

## **Implementation of Wakalah in Fund Management and Takaful Operations: A Review of The Principles of Trust and Accountability**

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### **Abstract**

This study aims to examine the implementation of the wakalah principle in the management of takaful funds and operations by focusing on the aspects of trust and accountability which are the main pillars of the Islamic financial system. Wakalah is a term that refers to a representation contract where participants appoint a Takaful operator as their representative to manage their funds on their behalf for a certain fee. Fiqh books, takaful institution reports, and guidelines issued by Bank Negara Malaysia and the Shariah Advisory Council are among the materials and literature reviewed in this qualitative study. The results of the analysis show that Takaful wakalah not only functions as an operational tool, but also reflects Islamic ethical values such as honesty, responsibility and transparency. The principle of accountability ensures that all financial transactions are systematically recorded, reported and audited, while the principle of trust requires takaful operators to carry out their duties with integrity without misusing participant funds. However, the study also found several issues in actual implementation. These include a lack of transparency in the wakalah fee structure, possible conflicts of interest and the level of supervision exercised over Takaful operators. Overall, this study shows that the success of the Takaful wakalah model depends on the extent to which the principles of trust and accountability can be implemented in operations. It is hoped that these findings will help strengthen Shariah governance in Takaful companies and serve as a reference for further studies on Islamic muamalat and contemporary Islamic finance.

**Keywords:** Wakalah, Takaful, Accountability, Trust, Contemporary Islamic Finance, Fund Management

### **Introduction**

The core of the Islamic financial system lies not only in technical compliance with contracts, but in upholding fundamental values such as trust (al-amanah) and accountability. In the takaful industry, these values are embodied through the implementation of wakalah contracts, which form the main basis of the relationship between participants and takaful operators. The implementation of wakalah contracts in the takaful industry is the main basis of the relationship

between participants and takaful operators (operators). In this model, the operator acts as a representative (wakīl) who manages participants' funds for protection and investment purposes with remuneration in the form of an agreed fee or wage. The wakalah model has been widely accepted globally, especially in Southeast Asia, because it provides a more transparent contractual structure and complies with Sharia principles compared to the traditional mudharabah model (Sallemi & Zouari, 2024). Its importance is not only related to the technical aspects of fund management, but also touches on Islamic moral and ethical elements such as trust, accountability, and transparency in the governance of Islamic financial institutions. This principle ensures that the relationship between participants and operators is not based solely on profit, but rather emphasizes responsibility *trustees* which underpins the public's trust in the takaful system (Tahir, 2022). In the context of a modern Islamic economy, the implementation of wakalah with integrity not only strengthens the financial stability of the institution, but also ensures justice and equality in line with the maqasid of Sharia (Bank Negara Malaysia [BNM], 2024).

Recent studies have shown positive developments in wakalah practices in the takaful industry, but also highlight challenges in terms of Sharia compliance and fund management. Sallemi and Zouari (2024) found that external corporate factors such as auditor reputation, corporate social responsibility (CSR), and governance mechanisms have a significant impact on the financial performance of takaful companies that apply wakalah and hybrid contracts. The study also emphasized that good implementation of wakalah not only increases the competitiveness of the company, but also increases participants' confidence in the transparency of fund management. In another study, Tahir (2022) assessed current practices in takaful and found that although the wakalah structure is in line with Sharia principles in theory, its implementation sometimes raises issues of imbalance in the distribution of surplus and the determination of wakalah fee rates. Meanwhile, an official document from Bank Negara Malaysia (2024) through *Broader Application of Ta'awun in Takaful* Emphasizing that operators need to strengthen accountability elements at every stage of operations, including reporting integrity, separation of participant and operator funds, and implementation of trust policies to ensure that participant interests are not compromised.

However, a research gap still exists in understanding the relationship between the trust principle and incentive structure in the implementation of wakalah. Most of the existing studies focus on the dimensions of financial performance and Sharia law compliance, but do not assess how the fiduciary duty principle is applied in the context of managing participant funds. In addition, the increasingly widespread use of the modified wakalah model has raised new debates about the level of suitability and authenticity of the concept from a Sharia perspective, especially when the operator also receives a share of the Takaful excess. This issue raises ethical questions because potential conflicts of interest can exist between operators and participants. Thus, the main research question raised by this article is: to what extent does the implementation of wakalah in the management of takaful funds truly reflect the principles of trust and accountability as required by Islamic Shariah? In addition, what are the best governance and monitoring mechanisms that

can be applied to ensure a balance between the interests of participants and the continuity of the operator's operations?

