

**DETERMINANTS OF MICROTAKAFUL ADOPTION AMONG CONSUMERS:
A SYSTEMATIC LITERATURE REVIEW**

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Abstract	<p><i>The Financial Sector Blueprint 2022-2026 highlights the need for the financial sector to be agile and resilient in order to facilitate the country's transition to its next stage of growth. In an effort to promote and enhance financial inclusion for all Malaysians of all income levels, Bank Negara Malaysia has proposed doubling the number of microtakaful subscribers. Even if the takaful penetration rate experienced the greatest growth over a five-year period in 2021, the low-income population still lags behind. Previous research has initiated the topic regarding microtakaful since the microtakaful market is in an initial stage of development. However, prior researchers have not thoroughly examined studies about the microtakaful adoption factors. Therefore, the purpose of the present study is to conduct a systematic literature review in order to identify and assess the factors that potentially influence consumer adoption of microtakaful. The present study used the systematic method of literature review. The databases such as Emerald Insight, Scopus, SpringerLink, Web of Science, and Google Scholar have been accessed, and a total of 417 articles have been analysed. The findings reveal that the financial factor was the most influential independent variable utilised in previous research. The overall number of screened publications indicates that the number of publications by previous researchers is increasing at a constant rate. Consequently, just a few published pieces of research have been discovered. This study presents a number of suggestions for further research in the field of microtakaful.</i></p> <p><i>Keywords: Adoption, Determinants, Microtakaful, Consumers, SLR.</i></p>
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INTRODUCTION

In 1979, Takaful, a Shariah-compliant alternative to conventional insurance, was introduced (Aziz et al., 2019). According to the Takaful Act (1984), takaful is a scheme based on brotherhood, solidarity, and mutual help that gives mutual financial assistance and contribution to the participants in times of need, on the condition that the participants agree to contribute to that end (Bank Negara Malaysia, 1984). In Takaful, Islamic law establishes the basis for alternative risk transfer mechanisms in which the risk is not transmitted but rather shared among the group of policyholders, and it limits takaful companies to investing in Shariah-compliant businesses (Ansari, 2022). According to the Malaysian Takaful Association (2021), the overall financial performance of the Takaful industry for the year 2021 has been encouraging. However, the takaful penetration rate is still low among Malaysians (Malaysian Takaful Association, 2020; Hassan et al., 2022).

A takaful plan is essential protection against unforeseen loss. However, the majority of takaful plans on the market are expensive. A takaful plan usually demands a high contribution payment, which is unaffordable for many people, especially the poor and

low-income earners due to their inconsistent or low income. Although individuals in the lowest income group (B40) are interested in takaful, they are unable to afford the monthly takaful contribution, according to Yakob and Abd Rahman (2017). Due to the rising cost of living, they spend their entire income on daily necessities. Therefore, microtakaful plans were made so that poor people and people with low incomes could get takaful coverage (Zuliani and Rahman, 2019). The Islamic version of microinsurance, microtakaful, is offered in both family and general categories. The microtakaful product was created to satisfy the demands of low-income families for financial protection (Bank Negara Malaysia, 2016). The microtakaful plan, which is also a risk-reduction strategy, has been acknowledged as an innovative strategy for eradicating poverty.

Bank Negara Malaysia (2016) said that the general goal of microtakaful is threefold: first, to give immediate temporary relief in case of financial trouble; second, to give access to financial resources to deal with unexpectedly large expenses; and third, to make sure that quick and easy financial help is available in case of an unexpectedly bad event. The provision of financial protection against premature deaths of breadwinners, health risks, natural disasters, and loss of assets is vital to the necessity of giving protection to low-income or poor groups (Patel, 2011; Chiew, 2018). According to a study by Ahamed (2016), the benefits of microtakaful should include death benefits, credit risk, medical coverage, and agricultural coverage.

