

Takaful: Pros, Cons, and Sentiment Analysis

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This study aims to determine sentiment towards Islamic insurance in the last 16 years, from 2006 to 2022. The method used is descriptive statistical analysis combined with meta-analysis and sentiment from secondary data in metadata from 100 journals taken from Dimension, then processed using Microsoft Excel 2016 and SentiStrength software. The results of the sentiment analysis show that expert opinions on the development of Islamic insurance vary, with positive sentiments of 37%, negative sentiments of 34%, and neutral sentiments of 29%. Based on the results of the study, it was found that there had been researched on the topic of Islamic insurance in the scientific literature. From the results of this study, it can be seen that there are differences of opinion among some scholars regarding Islamic insurance with the results of the impact of Islamic insurance itself. So, there is a need for cooperation between scholars and Islamic insurance experts to determine the law of Islamic insurance itself. This is complemented by the dissemination of literacy regarding Islamic insurance and its impact on individuals and the country, to increase public awareness of the importance of choosing Islamic insurance by Islamic law to avoid sins and loss of property.

Keywords: Takaful; Islamic Insurance; Sentiment Analysis; SentiSrenght

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2.1.

INTRODUCTION

Insurance is a way to care for humans in facing various risks of danger that will occur in the course of their life activities. In insurance, there is an agreement where the insurer promises to the insured party, to receive an amount of premium money as compensation for losses that the insured may suffer, due to an event that is unclear and will occur in the future. In Islam insurance is commonly referred to as takaful. Takaful is a financial transaction based on cooperation, responsibility, guarantee, protection, and assistance between groups of participants, representing a form of mutual insurance.

Contributions obtained from participants are accumulated into a general fund called the *tabarru* fund or risk fund, where compensation or compensation will be given to participants who suffer losses (Hardyanti, 2019). Islamic insurance is simply a form of mutual assistance. The conventional system of insurance is based on uncertainty, which is against Islamic principles and is therefore not permitted in Islamic society. Therefore, it is important to understand the differences between traditional insurance and Islamic insurance (Hussain & Pasha, 2012).

In classical Islamic jurisprudence, the issue of insurance is an unknown form of implementation, because no legal status has been found in classical fiqh studies. However, insurance studies from a contemporary Islamic perspective have been carried out quite a lot by jurists, both Islamic law experts in particular and Islamic economists in general. Insurance is a relatively new problem that has no legal clarity. Legal status in pre-Islamic times is an unavoidable debate that took place around insurance law (Suhardih, 2018). And some scholars prohibit insurance on the grounds of usury, gharar, maysir, etc (Abdurrauf, 2010).

Different shariah scholars have differing views on the legality of conventional insurance from a shariah

perspective (Hussain & Pasha, 2012). Abdurrauf, (2010) said the differences of opinion that occur around the law, the history of its emergence, management, and operational systems, and others. The majority of writers on insurance always present differences of opinion that occur among scholars, even though this is unavoidable, but this is done to make it easier to map out the arguments and methods of determining the law and not the core of the text. Based on these differences, research is needed on sentiment regarding Islamic insurance to determine how the public feels about a specific issue.

LITERATURE REVIEW

Islamic insurance is simply a form of mutual assistance. The conventional system of insurance is based on uncertainty, which is against Islamic principles and is therefore not permitted in Islamic society (Abdurrauf, 2010; Hussain & Pasha, 2012; Muye & Hassan, 2016). An alternative to traditional financial insurance plans is takaful. In takaful plans, the participant will pay a specific amount as a grant and partially to fund the risk (participant's special account), using the notion of *tabarru'* and handled by an insurance business. four different types of academic perspectives on insurance. First off, all forms of insurance—including their structure and method of operation—are forbidden by Islam. Second, a group of academics contend that Islamic law permits or makes insurance businesses permissible. Thirdly, some scholars contend that while insurance for charitable purposes is permitted in Islam, insurance for commercial purposes is not. Fourthly, the school of thought that contends that insurance law, including *subhat*, is invalid since there is no *syar'i* reasoning that unambiguously forbids or supports insurance businesses (Suhardih, 2018).

