

Featured
Interview
with

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(Maldives) PLC



Could you please provide an overview of what Amana Takaful (Maldives) PLC (ATM) does in the Maldives and its role as the pioneer in Islamic Finance?

The introduction of Islamic Finance to the Maldives began with the establishment of Amana Takaful Maldives in 2003, marking the advent of Takaful in the country. As the pioneer Takaful institution, Amana Takaful has played a pivotal role in shaping the growth of the Maldivian insurance industry.

While a segment of our customers actively seek Shari'ah-compliant insurance solutions, the majority prioritise factors such as service quality, pricing and convenience, when making their decisions. Thus, we have been continuously striving for competitiveness in the market. In 2011, Amana Takaful achieved independent status after eight years of growth. Amana Takaful (Maldives) PLC (ATM) became the first publicly listed insurance provider on the Maldives Stock Exchange, offering a wide range of Takaful services.

Throughout our journey, we have consistently achieved year-on-year growth and demonstrated exemplary performance across all facets of our business. This success has allowed us to distribute regular dividends and share the surplus of the Risk Pool with our participants. Additionally, ATM has been diligently fulfilling the role of educating the public on the concept of Takaful, its values and its benefits. We aspire to be a beacon in promoting Islamic Finance in the country.

Could you explain the key differences between Islamic Finance and conventional finance and how ATM implements Islamic Finance principles in its operations?

The principles and rules have been established and laid down in Islam in governing financial transactions and relationships among individuals. These principles are considered binding for all parties involved. Consequently, the operations and activities within the realm of finance, encompassing banking, asset management and insurance, collectively known as Islamic Finance, must be in accordance with these principles and rules.

Islamic Finance places a strong emphasis on profit and risk-sharing, as opposed to the use of fixed interest rates prevalent in conventional finance. Moreover, transactions are backed by tangible assets, and they strictly avoid any involvement in activities that contravene ethical standards or harm society. Businesses within the Islamic Finance Sector are obligated to adhere to Shari'ah principles, which profoundly influence their financial operations and investment choices. This commitment sets Islamic Finance apart from conventional finance.

At the core of Islamic Finance stands Takaful; a system of mutual cooperation for financial assistance and protection. Unlike conventional insurance, where risk is entirely transferred to the insurer through premium payments, Takaful operates on the principle of risk-sharing among its participants, known as policy-holders.

In the Takaful system, participants make contributions as a contractual obligation. A portion of these contributions is retained in a Risk Pool, which is responsible for disbursing claims or compensating for losses experienced by an unfortunate few. ATM, as an Operator, serves as a trustee of this Risk pool. For such services, a transparent, agreed Management fee is levied. Proceeds of the Risk fund are invested in strict compliance with Shari'ah-compliant instruments, the returns of which are shared by the Operator and the Risk fund. Surpluses generated from the Risk fund are shared among the participants. This framework forms the bedrock of our operational philosophy.

What are the unique benefits that Amana Takaful offers through Islamic Finance, both to its customers and the broader community in the Maldives?

The Surplus Award is a cardinal tenet of the pure and pristine Takaful concept. As mentioned, the Risk pool or fund meets payments to participants if there are any claims reported during the policy term, as well as reinsurance costs and any other direct expenses. When the Risk Fund has a surplus after fulfilling all obligations, it is distributed proportionately among non-claimants. For a decade now, we have consistently provided surplus benefits to our participants, a feature highly appreciated by our customers.

As a Shariah-compliant institution, we prioritise ethical investments, supporting entrepreneurs and businesses. We collaborate with other Islamic Finance Institutions to achieve mutual success through trust and best practices. ATM strategically invests in programmes to educate and advance Islamic Finance. We have been working with academic institutions, organisations and regulatory bodies, to reach diverse segments of society. Periodically, we engage with Shari'ah scholars to connect with the broader community through in-depth awareness programmes.

