

DETERMINANT FACTORS THAT INFLUENCE CONSUMER'S INTENTION TO PARTICIPATE IN TAKAFUL SCHEME: USING SYSTEMATIC LITERATURE REVIEW

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Abstract	<p><i>Fatwa Committee stated that conventional insurance is haram because it has the elements of gharar (uncertainty), riba' (interest), and maysir (gambling). Takaful is alternative to conventional insurance which Takaful providing the protection following the Islamic law. The emergence of Takaful in Malaysia in early 1980s has inspired by the needs of Muslim. Nowadays, Takaful in Malaysia being one of an important business in Malaysia. Since more than two decades ago, Takaful industry has been going through a period of rapid and significant expansion. It is generally agreed upon that the growth of the Takaful market is one of the most important factors that will contribute to the sustained economic prosperity of nations all over the world especially Malaysia. The purpose of this paper is to study the determinant factors that influence consumer's intention to participate in Takaful scheme. Systematic literature review used for this paper. The procedure for conducting a systematic literature review incorporates search strategies, selection criteria, the process of selection, data collection and data analysis for an obtained article. From five papers reviewed, we can conclude that all of them agreed that awareness, perceived behavioural control, social influence and attitude is the most significant to be the determinant factors that influence consumer's intention to participate in Takaful scheme.</i></p> <p>Keywords: <i>Determinants, Factors, Takaful, Acceptance, SLR.</i></p>
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INTRODUCTION

According to Lukman (2017), through the application of Islamic principles, Takaful provides an alternative to conventional insurance. Among these principles are tabarru (donation), taawun (mutual cooperation), and wakalah (agency). The general notion of Takaful is founded on the principle of mutuality. Instead of transferring the risk to a single party, a group of Takaful participants agree to share the risk. Participants share risk by contributing tabarru to a common pool, with the Takaful operator serving as the fund manager. The collective contribution of Takaful participants in tabarru-based Takaful is therefore used to assist one another in the event that one of the participants a loss.

In the early 1980s, the establishment of the Takaful sector in Malaysia was motivated by the need of Malaysian Muslims for a Shariah-compliant alternative to conventional insurance, which is prohibited in Islam. Conventional insurance is deemed haram by the Malaysian National Fatwa Committee due to the presence of gharar, riba', and maysir (gambling). In 1982, the government created a special task force to examine the viability of establishing an Islamic insurance company. Due to the recommendation of the task force, the Takaful Act 1984 was enacted and the first Takaful operator, Syarikat Takaful Malaysia was founded in 1984 (Sharifuddin et al., 2016). According to Mohamed Riad et al. (2021), Malaysia's Takaful development, which is overseen by Bank Negara

Malaysia (BNM), has taken a three-phased approach to achieving such a prestigious status. The first phase began in 1984-1992 with the implementation of the Takaful Act 1984, which established necessary infrastructure for the industry. The establishment of the Syarikat Takaful Malaysia in 1984 was accompanied by the formation of Shariah Committees to ensure adherence to Shariah principles.

In the second phase of the progressive approach, 1993-2000, a second Takaful operator was introduced, thereby introducing competition to the business. During this period, operators in the region cooperated exceptionally well, resulting in the formation of the ASEAN Takaful Group in 1995 and the ASEAN Re-Takaful international in 1997.

In the meantime, the third phase has been implemented since 2001. The Financial Sector Master Plan (FSMP) of 2001, which increased the capacity of Takaful operators was highlighted. It improved the regulatory system's legal and Shariah components. As a result, a plan was developed for Malaysia to become a global centre for Islamic Finance in general. In 2002, the Malaysian Takaful Association (MTA) was established to strengthen the business by promoting standardisation and collaboration among participants. In Malaysia, the Takaful industry has undergone remarkable growth and transformation over the past three decades. From a single participant with a limited product offering to multiple participants. The publication guidelines for International Takaful Operators (ITOs) at the end of 2006 was evidence of the Malaysian government's support for development of the Takaful industry in the country.

