are some of the questions that researchers wish to focus on or look for in order to find reliable solutions. This will serve to direct and organize the information gathering and analysis process, assisting the researcher in achieving the goal of his study. These are the research questions for this study:

- 1.0 Does the awareness of the *hibah* application have a relationship among the takaful industry in Kelantan?

2.0 How is the level of understanding about application of the *hibah* principle among the takaful industry in Kelantan?

3.0 Why knowledge of *hibah* application is important towards the takaful industry in Kelantan?

4.0 What conclusions can be drawn from knowledge of and comprehension of the *hibah* principle's use in the Kelantan takaful industry.

#### **1.4 RESEARCH OBJECTIVES**

The objective of this study is to investigate the application of the *hibah* principle based on a study of the takaful industry in Kelantan. Additionally, the researchers' specific research goals for this study are as follows:

1. To identify the level of awareness and understanding of the *hibah* application among the takaful industry in Kelantan.
2. To investigate the importance of *hibah* application knowledge in the takaful industry in Kelantan.
3. To conclude knowledge of and comprehension of the *hibah* principle's application in the Kelantan takaful industry.

**Table 1.0: The Relationship Between Research Objective and Research Questions**

RESEARCH OBJECTIVES	RESEARCH QUESTIONS
To identify the level of awareness and understanding of the <i>hibah</i> application among the takaful industry in Kelantan.	<p>Does the awareness of the <i>hibah</i> application have a relationship among the takaful industry in Kelantan?</p> <p>How is the level of understanding about application of the <i>hibah</i> principle among the takaful industry in Kelantan?</p>
To investigate the importance of <i>hibah</i> application knowledge in the takaful industry in Kelantan.	Why is knowledge of <i>hibah</i> application important towards the takaful Industry in Kelantan?
To conclude knowledge of and comprehension of the <i>hibah</i> principle's application in the Kelantan takaful industry.	What conclusions can be drawn from knowledge of and comprehension of the <i>hibah</i> principle's use in the Kelantan takaful industry?



## 1.5 SCOPE OF THE STUDY

As in other studies, there is its own fair shape scope of study. The scopes of the study are:

- a) This study will be discussed on application of *hibah* that only focused on the awareness and understanding among the takaful industry in Kelantan.
- b) The informants will consist of some expert people in the takaful industry and the research proposal will be limited to the takaful industry in Kelantan. So, the generalization of the result will be in the scope of *hibah* principle in the takaful industry at Kelantan.
- c) The methods used in this research proposal are collecting qualitative data by using direct interaction of individual or personal interview that is dealing with experts in the takaful industry. The collected data will be run by ATLAS.ti version 8 software in the study.

## 1.6 SIGNIFICANCE OF THE STUDY

There are three following significances of study in this research:

- a) This is mainly focused on the awareness and understanding of *hibah* application principle among the takaful industry at Kelantan and how the *hibah* principle can be applied in industry takaful. The study contributed to the improvement of awareness and understanding of *hibah* principle with the presence of takaful.
- b) This study also exposes the student and community minded about the importance of the *hibah* principle in the takaful industry, especially in Kelantan. Encourage others to use *hibah* with takaful to protect those they love.

- c) This research also can be used by the takaful industry in Kelantan to educate and encourage all the community in planning their *hibah* by promoting takaful to have a better life in future. This might represent one strategy for educating and influencing the entire Kelantan community.

## 1.7 DEFINITION OF TERM

### 1.7.1 HIBAH

*Hibah* is a type of Islamic implementation that is not commonly used by Muslims in this nation. *Hibah* can be defined as a type of payment, whether physical (“*ain*”) or not. It includes both gifts and money. Every single one of them has the same meaning. *Hibah*, from a Shariah means the act of voluntarily granting ownership of property from one person to another when the settler is still alive, without asking for anything in return/ reprisal (*‘Iwad*). It is different from a will as a will is granted to the beneficiaries after someone passes away. *Hibah* is encouraged in Islam as Allah SWT commanded:

“...and in giving away one’s property in the love of Him to one’s kinsmen, the orphans, the poor and the wayfarer, and to those who ask for help, and in freeing the necks of slaves, and in establishing Prayer and dispensing the Zakat”... (Surah Al-Baqarah 2.177)

*Hibah* implementation aims to address issues that arise when property is divided via inheritance but is improperly handled or has unfavorable results. This is due to the fact that if a beneficiary is not able to use or benefit from their share of the estate, the division cannot be considered to be final. Property that is divided conventionally by writing each piece of inherited

land with each heir's name on it, which serves no economic purpose and only serves to complicate the subsequent transaction to the detriment of the heirs. *Hibah* is regarded as a practical solution for better distribution to address this issue (Rusnadewi & Nor Hisyam, 2013).

The specific inherent nature of a *hibah* is the unilateral transfer of ownership of a *hibah* asset from the donor to the recipient without any consideration (Abdullah). What separates them is the gift's purpose. Alms are gifts intended for reward in the afterlife that are typically given by the wealthy to the poor. A gift is a contribution made in someone's honour that is usually related to a specific subject. It follows that all money and gifts are *hibah*, but not all *hibah* are money and gifts. *Hibah* has recently been suggested as one of the important methods in property distribution because it is widely used by many insurance agencies and banking institutions.

Based on the definition of *hibah* from different views, the researchers concluded that *hibah* is a gift to distribute his wealth to anyone, family members and non-family members alike regardless of religion or blessing given by the benefactor to a beneficiary out of affection.

### **1.7.2 TAKAFUL**

Takaful, a verb derived from the root word 'kafala,' means to safeguard, ensure, and protect. Takaful, as it is now practiced, is closer to an investment contract than an insurance or pooled fund contract (Maki, 2014). Takaful, on the other hand, can be a better option than typical insurance, which only focuses on benefits, disregarding the overall welfare of low-income individuals, who do not have the chance to carry all of the responsibilities of life from calamities or familial and financial tragedy. Literally, an agreement is made among a group of participants that if one participant suffers a misfortune: disaster/accident/illness/death, he will receive a sum of money or monetary benefits from the existing to assist in the participant's difficulty (Hachemi,

2014). Takaful is a sort of protection for one's family, friends, and oneself. Muslims are required to prepare for life in the here and now, as well as for life after death. Therefore, an individual must plan his estate and property management while both he is alive and after his death in order to ensure that things are accomplished. Concisely, Islam's approach to property management is to give people the opportunity to acquire virtue for both this life and the next (Al-hasan al-Aidaros, 2013). Benefits from takaful become Islamic heirlooms, ensuring the family's survival even after the contributor has passed away.

Islamic insurance policy which is takaful is based on the concept of mutually beneficial assistance and cooperation in providing material security for the insured against an occurrence of an unforeseen peril or loss. Few references in the Quran and Hadith have emphasized on mutual cooperation.

**Quranic Verse:**

*"...and help one another in righteousness and piety, but do not help one another in evil deeds and enmity" (Al Maidah(3):2)*

**Hadith:**

*"Narrated by Abu Hurairah(r), the Holy Prophet (s.a.w) said: "Whoever removes a wordly hardship from a believer Allah (s.w.t) will remove from him one of the hardships in the hereafter..." (Sahih Muslim, as compiled in al-Nawawi, Forty Hadith)*

Based on the definition of takaful from different views, researchers concluded takaful as a security strategy based on interpersonal relationships and serves as insurance to protect one's

loved ones, friends, and oneself. Muslims are obligated to make preparations for both this life and the life to come.

### **1.7.3 AWARENESS**

A person's level of awareness is their perception of the presence of something. This level of detail is critical in order to prevent something bad from occurring. The more aware a person is of something, the smarter they will be in living their life effectively, calmly, and happily. This awareness, according to (Azmi, 2021), can be determined through self-reporting or through tests performed on the individual. In the situation where this thought represents a crucial involvement, such as a sensation or instinct that supports the experience of phenomena, awareness is linked to realization (Kokoszka, 2006). This awareness can be measured by the information provided to them, regardless of whether the topic is familiar or unfamiliar to them. We can learn about the respondents' level of awareness of a study as a result of this research study.

Based on the definition of awareness from different views, it can be concluded as *hibah* awareness is a strategic tool for meeting the requirements of Islamic wealth distribution and awareness raises a people's potential knowledge to be aware of the tools of Islamic wealth distribution.

### **1.7.4 IMPORTANCE**

The word "importance" is frequently used interchangeably with other closely related words like "meaningfulness," "value," and "caring" (Kahane & Guy, 2021). Theorists frequently attempt to clarify these terms by contrasting them in order to highlight their similarities and differences. In some ways, living a meaningful life is also important. A life should be directed

towards realizing some sort of higher purpose and be guided by the agent's intention in order for it to be meaningful. "Meaningfulness" and "importance" are closely related concepts. They are frequently used in overlapping contexts, particularly when talking about the meaning of life. For instance, the desire to live an important life frequently relates to the desire to lead a meaningful life. However, it has been argued that the two can diverge, that there are important lives that lack meaning and meaningful lives that are not important (Kahane & Guy, 2021). In this context of this study, importance refers to the importance of *hibah* application knowledge among the takaful industry at Kelantan.

### **1.7.5 KNOWLEDGE**

The fundamental components of knowledge are data, information, and prior knowledge. Raw data has little meaning and offers little value to those in charge of management and decision-making because it has not been processed, organized, or otherwise given any kind of analysis. A decision must be supported by data, which are uninterpreted materials, and facts, which can include anything that is known to be true or to exist (Klicon, 1999). By having knowledge, it helps an individual to have appropriate wealth management planning (Ahmad et al., 2019). In this context of this study, knowledge refers to what effect's knowledge about the *hibah* application principle among the takaful industry at Kelantan towards *hibah*. In This research study, knowledge on *hibah* is understood as a way of transferring ownership of an asset to a person without any consideration.

### **1.8 ORGANIZATION OF THE PROPOSAL**

This research is divided into three chapters. The study will be based in part on the research area, followed by the chapters:

## **i. Chapter One**

Beginning with a background to give an overview, Chapter one then develops context based on the study's background. This section explains why this particular research issue is crucial to comprehending the study's main findings. The second section of chapter one contains the problem statement. A problem statement is a description of a pressing issue or issue that needs to be resolved right away for the research topic in question, especially for the working community. Next, the research question is one of the most important components of any research project, spend some time analyzing and improving it before researchers start. To close the gap, three questions will be investigated in this study. The fourth section in chapter one is the research objective and the study project's outcomes upon completion. It gave an answer to the question. The fifth component is the scope of the study, which specifies all the factors that will be investigated in the research study. It is also necessary to specify what will and will not be covered. Furthermore, section six discusses the significance of the study, justification of the importance of the work, and the influence it has on the research, which is the working community. The meaning of the phrase is found in the seventh section of chapter one. The last section of chapter one is summary.

## **ii. Chapter Two**

Chapter two is a literature review. This chapter two will begin with an introduction that will describe the chapter's general scope. The part will then move on to section two, which talks on the underpinning theory. The researcher identifies theories relevant to our research and explains how they would affect and connect to our research on application of *hibah* principle among the takaful industry at Kelantan. The next step is to conduct a literature review from

previous studies to get more information and data for the project. Next, the three hypothesis statements will be investigated in this research. The research framework is covered in section five of chapter two. The research framework describes what the study will teach us. It specifies the factors to be investigated and demonstrates how they may be connected to one another. Last section of chapter two is a summary that will conclude chapter two.

### **iii. Chapter Three**

Chapter three is about research methodology. The first section will begin with an introduction. The second element is about research design, which describes the researcher's framework of study approaches and processes. The third section of chapter three is the data collecting method, which is the systematic process of gathering information about a given issue. The fourth section discusses the study population. The study population is a subset of the population from which the sample was selected. It extends beyond the notion sample frame. The sample size, or the number of persons or observations included in the research, is discussed further in chapter three of section five. While section six will determine which sampling techniques will be used, in research sampling is highly useful. It is one of the most important factors in establishing the validity of study findings. Section seven is about research instrument development. Research instrument development can take a variety of shapes. It might mean creating a totally new instrument from the ground up, or it could mean making considerable adjustments to an existing instrument. Section eight is about measurement of the variables, which is about the instrument that will be used to measure the variables in this research. Procedure for data analysis is the ninth section which illustrates how to analyze data obtained. The conclusion summarizes what has been done in this chapter.



## 1.9 CONCLUSION

In this chapter, the researchers have identified the problem statement about the application of the *hibah* in the takaful industry at Kelantan. Next, the researcher also determined the research objectives of the study that to examine the level of awareness and understanding of the *hibah* application among the takaful industry in Kelantan, to investigate the importance of *hibah* application knowledge in the takaful industry in Kelantan and to conclude knowledge of and comprehension of the *hibah* principal's application in the Kelantan takaful industry. Besides that, the researcher identified the research question that guided this research in the next research. The operational definition is also helpful in studying this research. This study contributes to the industry, economics and religion. This research is important to University Malaysia Kelantan (UMK) students and the takaful industry in kelantan as it helps the student and others to do more research.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.0 INTRODUCTION

This chapter discussed a few earlier studies that were related to the application of the *hibah* principle among the takaful industry in Kelantan. Furthermore, this chapter will provide additional information regarding the concept of *hibah* and the extent of knowledge in the takaful industry, as well as their level of understanding of the concept of *hibah*. Which also includes the underpinning theory of the investigation, a research gap analysis, a research framework, and a conclusion. This chapter will also review relevant literature that relates to observing the *hibah* principal's use within the Kelantan takaful business.

#### 2.1 LITERATURE REVIEW

##### 2.1.1 HISTORY OF *HIBAH*

The idea of *hibah* has been around for all of human history. A grant is, in essence, the willing transfer of ownership of a thing or wealth from one party to another without the expectation of receiving similar compensation (Novotasari, 2014). Since prehistoric times till the present, grant-making has been a common practice in many different cultures and civilizations. We shall examine the development of *hibah* throughout history and their significance in influencing social and economic interactions in this research.

According to Aufa (2016), Egyptian rulers frequently offered their land and money to nobles and important officials as a way of showing their appreciation for their efforts in ancient

Egypt. This serves as both a present and a means of advancing one's political position and winning the allegiance of the ruling class. *Hibah* is also utilized to divide up property and income among the populace.

This theory is in line with Pratama (2021), which claims that the Roman Emperor frequently provided new soldiers and colonies with land and wealth in exchange for their assistance in conquering new lands. Grants were additionally used to win allegiance and broaden Roman power in the ancient world. With the aid of this grant program, the newly acquired region's infrastructure, agriculture, and economy can all be improved.

On the other hand, Ajib (2019), said that in the past, landlords in ancient Greece employed the *hibah* system to distribute land to farmers. Farmers involved in this land swap are required to give the landlord a portion of their yield. This system aids in coordinating the distribution of resources and preserving communal social harmony. The recipient of the *hibah* will be a subordinate or a devoted ally of the grantor, and it can also be utilized to secure protection from the sovereign.

According to Ashadi (2016), who stated that within the early Islamic period, churches and other religious organizations use *hibah* as a strategy to build up their riches and land holdings. Kings and nobles frequently donated land and goods to the church as a means of support and restitution for sins. Some people have utilized this award to found monasteries, churches, or educational institutions. This grant-giving practice supports the establishment and upkeep of solid religious institutions across Europe.

To oppose this idea Misnan (2021) has emphasized that *hibah* was seen as a legitimate and accepted manner of transferring property rights throughout the Ottoman Empire. It enabled

people to freely give away their assets to others without any kind of payment or other consideration. The Ottoman ruling class, as well as affluent people looking to donate their money or create benevolent endowments, were particularly big fans of this practice. The Ottoman Empire's *hibah* laws were designed to stop any forced or dishonest property transfers. Typically, the process required both the donor's (the person giving the gift) and the recipient's approval. The Ottoman Empire attempted to ensure that *hibah* was handled in a transparent and legal manner, reflecting the wider legal concepts and practises of the empire at the time, by establishing explicit protocols and protections.

In conclusion, *hibah* has played a significant role in human civilization since the dawn of time. The practice of donations has aided in establishing social and economic ties, boosting political influence, promoting income redistribution, and developing significant community projects. Even while *hibah* can be a significant source of growth and advancement, the choice to accept or reject a *hibah* ultimately lies with the *hibah* recipient and is determined by their values, mission, and interests.

### **2.1.2 DEVELOPMENT OF HIBAH**

*Hibah's* development does not follow a predetermined schedule or a predetermined procedure. Instead, *hibah* has been a part of Islamic culture and rituals for many years and is still practiced today. The Quran and the teachings of the Prophet Muhammad serve as the foundation for *hibah's* tenets. In general, the creation of *hibah* entails people or organizations voluntarily giving away their possessions, cash, or real estate. It is frequently done in an effort to aid those in need, promote charity causes, or advance society as a whole. It's crucial to remember that the growth of *hibah* is not restricted to any one nation or location. Muslims all throughout the world

uphold Islamic ideals and the *hibah* custom as essential elements of their faith and dedication to humanitarian deeds. Overall, the evolution of *hibah* is a dynamic process impacted by human giving, cultural norms, and technological breakthroughs. Its primary beliefs continue to be based on Islamic principles and place a strong emphasis on deeds of kindness, compassion, and resource sharing for the good of others.