Based on the above background, this article aims to assess the implementation of wakalah with a focus on compliance with the trust principle and the effectiveness of the accountability mechanism. Specifically, the study will analyze the contract structure, Sharia financial reporting system, and BNM regulatory guidelines (2024) to assess the extent to which its implementation meets the maqasid of Sharia, especially in protecting property (hifz al-mal) and ensuring justice. The main contribution of this article is to provide a conceptual analytical framework that bridges Sharia theory and modern takaful operational practices. As a result, this study is expected to offer practical suggestions to strengthen the governance framework and professional ethics in the wakalah model, thereby contributing to improving industry practices and public confidence in the Islamic financial system based on accountability and transparency.

### Literature Highlights & Fiqh Arguments

The issue of implementing Wakalah contracts in Takaful fund management and operations has received significant attention in both contemporary fiqh literature and Islamic financial governance studies. This review synthesizes findings from classical fiqh sources, regulatory guidelines, as well as current academic journals indexed in reputable databases.

#### Dimensions of Classical and Contemporary Fiqh on Wakalah

The basic concept of Wakalah is centered on the principles of agency and trust. Imam al-Nawawi in al-Majmu' emphasized the obligation of the al-wakil (agent) to act within the limits set by the al-muwakkil (principal) and prioritize his interests. In the context of Takaful, this means that the fund operator must avoid any form of misappropriation (ghubn) or conflict of interest. A study by Abdullah & Dusuki (2019) confirmed that the strength of the Wakalah contract is a key determinant of the level of participant confidence. Meanwhile, Suliaman et al. (2014) emphasized that the scope of the al-wakil's responsibilities in Takaful goes beyond ordinary commercial affairs to the religious responsibility of ensuring comprehensive Sharia compliance.

#### Principles of Trust and Accountability as Core Operations

Trust Principle (*Trust*), which is taken from the word of Allah in Surah al-Baqarah verse 283:

وَإِنْ كُنْتُمْ عَلَىٰ سَفَرٍ وَلَمْ تَجِدُوا كَاتِبًا فَرِهَانَ مَقْبُوضَةٍ فَإِنْ أَمِنَ بَعْضُكُم بَعْضًا فَلْيُؤَدِّ الَّذِي أُؤْتِمِنَ أَمْنَتَهُ وَلْيَتَّقِ  
 ٢٨٣ ۞ اللَّهُ رَبَّهُ وَلَا تَكْتُمُوا الشَّهَادَةَ ۚ وَمَنْ يَكْتُمْهَا فَإِنَّهُ آثِمٌ قَلْبُهُ ۗ وَاللَّهُ بِمَا تَعْمَلُونَ عَلِيمٌ

Translation: "And if you are on a journey (and you owe or give a fixed-term loan), and you cannot find a scribe, then let there be a pledge to be held (by the person giving the loan). Then if the lender trusts the debtor (without the need for a deed, witnesses and pledge), then let the trusted one (the debtor) fulfill the debt entrusted to him, and let him fear Allah his Lord. And do not conceal the matter witnessed. And whoever conceals it, then indeed his heart is sinful. And (remember) Allah is Ever-Aware of what you do."

This verse clearly requires honesty and transparency in financial matters. This is also in line with the words of the Prophet Muhammad (peace be upon him):

عن أبي هريرة قال: قال رسول الله ﷺ: "أد الأمانة إلى من ائتمك، ولا تخن من خانك { (١٢٦٤) رواه أبو داود (٣٥٣٤)، والترمذي }

Translation: *"Deliver on your trusts to those who trust you, and do not betray those who betray you" (Narrated by Abu Dawud (no. 3534), al-Tirmidhi (no. 1264))*

According to Hasan & Salleh (2017), failure to comply with this principle in the management of Takaful funds is not only a breach of contract, but also a betrayal of the divine trust. Saad & Don (2017) study found that accountability (al-Mas'uliyah), as stated in the hadith narrated by al-Bukhari regarding the responsibility of every leader, requires transparency of investment performance and clear accounting. Non-compliance with it can cause agency conflict and asymmetric information that is detrimental to participants.

### **Governance and Transparency Issues in Practice**

In practice, the implementation of Wakalah faces challenges in terms of governance. Sufyan & Othman (2025) in a study of local Takaful operators found that there was inconsistency in the disclosure of Wakalah fees and the investment performance of participants' funds. This made it difficult for participants to assess the true value of the services provided. Malik et al. (2017) also identified concerns about potential conflicts of interest if fund management is not clearly separated from shareholder interests. A study by Noor Aimi (2018) suggested strengthening the role of the Shariah Supervisory Committee as a critical checks and balances mechanism to ensure accountability to participants.

