



**PAK-QATAR TAKAFUL**

*Together for Better*

**Nameer Khan**

*Head of Marketing and Corporate Communications / Strategy*

*Pak Qatar Takaful Group*

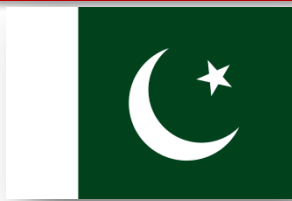
*International Takaful Summit, The Jumierah Carlton Tower*

*London, United Kingdom*

*Feb, 2016*



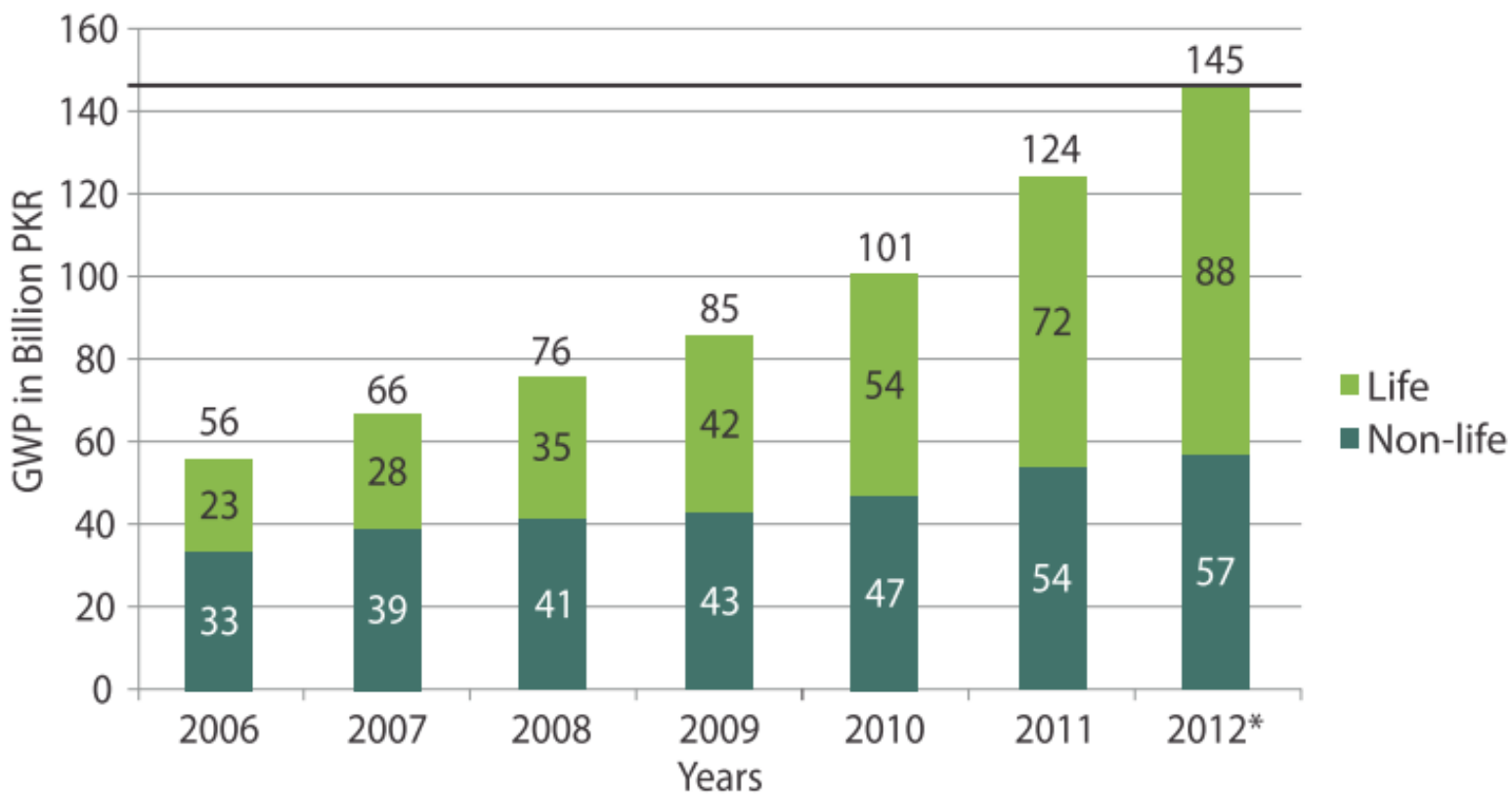
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# Pakistan's Insurance Industry