Moreover, the existence of the microtakaful scheme makes takaful products more acceptable to society, particularly the poor, whilst maintaining the same benefits as the existing takaful products (Patel, 2011). Furthermore, low-income people face more dangerous working and living conditions than higher-income people (Churchill, 2006). According to Bank Negara Malaysia (2016) and Chiew (2017), social protection mechanisms such as microtakaful are essential for enhancing the financial stability and resiliency of affected individuals during unforeseen events and promoting their survival after these unforeseen events. Plans like microtakaful, which are a type of social protection, can also improve health and economic stability in case of accidents or property loss. Following that, the Financial Sector Blueprint 2022-2026 emphasized the significance of doubling the number of microtakaful subscribers. The effort could be accomplished by fostering the growth of a broad microtakaful market that provides products with high protection value, that are accessible, affordable, simple to purchase, and that are simple to submit a claim against (Bank Negara Malaysia, 2022). In addition, this country could benefit from the microtakaful strategy, as Malaysia is currently in the middle of its chase of the Sustainable Development Goals (SDGs) by 2030. SDG 3 will enhance the well-being of all B40 groups, for instance, by providing inclusive takaful solutions and services and by incorporating microtakaful plans into their life (Syarikat Takaful Malaysia Keluarga Berhad, 2020). In addition, VBIT (Value-based Intermediation for Takaful) principles, which were introduced in 2021 supported the B40 group's protection coverage. Microtakaful Jariah, for instance, provides free basic life protection coverage for a full year to B40 breadwinners via PruBSN Prihatin. The programme is totally supported by PruBSN Prihatin's zakat and charity fund (Malaysian Takaful Association, 2022).

Moreover, in Malaysia, the government, Bank Negara Malaysia, and takaful operators have made numerous efforts to provide affordable protection and achieve the fundamental objectives of such a protection mechanism, such as mySalam, i-Suri, PeKa B40, Perlindungan Tenang, Cuepac-care, Takaful Hayati, and Tabarru' Cooperative Scheme (Abdullah et al., 2021). Incidentally, the participation rate remains low. This statement is confirmed by Husin (2019) and COMCEC (2019), which indicate that takaful penetration among the B40 group is still low. Even though microtakaful is cheaper than the standard takaful product on the market, the B40 group does not seem to be interested in it (Yusoff et al., 2020).

Therefore, the low penetration rate of the microtakaful market is a signal to conduct extensive research on the consumer adoption of microtakaful. Several qualitative and quantitative studies examined microtakaful and associated factors that influence

customers' acceptance of it. Despite the extensive research on microtakaful adoption that has been published in international journals across disciplines, there is no literature review on microtakaful adoption. This study aims to expand overall understanding of takaful innovation by conducting a systematic literature review of microtakaful adoption. Consequently, the following part provides an overview of microtakaful and its definition. After describing the research methodology, this article describes the outcomes of the analysis, as well as its limitations and future research suggestions.

MICROTAKAFUL

According to the Islamic Financial Services Board (2015), microtakaful, the Islamic equivalent of microinsurance, is available in both family and general categories. It is a joint-guarantee initiative in which a group of participants agree to help one another jointly for losses resulting from specific risks, based on the key principles of Tabarru' (donation), Ta'awun (mutual assistance), and prohibition of Riba (usury). Then, according to BNM (2016), microtakaful is a takaful product designed to meet the financial protection needs of low-income families. It means that the microtakaful focuses on a group of people who do not fulfil the financial and underwriting requirements due to their failure to meet the takaful operator's basic health and financial criteria. They may lack access to financial services as a result of their socioeconomic situation, which may include living in places that are inaccessible by the most common forms of communication and transportation due to a lack of development.

Then, because of their dangerous lifestyles and living environments, low-income groups are usually more vulnerable to various perils (Churchill, 2006). They are also said to be more vulnerable to risk due to low financial capability due to low levels of savings. Following that, takaful is considered a luxury for low-income groups, whereby this situation could hinder them from affording the takaful protection (Chiew, 2018). It is believed that the availability of microtakaful products is one of the poverty reduction tools that assists low-income individuals in safeguarding their future financial stability and ability to support themselves. Similar to the purpose of Takaful, which is to defend the entire ummah (society), a microtakaful product is a unique product that focuses on the needs of the public rather than on profit motives (Salleh et al., 2018).

Consequently, Takaful does not directly solve the problem of poverty; rather, it is a component of solutions for alleviating poverty. Low-income people often use their own money, borrow money, or sell assets in order to implement their chosen risk management approach. Without appropriate financial protection like microtakaful, micro entrepreneurs and other low-income earners would easily slip into poverty (Patel, 2012). The microtakaful will offer participants financial benefits in the event of a disaster, such as an accident, death, or total and permanent disability. Participants will receive payment in a timely manner and with sufficient financial resources. In the event of catastrophes such as fire, theft, money, general liability, glass, employer liability, total disaster, or group accident, the micro enterprise will also be provided with financial aid to help them maintain their operation (Salleh et al., 2021).