According to Wahab et al. (2019) *hibah* also known as a grant or contribution, is said to play a key part in economic empowerment by offering financial resources and support to people, organizations, and communities. It is a system designed to advance economic growth, reduce poverty, boost entrepreneurship, and provide sustainable means of subsistence. *Hibah* can be helpful in promoting creativity, empowering underrepresented populations, and facilitating economic growth across a range of industries. The impact of *hibah* on economic empowerment is one that may be demonstrated in microfinance programmes. Microfinance institutions frequently obtain *hibah* from charitable groups or governmental organizations in order to offer small loans and other financial services to people who don't have access to conventional banking systems. Particularly in underserved regions, these *hibah* promote financial inclusion, facilitate income production, and foster entrepreneurship. Another example is the *hibah* financing given to non-profits or social entrepreneurs in the neighborhood. These organizations target economic empowerment by providing resources, mentorship, and training to marginalized groups like minorities, women, and young people. In order to help people develop the knowledge and skills required for achieving economic self-sufficiency, *hibah* assisted the creation of skill-building initiatives, vocational training programmes, and capacity-building programmes (Khaled et al., 2020).

According to Johnson & Smith (2019) and Anderson et al. (2020) both have other views on the development of *hibah* that education *hibah* is important to foster fair access to high quality education. Due to the financial support, these *hibah* are offered to students, schools and other educational organizations, everyone, regardless of socioeconomic status, can access education. *Hibah* programs, especially among marginalized populations, have been shown to significantly increase enrolment rates and reduce dropout rates. The study also highlighted the beneficial effects of *hibah* on learning outcomes, including improved academic performance and higher retention rates. In addition, *hibah* projects encourage innovation and creativity in the field of education, enabling institutions to introduce new approaches to teaching, create new teaching materials and improve the learning environment.

Additionally, according to Ahmad (2016), who also offers a different perspective on the evolution of the *hibah* in an essay that was published in the International Journal of Economics, Commerce, and Management, the *hibah* is crucial to Muslim wealth management. It is a system that permits the wealth to be transferred from one person (the donor) to another (the recipient) with no expectation of payment in return. The Shariah laws, which forbid giving or receiving interest, speculating, and investing in unethical activities, control Islamic wealth management, including the idea of *hibah*. *Hibah* is a substitute for traditional estate planning instruments like wills and trusts. It enables people to share their wealth while still alive while making sure that it is distributed in a way that complies with Shariah and reaches the intended beneficiaries. The idea of *hibah* offers flexibility because it permits donors to change or cancel the gift as long as the recipient has not accepted it. The avoiding of probate is one of the key benefits of *hibah* in wealth management. *Hibah* transfers ownership instantly upon acceptance, avoiding the requirement for probate, in contrast to wills, which can necessitate drawn-out and expensive

formalities of probate. This may lead to a more orderly transfer of assets and quicker access to the money that has been given to the receiver. *Hibah* can also be deliberately employed in wealth management to lessen future inheritance issues within the family. Individuals can resolve any potential problems and guarantee a just and equitable distribution of wealth in accordance with their intentions by transferring assets through *hibah* throughout their lifetime. In conclusion, *hibah* is a crucial instrument for managing wealth, especially for Muslims who follow *shariah* law. It is a feasible alternative to traditional estate planning strategies because of its voluntary nature, lack of conflict of interest, and flexibility. Individuals can efficiently manage their wealth and secure the orderly transfer of assets to their selected recipients by understanding the *hibah's* principles and advantages.

According to Smith et al. (2019), he stated another development in *hibah* which is in the field of health care. Grants can be crucial in the healthcare industry for sustaining medical institutions, sponsoring medical research, and enhancing the provision of healthcare. The significance of grants in promoting medical knowledge and enhancing patient care has been emphasized in numerous studies. For instance, a study by Smith et al. (2019) demonstrates that grant money encourages the discovery of novel treatments for chronic diseases, improving patient quality of life and health outcomes. Furthermore, a study by (Johnson & Jones, 2021) highlights how *hibah* has a favorable effect on increasing access to healthcare services in marginalized regions and reducing healthcare disparities. These examples show how *hibah* can encourage innovation, fund important research, and help to improve the healthcare system as a whole.

In accordance with Hasan et al. (2016), *hibah* is viewed as a legal tool in Islamic banking operations, enabling the institution to allocate earnings to account holders in line with Sharia law.

*hibah* is frequently used in Islamic finance as a method of profit distribution or as a show of appreciation for investors or depositors. Furthermore, Siddiqui (2013) emphasizes that *hibah* is a substitute for interest-based transactions, aligning with the Islamic finance prohibition on *riba* (usury). According to Hasan et al. (2016), the incorporation of *hibah* within Islamic banking practices not only promotes goodwill but also reinforces the moral framework of the financial system. As a method of profit distribution or client rebate, certain Islamic financial institutions include *hibah* in their goods and services. For instance, as a thank you for keeping your money in a specific account, a bank may give its depositors a *hibah*.

In conclusion, *hibah* has emerged as a powerful tool for promoting economic empowerment, education, healthcare, and Islamic banking. It has enabled the allocation of resources to entrepreneurial individuals and small businesses, fostering economic growth and creating employment opportunities. It has also been instrumental in the establishment of educational institutions globally, fostering an environment conducive to intellectual growth and innovation. Additionally, *hibah* has been integrated into Islamic banking principles, providing a unique financial system that rewards depositors with *hibah* payments. Overall, *hibah* has proven to be a powerful mechanism for promoting economic, educational, and healthcare development, while also finding its place within Islamic banking principles.

### **2.1.3 DEVELOPMENT OF *HIBAH* IN TAKAFUL INDUSTRY**

Based on Islamic financial principles, the takaful sector has experienced substantial growth and development in recent years. The idea of *hibah*, which denotes a voluntarily provided payment or donation by a takaful operator to a policy holder, is a crucial component of takaful operations. The effectiveness and competitiveness of the entire takaful business are significantly



increased by this practice, which also ensures Shariah compliance. This article examines the evolution of *hibah* in the takaful sector, emphasizing its significance and bearing on both policyholders and the expansion of Islamic insurance as a whole. This article also offers pertinent sources to back up the debate and give readers a thorough grasp of *hibah* in the takaful sector.

According to Archer (2011), he stated that the growth of *hibah* in the takaful industry has been significantly shaped by regulators, including the Islamic Financial Services Board (IFSB) and national regulatory organizations. These regulatory agencies publish policies and requirements that guarantee adherence to Shariah principles, fostering openness and justice. For instance, guidelines regarding the distribution of surplus funds through *hibah* are included in the IFSB's Guiding Principles on Conduct of Business for Institutions Offering Islamic Financial Services. By encouraging takaful operators to create official *hibah* policies, these requirements have increased policyholders' trust and transparency.

But this idea does not sync with another author. Based on Zulkepli and Bustami (2019), he outlined that *hibah's* growth has also been aided by the takaful industry's competitive environment. *Hibah* is now a crucial differentiator for takaful operators who understand how important it is to draw in and keep clients. Takaful operators show their dedication to fair and equitable practices by allocating surplus cash as *hibah*, promoting client loyalty and luring new participants. The takaful industry's *hibah* practices have evolved as a result of this market-driven strategy, with operators implementing creative tactics to improve the value offered for policyholders.

Other than that, Abdullah and Aziz (2010) indicates that *hibah's* transfer of excess funds benefits policyholders in a number of ways, which helps the takaful business expand and remain

stable. *Hibah* reflects the cooperative element of takaful by giving policyholders a portion of the takaful operator's surplus. This allocation of extra money can lower policyholder contributions, making takaful insurance more affordable. *Hibah* also serves as a financial inducement for policyholders to continue doing business with the same takaful provider by rewarding their involvement and loyalty. The financial advantages of *hibah* promote wider acceptance among people and companies and add to the overall appeal of takaful products.

To support the statement above Eldersevi and Haron (2020) emphasized that *hibah* encourages justice and openness in the takaful sector. *Hibah*, which distributes surplus funds to policyholders, guarantees that the benefits are distributed fairly and complies with the mutuality and solidarity tenets. The policyholders' impression of takaful as a just and moral substitute for traditional insurance is strengthened by this transparency, which also fosters trust and confidence among them. Additionally, *hibah* gives policyholders a better knowledge of how their payments are being used, enhancing their sense of participation and ownership.

To contrast with this, research done by Hamid (2019), is one instance that highlights the importance of *hibah* in the takaful business. The study examines the impact of *hibah* on participants in takaful's decision-making process, placing special emphasis on how *hibah* might increase client loyalty and happiness. *Hibah's* beneficial effects on policyholders are emphasized, as is the role it plays in luring new clients to the takaful market and keeping them there.

In conclusion, the development of *hibah* in the takaful industry has brought significant benefits to policyholders and has strengthened the overall competitiveness of Islamic insurance. Regulatory requirements and market dynamics have played pivotal roles in shaping the *hibah* practices of takaful operators, fostering transparency and fairness. *Hibah* provides financial

benefits to policyholders, reducing contributions and encouraging loyalty. Moreover, it promotes fairness, transparency, and a sense of ownership among policyholders, enhancing their trust and confidence in the takaful industry. By offering *hibah*, takaful operators differentiate themselves in the market and attract a wider customer base. The continued development of *hibah* practices is crucial for sustaining the growth of the takaful industry, ensuring its alignment with Shariah principles, and meeting the evolving needs of policyholders.

## **2.2 UNDERPINNING THEORY**

### **2.2.1 Social Cognitive Theory**

Theories serve as justifications for, descriptions of, or forecasts of phenomena specific to a conceptual framework. Between or among variables, theory works as a link. Bandura (1989) created the Social Cognitive Theory (SCT), which replaced unidirectional causality with a triadic reciprocal determinism model of cause in human behavior. According to Bandura (1989), behavior, cognition, and other personal and environmental aspects function as interdependent determinants that affect each other in both directions. Given that it takes time for a causative factor to exert its influence and activate reciprocal influences, the concept of reciprocal causation does not imply that the many sources of influence are equally powerful or that all influences occur at once.

According to Kamis and Wahab (2022), SCT emphasizes observational learning, where people copy modeled influence or modeled expertise rather than just learning new or current behavior. This hypothesis is centered on alterations in behavior (Bandura, 1986). One of the constituent functions in the social diffusion of new behavioral patterns was investigated in SCT as the acquisition of knowledge and its functional value (Bandura, 1989). Basic SCT tenets such

as learning is an internal process that may or may not lead to a behavioral change and learning can occur without a change in behavior, i.e., observation without imitating, were first proposed by McCormick and Martinko (2004). The acquisition of information and skills, according to SCT, occurs through active mastery experience (direct experience of skills or tasks) and mastery modeling (observational learning from role models), according to Gong et al. (2009).

Expectations, beliefs, self-perception, objectives, and intentions are among the drivers of behavior, according to Mazumder (2022), who explained the human elements that influence behavior. The environment, on the other hand, is not a fixed thing that always has an impact on people, and for the most part, environments have no impact until suitable behavior activates them. Because an individual learns both behavior and cognitive methods through witnessing the behavior of others, Bandura (2006) firmly maintained that his theory is cognitive rather than behaviorist (Green & Piel, 2009). This acquisition can be learned without being actively reinforced.

Prior to this, Ahmad et al. (2013) addressed the connection between engineers' absorptive capacity and knowledge acquisition. According to SCT, which explains the interaction between environmental factors, individual factors, and behavior factors, the authors portrayed knowledge acquisition as a behavior component. By examining the association between *hibah* knowledge as a behavioral element and personal factors (education level, and religiosity) as well as environmental factors (social influence, and social media), the current study aims to extend SCT.

### **2.2.2 Maqasid Al-Shariah**

A comprehensive framework called Maqasid al-Shariah, which translates to "the objectives or goals of Islamic law," attempts to safeguard the higher ideals and tenets of Shariah

(Islamic law). It offers a theoretical framework for comprehending and interpreting Islamic teachings in a way that is consistent with the larger goals of the faith. The Maqasid al-Shariah provides a framework for assessing the idea of *hibah* conformity and desired results. The quote below shows some models of Maqasid al-Shariah that have been used in takaful and *hibah*.

#### **a. Maqasid Al-Shariah Model in Takaful**

A form of cooperative insurance based on Islamic financial principles is takaful. The preservation and safeguarding of participants' wealth (*Hifz al-Mal*) is one of the core goals of takaful (Farouq et al, 2015). Mutual cooperation, shared accountability, and risk-sharing are the guiding concepts of takaful. By providing insurance protection against potential financial risks and losses, takaful seeks to protect the wealth and assets of its participants in accordance with the principle of *Hifz al-Mal*. Through the establishment of a takaful fund, which is funded by participant payments, this coverage is offered. The contributions are used to create a fund pool that can be used to reimburse members for covered losses.

Takaful complies with Shariah rules to guarantee the preservation and protection of wealth. Shariah-compliant guidelines place a strong emphasis on moral and just conduct while avoiding interest (*riba*), risk (*gharar*), and gambling (*maysir*) (Ahmad, 2022). These guidelines are followed in the management of takaful money, and investments are made in legal and ethically sound assets. The takaful operator, also referred to as the takaful firm, serves as the custodian of the monies of the participants and responsibly maintains the takaful fund. The operator is in charge of managing the fund, calculating benefits and contributions, identifying hazards, and guaranteeing the takaful arrangement's overall financial stability. The participants in

the takaful operations split the profits according to predetermined ratios, which improves wealth preservation even further (Aziz & Mohamad, 2013).

In takaful, the preservation of life (*Hifz al-Nafs*) is a key tenet (Tahir & Rashid, 2021). By providing insurance coverage that provides financial support and help during trying times like illness, disability, or death, takaful aspires to prioritize the protection of human life and well-being (Aziz & Mohamad, 2013). Takaful is based on the idea of shared responsibility and mutual aid among its participants. Members' contributions are combined to form a fund that can be utilized to help individuals in need with benefits and financial support. This covers death benefits, disability compensation, and assistance for medical costs.

Takaful may offer coverage for medical procedures, hospitalization charges, and other related costs in the event of illness or medical crises. This makes sure that people and their families may get the healthcare they need without having to struggle financially. Similar to health insurance, takaful may provide coverage for disability, giving money to people who can't work because of an illness or injury. Disability benefits can offer a sense of security during trying times and assist maintain a certain level of living. Takaful offers death benefits to the heirs or beneficiaries of the dead participant in the tragic event of a fatality. These payments can provide support for burial costs, lessen the financial load on the family, and help the surviving dependents maintain some level of financial security.

#### **b. Maqasid Al-Shariah Model in *Hibah***

Dusuki and Abdullah (2007) stated that Islamic law places a lot of focus on advancing social welfare and justice. Islamic teachings exhort followers to work for a just society where everyone's welfare and well-being are safeguarded. The *hibah* concept supports this goal by

facilitating the voluntary distribution of wealth to those in need, as well as by enhancing general fairness and minimizing disparities in society. The need to look out for the less fortunate and help those in need is emphasized in Islamic teachings. Islamic finance incorporates the ideas of *zakat* (mandated alms-giving) and *sadaqah* (voluntary charity), which are both geared towards redistributing wealth and eliminating socioeconomic disparities. The *hibah* principle enhances these customs by giving people another way to willingly give away their money to good recipients.

Individuals can transfer their funds through *hibah* in order to help the less fortunate, support charity causes, and meet societal needs (Dusuki & Bouheraoua, 2011). By offering money to individuals who might not have the required means or opportunity, this voluntary act of giving promotes fairness and helps minimize inequities. Individuals actively contribute to the general welfare and well-being of the community by adhering to the *hibah* principle. The relationship between the *hibah* principle and social welfare has been extensively debated by Islamic scholars and jurists.

### **2.3 RESEARCH GAP ANALYSIS**

Research gap analysis is the process of identifying and understanding the gaps in existing research on a particular topic. This can be done by conducting a literature review, which involves identifying and reading all of the relevant research that has been published on the topic. Once the literature review is complete, the researcher can then identify the gaps in the research by looking for areas where there is no research, or where the research is incomplete or inconclusive.

Research gap analysis is an important tool for researchers. It can help to identify new research opportunities, improve the quality of research, and improve the communication of

research findings. By conducting research gap analysis, researchers can make a significant contribution to the advancement of knowledge and to the improvement of society.

The main goal of the application of *hibah* is to resolve conflicts and improve the distribution of wealth to benefit everyone. *Hibah* has been the subject of previous studies on its application, but has not yet been delved into in detail which will be presented in this study which focuses exclusively on the state of Kelantan. Scholars will also discuss potential barriers and restrictions to *hibah*, a subject that has not been discussed in previous research. In order to improve the accuracy of the study, which is one of the main motives of this research, the researcher also plans to compare the way income is transferred through *hibah* and *faraid*.

In the meantime, *hibah* through *takaful* has proven to be one of the most successful strategies and the biggest initiative to protect a portion of individual wealth in the modern era. The basic objective of *takaful* contributors can be achieved through the use of the conditional of *hibah*. This study, which is based on previous studies, intends to examine the use of *hibah* in the *takaful* sector by focusing on the state of Kelantan. To ensure that this instrument can be used perfectly, the understanding of *hibah* must be understood first. Although this subject has only been briefly studied in the past, this study is the first of its kind to be conducted in Kelantan.

Apart from that, many publications and journals have been found by researchers that highlight the importance of acceptance in the context of severe mental illness, psychological well-being and satisfaction. Regarding the study done on the acceptance of *hibah* in *takaful* business, especially in Kelantan, there is a lack of supporting data. Researchers have chosen to investigate subjects that fit one of their research goals. The goal of this study is to increase the level of adoption and offer feasible tactics to do so.