- Pakistan's Insurance sector has also shown vibrant performance to support the national economy over the years
- Relatively small compared to the other countries in the region
- Life Insurance penetration stands at 0.4 per cent of GDP in Pakistan, compared to countries like India and Bangladesh where penetration is 4.2 percent and 0.8 percent respectively
- Industry is gearing up to take part in the upcoming mega projects like the CPEC, where substantial business is expected to emerge for the insurance industry
- Market is witnessing introduction of new products in the lines of health, crop and livestock insurance
- New distribution channels such as Bancatakaful, web-sales and Tele-sales are also growing rapidly
- Trans-national projects like the TAPI Gas pipeline and other sizeable ventures

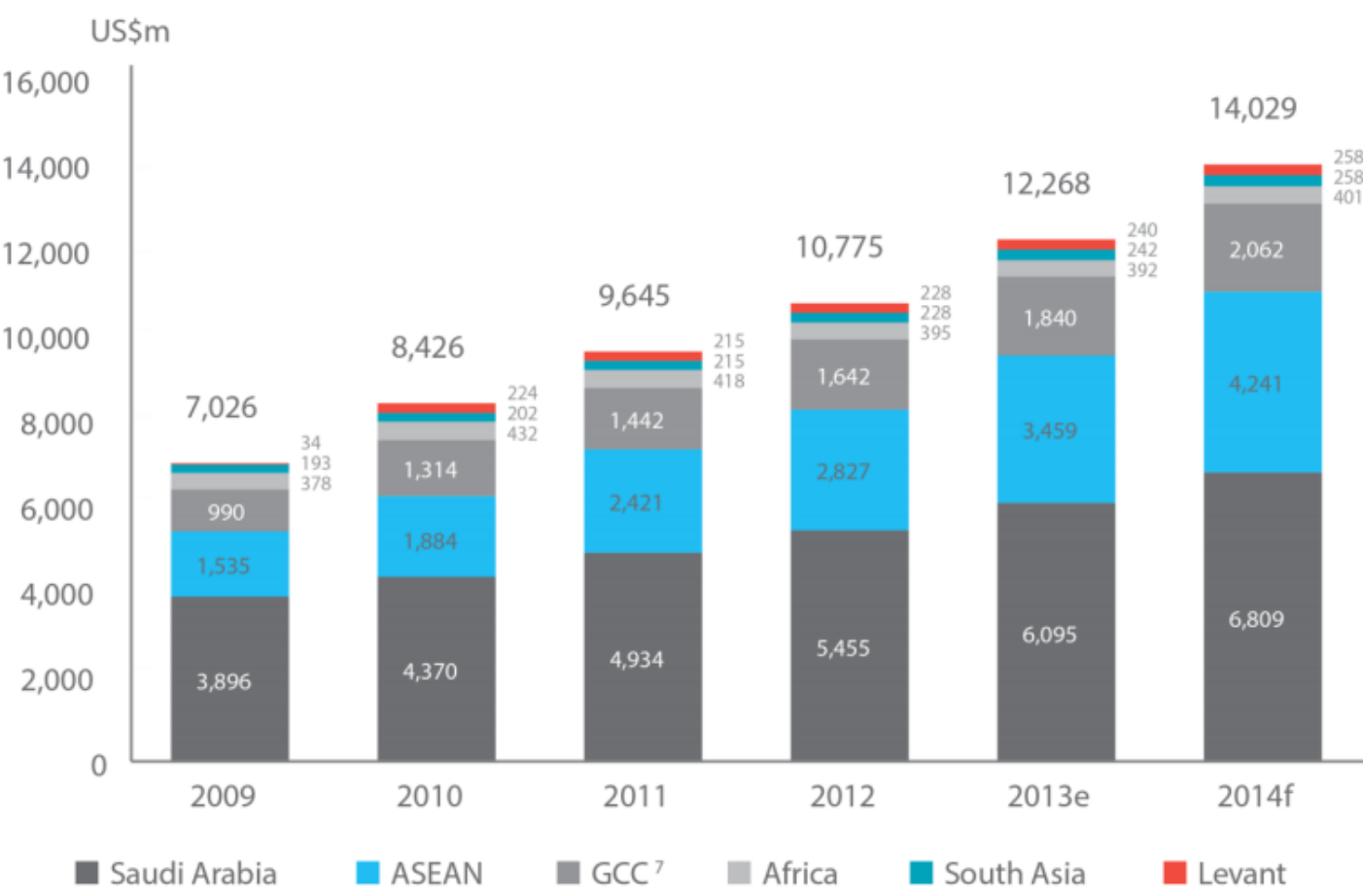
# Developing Insurance Industry in Pakistan