### **Technology Integration and the Future of Wakalah**

To strengthen trust and accountability, current literature strongly recommends the integration of technology. Abdeen et al. (2019) discuss the potential *blockchain* to create a transparent and immutable ledger (*immutable*) for all Takaful fund transactions. Meanwhile, Bruce Ho (2009) proposed a digital scoring system (*digital scoring*) to assess the risk and performance of fund management by *al-wakil*. This proposal is in line with the demands of maqasid al-Shariah to preserve property (*hifz al-mal*) and ensure justice for all parties involved in the Takaful system.

### **Conclusion Highlights and Study Gaps**

In conclusion, the literature review shows a consensus on the importance of implementing Wakalah based on trust and accountability. However, the majority of studies are more conceptual in nature or only examine specific aspects such as Shariah compliance. There is a gap in comprehensive empirical studies that measure participants' perceptions of the effectiveness of the Wakalah model and its impact on confidence levels. Therefore, this study is needed to design a

comprehensive evaluation model by combining fiqh principles, contemporary governance analysis, and consumer perception data to strengthen the practice of Wakalah in the Takaful industry.

### **Methods**

This study uses a qualitative approach with a doctrinal content analysis design to examine the implementation of the wakalah principle in fund management and takaful operations. This approach was chosen because of its suitability for understanding the concept, principles, and application of wakalah contracts in depth based on authoritative sources. The study data was obtained from the analysis of classical and contemporary fiqh texts, sharia governance documents, academic articles and journals, as well as guidelines from Bank Negara Malaysia and the Sharia Advisory Council related to takaful operations.

The primary data sources for this study include authoritative fiqh books and the opinions of contemporary scholars regarding the application of wakalah in Islamic finance. While secondary sources include recent academic journal articles in the field of Islamic finance, doctoral theses, and conference proceedings related to the application of wakalah in takaful, including takaful companies' annual reports, product disclosure documents, and oversight guidelines from regulatory authorities. All sources were analyzed thematically to identify implementation patterns, best practices, and issues related to the principles of trust and accountability.

The data analysis process involves three main stages: first, identifying the elements of wakalah contracts in the documentation of takaful operations; second, critical assessment of the parallelism of current practices with sharia requirements; and third, identifying implementation gaps in terms of governance and transparency. The analysis is carried out continuously with reference to maqasid sharia to ensure that the study findings meet the main objectives of the Islamic financial system.

To ensure the validity and reliability of the findings, source triangulation was conducted by comparing information from various sources including fiqh texts, regulatory documents, and industry reports. This approach allows for a comprehensive examination of the implementation of wakalah in the real takaful ecosystem while maintaining academic rigor in the analysis of sharia principles.

### **Results**

#### **Analysis of Wakalah Contracts in Fund Management and Takaful Operations**

The implementation of wakalah in the management of takaful funds and operations is the main basis in differentiating the takaful system from conventional insurance. In a wakalah contract, participants appoint a takaful operator as a representative to manage contributions, manage tabarru' funds, invest participant assets, and manage claim payments (Noor & Zakaria, 2010). Participants as representative authority to the operator as representative to carry out management tasks (Ibrohim, 2025). The entire risk is borne entirely by the takaful fund, while any surplus from

the management of the fund becomes the absolute right of the participants. The takaful operator does not bear any liability for the risks borne by the fund and has no claim to any surplus that results. In return, the takaful operator receives a fixed payment known as *Wakalah fee* to perform operational management functions on behalf of participants, usually determined as a percentage of the total participant contributions. However, this remuneration structure may also include a performance reward component imposed on surplus as an incentive mechanism to improve the efficiency of takaful fund management (Noor & Zakaria, 2010).

Apart from that, takaful investment fund management is also based on contracts. *wakalah bi al-ajr*, where the operator charges a certain fee to the participant in return for the investment services provided (Noor & Zakaria, 2010). This structure is in line with the concept *ta'awun* (help) and *tabarru'*, which is the basis of takaful. From a fiqh perspective, the implementation of wakalah in takaful aims to avoid the elements of gharar and usury which are major prohibitions in conventional insurance. Takaful provides certainty of contract, clarity of rights and obligations, and transparency in fund management (Tsabit & Assidiqi, 2025). The contract that is the basis of the relationship between participants in the takaful system is the contract *tabarru'*. This means that each participant who participates in the takaful scheme agrees to donate or contribute a certain amount of funds for the purpose of mutual assistance if any participant suffers a disaster as specified in the terms of the contract (Dusuki & Ali, 2018).