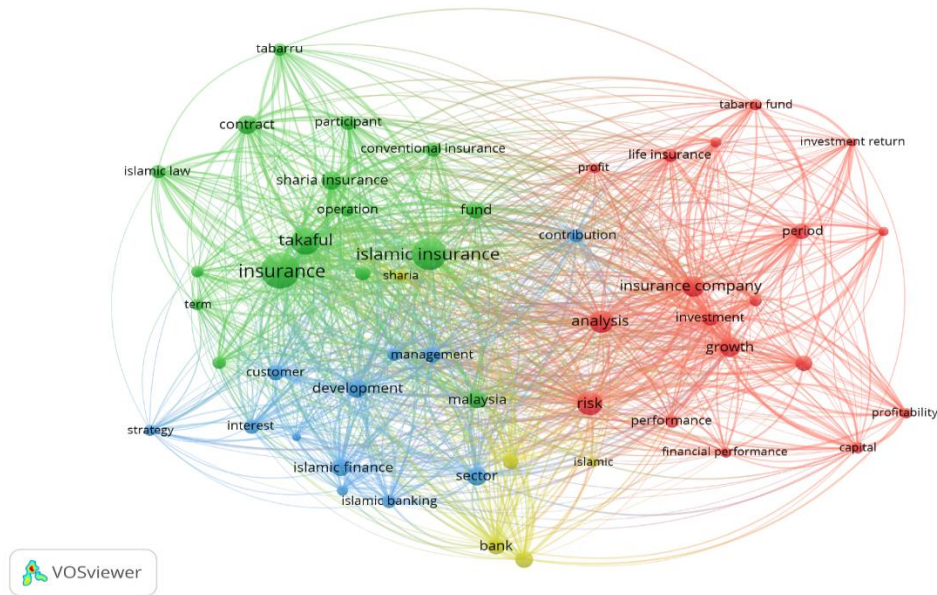


Figure 1: A map representing the topical interests of scientific papers published from 2006 to 2022

At least, in Figure 1, four large clusters were found using publishing analysis on Islamic insurance researches. The interaction between words and the division of word grouping which shows the relationship of words based on cluster division shows that a study on general insurance has a strong relationship with research on takaful. Clusters are distributed in the following way:

Cluster 1: analysis, capital, efficiency, financial performance, growth, insurance company, investment, investment return, Islamic insurance company, Islamic life insurance, Islamic life insurance company, life insurance, performance, period, profit, profitability, risk, tabarru fund

Cluster 2: contract, conventional insurance, fund, insurance, Islam, Islamic insurance, Islamic law, Malaysia, operation, participant, regulation, sharia insurance, tabarru, takaful, takaful insurance, term

Cluster 3: contribution, customer, development, interest, Islamic banking, Islamic finance, Islamic financial institute, management, sector, strategy, takaful operator, year

Cluster 4: bank, Islamic, Islamic bank, premium, Sharia

METHOD

The methodology used in this study is a qualitative approach combined with descriptive statistics from 100 papers on Islamic insurance. This study analyzes data from research journals and other research publications on

Islamic insurance published between 2006 and 2022. These journals can be obtained or accessed online from those published on Islamic insurance over the previous 16 years and metadata from Dimension. The methodology used in this study is a qualitative approach combined with descriptive statistics from 100 papers on Islamic insurance.

This research uses sentiment analysis. Sentiment analysis is widely used to determine how the public feels about a specific issue. Identifying whether the opinions expressed in documents, sentences, and feature entities are positive, negative, or neutral is the main goal of sentiment analysis. This classification of the text's polarity at the document, phrase, or feature and aspect level is the secondary goal of sentiment analysis. Simply put, text analysis works with words, not numbers. The three distinct procedures of subjectivity classification, detection orientation, and holder opinion and target detection make up sentiment analysis. Because there are so many tools and resources in English, the majority of sentiment analysis research has been done in that language. Two frequently used resources for sentiment analysis are SentiWordNet and WordNet (Rusydziana & Izza, 2022).

