

Arshad Ayub Graduate Business School

FWD RESEARCH PROJECT

WHY ARE PEOPLE RELUCTANT TO PARTICIPATE IN A TAKAFUL PLAN?

FINAL REPORT

PREPARED BY:

ARSHAD AYUB GRADUATE BUSINESS SCHOOL UNIVERSITI TEKNOLOGI MARA (UiTM)

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PRINCIPAL INVESTIGATOR:

Dr. Mohammad Firdaus Mohammad Hatta

Takaful / Shariah / Islamic Finance

Shariah / Economics / Islamic Finance

Marketing

Marketing

Economics

Finance / Banking

TEAM MEMBERS:

Prof. Dr. Rosmimah Mohd Roslin Prof. Dr. Nor Hashima Hashim PM. Dr. Sharifah Faigah Syed Alwi Prof. Ismail Ahmad Dr. Mohd Nizam Jaafar Dr. Wahida Ahmad Dr. Azreen Roslan Azitadoly Mohd Arifin Mohd Faizol Rizal Mohd Rasid Nur Diyana Yusoff Nor Azzura Nordin

Finance Insurance & Risk Management Insurance Insurance & Risk Management Insurance & Risk Management Event Management

RESEARCH ASSISTANTS:

Nur Firas Binti Nazim Mohd Sham Bin Kamis MIBF Candidate, AAGBS, UiTM PhD Candidate, Akademi Bahasa, UiTM

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SECTION 1

INTRODUCTION AND RESEARCH DIRECTION

1.0 Introduction

The Islamic finance industry has witnessed tremendous growth across the globe over the last decade. According to Thomson Reuters (2018), the industry has recorded a compounded annual growth rate (CAGR) of 6% from 2012 until 2017. The substantial growth in recent years was due to the increasing demand from those who are religion-sensitive and more inclined to engage with financial institutions that comply with Shari'ah rules (Nomran et al., 2018). Currently, despite the challenges posed by the pandemic, the share of Islamic financing in the Malaysian banking system reached 37% at the end of 2020 (Fitchratings, 2021) and the total outstanding Islamic financing has increased to RM787.8 billion according to the Economic Outlook 2021 report (MoF, 2021). Such performance serve to highlight the positive potential of the Islamic finance industry. Although *Takaful* contribution is small compared to the other markets in the Islamic finance industry, the Takaful market has gained great momentum. As reiterated by Husin (2019), the Takaful market still have rooms for further enhancement, especially in Muslim dominated countries. However, several challenges have been identified that may hinder the development of the Takaful market and one of the most prominent challenges is the low penetration rate of *Takaful* plans. This study, thus will discuss such a challenge of low demand facing the *Takaful* market.

1.1 Problem Statement

The 2019 RAM Ratings indicated a stable outlook of the Malaysian *Takaful* industry. With the progressive impact of tariff liberalisation and moderating economic growth, general *Takaful* contributions are expected to expand at a slower 6% - 7% pace. Meanwhile, family *Takaful* new business growth is expected to decelerate to 7% - 9% given weaker consumer sentiments and rising cost of living concerns. Despite near-term moderation, the long term growth prospects for the industry remain anchored by Malaysia's supportive demographics, low penetration rates and awareness initiatives targeted at the Muslim-majority mass market consisting of 69.6% of the population (DOSM, 2020). The *Takaful* sector in Malaysia represents a small 17% of the combined insurance and *Takaful* segment's total premiums and contributions. Although spurred by the growth of ordinary family products, the family *Takaful* penetration rate is still currently low, at about 15% - 16% (RAM, 2019; MTA, 2019).

Furthermore, Bank Negara Malaysia stated that the net income contribution of Malaysia's *Takaful* industry stood at RM 9.56 billion and the total assets of *Takaful* funds was RM 31.37 billion for the year 2018. It can be acknowledged that this amount is small and lacking in significance compared to the total population of Muslims globally, including Malaysia (Shaifuddin & Hasnan, 2020). The *Takaful* industry still has a long way to go to be at par with conventional insurance.

In Malaysia, with 69.6% of the population are of Malay ethnicity, the *Takaful* industry appears to have huge market prospects. From the population's affordability perspective, the income levels of Malaysians are indicative of positive potential. In 2019, the mean income in Malaysia was RM7,901 while Malaysia's median income recorded at RM5,873. In terms of growth, the median income in Malaysia grew by 3.9 per cent per year in 2019 as compared to 6.6 per cent in 2016. Moreover, mean income rose at 4.2 per cent in 2019 (DOSM, 2020).

Median household income in urban areas recorded an increase at a rate of 3.8 per cent from RM5,860 in 2016 to RM6,561. Similarly, median household income in rural areas also increased at a rate of 3.3 per cent over the same period that is between RM3,471 to RM3,828. Mean household income in the urban areas grew by 3.9 per cent per year from RM7,671 to RM8,635. Meanwhile in rural areas, mean household income was RM5,004 in 2019, which grew by 0.8 per cent higher than the national level of 4.6 per cent (DOSM, 2020). Average monthly income by ethnicity is Bumiputera RM 7,093, Chinese RM 9,895, Indians RM 8,216 and others RM 4,951.

This research aims to discuss the plausible determinants of family *Takaful* demand in Malaysia and to propose possible alternatives in addressing existing challenges. This study is useful as a guide for stakeholders in the industry to revisit their strategies to gain sufficient momentum in capturing lucrative market potentials and subsequently to challenge the conventional insurance industry.

1.2 Objectives of the study

This study aims to understand further the participation of people in family *Takaful* plans. Specifically, the study aims:

- 1. To investigate dimensions/factors affecting non-participation in family Takaful plan.
- 2. To determine the items for assessing non-participation.
- 3. To examine the relationship between attitude, subjective norm, perceived behavioural control and non-participation of family *Takaful*.

4. To propose and recommend possible strategies to the industry players.

1.3 Methodology

In achieving the stated research objectives, quantitative and qualitative research approaches were utilized. The qualitative method was conducted at the exploratory phase of data collection to gather relevant information as inputs for the purpose of instrument development. As such, responses from key informants from the *Takaful* industry and those constituting non-*Takaful* participants were generated through qualitative method of online face-to-face interviews prior to the development of the research instrument. Once the research instrument has been developed and refined, the quantitative method ensued where survey was the main method of data collection. The stages of data collection and the description of each stage is detailed out in the following discussion.

Stage 1: Qualitative Exploratory Phase

The main idea of the exploratory stage of data collection was to gather relevant inputs in refining the research instrument. Although key dimensions relating to the non-participation of *Takaful* was based on literature specifically on the theory of planned behaviour (Ajzen & Fishbein, 1980), there was still a need to refine established dimensions and items in accordance to contextual relevance. On this note, the main aims of the exploratory phase were in the:

- 1. Identification of dimensions/factors affecting non-participation of family Takaful,
- 2. Determination of items for every single dimension/factor identified.

Online virtual interviews and a series of meetings with *Takaful* personnel and non-*Takaful* participants were executed to identify specific factors of family *Takaful* non-subscription. With various factors available in the literature, there was a need to ensure that contextual relevance was taken into account. In eliciting relevant responses, the following informants were interviewed:

- 1. Ten non-participants of family Takaful,
- 2. Two Takaful agents,
- 3. Two Takaful agency managers, and
- 4. One Takaful marketing officer

The interview sessions were conducted prior to the development of the instrument as responses generated from the interviews became inputs for the development and refinement of the instrument.

Stage 2: Instrument Development

In the second stage of data collection, the quantitative method was utilized. Survey was the method used for collecting data for the quantitative approach using the refined instrument. Based on the hypothesised research framework generated from literature and the accumulation of information from the interviews, the survey instrument was developed. On this premise, the dependent variable or the focus of the study was on the behaviour of non-participants of *Takaful* products. It was also postulated from literature that such behaviour may be influenced by independent variables of attitude, subjective norm and perceived behavioural control. This is portrayed in Figure 1.1 where the actual issue related to the non-participation of people in family *Takaful* plans in Malaysia may be influenced by their attitude towards the product, the push by those around them (termed as subjective norm) as well as their ability to control their behavior towards the action of not participating (termed as perceived behavioral control).



Figure 1.1 Research Framework

The dependent variable or the focus of the study is the force of intention that drives the people to non-participation in the family *Takaful* plan. The intention of a person could trigger them in making the choice of participating or otherwise. This is therefore known as the dependent variable or the intention to non-participation in family *Takaful* plan.

The independent variables identified in the study were essentially factors that could influence the dependent variable in either a positive or negative way. Hence, the factors identified based on literature as well as those generated from the interview sessions were attitude, subjective norms and perceived behavioral control. According to Ajzen and Fishbein (1980), attitude is the index that determines the likes or dislikes of people toward specific behaviour. Essentially, attitude is one of the key determinants of behavioural intention as this refers to the way people feel towards a particular behaviour (Ajzen & Albarracin, 2007). It is postulated that attitude could be an influencing factor in determining people to not participate in family *Takaful* plan. In addition to that, subjective norm (i.e., beliefs about what other people think the individual should do and the individual's motivation to comply with the opinions of others) is also believed to be an influencing factor to the behavioural intention towards family Takaful non-participation. Additionally, the construct 'perceived behavioural control' is deemed an influencing factor towards behavioural intention. Operationally, perceived behavioural control is often assessed by the ease or difficulty of executing specific behaviour and in this study, it would be the behaviour of not participating in *Takaful* plans. The instrument also incorporated the demographic characteristics of respondents and other descriptive information on the participation of family Takaful plan. Descriptive information like gender, age, residential area and the state where they are residing, individual monthly income, education, religion as well as the presence of any Takaful subscription or otherwise are included in the instrument.

i) Measurements used in the instrument

The instrument or the questionnaire developed was divided into several parts. Section A included questions on demographic background of the respondents in particular, their gender, age, residential area, state where they are residing, income, educational level, religion, and *Takaful* subscription. The other parts consisting of Section B, Section C, Section D, and Section E contained the variables used in the study namely, attitude, subjective norm, perceived behavioural control and reluctance to participate in family *Takaful* plan.

