DETERMINING FACTORS FOR THE ADOPTION OF ISLAMIC INSURANCE (TAKAFUL) BUSINESS AMONG VEHICLE OWNERS IN NIGERIA

Abdulkadir Usman[1]*, Suleiman Ndako Bagudu[1], Abubakar Hassan[2], Shuaib Ndagi Sayedi[2]

[1] Department of Business Administration, Faculty of Management and Social Sciences, Ibrahim Badamasi Babangida University, Lapai, Niger State-Nigeria

[2]Department of Accountancy, Niger State Polytechnic Zungerui

Article history

Abstract

Introduction: Despite the increase in growth rate and the influence Islamic financial system play in global financial system in recent decades, insurance (Takaful) as one of the three components of Islamic financial system has received little attention in Nigeria.

Purpose: The study determined factors that influence vehicle owners' intention to adopt auto – insurance in Nigeria.

Methodology: The study adopted survey research designs. The population of the study was 12,000,000 registered vehicles in Nigeria which 300 respondents were sampled. Questionnaire was the instrument for data collection.

Findings: Regression result showed that awareness, relative advantage, and social influence has significant influence on vehicle owners' intention to adopt auto – insurance in Nigeria. But religiosity, perceived compatibility, perceived complexity, and perceived risk have no significant influence on vehicle owners' intention to adopt auto – insurance in Nigeria.

Paper Type: Research Article

Keywords: Auto Takaful; Insurance; Relative advantage; Perceived compatibility; Perceived risk

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INTRODUCTION

Takaful is based on 'Ijtihad' (independent legal deduction of Muslim jurists that decide on issues of public importance but has no direct Qur'an verse and/or Hadith to support it). Unlike the issue of interest (usury) which is out-rightly prohibited in Q 2:275 and many Hadiths of prophet Muhammad (S.A.W). This explains why there are some misconceptions about the practice of Takaful among Muslim scholars.

The term Takaful is an Arabic word which means solidarity, interdependence, symbiosis, and joint liability. Just like the joint venture, where two or more parties agree to pool their resources together for the sole aim of achieving a common goal or specific task; the Takaful is an arrangement where parties agree to pool resources together for the purpose of safeguarding each other against potential future damages or losses. The party who manages the fund is called the insurance company while the party who agrees to contribute premium is called the policyholder. The concept of Takaful is based on cooperation, assurance, and protection between groups of participants. Takaful is the same as insurance but guided by Islamic Sharia law. It explains how individuals are responsible to co-operate and protect one another against losses or damage. Takaful as a Sharia compliant mutual assurance contractual structure where participants contribute their resources to mitigate future risks based on agreed terms (COMCEC, 2019).

Takaful is also an arrangement of joint guarantee by a group of participants based on mutual – agreement to indemnify one another in the event of defined loss (Ardo & Saiti, 2017). The modus-operandi of conventional insurance has attracted the attention of Muslim scholars across the world because of its association with interest (usury) which is against the Islamic law (Q 2:275). Islamic communities at the time of prophet Muhammad (S.A.W), his companions and Muslims that lived after them ensure that every member of the community is insured by his relatives, neighbours and the Islamic state against any misfortune that may befall the member through provision of payment of 'Diyya' (blood money) when a family member commits murder in error to the family of the deceased, 'Zakkat and Sadaqat' to the needy in the community, 'Waqaf' for those who need accommodation, 'Takaful Ijtima'i' for social solidarity etc.

The advent of colonization and Western civilization see the eroding of the Islamic Communities social cooperative system that ensured that every member of the community is insured by his family members, neighbours and the Islamic state. People no longer ensure their relatives let alone being their neighbours' keepers. This situation makes it necessary to structure a modern form of Takaful – insurance to take care of every member of society (Standing Committee for Economic and Commercial Cooperation of the (COMCEC), 2019).