In addition, it is appropriate that the public has some experience with the distribution of knowledge and the provision of wealth transfer services using the concept of *hibah*. The definition of "understanding" is given in the literature section. The purpose of the study is to determine the main variables that influence the Kelantan community in their understanding of applying for *hibah* in the takaful industry. In order to ensure the depth of donor understanding, the researcher will also assess the relationship between acceptance and understanding of *hibah*. The researcher can achieve one of the main goals of this study by taking this step.

To raise awareness within the community, the explanation of the *hibah* concept needs to be enhanced. This is due to the fact that the community is unsure of how *hibah* can aid to finish the distribution property. Parties concerned in property management should take a proactive role in promoting *hibah*. Indirectly, the Malaysian community, particularly Muslims, can benefit from the application of *hibah* being spread wider. To ensure that the goal of takaful benefits is accomplished, takaful firms in Malaysia should follow the *hibah* idea. The takaful sector is crucial in assisting the neighborhood in getting ready in case of an unforeseen tragedy.

**2.4 RESEARCH FRAMEWORK**

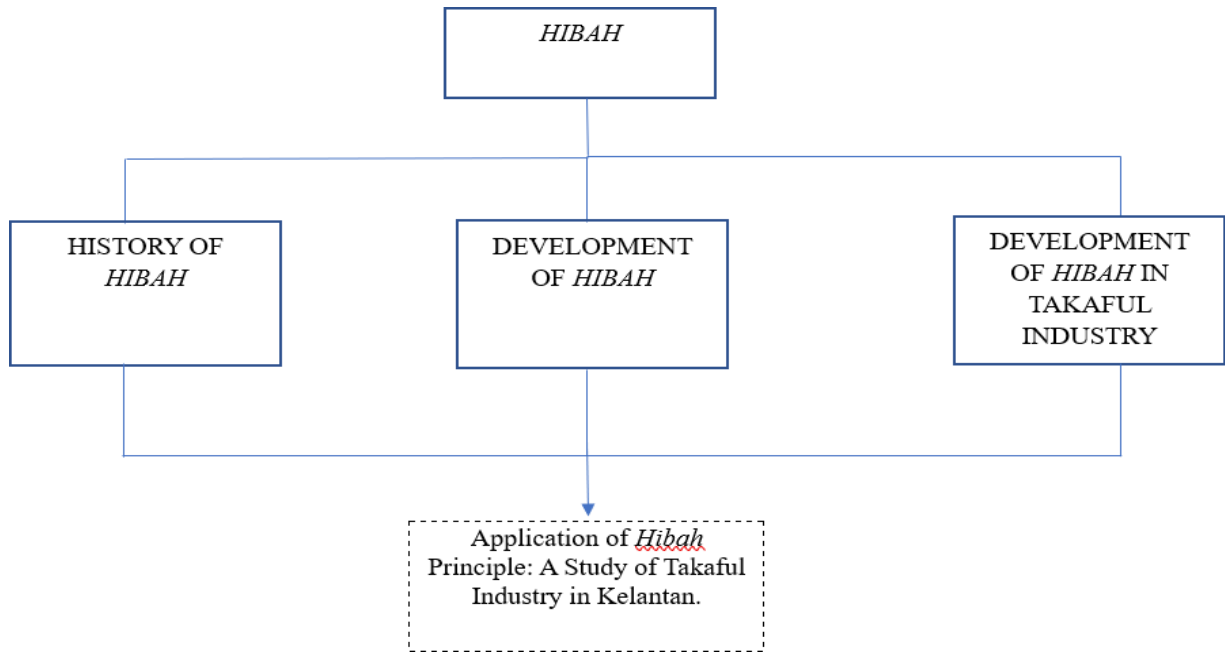


Figure 1.0: Research Framework

The literature review section of the study elaborated on a number of themes, including the history of *Hibah*, its developmental approach, and the development of the *hibah* in the takaful industry, illustrating the research framework shown in figure 1.0. This research reviews the relevant literature that relates to observing the *hibah* principal's use within the Kelantan takaful business. *Hibah's* development does not follow a predetermined schedule or a predetermined procedure. Instead, *hibah* has been a part of Islamic culture and rituals for many years and is still practiced today. The takaful industry, which is based on Islamic financial principles, has grown and developed significantly in recent years. A key aspect of takaful operations is the concept of *hibah*, which refers to a voluntary payment or donation made by a takaful operator to a policyholder. In this research study, researchers examine the development of

*hibah* throughout history and their significance in influencing social and economic interactions in this research.

The researchers have created a research paper title that will focus on the application of *hibah* principle: a study of takaful industry at Kelantan based on the themes they have identified.

## **2.6 CONCLUSION**

In conclusion, this section reviews the literature and focuses on an examination of *hibah* applications in the Kelantan community's takaful industry. The understanding of *hibah*, consciousness, perception, and knowledge have all been examined and reviewed in relation to study in this chapter. By offering a knowledge of the idea, features, and definitions of the *hibah* application, the researcher also demonstrated the numerous components at play in this investigation.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### 3.0 INTRODUCTION

The approach that will be used to carry out this research project will be described further in this chapter. The researcher will concentrate on what will be noticed in addition to the data collection strategy and the research design. In this study, the researcher employed the qualitative strategy, which entails knowing what to study, selecting a small number of specialists from the *hibah* based on the takaful industry, and then gathering and analyzing the data.

#### 3.1 RESEARCH DESIGN

Research design is the overall plan or structure that is used to conduct an entire study. It is functioning to ensure the evidence generated from the data are able to answer the research questions. The purpose of the study is to examine the level of awareness and understanding of the *hibah* application among takaful industry in Kelantan, to investigate the importance of *hibah* application knowledge in the takaful industry in Kelantan, and to conclude knowledge of and comprehension of the *hibah* principle's application in the Kelantan takaful industry based on the themes chosen which is concept of development of *hibah* and development *hibah* in takaful industry (Zulkepli & Bustami, 2019).

Qualitative methods are used for this study conducted through interviews. This study clarifies the exploration that was conducted to discover anything new or clarify a specific issue

that was not previously understood. It is also helpful in refining well-supported ideas and creating a clearer or more defined problem (McGrath et al., 2019).

This study also uses a descriptive analysis to demonstrate a phenomenon, the relationship between groups inside of an organization, or additional organizational characteristics. This descriptive study provides answers to the who, what, where, when, and how of problems or circumstances. It serves as an explanation, and the investigator can then investigate the causes of the observations and the consequences of his discoveries (Hanelt et al., 2021).

The researchers choose few experts in the takaful industry in Kelantan as the research informants, especially focusing on muslims. This is because there are the majority muslim community who apply *hibah* through takaful agents in Kelantan and it is easier to get in touch with them as well as researchers deciding the informants can spread more knowledge and awareness about application of *hibah* in the takaful industry.

### **3.2 DATA COLLECTION METHOD**

To address the research problem, and evaluate the findings, data collection is the process of gathering information from all pertinent sources. The two categories of data collection techniques are primary data collection and secondary data collection methods (Mazhar, 2021). Researchers gather primary data for the first time, whereas secondary data has already been gathered or created by others. In this study, the researcher combined primary and secondary data sources.

### 3.2.1 PRIMARY DATA

A survey is considered primary data, as is a personal interview. According to Surbhi (2016), primary source information is gathered from surveys, observations, experiments, questionnaire, personal, interview and others. Data collection techniques can be divided into two types of analysis, namely quantitative and qualitative. As a result, qualitative methods will be used to gather the data for this research study.

When certain target populations are involved, face-to-face surveys, also known as personal interviews, are used as a survey method. Personal interviews are conducted in order to elicit additional and more advanced information for research purposes (Sincero, 2012). This approach is used because it allows the researcher to learn more about the respondents and their responses while conducting the interviews. When respondents respond to the question posed, researchers can also examine those responses directly.

These interviews are available in a variety of formal formats and can be conducted in surveys, over the phone, online, or in person for the purpose of this research. The term "interview" refers to a formal and in-depth discussion between two or more people where information is exchanged to assess a candidate's suitability for the position. To explore the viewpoint of a specific idea, researchers will use in-depth interviews, a qualitative research technique that involves conducting lengthy individual interviews with a limited number of respondents. According to (McGowan, 2020) this technique is applied based on the interviewer conducting thorough interviews while following the given instructions.

Due to the small sample size of the respondents, this study's methodology is distinctive. The interview will start with simple mode questions from the researcher, who will then move on

to facts. To protect respondents' privacy and rights, researchers won't ask many questions or personal ones. In this way, face-to-face interviews can be both structured and unstructured. Data collection methods include structured interviews. Any information provided by the respondent that is pertinent to the study will be recorded, including any data they provide. This approach enables researchers to fully comprehend and be fully knowledgeable about their research topic. Unstructured interviews are free interviews where researchers do not use interviews that are systematically and completely collected from interviews (Wildermuth, 2005).

In this research study the total informant will be interviewed is 4 informants. The survey in this study is the takaful agents in the region of Kelantan state. Due to their accessibility and the high prevalence of takaful agents in their demographic, the researchers chose the informant from the local area for this study which is Kota Bharu, Kelantan. For this research study, researchers interviewed four informant. The informant was selected based on the ability to provide richness and variety responses until the research team concluded that a point of saturation. Saturated point is the criterion for judging when to stop sampling the different groups pertinent to a category is the category's theoretical saturation. Saturation means that no additional data are being found whereby the sociologist can develop properties of the category. As he sees similar instances over and over again, the researcher becomes empirically confident that a category is saturated. He goes out of his way to look for groups that stretch diversity of data as far as possible, just to make certain that saturation is based on the widest possible range of data on the category (Saunders et al., 2018).

### **3.2.2 POPULATION**

The population is the entire set of data that can be used to create a sample. A population can be an object, an event, a measurement, or an entire group of people. A population is a group of subject areas connected by a common characteristic (Barreiro & Albandoz, 2001). The population of this study is concentrated on Kelantan-based takaful agents. The target population for the survey in this study is the takaful agents in Kelantan. Due to their accessibility and the high prevalence of takaful agents in their demographic, the researchers choose the informant from the local area for this study.

### **3.2.3 SAMPLE SIZE**

Sampling in the selection of parts of the population based on an assessment or conclusion about the entire population. The two main advantages of sampling are faster data collection, lower cost and time saving. Sample refers to a mini version practicable for a wider group. It is a subgroup which accommodates a greater population attribute. According to (Barnett, 2018) an important factor to take into consideration when analyzing an outcome is the sample size's compatibility. By researching the sample, the researchers should be in position to make conclusions that are generally applicable to the target population. The sample size in this study focused on the takaful agent in Kelantan.

### **3.2.4 SAMPLING METHOD**

Sampling method is a technique for selecting a small subset of the population to participate in a research study. This is a method of selecting study participants so that they reflect the large crowd from which they were chosen. Sampling is an essential process that involves



thoughtfully selecting enough components from a given population (Omona, 2013). During the sampling process, the researchers select specific segments of the population to serve as the sample subjects. Sampling techniques vary greatly between studies, between disciplines, between research areas, etc. Probability sampling and non-probability sampling are the two main categories of sampling. This study employs purposive sampling, a non-probability sampling technique (Black, 2023).

A non-probability sampling method called "purposeful sampling" selects participants based on the researcher's judgment rather than through random selection (Ayhan, 2011). Purposive sampling was used by the researchers to conduct their study, which was intended to find out how well-known and understood the *hibah* principle was in the Kelantan takaful sector. To be eligible to participate in the interview methodology, population members must meet specific requirements established by the current study. Additionally, setting up specific standards for choosing population members can help researchers achieve their objectives.

### **3.2.5 INTERVIEW**

One of the most popular qualitative techniques is the interview. Because they are so successful at addressing the issues with the study, interviews are a common choice in qualitative approaches. Additionally, both the interviewer and the participants may benefit from the conversation. The participant will have the chance to voice their opinions to the researcher or interviewer, and the interviewer will have the chance to practice communication skills and network with new individuals (Mack et al., 2005).

According to Seidman (2006), anthropology and sociology are the fields where the practice of conducting interviews as a research method has its origins. The term "interviewing"

encompasses a wide range of methods, from rigidly organized, predetermined, closed questions to free-form, open-ended discussions.

The latter, often known as in-depth interviewing, will be the emphasis of this chapter. According to Hesse-Biber and Leavy (2011), in-depth interviewing "uses individuals as the point of departure for the research process, assumes that individuals have specific and significant knowledge about the social world that is ascertainable, and can be shared through verbal communication." With this strategy, the researcher often follows a loose interview schedule of open-ended, general questions with the intention of assisting the informant in reconstructing and interpreting the study's issue.

According to Goodson and Phillimore (2004), interviews are largely situated within the qualitative epistemology of research methodologies, notably the interpretative and critical paradigms. According to Jordan and Gibson (2004), those who adhere to these paradigms and use the interview technique think that "all research is influenced by the philosophical position of the researcher, the nature of the project, and its intended audience" and see research as a special, context-specific output that was jointly created by the researcher and the informant. However, it is significant to emphasize that interviewing is occasionally used by more positivist, quantitative researchers.

The interview is helpful for understanding different viewpoints. This qualitative technique works well to elicit personal ideas, feelings, and experiences from participants. Additionally, researchers have the chance to learn more about how people understand their opinions on Islamic financial planning (McGehee, 2012).

The most often used interview data were the typed transcripts of the interviews. Following data collection, the transcripts were coded during the data processing phase in accordance with the informant responses to each question. Informants in these interviews focused on the community in Kelantan. It will speak with three to five people in-depth. We were able to learn more about the depth of their knowledge and awareness of the use of *hibah* in the takaful sector through the interview. Informants can express their opinions about the significance of the *hibah* application in the takaful for the community using this way.

In this research study the total informant will be interviewed is 4 informants. The survey in this study is the takaful agents in the region of Kelantan state. Due to their accessibility and the high prevalence of takaful agents in their demographic, the researchers chose the informant from the local area for this study which is Kota Bharu, Kelantan. For this research study researchers interviewed four informants. The informant was selected based on the ability to provide richness and variety responses until the research team concluded that a point of saturation. Saturated point is the criterion for judging when to stop sampling the different groups pertinent to a category is the category's theoretical saturation. Saturation means that no additional data are being found whereby the sociologist can develop properties of the category. As he sees similar instances over and over again, the researcher becomes empirically confident that a category is saturated. He goes out of his way to look for groups that stretch diversity of data as far as possible, just to make certain that saturation is based on the widest possible range of data on the category (Saunders, 2018).

### 3.2.6 SECONDARY DATA

To wrap up the study, the researchers used secondary data in this research study. Analysis of data that was gathered by someone else for a different primary purpose is known as secondary data analysis. Information that has already been gathered and is easily accessible to researchers is referred to as secondary data. Secondary data, according to (Rothwell, 2013), is information gathered by other researchers. Data that have already been gathered for purposes aside from the current issue are referred to as secondary data. These data are easily and reasonably located.

.In order to complete this study, researchers gathered secondary data from a variety of sources, including journals, books, thesis, and websites. To gather data or references pertaining to Islamic financial planning, the researcher used sources. It aids the researcher in determining the level of knowledge and comprehension of Islamic financial planning (Smith, 2006). The general resources data can also be found in academic journals, theses, articles, conference proceedings, books, websites, newspapers, and other comparable mediums, according to (Misra, 2021). The aforementioned information can be easily acquired by reading published materials via online sources. Due to its availability from a variety of sources, this research used a sizable amount of secondary data. Researchers must make an effort to compare the data with all previously gathered information.

The use of secondary data can also save a lot of time and money because it can be acquired from a variety of sources (Naeem et al., 2022). Whether or not the optional informational index is chosen to be purchased, it is likely that the associated cost would be less than the costs incurred for compensations, transportation, and other related costs that would be required to gather and handle a comparable informational collection from beginning to end.

### **3.3 DATA ANALYSIS METHOD**

The interview yields data that are collected. In this study, data are analyzed by content analysis, interviews, and ATLAS.ti. One of the greatest programmes for qualitative analysis is this one. It is simpler to analyze data in a systematic manner and to ask questions that would otherwise be too time-consuming to ask using ATLAS.ti. With the aid of ATLAS.ti version 8, even massive amounts of data and various media kinds may be combined and merged fast.

#### **3.3.1 CONTENT ANALYSIS**

A technique called content analysis uses small pieces of data that represent key concepts to identify and interpret meaning in recorded forms of communication. The pieces are then applied to or created into a framework that can be used to describe or explain a phenomenon. In circumstances when there is a significant volume of unanalyzed textual data, such as those that many pharmacy educators have already gathered as part of their teaching practice, content analysis is particularly helpful. Content analysis is an appropriate qualitative tool for pharmacy educators with little background in educational research due to its accessibility (Kleinheksel et al., 2020).

A well-known technique for data analysis, content analysis has improved in how it handles textual material. When content analysis was first developed, it was a purely quantitative technique that counted instances of previously defined targets in consumer research to gauge their observed frequency. However, the process of content analysis was modified into a more engaging and meaningful technique as the naturalistic qualitative paradigm grew more widespread in social sciences research and researchers were more interested in how individuals behave in natural settings (Kleinheksel et al., 2020).