Several takaful operators in Malaysia, including AIA PUBLIC Takaful Berhad, Prudential BSN Takaful Berhad, Takaful Ikhlas Family Berhad, Etiqa Family Takaful Berhad, and others, have launched microtakaful products to the public (Malaysian Takaful Association, 2022). Examples of microtakaful products are Perlindungan Tenang, Cuepac-care, Takaful Hayati, and Tabarru' Cooperative Scheme. Several government initiatives, like mySalam, i-Suri, and PeKa B40, have been added to these efforts to ensure that all levels of Malaysian society have financial protection against unforeseen losses (Abdullah et al., 2021). The Bank Negara Malaysia has also provided a variety of distribution channels for microtakaful products, including agents from NGOs, retail, agent banks, societies, co-operatives, hospitals, clinics, and petrol stations. These rules explain the BNM's decision to make microtakaful accessible in almost every convenient location. It is

worthwhile to ensure that microtakaful agents reach B40 households in sub-urban, rural, and isolated places (Fikri et al., 2022).

METHODOLOGY

The present research is conducted in the form of a systematic literature survey. The systematic approach differs from the traditional method in that it is objectively oriented, replicable systematic, comprehensive, and the process of reporting the text resembles that of empirical work in some ways (Weed, 2005). The purpose of this study is to identify the current study on determinants of microtakaful adoption among consumers. In order to identify the corresponding publications, it is necessary to define the search criteria, database, search term, and publication period (Woschank et al., 2020). To identify published articles pertaining to determinants of microtakaful adoption, this search involved various databases such as Google Scholar, Web of Science, Springer Link, Scopus, Emerald Insight, Wiley Online Library, and Science Direct. Also, multiple relevant keys have been used, such as "microtakaful", "factor", "determinant", "adoption" and "acceptance".

Then, several inclusion and exclusion criteria have been set up to achieve the study objectives. For example, the publication period has been set to 2017–2022 to ensure that the articles are up-to-date with the current issues. Then, the articles collected will be in quantitative mode in order to analyse the determinants of microtakaful adoption. Next, the subject area will be social science, so that the screening article will focus only on social science without including other unnecessary subject areas. Only complete articles will be included, without including articles that do not have enough information. Lastly, the collected articles will be different from those in other databases so that no duplicate articles will be included. Table 1 shows the inclusion and exclusion criteria of this study.