The need to provide backup against unforeseen damage or losses have being the major aim of insurance coverage. Insurance is a policy in which the policyholder (individual or organisation) acquires financial protection against losses or damages from policy provider (insurance company). Auto insurance policy is one of the most patronized insurance policies in Nigeria. This relates to the fact that the Section 68(1) of the insurance act 2003 made third party property damage insurance mandatory for every vehicle owner in Nigeria.

According to the National Bureau of Statistics (NBS) (2022b) and (2022c) report on road transport data for Q4 2020, Q1 and Q2 2021 as well as Q3 and Q4 2021 respectively depict that Nigeria recorded a total of 20,596 vehicles involved in road traffic crashes in 2021. 6,205 persons lost their lives while 38,073 persons have various degrees of injuries. But the number of individuals who got indemnity from conventional insurance companies is very insignificant due to unfavourable tactics used by some conventional insurance companies to evade payment of claims of policyholders when accidents occurred. The option of auto Takaful – insurance is a clear distinction from conventional auto insurance policies. The auto Takaful – insurance policy is a win – win situation where the policyholder receives benefit even when his vehicle does not engage in any form of accident. What the policyholder contributes to the insurance company in the event of no accident is shared among the policyholder and the insurance company on agreed ratio. The premium contributed by the policyholders is not seen as income by the Takaful - insurance company, rather it is viewed as a capital that would be invested in any of the Takaful models. If the investment made profit or loss, the profit or loss is what the company shares with the policyholders. Auto insurance, better known as motor vehicle insurance, is a must have policy by every vehicle on the Nigerian road under the Nigerian law. A motor vehicle, as defined by Nigerian constitution refers to not only cars, but also, motorcycles and tricycles. A motor vehicle on Nigerian road is expected to have at least a third-party insurance coverage against damage to the property of third parties.

The average third party insurance yearly premium costs about N5, 000 with minimum coverage liability of about N1, 000,000. Corruption, delay in payment of claims and sharp practices by some conventional insurance companies couple with the existence of fake third-party insurance negate the contribution of insurance companies to the National GDP in Nigeria. Bankole (2022) reported that only about 2.53 million out of the 12 million registered vehicles playing Nigerian roads have genuine motor vehicle insurance. The remaining 9.5 million vehicles are uninsured or insured by predatory insurance companies.

The insurance industry in Nigeria recorded 13.61% growth rate in the Q4 of 2021 to boost the finance and insurance sector contribution to the real Growth Domestic Product (GDP) to 3.66%. The financial

institutions contributed 92.18% of the total 3.66% while the insurance industry contributed 7.82% of the sector to the GDP (NBS, 2022a). Despite the increase in growth rate in the insurance industry and the significant influence Islamic financial system have on the global financial system in recent decades, Takaful – insurance as one of the three components of Islamic financial system has received little attention in this part of the world and thereby making its impact unnoticed in the Nigerian GDP. This trend may be because of lack or inadequate awareness about Takaful and its benefits to policyholders. Also, investors are yet to explore the large market share in Takaful industry leaving a large vacuum to be filled.

Empirically, to the best of my knowledge, there were few or no studies concerning Insurance (Takaful) business in Nigeria. Even, empirical studies such as Shabiq and Hassan (2016) in maldives; Kaabachi and Obeid (2016) in Tunisia; Bananuka, Kaawaase, Kasera and Nalukenge (2019) in Uganda as well as Areeba, Hafiz, Rana and Saba (2020) in Pakistan that was conducted outside Nigeria produced mixed findings which created gaps for another study. This study intends to fill the gaps identified empirically by investigating the factors that influence the adoption of auto Takaful – insurance policy among vehicle owners in Nigeria. This study will be beneficial to policyholders like the National Insurance Commission (NAICOM), Federal Road Safety Corps (FRSC) and Vehicle Investigation Officer (VIO) and potential academic researchers as reference point of knowledge. The main objective of this study is to determine factors that influence vehicle owners' intention to adopt Auto – Insurance (Takaful) in Nigeria.

The following null hypotheses are put forward for testing in order to achieve the specific objective.