DEVELOPMENT OF TAKAFUL IN MALAYSIA

According to Husin et al. (2019), Malaysia is the regional leader in the Takaful sector. By 2020, Islamic finance assets are anticipated to represent forty percent of the banking sector's assets. As of May 2019, the Bank Negara Malaysia (BNM) has licenced fifteen Takaful operators. Since 1984, the Takaful growth rate in Malaysia has been positive. Over the past thirty years, the number of Takaful operators has expanded considerably, from two in 2003 to over a hundred now, reflecting the sector's growing popularity and significance in the development of Islamic banking. The Malaysian Takaful market's total assets have been rising significantly. In 2017, total Takaful assets totalled RM 29.3 billion, up from RM 26.8 billion in 2016. The total assets of the family and general Takaful increased considerably from RM 23.2 billion to RM 25.6 billion and from RM 3.59 billion to RM 3.65 billion, respectively. The overall income contribution increased significantly from RM 4,863 million in 2011 to RM 7,543.6 million at the end of 2016. Malaysia is the largest family Takaful market in the world, with a 16% growth rate in 2015. The Takaful industry in Malaysia contributes 0.6% of the country's gross national income (GNI), with the family Takaful market contributing two-thirds of that. At the end of 2016, family Takaful contributions were 0.2% of GNI compared to 0.1% for general Takaful contributions.

According to Arshad et al. (2020), Takaful is currently viewed as a viable option for meeting the nation's economic needs. Over the past two decades, Takaful companies have excelled at establishing long-term relationships with Takaful participants by providing services in a professional, efficient, innovative, and ethical manner and by providing the best customer experience possible. There are local and foreign Takaful operators according to Bank Negara Malaysia such as AmMetLife Takaful, Etiqa Family Takaful, Etiqa General Takaful, FWD Takaful, Prudential BSN Takaful, Hong Leong MSIG Takaful, Sun Life Malaysia Takaful, Takaful Ikhlas Family, Takaful Ikhlas General, Syarikat Takaful Keluarga Malaysia, Syarikat Takaful Am Malaysia, Great Eastern Takaful, AIA Public Takaful, Zurich General Takaful Malaysia and Zurich Takaful Malaysia. As a result of this research, a number of Takaful companies have variable contributions from year to year. This has occurred because the majority of Takaful companies are registered with the Malaysia Takaful Association. Consequently, Takaful companies contributed to the performance of the Malaysian Takaful industry. The total contribution from new business in 2013 was RM 3.64 billion, a slight decrease from RM 3.50 billion in 2014, with contributions increasing by 2.6% and 1.8%, respectively. From 2015 to 2018, the values reached RM 3.64 billion,

RM 3.95 billion, RM 4.35 billion, and RM 4.84 billion, respectively. It indicates that growth in contributions has increased from 3.9% to 13.1%. Since 2015, the shifting of the Takaful market has been influenced by the rising value of Takaful contributions.

As with conventional property insurance, ongoing monitoring of the condition of the insured object by the Takaful operator is a crucial aspect of Takaful in general. As a result, Takaful operators regularly examine the insured object. It is justified by the fact that the insured object may depreciate during the term of the Takaful contract, which is unacceptable in Takaful because it creates ambiguity and the possibility of one-party profiting at the other's expense (Magomadoya et al, 2019). Mokhtar et al. (2017) reported that the general Takaful business has experienced a decline in growth over the past five years, with an average annual growth rate of 11.4% from 2011 to 2015, compared to 17.3% from 2007 to 2010. According to some, numerous factors could have contributed to this situation. One reason for the modest growth of the general Takaful market is the limited appetite of Takaful operators for general Takaful business, which is primarily concentrated on motor- and fire-related items. Other possible explanations for this trend include the limited capacity of Takaful operators to endure the capital-intensive nature of the general Takaful business. Additionally, it entails a variety of risk exposures that necessitate specialised knowledge and an appropriate business scale for the company to be viable.

METHODOLOGY

The present research takes the form of a comprehensive literature review. The systematic approach differs from the conventional method in that it is objectively oriented, replicable, comprehensive, and the process of reporting the text resembles empirical work in some respects (Weed, 2005). This study seeks to identify the current research on determinant factors of Takaful. It is necessary to define the search criteria, database, search term, and publication period in order to identify the corresponding publications (Woschank et al., 2020). This search utilised numerous Emerald Insight database, to identify published articles pertaining to the determinant factor of Takaful. In addition, multiple relevant keywords such as “determinant”, “factor”, “acceptance”, and “Takaful” have been utilised.