Sentiment analysis is a technique that is occasionally used to examine information in textual form and extract thoughts from the text. Sentiment analysis uses sophisticated procedures. Sentiment classification (supervised or unsupervised), subjective or objective analysis and opinion extraction are all completely independent jobs in the analysis. A subject-level analysis

can be used to evaluate whether to categorize a text document or a sentence as subjective or objective. The task of examining the sentiment polarity of the filtered sentences is part of the sentiment categorization process. Depending on the feelings we derive from the reviews,

each sentence is divided into neutral, negative, or favorable categories (Mehta & Pandya, 2020). Other studies using sentiment analysis on Islamic economics and finance has been done by researchers, for the example Rusydiana & Marlina (2020), Hakim et al., (2022), Rusydiana (2018),

RESULTS AND ANALYSIS

Meta-Analysis

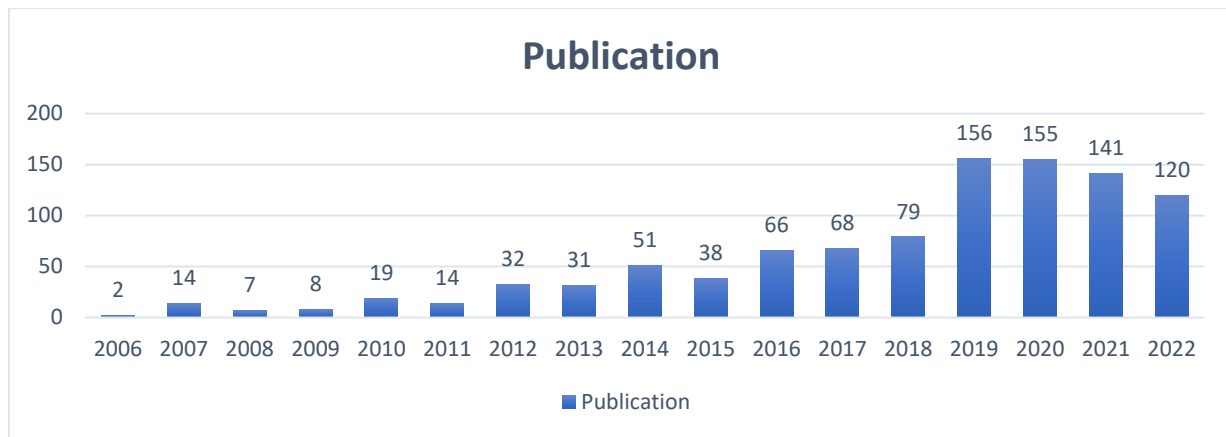


Figure 2: Number of publications per year

From the metadata taken from Dimension which has been authored and turned into a table, it can be seen that there are 1,001 journals on Islamic insurance that have been published for 16 years, namely from 2006-2022.

Average growth increased every year from 2006-2019 with a peak with a total of 156 publications, then the number of publications fell again after 2019.

Citation

Table 1: Citation

Citation	Paper Name	Year
60	The Cost Efficiency of Takaful Insurance Companies	2010
41	A bibliometric review of takaful literature	2020
39	Islamic takaful: Business models, Shariah concerns, and proposed solutions	2007
38	Do Muslims intend to participate in Islamic insurance?	2016
35	Establishing Construct Validity and Reliability: Pilot Testing of a Qualitative Interview for Research in Takaful (Islamic Insurance)	2016

Table 1 shows the 5 journals with the most citations. Of the five journals, it can be seen that the journal with the most citations is the journal made by Sulis entitled The Cost Efficiency of Takaful Insurance

Companies with 60 citations since the journal was published in 2010. This was followed by 4 other journals ranging from 41-35 citations.

Top Writers

Table 2: Top Writers

Author's	Number of Paper	Citation
Mohd Ma'Sum Billah	46	1
Mohammad Kabir Hassan	9	201
Maizaitulaidawati Md Md Husin	4	76

Table 2 shows the top writers for journals on Islamic insurance, based on the number of published journals, as well as the number of citations. Mohd Ma'Sum Billah is the most prolific writer in research on this theme. He has made 46 journals with the theme of Islamic insurance. The next popular writer is Mohammad Kabir Hassan, the journals that have been published are 9 journals with the highest total citations, namely 201 citations. One of Mohammad Kabir Hassan's most widely cited journals is a journal entitled A bibliometric review of takaful literature with a total of 41 citations since 2020, Mohammad analyses and evaluates three important study areas on Takaful in that journal: its overview, growth patterns, and models; governance mechanisms;

products/services, and consumer perceptions. Additionally, include the top academic institutions, nations, publications, writers, coauthoring networks, and their standing inside.