Ho_1: Awareness has no significant influence on vehicle owners' adoption of auto Takaful – insurance in Nigeria.

Ho_2: Religiosity has no significant influence on vehicle owners' adoption of auto Takaful – insurance in Nigeria.

Ho_3: Relative advantage has no significant influence on vehicle owners' adoption of auto Takaful – insurance in Nigeria.

Ho_4: Perceived compatibility has no significant influence on vehicle owners' adoption of auto Takaful – insurance in Nigeria.

Ho_5: Social influence has no significant influence on vehicle owners' adoption of auto Takaful – insurance in Nigeria.

Ho_6: Perceived complexity has no significant influence on vehicle owners' adoption of auto Takaful – insurance in Nigeria.

Ho_7: Perceived risk has no significant influence on vehicle owners' adoption of auto Takaful – insurance in Nigeria.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

This part reviews empirical literature and theory that underpinned the study.

Review of Empirical Literature

Echchabi and Ayedh (2015) studied factors influencing the Yemeni customers' intention to adopt Takaful products. The aim of the study was to determine factors that influence customers' intention to adopt Takaful in Yemeni. The study used quantitative design. The study used 200 respondents as sample size. The study used structural equation model to test hypotheses. The findings revealed that only compatibility significantly influence customers' intention to adopt Takaful in Yemen, whereas awareness, uncertainty, social influence and relative advantage do not influence customers' intention to adopt Takaful. But the study did not indicate how the study sample size was determined and selected.

Kaabachi and Obeid (2016) assessed the determinants of Islamic banking adoption in Tunisia. The study used survey research designed and sampled 239 respondents located in Tunis city.The regression result shows that Islamic bank reputation, relative advantage of Islamic banking and its compatibility with consumer religious beliefs, values, lifestyle and banking habits influence positively the intention to adopt Islamic banking in Tunisia. But the study was carried out in Tunisia in 2016. Shabiq and Hassan (2016) examined factors Affecting Adoption of Takaful (Islamic Insurance) in the Maldives. The research used explanatory research design. The study sampled 340 respondents in Male', capital city of the Maldives. The data collected were analysed by means of regression through SPSS 21. The regression result shows that attitude and Compatibility have a positive and significant influence on Adoption of Takaful. Conversely, the research did not find any significant impact of Awareness, Relative Advantage and Social Influence on adoption of Takaful in in the Maldives. However, the study did not mention how the study sample size was determined and selected.

Bananuka et al. (2019) investigated determinants of the Intention to Adopt Islamic Banking in a Non-Islamic in Uganda. The study used a cross-sectional and correlational research design. Copies of the questionnaire were distributed to 258 managers of their own micro businesses. The result shows that attitude and religiosity are significant determinants of the intention to adopt Islamic banking in Uganda. However, the study was conducted in Uganda and not Nigeria. Hafiz and Sayyed (2019) investigated factors influencing the investors' intention to adopt Takaful (Islamic insurance) products: A survey of Pakistan. The aim of the study was to determine the individual's behaviour of Pakistani toward usage of Takaful insurance. The study used descriptive and explanatory research designs. The questionnaire was used to collect primary data from a sample size of 345 individuals through snowball

and judgmental sampling techniques. The study used descriptive and inferential statistics through SPSS 21 to analyze data. The findings of the study revealed that relative advantage, compatibility, social influence, awareness, and religiosity have significant effects on investors' intention to adopt Takaful products in Pakistan. The study also found that the level of awareness is low and is negatively affecting Takaful penetration in Pakistan. But the study did not indicate how the study sample size was determined and the non-probability sampling technique used has the tendency of biasness.

Shakh, Noordin, Arjo, Shaikh and Alsharief (2019) examined factors predicting customers' adoption towards family Takaful scheme in Pakistan using diffusion theory of innovation. The study aims at examining the determinants influencing customers' adoption of the family Takaful scheme. The study used quantitative research design. The study used structured questionnaire to collect primary data from 282 respondents as sample size through convenience sampling technique. The findings of the study revealed that perceived relative advantage, perceived compatibility, awareness, and religiosity have significant effect on adoption of family Takaful. However, gender, age and education do not moderate the family Takaful adoption by the customers. However, the study did not mention how the study sample size was determined and the non-probability sampling technique used has the tendency of biasness.