*\* With Projected Figures of NICL & SLIC*

*Total Gross Premium Underwritten by the Insurance Industry in Pakistan*

# Overview of Takaful Growth by Region



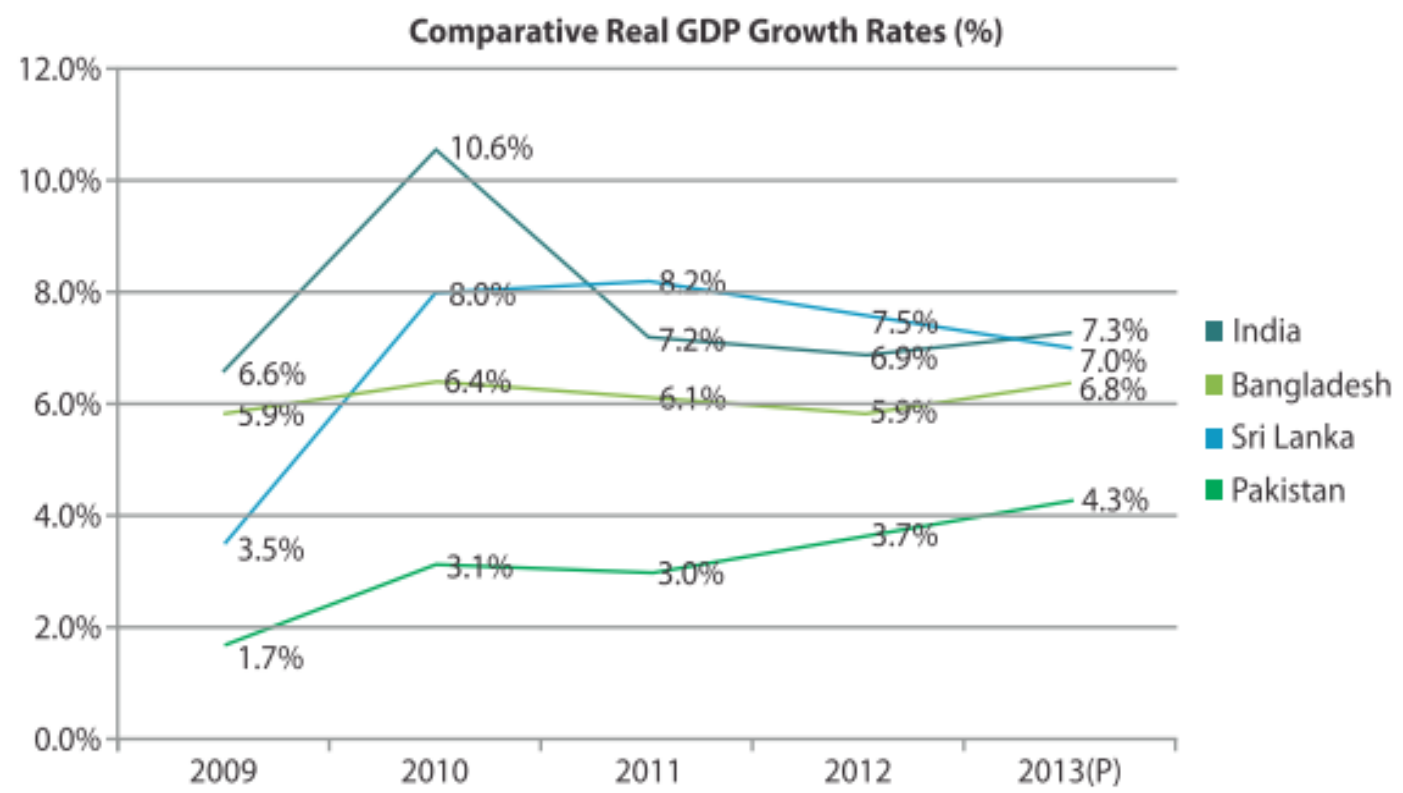
Overall, global gross takaful contribution is estimated to reach US\$14 billion in 2014 from an estimated US\$12.3 billion in 2013.