To measure items evaluating each of the variable, a 5-point Likert scale was used in the respective sections. Respondents were required to select their views on each statement used to measure the dimensions based on the scales provided (1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree). Johns (2010) explained that the use of a 5-point Likert scale is considered the norm for researchers to apply in many Social Science studies as it includes a neutral midpoint that would allow respondents to have an alternative to express their views on those statements they might not have adequate knowledge on.

ii) Unit of Analysis

The unit of analysis is the subject of interest that had been chosen by the researchers for the process of data collection (Kumar, 2018). In this study, the unit of analysis is the individual known as the family *Takaful* participant or non-participant. In this context, according to Islamic Financial Services Act (2013) a *Takaful* participant is the person who has legal title to a *Takaful* certificate and includes those:

- (a) where a *Takaful* certificate has been assigned or the assignee
- (b) where a personal representative of a deceased *Takaful* participant is entitled as against the *Takaful* operator to the benefit of a *Takaful* certificate, or the personal representative
- (c) in relation to a *Takaful* certificate providing for the payment of annuity, an annuitant
- (d) where under a *Takaful* certificate, monies are due or payable, whether periodically or otherwise, the person to whom the moneys are due or payable

Thus, from the viewpoint of the researchers, the family *Takaful* non-participants are then those not attributed or connected to the definition of a *Takaful* participant as mentioned above. It is worth noting, that this study concentrates on the family *Takaful* participants and non-participants as the respondents for questionnaire distribution. The reason this study includes participating respondents is that they are prospects or potential participants to turn down the existing *Takaful* subscription sooner or later. *Takaful* holders or policyholders may have the option in some cases as part of their contracts and under often specific predefined conditions to prematurely stop or interrupt payments of premiums (contributions), or to surrender the policy (certificate) before the contractual maturity date even though they are aware of the disadvantages they face in the case of surrender either under normal or extreme circumstances (Geneva Association, 2012).

Stage 3: Data Collection Process

i) Data Collection

This study was conducted with the purpose of identifying factors affecting family *Takaful* non-participation behaviour in Malaysia. The questionnaires were successfully distributed to those identified individuals across all the 14 states in Malaysia.

As this study was done during the surge of the Covid-19 pandemic which affected the whole population of Malaysia, there was a need to find an alternative method of data collection. Hence, the online mode through online survey, either via email or whatsapp or the use of specific digital channels were utilized. As electronic devices were used for data collection, google forms were the most feasible medium to use for distributing the questionnaire. This medium also allowed for easier storage and accessibility of the data for analyses purposes. The process of data collection therefore ensued through online survey via emails, whatsapp, Facebook, and telegram using google forms. The questionnaire was available in both Malay and also the English language to ease respondents in understanding and responding appropriately. The process of data collection took 6 months to complete beginning in January 2021 until June 2021. Enumerators were employed to assist in the data collection procedure and items used to measure the variables is summarized in Table 1.1 in the Appendix.

(ii) Sampling Technique and Execution

In accessing the respondents and in lieu of the limitation brought about by the Movement Control Order (MCO) at the time of data collection, convenience sampling technique was utilized. Thus, even though urban respondents were the target of the study, the instrument allowed for the segregation of urban and non-urban respondents as the google forms were distributed indiscriminately in order to get as many respondents within the designated time period. The targeted number of respondents was earlier set at 663 from all states with confidence level at 99% and error margin of 5%. However, due to unanticipated difficulties in securing the 663 respondents during the Covid-19 outbreak and the Movement Control Order (MCO), the research team decided to use a 95% confidence level instead of 99% which saw the reduction of the respondents' numbers from 663 to 385. The details of the numbers of respondents according to each state obtained is summarized as follows:

State	Respondents (No.)	Respondents (%)
Johor	20	5.2
Kedah	19	4.9
Kelantan	4	1.0
Melaka	9	2.3
Negeri Sembilan	13	3.4
Pahang	19	4.9
Perak	11	2.9
Perlis	7	1.8
Pulau Pinang	8	2.1
Sabah	35	9.1
Sarawak	18	4.7
Selangor	170	44.2
Terengganu	5	1.3
W.P. Kuala Lumpur	39	10.1
W.P. Putrajaya	7	1.8
W.P. Labuan	1	0.3
TOTAL	385	100%

Table 1.2: Number of Respondents Obtained According to States

According to Guadagnoli and Velicer (1988) the ideal sample size of studies in Social Sciences are commonly set at 150 observations. This should be sufficient in order to obtain an accurate description of the focus of the study. However, as explained earlier, the researchers had decided that 385 respondents (228 participants and 157 non-participants) would be sufficient based on the sample size calculator suggested by Raosoft with a margin of error at 5%, confidence level at 95% and with the urban population in Malaysia at above 25,000,000 (Worldbank, 2021; DOSM, 2021).

1.4 Data Analyses

The collected data was then keyed into the SPSS (Statistical Package for Social Science) software. Generally, the analyses of data entailed the following procedures:

Types of Analyses	Purpose
Descriptive Analyses	To determine the feel and goodness of data and provide descriptions of the respondents and their views
Cross-tabulations	To determine the associations between specific categorical variables that would indicate meaningful relationships.
Correlation Analyses	To elaborate on associations between key variables including aspects of attitude, subjective norms, perceived behavioural control and non- participation of Takaful
Regression Analyses	To determine the nature of relationship between the variables. The regression is to enable the research team to see the trend of influence and make appropriate prediction on the basis of the data.

Table 1.3: Types of Analyses Used in the Study

In summarizing, the study undertook the following:

- 1. Developed an instrument that could be used as the basis to evaluate the nonparticipation of people in family *Takaful* plan based on their attitude, subjective norms and perceived behavioural control.
- 2. Described the views of respondents on the specified items especially in terms of their demographic characteristics and the statements measuring the variables.
- 3. Determined the level of association of independent variables (attitude, subjective norms and perceived behavioural control) with the dependent variable by using correlation analyses and cross-tabulations.
- 4. Evaluated the relationship between all three independent variables with nonparticipation of family *Takaful*. In determining the relationship, the correlation coefficient 'r' must be significant in order to relay the extent of influence that the variables possessed.

The following section discusses the findings from the data analyses.

SECTION 2

FINDINGS AND DATA ANALYSIS OF THE SURVEY ON 'WHY ARE PEOPLE RELUCTANT TO PARTICIPATE IN A TAKAFUL PLAN?'

2.1 Introduction

This section concentrates on the interpretation of the data and results obtained from 385 questionnaires which have been distributed to the respondents. Primarily, this study used Statistical Package Social Science (SPSS) software with the latest version; version 25 in order to analyse the data acquired from the responses accumulated through questionnaire distribution. This software has the ability to carry out various statistical analyses in answering the stated research objectives. The analysis and interpretation of the data will be explained accordingly throughout this section.

2.2 On-line Survey

Table 2.1 portrays the total number of questionnaires that had been successfully distributed and collected. There are more than 1500 online questionnaires that were distributed either by email, whatsapp, telegram and Facebook, and the distribution was conducted by all 12 research team members, 2 research assistants and 17 research enumerators. However, only a total of 548 questionnaires were returned where 167 respondents answered in English and 381 in Malay. However, due to those unusable questionnaires, the researchers ultimately were left with 385 usable ones at 95% confidence level which were then run through the SPSS software.

Survey	Respondents
Distributed Online	1500+
Returned	548
Unusable Survey	125
Usable Survey (Urban)	423
Total Survey Required (Urban)	385
Participant	228
Non-participant	157
Percentage	100%

Table 2.1: Survey Response Rate

2.3 Demographic Data of the Respondents

Out of the total 548 questionnaires collected, 423 respondents were residents of urban areas. The analyses concentrated only on 385 out of 423 responses as suggested by the sample size software with 95% confidence level. The research team began the analyses of 385 samples with relevant descriptive statistics as presented in the following discussion.

2.3.1 Respondents' Characteristics

The starting point in the descriptive analyses was to relay the profile of the respondents. This is relevant as a step towards understanding the respondents' demographic background and thus relate their views to the established profile. Information on gender, age, residential area, the state in Malaysia where they resided, monthly income, education level, religion, and Takaful subscriptions were deemed important in providing clarity of their profile vis-a-vis their views. Demographic profiles of the respondents showed that majority of the respondents were females with 56.1% (216 respondents). Meanwhile, 169 out of 385 respondents were male with 43.9% of the total respondents. In addition, respondents aged between 36 to 50 years made up the majority group with a total number of 152 respondents comprising of 39.5% while 35.6% of the total respondents were aged between 25 to 35 years old with a total number of 137 respondents. Moreover, 74 out of 385 respondents were 51 years old and above with 19.2% of the total respondents while subsequently 22 respondents were aged less than 25 years old making up 5.7% of the total respondents. The respondents were also divided into two groups in terms of their residential areas; rural and urban. As established at the onset of the study, this research focused on those in the urban areas, hence all 385 respondents were selected from these areas. Figure 2.2 provides a glimpse of their gender and age breakdowns.



Figure 2.2: Gender and Age of Respondents

The demographics can further be segregated in accordance to the state where most of the respondents asserted as their state of residence. As indicated in Figure 2.3, those in Selangor (170) with 44.2% constituted the majority, 39 of them lived in W.P. Kuala Lumpur comprising of 10.1% while 35 of them were living in Sabah making up 9.1% of the majority. This was followed by those living in Johor and Kedah making up a percentage of 5.2% (20) and 4.9% (19) respectively. The respondents living in Pahang and Sarawak were next comprising of 4.9% (19) and 4.7% (18) each. Other than that, 13 of the respondents lived in Negri Sembilan which constitute 3.4% of the total respondents while those staying in Perak, Melaka and Pulau Pinang represented a percentage of 2.9% (11), 2.3% (9) and 2.1% (8) each. Those living in Perlis and W.P. Putrajaya shared the same percentages of 1.8% which was equivalent to 7 respondents in total. As for the rest, those living in Terengganu, Kelantan and W.P. Labuan made up a percentage of 1.3% (5), 1% (4) and 0.3% (1) respectively of the total respondents involved in the study.