Sentiment Analysis

The author tries to examine sentiment on the topic of Islamic insurance in Dimensions. Sentiment analysis is research that is often used to ascertain the public's sentiment on a particular subject. SentiStrength is used to process data in this research. As a data source, 100 studies obtained from Dimension were selected for analysis. The following figure illustrates the results of sentiment analysis on Islamic insurance:

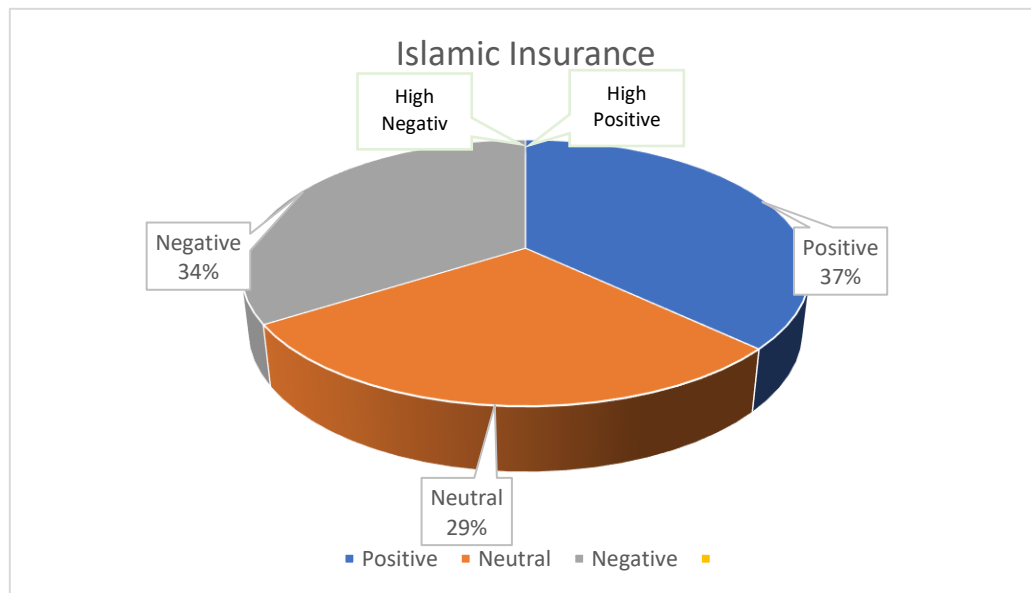


Figure 3: Sentiment analysis of Islamic Insurance

The score is calculated by multiplying the sentiment score assigned to each word in SentiStrength. The sentiment score is taken from the title and abstract of the Scopus article. The results are sorted from very negative (-5) to very positive (5) intervals, with 0 being neutral. As illustrated above, Islamic Insurance has a high proportion of positive attitudes, a high ratio of negative sentiment, and a low proportion of neutral attitudes.

Positive sentiment shows 37%. That is, most of the writings about Islamic insurance are optimistic support for Islamic insurance. and it should be noted that the negative portion shows 34%, a difference of 3% from the positive portion so, writers who are pessimistic about Islamic insurance also almost dominate.

Meanwhile, negative sentiment is an abstract sentiment derived from literature explaining the progress

of the Islamic insurance industry from an industry that was almost banned because it was a multi-billion dollar industry in less than three decades and there are indications of undue emphasis on matters specifically the contract governing the consumer and the role of a fatwa or the absence of a fatwa in creating regulatory catch. Takaful is currently used as a result of the conflict between what is understood to be Islamic law and what happens.