Ali, Raza, Puah, and Amin (2019) examined consumer acceptance toward Takaful in Pakistan. The objective of the study was to determine the factors influencing customer adoption toward Takaful products in Pakistan. The study used quantitative research design. 365 questionnaires were retrieved from respondents. The hypotheses of the study were tested using structural equation modelling. The findings of the study revealed that awareness, relative advantage, compatibility, observability, religiosity and trialability have positive and significant influence on customers' adoption of Takaful, whereas complexity has negative effect on customers' adoption of Takaful. But the study did not indicate how the study sample size was determined and selected.

Areeba *et al.* (2020) studied the determinants of customer perception about adoption of Islamic insurance (Takaful) in Pakistan. The objectives of the study were to assess the response level of individuals concerning Takaful and factors affecting customers' adoption of Takaful in Pakistan. The study used quantitative research design. Data was collected using a questionnaire. A sample size of 300 respondents was adopted for the study. Partial least square – structural equation modelling was used to test the study hypotheses. The findings indicate that awareness, customer satisfaction and compatibility affect customer's adoption of Takaful, whiles risk perception does not affect customers' adoption of Takaful in Pakistan. But the study failed to indicate how the study sample size was adopted.

Sarfraz and Khurshid Mian (2021) investigated the impact of values on consumer adoption of Takāful with mediating role of religiosity and moderating role of confusion. The study used quantitative research design and sampled 768 respondents from rural and urban areas. Close-ended questionnaire was the instrument for data collection. The result of mediation analysis reveals that religiosity plays a vital role in activating the goals of traditional value, which motivates consumers to adopt Takāful services. But the traditional value shows a negative effect on consumer adoption of Takāful. Again, the confusion negatively moderates the association between tradition value and consumer adoption of Takāful. Lastly, the stimulation value also reflects a negative effect on consumer adoption of Takāful services. However, the study did not indicate how the study sample size was determined and selected.

Theory Underpinning the Study

This study adopted the theory of Diffusion of Innovation (DOI) as Takaful is considered to be new innovation in the insurance industry when compared to conventional insurance schemes. The DOI theory was propounded by Everett M. Rogers – a professor in Communication and Journalism department, University of New Mexico in 1962. This theory describes the pattern and rate at which new innovations and products spread across population. Rogers (2003) reported that DOI attempts to provide explanations on how and why new ideas and practices are adopted among human beings. The theory is widely applied in marketing to help generate understanding and promote the adoption/acceptance of new products. The key players in DOI theory are innovators, early adopters, early majority, late majority, and laggards. The stages by which an individual adopts an innovation include awareness of the need for an innovation, decision to adopt or reject the innovation, initial test of the innovation, continue using the innovation (Wayne, 2019). Adoption of a new idea or product is a gradual process in which some people are more apt to adopt the innovation than others. DOI theory assumes that for a new innovation or product to gain maximum market share, the process has to be influenced by five elements – the innovation itself, adopters, communication channels, time and a social system. Also, the theory identified five main factors that influence adoption of an innovation in each of the five adopter categories – Relative advantage, Compatibility, Complexity, Trialability and obervability.

METHODOLOGY

Research Design, Population, Sample Size and Sampling Technique

The study adopts quantitative and survey research designs. The population of the study is 12,000,000 registered vehicles in Nigeria as reported by Bankole (2022) and Modestus (2022). The sample size is 400 vehicle owners in Nigeria, using the sample size estimation formula

of Taro Yamane. The sample size was selected using a purposive random sampling technique.