Current applications also show that the wakalah system in takaful strengthens the accountability features through a fund reporting mechanism, segregation of participant and operator accounts, sharia audit, and compliance requirements with AAOIFI and IFSB standards. From a fiqh perspective, the practice of fund segregation is important to avoid *ikhtilat al-amwal* (mixing of assets) which can lead to doubts and uncertainty of the status of assets (Aziz et al, 2025). Therefore, all fees such as wakalah fees, performance fees, or surplus sharing must be clearly stated in the contract and cannot be determined in an unjust or hidden manner.

Although the Takaful market is growing rapidly, the Takaful industry still needs various improvements to maintain its competitive position in the global market. For example, the accounting policy choices of the two Takaful operators in Malaysia, namely Takaful Nasional Sdn. Bhd. and Syarikat Takaful Malaysia Berhad, are different. These differences are attributed to the variations of Shari'ah between the Syafie, Hanafi, and Maliki schools of thought. This indicates that the current Takaful market requires coordination between the various schools of thought. In addition, regular training should be provided to Shari'ah advisors, and the Shari'ah advisory board should consist of advisors who have knowledge in the operational aspects of the industry, as they may not fully understand the operational aspects of the Takaful operator (Salman et al, 2015).

### **Product Applications in Takaful**

In general, the entire operation of Takaful companies, especially in Malaysia, is based on contracts. *al-Wakalah*. According to the Sharia Supervisory Council (SSC) of Bank Negara, in the decision of the 24th Meeting held on 24 April 2004, it was decided that: "*Takaful business models based on tabarru' and wakalah are permitted. Wakalah contracts occur between participants and*

*takaful companies, while tabarru' contracts occur between participants only.*"(Suliaman et al, 2014).

In family takaful and general takaful, wakalah is often used as the main model. For example, Takaful Malaysia distinguishes two types of wakalah frameworks: investment-based long-term plans and general annual plans or protection benefits only (Takaful Malaysia, 2023). In investment-based long-term plans such as investment/linked takaful plans, participants pay contributions; after deducting the wakalah fee, the remaining contribution is credited to the Participant Account (investment fund). On the other hand, in general annual plans or protection benefits such as general takaful or annual takaful riders), after deducting the wakalah fee, the remaining contribution is considered as Tabarru' (donation) and credited to the Participant Risk Fund. Both models maintain the concept of mutual assistance: surpluses are shared between participants and operators in a set ratio, while any deficits may be covered by qard (interest-free) loans from the operator. For example, Takaful Malaysia's myPA Care product (general takaful product) explains the wakalah structure, where participants contribute to the General Takaful Fund (Tabarru') and the company processes claims as hibah (gifts).

Similarly, Etiqa General Takaful in its "Group Personal Accident" plan (2023) states that the participant appoints the company as a representative to invest and manage the General Fund, where the company receives a wakalah fee as a service charge. Both examples reflect the practice of wakalah in Malaysia: the participant entrusts the operator (trust) and the operator charges a fixed management fee.

### **Contribution Distribution**

In the wakalah model, the participant's contribution is divided into several main elements: Tabarru' (risk fund), Wakalah Fee (management fee), and Investment Fund (if applicable). Generally, the operator first deducts the wakalah fee as a fixed percentage of the contribution to cover management and distribution costs. For example, the Takaful Malaysia myPA Care document shows the wakalah fee 45% from the contribution (including 15% agent commission and 30% other costs) (Takaful Malaysia, 2023). Similarly, Etiqa's disclosure lists "Total Wakalah Fee: 45% of Contribution" (Etiqa General Takaful, 2023). The remaining contribution after deducting the wakalah fee is considered as Tabarru' – the participant's hibah contribution to the mutual fund. In investment-based family takaful, a portion of the contribution is also allocated to the Participant Investment Fund (unit-linked) whose investment returns will be enjoyed by the participant (Takaful Malaysia, 2023)

It should also be noted that according to Bank Negara's fatwa and guidelines, the wakalah model is allowed to charge a management fee (wakalah fee) that has been agreed upon by the participants (Maybank Malaysia Fatwa). The amount of this fee must be transparent and communicated to the participants, in line with the principles of sharia which require transparency in wakalah financing (Puad et al, 2025).