When creating these criteria, the categories that emerge should capture all facets of the message and adhere to the exact words used. This type of content analysis process is described by Holsii (1968) due to the inclusion or exclusion of information carried out on the basis of consistently chosen criteria. With leftist analysis, the procedure is better organized for the sort of analysis at the extreme of the qualitative data continuum so that data has been gathered. The most typical approach is perhaps code by content. The research refers to this as content analysis.

Researchers will employ this technique, going step-by-step through each transcript submission code, which may represent a word or other specific character in the text. The categories may already be on the researcher's list, or the researcher may just read each transcript and wait for the categories to emerge naturally from the data (Dawson, 2007).

In this study, content analysis will be used to find articles that mention the application of *hibah* in the takaful industry. The papers that the researchers found and used for this investigation will be analyzed.

### **3.4 ATLAS.ti**

ATLAS.ti is an effective tool for qualitative data analysis, especially when working with vast amounts of text, image, and audio data. This programme provides assistance to the researcher throughout the data analysis process, which involves coding and annotating activities to analyze and interpret texts. The Hermeneutic Unit (HU) in ATLAS.ti, which provides a thorough picture of a research topic, also makes it easier to conduct instant searches and retrievals (Smit, 2002).

In Atlas.ti, the term "Hermeneutic Unit" (HU) refers to the entire project or research, such as a thesis or a dissertation. The project's saving location is indicated by the file reference. The

researcher who actually conducts the analysis is referred to as Super, and the time and date are provided for more context. Codes-quotations list denotes that this material includes a specific code together with the pertinent quotation, which represents the respondent's verbatim testimony. The code-filter: PT indicates that the primary text, also known as primary documents, or simply all the interviews, was used to filter this particular list (Smit, 2002)

At the Technical University of Berlin, researchers in the fields of psychology, educational science, and computer science collaborated to build ATLAS.ti between 1989 and 1992. The initial commercial version was released by Scientific Software Development GmbH in 1993 (Paulus, 2018). The history of ATLAS.ti in the nomenclature of this software reflects how the general public has come to associate the name of this programme with a collection of Maps (a model of the world, a globe) that can assist travelers in reaching their destination. The Greeks had a different story, but they are more recognisable by referring to the hero by the name of this atlas. For naming ATLAS.ti software, the case is 40 different at the moment.

According to its history, the creator of the ATLAS programme, Thomas Muhr, is German. Because ATLAS.ti stands for Archiv für Technik, Lebenswelt, Alltagssprache in German, it is also known as the "Archive of Technology, Lifeworld and Everyday Language." Name ATLAS supporting concepts as a meaningful representation of the globe map in document management. While for in naming software stands for it, it lends significance to the text of the interpretation (Friese, 2014). ATLAS.ti evolves yearly in step with the development of knowledge. At this time, ATLAS.ti has received the most recent upgrade.

The fact that this programme has a sizable user base around the globe has led to the organization of an annual conference, which began taking place in Berlin, Germany in 2013, the

city where the software was first developed. The report on its conferences can be found in Evers & Silvers' (2014) reporting; they go into detail about the conference's logistics and speakers. We can easily and structurally organize, offer charges for, and assess research data with the use of ATLAS.ti. This software can read a variety of data formats, including audio, video, image, and written data (from books, journals, surveys, or interview transcripts). This enables the researcher to triangulate data from several data collection methods. In agreement with what (Drijvers, 2012) suggested.

The researcher considers the timing of data collection for the first two components, unitizing and sampling. For the next three tasks coding, reducing, and inferring—the researcher employs ATLAS.ti software as support. However, rather than writing reports for researchers, the software aids investigators in the narrative sections by offering graphic representations and citations that can be included in the report. Researchers must move from unprocessed data to pertinent study questions for abstract themes. Inductive methods can be used in this way to base research questions on data, beginning with a large number of observations to create a central idea (Duchame, 2014). In the ATLAS.ti process, narrative texts gathered during war games are put into the platform, whether they are observer notes or answers to open-ended questions from survey questionnaires.

The required encoding construct, whether it be a selected, in vivo, or open/generated code, is used to code the qualitative data. Researchers can discover connections between some of the concepts discovered throughout the literature review on the subject by using selective coding. Researchers can make use of the ideas that participants throughout the game discovered using the in vivo coding construct (Duchame, 2014). The researcher can recognise concepts that surface when reviewing the data thanks to the open or emergent coding design.



It's up to the researcher how many codes they want to use, but if there are too many, it might be challenging to extract themes from the text they've gathered for "data reduction and sense making effort that takes a volume of qualitative material and attempts to identify core consistencies and meaning" (Patton, 2002). As a result, in order to limit the amount of codes used, researchers must group together similar sets of codes that have a common consistency and meaning. Researchers read raw data and opened or recorded survey questions with reviews from observers acting as events during the coding process. More than one code may be connected to a single instance (Duchame, 2014).

The frequency table in ATLAS.ti is used by the researchers to find the pertinent concepts after the qualitative information has been encoded. When a code is quoted in the same sentence as another code, the co-occurrence frequency calculates all applicable codes together across the data. Similar to the correlation coefficient, the coefficient  $c$  for coded codes is generated and is defined as the strength of the association between the two codes (Friese, 2014).

The researcher uses ATLAS.ti because it makes it simpler to examine data in a systematic manner and to ask questions that they normally wouldn't because doing it manually would take too long and increase the likelihood of error. The researcher is able to write, store memoranda, and make comments because the analytic process is transparent and consistent. With the help of the programme, even massive amounts of data and those from various media types may be organized and merged extremely rapidly. Additionally, the report and writing's results can be quickly searched, copied, and pasted, giving the researcher room to be imaginative (Ngalande & Mkwinda, 2002).

### 3.4 RELIABILITY AND VALIDITY

It is possible to demonstrate and communicate the thoroughness of the research procedures and the veracity of the study findings using reliability and validity. Research must not mislead those who use it if it is to be useful. Managers, physicians, and patients should legitimately anticipate that a hospital will make a decision to replace one treatment with another that is safer and more effective if the decision is supported by solid research rather than faulty data. The initial research question, the manner of data collection, including when and from whom, the manner of analysis, and the findings all play a role in how trustworthy a study is (Roberts & Priest, 2006).

Although Murphy and Dingwall (2003) use reliability and validity to show that quantitative and qualitative data may be trusted, authors highlight the fundamentals of reliability and validity for researchers who are just starting out. Although it is true that following processes alone does not guarantee reliable results, this does not mean that procedures should be disregarded. It is crucial to think about issues of dependability and validity right away whether reading published research or planning research endeavors. In respect to quantitative and qualitative nursing research, the authors give a general overview of the fundamental concepts of reliability and validity (Roberts & Priest, 2006)

Reliability is perhaps the easier concept to comprehend and prove of the two. A test's reliability refers to how closely it will yield comparable results under different conditions, presuming nothing else has changed, for a certain test, technique, or tool, such as a questionnaire. Reliability in qualitative research can be defined as the validity of the methods used and the results obtained (Stiles, 1993). It is concerned with how easily research or

measurement outcomes may be reproduced under various conditions (Bryman, 2001). Thus, by reviewing data under new conditions, we must corroborate our conclusions. For instance, interview data may be transmitted to an independent researcher to confirm how much agreement there is about findings and analysis a type of inter-rater reliability in order to eliminate any researcher bias in the interpretation of data and as an auditing measure (Weber, 1990). Additionally, keeping thorough records of all decisions made will increase the project's auditability and, thus, reliability.

Validity is a more nuanced idea. It has to do with how closely our measurements match up with what we set out to measure. For instance, a strategic health authority may wonder whether it is worthwhile to pay a university extra to train nurses at the degree level as opposed to the diploma level. Are newly graduated nurses equally qualified to practice as those with a diploma, they inquire? We create a survey, evaluate its validity, have all sorts of nurses fill it out, and then report to the appropriate authority that both degree- and diploma-level nurses are equally capable (Roberts & Priest, 2006). How well the research tools measure the phenomenon being studied is how validity is determined (Punch, 1998). Researcher bias, which results from selective data collection and recording or interpretation based on personal viewpoints, is a potential barrier to establishing validity in qualitative research (Johnson, 1997). The quality of the interview data must be taken into account while using interviews, a popular technique for gathering data in qualitative research.

### **3.4.1 DATA TRIANGULATION**

One method for ensuring high reliability in a qualitative study of data is to use triangulation between the data (Wiersma 1991; Maneeen 1983). Utilizing many sources of

information or data to create topics or categories for a study is known as data triangulation (Lebar, 2012). This triangulation technique can result in highly reliable data (Lincoln & Cuba, 1985).

The researcher has gathered secondary data by examining prior data from earlier studies and recent studies to assist in understanding the awareness and comprehension of Islamic financial planning. The researcher will then conduct in-depth interviews with members of the Kelantan community as part of the study process. In order to improve their reliability and accomplish the study's goals, researchers will also triangulate interview data with data from document analysis.

### **3.4.2 FIELD NOTE**

To obtain high dependability values in qualitative research, data gathering should be done methodically and thoughtfully (Bogdan & Biklen, 2003). The efforts put forth in carrying out data collecting, such as scheduling appointments, conducting formal and informal interviews, making observations, and gathering documents, are proof that the 46 dependability can be increased.

Any field work that is done to gather data should be documented in a report called a field note, and it should also be supplemented with a brief note of field work diaries that the researcher can utilize (Mullhal, 2003). The notebook will be used by the researcher to keep track of the fieldwork schedule. A sample of a quick note from a fieldwork diary that researchers will use is shown in table 1.1.

**Table 1.1: Example of Brief Note of Fieldwork**

DATE	DETAIL/ACTIVITY	NOTE/REMARK

### 3.4.3 INFORMANT VERIFICATION

One method of enhancing the validity and reliability of the primary data used by the researcher is through the verification of the respondents using the specified data signature (Bogdan & Biklen, 2003). Researchers recorded this interview using two different recording techniques: voice recording and video recording. On the other hand, the researcher only took this video after getting the respondent's consent.

The objective of the video recording is to observe the respondent's expression as they provide their questionnaire response. In order for the investigators to be worried about each respondent's response, the video recording is meant to support the voice recording. The researcher will then instantly transcribe each respondent's voice recording so that any information supporting the recording can be provided in the field notes.

When the transcript text is complete, the investigators must give a copy to the concerned respondent so they can read the contents of the conversation and explain its meaning. Respondents are permitted to edit any incorrect information before signing the transcript text. Additionally, the researchers give respondents a place to review and sign transcripts. The validity and reliability of data can be increased by the rectification of facts, acknowledgment, and verification of responders to the primary data (interview data).

### 3.5 RESEARCH PROCEDURE

The procedure of the study illustrates the travel process of a study as a whole. The figure is a description of the procedure of the process study for this research. The research process is divided into three stages. The first stage is the initial stages of the study such as the preparation of the documentation towards the construction of the research proposal. The second stage is also a process for determining the methodology of the study to be used in this research. The third stage is the main objective of this research which is application of *hibah* principle: a study of the takaful industry in Kelantan.

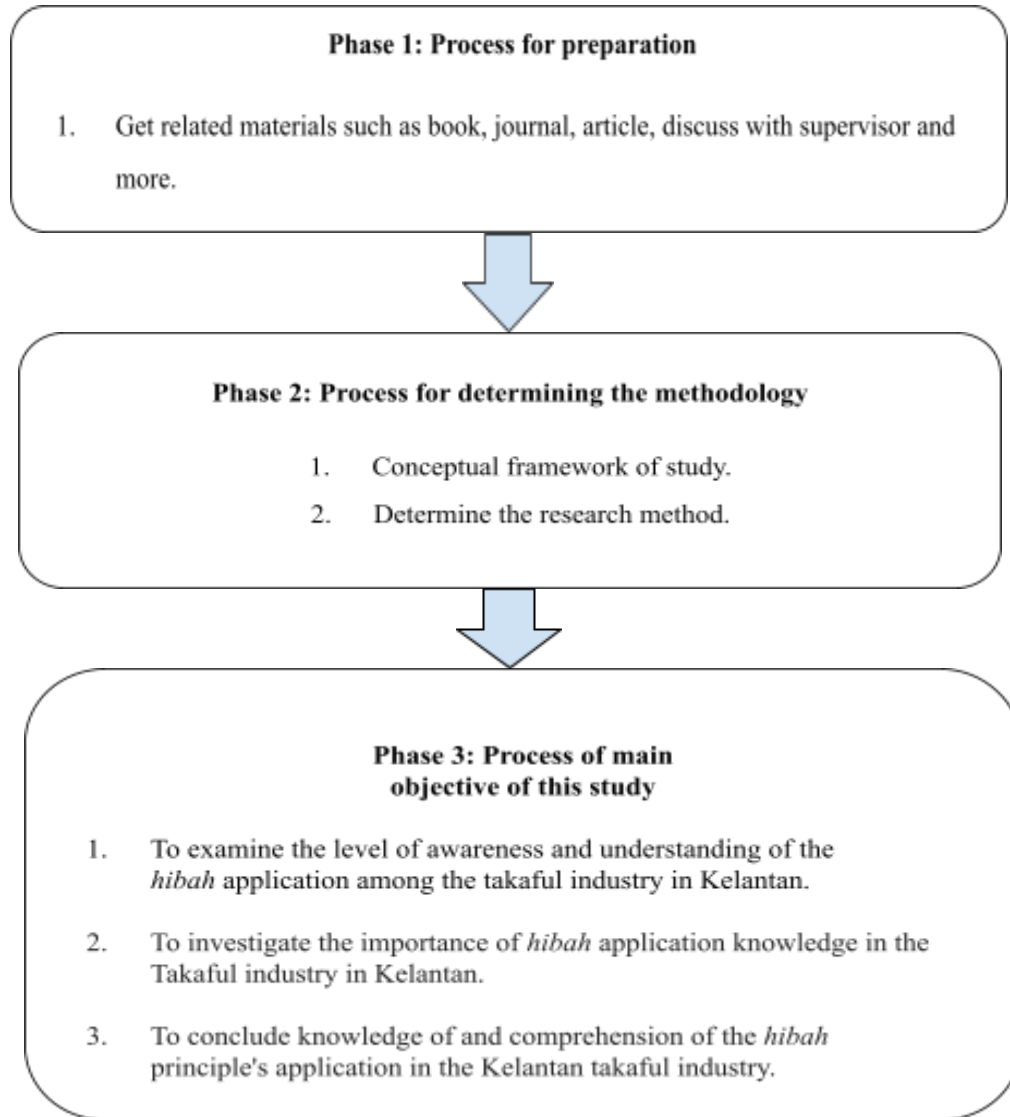


Figure 1.1: The Procedures for the Process Study

Next, the table shows the research method for each objective and research question. This research method is divided into three subtopics which are research collection methods, research design, and research analysis methods. All the objectives and questions of this study are using interviews, descriptive studies, and exploratory studies. For the research collection method to meet the objectives and research questions, this study uses primary data and secondary data. Document analysis was assisted by using ATLAS.ti software for research analysis methods.

Table 1.2: The Summary of Research Method by Objectives and Question and Research

RESEARCH OBJECTIVES	RESEARCH QUESTION	RESEARCH METHODOLOGY		
		RESEARCH DESIGN	TYPES OF DATA COLLECTION METHOD	TOOLS OF DATA ANALYSIS METHOD
1. To identify the level of awareness and understanding of the <i>hibah</i> application among the takaful industry in Kelantan.	<p>1. Does the awareness of the <i>hibah</i> application have a relationship among the takaful industry in Kelantan?</p> <p>2. How is the level of understanding about application of the <i>hibah</i> principle among the takaful industry in Kelantan?</p>	<p>1. Exploratory Study</p> <p>2. Descriptive Study</p>	<p>1. Primary Data</p> <p>2. Secondary Data</p>	<p>1. Content Analysis</p> <p>2. ATLAS.ti</p>



<p>1. To investigate the importance of <i>hibah</i> application knowledge in the Takaful industry in Kelantan.</p>	<p>1. Why is knowledge of <i>hibah</i> application important towards the takaful industry in Kelantan?</p>	<p>1. Exploratory Study 2. Descriptive Study</p>	<p>1. Primary Data 2. Secondary Data</p>	<p>1. Content Analysis 2. ATLAS.ti</p>
<p>1. To conclude knowledge of and comprehension of the <i>hibah</i> principle's application in the Kelantan takaful industry.</p>	<p>1. What conclusions can be drawn from knowledge of and comprehension of the <i>hibah</i> principal's use in the Kelantan takaful industry?</p>	<p>1. Exploratory Study 2. Descriptive Study</p>	<p>1. Primary Data 2. Secondary Data</p>	<p>1. Content Analysis 2. ATLAS.ti</p>

### 3.6 PROTOCOL OF INTERVIEW

#### SECTION A: DEMOGRAPHIC

1. Gender
2. Age
3. Education level
4. Religion and ethnicity
5. Occupation

In order to collect data about the application of this *hibah* principle, the researcher will conduct interviews in Kelantan with men and women who work in the takaful industry. The volunteers the researchers selected for this study range in age from 20 to 50 years old. The researcher will also consider the interviewee's degree of education for this interview. The interviewees' religion, ethnicity, and occupations will also be covered by the researcher.