Figure 2.3: Respondents' States of Residence

As indicated in Figure 2.3, although respondents from Selangor made up a majority of the responses, this tally with the need of the study requiring urban residents to participate. Selangor constitutes a distinctively urban state with a majority of the population residing in the Klang Valley where the urban centers are and their responses are more likely to reflect on issues relating to their spending decisions on discretionary incomes.

In terms of the levels of income, 23.4% (90) of the respondents indicated a range of individual monthly income of between RM 2,001 to RM 4,000 while the other 22.6% (87) attained income level of RM 8,001 and above. Additionally, the respondents with a range of income between RM 4,001 to RM 6,000 and RM 2,000 and below were represented by percentages of 21.8% (84) and 20.8% (80) respectively. On the other hand, the lowest number of respondents with a total percentage of 11.4% (44) reported their range of income of between RM 6,001 to RM 8,000. This is clearly displayed in Figure 2.4. The implication of this data relates to the probable affordability of those in the urban areas to participate in unsought products like family *Takaful* plan.



Figure 2.4: Respondents' Individual Monthly Income

In line with the income level of the respondents, their education level would be reflective of their decision capacity. The highest percentage of respondents at 40.5% hold bachelor degrees with a total number of 156 respondents. Meanwhile, 149 out of 385 respondents were postgraduates comprising of 38.7% followed by respondents who were Diploma holders with 12.2% of the total as represented by 47 respondents. Respondents with secondary education made up approximately 6.5% of the total which constituted 25 respondents and 2.1% of them have professional qualification (8 respondents in total). Figure 2.5 is a presentation of their education levels. Education levels could be tied to ease of knowledge acquisition and may well be linked to decision processing.



Figure 2.5: Highest Level of education

As *Takaful* linked products are based on Islamic principles, religion would be an influencing factor for purchasers in general. As such, the religious beliefs of the respondents were noted as a basis to infer are religious inclination in influencing purchase decisions. As expected, Muslims comprising of 96.4% or 371 out of the total 385 respondents were the ones who participated. There were however, 10 of them who were Christians with a percentage of 2.6% and 1.0% (4 persons) of them were Buddhist respondents. Among the respondents, 59.2% (228 respondents) of them admitted that they already subscribed to *Takaful* plans while the remaining 40.8% or 157 respondents claimed that they have yet to subscribe to any *Takaful* plans at the moment. Figure 2.6 provides a presentation of religion and subscription of respondents.



Figure 2.6: Religions and Takaful Subscription

2.4 Assessment of Takaful Subscription against Demographic Profiles

The demographic profile of the respondents formed the basis to further analyze their link with specific *Takaful* participation decisions. This was done through cross-tabulations of relevant variables and is deemed relevant as such analyses would provide further inputs for specific strategic actions. The following discussion encompasses relevant cross-tabulations carried out and the related implications of the findings.

2.4.1 Gender and Takaful Participation

Based on data of gender and *Takaful* subscription, a cross-tabulation analysis indicated that 58.6% or 99 male respondents have participated, while 41.4% or 70 male respondents refused to participate in the *Takaful* plan. Also, out of the total 216 female respondents, 59.7% or 129 of the female respondents have chosen *Takaful* subscription plans, while 40.3% or 87 of them did not participate in any *Takaful* plan. Total number of respondents including male and female who indicated participation in *Takaful* plans was 59.2% or 228 of the respondents, while 40.8% or 157 respondents appeared to hesitate in participating.

Gender and Takaful Participation (N = 385)		Total				
PARTICIPATION	PARTICIPATION Male Fe		Total who participated	Total who did not participate	Total Male Respondents	Total Female Respondents
	Percentage (169)	Percentage (216)	Male (Yes)	Male (No)	Male (Yes)	Female (Yes)
			+	+	+	+
			Female (Yes)	Female (No)	Male (No)	Female (No)
Yes	58.6% (99)	59.7% (129)	59.2% (228)	40.8% (157)	43.9% (169)	56.1% (216)
No	41.4% (70)	40.3% (87)				

Table 2.7: Gender and Takaful Participation

To illustrate further the findings of this cross-tabulation, Figure 2.7 provides a clear illustration of the link between gender and *Takaful* participation. As the proportion between male and female respondents was almost the same, the views from both genders were accounted equally. The analysis indicates that males and females are equivalent in terms of participation since both groups have almost similar percentages close to 60% participation compared to non-participation. In other words, both genders equally demand family *Takaful* coverages even though there may be a general assumption that the coverage demand will increase with the probability of death and the fact that men live shorter than women, they are likely to demand more coverage more. Thus, gender is not necessarily the main variable in influencing participation of *Takaful* plans, as both may have similar desire as requiring such coverages for theirs and their family protection.



meta-chart.com

Figure 2.7: Distribution of Gender in Takaful Plan Participation

2.4.2 Age and Takaful Participation

The cross-tabulation proceeded with an analysis of the link between age range and *Takaful* participation. In total, 59.2% (228) of the total respondents said 'Yes' to participating in *Takaful* plans while the rest did not. Of those who affirmed participation, 40.9% of those were aged less than 25 years old, while 59.1% of them in this age group declined to do so. Those aged between 25 to 35 years old with a total of 137 participants responded with 54.7% or 75 of the respondents choosing *Takaful* subscription, while 45.3% or 62 respondents refused to participate.

The data for those aged between 36 to 50 years old with a total of 137 participants responded where 65.8% or 100 of the respondents chose *Takaful* subscription, while 34.2% or 52 respondents did not participate. And with the final age group among those between 51 years old and above accounted for a total of 74 respondents, where 59.5% or 44 of them chose to subscribe to *Takaful*, while 40.5% or 30 of respondents refused to participate in any *Takaful* subscription plan. The total of 228 respondents (59.2%) whose age range was between less than 25 years to 51 years old and above affirmed participation in the *Takaful* plan, while the remaining 40.8% or 157 respondents did not. Table 2.8 provides the elaboration on the findings obtained from the cross tabulations.

Age and Takaful Participation (n = 385)					Total
PARTICIPATE	Less than 25 years old (22)	25 to 35 years old (137)	36 to 50 years old (152)	51 years old and above (74)	All Ages
Yes	40.9%	54.7%	65.8%	59.5%	59.2%
	(9)	(75)	(100)	(44)	(228)
No	59.1%	45.3%	34.2%	40.5%	40.8%
	(13)	(62)	(52)	(30)	(157)
Total	100%	100%	100%	100%	100%
	(22)	(137)	(152)	(74)	(385)

Table 2.8: Age and Takaful Participation

To further illustrate the findings, Figure 2.8 shows the distribution of all ages among the 385 respondents in terms of *Takaful* plan participation. It is interesting to note that age range influences the life cycle of consumers in general. With the changing life cycles, individual and family needs differ and consumption decisions would play a big part of whether they are inclined to participate in the purchase of unsought products like *Takaful*. As such, as illustrated in Figure 2.8, the non-participants are likely to be those in the age range of less than 25 as their needs differ and the probability of seeking unsought goods like insurance or *Takaful* coverages are definitely low. However, reaching the age range of 36 to 50 years, life cycle demands would have changed where family lives would dictate the need for more family protection and therefore the likelihood of subscribing to *Takaful* or similar products are high. At the age range of between 25 and 35 years, individuals are likely to spend most of the income on dependent family members and the purchase of durable goods. Thus, less income may be available for unsought products like family *Takaful* coverage compared to those in the age class of 36 to 50 years. For those aged 51 and above, the needs for protection may have somewhat reduced given the reduction in income as retirement beckons.



Age and Takaful Participation

Figure 2.8: Distribution of Age in Takaful Plan Participation

2.4.3 Income and Takaful Participation

Another demographic characteristic that is relevant to purchase decisions of *Takaful* products would be income level. The findings revealed that 72.4% of those earning a salary of between RM8,001 and above are participants to *Takaful* plans while for those whose salary is between RM2,000 and only 35.0% below declared their participation in *Takaful* plan. Financial ability is definitely a factor influencing participate.

Income and Takaful Participation (n = 385)						
PARTICIPATION	RM2,000 and below (80)	RM2,001 ~ RM4,000 (90)	RM4,001 ~ RM6,000 (84)	RM6,001 ~ RM8,000 (44)	RM8,001 and above (87)	
Yes	35.0%	58.9%	65.5%	65.9%	72.4%	
	(28)	(53)	(55)	(29)	(63)	
No	65.0%	41.1%	34.5%	34.1%	27.6%	
	(52)	(37)	(29)	(15)	(24)	

Table 2.10: Income and Takaful Participation

To illustrate further, Figure 2.10 shows the distribution of family Takaful participation based on respondents' income. In general, the likelihood that an individual has health coverage increases with income. It has been established in literature that persons with higher income are more likely to adopt risk reduction strategy with the subscription of health coverage. Various studies show that financial inclusion drive higher coverage demand and they suggested that income determines the participation in health and family coverage. One of the factors causing this scenario is employment. Employment provides source of income and according to the theory of consumption it is a permanent factor which determines level and distribution of income for consumption and saving. Thus, health coverage will be demanded more by individuals who are employed compared to those unemployed. Focusing on those financially abled prospects are worthy for industry players as the likelihood of adoption is better.