Data Collection Instrument and Measurement of Variable

The study uses a structured questionnaire to collect primary data from the respondents. The questionnaire was grouped into two sections. Section 'A' focused on biodata while section 'B' focused on the study variables built on 5 – point Likert's scale statements. The independent variable was measured using seven measurement variables: awareness, religiosity, relative advantage, perceived compatibility, social influence, complexity, and perceived risk. The awareness scale consists of 5 items adapted from the works of Areeba *et al.* 2020; and Sudarsono, Tumewang, and Kholid, 2021. The second measurement scale – religiosity consist of 6 items adapted from the works of Kaabachi and Obeid, 2016: Areeba et al 2020 andSudarsonoet al. 2021. The third measurement scale – relative advantage is made up of 5 items adapted from the works of Faisal, Akhtar, and Rehman, 2014; Sudarsono et al. 2021. The fourth measurement scale – perceived compatibility consists of 4 items adapted from the works of Kaabachi and Obeid, 2016 and Areeba *et al.* 2020. Fifth measurement scale – social influence is made up of 3 items adapted from the works of Kaabachi and Obeid, 2016. Sixth measurement scale – Perceived complexity is made up of 4 items adapted from the works of Kaabachi and Obeid, 2016; and Sudarsono et al. 2021. Seventh measurement scale – Perceived risk is made up of 4 items adapted from the works of Kaabachi and Obeid (2016) and Sudarsono *et al.* (2021).

The dependent variable measurement scale – intention to adopt Auto Takaful consist of 4 items adapted from the works of Kaabachi and Obeid (2016); Bananuka *et al.* (2019) Sudarsono *et al.*, 2021 and Areeba *et al.* (2020).

Reliability Test

Table 1 shows the result of Cronbach alpha reliability test.

Table 1. Reliability Test

Variable	Number of items	Scale reliability coefficient
Awareness	5	.881
Religiosity	6	.836
Relative advantage	5	.891
Perceived compatibility	4	.929
Social influence	3	.841
Perceived complexity	4	.855
Perceived risk	4	.925
intention to adopt auto Takaful	4	.843

Source: Field survey, 2022

Method of Data Analysis and Decision Rule

The study used descriptive statistics (mean, standard deviation) and inferential statistics (ANOVA, correlation and multiple linear regression analysis). Any mean score between 1.00 - 3.00 entails a poor level of awareness, 3.01 - 3.49 low level of awareness, 3.50 – 3.99 moderate level of awareness, 4.00 – 5.00 high level of customers' awareness of Auto Takaful - Insurance. In the aspect of inferential statistics, the study used multiple regressions at 5% level of significance. Any p – value above 0.05 means the model has no significant effect and such, the null hypothesis is accepted, or otherwise rejected and alternate hypothesis accepted and vice versa. The data analysis was aided through the use of Statistical Packages for Social Sciences (SPSS version22). The regression model is given below:

$$IAAT = \beta_0 + \beta_1 A + \beta_2 R + \beta_3 RA + \beta_4 PC + \beta_5 SI + \beta_6 PCO + \beta_7 PR + e$$

Where:

$IAAT$ = Intention to Adopt Auto Takaful; β_0 = constant; β_1 to β_7 - coefficients; A – Awareness; R – Religiosity; RA – Relative advantage; PC – Perceived compatibility; SI – Social influence; PCO – Perceived complexity; PR – Perceived risk; and e – error term.

RESULTS AND DISCUSSION

This section analyses and discusses the results of this study in order to test the study hypotheses and draw conclusions (See Table 2, 3 and 4).

Table 2. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.675[a]	.456	.444	2.141

a. Predictors: (Constant), Perceived_Risk, Relative Advantage, Religiosity, Awareness, Perceived Compatibility, Social_Influence, Perceived_Coplexity

b. Dependent Variable: Intention_to_Adopt_Auto_Takaful

The regression result from model Summaryb Table 2 shows a multiple correlation of R = .675, R Square = .456, Adjusted R Square = .444 and Std Error of the estimate = 2.141. R value of 0.675indicates a good level of prediction. The R Square value of 0.456 shows that the independent variable explains 46% of the variability of the dependent variable – Intention to Adopt Auto Takaful - Insurance (IAAT). The adjusted R Square indicates that 44.4 % of the variability in Intention to Adopt Auto Takaful - Insurance (dependent variable) is accounted for by the Perceived Risk, Relative Advantage, Religiosity, Awareness, Perceived Compatibility, Social Influence, and Perceived Complexity.