Year-on-year growth has moderated from a high CAGR of 22% (2007-11) to a still healthy growth rate of 14% over 2012- 14.

ASEAN countries (Malaysia, Indonesia, Brunei, Singapore and Thailand), driven by strong economic dynamics and young demographics, continue to achieve buoyant growth at 22% CAGR.

The GCC countries (excluding Saudi Arabia) registered growth of about 12%.

# Reasons Why Pakistan is ripe for Takaful Penetration



# Reasons Why Pakistan is ripe for Takaful Penetration







## Pakistan Population Migrating Online

### Gender



71% 29%

### Age



28%

18-25  
Years



33%

26-32  
Years



33%

33-44  
Years



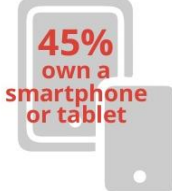
6%

45+  
Years

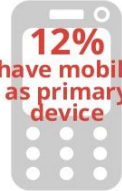
52% Access the internet via mobile devices



93% own a pc at home



45% own a smartphone or tablet



12% have mobile as primary device



76%

44%



68%

39%



41%

8%



30%

4%

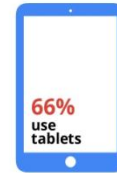
Household Ownership

Primary Device

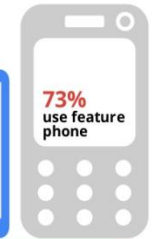
PCs are the primary device for accessing the internet but mobile devices are gaining momentum



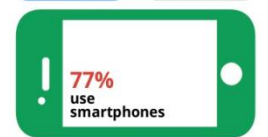
90% use PC to access the internet daily



66% use tablets



73% use feature phone



77% use smartphones

Base: Those who use devices to access internet (N=Smartphones=77%; Tablets=66%; Feature mobile phones=83)

Industry's total premium revenue stood at over Rs108 billion, which is **0.80% of GDP**



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Source: Google Think Pakistan

# Takaful in Pakistan

- ▶ Islamic insurance market, **two full-fledged Takaful companies** started operating in Pakistan in **2007**

- ▶ Companies **have grown substantially in the last eight years**, their size relative to the conventional insurance footprint in Pakistan is still miniscule.

- ▶ The CAGR of gross contributions received by: **Takaful Companies - 39.2% vs. 28.6% Conventional Companies** (same period)

- ▶ **Strong regulatory support throughout** for development of the industry via academia, awareness campaigns, product development and various platforms – **Key to success**

- ▶ Securities and Exchange Commission of Pakistan (SECP), **started granting window takaful licenses** and has up to 11 applications currently being finalised

- ▶ **Expecting 20 to 25 new takaful** window operators in the market

- ▶ Conventional insurance company must set aside at least **Rs50 million as capital contribution** to the statutory fund if it wants to set up a Takaful window operation

- ▶ Defined as premiums from life policies as a percentage of the GDP – is estimated to be just 0.45% in Pakistan as opposed to 3.1% in India.





# Window Takaful Operations – Gearing Up for a Boom



# Takaful Consumer Market – Challenges to Cater



Consumer  
Knowledge



Consumer  
Acceptance



Product  
Innovation



Distribution  
Capability



# Consumer Market - Challenges



Consumer  
Knowledge

- Same Fundamentals. Back to basics.
- Not about Takaful competing against conventional. It's about Takaful creating a value for itself.
- Today's conventional companies in Pakistan and globally have performed but also left large gaps which can be addressed via Takaful
- Opportunity for Takaful is to leverage this by selling its higher level of governance, from a purely structural perspective
- Takaful is missing a trick if it does not market itself to all faiths
- Takaful is also very open and sharing on its costs and charges, then that transparency creates a confidence among the public



# Consumer Market - Challenges



## Consumer Acceptance

- This is where there is an opportunity for Takaful players to look at the experience of mutuals and learn from it to market Takaful products on business grounds rather than religious.
- Takaful continues to suffer from a lack of self-induced appetite for insurance and savings products as some have the misconception that Takaful is contrary to the principles of Islam
- Takaful can also benefit from highlighting the value of insurance as a wealth management and financial planning tool, in addition to protection.
- A certified sales force possesses higher levels of knowledge, thereby improving the ability of bancatakaful and Takaful to meet customer needs and lead to lower miss-selling.

