



# **The Prospects of Takaful In Africa**

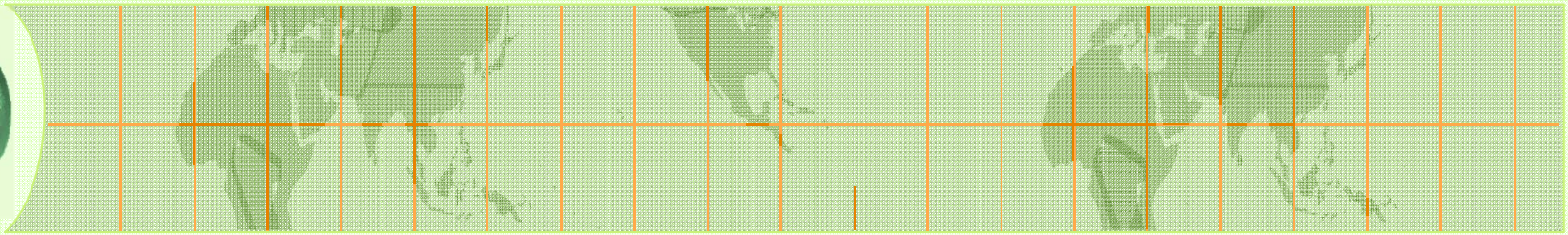
**Presented By:**

**Omar Gouda**

**MD of Africa Retakaful**

**Africa Retakaful**





- **General Overview**
- **Operating Environment**
- **Demographic Characteristics.**
- **Overview of African Takaful Market**
- **Success Factors**
- **African Retakaful: Africa Re's response to Market Challenges**





# General Overview of Global Takaful

## □ Global Takaful Market:

- Is the youngest and most dynamic market
- 1st Company Started operations in Sudan in 1979  
(Islamic Ins Company)

## □ Global Turnover:

- USD 12 billion (2010)
- USD 25 billion (Est. 2015)





## General Overview of Global Takaful

### ❑ Concentration: Malaysia & Middle East

- GCC represents 49% share of Takaful companies
- Saudi Arabia: USD 7.7 billion (2012), is the most rapidly growing Takaful market
- Malaysia: USD 1.16 billion

### ❑ Rapid Growth:

- The Takaful industry is characterized by a rapid growth.
- The projected growth rate is 20% p.a