Then, several inclusion and exclusion criteria were established to achieve the objectives of the study. For instance, the publication period has been set between 2017 and 2022 to ensure that the articles are relevant to the most recent events. The collected articles will then be analysed quantitatively to determine the determinant factors that influence consumers to subscribe Takaful. Next, the subject area will be social science, so that the screening article will concentrate solely on social science and exclude all other irrelevant subject areas. Only complete articles will be included; articles with the insufficient information will be omitted. Finally, the collected will be distinct from those in other databases, preventing the inclusion of duplicates. The inclusion and exclusion criteria for this study are listed in Table 1.

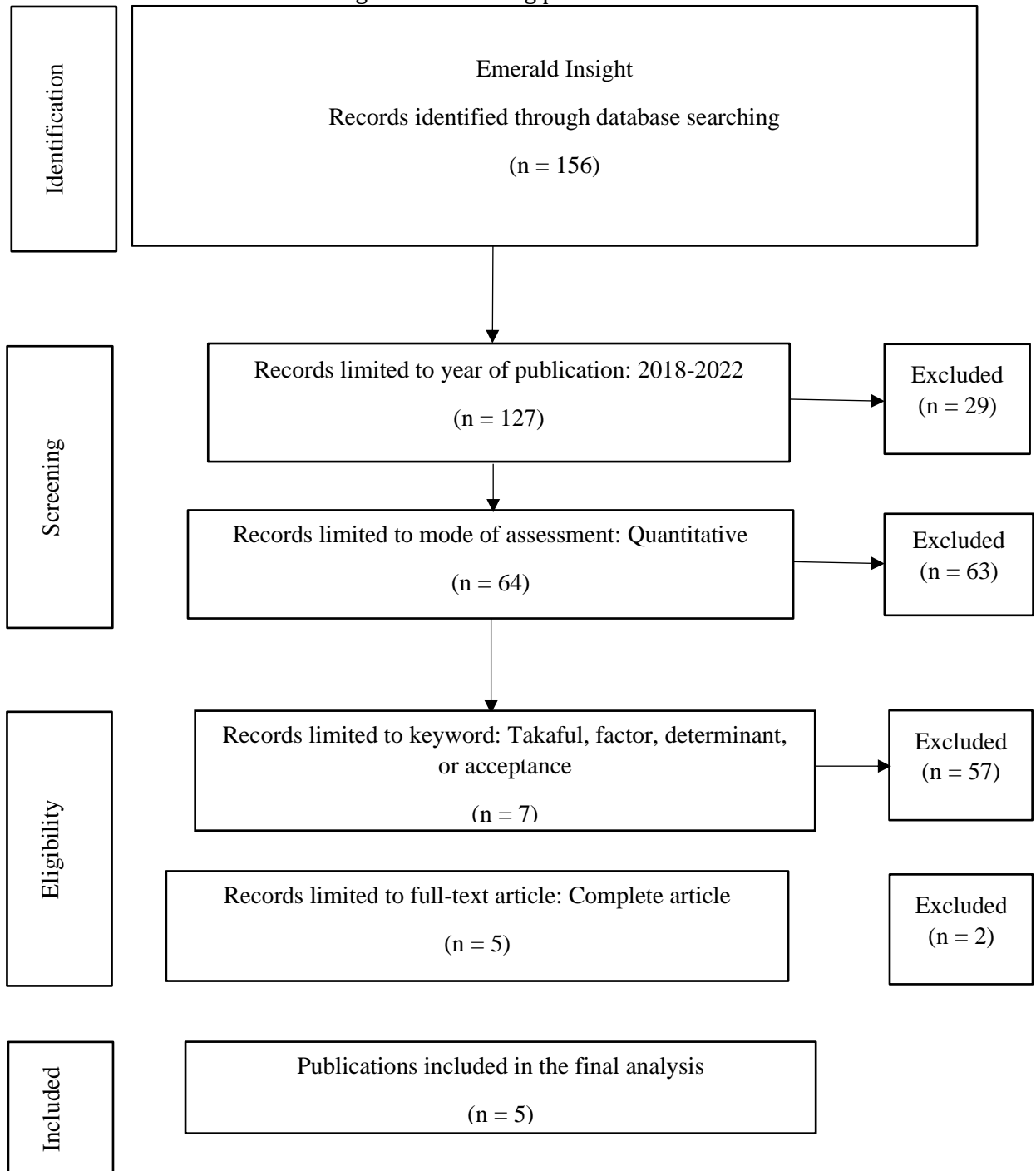
Table 1: Inclusion and Exclusion Criteria