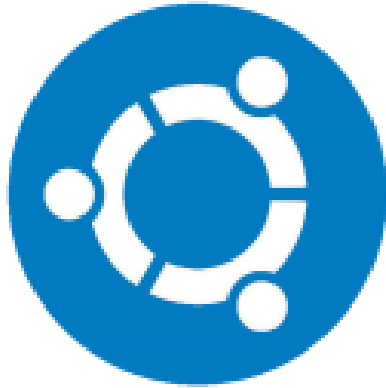
# Consumer Market - Challenges



## Product Innovation

- The retail channel has been reaching customers very successfully for the past couple of years.
- Little emphasis has been placed on the corporate channel: it can be a major catalyst.
- The client demographic is split between three main segments: Low-income, Middle- income consumer and affluent consumer.
- Developing the corporate segment provides immense opportunity for growth of the Takaful market.
- Shari'ah-compliant savings and retirement plans can form an integral part of such employee retention programmes.

# Consumer Market - Challenges



## Distribution Capability

- The success of BancaTakaful lies in understanding the life cycle of BancaTakaful and integrating the product and distribution mix according to the stages of the life cycle.
- Customer base needs to be segmented in a scientific way and could be based on income, age, occupation, sex, etc. and products should be developed with the specific customer segment in mind.
- Exclusive and customer-centric products with add-ons like premium payment in instalment or free additional coverage may work wonders.
- Products may need to be sold through multiple channels, e.g. direct mailer, call centre and through branch network.
- The strength analysis of various distribution channels vis-à-vis a particular product is a must before a product is rolled out.



# Steps Takaful Companies Need to Take - Leapfrog

## **Create Digitally enhanced experiences**

*Target moments of truth such as claims status apps*

## **Optimize Operations through Digitization**

*Single view of customers*

## **Activate Technology as an Enabler**

*Adopt best of breed software's*

## **Apply advanced analytics and use big data throughout**

*User technology (telematics) part of underwriting*

## **Building an innovation ready organization**

*Build multifunctional teams, pilot more, test and learn more*

## **Digital Omni channel sales and distribution**

*Online direct distribution*

*Digital onboarding and advice for intermediaries*





# Enterprising spirit merged with deep experience

2006

- Incorporated in Pakistan by some of the strongest financial institutions in the state of Qatar
- Chaired by :  
His Excellency Sheikh Ali Bin Abdullah Thani
- Vice Chaired by:  
Abdul Basit Al-Shaibei



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2007

- Commenced operations - Registered with, and supervised by, the Securities and Exchange Commission of Pakistan (SECP)

2012

- In 2009, the company won the 'Best Family Takaful' award by 1st National Achievers Award. Karachi,
- The 'Best Use of Technology' award by the Islamic Business & Finance Awards, UAE.
- Brands of the year award
- Top 4 Takaful companies for best marketing strategy in World Takaful Summit London

2015

- Broke industry norms, in just the fifth operating year. Profit before tax: Rs. 48.19 Million
- Contribution crossing: Rs. 3 Billion
- Launch of Takaful windows in Pakistan



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# About Pak Qatar Takaful



## Technology

- Aetins Takaful Business System
- SAP ERP Solution
- Health Web Portal

Number of locations	72 branches (HO-KHI)
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Employees	Over 3000
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Paid-up-capital	Rs. 1.2 Billion
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Operations commenced	2007
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## Key services

### General Takaful

Home Mushariqa  
Car Ijarah/Musharika  
Travel Takaful for Hajj and Umrah  
Marine Takaful for Morabaha  
Fire and Engineering Takaful for Machinery Ijarah