## **SECTION B: AWARENESS OF *HIBAH* PRINCIPLE**

1. Are you aware of *hibah* applications in your life?
2. How do you plan your *hibah* policy in the future?
3. What is the concept of *hibah* principle in the takaful industry?
4. What actions may takaful industries do to raise participants' and the general public's awareness of the *hibah* principle?

The next session in the interview, the researcher will ask the participants about the awareness of *hibah* applications in their life. The researchers will learn from that how much they are aware of *hibah* applications in managing their wealth. Besides that, the researchers also will know whether among that participant have applied or not *hibah* policy in their life. In this case, if the participants have applied the *hibah* policy, the researchers will ask about how the participants plan their *hibah* policy in the future. In addition, the participants will be questioned with what the *hibah* principle is in the takaful sector. Finally, the researcher is asking the participants for ideas on how the takaful business may raise participants and public awareness of *hibah*'s guiding principles. Through this, the researcher will know how far the awareness of the participants in *hibah* principle is.

### SECTION C: UNDERSTANDING OF *HIBAH* PRINCIPLE

1. Do you know what the *hibah* principle is?
2. Do you apply *hibah* principles in your life?
3. What is the difference between a *hibah* and a conventional loan?
4. Do you think the *hibah* concept is crucial for the Kelantanese takaful industry?

The researcher will additionally inquire about the participants' grasp of the *hibah* principle during the following interview session. The participant definition of the *hibah* principle will be the first question the researcher poses to them. This is so that the researcher can assess their level of familiarity with the *hibah* concept, which is vital for the takaful sector and will help them make better investment decisions in the future. The researchers will also be able to determine whether or not those participants have used the *hibah* principle in their daily lives. In addition, the researcher was interested in finding out from the participants what differentiates *hibah* and conventional loans. Finally, the researchers hope to learn from this interview how the participants evaluate the significance of the *hibah* principle in the Kelantanese takaful business.

### SECTION D: KNOWLEDGE OF *HIBAH* PRINCIPLE

5. Do you expose yourself to the knowledge of the *hibah* principle?
6. What are the advantages of using *hibah* policy?
7. What are the main sources or channels through which you have gained knowledge about the *hibah* principle ?
8. What makes *hibah* unique from customary gift-giving?

The researcher will inquire during the interview with the participants as to whether they had ever heard of the *hibah* principle or not. This is significant because the researcher will be able to learn more specific information from them if they have been exposed to it. The researcher will be able to do productive study if they have access to the most reliable information. The researcher will also inquire about the participants' advantages using the *hibah* principle. The researchers will learn from that how much they are knowledgeable about the *hibah* policy when transferring their assets. In addition, the participants will be questioned with what are the sources or channels through which they have gained knowledge about the *hibah* principle. Last but not least, the researcher is interested in learning how the participants perceive *hibah* as different from conventional gift-giving.

### **3.7 CONCLUSION**

This chapter discusses the research methods used in this study before selecting the qualitative approach. In-depth interviews are used in this study to obtain knowledgeable respondents' responses for the objective research. The researcher used ATLAS.ti tools to evaluate the data after interviewing a few professionals in the takaful business for data collecting. The research methodology is crucial for several reasons, including the advancement of the body of human knowledge, the enrichment of practitioners and their practices, the opportunity for in-depth study of a topic to help practitioners make wise decisions, and finally, the fact that conducting research is the best way to develop reading and critical thinking skills.

## CHAPTER 4

### ANALYSIS OF FINDINGS

#### 4.0 INTRODUCTION

This chapter explains the data analysis and results. In order to investigate the application of *hibah* principle in the takaful industry at Kelantan, the interview was conducted by the researcher with four (4) informants which are takaful agents in the Kota Bharu, region of Kelantan state. The informant was selected based on the ability to provide richness and variety responses until the research team concluded that a point of saturation. First of all, in this research study the researchers explain about the demographic of the informants and then continue with the findings and analysis according to the research objective. Through the data that have been collected, the content analysis was used to identify and interpret meaning in recorded forms of communication, then applied into a framework that can be used to describe or explain a phenomenon. All data will be analyzed and interpreted using ATLAS.ti to examine data in a systematic manner and to ask questions that they normally wouldn't because doing it manually would take too long and increase the likelihood of error. Next, a reliability and validity test will be conducted to examine whether it is valid and reliable then generate among all the results by referring to the method of triangulation process to maintain the quality of the research. The outcome was shown in the findings. Additionally, it was related to the research objectives.

#### 4.1 DEMOGRAPHIC PROFILE OF INFORMANTS

In section A, it is about the demographic profile of informants. In order to collect data about the application of this *hibah* principle, the researchers choose four informants. The

researcher will conduct interviews in Kelantan with men and women who work in the takaful industry. The volunteers the researchers selected for this study range in age from 20 to 50 years old. The researcher will also consider the interviewer's education level for this interview. The interviewers' religion, ethnicity, and occupations will also be covered by the researcher.

Informant one (1) is 31 years old and he is from Kota Bharu, Kelantan and He has been working in the takaful industry for five years at Takaful Ikhlas Family Berhad. Informant two (2) is 37 years old. She is from PruBsn Takaful Kelantan. She has been working in the takaful industry for five years and above. Informant three (3) is 25 years old. She is from Zurich Company Kelantan. She has been working in the takaful industry for three years. Informant four (4) is 30 years old. He is from Aspiring PruBsn Takaful. He has been working in the takaful industry for two years. The detail of the informants was based on the table 1.3:

Table 1.3: Informants Demographic

<b>Informant</b>	<b>Name of Takaful Companies</b>	<b>Age of Informant</b>
<b>INFORMANT 1</b>	Takaful Ikhlas Family Berhad	31 years old
<b>INFORMANT 2</b>	PruBsn Takaful Kelantan	37 years old
<b>INFORMANT 3</b>	Zurich Company Kelantan	25 years old
<b>INFORMANT 4</b>	Aspiring PruBsn Takaful	30 years old

## 4.2 FINDINGS AND DISCUSSION

### 4.2.1 Objective 1: To Identify The Awareness of the *Hibah* Application Among the Takaful Industry in Kelantan

In this first objective, there are two parts that are emphasized in terms of awareness and in terms of understanding of the *hibah* application among the takaful industry in Kelantan. All informants have similar answers where they are aware of the application of *hibah* especially in the takaful industry in Kelantan. So, the first focus is to look from the point of view of informant awareness of the application and principles of this grant. This indicates that the existence on a specific law on *hibah* could play an important role in influencing the practice of *hibah* in Malaysia. Apart from the issue of the absence of a specific *hibah* law, the awareness among public about the application of *hibah* as an alternative method in property distribution should be made as priority as well. This issue has to be addressed seriously to ensure that the effective application of *hibah* could be done successfully in the future (Azmi et al., 2021). This study shows that the takaful agent in Kelantan does not lack of exposure about the execution of *hibah* but this does not show how well the awareness among the people in Kelantan understands and is aware of this *hibah*. All informants are also aware that *hibah* actually brings many benefits to individuals, society and even to the government itself. This is also supported through the journal which states that *hibah* benefits the whole Muslim community and the fact is *hibah* is considered one of the alternatives that exist to increase wealth and change their lives for the better, as well as to be able to educate the public on the good of choosing this *hibah* (Bakar et al., 2020).

According to the first question asked is whether the informant is aware of the application of *hibah* in their lives. Informant 1 and informant 3 are degree students in Islamic banking and

finance enabling them to apply what they learn in this field, and they are very aware of the application of this *hibah* as they are also a takaful consultant. Therefore, awareness of their role to the community is very high and plays an important role in providing awareness of the benefits of using *hibah*. While the second informant is one of the Bank Simpanan Nasional (BSN) takaful specialists who is also aware where he stated that “*hibah is an alternative to faraid and wasiyyah systems for transferring wealth to non-heirs*”. With the public's grant to ensure that their property is utilised after their death, such as by providing a *hibah* declaration where they can give property to whomever they want without having to comply with the limits specified by the faraid section, without the need for heirs and the right of ownership to change hands while they are still alive (Noordin et al., 2016) so this aligns to informant awareness. This fourth informant is aware of the application of this *hibah* and just like what the second informant said, he understands that this *hibah* is a gift left or given to the family after our death then this can help the family's fate and avoid property disputes that may occur when the property is not obligated. In the article Conceptual Framework of the Model of *Hibah* Giving in Malaysia (Abd Latib & Riffin, 2023) states a person's awareness based on the variables of the expectations of behavior control and how one's ability to do a particular level of behavior. The degree of control and devastation of a person is based on the resources and opportunities that exist from within or outside the person. Similar to what happened to all the informants, their awareness of the *hibah* application is due to the resources and opportunities they have learned in the field of Islamic banking and finance so that they have the expertise and understanding of the application of *hibah* as a takaful agent in Kelantan. This shows that the research can help create awareness to the public to make property planning very encouraging and become a phenomenon in the rise of Muslims in the relationship of fiqh muamalat.



In addition, in this study, we also interviewed informants about how they will be aware of their future *hibah* policies. According to all the informants, they plan the *hibah* policy to ensure that their families are able to inherit the property to be inherited as well as to ensure that the lives of loved ones such as their wives, parents and children are not burdened with any problems in terms of economic physical and mental well-being and have a secure education. For example, the first informant said that:

*“His priority for future hibah policy planning is for the wife's priority to inherit her property and provide this plan to her child as this is due to the current situation.”*

This is very much in line with the concept of property management as there are elements such as the protection of property for the sake of the future, the production of property with effort and energy and there is a distribution of property through the instrument studied which is *hibah* (Abd Latib & Riffin, 2023). More interesting, the informant 4 looking at the policy angle of the *hibah* in the future is to look at his commitment and income. This is because, he saw how much he had left debt, whether it was a personal loan or any form of debt left and how much property he had, whether in the form of finance or physical assets such as cars and motorcycles so that when he died, his family members could pay off all debts and be able to liquidate his assets by taking up the *hibah* policy. The implementation of property *hibah* products aims to help the community manage the property purchased through loan financing such as houses, properties and vehicles more effectively (Muhamad, 2017). If this product is realized, it will not only help the community but also most of the issues related to the estate can be resolved. This is because the reality today is that the average Muslim community owns assets through bank loan financing that takes almost 25 to 30 years of repayment period. But an opinion from another study about the *hibah* policy has a different opinion which is that this situation is expected to continue for a

long time, and it will have a negative impact on the country's economy in general if no more effective planning is done so the credit facilities available today with the existence of government initiatives enable the community to own property more easily (Mohamed Said & Adli Wanayub, 2021). This further reinforces that the awareness of the *hibah* policy is due to the individual's sense of responsibility towards their own family institutions. Their awareness and attitude are the driving factors for property planning practices.

The study was continued by interviewing the first objective of awareness informants on the *hibah* application. The objective of the informant's awareness was questioned about their compassion towards the concept of *hibah* in the takaful industry in Kelantan. It was found that the second, third and fourth informants have the same opinion on their understanding of the concept of *hibah* by stating that the *hibah* is a gift and complies with shariah compliance. Schedule 10 of the Islamic Financial Services Act 2013 allows you, as a takaful participant, to designate a beneficiary or executor to receive your takaful benefits upon your death under conditional *hibah*. The option to select a beneficiary via conditional *hibah* is a unique feature that ensures your loved ones receive your benefits without making them wait to be dispersed as part of your estate along with your other assets or go through drawn-out inheritance processes. The first informant expressed his opinion on the concept of *hibah* by saying that:

*“The idea of takaful and hibah is to help facilitate the payment of compensation to whoever is selected and will be divided according to faraid if the concept of hibah is seen as too conventional. This is to avoid the problem of nominees for takaful policies that receive hibah from just remaining as nominees.”*

Informants 1 will manage the distribution of funds in the form of *faraid* if this problem arises, but if the customer declares himself as the recipient of *hibah* in the takaful policy they will provide protection and will not have to divide the property according to *faraid*. Instead, the property will be distributed according to the percentage set based on the *hibah* policy so this shows that the informant 1 is really aware about *hibah*. This is because *hibah* is categorized in *akad* which involves transactions from one person to another. Generally, akad-akad involving transfer (*'uqud al-tamlik*) is included in the category of invalid *akad* with the inclusion of *ta'liq*, *tawqit* and *idafah* except for *akad* will (Ghani et al., 2023). However, according to the opinion of madhab Maliki, this general method is excluded to voluntary *akads* (*tabarru'*) including *hibah* (Mohamed Said & Adli Wanayub, 2021). Strictly speaking here, the concern of the concept of *hibah* is very important especially to the public as the takaful industry is the determinant of the extent of the understanding and awareness of takaful agents and the public on the application of *hibah* in Kelantan. This study was carried out to assist the government and private institutions in the takaful industry to formulate strategies and policies to encourage the Muslim community to implement *hibah*.

Lastly, the first objective of this is to go through the question of what actions can be taken by the takaful industry to increase public engagement and raise awareness of the principle of *hibah*. All the informants state that what the takaful industry can do can be concluded by the use of social media by holding advertisements, promotions and promotions related to *hibah* principle. Social media is becoming a trendy medium for product and service promotion since it is interactive and can cater to a wide range of needs. There hasn't been much research done recently on how social media is used in relation to inheritance issues, especially about *hibah*. It is imperative to disseminate knowledge about *hibah* to the general people, since it presents a

beneficial alternative for the distribution of Muslim property and might perhaps reduce the growing amount of assets being permanently frozen in Malaysia (Azmi et al., 2021). The third informant emphasizes that:

*“The action the industry can do is to hold an advertisement on the importance of hibah on platforms such as Tiktok, Facebook, and Instagram. It seems to upload content related to stories and news on current issues related to hibah to create awareness and understanding to the public especially in Kelantan. This is due to the need for public awareness and understanding of hibah because estate planning in Islam is very important especially in modern times when society is faced with new challenges in the context of property.”*

Opinion by informant 3 supported by Ahmad et al. (2019) states that to increase Hibah awareness regarding Muslim, there are numerous ways to do it such as by using social media, Television, pamphlets, brochures, newspapers and also campaigns. Among the challenges are the tendency to be materialistic so that it can provoke disputes and hostility between husband and wife, parents, siblings and relatives. When things are made the main yardstick, family crises are easier to happen, and households can easily become sloppy. Another study opinion states the family crisis due to material interests is exacerbated by the lack of public understanding of the knowledge of estate distribution or what is referred to as *faraid* knowledge and knowledge on estate planning (Novita et al., 2023). This is because the takaful industry has started to make *hibah* as one of the tools in the aspect of the distribution of takaful benefits or compensation. However, there are takaful participants who are not aware of the concept of *hibah* in takaful. According to Kamis & Abd. Wahab (2022) for participants who have contributed to takaful during the initial stage of the takaful industry, the method of appointing executors has been

adopted first as the party that will be the representative of managing the takaful benefits. Therefore, the takaful benefit must be through the concept of *faraid* as other properties . So here it is important for takaful participants to know how *hibah* can help solve such matters, here shows that social media is the best platform to open the public's eyes to the principle of *hibah*.

#### **4.2.3 Objective 1: To Identify The Level of Understanding of The *Hibah* Application Among The Takaful Industry in Kelantan**

The result of this study is the information provided by the informant through interviews. The data collected was also analyzed using the document analysis method. The findings of the study show that four informants are still active in the takaful industry.

Nowadays, there are many private organizations such as AIA Public Takaful Bhd, Great Eastern Takaful and others that offer *hibah* packages in the form of takaful or insurance. In the context of *hibah* takaful, gifts are made by takaful participants voluntarily by giving takaful benefits to third parties. The takaful operator will pay the entire amount of takaful interest to the grantee when the takaful participant dies subject to the terms and conditions as stated in the takaful certificate. *Hibah* through takaful or insurance is one of the best steps in ensuring that the heirs who will be left behind are guaranteed the continuity of their lives and welfare as well as their education (Mokhtar, 2023). According to scholars of the Hanafi school, *hibah* is the ownership of something through giving and without any reward. *Hibah* means *umry*, which is the gift of property for a lifetime (where the word age comes from). Then it can also be interpreted as *ruquby* meaning lifelong use. *Hibah* has the meaning of a contract whose main purpose is to give his property to others during his lifetime, without compensation.

According to the first informant's interpretation of the principle, *hibah* is the transfer of asset ownership from one person to another without the expectation of payment in return. The second and fourth informants likewise concur with this interpretation. The third informant has a slightly different take on the matter, stating that:

*“The hibah concept needs to have a clear purpose that guides the usage of finances in accordance with the established purpose. Thus, three of the ideas expressed here are identical, and one is not.”*

Ahmad (2023) defines *hibah* as the voluntary transfer of property or rights, free from compulsion, from one person to another, for good reasons, and without any strings attached and without any expectations of rewards or compensation.

Based on the information obtained, *hibah* is one of the instruments for planning the distribution or gifting of Muslim property that is done voluntarily to others either in the form of tangible or intangible goods or property. Here we conclude that the principle of *hibah* understood is a gift which is given without any reward obtained.

Proceed to the second objective, which asks about putting the *hibah* concept into practice in daily life. Muslims have been practicing *hibah* for decades in order to *tabarru* toward wealth, as it is commanded in the Islamic faith. *Hibah* can help ensure that the *faraid* and will systems are perfected in the context of property planning by allowing property owners to choose rates and recipients without having to have other heirs' approval (Rusnadewi, 2009). Given this circumstance, *hibah* serves as a supplement to the Islamic system of property planning, as the property that has been *hibah* is not considered inheritable.