Over the past six years we have been conducting advocacy programmes, and our main aim has been to raise awareness about Takaful and Islamic Finance. ATM's Takaful Advocacy programme is a significant initiative that advances the Islamic Finance sector in the Maldives. These efforts are tailored to different segments of society, offering participants a thorough grasp of the content. They also highlight how Islamic Finance fosters

economic growth, social justice and financial inclusion. Our noble initiatives have earned recognition and accolades, establishing ATM as a thought leader in Islamic Finance and contributing to the industry's growth and development.

What strategies has ATM employed to benchmark its services with world-class providers while adhering to the principles of Takaful?

At ATM, our priority lies in ensuring convenience and accessibility for our customers. Hence, we have been strategically expanding our presence across diverse market segments. This entails a concerted effort to broaden our customer touchpoints and networked service providers. Simultaneously, we are systematically investing in advanced front-end systems to enhance the efficiency and ease of transactional capabilities.

We prioritise agility in addressing customer needs and customising Takaful solutions. Over the years, we have consistently gone the extra mile to customise our Takaful offerings to meet a wide range of evolving needs. We prioritise excellent service to stand out in a competitive insurance market. Our focus on value addition and our advisory role in risk mitigation have also garnered substantial recognition. ATM maintains transparent and ethical governance practices despite competitive challenges due to public scrutiny as a listed entity. Upholding high ethical standards is a non-negotiable commitment.

To fulfil our commitments, we focus on developing our workforce and promoting creativity. ATM invests in training, values home-grown talent and welcomes ideas for continuous improvement. While our vision is to be a world-class Takaful service provider, we place equal importance on our commitment to contribute to the betterment of society at large. Regardless of the scale, we take the right initiatives to ensure the benefits extend back to the public.

Could you provide insights into the remarkable journey of Amana Takaful (Maldives) PLC, emphasising the company's resilience to change and its transformation in the digital age?

Innovation has made a significant difference for us; I would say it is the game changer. We took early steps by introducing cashless medical services and launching our Mobile App, a first in the country. These initiatives have won the hearts of our growing customer base. We have leveraged technology for customers' easy access to our services, offering online policy purchases, app-based verifications, claim tracking and virtual property inspection for enhanced convenience and efficiency.

Automation has facilitated a new era of swift claims processing, especially for health-related claims. Customers can upload images or documents directly through our apps and at the back office, our dedicated staff work effectively to process claims. This comprehensive approach eases the burden on customers during what can often be stressful moments. Additionally, we are continuously digitalising the insurance supply chain through collaborations with industries like travel and auto. This enhances efficiency and services, solidifying our reputation for quality and trust.

Could you explain the significance of ATM being the first White-listed stock in the Maldives Stock Exchange?

It was a strategic decision to list the company in the same year we commenced independent operations. While there was no immediate need to raise capital, as our financial requirements had already been met with regulatory approval, we recognised a unique opportunity to list the company on the Maldives Stock Exchange (MSE). In a market with limited listed companies, ATM took the initiative to offer White-listed stock, positioning us as the trailblazers in this domain. As a Shariah-compliant institution, we met the Accounting & Auditing Organisation for Islamic Financial Institutions (AAOIFI) standards for White-listed stock, though the regulatory framework was still evolving. ATM's listing was a pioneering learning experience for all stakeholders involved.

Foremost among the primary objectives of our listing, was to provide an opportunity for all Maldivians to own shares of ATM. To achieve this, we set an affordable offering price. Additionally, we aimed to garner broader market acceptance. As a newly licensed insurance entity, our Initial Public Offering (IPO) provided us with significant visibility and publicity. IPO was well received with full subscription from an overwhelming public, rekindling the interest in the stock market.

Today, I am pleased to note that the necessary processes and guidelines are readily available for prospective issuers seeking white-listed stock. There are now entities listed on the MSE as Shari'ah-compliant stocks and more companies are in the process of certifying their stock under this category.

Could you share some of the challenges or difficulties that Amana Takaful has encountered on its journey in the Maldives, particularly as a pioneer of Islamic Finance in the insurance domain?