### Family Takaful

Group life Takaful  
Group health Takaful  
Consumer Takaful  
Bancatakalul

## Key industry sectors

Financial Sector  
FMCG  
Telecom  
Pharmaceuticals  
Hi-Tech  
Retail

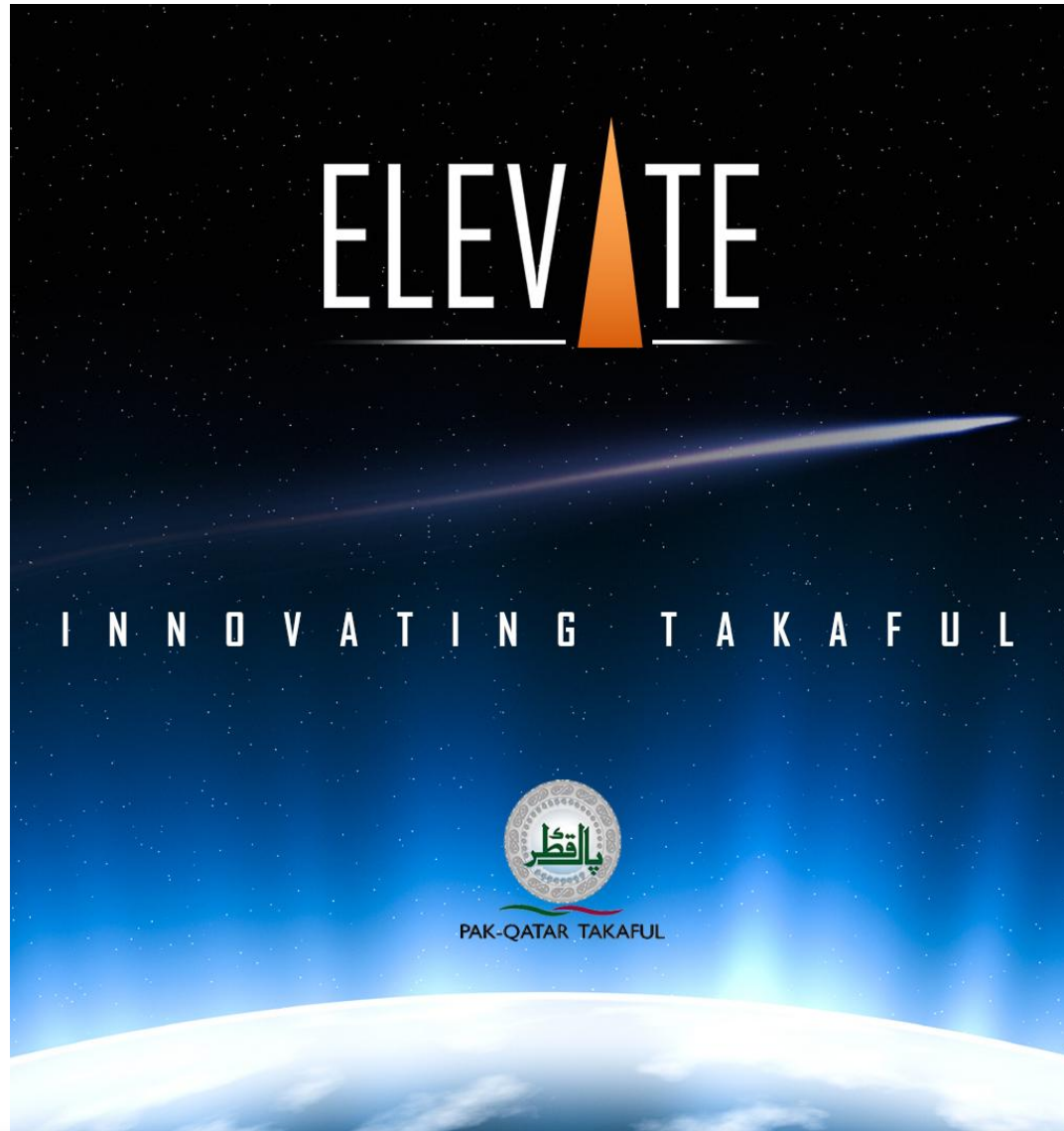
Automotive  
Apparel  
Engineering  
Power/Energy

## Major Locations across Pakistan

Faisalabad  
Islamabad  
Karachi  
Lahore  
Multan  
Peshawar  
Hyderabad  
Gujranwala  
Sialkot



# Elevate – Innovating Takaful (Coming Soon)



# Pak Qatar Takaful – Soaring to New Heights

- Launched for the first time in Pakistan, Corporate BancaTakaful
- Launch of Elevate – Disrupting Takaful, game changing mobile development for the industry
- Increased payment touch points from 46 to 110,000, Worlds first Takaful company to obtain these many payment touchpoints
- Implementation of mobile point of sale (mPos) across the sales teams
- FWU Pakistan and Pak Qatar Takaful, together have successfully managed to set new standards and benchmarks for the entire industry
- Alliance with Al Rajhi Takaful to provide game changing Travel Takaful products



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