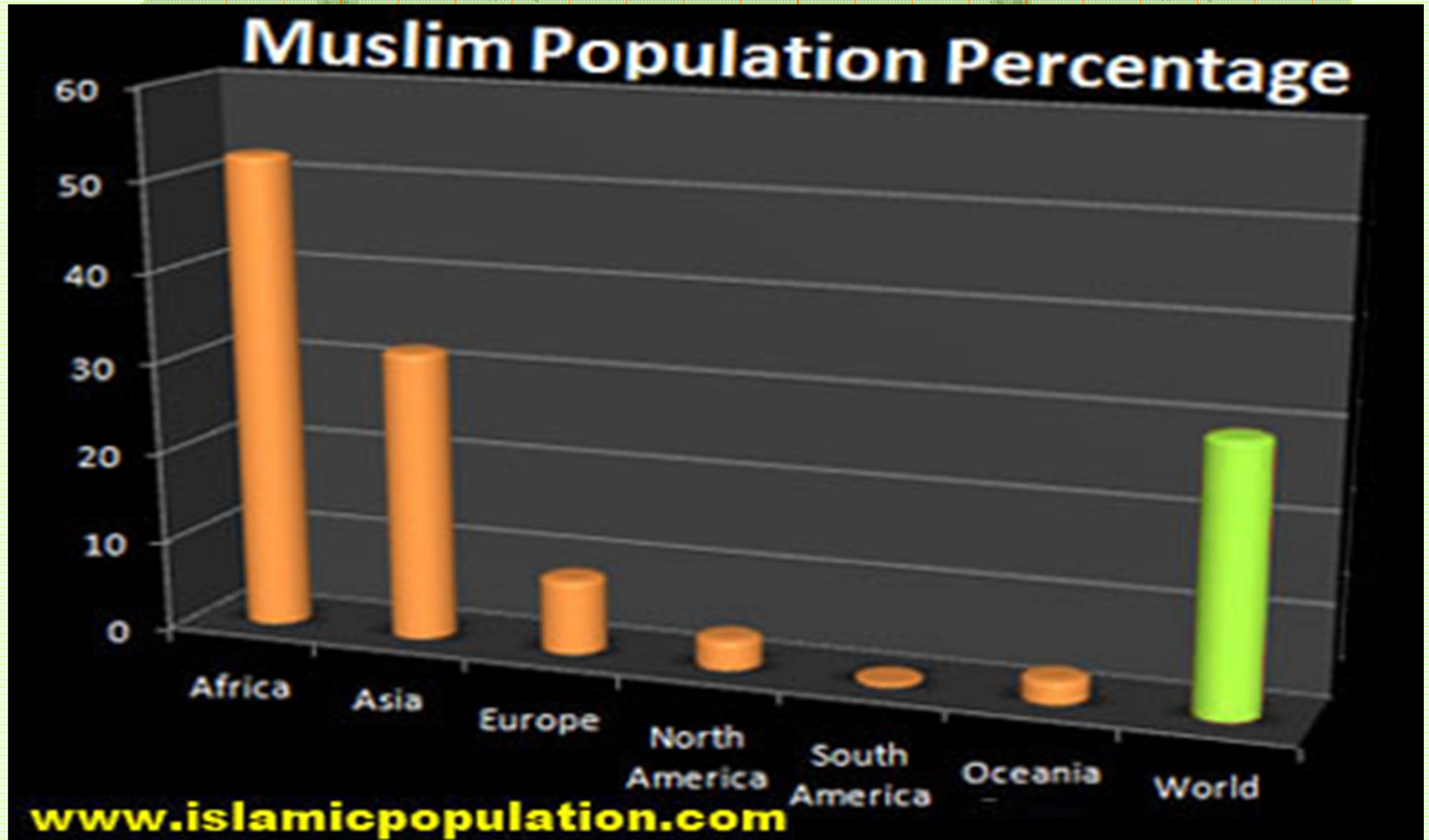
## General Overview of Global Takaful

Continent Population (in million)	Total Population in 2011 (in million)	Muslim Percentage	Muslim Population in 2011 (in million)
<b>Africa</b>	1,051.4	52.39 %	554.32
<b>Asia</b>	4,239.1	32 %	1,356.28
<b>Europe</b>	740.01	7.6 %	56.04
<b>North America</b>	346.2	2.2 %	7.61
<b>South America</b>	595.9	0.41 %	2.45
<b>Oceania</b>	37.14	1.5 %	0.54
<b>Total</b>	<b>7,009.75</b>	<b>28.73 %</b>	<b>1,977.24</b>





## General Overview of Global Takaful







# **Africa-Takaful & Operating Environment**

## **□ Market in Africa**






- **Early stage of Economic Development**
- **Fact: Insurance penetration increases faster than GDP/Capita in developing economies (Swiss Re)**
- **Proportion of Muslims in Africa-53.4% (Asia 30%; Europe (excl Turkey:7.2%)**
- **Te Takaful products, satisfies Muslims needs, however, it is also open to non-Muslims**