Figure 2.10: Distribution of Income in Takaful Plan Participation

2.4.4 Education and Takaful Participation

Parallel to income is the education level of individuals as there may be direct association between income and education. The study revealed that those holding professional education are more likely to participate in Takaful plans where 75% of them asserted positively to subscribing. For those who graduated at the postgraduate level, 64.4% chose to participate while those with Bachelor degree, 59.0% of them chose to participate. For those Diploma holders, 57.4% of them chose to participate. For the school leavers, only 28.0% of them chose to participate. Table 2.11 displays the cross-tabulations between education level and *Takaful* participation.

	Edu	ucation and Taka	aful Participation (n	= 385)	
PARTICIPATION Secondary (25) Diploma Undergraduate Postgraduate Profession (149) Profession Qualification					
Yes	28.0% (7)	57.4% (27)	59.0% (92)	64.4% (96)	75% (6)

Table 2.11: Education and Takaful Participation

No	72.0% (18)	42.6% (20)	41.0% (64)	35.6% (53)	25% (2)

Figure 2.11 shows the distribution of family *Takaful* participants based on education level. It has been established in literature that individuals with higher levels of education are more aware of risks and understand the importance of risk management. Education therefore enhances risk aversion and may encourage people to demand protection coverages like *Takaful*. Individuals with higher education are more likely to have higher and stable income and subsequently, more *Takaful* coverage will be subscribed by more educated individuals. Education can serve as additional proxy for dependence where the educated individual with a steady job may be the breadwinner to the family. There will be higher financial loss to the family in the demise of the breadwinner and as such, family protection may be demanded. There are therefore rooms for *Takaful* industry players to tap on more educated prospects who are more aware of the importance of protection and the need to mitigate unwarranted risks.



Figure 2.11: Distribution of Education in Takaful Plan Participation

2.4.5 Religion and Takaful Participation

Religion may play a part in influencing participation to *Takaful* products due to the association of *Takaful* with Islamic principles. Based on religion declaration, 371 respondents are Muslims with 60.6% of them choosing to participate in *Takaful* plans. This is to be expected as Muslims are more likely to participate. What is somewhat interesting is that there were those from the Christian faith who responded (10 respondents) to the survey and 3 or 30% of them declared participation. This can be a positive implication given that *Takaful* adoption can cross religious boundaries as the characteristics of the protection offered are all beneficial and positive to the participate. There were also four Buddhists who responded but none of them however, chose to participate in any *Takaful* plan.

Religion and Takaful Participation (n = 385)					
PARTICIPATION	Muslim	Buddhist	Christian		
	(371)	(4)	(10)		
Yes	60.6%	(0%)	30%		
	(225)	(0)	(3)		
No	39.4%	100%	70%		
	(146)	(4)	(7)		

 Table 2.12: Religion and Takaful Participation

Figure 2.12 further clarify the distribution of *Takaful* plan participants based on religion. There appears to be positive association between demand for family *Takaful* and Muslims. As Muslims are statistically the majority of the population in Malaysia, this has somewhat extended into the behaviour of *Takaful* participation compared to its counterpart, the conventional insurance. Established studies have found the positive relationship between demand for *Takaful* and the Muslim population as the assurance that *Takaful* coverage is free from any element of interest or usury prohibited by Islamic law compared to the conventional insurance, has indeed attracted Muslims in general in line with the verse that Allah permitted

sale and forbade *riba* in Surah Al-Baqarah (أو أَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرَّبَا (أَنَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرَّبَا). The restriction of *riba* is also inclusive of other Abrahamic religions such as Christianity. As in the Bible, The Old Testament condemns the practice of charging interest on a poor person because a loan should be an act of compassion and taking care of one's neighbor; it teaches that 'If thou lend money to any of my people that is poor by thee, thou shalt not be to him as a usurer, neither shalt thou lay upon him usury (interest)' (Exodus 22:25). In Jeremiah it further says: 'Woe is me, my mother, that thou hast borne me a man of strife and a man of contention to the whole earth! I have neither lent on usury (interest), nor men have lent to me on usury (interest); yet every one of them doth curse me' (Jeremiah 15: 10), and in Ezekiel: 'He that hath not given forth upon usury (interest), neither hath taken any increase, that hath withdrawn his hand from iniquity, hath executed true judgment between man and man ...' (Ezekiel 18: 8). Therefore, the similarities and parallels between Christianity's outlook and that of the Islamic principles of usury is the main reason that some Christians may opt for *Takaful* coverage rather than conventional insurance.

The prohibition of usury is not merely limited to Islam and Christianity as other religion such as Buddhism and Hinduism also have special discussion on this issue even though there are views that make allowance for usury with certain conditions. Buddhism for example also condemns giving and taking interest or usury while Hinduism may allow the imposition of interest although this may not be absolute permission for every Hindus. Understanding the demands of religion is an important component towards comprehending a nation's culture. In this context, *Takaful* agents in particular have to be equipped with basic understanding of multireligious teachings in order for them to be able to market *Takaful* services to all believers successfully. The integration between religiosity and marketing is necessary and this might help marketing practitioners to design appropriate strategies and promotional tactics based on the significance of religion.

A study by Swartz and Coetzer (2010) found that *Takaful* products have attracted even non-Muslim communities. Perhaps, another reason some non-Muslims opted for *Takaful* rather than conventional insurance because it has an explicit ethical and moral structure. The concept of *Takaful* dates back to even before the establishment of Islam, when Arabic traders pooled their funds to hedge one another against risks during trade voyages. Today, the system has evolved while adhering to its ethical and moral principles to become a financial tool alongside conventional insurance. The major difference is that it utilizes applied Islamic principles such as the avoidance of gambling and usury in its protection schemes and investment portfolios. With the contract of *tabarru*' (donation) and *ta'awun* (mutual assistance), they are the most appropriate way of mutual help and joint guarantee should any of his fellow participants suffer a defined loss since the purpose of the fund is as the aid to any participants facing calamity. The advantages of this concept is not specifically for Muslims only but it also provides benefits to all participants regardless of their religious belief, ranks or status. In fact, there is no such thing as money loss in this situation as it is the donation money and it is based on spirit of thinking and co-operative brotherhood. In other words, it functions the same as conventional insurance, in that it provides financial protection, but is a more socially conscientious alternative due to its origin and moral as well as ethical elements.

Additionally, what could be inferred as some Muslims did not participate in family takaful plan is that perhaps they disregard the need to cover against risks while preferring to leave their life journey to fate or with the will of Allah (SWT). The concept of total reliance to Allah's will (tawakkal) is adhered to unconditionally in this situation. There is therefore a need to provide better comprehension to the consumers so that the misconception of reliance solely to Allah (tawakkal) would be better understood. As much as it is good to rely on Allah (SWT) but as a Muslim, his/her efforts come first, and then only should they rely on Allah's will. The hadith of Prophet is appropriate here: 'The Holy Prophet (SAW) told a Beduin Arab who left his camel untied, that trusting to the will of Allah (SWT), should come after tying the camel first and only then should we leave it to the will of Allah (SWT).

Therefore, *Takaful* agents are vital as a constituent to *Takaful* participation and in establishing long-term relationship with participants whether they are Muslims or otherwise. *Takaful* agents are closer to the market place and understand the demands of the market. They are more likely able to provide practical inputs for the business than companies doing direct selling. By having non-Muslim agents, as a complementary option to Muslim agents, there is better possibility of targeting non-Muslim potential participants who find the notion of ethical or religious or co-operative *Takaful* products pleasing through the benefits of usury-free system. It is an alternative source for non-Muslims to participate in *Takaful*.

Religion and Takaful Participation



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Figure 2.12: Religion and Takaful Plan Participation

2.5 Assessment of Takaful Subscription and Relationship with Independent Variables

As established at the onset of the study, it is postulated that non-participation to family Takaful plans are influenced by three main variables; the attitude of the individual, their subjective norm as reflected by the influence of their social surroundings and their perceived behavioural control in making key decisions. Based on this postulation, a series of analyses were carried out to determine whether such influence exists. This was done through correlation and regression analyses. The following discussion provides the findings from the analyses.

2.5.1 Evaluating Associations of Variables through Correlation Analysis

Pearson's correlation was used to determine the association between the nonparticipation of Family *Takaful* and the variables of attitude, subjective norm and perceived behavioural control. Relating to Table 2.10, the three variables, namely, attitude, subjective norm, and perceived behavioural control have good positive relationships with the reluctance of consumers to participate in family *Takaful* plans. The strongest positive correlation is displayed by attitude with a .659 association with the reluctance of participating. It is the attitude of people that are inherently inhibiting them to participate or not to participate. Attitudes are not easy to change and for marketers, getting people to change their attitudes towards accepting novel products or services can be very challenging.

Variables	Attitude	Subjective Norm	Perceived Behavioural Control	Reluctance to Participate
Attitude	1			
Subjective Norm	0.763**	1		
Perceived Behavioural Control	0.748**	0.772**	1	
Reluctance to Participate	0.659**	0.557**	0.570**	1

Table 2.10:	Correlation	Ana	lysis
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**Correlation is significant at the 0.01 level

If *Takaful* agents or industry players are keen to attract non participants, the art of persuasion is vital in getting them to change their attitudes toward *Takaful* products and services. This may involve strategizing through a series of learning and knowledge dissemination processes in order to persuade potential participants. Relating this to the message transmission *hierarchy of effects*, getting audiences to accept any marketing messages require a structured process of **creating awareness**, **developing interest**, getting them to **desire the product or services** and ultimately, getting to participate or **to purchase** the product or service. The AIDA model or the hierarchy of effects model entail the need of marketers to understand the reception of messages and how audiences or targeted markets act upon the messages.

2.5.2 Regression Analysis

Multiple linear regression analysis is used in the study for the purpose of measuring the significance as well as the strength of the variables of attitude, subjective norm and perceived behavioural control in influencing non-participation of Family *Takaful* plans. In order to address comprehensiveness of analyses and interpretations, the analysis is divided into three linear regressions firstly for both participants and non-participants, secondly regression only for participants, and finally the regression for non-participants only. These are presented in Tables 2.12, 2.13 and 2.14 respectively.

