

TAKAFUL INDUSTRY HAS POTENTIAL GROWTH

- Good time to target tech-savvy people and to identify protection and concept of Takaful

Interview with Muhammad Nasir Ali Syed -- CEO, Pak-Qatar General Takaful Limited

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PAGE: Tell me something about yourself and your organization, please:

Muhammad Nasir Ali Syed: I am CEO of Pak-Qatar General Takaful Limited. I have over 28 years of rich experience in Group Operations, Individual Operations, Claims, Reinsurance/Retakaful & Corporate Distribution of Life Insurance & Takaful Industry of Pakistan. I joined Pak-Qatar Family Takaful Limited as Head of Operations in 2007. Being the founding member of Pak-Qatar Family Takaful Limited, I built the foundations of Operations Department of PQFTL (Pakistan's First Family Takaful Company). I worked as CEO of Pak-Qatar Family Takaful Limited till February 2020. I firmly believe in having a vision in life and one should set goals for himself for a successful life. I love helping people in whatever manner, I can. I am fond of reading and travelling. Teaching is the best hobby I enjoy.

Pak-Qatar Takaful Group is Pakistan's pioneer and the largest Takaful group with over a decade of operational excellence and 120+ branches all over the country. I am proud to be a part of Takaful industry. Takaful is a Shariah compliant alternative to conventional Insurance. In the current age, the need and importance of Insurance cannot be neglected, but the current principles and practices used in insurance are against the teachings of our religion. Islamic Scholars have deliberated over this matter for years and devised the concept of Takaful. Briefly we can say that the three elements, which are forbidden in any Sales-Purchase agreement namely Riba (Interest), Qimar/Maysir (Gambling) and Gharrar (Uncertainty) are avoided in Takaful (Tabbaru Agreement) by creating a model on the principles of Tabarru (charity) and Waqf (similar to mortmain).



PAGE: How would you comment on the elimination of Riba?

Muhammad Nasir Ali Syed: Riba prohibited in the Holy Quran in clear terms refers to all types of illegal income and illegitimate earnings from sources such as corruption, bribery, fraud, exploitation, rent-seeking and so on. Prohibition of Riba means, in essence, that capital alone cannot be allowed to create additional wealth. This is the reason why when a person lent money, even for productive purposes, the lender is entitled to get back only the sum lent by him. Since he did not participate in the productive process, nor did he share the risks of the entrepreneur, he cannot demand a share in the additional wealth that his capital may have helped to create. To eliminate Riba, we have to create an economy based on equity capital instead of debt or equity-cum-debt.

PAGE: How could the Takaful sector promote Islamic Finance in the country?

Muhammad Nasir Ali Syed: The Islamic finance industry is made up of three sections: Islamic banking, Islamic capital markets and Islamic insurance or Takaful. However, Takaful remains the smallest contributor to the Islamic finances industry in terms of assets. Islamic Finance and Takaful have its appeal for

the strong ethics of the system of fairness, transparency, distribution of wealth leading to social goodness and environmentally friendly focus for generating economic activity. It discourages creating money from money and hence interest. It links deposits and investments to real underlying assets. With these principles the Islamic Financial institutions have managed to maintain more consistent returns, even during the economic downturn. Islamic Banks should cover their assets through Takaful companies which will definitely promote the Islamic finance industry as a whole. Same should be the case with Islamic capital markets.

PAGE: Could you tell us about the future strategies and products of the Takaful sector?

Muhammad Nasir Ali Syed: Due to COVID-19, we had to change our strategies. We moved to digital medium and started offering support to our valuable customers in order to offer convenience. Furthermore, we realized that the only solution to tackle pandemic is by capturing the digital medium. Hence, we enhanced our services by offering online solutions to our customers. We launched dedicated online portals for customers to access details on their

fingertips and have introduced online products. This pandemic has not only created problems but also opportunities for the entire industry to think on alternatives, offer more innovative customized products, shift distribution strategy and capture digital medium. It has now become quite obvious to serve customers on this platform. The industry needs to invest in new products, new technology, improved branch network and enhanced digital capabilities over the next few years. One more important thing, which I would like to mention here is that we need to offer products

for tech-savvy people (25-35 age bracket) who are looking for protection coverages online. We also need to organize more seminars, awareness sessions for the upcoming generation in order to make them understand about the importance of protection and the concept of Takaful.

PAGE: How would you compare the Takaful sector of today with that of the past?

Muhammad Nasir Ali Syed: Times have changed. Earlier, it was very tough convincing masses, talking to them in detail. With the passage of time, the level

of awareness has increased and people are now quite familiar compared to few years back. I would like to comment that Islamic banking has played a key role in awareness of Takaful (Islamic Insurance). The Takaful industry is not only gaining acceptance but also growing at a global level. Awareness sessions, conferences, seminars and roadshows all over the world are also gaining momentum, which was not the case earlier. I am quite hopeful that this industry will grow in future at a rapid pace and the only challenge is creating much more awareness amongst the masses and emphasizing about the importance of protection to all.

MIAN ZAHID PRAISES GOVT, SBP OVER JUMP REMITTANCES, EXPORTS AND FX RESERVES, RUPEE STABILITY

Chairman of National Business Group of FPCCI, President Pakistan Businessmen and Intellectuals Forum and All Karachi Industrial Alliance, and former provincial minister Mian Zahid Hussain on Friday said for the first time in the history of country monthly exports and remittances have surpassed five billion dollars. Moreover, foreign exchange reserves are at \$23.22 billion, the highest since July 2017 while the rupee is continuously gaining strength against the US dollar and the credit of these positive development goes to the Government and SBP, he said.

Talking to the business community, the veteran business leader said that coronavirus has damaged economic activities across the world including Pakistan but some sectors are showing positive signs while over one hundred thousand people have invested in Roshan Digital Accounts, a recent initiative of SBP chief Dr. Raza Baqir.

Remittances have remained over 2 billion dollars per month pushing its share in GDP to 10 percent and annual receipts can hit the mark of 27.28 billion dollars.

Exports have also remained over 2 billion dollars since last six months while the monthly exports in March were highest in a decade. Mian Zahid Hussain said that imports are also picking up; March imports were one billion dollars more than that of February indicating increased economic



activity. World Bank has recently said that Pakistan can enhance exports to 88.1 billion dollars which should be taken seriously as it will provide jobs to five million people and increased revenue by 1.74 billion dollars. The export jump will require continued supply of energy on regionally competitive rates coupled with enabling policies, he said.

“If you had to identify, in one word, the reason why the human race has not achieved, and never will achieve, its full potential, that word would be ‘meetings.’”

Dave Barry