Pyeman et al., (2016) said that Wakalah, Mudharabah, and Waqaf, have several problems which need to be studied and addressed, to strengthen the Islamic insurance industry globally. There is diversity in opinion as to whether certain practices are Sharia-compliant. Other than that, a few services offered are disputed Sharia of compliance by Sharia scholars in certain regions. This led to layers of regulatory differences in countries.

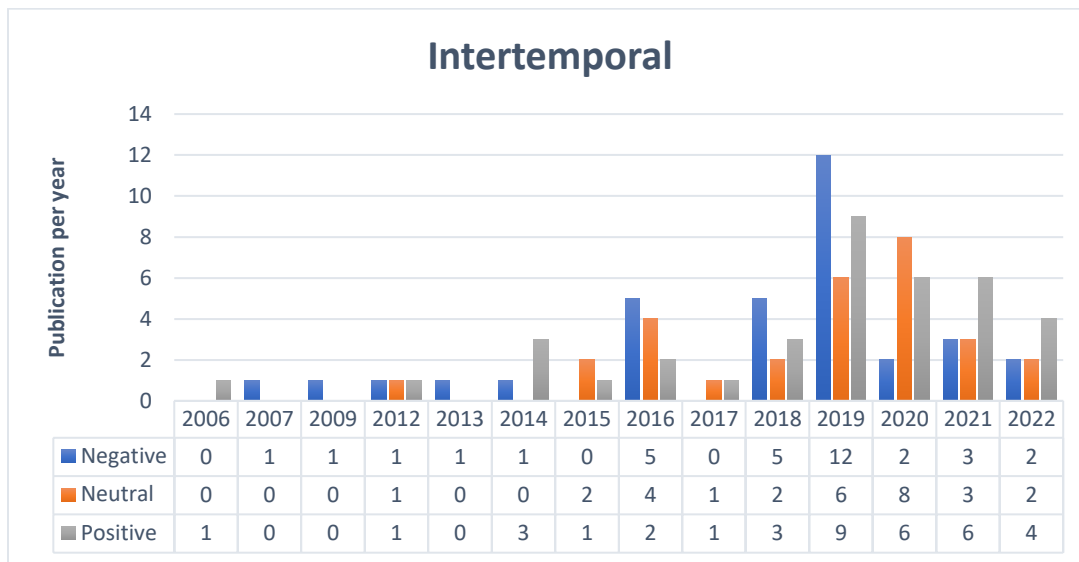


Figure 4: Intertemporal Sentiment Analysis of Islamic Insurance

As illustrated in Figure 2, the world of research on Islamic Insurance has developed. With the emergence of studies on Islamic Insurance, positive feelings about these studies have varied from year to year. This implies that this subject is frequently discussed in the literature, and observing the evolution of emotion in that direction is interesting. While the most positive sentiment occurred in 2019. One of the studies that illustrate the optimism of Islamic insurance is research by [Muye & Hassan, \(2016\)](#) who found strong evidence of a positive and significant effect of Islamic insurance activity on economic growth and that there is a strong positive and significant relationship between trade and economic growth.

Furthermore, we can see from 2006-2022 which shows a fluctuating curve in negative sentiment on the theme of Islamic Insurance. The peak of the highest number of Negative sentiments occurred in 2018. One journal that has negative sentiment is a paper written by [Suhardih, \(2018\)](#) entitled "The Halal-Haram Controversy Of Sharia Insurance". This study explains, there is debate about sharia insurance among scholars from the side of Islamic law. Modern Islamic jurists are fully aware that past

Islamic law authorities have not decided on the legal standing of insurance (experts).

The neutral portion began to appear in 2012 and continued to appear in 2015-2022 with the highest peak appearance in 2020 of 8 journals out of 100 journals studied. One of the journals included in this category is a journal by [Sibarani, \(2016\)](#) said that the existence of insurance in Indonesia, both conventional and Islamic insurance, is still widely disputed. Four viewpoints exist about insurance: 1). By Islamic law, insurance is prohibited 2. Islamic Shariah permits insurance,3). Social insurance is only permitted under Islamic law 4). Insurance of any kind is regarded as syubhat.