### **Claims Management under Wakalah**

In the wakalah model, claims are paid using tabarru' funds as hibah (donation) to eligible recipients. The Malaysian takaful document explains that the benefits paid from the Takaful Fund are based on the concept of hibah (i.e. donation from the fund). As the participant's representative, the operator must settle valid claims promptly and fairly in accordance with sharia terms (e.g. without hidden interest or penalties). If the risk fund is sufficient, payments to participants are made directly from the tabarru' fund. Otherwise, qard loans are provided to ensure that participants continue to receive the promised compensation (Takaful Malaysia, 2023). Normal claims policies and procedures (such as claim notices, documentation) are implemented in the spirit of fiduciary responsibility, where the operator does not profit from the handling of participants' claims, but rather recovers the budget that has been paid through wakalah fees only (Puad et al, 2025).

### **Principles of Trust and Accountability in Wakalah**

In the implementation of wakalah, the principles of trust and accountability are of paramount importance. Wakalah contracts emphasize transparency in the payment of fees and the distribution of surpluses to maintain fairness. Studies have shown the need to disclose the fee structure in advance to protect the interests of participants, thereby fostering their confidence (Puad et al, 2025). For example, takaful companies are required to publish wakalah fee rates in their policies and financial statements. Operators must also segregate participant fund accounts from company funds, ensuring no commingling and facilitating honest auditing and reporting.

For example, the Etiqa wakalah briefing states that if operators delegate management tasks, they "will remain responsible" for the rights and obligations of participants (Etiqa General Takaful, 2023). This reflects a commitment to accountability, although tasks can be delegated, operators still need to maintain trust and bear liabilities to participants. Overall, wakalah in Malaysian takaful is implemented under strict Shariah governance (Shariah committee, Shariah audit standards, fund segregation) to ensure that operators function as honest trustees (Etiqa General Takaful, 2023).

### **Comparison between theory and practice**

In theory, the Wakalah concept in Takaful offers a clear and balanced framework for the relationship between the participant as the grantor and the controller as the representative. However, when applied in practice, this concept often faces various challenges that demonstrate the gap between theory and reality. Understanding the principle of trust and maintaining accountability are some of the main challenges encountered.

### **Determination and Transparency of Wakalah Payments**

Wakalah fees should be set as fixed fees that are clear, transparent and decided by the participant and the Takaful operator in theory. These fees serve as an operating cost for the management services offered by the operator, and participants should expect them to be easy to understand. In this way, both parties can build a relationship based on trust and openness. However, Wakalah fee structures are often more complex and unclear in practice. Participants may have difficulty understanding how these fees are calculated and the specific services included. This

gives rise to the belief that Wakalah fees may reduce the dividends, also known as hibah, that participants should receive. The trust principle, which is the foundation of the Takaful system, is ultimately undermined by this gap between theory and practice Suliaman, I., Anas, N., & Zulkipli, S. N. (2014).

The principle of trust, which is the foundation of the Takaful system, is ultimately undermined by the gap between theory and practice. Participants are entirely dependent on the Operator's transparency in setting fair costs. If transparency is not achieved, trust in the system will be reduced. Therefore, to ensure that the principles of accountability and trust are applied in the implementation of Wakalah, it is important to improve the information disclosure mechanism and improve communication between the Operator and Participants.

To ensure fair Wakalah payments, an improved regulatory and monitoring system is also needed. Tighter control mechanisms and clear instructions from the authorities can reduce doubts and increase participants' trust in the operator. The principle of trust will be upheld and the relationship between participants and the operator will be stronger with a strong monitoring framework. It will also demonstrate that the Takaful system is sound in theory and practice.

### **Fund management and Surplus Distribution**

According to the theory of Takaful operation, the role of the operator as a trustee is to manage the Takaful Fund, also known as the Participant Fund, in a careful and honest manner. In this case, the operator must ensure that after rejecting claims and making reserves, any surplus money should be given to the participants as hibah. This structure ensures that the operator can only receive the prescribed Wakalah payments. This ensures that no excessive profits are taken from the operator, which would undermine the trust in the Takaful system.

However, there is a potential for conflict of interest in the Takaful fund management procedures. Commercial pressure to generate profits for the company's shareholders may influence the investment decisions taken by the operator. This may lead to a situation where riskier investment considerations are made with participant funds, which should be managed carefully. In this case, the objective of Takaful operations which is based on the principles of participant welfare and protection may be compromised Abdul Rahim A. W. (2006).