The informants' opinions during the study's interview session were largely consistent since they all agreed that *hibah's* primary goal is to provide enjoyment for the future. According to the first, second, and third informants, we should only give someone the greatest and most beneficial things in order to guarantee that they will continue to find pleasure in life. Furthermore, according to the perspective of the fourth informant, he consents to live by the giving principle. There are different viewpoints, and *tabaruq*, the fourth informant, expresses one of them. A human being must emphasize such a viewpoint. The fourth informant's perspective is essentially the same as that of the first, second, and third informants, with:

*“The hibah’s primary goal being to assist families and the underprivileged while also providing enjoyment to our own relatives. Generally speaking, in Malaysia, the concept of hibah is frequently connected to techniques for property planning apart from wills and waqf documents. This is due to the perception that hibah plays a crucial role in ensuring the efficiency of property distribution, particularly when it comes to immovable assets and their maximum utilization.”*

Based on the analysis done, I found that the principle of *hibah* is very important in our lives. This is because in an emergency situation such as an accident or serious illness, the *hibah* takaful provides financial assistance that can help takaful members overcome a sudden financial crisis. Assurance that families do not fall into financial difficulties that could negatively impact their well-being.

The following research on the distinctions between conventional and *hibah* loans. *Hibah* is the gifting of property that takes place while the grantor is still alive. These components are easily used by the traditional banking system in their commercial dealings. The goal of

conventional banking is to make the biggest profit feasible. There is no creed, reward, or sin, and traditional banking does not require divine approval to continue operating. This does not imply, however, that the traditional banking system is flawed. Simply put, there is a huge philosophical distinction between grants and traditional banking that needs to be considered (Malaysia, 2022).

The study's conclusions demonstrate that all of the informants essentially agreed on one point of view. The first and fourth informants stated that while *hibah*, particularly *hibah* takaful, have no profit or interest attached, conventional loans are given by banks to borrowers with the expectation of profit or interest based on a specific principle. This is due to the fact that the client does not incur interest fees and that it serves as an alternative to the nominee. According to the perspectives of the second and third informants regarding the distinctions between *hibah* and conventional banks, *hibah* is a voluntary transfer of ownership, whereas money is seen as a commodity by conventional banks, which lend it to clients in exchange for interest.

The informants share the same opinion regarding the distinctions between *hibah* and traditional loans based on the information they were able to gather. According to the study's findings, *hibah* and traditional loans have substantially different management and guiding principles. While conventional loans are profitable, *hibah* are not.

The last question relates to the *hibah* concept's importance for Kelantan's takaful industry. The significance of the *hibah* concept for Kelantan's takaful business was acknowledged by all four informants. According to the first informant,

*“Hibah is crucial for all groups, particularly Muslims, to make sure that the heirs or families left behind don't run into financial difficulties. It is not just necessary for*



*Kelantan. Hibah additionally seeks to prevent disagreements throughout the inheritance partition process.”*

The *hibah* is one of the most important instruments in Islamic wealth management, according to R. Hassan and N. A. M. Zaizi, 2020. *Hibah* is the act of passing substantial assets to another individual during one's lifetime, done arbitrarily and without due thought. Written *hibah* is considered a voluntary contract, or *tabarru'* contract, when it is written in its original form.

Subsequently, the views expressed by the second informant appear to align with those of the third and fourth informants, who also believe that Kelantan state enjoys great reputation in the business sector. Therefore, inhabitants of Kelantan are strongly encouraged to utilize the grant's concept. Entrepreneurs, especially those in the food industry and other fields, are well-known in the state of Kelantan. When working alone, you are the one who determines your entire revenue. Therefore, without diligent and open management, all property or assets become difficult to calculate. Moreover, *hibah* can be passed on to the company as an inheritance. For instance, if a company's founder passes away, the company will be frozen and *hibah* will be the sole method to liquidate it or assume control of the operations.

Based on the perspectives of the four informants, it can be concluded that the first informant held a contrasting position from the other three regarding the significance of the *hibah* concept to Kelantan's takaful business.

#### 4.2.3 Objective 2: To Investigate The Importance of *Hibah* Application Knowledge in The Takaful Industry in Kelantan

According to the first question, the interviewer asks whether the informants reveal themselves to the knowledge of the principle of *hibah*. From the interview the interviewer found that all the informants have revealed themselves with knowledge about the principles of *hibah*. The first, second and third informants have the same view that they consider it their responsibility to spread the benefits of this *hibah* to all educated and uneducated community groups to increase awareness of this concept. The fourth informant emphasizes that:

*“Yes, It is inevitable that we as human beings need to apply the knowledge of the principle of hibah. This is because the principle of hibah has too many perspectives from a general point of view as well as from a specific point of view. Therefore, I apply myself with the principle of hibah because this principle of hibah is reversed to our religion, which is Islam, and grants with our Islamic religion are interrelated with each other.”*

While the fourth informant has a different view that he applies the principle of *hibah* because he says *hibah* and the Islamic religion are interrelated with each other. This is due to the fact that the principle of *hibah* contains far too many viewpoints, both general and specialized. To support the statement above Bakar, Fauzi and Hashim (2020) has emphasized that the community needs to be given sufficient resources and knowledge about the basic concept of *hibah* itself, the procedures and benefits of managing the distribution of wealth through the *hibah* procedure, what can and cannot be done when deciding on the distribution of wealth, and other relevant information. When it comes to crucial management features such as Islamic wealth management, people or individuals must have a crystal-clear comprehension of a given subject.

In our opinion, this endeavor will result in a more cautious and aware society, allowing them to avoid concerns of injustice in the allocation of wealth to linked parties.

In addition, in this study, researchers interviewed informants regarding the advantages of using *hibah* policy. Many benefits of our *hibah* policy can be gleaned from all of the interviewees. The first, second, and third informants all agree that it is preferable to facilitate the allocation of inheritance to *hibah* policy users. The first informant, for example, claimed that using this *hibah* policy promotes equal income distribution, respects religious values, and achieves both personal and philanthropic aims. Following that, the second Informant explained that using this *hibah* policy can ensure that your loved ones benefit from your takaful certificate without having to go through the inheritance procedure provided by naming heirs. If a grant is left for a loved one, grantors can feel relieved that their loved ones will be cared for and will not encounter financial difficulties following the grantor's death. When they get back on their feet, a financial safety net will aid their families and themselves. Furthermore, the third informant stated that:

*“The advantage of using the hibah policy is to benefit the recipient of hibah after the absence of the deceased. Where the recipient of the hibah can continue to live in peace using the assets presented by the grantor. In hibah there is also no risk of hibah investment as it does not depend on the takaful company's application. This is also one of the better financial protection products with the benefit of an amount greater than the original coverage in the event of the death of the policyholder. In addition, the takaful hibah currently has no legal costs in the management of hibah and the amount received is one hundred percent to the recipient.”*

Opinion by third informant buttressed by Eldersevi and Haron (2020) have stressed that *hibah* promotes fairness and transparency in the takaful sector. *Hibah*, which distributes excess money to policyholders, ensures that benefits are paid fairly and in accordance with the principles of mutuality and solidarity. This transparency strengthens policyholders' perceptions of takaful as a reasonable and moral replacement for traditional insurance, while also fostering trust and confidence among them. Furthermore, *hibah* provides policyholders with a greater understanding of how their contributions are being used, increasing their sense of involvement and ownership. While the fourth informant differs from the first three in his assessment of the benefits of this policy *hibah*, he claims that in the past, *hibah* were static and the community only accepted *hibah* in one unit. For example, if the heirs leave RM 250 000, the *hibah* is just RM 250 000, as opposed to the double *hibah* in today's times. In the event of death, accident, etc., the award amount will be doubled from the initial amount.

Furthermore, for the second objective, the interviewer questioned the primary sources or channels received by the informant acknowledging the *hibah* principle. According to the findings of our interviews, the Malaysian Takaful Association (MTA) is the primary source of information for the first, second, and fourth informants on the concepts of *hibah*. The first informant expressed his opinion on the concept of *hibah* by saying that:

*“The Malaysian Takaful Association (MTA) is the primary source of information regarding hibah for me. As the association representing the takaful industry operators, the MTA serves as a kind of university for us citizens.”*

The MTA serves as a central repository for Takaful-related material, including *hibah* principles. They are expected to provide extensive tools, guidelines, and educational materials to

help citizens comprehend Takaful and the use of *hibah* inside these financial instruments. Moreover, the MTA establishes industry standards and best practices that Takaful operators must follow. This promotes industry stability, dependability, and ethical standards, including the incorporation of *hibah* principles within Takaful plans. The group is anticipated to hold educational programs, seminars, workshops, and training sessions to teach citizens about Takaful, its values, and how *hibah* operates within these frames. This statement is aligned with Johnson & Smith (2019) and Anderson et al. (2020) who express *hibah* programs have been demonstrated to considerably raise enrolment rates and decrease dropout rates, particularly among underprivileged communities. The study also demonstrated *hibah's* positive benefits on learning outcomes, such as enhanced academic performance and higher retention rates. Furthermore, *hibah* programs promote educational innovation and creativity by allowing institutions to implement new teaching methods, develop new teaching materials, and improve the learning environment. The third informant, on the other hand, gets most of his information on *hibah* from takaful agents. He can get answers to his questions concerning *hibah* and other takaful policies from his takaful representative. Takaful agents provide personalized advice based on his unique needs and circumstances. They can explain how *hibah* works, how takaful policies include it, and how it corresponds with his financial objectives. Agents are educated professionals who understand takaful principles, products, and applications, including *hibah*. They have the ability to simplify difficult concepts, making them easier to understand.

Continue with a last question in which the interviewer asks the informant what makes the *hibah* different from customary gift-giving. According to the findings of the interviews, all of the informants believe that presents are things handed out or given to someone as a symbol of preaching to him in their language. For example, the third informant said that:

*“So, indeed, the gift in his language is a treasure that is handed over or given to a person as a sign of preaching to him. According to the scholars Imam Syafie, giving the term for a gift is the possession of a thing without a decision and a transfer to the person who is presented as a sign of respect. While hibah is a gift to others whether it is in the form of property or without any exchange. Basically, gifts, alms and hibah are the same which is the ownership of a thing without any exchange. Therefore, the difference between this gift and hibah is in the event of the transfer of property to the person who is gifted.”*

Moreover, this *hibah* is deed-covered under the Islamic Financial Act as of 2013, but customary gift-giving is not. We can present it as a regular gift and return it without any problems because it is not protected by any laws. Meanwhile, the beneficiary cannot be asked for the *hibah* again because the statute states that it cannot be questioned. As a result, the distinction between this gift and a grant lies in the transfer of property to the person who is gifted. To support the statement above Aufa (2016) has emphasized Egyptian kings routinely donated land and money to nobles and prominent officials to express their gratitude for their achievements in ancient Egypt. This acts as both a present and a way of increasing one's political standing and gaining the ruling class's support. *Hibah* is also used to distribute property and wealth among the Egypt people. Moreover, *hibah* was seen as a lawful and approved method of transferring property rights across the Ottoman Empire (Misnan, 2021). It allowed people to freely give away their possessions to others without payment or any compensation. The Ottoman Empire's *hibah* rules were intended to prevent any coerced or fraudulent property transfers. Typically, both the donor's (the person making the gift) and the recipient's consent were necessary. By providing specific norms and protections, the Ottoman Empire endeavored to guarantee that *hibah* was

handled in a transparent and lawful way, reflecting the empire's broader legal principles and practices at the time.

#### **4.2.4 Objective 3: To Conclude Knowledge of and Comprehension of The *Hibah* Principle's Application in The Kelantan Takaful Industry**

Based on our study and interviewees, we discovered that the Kelantan takaful industry has a solid and well-established grasp of the *hibah* concept, which was examined using a systematic set of interview questions. The study entailed gathering information from takaful industry respondents in order to assess their understanding and grasp of the implementation of *hibah*. The questionnaire's inclusion of 10 well written interview questions demonstrates a methodical strategy to assess the industry's understanding of *hibah*. These questions are likely to cover a wide variety of subjects, including the actual use of the *hibah* principle, understanding of its benefits, and its role in streamlining inheritance distribution.

Respondents, who work in the Kelantan takaful industry, reported having a significant quantity of knowledge obtained from numerous sources. This wide knowledge base contains not only academic issues, but also practical insights into how to use the *hibah* principle in daily life. Respondents also demonstrated a knowledge of the benefits of following the *hibah* policy. According to the statement, respondents perceive the *hibah* policy as a tool to enhance their life, whether for educational purposes or future planning. This might involve employing *hibah* to address possible challenges in inheritance distribution, demonstrating a foresighted approach to financial planning and asset transfer. As a result, the Kelantan takaful industry has a high degree of understanding and comprehension of the *Hibah* idea. The study, done through a series of interview questions, demonstrates that respondents not only comprehend the theoretical

components of the *hibah* policy, but also realize the practical benefits of adopting the policy in their everyday lives for more efficient inheritance distribution and overall financial planning.

To support this statement above Kamis and Abd. Wahab (2022) claimed that improving the degree of *hibah* awareness among Kelantan takaful providers has practical ramifications for boosting *hibah* comprehension among the deceased's heirs. The reasoning for this assumption is connected to the probable avoidance of superfluous legal issues over the replacement of the deceased's legacy, hence minimizing distribution delays.

Further, the assumption implies that when takaful providers have a greater understanding of the *hibah* principle, they are better able to interact with and educate beneficiaries or heirs. This information transfer may raise heirs' understanding of the complexities of *hibah*, its relevance, and how it affects asset distribution after the policyholder's death. The distribution procedure can be sped up by eliminating needless legal wrangling over the replacement of the deceased's fortune. Delays in inheritance distribution can occur when there is uncertainty or disagreement among heirs, which can result in legal problems that must be resolved. Increased *hibah* knowledge acts as a deterrent to such disagreements, promoting a more efficient and timely distribution procedure.

In essence, the statement emphasizes the practical benefits of understanding and using the *hibah* concept in the Kelantan takaful industry. It implies that an informed industry not only promotes simpler corporate administration but also plays an important part in assuring a streamlined and dispute-free distribution of assets to heirs, thereby adding to the takaful system's overall efficacy and trustworthiness.



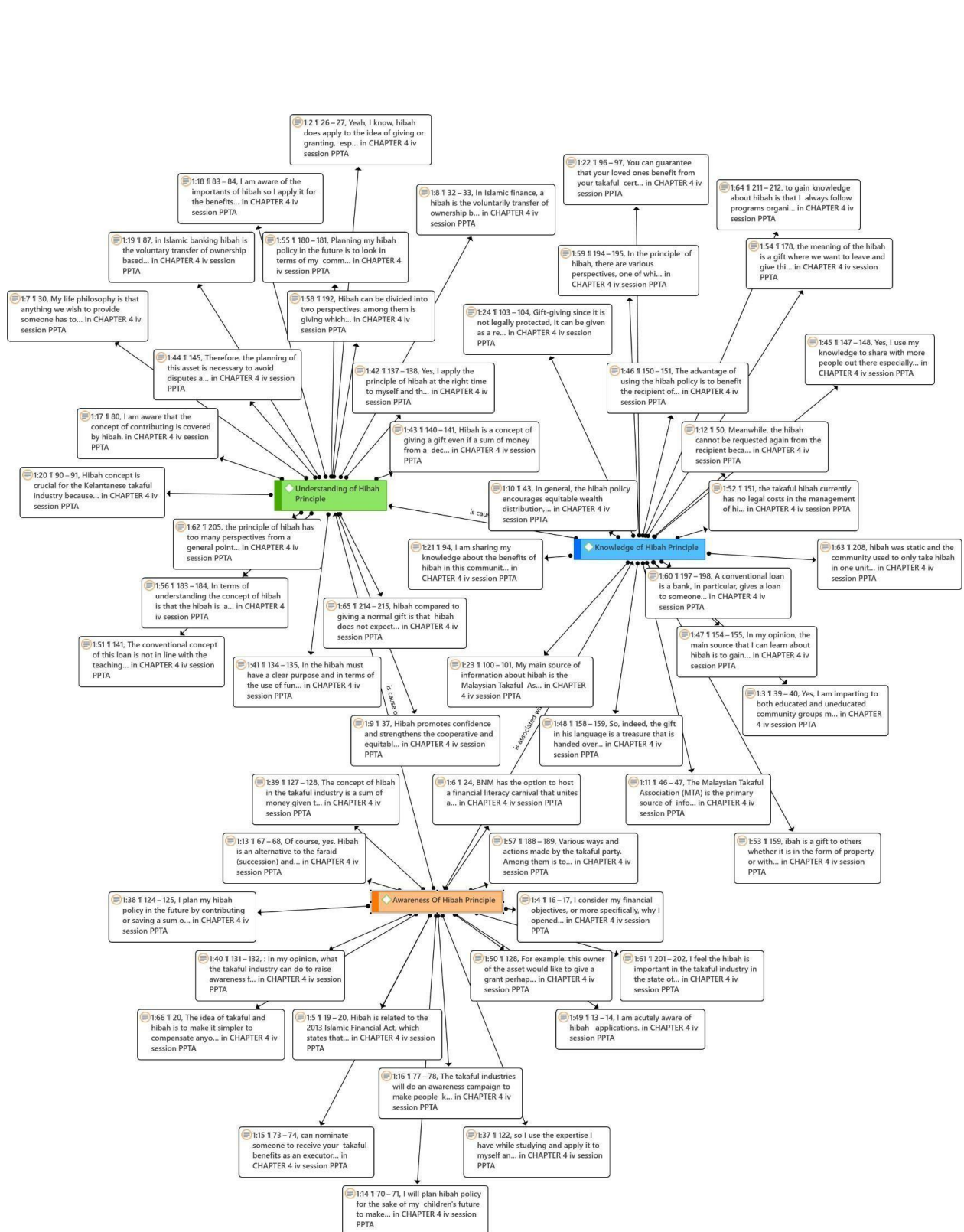


Figure 1.2: Network View Atlas.ti of the Application of the *Hibah* Principle Based on a Study of the Takaful Industry in Kelantan

Figure 1.2 shows the network view Atlas.ti of the application of *hibah* principle in the takaful industry in Kelantan. This research has chosen four informants from the interview section which are from takaful agents around Kelantan. From this view, there are three research questions that can be referred from the research objectives of *hibah* principle such as awareness, understanding and knowledge. There is a straight line which gives meaning of strong connection with each other. While the break line shows the meaning of weak connection. Thus, the network is created through the analysis executed in Atlas.ti.