No	Criterion	Inclusion	Exclusion
1	Year	2018 until 2022	Less than 2018 and more than 2022
2	Mode of assessment	Quantitative	Qualitative
3	Keyword	Takaful, determinant, factor, acceptance, influence	Other than Takaful, factor, determinant, influence, or acceptance,
4	Duplicate	No	Yes
5	Full-text article	Yes	No

Source: Author (2023)

Next, this study then adopted the Preferred Reporting Items for Systematic Reviews and Meta-Analyzes (PRISMA) format (Moher et al., 2015). First, all relevant Takaful, factor, determinant, and acceptance articles were identified. Using Emerald Insight, 156 publications were identified. After that, there are 127 publications remaining after narrowing the results by publication year from 2018 to 2022. After limiting the quantitative mode findings to the articles, the number of publications reduced to 64 documents. As a part of the screening procedure, these papers were evaluated. To finalise the publications' eligibility, only full-text articles will be included, resulting in the identification of a total 5 publications. Figure 1 illustrates the method used to identify the eligible papers used in this study.

Figure 1: Screening process



Source: Author (2022); Moher et al., (2015)

RESULT AND DISCUSSION

Table 2: A List of Previous Literatures on Determinants of Takaful

No	Author(s)	Factors that Lead to Adoption	Country
1	Kazaure et al., (2019)	Attitude; Social Influence; Perceived Behavioural Control; Awareness	Nigeria
2	Ali et al., (2018)	Consumer Awareness; Relative Advantage; Complexity; Compatibility; Trialability; Observability; Religiosity	Pakistan
3	Farhat et al., (2019)	Attitude; Subjective Norm; Halal Certification	Pakistan
4	Bhatti et al., (2019)	Behavioural beliefs and attitudes; Normative beliefs and subjective norms; Control beliefs and perceived behavioral control	United Arab Emirates (UAE)
5	Ibrahim et al., (2021)	Subjective Norm; Religiosity; Awareness	Malaysia

According to Table 2, from 5 studies in this review, one of the studies published in 2018, 3 were published in 2019 and one study published in 2021. Limited studies have the eligibility to the context of this analysis. In terms of country, 2 studies were founded in Pakistan, another three studies were from Nigeria, Malaysia and United Arab Emirates (UAE) respectively.

Kazaure et al., (2019) stated that only 3% of the population in the public and private sectors of Nigeria is covered by conventional health insurance which extremely low health insurance coverage. Consequently, the purpose of their paper is to extend the theory of planned behavior in order to comprehend the role of awareness in the acceptance of Islamic health insurance (Takaful) among the microenterprises in northwestern Nigeria. The findings of the study revealed that attitude, social influence, and perceived behavioral control have a significant direct effect on the intention of microenterprises in northwestern Nigeria to accept Takaful, whereas awareness has no effect. Awareness of Takaful moderates the effects of social influence and perceived behavioral control on Takaful acceptance intention, but does not moderate the effect of attitude in the same context.

According to Ali et al. (2018), the concept of Takaful is quite old in Pakistan, but its precise implications are relatively new. In 1983, the government of Pakistan tasked the Islamic Ideology Council of Pakistan with proposing an Islamic insurance framework. The study employed five characteristics of the theory of diffusion innovation (DOI), namely relative advantage, compatibility, trialability, observability, and complexity. In addition, the authors introduced two additional constructs, consumer awareness and religiosity, to analyse consumer adoption behavior. A total of 365 questionnaire were distributed to the study's participants. Existing and potential users of Takaful products participated in the survey, which was conducted in the city of Karachi. The DOI theory model was evaluated using structural equation modelling. The report resulted complexity has a negative effect on the adoption of Takaful, while relative advantage, compatibility, trialability, observability, religiosity, and consumer awareness have a positive and significant effect.