Accountability issues also arise in this matter, especially if participants are not clearly informed about how the hibah calculation and distribution is carried out. Not providing clear and comprehensive information can lead to distrust among participants. They may be concerned about how their funds are being managed, especially if there is a tendency to take risks that go against the Takaful principle of prioritizing low but stable profits.

In addition, if the interests of the company are prioritized over the interests of the participants, the principle of trust will be undermined. In order for the participants' trust and confidence in the Takaful system to remain strong, Takaful operators in such circumstances must always focus on the interests of the participants. Therefore, to ensure that the Takaful system

remains stable and functional in the long term, operators must practice ethical and responsible management and strictly adhere to the principles of Takaful.

### **Roles and Responsibilities as a Representative**

The theory of takaful operators emphasises the fiduciary responsibility held by the agent towards the muwakkil (participant). This duty requires the operator to act in the best interests of the participant, which includes providing honest and transparent advice. In addition, the operator must strive to avoid any conflicts of interest that may arise in the process of operating and comply with the obligation to make full disclosure of all terms and conditions of the takaful products offered. This responsibility is fundamental in establishing a healthy and trusting relationship between the operator and the participant.

However, in the daily practice of market operations, there is often a wrong emphasis on sales volume over product suitability for a particular participant. In an effort to achieve high sales targets, operators may neglect their responsibility to ensure that the products offered are suitable and beneficial for each participant. This phenomenon leads to a situation where complex and detailed product information is not clearly communicated to participants, resulting in them making purchase decisions without a deep understanding of the products offered Apnizan A. & Hakimah Y. (2012).

This weakness in communication and product education not only harms participants, but is also a breach of the accountability responsibilities that operators should hold. When participants are not provided with adequate and accurate information, they are at risk of facing problems later on when the product they take out does not meet their needs or expectations. This not only affects the participants' experience, but also damages the credibility and reputation of the takaful industry as a whole.

It is therefore important for takaful operators to ensure that their marketing and sales practices are in line with the established fiduciary principles. Clear and effective education and communication should be a priority to help participants better understand the product. In this way, operators can not only fulfill their obligations to participants, but can also build trust and healthy long-term relationships in the takaful industry.

### **Conclusion of comparison between theory and practice**

The gap between theory and practice in the implementation of Wakalah demonstrates the need for continuous improvement in the Takaful industry, which can be achieved through strengthening the principles of trust and accountability. Iqbal, M. (2005).. To narrow this gap, increased transparency needs to be prioritized with clear disclosure of Wakalah fee structures, fund performance, and grant distribution methods. In addition, strengthening strong corporate governance should be implemented to better protect the interests of participants. Education of participants is also crucial, where a clear understanding of their rights and responsibilities under the Wakalah model needs to be provided. By overcoming these challenges, the Takaful industry can not only formally comply

with Islamic contract theory, but also embody the values of justice, trust, and accountability that are at the core of Islamic finance.

### Conclusion

Studies show that the implementation of wakalah in fund management and takaful operations requires a deep understanding of the principles of trust and accountability. In the context of takaful, wakalah functions as a mechanism to manage risk through cooperation between participants. Therefore, takaful managers need to demonstrate a high level of responsibility in managing the funds received, ensuring that their use is fair and ethical. All this is to provide confidence to participants about the safety and welfare of their assets.

The principle of trust is very important in ensuring a relationship of trust between the manager and the participants. The manager is required to act with integrity and comply with all the rules that have been set. By implementing transparent and responsible management, the manager not only fulfills his responsibilities as a trustee, but also contributes to the growth and sustainability of the takaful industry. Failure to adhere to this principle risks damaging the trust of the participants and damaging the reputation of the takaful institution.

To improve the integrity and effectiveness of the takaful system, several recommendations have been put forward. Among the important steps are implementing a stricter monitoring mechanism and conducting periodic audits by a reputable third party. In this regard, improving the way participants are informed about their rights and responsibilities is also very much needed. The preparation of clear and in-depth periodic reports on operational performance and fund management is a critical step in helping participants understand the flow of funds.

Finally, accountability in the management of takaful funds is key to ensuring that all parties are held accountable for every decision made. This includes accurate financial reporting and effective monitoring mechanisms. With accountability, all stakeholders, including participants, managers, and supervisors, can ensure that takaful funds are managed well and effectively. Thus, upholding the principles of trust and accountability not only strengthens the image of takaful institutions, but also supports the growth of a more sustainable financial ecosystem as a whole.

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