Regarding the awareness of *hibah* principle on the takaful industry in Kelantan, the level of awareness among the informants is high. This can be proven from the informants which all of them possess the awareness of *hibah* application in the industry. For example, informant 2 was aware and applied *hibah* for herself and encouraged her client to apply *hibah* for their wealth being. Individuals must be aware of *hibah* in order to match their financial practices with Islamic values, promote equitable wealth distribution, participate in charitable activities, and negotiate the legal and financial issues of asset transfer. It contributes significantly to the development of a sense of community, kindness, and commitment to Islamic ideals especially in the Kelantan.

Based on the understanding of the *hibah* principle, the researchers conclude all the informants have a great understanding about the *hibah* principle . This is because they know about *hibah* policy and the benefit of *hibah* for their future to have a better life. Informant 1 and informant 2 understand that *hibah* is the act of transferring ownership of assets from one individual to another without any return and *hibah* must have a clear purpose and in terms of the use of funds must be correct based on the purpose set. Same goes to the other informants, their understanding of *hibah* is to secure the family, friend, or to any person from poverty through

gifting all their assets using *hibah*. Thus, all the discussion has fulfilled the first research objective about application of *hibah* principle.

Through the knowledge of application *hibah* principle it can help all the informants to spread awareness to the community in Kelantan. The researchers found that all the informants' knowledge about *hibah* is also high because the good knowledge will appeal to the interest of the community in Kelantan. Knowledge about *hibah* is important for individuals to uphold Islamic principles in their financial practices, plan their estates effectively, distribute wealth justly, prevent disputes, engage in charitable giving, and contribute to the cultural and religious richness of the community. It plays a significant role in shaping ethical and responsible financial behavior within an Islamic context. Therefore, this finding has accomplished the objective of this research about the knowledge of *hibah* principle in the takaful industry in Kelantan.

### 4.3 CONCLUSION

This chapter concludes with a discussion of the informant's tendency regarding their level of awareness and comprehension of the *hibah* application within the Kelantan takaful industry, as well as the significance of *hibah* application knowledge within the industry. It is clear that they realize the *hibah* and are putting it into practice in their daily lives. Due to a lack of exposure, there is still the possibility that a small percentage of them in Kelantan do not practice it. Thus, it can be said that *hibah*, as opposed to *wasiyyah* (bequest) or *faraid* (succession) systems, is a way to transfer wealth to non-heirs.

## CHAPTER 5

### CONCLUSION AND RECOMMENDATION

#### 5.0 INTRODUCTION

The main indication of this final chapter is to recap the findings that have been discussed in Chapter 4 and to establish the contribution of discovery and closing with directions for future research. This chapter begins with the summary of all the important findings on *hibah* principle in the takaful industry especially in Kelantan. In addition, it is followed by the contribution and limitations of the study. The recommendations are suggested as the best course of action. For this purpose, directions for the future research offer some contemplation on the scope of a larger research and the use of different types of data.

#### 5.1 SUMMARY OF FINDINGS

The awareness and comprehension of *hibah* application among the takaful industry in Kelantan is the main subject of this study. The purpose of this research is to provide an overview of the results found in the research objectives and research questions that align with the methodology employed in this investigation. By assessing the degree to which certain goals of the data collecting strategy have been met, the efficacy of the *hibah* application within the takaful industry was investigated. As the results are derived from the transcript that was created from the interview, this section of the study examines three research objectives and four research questions. The finding of relationship between research objectives and research question explained in table 1.4:

Table 1.4 : The Finding of Relationship between Research Objectives and Research Questions

EKYP

RESEARCH OBJECTIVES	RESEARCH QUESTIONS	RESEARCH METHOD			FINDINGS
		RESEARCH DESIGN	TYPES OF DATA COLLECTION METHOD	TOOLS OF DATA ANALYSIS METHOD	
	<p>1. Does the awareness does the <i>hibah</i> application have a relationship among the takaful industry in Kelantan?</p> <p>2. How is the level of understanding about application of the <i>hibah</i> principle among the takaful industry in Kelantan?</p>				

<p>2.To investigate the importance of hibah application knowledge in the takaful industry in Kelantan.</p>	<p>2.Why is knowledge of <i>hibah</i> application important towards the takaful industry in Kelantan?</p>	<p>1. Exploratory Study 2. Descriptive Study</p>	<p>1. Primary Data 2. Secondary Data</p>	<p>1. Content Analysis 2. ATLAS.ti</p>	<p>2. Level of understanding about <i>hibah</i> application in the takaful industry among informants is very good. The majority of them understand that <i>hibah</i> is important because it saves our future when they have financial problems and it can also help our families when they die.</p>
<p>3.To conclude knowledge of and comprehension of the <i>hibah</i> principle's application in</p>	<p>3.What conclusions can be drawn from knowledge of and comprehension of the <i>hibah</i></p>	<p>1. Exploratory Study 2. Descriptive Study</p>	<p>1. Primary Data 2. Secondary Data</p>	<p>1. Content Analysis 2. ATLAS.ti</p>	<p>For this study, it can be concluded that the majority of informants understand <i>hibah</i> and have</p>

the Kelantan takaful industry	principle used in the Kelantan takaful industry?				knowledge about it and they also apply <i>hibah</i> in their lives.
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## 5.2 CONTRIBUTIONS OF THE STUDY

This research is mainly focused on the *hibah* principle in takaful Industry at Kelantan. As the purpose and the objectives of the study demonstrate the research presented the aims to contribute to the relevant literature. So, the significance of the study can be listed as follows:

### i. Industry

This research is a significant matter to the industrial sector especially in the takaful industry in Kelantan to the development of economics nowadays. This is because the right planning in *hibah* takaful can lead the banking sector to explore how these principles can be integrated into financial products and services then contributing to the development of Islamic banking. Thus, it can improve the concept of *hibah* involving giving without expecting anything in return. A study that can contribute to the industry with this principle can be applied in corporate social responsibility (CSR) initiatives, promoting ethical and socially responsible business practices.

### ii. Economics

This research can be an important thing for the economic sector due to the wisdom and competency of people managing their finances in order to gain a brighter future. The takaful sector contributes to Malaysia's economic growth and development by

encouraging healthy savings, proper asset allocation (investments), and boosting national income. In addition, this also contributes to the improvement of the economic well-being of the community. In the presence of *hibah*, participants feel involved in the collective success and economic well-being of the takaful community. The financial support and protection provided by takaful can help reduce the financial burden caused by certain risks, providing economic stability for participants.

### **iii. Religion**

This research is actually advancement in the Shariah in line with Islamic requirements respectively to the *maqasid* shariah. The contribution of this research in *hibah* takaful to religion is that it provides a way for Muslims to protect themselves and their families from financial loss while adhering to the principles of Islamic finance. By participating in a takaful scheme, Muslims can pool their resources together to create a fund that can be used to provide financial assistance to those in need. The use of *hibah* to distribute the surplus funds of a takaful fund ensures that the benefits of the scheme are shared among the participants in a fair and equitable manner.

## **5.3 LIMITATIONS OF THE STUDY**

A few challenges that we encountered in the process of our research were limited time and location boundaries, obtaining willing informants, and fund shortage. This study gathered opinions from informants regarding the *hibah* principal's application in Kelantan's takaful industry. As a result, the researchers are able to determine whether individuals find the approach to be approachable or offensive when the researchers ask them to participate as our informants. It



was a difficult task because it called for a significant amount of patience when interacting with people, and the researchers had to act politely at all times.

Initially, there is a time limitation, we have to complete the interview within the time period given to us. It is challenging for us to conduct the interview and guarantee a flawless outcome. Furthermore, a student conducted this research study. In order to balance their time between research, online courses, quizzes, presentations and final examinations, the researchers who are also students had to be highly efficient in time management.

Next, we need to locate informants who are willing to take part in our study. Our research focuses on Muslims in Kelantanese. This is another obstacle we encountered in our search for informants because it is a difficult undertaking. Subsequently, the researchers need to find the correct informant to complete our study. The researchers need to ask the agent whether they are aware of the *hibah* principle before we proceed with the interview.

Consequently, final year students from Universiti Malaysia Kelantan conduct this research study. The biggest obstacle to conduct this research study is lack of funding. The expenditures of conducting this study are numerous. The cost of the study paper's certification, publication, and editing had to be covered by the charge. The researchers found it challenging to make large donations while still undergraduates. They also need to utilize it to pay for other expenses like rent, food, transportation, and prepaid bills.

#### **5.4 IMPLICATION OF THE STUDY**

This research has led to an examination and review of knowledge, awareness, and *hibah* understanding. The researcher also provided an understanding of the concept, characteristics, and definitions of the *hibah* application, illustrating the various factors involved in this study.

The consequences of *hibah* application among Kelantan takaful industry, can raise awareness across the Kelantan citizens. As a result of the awareness, understanding and knowledge on *hibah* the community will be more attentive in dealing with problems that arise.

The implications for society may elevate *hibah's* wisdom. Based on the level of understanding exhibited by the people in Kelantan, a majority of them are aware of the concept of *hibah*, and some still remain confused about it. People's awareness, understanding and knowledge of the *hibah* have improved as a result of this research. Even though they know that *hibah* is an Islamic tradition and the Malaysian community, particularly Muslims, can benefit from the application of *hibah* being spread wider.

Finally, based on the information gathered from the interviews, most takaful agents are aware of *hibah*. In the present-day Muslim property management and planning context, *hibah* are viewed as a novel phenomenon. Fortunately, during this research, individuals made wise decisions to learn more about *hibah* based on the interview sessions.

#### **5.5 RECOMMENDATIONS FOR FUTURE RESEARCH**

It is advised that future research be done on university professors or staff as well as entrepreneurs to determine if the study's conclusions are similar, as the researcher's focus in this study was limited to Kelantan's takaful industry. Furthermore, since this study was limited to the

state of Kelantan, all of Malaysia's states could implement this proposal for future research. Subsequently, the investigator employed a qualitative approach in this investigation. In subsequent research, the investigator may employ a quantitative approach, utilizing 300 candidates to complete the survey and analyzing the data via SPSS software. In this study, the researcher only interviewed takaful agents who work full-time in the takaful industry in Kelantan to gain awareness and understanding of *hibah* applications, so in future studies, the researcher can conduct an observational study or focus on groups and case studies. It is a more exact and detailed means of obtaining information.

## **5.6 CONCLUSION**

Overall, the running data analysis's outcome is related to the researcher's stated goal. The researcher discovers that awareness, understanding, and knowledge are the key goals of this study, which is the application of the *hibah* principle in Kelantan's takaful industry. Research also reveals that the most important component of the *hibah* application is awareness. According to the research, appropriate action must be taken right away by the relevant parties to expedite the implementation of this policy, which will benefit many parties. This includes not only those who require support from an economic development perspective, but it can also play a significant role in developing education.

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## APPENDIX A

### TRANSLATION INTERVIEW OF INFORMANT 1

**GENDER** : Male  
**AGE** : 31 years old  
**EDUCATION LEVEL** : Bachelor's degree in finance  
**RELIGION AND ETHNICITY** : Islam/ Malay  
**OCCUPATION** : Takaful Ikhlas Family Berhad

#### INTERVIEW SESSION

**INTERVIEWER** : Good morning, I am Sashientharan A/L Inthiran studied in Universiti of Malaysia Kelantan. May I interview you today for my final year project research? It is about Application of *Hibah* Principle: A study of Takaful Industry in Kelantan.

**INFORMANT** : Good morning. Yes, of course.

**INTERVIEWER** : Are you aware of *hibah* applications in your life?

**INFORMANT** : In my life, as a takaful consultant, I am acutely aware of *hibah* applications. Because I studied this topic in my finance degree at university, I used what I learned in my work as a takaful consultant.

**INTERVIEWER** : How do you plan your *hibah* policy in the future?

**INFORMANT** : I consider my financial objectives, or more specifically, why I opened the policy. For instance, if I open a medical card plan, getting a medical card is my objective. My wife will come first if my intention is to leave a legacy or leave money for my heirs. Thus, when my children reach the age of 18, I will make plans, such as providing for them in accordance with my status if they are unemployed. To sum up, I base my plans for this *hibah* on the demands of the moment.

**INTERVIEWER** : What is the concept of *hibah* principle in the takaful industry?

**INFORMANT** : *Hibah* is related to the 2013 Islamic Financial Act, which states that no one may contest the recipient of the *hibah* listed in this takaful policy. The idea of takaful and *hibah* is to make it simpler to compensate anyone we choose. The *hibah* compensation will be split in accordance with faraid if the *hibah* concept is too conventional. Put otherwise, the problem lies in the fact that, although the nominee for the takaful policy is the one who receives the *hibah*, he remains the nominee. He only manages the distribution of the funds in the form of faraid; however, if he declares himself to be a *hibah* recipient, he is not required to divide the funds in



accordance with the faraid; instead, he just distributes according to the predetermined percentage.

- INTERVIEWER** : What actions may takaful industries do to raise participants' and the general public's awareness of the *hibah* principle?
- INFORMANT** : Since Bank Negara Malaysia regulates takaful businesses, BNM is able to run extensive social media campaigns and takaful partnerships. Furthermore, BNM has the option to host a financial literacy carnival that unites all operators in an exhibition with the purpose of educating the local populace about the significance of this *hibah*.
- INTERVIEWER** : Do you know what the *hibah* principle is?
- INFORMANT** : Yeah, I know, *hibah* does apply to the idea of giving or granting, especially in Islamic law and finance. When used in a financial context, *hibah* refers to the transfer of ownership of assets from one person to another without any expectation of return or consideration.
- INTERVIEWER** : Do you apply *hibah* principles in your life?
- INFORMANT** : Since we must give in kind if we wish to contribute anything, I do live by the *hibah* principle. My life philosophy is that anything we wish to provide someone has to be the best and most helpful to them.
- INTERVIEWER** : What is the difference between a *hibah* and a conventional loan?
- INFORMANT** : In Islamic finance, a *hibah* is the voluntarily transfer of ownership based on gifting or donation, with no expectation of repayment. Conventional loans, on the other hand, entail borrowing money and repaying it with interest, which results in a financial responsibility and contractual terms for repayment between the borrower and the lender.
- INTERVIEWER** : Do you think the *hibah* concept is crucial for the Kelantanese takaful industry?
- INFORMANT** : The concept of *hibah* is crucial in the takaful (Islamic insurance) industry, particularly in Kelantan, where it is consistent with Islamic teachings. *Hibah* promotes confidence and strengthens the cooperative and equitable nature of takaful arrangements, supporting the industry's ethical framework by enabling takaful operators to give surplus to participants as a gift.
- INTERVIEWER** : Do you expose yourself to the knowledge of the *hibah* principle?
- INFORMANT** : Yes, I am imparting to both educated and uneducated community groups my knowledge and experience regarding the advantages of *hibah*; in other words, it is my responsibility to raise awareness of this concept.
- INTERVIEWER** : What are the advantages of using *hibah* policy?

- INFORMANT** : Using the *hibah* policy that I previously mentioned has the benefit of making our inheritance distribution easier. In general, the *hibah* policy encourages equitable wealth distribution, respects religious convictions, and advances both private and charitable goals.
- INTERVIEWER** : What are the main sources or channels through which you have gained knowledge about the *hibah* principle?
- INFORMANT** : The Malaysian Takaful Association (MTA) is the primary source of information regarding *hibah* for me. As the association representing the takaful industry operators, the MTA serves as a kind of university for us citizens.
- INTERVIEWER:** What makes *hibah* unique from customary gift-giving?
- INFORMANT** : Contrasting according to property According to the Islamic Financial Act As of 2013, this *hibah* is deed-covered, but customary gift-giving is not. Because it is not protected by any laws, we can give it as an ordinary gift and return it without any issues. Meanwhile, the *hibah* cannot be requested again from the recipient because the act says it cannot be challenged.

## TRANSLATION INTERVIEW OF INFORMANT 2

**GENDER** : Female

**AGE** : 37 years old

**EDUCATION LEVEL** : Bachelor's degree in Artificial Intelligence

**RELIGION AND ETHNICITY** : Islam/ Malay

**OCCUPATION** : Bank Simpanan Nasional (BSN)Takaful agent

### INTERVIEW SESSION

**INTERVIEWER** : Assalamualaikum, my name is Nurul Nabila Binti Razak studied in the course Islamic Banking and Finance (SAB). Currently I am in my final year in Universiti Malaysia Kelantan conducting a final year project research. May I interview you today for my final year project research about The Application of *hibah* Principle in Takaful Industry at Kelantan.