As indicated in Table 2.12, attitude and perceived behavioural control appeared to have significant relationships with non-participation of family *Takaful* plan for both groups who had participated as well as those who have not. What this implies is that attitudes and their ability to control their decision making for consumers in general are likely to influence their participation to family *Takaful* plans. Consumers in general are likely to participate or not to participate in family *Takaful* plans based on their attitudes toward such plans and how they make decisions on such purchases. Nevertheless, subjective norms are insignificant to the participation in family *Takaful* plan which implies that for the consumers, social surrounding or pressures from social interaction of family, friends or peers are unlikely to get them to participate or not to participate. This would be a key finding to the marketing strategist as getting family or friends within the social circle of the consumers are unlikely to persuade them to purchase or not to purchase family *Takaful*.

	Unsta	ndardized	Standardized		
Model	Coefficients		Coefficient	t	Sig.
	В	Std. Error	Beta		
(Constant)	-0.411	0.204		-2.136	0.033
ATT	0.897	0.114	0.503	9.215	0.000
SN	0.099	0.112	0.059	1.000	0.318
PBC	0.229	0.101	0.147	2.390	0.017
F value			103.172		
Sig	0.000				
Adjusted R ²			0.444		
R ²			0.448		

 Table 2.12: Multiple Linear Regression (Participants and Non-participants)

The findings from the regression analysis also convey that there may be other factors that would lead to non-participation of family *Takaful* plans as the three variables together, attitude, subjective norm and perceived behavioural control only account for about 44.4% of the changes to participation inclination. As such, more thoughts need to be given to other variables which may not have been considered here like financial literacy, religiosity, risk taking characteristics or other relevant variables.

The analysis in Table 2.13 addressed the responses of those who actually participated or already have family *Takaful* plans. The analysis indicated that attitude and perceived behavioural control are once again significant in influencing participation which subjective norm is not significant. For those who already have their family *Takaful* plan in place, there are other factors that have actually pushed them to purchase and their attitude towards *Takaful* as well as their ability to conduct such purchase behaviour have actually laid the foundation for their decision.

	Unsta	ndardized	Standardized		
Model	Coe	fficients	Coefficient	t	Sig.
	В	Std. Error	Beta		
(Constant)	-0.321	0.263		-1.221	0.223
ATT	0.602	0.151	0.323	3.997	<mark>0.000</mark>
SN	0.083	0.141	0.050	0.584	0.560
PBC	0.445	0.129	0.302	3.453	0.001
F value			46.699		
Sig			0.000		
Adjusted R ²			0.377		
R ²			0.385		

 Table 2.13: Multiple Linear Regression (Participants)

However, in extending the analysis only to those who have not participated as indicated in Table 2.14, only attitude appeared to have significant influence on their non-participation in family *Takaful* plan. The other two variables of subjective norm and perceived behavioural control, are not significant with their non-participation to family *Takaful*. What this implies is that for those who have yet to purchase a family *Takaful* plan, it might solely be their attitude that is inhibiting their decision. How they perceived *Takaful* products or their level of understanding of *Takaful* may be linked to their attitude as experience or beliefs are distinct components of attitude. To change an established attitude may take a long time and requires much persuasion as attitudes may be entrenched in the minds of people and to persuade them to change their minds may require an aggressive strategy of paradigm shift and mind reneging through selective messaging to targeted audiences.

Table 2.14: Multiple	Linear Regression	(Non-Participants)
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	Unsta	ndardized	Standardized		
Model	Coefficients		Coefficient	t	Sig.
	В	Std. Error	Beta		
(Constant)	0.620	0.390		1.590	0.114
ATT	1.140	0.173	0.667	6.587	<mark>0.000</mark>
SN	0.037	0.171	0.023	0.218	0.828
PBC	-0.207	0.155	-0.126	-1.333	0.184

F value	28.389
Sig	0.000
Adjusted R ²	0.353
R ²	0.366

Hence, from these three regression analyses, it can be inferred that attitude plays the most important role in influencing people's intention not to participate in family *Takaful* plan. For those who have yet to participate in Takaful plans, it is their attitudes that are hindering them for committing to *Takaful* plans. The reasons behind such attitude may be linked to their experience, knowledge and perception towards *Takaful*. There is a need for enhanced understanding of what Takaful entails amongst this group of consumers who may not see the benefits of *Takaful*-related products. Although as suggested earlier, demographic characteristics like education level and income may play a part in influencing participation or non-participation, it is ultimately their attitudes toward *Takaful* that may be the strongest contributor to their participating decision.

Additionally, perceived behavioural control is also a significant contributor to participating or non-participating decision. It has been established in literature that people will not participate in family *Takaful* if they have insufficient resources in which to make purchasing decisions and this is embedded in the variable of perceived behavioural control. Thus, targeting to the right demographic groups may be worthwhile especially in terms of those financially able as well as those with specific education levels who could grasp the importance of having protection for the family within the Islamic boundaries of *Syariah* compliance as those offered by family Takaful plans. Interestingly, subjective norm or the influence of social surroundings did not appear to have much influence on participation or non-participation of *Takaful* plan. Thus, what this study infers is that getting family or friends to persuade participation to Takaful may not necessarily yield positive outcome.

2.6 Descriptive Analysis of Attitudes and Perceived Behavioural Control

The study also carried out descriptive analysis on each of the variable of interest. This analysis is meant to highlight specific statements in the measurement of the two significant variables identified in the regression analysis, i.e. attitude and perceived behavioural control that are more pronounced as indicators of agreement by the respondents as well as the dependent variable of non-participation to family *Takaful* plans.

2.6.1.1 Attitude

Attitude as a variable of interest was measured through how the respondents perceived specific statements on the characteristics of family *Takaful*. As such, statements addressing online transactions, the returns that were likely to be obtained, security issues, and saving option, among others, were used to measure attitude towards family *Takaful*. In total, there were twenty statements that measured attitude and using a scale of 1 denoting 'Strongly Disagree' to 5 addressing 'Strongly Agree', the mean of each statement was computed. Those with means above 3.0 signify an inclination above neutrality and towards the agreement scale. The statement with the highest mean (M=3.91) lies with the statement of '*I find it necessary to be cautious with online transaction*'. The characteristics of such online transaction associated with *Takaful* plan appears to express respondents' attitude toward the product or service. Stressing on online transactions are likely to deter potential participants given that they do not have positive agreement to relate to family *Takaful* plans.

Additionally, the next highest mean (M=3.06) was highlighted on the statement '*This* online transaction has more to lose than to gain by not delivering on its promises' which means that a majority of the respondents are of the opinion that *Takaful* plans do not necessarily keep to its promise. When linked to attitude, this statement simply conveys the inferiority that many respondents have of Takaful plans. Another statement, '*Takaful does not provide high return*' (M=3.05) is also reflective of how respondents perceive Takaful plans. This misconception implies their attitude towards *Takaful* in general. It is also noted that the statement '*In Takaful, investment principal and profits are not guaranteed*' has a relatively high mean (M=3.02) which signifies respondents' agreement that investment and profits of *Takaful* is not necessarily assured. Statements such as these are reflective of the attitude that the public has toward *Takaful* and in essence it has been established earlier that attitude is the strongest influencer of decisions made on whether to participate or not to participate in *Takaful* plans.

No.	Statements / Items	Mean	Std. Deviation
B12	I find it necessary to be cautious with online transaction.	3.91	1.164
B13	This online transaction has more to lose than to gain by not delivering on its promises.	3.06	1.194

Table 2.15: Descriptive Analysis of Attitude's Items

B17	Takaful does not provide high return.	3.05	1.178
B19	In Takaful, investment principal and profits	3.02	1.118
	are not guaranteed.		
<i>a</i> 1		1 4 4 7	G 1 1

Scale: 1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

Statements B12 and B13 are indeed a portrayal of consumers' wariness of online transaction which essentially may not be associated with only Takaful transaction but also banking transactions. If the step towards online activities are to be expanded for Takaful services, the possibility of potential participants rejecting it would be higher. Consumers in general, inclusive of *Takaful* participants are always cautious of online transactions especially during *Takaful* plan applications and payments. The current scenario of scam cases increasing significantly, have thwarted the inclination of the public in general to readily accept online activities. Statistically, an increasing occurrence of scam cases were logged with a reported loss of RM 287,301,039.90 in 2020 (MCMC, 2021). Thus, if Takaful operators are keen in attracting potential participants through online transactions, there may be a need to familiarize potential participants with their websites and provide tips for safe online transactions. In addition to that, Takaful operators should have their websites and information on transaction processes readily available and distinctively known to the public. Alternatively, it is also safer to subscribe from sites that use locally internationally-known online payment systems like PayPal, ipay88 or JomPay, as stringent vetting procedures are in place. Hence the probability of getting cheated is lower. On the other hand, according to Chang (The Star, 2014), the main reason cheating through online scams are rampant is because of the lack of awareness of different forms of scams. It may be worthwhile to organize awareness programs on scam transactions for the public. This will educate people on how to identify fraudulent activities and the right measures to undertake in order to prevent scams from succeeding. It may therefore be worthwhile for *Takaful* operators to organize programs aimed at enhancing awareness of scam possibilities and reduce the worry of doing online transactions in particular during this pandemic time.