# Africa-Takaful & Operating Environment

**Five countries (Algeria, Nigeria, Morocco, Egypt, and South Africa) account for over 60% of continent GDP**

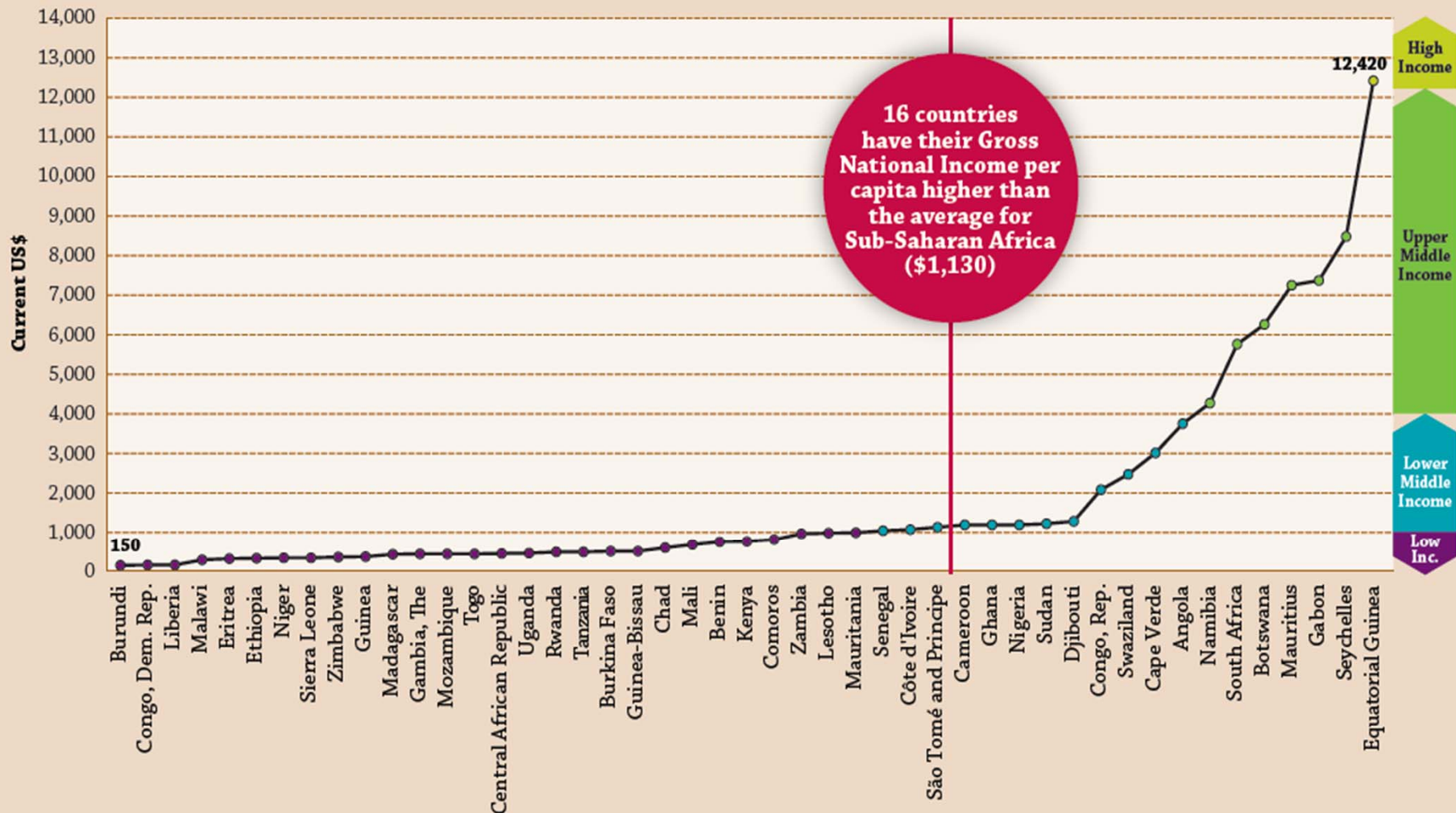
Country		Total Population	Muslim	Muslim Population
	Algeria	36.0	99.7 %	35.89
	Egypt	82.6	95.0%	78.47
	Morocco	32.8	98.7%	32.43
	Nigeria	162.3	70.0%	113.61
	South Africa	50.5	3.0%	1.52
	Total	364.2	72.0%	261.92
		35.0%		47.0%
Africa Total		1051.4	53.4%	554.32