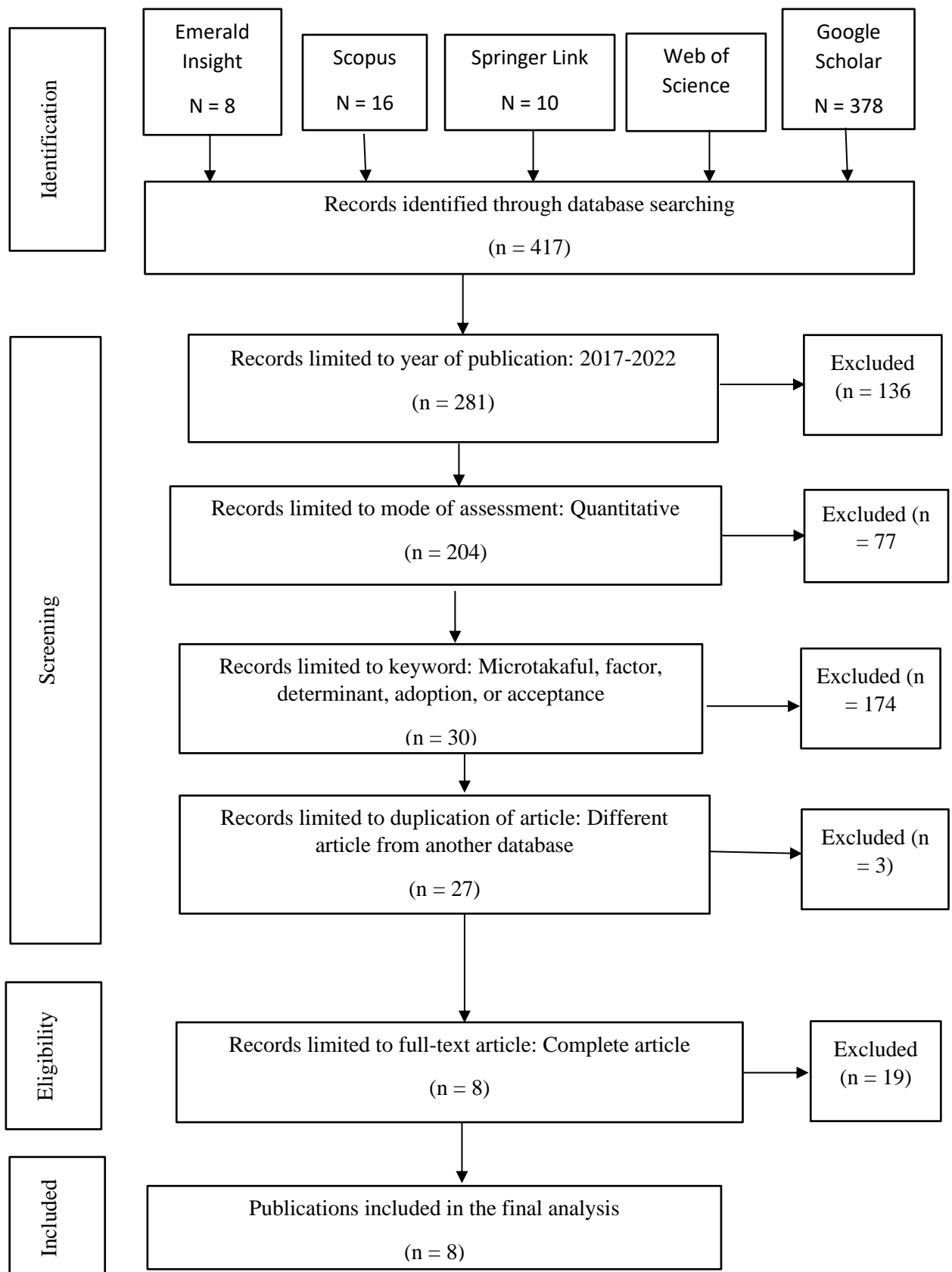
Table 1: Inclusion and Exclusion Criteria

No	Criterion	Inclusion	Exclusion
1	Year	2017 until 2022	Less than 2017 and more than 2022
2	Mode of assessment	Quantitative	Qualitative
3	Keyword	Microtakaful, factor, determinant, adoption, or acceptance	Other than microtakaful, factor, determinant, adoption, or acceptance
4	Duplicate	No	Yes
5	Full-text article	Yes	No

Source: Author (2023)

Next, the use of the Preferred Reporting Items for Systematic reviews and Meta-Analyzes (PRISMA) was adapted in this study (Moher et al., 2015). Firstly, all relevant articles on microtakaful, factor, determinant, adoption, and acceptance were first identified. The process resulted in the identification of 417 publications using 5 types of databases such as Emerald Insight, Scopus, SpringerLink, Web of Science, and Google Scholar. The following narrowing of the results by publication year from 2017 to 2022 resulted in 281 publications. Then, the output was reduced to 204 documents after the quantitative mode findings were restricted to articles. Next, the search was limited to include only results with the words microtakaful, factor, determinant, adoption, or acceptability. There were 30 papers that matched the keywords. Finally, duplicate publications will be eliminated, bringing the total number of articles to 27. These papers were evaluated as part of the screening procedure. In order to finalise the eligibility of the publications, only full-text articles will be included, resulting in the identification of a total of 8 publications. Figure 1 below illustrates the process adopted to identify the eligible papers that were used for the rest of the study.

Figure 1: Screening process



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

RESULT AND DISCUSSION

The studies included in this review investigated and identified several influences on consumer adoption behaviour toward microtakaful. In general, they offered interesting insights into the diffusion pattern of microtakaful adoption determinants. The data indicates that the number of publications by prior scholars is increasing, but at a consistent rate. Table 2 below displays the outcomes of the total screening procedure.