For statement B17, people feel that *Takaful* is the last source of investment after unit trust and investment banks. Generally, they believe that *Takaful* is not the best strategy for investment purposes as they do not offer high returns. It is therefore suggested that Takaful operators focus on investment instruments that would generate better returns to all family *Takaful* plans inclusive of the pure protection plan. This concurs with B19 statement where

people believe that by participating in family *Takaful* they gained almost nothing. When people invested their money or subscribed to particular products or services, they expect some form of returns. However, this does not happen in *Takaful* participation. If they die, their nominee may get some payments but if they live, no one gets anything (Hasyim, 2018). Such understanding is well acknowledged by the public but psychologically, people are interested to obtain something that is guaranteed or protected, as affirmed by the prospect theory. Risk attitudes tend to be sensitive to psychological factors such that individuals who are more riskaverse often consider the gains which is also called the reflection effect. As such, it is suggested that the Takaful industry be one-stop centre for customers who want to have savings, protections and investment at the same time. Again the Takaful industry players and their agents need to concentrate in explaining more on the investments and returns to the potential participants. The elements of investment should be embedded in every single family Takaful plan. This would attract and entice potential participants to subscribe to any plans offered by family *Takaful* operators. It makes sense for the *Takaful* operators to take a further move by not limiting channel of investment just in equity-based or debt-based instruments but to explore more towards moderate risk and high return instruments such as investing in Islamic structured investment products.

Another option the *Takaful* operators should look into is to develop a product based on *qard* contract (loan) as another alternative *Takaful* facility. The use of *qard* contract is already spelled out in the *Takaful* Operational Framework (2019) that includes *qard* for participant individual fund (PIF) savings, the principal amount of *qard* is guaranteed by a licensed *Takaful* operator and any benefits from the *qard* PIF Savings is based on the licensed *Takaful* operator's discretion and not made conditional to the *qard*. Perhaps, the *Takaful* operators may open such a facility to every participant or to any specified group of participants for instance the retiring and retired groups. Therefore, this alternative facility would provide another channel for *Takaful* participants to get their principal guaranteed and protected.

2.6.1.2 Perceived Behavioural Control

Based on Table 2.16, it can be observed that the independent variable of perceived behavioural control was measured using 10 items or statements but only 2 items were above the mean of 3.0. The statement '*There is no immediate/instant rewards from the Takaful operators (i.e. doctor on-call service, contest rewards, shopping vouchers, fitness membership vouchers, etc)*' has the highest mean (M=3.30) which denotes that majority of the respondents foresee that there are no instant rewards that can be received from the *Takaful* operators.

Subsequently, the statement '*Takaful operators do not proactively offer loyalty programme for the existing participants (i.e. monthly engagement activities with Takaful Operator, etc)*' has a high mean (M=3.16) in which most of the respondents agreed that the loyalty programme is not made available by *Takaful* operators.

No.	Statements / Items	Mean	Std.
			Deviation
D8	Takaful operators do not proactively offer loyalty		
	programme for the existing participants (i.e.	3.16	1.204
	monthly engagement activities with Takaful		
	Operator, etc).		
D9	There is no immediate/instant rewards from the		
	Takaful operators (i.e. doctor on-call service,	3.30	1.224
	contest rewards, shopping vouchers, fitness		
	membership vouchers, etc).		

Table 2.16: Descriptive Analysis of PBC's Items

Scale: 1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

Statements D8 and D9, imply that reward programs work by reinforcing positive actions each time a consumer purchases or subscribes to a product. Every time the participant makes a subscription, he/she experiences the pleasure of an immediate reward. The implication of this is essential in getting the attention of potential participants. It is the instant gratification that reinforces the subscription pattern. This can be enhanced with instant or periodic rewards throughout the subscription lifecycle. On another perspective, it might seem counterintuitive to provide immediate rewards to customers or participants for *Takaful* business, but if *Takaful* operators consider this form of transaction as an investment in the future of their brand-customer relationship, it makes perfect sense for *Takaful* operators to offer customers a reason to stay or to come back again with a new application. The first transaction with a customer is a crucial step towards winning their loyalty. It is a critical time to get them to join the *Takaful* loyalty program and *Takaful* operators can have further opportunities to build long term relationships instead of letting them walk out the door without having their contact details.

In essence, customer loyalty is a concept that infers customer's willingness to engage in a business relationship with a brand or company over a long period of time. In most cases, it comes as a result of outstanding customer experience and the real value they get from products or services. Hence, for *Takaful*, the loyalty programs would be a way for customers to enjoy higher value for them to stay or renew their coverages. As such, *Takaful* operators should display this value straight away. Some of the main benefits of having effective loyalty programs are better customer retention, attain customer referrals (or word-of-mouth marketing), and gaining positive reviews and testimonials.

One of the best ways to achieve loyalty program is by providing immediate discounts The offer of discounts or lower contribution (premium) compared to the quotation made earlier on the subscription may be a very effective on-boarding strategy as potential customers are attracted to the notion of what they can get in return for the commitment. Additionally, *Takaful* operators may provide non-*Takaful* services such as contest rewards, shopping vouchers, fitness membership vouchers, doctor on-call service, home security, car maintenance, health monitoring, financial planning, rewards for disabled children, rewards during birthday and many more to the participants, especially those that are natural extensions of their core products. *Takaful* operators can become the key players in the ecosystem of interconnected services for health, bereavement, mortality, morbidity, life, family, education, children, disability benefits and many more.

Secondly, loyalty awards can also be offered on investment plans such as unit linked *Takaful* certificate, where a portion of the participants' contribution would be allocated towards an investment fund. The reward is calculated as a percentage of the sum covered and paid either at the certificate's maturity along with other maturity benefits or at regular intervals such as every 3 or 5 years (The Economics Times, 2014). Thirdly, family *Takaful* operators may offer reward points to certificate holders who maintain good health and regularly take part in various wellness and fitness programs. The rewards could be redeemable vouchers for health supplements, membership in fitness centres, gymnasiums, sports clubs and other wellness benefits. *Takaful* operators can also provide discounts on contributions or increase the sum covered at the time of renewals based on the wellness regime followed by certificate holders to maintain a healthy regime, while also reducing the loss ratio for *Takaful* operators.

Another loyalty program is probably by organizing monthly, quarterly or semi-annual engagement activities with participants and potential participants. Such an engagement activity like the *Takaful* awareness programme, healthcare programme, fitness programme, and many more can be organised effectively. This also would create relationships and establish networking between *Takaful* operators, existing participants and potential participants. The

benefit of these relationships is to get information or generate leads that will extend further the *Takaful* business. Word-of-mouth marketing, reviews and testimonials are very important means of relationship building and networking and these may influence the acceptance of *Takaful* facilities. Word-of-mouth is an unpaid marketing technique that generate natural discussions about a company or its products, in particular *Takaful* business. In the engagement activities, people tell others about *Takaful*'s facilities and how much they like it. Existing participant testimonials generate word-of-mouth as they represent other participants who have used *Takaful* products and are satisfied with them. Again, the existing participants will not share testimonials no matter how happy they are unless *Takaful* operators reach out to them. The same is the case with customer reviews.

The *Takaful* operators should also take into account the speed of claim settlement. It is not hard to understand why speed claims is sometimes characterized as one the most significant touch-point in the Takaful-certificateholder relationship. Takaful operators could be offering unrivaled quotes, seamless underwriting, a diverse array of products and outstanding service. But without an expedited claims experience, there is a good chance the existing participants will start looking at other *Takaful* competitors to handle their future coverage needs. According to Accenture (2019) 95% of policyholders rated speed of settlement as the top factor in their level of satisfaction and it significantly impacts their decision to remain with their current coverage provider. Once losses or calamities have been assessed and the claims amount is agreed upon, it is usually in everybody's best interest to settle and close the case without undue delay. The quicker the settlement is disbursed, the sooner the certificate holder can return to life as it was before the loss occurred. Outstanding bills can finally be paid, facilitating 'business as usual' for all involved parties. Additionally, an expedited settlement reduces the chances of extended litigation and other last-minute changes that can complicate the process and impeded the certificate holders' ability to move forward after their claim. With the recent surge of FinTechs, InsurTechs and TakafTechs options, automated claims processing is quickly becoming a top priority for *Takaful* operators. The new claims ecosystem includes mobile apps for self-reporting, remote data collection via drones and satellites, Robotic Process Automation (RPA) and automated claims payments are among other speed solutions. Perhaps, by leveraging technology, *Takaful* operators replace the time-consuming manual methods of the past and reduce the chance of costly errors. Minimizing the claims cycle time allows Takaful operators to dedicate towards customer retention strategies and loyalty programmes. Lastly but not least, *Takaful* operators should have past claim settlement report and provide to all *Takaful* agents. The report contains the past amount and timeframe of claim settlement by the Takaful operators. It is purposely for letting potential or existing participants know how good the *Takaful* operator is in terms of claim settlement in particular.

Hence, instant rewards and loyalty programs provide participants with an added boost every time they choose a particular *Takaful* operator over the competition. The *Takaful* operator can then study their subscription behavior to make product recommendations to boost their engagement through messaging and push notification. *Takaful* operator can also encourage participants to rate their brand experience on social media. The loyalty effect is confidence, trust and consistency, all built around a good product, plus incentives rewards and expedited claim settlement. Good loyalty program is a plus point for *Takaful* operators because they do not have to sacrifice anything but the time and effort it takes to implement a system that can process rewards. Loyalty programs make *Takaful* operators happy because they had a worthy, rewarding experience that may induce them to subscribe again.

2.6.1.3 Reluctance to Participate in Family Takaful Plan

Although there were a few statements that measure respondents' reluctance to participate in family *Takaful* plans, only one statement was found to have a mean of 3.0 while the rest were inclined towards disagreements scales. This signifies neutrality and as shown in Table 2.17 the descriptive results for the item with the mean (M=3.00) is seen in the statement '*I have no intention to participate in family Takaful in the next few months*.' This implies respondents' indecisiveness to participate in family *Takaful* in the near future. Essentially, this may actually denote good news to *Takaful* operators as the possibility of potential customers participating is noted through this statement. Not committing to this negative statement infer a positive possibility and as such, should be seen in a more positive light.

