Impact of COVID-19 on Malaysian Takaful Business

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Abstract. The COVID-19 Pandemic still surges persistently in 2020, affecting lives, all forms of businesses, individuals, and industries globally. The pandemic has a clear and strong effect on world economic development. The assessments so far show that the COVID-19 could slash global economic growth by 2.0\% for each month when existing challenges persist. World commerce might also slash by 13\% to 32\%, subject to the penetration and level of a world economic depression. The aim of this study is to evaluate the effect of COVID-19 on Malaysian Takaful business and future effect of COVID-19 in Malaysia at 2020. By this time, it is obvious that the pandemic has intense detrimental effect on both the Malaysian macroeconomic and economic welfare of the people. Bank Negara Malaysia in 2020 has forecast that GDP growth will fall between 3.5\% and 5.5\%. Currently, unemployment is expected to rise to 5\%. Islamic economy is also being affected by the virus incidence. The Malaysian Takaful industry is not excluded from the anticipated impact of the economic slowdown in 2020 amid the COVID-19 pandemic. Apart from considerably hampered growth in 2020, Takaful operators will also have to cope with the increased volatility and rising credit risks of their investments in 2021 and may be 2022. During the pandemic spread of COVID-19 the Malaysian government took financial actions to save the economic sector and to reduce the negative effects of MCO. Malaysian Takaful companies provide better service by using new technological tools; thus, to maintain the operations and social responsibility.

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