Table 3. ANOVA[a]

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	1214.822	7	173.546	37.869	.000[b]
Residual	1448.150	316	4.583		
Total	2662.972	323			

a. Dependent Variable: Intention_to_Adopt_Auto_Takaful
b. Predictors: (Constant), Perceived_Risk, Relative Advantage, Religiosity, Awareness, Perceived Compatibility, Social_Influence, Perceived_Coplexity

The ANOVA in Table 3 indicates that the model is statistically significant with F value (37.869) and P – value (.000). We can conclude that the seven independent variables together predict the changes in the dependent variable (Intention_to_Adopt_Auto_Takaful).

Test of Hypotheses

The results regarding test of research hypotheses are presented in Tables 4 below:

Table 4. Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	6.069	.973		6.238	.000		
Awareness	.110	.030	.208	3.659	.000	.534	1.873
Religiosity	.007	.032	.011	.223	.824	.746	1.341
Relative Advantage	.114	.057	.160	1.994	.047	.268	3.738
Perceived Compatibility	.080	.046	.107	1.751	.081	.461	2.170
Social_Influence	.332	.066	.328	5.042	.000	.406	2.462
Perceived_Complexity	.008	.052	.010	.149	.882	.389	2.568
Perceived_Risk	.011	.043	.016	.256	.798	.466	2.147

a. Dependent Variable: Intention_to_Adopt_Auto_Takaful

Table 4 reveals that Awareness has positive and a significant influence on the vehicle owners' intention to adopt Auto Takaful – Insurance in Nigeria. (β_1 = .110; t = 3.659; p = .000 <α = 0.05). This indicates that an increase in customers' Awareness by 1 unit will increase vehicle owners' intention to adopt Auto Takaful – Insurance services in Nigeria by 0.110 units. With this result, the null hypothesis is therefore rejected and the alternate accepted. This finding is similar with the findings of Areeba et al. (2020); Ali et al. (2019); Hafiz and Sayyed (2019); Shaikh et al. (2019). However, the finding is in contrast with the findings of Echchabi and Ayedh (2015); and Shabiq and Hassan (2016) studies which revealed that awareness has no significant effect on intention to adopt Takaful services.

In addition, result from Table 5 further shows that religiosity has no significant influence on vehicle owners' intention to adopt Auto Takaful - Insurance in Nigeria. (β_2 = 0.007; t = .223; p = .824 >α = 0.05). This indicates that an increase in Religiosity by 1 unit will not increase vehicle owners' intention to adopt Auto Takaful - Insurance in Nigeria by 0.007 units. With this result, the null hypothesis is therefore accepted, and the alternate rejected. This finding agrees with the finding of Ali et al. (2019); Hafiz and Sayyed (2019) and Shaikh et al. (2019) that religiosity has no significant effect on customers' intention to adopt Takaful - Insurance services.

Furthermore, Table 4 shows that Relative advantage (Relative_ Advantage) has significant influence on vehicle owners' adoption of auto Takaful – insurance in Nigeria. (β_3 = 0.114; t = 1.994; p = .047<α = 0.05). This indicates that an increase in Relative advantage (Relative_ Advantage) by 1 unit will increase vehicle owners' Intention to Adopt auto Takaful – insurance in Nigeria by 0.114 units. With this finding, the null hypothesis is therefore rejected and the alternate accepted. This finding is in line with the findings of Ali et al. (2019); Hafiz and Sayyed (2019); and Shaikh et al. (2019). However, the finding is in contradiction with the findings of Echchabi and Ayedh (2015); and Shabiq and Hassan (2016) which revealed that relative advantage has no significant effect on customers' adoption of Takaful – insurance.