No.	Statements / Items	Mean	Std. Deviation
E1	I have no intention to participate in family Takaful in the next few months.	3.0	1.575

Table 2.17: Descriptive Analysis for Reluctance to Participate

Scale: 1: Strongly Disagree 2: Disagree 3: Neutral 4: Agree 5: Strongly Agree

The statement in Table 2.17 with a mean of 3.0, infer an indecisiveness of the respondents whether to participate in family *Takaful* plan or otherwise. People who have yet to subscribe to *Takaful* actually are not putting the idea permanently out of their minds but are still unsure of the decision. This could be due to lack of awareness, knowledge or even understanding to the benefits of *Takaful*. On an operational stand, there is a possibility that Takaful agents tend to ignore the type of Takaful potential participant whom in general are not really sure what they want in a coverage, and they might not even realize they need one. Perhaps, they have heard about *Takaful*, so they are interested in what the *Takaful* agents have to offer, but there are limiting factors like price or relevant benefits that are inhibiting their purchase decision. As long as it does not cost too much, or as long as it is not too complicated to fill out the application forms, or to choose a *Takaful* coverage plan, among other things, these potentials may still be lured to participate. Often *Takaful* operators or agents do not go after these potential participants, thinking they are just going to be a lot of work and they probably will not participate in *Takaful* anyway. Despite their indecisiveness, they are still firm potential participants and should not be overlooked. Perhaps, they want to subscribe but their insecurities, their overthinking and indecisiveness are getting in their way of subscribing.

Hence, what *Takaful* operators and agents may still lack is the weapon to entice them, and this can be overcome by understanding precisely their peculiar needs and becoming their advisors. Indeed, the right *Takaful* marketing techniques are what *Takaful* operators need to have to win over all these indecisive prospects. Instead of forceful coaxing, it is more beneficial to help them build trust in *Takaful*. Even though they may not be a participant yet, they still have the potential to be one.

It is quite common for *Takaful* agents to practice aggressive sales pitches in luring potential participants. For the indecisive ones however, outright sales pitches may not necessarily work. Sometimes pitching products can backfire as no one wants to be sold to and this kind of selling often lacks credibility. It would be more helpful for agents to show potential participants how important they are and that the agents are more of an advisor rather than a salesperson. The role of an advisor, facilitator or guide would be more likely to induce agreement and would lead to relationship building.

Takaful agents would also benefit from having some basic psychological knowledge on human interaction and in understanding their needs. Agents who inject credibility in the way they approach and speak to potential participants are more likely to be deemed as trustworthy and thus would be more persuasive. If changing of attitudes is what is sought by the agents in trying to attract potential participants, then partaking on the principles of the elaboration likelihood model dictates the need to understand the variables of the attitude change approach involving features of the source of the persuasive message, contents of the message, and characteristics of the targeted audience. According to the elaboration likelihood model of persuasion, there are two main routes that play a role in delivering persuasive messages; central and peripheral. The central route is logic driven and uses data and facts to convince people of an argument's worthiness and if done well, it will result in lasting attitude change. Whereas the peripheral route is an indirect route that uses peripheral cues to associate positivity with the message where instead of focusing on the facts and a product's quality, the peripheral route relies on association with positive characteristics such as positive emotions and celebrity endorsement. If successful, it will result in temporary attitude change. In addition to this likelihood model of persuasion, it can also be integrated with the AIDA model or the hierarchy of effects model that has been previously explained under the sub-section of correlation analysis. Therefore, training on knowledge of psychology can be an important criterion in the training of *Takaful* agents for the growth of the *Takaful* business.

Another important effort should be taken into account is by hiring a psychologist as a permanent staff or periodical contract basis. By referring to the previous discussion on the significance of attitudes as a factor that may influence the behaviour of people either to participate in *Takaful* or not, it shows how important these people are; psychologists. To name several of well-known psychologist's roles are diagnosing a condition or telling more about the way a person thinks, feels, and behaves, and also evaluating intellectual skills, cognitive strengths and weaknesses, vocational aptitude and preference, personality characteristics, and neuropsychological functioning (American Psychological Association, 2019). Hence, with their expertise and knowledge it would help *Takaful* operators on how they can influence and change attitude and behaviour of people, in particular the indecisive potential participants to accept *Takaful*.

In addition to the points highlighted above, the *Takaful* operators should take into account by finding solutions to cater for the current pandemic outbreak that faces all people globally. Certain Takaful operators have improved their market share because of covid-19 coverage facility provided, but the rest has suffered a drop and will increase the likelihood of further losing its market share in case they still not offer any covid-19 facility. Based on one-year experience of covid-19 outbreak, many *Takaful* operators have recorded lower medical

claims experience that resulted in better savings for *Takaful* operators. Based on an average vaccination rate of 500,000 doses per day, it is expected that 75% of the adults and total population to complete their vaccination by mid-September and mid-October respectively. As such, it is expected that the number of severe cases which require hospitalisation will reduce in tandem with what had been observed in other countries with high vaccination rate. Hence, the *Takaful* operators need to take this opportunity by offering covid-19 coverage even though some *Takaful* operators are subject to an exclusion clause stipulated that the medical benefit charges shall not be reimbursed if the hospitalisation is incurred either by any communicable diseases requiring quarantine by law or preventive treatments and medicine. This clause indirectly does exclude any coverage related to Covid-19. Therefore, Takaful operators need to come out with at least a solution to serve Covid-19 coverage either by finding an alternative model instead of the current *tabarru*' model of *Takaful*, or by having another supplementary risk fund purposely for emergency events such as Covid-19 cases, or making use of gross surplus before declaration, or from shareholders' fund, or any other solution catering for the unprecedented event of Covid-19. With this inclusion it is believed that the acceptance of Takaful products will keep on increasing and InsyaAllah will be dominating its counterpart, the conventional insurance, sooner or later.

SECTION 3

CONCLUSION

As a nation progresses, the needs of the population would also be extended into numerous tangible and intangible demands. In particular, the need for protection for the population would become more prominent as country develops. Specifically, protection through the concept of insurance or *Takaful* as the Islamic notion of protection or coverages for the family and individuals come into play. Takaful is the Islamic insurance established on the basis of contribution contract (*tabarru'*) where the contributors co-operatively share the liability for any loss or damage that may befall any member. *Takaful* system enables all Muslims to escape *gharar* (uncertainty), *maysir* (gambling) and *riba* (interest) which are prohibited in Islam. Conventional insurance differs from *Takaful* in the sense that it is based on transfer of risks from the insured to the insurer. Also in conventional insurance there is an element of uncertainty (gharar), gambling (maysir) in the form of premium and interest rate generated from capitalization or usury (riba). In Malaysia, the Takaful Act was enacted in 1984 and the first *Takaful* operator was incorporated in November 1984, a year after the establishment of the first Islamic bank namely Bank Islam Malaysia Berhad (BIMB).

Despite the positive development of *Takaful* over the years, there are still several challenges that may hinder the advancement of the *Takaful* market and one of the most prominent challenges is the low penetration rate of *Takaful*. This essentially reflects the reluctance of people to participate especially in the family *Takaful* plans. This study, thus discussed such a challenge in addressing people's reluctance to participate and in understanding what would likely lure them to participate.

At the onset of this study, four main objectives were established, namely, to investigate the dimensions or factors affecting non-participation in *Takaful* plans, to determine the items for assessing non-participation, to examine the relationship between attitude, subjective norm, perceived behavioural control as possible factors influencing non-participation of family *Takaful*, and finally to propose and recommend possible strategies to the industry players.

Based on the conduct of cross-tabulations of the stated variables, the results indicate that both males and females have equal demands in terms of participation of the family *Takaful*. As such, marketing to both genders may be worthwhile depending on their needs and their socio-economic characteristics. In terms of age range, heterogeneity is detected as those

participating in *Takaful* keep on increasing starting from the age class of less than 25 to the age range of 25-35, and to those aged between 36-50. Those aged between 36-50 appear to have the highest *Takaful* participation. This perhaps denote that the older a person gets, the higher the realization that family protection is needed. In line with this, the findings also indicate that persons with higher income are more likely to be risk averse and adopt risk reduction strategies and have *Takaful* coverages, while more educated people are also likely to subscribe to *Takaful*.

Additionally, only four states appear to have low *Takaful* penetration rate at 50% and below, including Kelantan, Sabah, Terengganu and Melaka. This is an area that *Takaful* operators should further note in addressing strategies of increasing penetration. An interesting additional findings on religion finds that people from different beliefs and faiths in particular Muslims and Christians have subscribed to *Takaful*. What could be inferred from this is that both religious beliefs subscribed to the notion of transparency, cleanliness, ethics and morality when attaining protection such as this.

In addressing factors that may influence people's reluctance to participate in family *Takaful* plans, it was found that attitude is the single most significant inhibitor of Takaful subscription. As much as it is difficult for marketing strategist to address attitude changing initiatives, this is nevertheless inevitable as convincing those with negative attitude towards a notion like *Takaful* that signifies protection benefits can be very challenging. Both groups of respondents in this study who are already participating and those who have yet to participate, indicated that their established attitude is what is hampering them from subscribing or non-subscribing. Those who had already participated in *Takaful* declares their positive attitudes toward this form of protection, whilst those who have yet to participate also acknowledges that their indecisive or negative attitude towards *Takaful* is not moving them towards accepting the coverage plans.

In understanding elements of such attitude further, descriptive analysis reveals that the characteristics of *Takaful* in terms of operational executions like online transactions especially during *Takaful* plan applications and payments is giving them a negative outlook towards *Takaful* in general. Also, the idea that *Takaful* protection in terms of investment do not provide high returns and has limited guarantee are inhibiting the pull towards *Takaful*. Essentially they believe that *Takaful* is not the best strategy for them to invest in as they offer unattractive returns is inherent in their attitude towards *Takaful*. Hence, *Takaful* operators are recommended to focus on investment instruments that would generate better returns to all family *Takaful*

plans inclusive of pure protection plan, but not only limited to investment-linked product. In addition, it is suggested that rather than promoting family *Takaful* with various benefits of coverage, the Takaful industry players and their agents should focus and explain more on investment and return benefits to potential participants. It is also suggested that the elements of investment should be embedded in every single family *Takaful* plan. This would attract and entice potential participants to subscribe to any plans offered by *Takaful* operators. Perhaps, *Takaful* operators should take further move by not only limiting channel of investment in equity-based or debt-based instruments but they need to explore more towards moderate risk and high return instruments such as investing in Islamic structured investment products. Another option the *Takaful* operators should look into is to develop a product based on *qard* contract (loan) as another alternative *Takaful* facility. This facility would provide another channel for *Takaful* participants to get their principal guaranteed and protected.