**INFORMANT** : Waalaikumsalam. Yes, of course.

**INTERVIEWER** : Can you introduce yourself?

**INFORMANT** : My name is Puan NorAzlina Binti Azman. I am 37 years old. I'm from , Kelantan. My religion is Islam. I have done my degree in Artificial intelligence at Universiti Kebangsaan Malaysia (UKM) Bangi and started my career as an engineer at Sapura Energy Berhad. Unfortunately, an undesirable situation occurs where I need to stop working there. Then, I continued my career at RHB bank as Assistant Audit Manager for 5 years. After 5 years I changed my career and transferred to Bank Simpanan Nasional (BSN). At Bank Simpanan Nasional (BSN) I got a job as BSN takaful specialist. This job is very new to me because I don't have any knowledge about takaful. In this period I have learned so many things about takaful and multilevel marketing about BSN takaful. Then I feel like the salary is very low compared to the tasks I do. So I decided to become a fulltime Takaful agent.

**INTERVIEWER** : Are you aware of *hibah* applications in your life?

**INFORMANT** : Of course, yes and I try to apply for myself and give encouragement to my client applied for *hibah*. *Hibah* is an alternative to the faraid (succession) and wasiyyah (bequest) systems for transferring wealth to non-heirs.

**INTERVIEWER** : How do you plan your *hibah* policy in the future?

**INFORMANT** : Definitely as a Takaful agent I will plan *hibah* policy for the sake of my children's future to make their life easier for the use of their education purpose or to continue their life in future.

- INTERVIEWER** : What is the concept of *hibah* principle in the takaful industry?
- INFORMANT** : As a takaful participant, you can nominate someone to receive your Takaful benefits as an executor or as a beneficiary under conditional *hibah* upon your passing, in accordance with Schedule 10 of the Islamic Financial Services Act 2013. A unique feature to guarantee your loved ones receive your benefits without requiring them to wait for it to be distributed as part of your estate along with your other assets or go through drawn-out inheritance procedures is the ability to designate a beneficiary via conditional *hibah*.
- INTERVIEWER** : What actions may takaful industries do to raise participants and the general public's awareness of the *hibah* principle?
- INFORMANT** : The takaful industries will do an awareness campaign to make people know more about *hibah* principle. However, the industry also will run promotions such as 1 month free payment or RM 100 to early birds to gain more participants in *hibah* policy.
- INTERVIEWER** : Do you know what the *hibah* principle is?
- INFORMANT** : I am aware that the concept of contributing is covered by *hibah*. In the context of finance, *hibah* is the act of transferring ownership of assets from one individual to another without any return.
- INTERVIEWER** : Do you apply *hibah* principles in your life?
- INFORMANT** : Yes, I do apply *hibah* principles in my life. Because I am aware of the important of *hibah* so I apply it for the benefits of my childrens future.
- INTERVIEWER** : What is the difference between a *hibah* and conventional loan?
- INFORMANT** : Money is considered as a commodity by conventional banks, who lend it to customers in exchange for interest. However, in Islamic banking *hibah* is the voluntary transfer of ownership based on gifting or donation, with no expectation in return. Islamic banking products typically involve trading, renting, and profit-and-loss participation. They are typically asset-backed.
- INTERVIEWER** : Do you think the *hibah* concept is crucial for the Kelantanese takaful industry?
- INFORMANT** : *Hibah* concept is crucial for the Kelantanese takaful industry because the important thing you need to know about *hibah* is asset planning is highly encouraged in Islam to ensure that heirs or the family left behind do not face financial difficulties. Additionally, *hibah* also aims to avoid disputes during the distribution of the inheritance.
- INTERVIEWER** : Do you expose yourself to the knowledge of the *hibah* principle?
- INFORMANT** : Yes, it is my responsibility to spread awareness about the *hibah*

principle. I am sharing my knowledge about the benefits of *hibah* in this community.

**INTERVIEWER** : What are the advantages of using *hibah* policy?

**INFORMANT** : You can guarantee that your loved ones benefit from your takaful certificate without having to go through drawn-out inheritance procedures by designating a beneficiary. You can feel a great sense of relief knowing that your loved ones will be cared for and won't face financial hardships after your death if you leave a *hibah* for them. The financial safety net will help your family as well as themselves while they get back on their feet.

**INTERVIEWER** : What are the main sources or channels through which you have gained knowledge about the *hibah* principle?

**INFORMANT** : My main source of information about *hibah* is the Malaysian Takaful Association (MTA). For us citizens, the MTA acts as a sort of educational institution by representing the operators in the takaful industry.

**INTERVIEWER** : What makes *hibah* unique from customary gift-giving?

**INFORMANT** : Gift-giving since it is not legally protected, it can be given as a regular gift and returned without any problems. Since the act states that the *hibah* cannot be contested, it is not possible to ask the recipient for it again.

### TRANSLATION INTERVIEW OF INFORMANT 3

**GENDER** : Female  
**AGE** : 25 years old  
**EDUCATION LEVEL** : Bachelor Of Islamic Banking and Finance with Honours  
**RELIGION AND ETHNICITY** : Islam/ Malay  
**OCCUPATION** : Zurich Takaful agent

#### INTERVIEW SESSION

**INTERVIEWER** : Assalamualaikum is it Miss Husnina? Before that let me introduce myself first, my name is Roqiyah binti Ahmad Dasuki is a final year student at Universiti Malaysia Kelantan. I studied in Islamic banking and finance. My aim is to conduct an interview with you for the final year project on Application of *Hibah* Principle: A Study of Takaful Industry in Kelantan. I want to interview you about *hibah* as you have some experience in the takaful industry.

**INFORMANT** : Waalaikumsalam yes, I am Miss Husnina. Ouh sure, no problem.

**INTERVIEWER** : Okay, may you tell me a little about your background?

**INFORMANT** : Yes. My name is Nurul Husnina Najwa Binti Zoraimi, originally from Terengganu, 25 years old and currently living in Kelantan. Of course, I am a Muslim and I have a degree in Bachelor of Islamic Banking and Finance with Honors at Universiti Sains Islam Malaysia (USIM). I am one of the takaful agents at Zurich Company Kelantan and now I am continuing my studies at the master's level which is Master in Entrepreneurship at Universiti Malaysia Kelantan.

**INTERVIEWER** : Here we continue the interview with the question about are you aware of *hibah* applications in your life?

**INFORMANT** : Yes, I am aware of the application for *hibah* in my life, especially when I become one of the takaful agents, so I use the expertise I have while studying and apply it to myself and the local community.

**INTERVIEWER** : Next, how do you plan your *hibah* policy in the future?

**INFORMANT** : I plan my *hibah* policy in the future by contributing or saving a sum of money in a takaful company. So, the legal process will take place after my death to inherit the property I donated to the grantee.

**INTERVIEWER** : What is the concept of *hibah* principle in the takaful industry?

**INFORMANT** : The concept of *hibah* in the takaful industry is a sum of money given to

the deceased to anyone he wants to give. For example, this owner of the asset would like to give a grant perhaps to his family, friends, or anyone else as a gift to give after his death a *hibah* is made while the owner is still alive.

**INTERVIEWER** : From the concept of *hibah*, what actions may takaful industries do to raise participants and the general public's awareness of the *hibah* principle?

**INFORMANT** : In my opinion, what the takaful industry can do to raise awareness for customers and the community especially in Kelantan is to do more advertisements or posters on the importance of *hibah* on social media such as Tiktok, Facebook, and Instagram. At the same time, the responsible parties in this industry can increase the by doing content with the stories or news that the givers and recipients of *hibah* have been through as well as the good and benefit of the *hibah* to the family or anyone who has lost loved ones.

**INTERVIEWER** : Do you know what the *hibah* principle is?

**INFORMANT** : Yes of course I know about the principle of *hibah*. In the *hibah* must have a clear purpose and in terms of the use of funds must be correct based on the purpose set. This is basically what we need to understand about the principle of *hibah*.

**INTERVIEWER** : Do you apply *hibah* principles in your life?

**INFORMANT** : Yes, I apply the principle of *hibah* at the right time to myself and the customer in a transparent manner.

**INTERVIEWER** : What is the difference between a *hibah* and conventional loan?

**INFORMANT** : *Hibah* is a concept of giving a gift even if a sum of money from a deceased grantor to the recipient of a *hibah* while a conventional loan is a concept of borrowing money from the debtor to the debtor where the lender charges or interest at the end of the loan When the debtor wants to pay the debt. The conventional concept of this loan is not in line with the teachings of Islam which is usury on the debtor. In addition to legal obligation, *hibah* (Grant) recipients of *hibahs* are not legally obligated to repay the funds. The *hibah* is a voluntary gift from the giver. Meanwhile, conventional loan borrowers who take out conventional loans are legally bound by a loan agreement to repay the borrowed amount along with any agreed-upon interest.

**INTERVIEWER** : Do you think the *hibah* concept is crucial for the Kelantan takaful industry?

**INFORMANT** : In my opinion it's very important, because we know the world today is

getting more challenging and we see a lot of news of death from people around us. Therefore, the planning of this asset is necessary to avoid disputes and property disputes after death or to ensure that the life of the family left behind does not face difficulties, especially for single mothers or children who have lost their parents and fathers.

**INTERVIEWER** : Do you expose yourself to the knowledge of the *hibah* principle?

**INFORMANT** : Yes, I use my knowledge to share with more people out there especially in Kelantan.

**INTERVIEWER** : What are the advantages of using *hibah* policy?

**INFORMANT** : The advantage of using the *hibah* policy is to benefit the recipient of *hibah* after the absence of the deceased. Where the recipient of the *hibah* can continue to live in peace using the assets presented by the grantor. In *hibah* there is also no risk of *hibah* investment as it does not depend on the takaful company's application. This is also one of the better financial protection products with the benefit of an amount greater than the original coverage in the event of the death of the policyholder. In addition, the takaful *hibah* currently has no legal costs in the management of *hibah* and the amount received is one hundred percent to the recipient.

**INTERVIEWER** : What are the main sources or channels through which you have gained knowledge about the *hibah* principle?

**INFORMANT** : In my opinion, the main source that I can learn about *hibah* is to gain knowledge with takaful agents. Through my takaful agent, I was able to ask more about what questions I have concerns about the *hibah* and other takaful policies.

**INTERVIEWER** : This is my last question for this interview. What makes *hibah* unique from customary gift-giving?

**INFORMANT** : So, indeed, the gift in his language is a treasure that is handed over or given to a person as a sign of preaching to him. According to the scholars Imam Syafie, giving the term for a gift is the possession of a thing without a decision and a transfer to the person who is presented as a sign of respect. While *hibah* is a gift to others whether it is in the form of property or without any exchange. Basically, gifts, alms and *hibah* are the same which is the ownership of a thing without any exchange. Therefore, the difference between this gift and *hibah* is in the event of the transfer of property to the person who is gifted.



**TRANSLATION INTERVIEW OF INFORMANT 4**

**GENDER** : Male

**AGE** : 30 years old

**EDUCATION LEVEL** : Bachelor Of Interpersonal Communication

**RELIGION AND ETHNICITY** : Islam/ Malay

**OCCUPATION** : Aspiring PruBsn Takaful Unit Manager

**INTERVIEW SESSION**

**INTERVIEWER** : Assalamualaikum and good day, Mr. Afiq. Please allow me to introduce myself before I continue. From Universiti Malaysia Kelantan, I'm Nurul Syamimi. I studied finance and banking in Islam. I'm here to speak with Mr. Afiq about our group's final year project, which involves researching the Application of *hibah* in Kelantan's takaful industry. Would it be okay if I asked you a few interview questions?

**INFORMANT** : Waalaikumsalam. Yes, of course.

**INTERVIEWER** : Are you aware of *hibah* applications in your life?

**INFORMANT** : For me, Hibah really has an impact on me. This is because if we translate the meaning of the *hibah* as a gift where we want to leave and give this gift to our family when we die. For example, when a person dies, he does not need to worry because he already has some money left to his family.

**INTERVIEWER** : How do you plan your hibah policy in the future?

**INFORMANT** : Planning my hibah policy in the future is to look in terms of my commitment and income. Here it means when I look at the amount of debt left and also the amount of property I own, for example such as a car or motorcycle or the amount of assets such as a fund hagg, EPF and others. If there is a death, my family will easily liquidate my assets. So, this *hibah* takaful will liquidate my assets.

**INTERVIEWER** : What is the concept of *hibah* principle in the takaful industry?

**INFORMANT** : In terms of understanding the concept of *hibah* is that the *hibah* is actually a gift and also this *hibah* is very compliant with shariah compliance and also this *hibah* does not have elements of gharar or maisir elements where uncertainty occurs. So this *hibah* is a solution to frozen assets. In addition, this *hibah* is not against the faraid process. This faraid process is the law of Allah s.w.t but this faraid comes with responsibility, so this grant is a solution to settle the debts left by the client and it can also support the family at the time next.

**INTERVIEWER** : What actions may takaful industries do to raise participants' and the general public's awareness of the *hibah* principle?

**INFORMANT** : Various ways and actions made by the takaful party. Among them is to tell the community about "one family, one *hibah*" and they also emphasize a lot about debt issues such as frozen debt that is in the EPF or the abandoned public trust. In 2018 , as much as 90 million frozen assets are not claimed by the nominee or the family. Here what we understand is that to claim or liquidate our assets, it costs a lot and one of the ways that society can do now is to have a *hibah* takaful. So, the takaful industry concludes that this *hibah* takaful is very important for the community.

**INTERVIEWER** : Do you know what the *hibah* principle is?

**INFORMANT** : Yeah, I know, *hibah* is a principle in the *muamalah* of Islam. So, this *hibah* gives pleasure to the nominee. For example, it gives pleasure to the family such as the wife and children and related parties. Hibah can be divided into two perspectives, among them is giving which includes a gift with the intention of giving it to glorify someone and only expecting a reward from Allah S.W.T. For the second perspective, *hibah* is used as a debt relief and creditor. From a special point of view, *hibah* is the giving of something owned by one person to another without expecting anything in return .For example, the husband makes a *hibah* with the intention of giving pleasure to his family as we understand through the hadith narrated by al-Bukhari that leaving your wife and children in comfort is better than leaving your wife and children in a state of begging.

**INTERVIEWER** : Do you apply *hibah* principles in your life?

**INFORMANT** : Of course, the principle of *hibah* must be applied in life. In the principle of *hibah*, there are various perspectives, one of which is Tabaruq. It means that we help each other when there is hardship or when we are struck by misfortune. This is one of the perspectives that need to be emphasized as a human being. So, when we relate the *hibah* with Tabaruq's perspective, *hibah* is not intentionally established but at the same time it can help our family or the people we love.

**INTERVIEWER** : What is the difference between a *hibah* and a conventional loan?

**INFORMANT** : A conventional loan is a bank, in particular, gives a loan to someone with the expectation of profit or interest based on certain principles. Hibah, on the other hand, has no profit or interest, especially *hibah* takaful. This is because there is no interest charged to the client and it is also an alternative that we give to the nominee.

**INTERVIEWER** : Do you think the *hibah* concept is crucial for the Kelantanese takaful industry?

**INFORMANT** : I feel the *hibah* is important in the takaful industry in the state of Kelantan. This is because the state of Kelantan is very famous for entrepreneurs, that is, people who do business in terms of the food sector

and others. When working alone, all our income will be determined. Therefore, all our properties or assets become difficult to calculate if there is no careful and transparent management. Next, *hibah* can also be used as an inheritance for the business itself. For example, when the founder of the business dies, the business will become frozen and the way to melt it or take over the process is with a *hibah*.

**INTERVIEWER** : Do you expose yourself to the knowledge of the *hibah* principle?

**INFORMANT** : Yes, It is inevitable that we as human beings need to apply the knowledge of the principle of *hibah*. This is because the principle of *hibah* has too many perspectives from a general point of view as well as from a specific point of view. Therefore, I apply myself with the principle of *hibah* because this principle of *hibah* is reversed to our religion, which is Islam, and grants with our Islamic religion are interrelated with each other.

**INTERVIEWER** : What are the advantages of using *hibah* policy?

**INFORMANT** : There are many advantages in using the additional grant policy in today's economy. For example, multiple *hibah*. In the old days, *hibah* was static and the community used to only take *hibah* in one unit only. For example, if RM 250 000 is left by the beneficiary then RM 250 000 only compared to the double *hibah* in today's times. The amount of the double *hibah* will double from the original amount in the event of death, accident, etc.

**INTERVIEWER** : What are the main sources or channels through which you have gained knowledge about the *hibah* principle?

**INFORMANT** : The main source that allows me to gain knowledge about *hibah* is that I always follow programs organized by Malaysian Takaful Association (MTA) that disseminate information about *hibah*.

**INTERVIEWER** : What makes *hibah* unique from customary gift-giving?

**INFORMANT** : The difference between *hibah* compared to giving a normal gift is that *hibah* does not expect a return while giving this gift we usually expect a return. Next, when we give a gift to someone, this gift is classified in various forms and often the various forms have different values compared to the *hibah*. *Hibah* is a gift that we give to someone without expecting anything in return.