Also, Table 4 shows that perceived compatibility has no significant influence on vehicle owners' intention to adopt auto Takaful – insurance in Nigeria. (β_4 = .080; t = 1.751; p = .081 >α = 0.05). This indicates that an increase in Perceived compatibility by 1 unit will not affect intention to adopt auto Takaful – insurance in Nigeria by .080 units. With this result, the null hypothesis is therefore accepted, and the alternate rejected. This finding disagrees with the findings of Areeba et al (2020); Ali et al. (2019); Echchabi and Ayedh (2015); Shabiq and Hassan (2016);

Hafiz and Sayyed (2019); and Shaikh et al. (2019) which revealed that perceived compatibility has significant effect on customers' intention to adopt Takaful – Insurance.

Social influence (Social_influence) has significant influence on vehicle owners' adoption of auto Takaful – insurance in Nigeria. ($\beta 5$ = .332; t = 5.042; p = .000<α = 0.05). This indicates that an increase in social influence (Social influence) by 1 unit will increase vehicle owners' Intention to Adopt auto Takaful – insurance in Nigeria by 0.332 units. With this finding, the null hypothesis is therefore rejected and the alternate accepted. This finding is in line with the finding of Hafiz and Sayyed (2019). However, the finding is in contradiction with the findings of Echchabi and Ayedh (2015); and Shabiq and Hassan (2016) which revealed that social influence has no significant effect on customers' adoption of Takaful – insurance.

More so, result from table 5 indicates that perceived complexity (Perceived_complexity) has no significant influence on vehicle owners' adoption of auto Takaful – insurance in Nigeria. ($\beta 6$ = .008; t = .149; p = .882 >α = 0.05). This indicates that an increase in Perceived complexity (Perceived_complexity) by 1 unit will not increase vehicle owners' Intention to Adopt auto Takaful – insurance in Nigeria by 0.008 units. With this finding, the null hypothesis is therefore accepted, and the alternate rejected. This finding is in line with the finding of Ali et al. (2019) that perceived complexity has no significant effect on customers' adoption of Takaful – insurance.

Lastly, the result from Table 4 shows that Perceived risk (Perceived_risk) has no significant influence on vehicle owners' adoption of auto Takaful – insurance in Nigeria. ($\beta 7$ = .011; t = .256; p = .798 >α = 0.05). This indicates that an increase in Perceived risk (Perceived_risk) by 1 unit will not increase vehicle owners' Intention to Adopt auto Takaful – insurance in Nigeria by .011units. With this finding, the null hypothesis is therefore accepted, and the alternate rejected. This finding is in line with the findings of Areeba et al. (2020) and Echchabi and Ayedh (2015) that perceived risk has no significant effect on customers' adoption of Takaful – insurance.

From Table 4 above, it can be seen that the tolerance values are all well above 0.1 and do not indicate any Collinearity problem in the data. Also, VIF values are well below 10 implying no concern over multicollinearity. This indicates that both the tolerance and VIF for the predictors have satisfied the conditions for non-multicollinearity (Pallant, 2001 & Hair et al., 2014).

CONCLUSION AND RECOMMENDATIONS

Takaful (insurance) as one of the three components of Islamic financial system has received little attention in Nigeria. This study attempts to determine the major factors that influence vehicle owners' intention

to adopt auto Takaful – insurance in Nigeria. The findings revealed that awareness, relative advantage and social influence has significant influence on customers' intention to adopt auto Takaful – insurance in Nigeria; while religiosity, perceived compatibility, perceived complexity and perceived risk have no significant influence on customers' intention to adopt auto Takaful – insurance in Nigeria.

The study, therefore, recommends that each auto Takaful – insurance company in the country should engage in gigantic public awareness and enlightenment campaigns on the Takaful – insurance products and services they offer and their relative advantage over conventional insurance products and services. Secondly, government should try to formulate laws that will encourage investors to establish Takaful companies in Nigeria as there are few companies providing Takaful services currently in the country.

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