The findings on the influence of non-participation to family Takaful also revealed that perceived behavioural control or consumers control boundaries to decide on specific matters may also play a role in moving consumers toward Takaful purchase. This is related to statements where consumers opined that there are no instant rewards that can be received from Takaful investment, and that the loyalty programs available is not proactively offered by the Takaful operators. Consumers expect immediate rewards to attract them to Takaful offerings and their circle of control in deciding is likely to be influenced by aspects of rewards. This can be a form of loyalty program which will get existing participants to come back. Furthermore, loyalty programs are a way for customers to enjoy higher value for them to stay or renew the coverages, so the best thing a *Takaful* operator can do is to show this value straight away. The best ways to achieve more loyalty program is with providing immediate discounts, contest rewards, shopping vouchers, fitness membership vouchers, doctor on-call service, home security, car maintenance, health monitoring, financial planning, rewards for disabled children, rewards during birthday and much more to the participants, and that are natural extensions of their core products. Loyalty awards can also be offered on investment plans such as unit linked Takaful certificate, where a portion of participants' contribution is allocated towards an investment fund. Other than that, family Takaful operators may offer reward points to certificate holders who maintain good health and regularly take part in various wellness and fitness programs. The rewards could be redeemable vouchers or discounts for renewals. Again, the loyalty programme could be by organizing monthly, quarterly or semi-annual engagement activities with participants and potential participants altogether. Such an engagement activity

like *Takaful* awareness programme, healthcare programme, fitness programme, and many more are likely to create more tangible reaction. This also would create relationship networks between *Takaful* operators, existing participants and potential participants. The *Takaful* operators should also take into account the speed of claim settlement.

The ultimate pinnacle to this study's findings is that people in general are indecisive when it comes to the purchase decision of *Takaful* plans. Generally, people who have yet to subscribe to *Takaful* are not putting the option completely but are still undecided on the right course of action. Hence, the right *Takaful* marketing techniques are what *Takaful* operators and agents need to have to win over all those indecisive prospects. *Takaful* operators or more specifically *Takaful* agents should be acting as advisors, facilitators or guides, rather than exercising hard selling to win over these groups of prospects. Some basic psychological and human behavior knowledge may be helpful for *Takaful* operators to influence and change the attitude and behaviour of those indecisive individuals who can well become potential participants. *Takaful* agents need the appropriate know-how on how to execute persuasive messages to potential *Takaful* participants. Those who are credible, knowledgeable or have the expertise on specific topics relating to *Takaful*, and who are deemed as trustworthy are more likely to induce attitude change. In addition, the *Takaful* operators should also take into account by looking into solutions to cater for the current pandemic outbreak that has been facing people locally and globally.

This 2021 study is a move away from the behavioral *Takaful* participation studies of the previous years, as it relates to the critical subject of people's reluctance to participate in family *Takaful* plans among urban Malaysians. The *Takaful* industry players more than ever now need to find the right approach towards altering people's attitudes and get them to be more acceptable of the *Takaful* offerings. This therefore will address the low penetration rate of *Takaful* participation in this country. People are still indecisive and are unsure of the worthiness of *Takaful* participation. As such, moving forward with the right strategies and marketing approach, may allow industry players to extend the acceptance of *Takaful* products and services, *InsyaAllah*, thus contributing to the growth of the industry.

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Appendices

Variables	Items	Method of	Medium
		Assessment	
	I have negative attitude towards Takaful.		
Attitude	have negative attitude towards paying without having something in return on the spot.	On-line survey	On-line
	I am not confident that I have enough Takaful knowledge to motivate me to participate in health/family Takaful.		questionnaire
	I believe that religion is not an important factor for me in making decision to adopt Takaful.		
	I believe that Takaful is similar to conventional insurance so there is no need to specifically participate in Takaful.		
	Whether I have Takaful coverage or not, my standard of living will still be the same.		
	Takaful does not provide the best security in case of death.		
	Takaful does not best prevent financial hardship in case of death.		
	I will not receive a lump sum money in case of critical illness through Takaful coverage.		
	At the time I wanted to subscribe Takaful, there was no product providing a specific coverage that I wanted.		
	I find Takaful is not easy to be subscribed online in the way I intended to participate.		
	I find it necessary to be cautious with online transaction.		
	This online transaction has more to lose than to gain by not delivering on its promises.		
	For my profession, it is not necessary to subscribe to family Takaful coverage.		

Table 1.1: Items of Measurement and Data Collection Procedure

	 Takaful is not the best saving option for the future. Takaful is not seen as a tax relief option. Takaful does not provide high return. Takaful is not seen as tax free investment. In Takaful, investment principle and profits are not guaranteed. My level of risk management practices in my daily 		
	People important to me supported my own risk management practices.		
Subjective Norms	Communication with my colleagues will not influence me to know more about Takaful product.	On-line survey	On-line questionnaire
	Since my bosses/teachers/lecturers do not subscribe to Takaful, I will not.		
	Since my families do not subscribe to Takaful, I will not.		
	I have never been approached for the family Takaful offer since the last 6 months.		
	Takaful agent is not easy to find when I am in the need of help.		
	Takaful agent is not willing to maintain a long term relationship.		
	Takaful agent is not knowledgeable about the product (i.e. T&C not clearly communicated, rewards, verbal descriptions are unclear, etc).		
	Takaful agent is not able to provide exact information about the product.		
	Takaful agent does not analyze my needs to recommend the right coverage.		
	The media does not consistently recommend family Takaful coverage. The written hardcopy and softcopy materials are not easy to understand and complete.		

	Social media sites will not influence me to have interest in Takaful. (i.e. WhatsApps, Telegram, FB, etc) The family product ranges in the market do not fulfill my family Takaful needs I do not adopt Takaful because I do not prefer the services provided by the Takaful operator. (i.e. timeliness, accessibility, coverage, price, etc) I am not ready to give advice to friends and family members on the family Takaful product that will suit their needs and is worth buying.		
Perceived Behavioural Control	I am not confident that I can participate in Takaful if I want to. I do not have high confidence to adopt Takaful. I do not have enough resources to adopt Takaful I do not have online banking to enable me to carry out online transactions. I could not subscribe the family Takaful if there is no one around to tall me what to do	On-line survey	On-line questionnaire
	I could not subscribe the family Takaful If I do not have time to complete the job I started. When I need specific information on family Takaful, I do not know who to turn to. Takaful operators do not proactively offer loyalty programme for the existing participants (i.e. monthly engagement activities with Takaful Operator, etc). There is no immediate/instant rewards from the Takaful operators (i.e. doctor on-call service, contest rewards, shopping vouchers, fitness membership vouchers, etc). Using the internet to subscribe family Takaful is		
Participation	I have no intention to participate in family Takaful in the next few months. I would use my own risk management rather than Takaful coverage in the next few months.	On-line survey	On-line questionnaire

A. Pearson's Correlation

Pearson's correlation has been widely used by qualitative researches in order to identify and measure the degree of statistical relationship between the dependent variables and the independent variables in the study. This Pearson's correlation coefficient can portrays the value between 1 and -1 in which 1 clarified as the perfect positive correlation while -1 denotes the perfect negative correlation between two variables. In addition, 0 means no correlation which implies that the variables have no relationship with each other (Pearson, 1895). A general rule of thumb shows in Table (A) below which based on a study done by Schober, Boer and Schwarte (2018) will be applied for this study to identify and describe the strength of the relationship between two variables.

Range	Strength of Association
1	Perfect Positive Relationship
0.99 to 0.80	Strong Positive Relationship
0.79 to 0.40	Good Positive Relationship
0.39 to 0.01	Weak Positive Relationship
0	No Relationship
-0.01 to -0.39	Weak Negative Relationship
-0.40 to -0.79	Good Negative Relationship
-0.80 to -0.99	Strong Negative Relationship
-1	Perfect Negative Relationship

Tab	le ((A)
		(* -	• •

Source: Schober, Boer and Schwarte (2018)

B. R-square & ANOVA

The result of regression can be interpreted through the value of R-squared. The R-squared indicates the percentage of variation in the dependent variable which is explained by a variation in the independent variables. The result from Table (B) shows that R-squared is 0.448. The R-squared implies that 44.80% of the changes in the dependent variable can be explained by all independent variables. The remaining 55.20% can be explained by other

independent variables which are not included in the study.

Furthermore, ANOVA analysis is conducted for the purpose of testing the overall regression model whether it can be deemed as a good fit for the data in the study. The ANOVA analysis can be interpreted through F value whereby it can be observed in Table (B) that the F value is 103.172. The F value also depicts a significant value of 0.000 which is considered as below 0.05 of the significant level. This indicates that all independent variables as a whole is statistically significant in influencing the dependent variable. Therefore, the overall regression model is considered as a good fit for the data in the study and it is acceptable.

	Unsta	ndardized	Standardized		
Model	Coe	fficients	Coefficient	t	Sig.
	В	Std. Error	Beta		
(Constant)	-0.411	0.204		-2.136	0.033
ATT	0.897	0.114	0.503	9.215	0.000
SN	0.099	0.112	0.059	1.000	0.318
PBC	0.229	0.101	0.147	2.390	0.017
F value			103.172		
Sig			0.000		
Adjusted R ²			0.444		
R²			0.448		

Table (B)