FINDING

This study found that Islamic insurance has been discussed by many researchers as well as by sharia economic law scholars. Found a difference of opinion regarding Islamic insurance. From the sentiment test that has been carried out, positive sentiment shows 37%. That is, most of the writings about Islamic insurance are

optimistic support for Islamic insurance. and it should be noted that the negative portion shows 34%, a difference of 3% from the positive portion so, writers who are pessimistic about Islamic insurance also almost dominate.

There are cons regarding Islamic insurance, among others, it is seen that there are consequences that are unclear and illegal. and the majority of sharia scholars believe that it is illegal because of gambling, as well as usury because of the guarantee that policyholders will receive the fixed return promised at the end of the insurance contract if payment of premium installments is made (Abdurrauf, 2010).

Shaykh Ahmad Mustafâ al-Zarqâ' said that the law of insurance is permissible (mubâh), because the original law of everything is lawful/permissible, besides that the shariah does not only limit the classical contract that is already known, and also does not prohibit any form of new contracts that appear later according to the needs of the times as long as they do not conflict with sharia contract rules and conditions in general, as well as due to compatibility between insurance contracts and muamalah contracts that developed in the pre-Islamic period whose permissibility was recognized by sharia (Abdurrauf, 2010).

Sharia principles are Islamic legal principles in insurance activities in Indonesia based on fatwas given by institutions with the power to issue fatwas in the sharia area, according to Law Number 40 of 2014 article 1 point 3 (Indonesia, 2014). With one another guaranteeing and carrying the risk, this idea treats the insurance participants as a giant family. This is because transactions in syari'ah insurance are takafuli (mutual bear) contracts rather than tabaduli (mutual exchange) contracts as in conventional insurance. Besides that, Hardyanti, (2019) believes that in this Islamic insurance model there is no act of consuming human property in vanity because what has been given is merely charity from the proceeds of the accumulated assets. In addition, the existence of sharia insurance will bring progress and prosperity to the people's economy.

Using a dynamic panel GMM approach, (Muye & Hassan, 2016) found in their study looks at the relationship between the growth of the Islamic insurance industry and the expansion of 22 economies over nine years. This research found the uncover compelling evidence that the growth of the Islamic insurance market is causally related to economic expansion. Gross premiums for Islamic insurance have a beneficial and considerable impact on economic expansion. This study offers proof that the three factors have distinctive effects on economic growth

concerning the effects of trade, CPI, and government consumption.

From the results of this study, it can be seen that there are differences of opinion among some scholars regarding Islamic insurance with the results of the impact of Islamic insurance itself. Abdurrauf, (2010) mentioned in his research that the difference of opinion is not in the method of determining the law because both of them use the qiyas method, but the difference is more in the material of qiyas itself and the way of interpreting 'illat, namely asl (which is analogous), where one party views the similarity between ashl or cases whose legal status is clear (in this case the practice of usury, maysir, and bay' algharar and far'. While other parties view the opposite, the prohibition of 'illat usury, maysir, and bay' algharar does not exist in insurance practice. So, there is a need for cooperation between scholars and Islamic insurance experts to determine the law of Islamic insurance itself. This is complemented by the dissemination of literacy regarding Islamic insurance and its impact on individuals and the country, to increase public awareness of the importance of choosing Islamic insurance following Islamic law to avoid sins and loss of property.

CONCLUSION

This study analyzes data from research journals and other research publications on Islamic insurance published between 2006 and 2022. These journals can be obtained or accessed online from those published on women's entrepreneurship development over the previous 16 years and metadata from Dimension. The methodology used in this study is a qualitative approach combined with descriptive statistics from 100 articles on Islamic insurance. The sentiment analysis's findings indicate that there are mixed feelings among experts on the growth of Islamic insurance, with 37% of them being favorable, 34% of them being negative, and 29% neutral. From the results of this study, it can be seen that there are differences of opinion among some scholars regarding Islamic insurance with the results of the impact of Islamic insurance itself. To ascertain the law of Islamic insurance itself, scholars and experts in the field must work together. To raise public awareness of the significance of choosing Islamic insurance by Islamic law to prevent sins and property loss, this is supplemented by the distribution of literacy regarding Islamic insurance and its influence on individuals and the nation.

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