Introducing the Takaful concept at a point in time when Islamic Finance was relatively unknown was one of the key challenges. Pioneering any industry is an exceptional feat. Introducing groundbreaking

Takaful faced initial market scepticism. We carried regulatory authorisation letters to establish credibility during customer visits. To promote awareness, we have actively engaged in public programmes, media discussions and scholarly inputs from Shariah members in our public engagement.

Initially, with a small team, we focused on recruiting, training and nurturing local talent who became strong advocates for Takaful, reflecting our commitment to team growth and industry demands. Finding Shariah-compliant investments is a challenge, but the growth of Islamic Finance in the country has provided more viable options.

Another challenge in our path was winning the confidence of Re-Takaful operators, primarily stemming from their risk appetite concerning Maldivian risks and capacity issues. Through persistent effort, we eventually identified potential solutions to address these concerns. The invaluable lesson we have gleaned is that challenges are opportunities in disguise. Our perseverance and consistent effort will invariably yield the solutions we seek.

How do you envision the future of Islamic Finance in the country and what role does ATM aim to play in shaping it?

The Islamic Finance industry has made remarkable strides in the past two decades, positioning Maldives as the second-most developed country in South Asia, according to the Islamic Finance Development Indicator. This progress has been a collective effort, with contributions from the government, regulatory bodies and industry experts across banking, Takaful and capital markets sectors. Growing demand for Islamic Finance drives the development of new solutions, particularly in the Islamic Capital Market, to meet the expanding needs of banking, Takaful and funding sectors. Innovative options are emerging to address this demand.

Government Islamic Treasury bills and the MSE's Viyana Platform enable efficient use of surplus funds for Shariah-compliant investors, fostering connections and facilitating capital raising for various projects by private enterprises. Islamic Finance will continue to play a pivotal role in the construction and real estate sectors that propel the country's economic development. Yet, there is untapped potential in Islamic Real Estate Investment Trusts (IREITs) which is yet to be optimised. Growing awareness and demand may lead to government promotion of Islamic Finance, including microfinance for underprivileged communities. Retail sector popularity will rise with Islamic Financial Institutions introducing innovative consumer financing options. The rise of Fintech may lead to Islamic Fintech startups offering

digital Shari'ah-compliant solutions. Fund managers introducing innovative Islamic Instruments, such as mutual funds, will further boost Islamic Finance.

We will adapt to these changes by customising Takaful coverage, innovating products and supporting ethical ventures. Our goal is to encourage entrepreneurship, investment and facilitate funding through Islamic Capital Market Instruments. Our commitment to raising awareness on the principles of Islamic Finance through collaboration with stakeholders, remains steadfast and unceasing.

As a leader within Amana Takaful (Maldives) PLC, could you share your personal journey and experiences in guiding the company through its growth and development in the Maldives?

My extensive tenure of over two decades at Amana Takaful Group has been a dynamic and rewarding journey, with nearly 18 years of dedicated engagement in the Maldives. This journey began with my secondment from our parent company, a move predicated on the impressive track record of our branch operations and the promising market prospects in the Maldives. Leveraging my background in audit and finance, I was entrusted with the pivotal role of spearheading our operations in the Maldives.

The deep desire to pioneer Islamic Finance in a country such as the Maldives through the concept of Takaful, demanded unwavering perseverance and patience. This involved a deep dive into sketching a game plan from scratch to put the building blocks in place on the coral sands. Early support from authorities boosted the Takaful concept. Teamwork and unwavering focus on the mission led to Guiding Principles for navigating the industry's challenges.

Amana Takaful is a respected player, known for its enterprising spirit, transparency and diversity. In the regulated insurance industry, our journey involves inspiration, innovation and influence. As the sole listed insurer on the MSE, we emphasise sustained leadership and nurturing local talent - a source of pride.

It is a feather in our caps, to say that the concept of Takaful is being embraced by our competitors to win the hearts and minds of the insuring public and the nation alike. It is our hope that the hallowed concept is adopted in letter and spirit as much as we at Amana Takaful treasure its rewards of mutuality.