# Africa-Takaful & Operating Environment (SSA)

Gross National Income per Capita, Atlas Method, 2009







## **Africa-Takaful & Operating Environment**

### **□ Opportunities for Takaful Growth in Africa exist due to:**

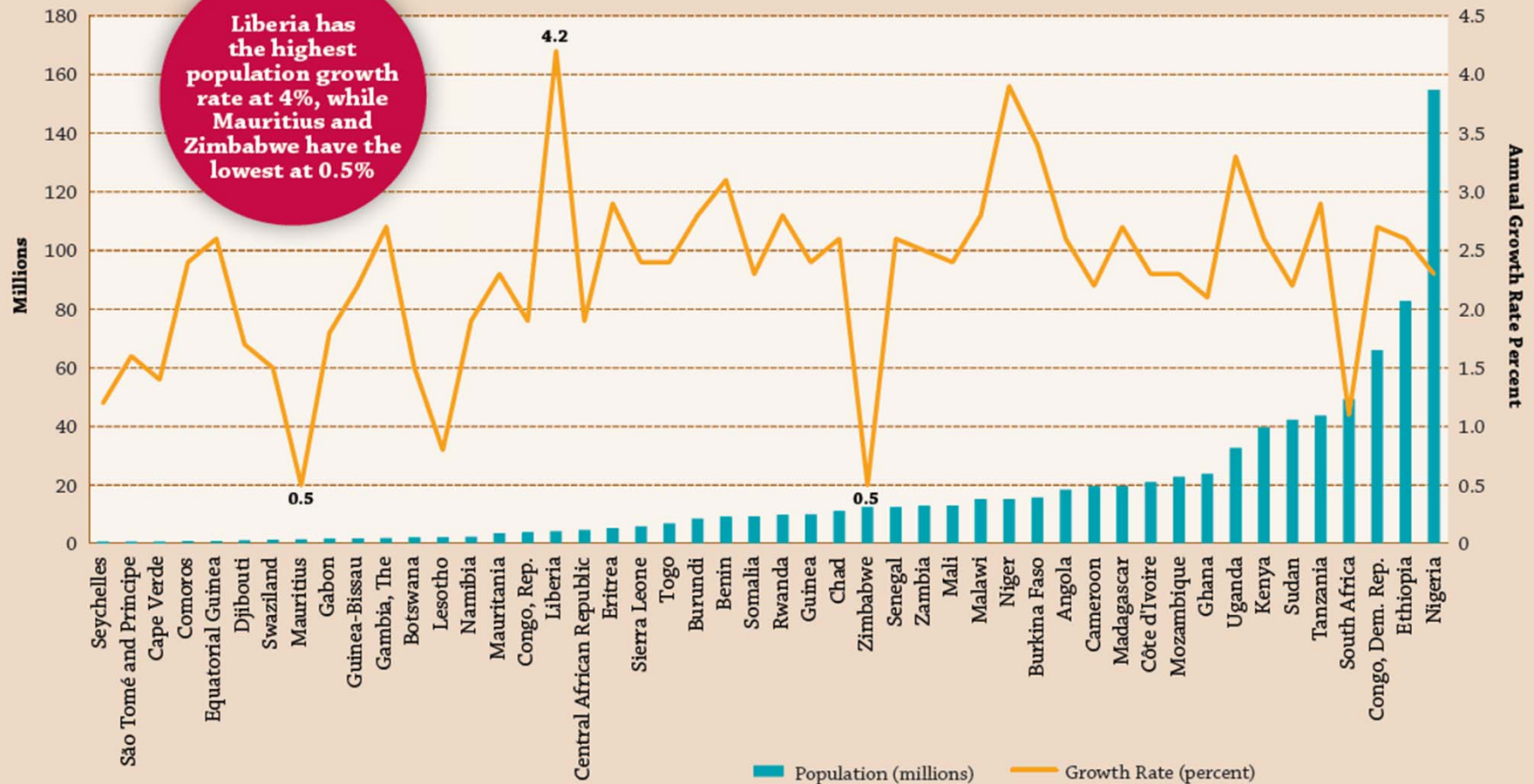
- **Penetration potential high in Algeria, Egypt, Morocco & Nigeria.**
- **Substantial Muslim populations**
- **Realization of Oil and Gas potentials for many African countries.**
- **Increasing Takaful awareness among Muslims communities.**