Next, using the theory of reasoned action (TRA) model, Farhat et al. (2019) wrote the paper to investigate the factors that influence the intention to choose family Takaful in Pakistan. Despite the fact that family Takaful is not a novel financial product on the market, the primary factors that motivate customers to purchase family Takaful remain unexplored. To address this deficiency, this study examined the influence of attitude (ATT), subjective norm (SBN), and Halal certification (HCT) on predicting the behavioral intention (BI) of customers in Pakistan. For the findings, the SEM analysis suggests that

ATT, SBN, and HCT have significant positive relationships with BI. SBN appeared to be the most influential factor on the behavioral intention to acquire family Takaful.

According to Bhatti et al. (2019), their study's objective is to apply the theory of planned behavior (TPB) to predict in family Takaful schemes (FTSs) in the United Arab Emirates (UAE). A source of concern for Takaful providers is their untapped market and lower market share in comparison to their conventional insurance counterparts. The investigation of direct and indirect (belief-based) measures of TPB could potentially shed light on these concerns and provide assistance to Takaful operators. Examining the interrelationships between attitudes, subjective norms, perceived behavioral controls (PBCs), and FTS participation intent. The relationships between behavioral beliefs and attitudes, normative beliefs and subjective norm, and control beliefs and PBC were also evaluated in order to identify the underlying structures of the factors that measures intentions. The respondents were comprised of 175 Muslim residing in the UAE. Using an online survey, data were collected and analysed using SPSS. The study discovered that attitudes, subjective norms, and PBCs contribute to the prediction of FTS participation intentions. The study identified an extensive set of specific belief composites that can be used to predict direct measures of TPB and the intention to participate in FTS using standard multiple regressions.

Ibrahim et al. (2021) stated that using the theory of reasoned action (TRA), the study aims to investigate the factors that can influence Bumiputera contractors' acceptance of the Contractor's All Risks (CAR) Takaful product. Using quantitative surveys, 414 questionnaires were collected from Bumiputera contractors in Malaysia (grades G1 to G7) who are registered with the Construction Industry Development Board (CIDB) and are also members of the Persatuan Kontraktor Melayu Malaysia (PKMM). The data were analysed using the technique of partial least squares structural equation modelling (PLS-SEM). The result of the PLS-SEM analysis indicate that attitude, subjective norm, religiosity, and awareness have a positive relationship with the acceptance of the CAR Takaful product by Bumiputera contractors. Religion appeared to be the most influential factor on the acceptance of the CAR Takaful product by Bumiputera contractors.

CONCLUSION

As the conclusion, this study provides a systematic review of literature on the determinant factors of consumer to subscribe Takaful schemes published from 2018 to 2022. The number of publications is increasing year by year. In addition, the financial aspect was the one that was found to have the greatest impact when it was evaluated as an independent variable in the previous studies. In term of Takaful service providers, the Islamic Corporation for the Development of the Private Sector (2019) ranked Malaysia as the most successful nation in Southeast Asia and the third most successful nation overall. Surprisingly, households with modest incomes are underserved by the Islamic risk protection plan known as Takaful, despite the fact that both donations to the Takaful sector and total assets are growing on a yearly basis (Fikri et al., 2022).

However, the growth of Takaful industry in Malaysia was disrupted since the emergence of COVID-19. According to Berita Harian (2021), Syarikat Takaful Malaysia Keluarga Bhd posted a lower net profit of RM 362.42 million compared to RM 364.84 million in the previous fiscal year, which ended on 31st December 2020. The family Takaful business's income decreased to RM 2.96 billion from RM 3.12 billion in the previous year due to fewer sales. Due to decreased sales of credit-linked products and the group's medical products, family Takaful's gross contribution for fiscal year 2020 was RM 1.76 billion, compared to RM 2.04 billion for the same period in 2019. According to the research, the COVID-19 pandemic affected business operations and caused the decline. In the 2020 fiscal year, however, net benefits and claims for family Takaful decreased 6% to RM 751.9 million, down from RM 801.6 million in the prior year (Berita Harian, 2021). Low medical claims played a significant role in the decline. The investment income increased by 3% to RM 286.0 million from RM 277.9 million in the same period of the

previous year, as a result of higher profit income from fixed income investments. Family takaful earned a fair value profit of RM 17.2 million in the 2020 fiscal year, which is less than RM 13.1 million compared to the previous year's fair value profit of RM 30.3 million. The group said that its general takaful business earned a gross contribution of RM 756.5 million in fiscal year 2020, a 7% increase from RM 706.2 million in the previous fiscal year.

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