Table 2: A List of Previous Literatures on Determinants of Microtakaful Adoption

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

Source: Author (2022)

According to Table 2, of the 8 studies included in this review, 2 were published in 2018, 2 were published in 2019, then 2 studies appeared in 2020 and 2 more studies in 2021. Even though the analysis has been filtered from 2017–2022, a study relating to determinants of microtakaful adoption still has not appeared in 2017 and 2022. Then, in terms of country, 6 studies were found in Malaysia, whereas 2 studies were found in Indonesia. Even though the total number of works found in Malaysia is greater than in Indonesia, there is still a scarcity of studies relating to the determinants of microtakaful adoption. Therefore, it demonstrates that microtakaful in Malaysia is still relatively new, despite the country's thriving takaful industry. So far, only a limited number of studies published have been discovered. This review indicated a need for microtakaful because takaful contributions are costly, particularly for the poor in Malaysia (Ghazali et al., 2017). The high contribution cost was intended to convince individuals to ignore their takaful protection.

Apart from that, it can be said that the most influential factor that has been used in prior studies as their independent variable to influence consumers' intention to participate in microtakaful schemes was financial factor (Abdullah et al., 2019; Chusmita et al., 2019; Yusoff et al., 2020; Ishak, 2020; Abdullah et al., 2021). It can be said the issue of low-income groups adopting for takaful protection is their financial wellbeing. According to Yakob and Abd Rahman (2017), although individuals in the lowest income group (B40) are interested in takaful, they are unable to afford the monthly takaful contribution. Hence, an innovation from takaful, which is the microtakaful, could decrease their burden in managing their financial flow in the event of emergencies. Moreover, since this microtakaful is still a new innovation by takaful operators, the studies are only found on Google Scholar, Web of Science, Springer Link, Scopus, and Emerald Insight. Nonetheless, the total number of works from the aforementioned database is still limited. This study did not find works of literature about determinants of microtakaful adoption from Wiley Online Library, Science Direct, or SpringerLink. As a result, it can be stated that there has been a limited study focusing on the determinants of microtakaful adoption. To

examine the significance of microtakaful, there is a need for additional research on this linked subject. This is because, according to Yusoff et al. (2020), the existence of microtakaful does not appear to capture the attention of the B40 group, despite the product being less expensive than the standard takaful product on the market. Therefore, it is puzzling why the low-income segment has not yet adopted microtakaful. Therefore, there is a need for further research into the factors that influence consumer participation in microtakaful schemes.

CONCLUSION

In conclusion, this study provides a systematic review of literature on the determinants of microtakaful adoption published from 2017 to 2022. The total of publications year by year is increasing, but at a consistent rate. Also, the most influential factor that has been used in prior studies as their independent variable was the financial factor. According to the Islamic Corporation for the Development of the Private Sector (2019), Malaysia was a leader among takaful service providers in Southeast Asia and third in the world. Despite the fact that contributions and total assets for the takaful sector are increasing on an annual basis, low-income households are surprisingly underserved in this Islamic risk protection plan (Fikri et al., 2022). Besides that, Ishak (2020) found that sometimes the low-income group has their own risk-coping mechanisms, which contributes to the limited adoption of microtakaful schemes. They were aware of the significance of microtakaful, but they believed they could manage their own risk well. They might have their own savings, assets, investments in unit trusts, a permanent job, or other means of risk management. In recognition of this issue, research has investigated consumer behavioural intentions about the adoption of microtakaful based on a variety of antecedents. This study lays the groundwork for future research in this field, as it is the first known systematic literature review aimed at identifying the factors that can explain the differences in study outcomes. This study adds to what is known about microtakaful adoption by looking at the factors that affect it in a comprehensive way.

Next, the limitations of this study present potential for future research. First, the literature search was narrowly focused on microtakaful adoption, which may have resulted in the exclusion of some essential and important studies. Second, this review focuses on research concerning the consumer adoption of microtakaful. However, microtakaful has a broad scope, including product development, model, and framework. Thirdly, since the adoption of microtakaful is the focus of this study, post-adoption usage and customers' continuing intentions to adopt microtakaful were eliminated. In addition, this study makes recommendations for future research to be conducted by other scholars, such as that additional research into microinsurance should be conducted since this study only focuses on microtakaful. Second, this study's screened papers are restricted to the past five years, so that future studies can alter the timeframe to meet the appropriateness requirements. Third, research can be expanded in the future to look at other parts of microtakaful, such as product development, models, and frameworks.

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