# Demographic Characteristics-Population growth (SSA)

Population Size and Growth Rate, 2009

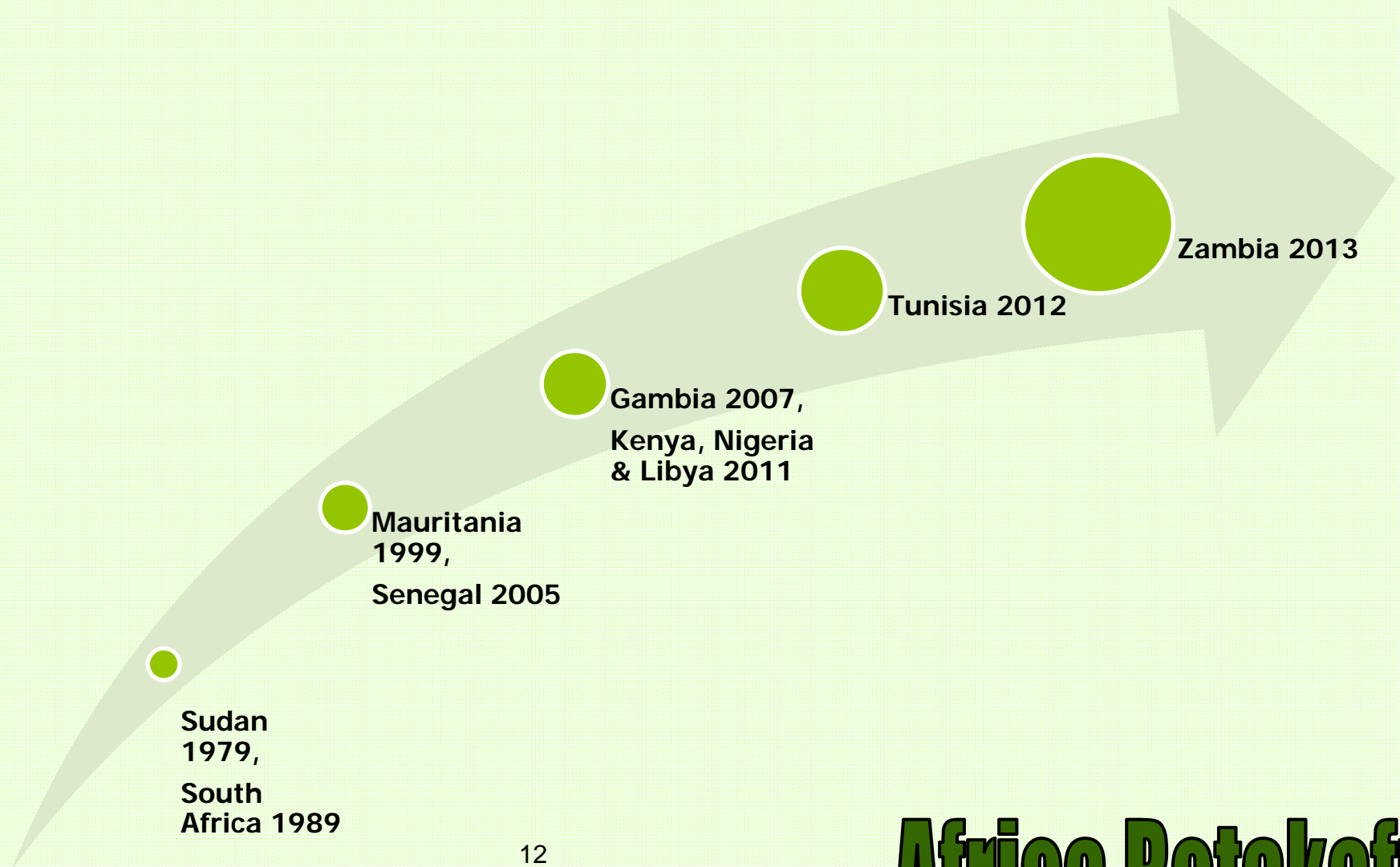






# Overview of African Takaful Market

## ❑ Markets & Year of operations commenced:







## **African Takaful-Success Factors**

### **❑ How to accelerate Takaful Growth in Africa**

- **Growth in Moslem Population/Demographic factors**
- **Appropriate legal framework.**
- **Investment in Infrastructure/Support institutions**
- **Promote/develop products to meet expectations of wide client base, thereby,**
- **Increasing insurance penetration rates**
- **Establish body to coordinate companies in Africa**
- **Building relationship b/w market players & Govt.**
- **Shariah compliant manpower-education, training R&D.**
- **Public awareness of concept- seminars, forums etc.**
- **Supportive Retakaful market providing necessary capacity.**





## **Africa Retakaful: Africa Re's Response to Market Challenges**

### **Africa Retakaful and Africa Re in brief**

- In response to capacity challenges, **Africa Retakaful**, (fully owned subsidiary of **Africa Re**) was set up in 2010 in Cairo.
- As a specialized regional vehicle, it seeks to increase awareness in Africa, Asia & M/East.
- Commenced business in 2011 to provide all types of Shariah compliant products.
- **Africa Re**, rated A- by Standard and Poor's and AM Best.





## **Africa Re's Response to Market Challenges-Africa Retakaful (Cont'd)**

### **Africa Retakaful and Africa Re in brief:**

- **Africa Retakaful** (Wakala & Mudaraba) models.
- The Takaful operations-based on Wakala model with management expense charged as actual.
- No operational profits to be shared by the shareholders
- The investment model-the Mudaraba type- shares profit and loss with participants.
- The Retakaful fund is a Shariah compliant equity investment scheme.





# Any Question Please ?



## Thank you