

Purchase Intention of Islamic Insurance: A Case Study of Takaful in Bangladesh

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Abstract: Islamic Insurance has recently been one of the most prominent Islamic financial services among the Muslim as well as non-Muslim community in the world. In Bangladesh, the service is also getting popularity to the people for the special features like risk-bearing by all of the participants, interest-free investment of funds etc. Considering the rapid growth of Islamic financial products worldwide and inadequate research on the limited reach of these services, this study aims to explore the factors affecting the customers' purchase intention of Islamic insurance services in Bangladesh. The cross-sectional study has been conducted based on the Structural Equation Modeling (SEM) on the data collected through a self-administered questionnaire from 392 respondents. According to the study, it is revealed that compatibility, religiosity, customer awareness, reliability and trust have significant positive impact on customers' purchase intention towards Takaful services in Bangladesh. The study result will help the service providers to look into the factors while tailoring their products and services. The policy makers should also know about the determinants so that they can formulate policies that promote the growth of the takaful industry and increase access to these products for consumers.

Keywords: *Islamic Insurance, Purchase Intention, Factors, Bangladesh*

1.0 Introduction

Takaful is a substitute for a conventional insurance system which follows Islamic laws and principles. The word 'Takaful' means 'responsibility or guarantee' and it has been derived from the Arabic word 'Kafala' which means assisting others, mutual guarantee etc. (Hamid & Othman, 2009). The service was primarily introduced as an agreement among Muslim people to protect and help each other from unexpected incidents like accidental death, disability and property losses. Conventional insurance services ensure transferring risks of subject matters of the policyholders including human lives, assets and properties to the insurers in exchange of premiums. Unlike conventional insurance services, the Takaful insurance mechanism is a cooperative tool of risk-sharing under which the risk

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is not transferred to the insurer, but rather shared by the participants contributing to a Tabarru (Donation) Fund in accordance with the principles of cooperation and profit sharing (Billah, 2001; Sarwar, 2016). Besides, the investment of the collected premium under conventional insurance businesses involves interest-based investment modes which are strongly prohibited in Islam. So, Takaful services exclude the features of Riba (Interest), Gharar (Uncertainty), and Maisir (Gambling) which are outlawed according to Shariah principle and thus, are different from the conventional insurance products (Rahim & Amin, 2011).

The word Takaful Insurance has been a recent innovation in the insurance industry of Bangladesh which inculcates the Shariah principles in case of catering the insurance services to the customers. Takaful Insurance was first introduced in Sudan and Bahrain back in 1979 according to the Companies Act-1925 (Islam & Sultana 2018, Hassan, 2020). The service got started in response to the rising need of Muslim people for an insurance service which abides by the Islamic laws. Later on, Malaysia and several other Muslim countries like Pakistan, Indonesia, Kingdom of Saudi Arabia pioneered the services in the 1980s and afterwards, the service availed popularity in many non-Muslim countries as well like India, United kingdom etc.

In Bangladesh, the first Takaful insurance company 'Islami Insurance Bangladesh Limited (IIBL)' was established in 1999 with a view to offering the Shariah-based insurance services (Alam et al., 2019; Khan et al., 2016, 2018). It started its operation as a joint venture between the Islamic Development Bank and the Government of Bangladesh. It was registered and established under the Bangladesh Company Act-1994 and Bangladesh Insurance Act-1938. Later in 2000, 'Fareast Islami life insurance Company Limited' initiated its journey as the first Shariah based life-insurance company. Takaful companies were supposed to abide by the Insurance Act 1938 but that was contradicting Takaful mechanism (Khan 2010). In 2002, all of the providers and supporters of Islamic insurance companies agreed to create a Central Shariah Council for Islamic Insurance of Bangladesh (CSCIIB). It is a private entity, registered in 2008 with a view to minimizing the discrepancies, provides homogeneous Islamic services following regulations. Later in 2010, Insurance Development and Regulatory Authority of Bangladesh (IDRA) was established as the governing body to ensure the regulatory framework to the insurance industry. In the same year, Insurance Act-2010 came into action replacing the Insurance Act-1938. IDRA issues licenses to takaful companies, sets standards for their operations, and conducts regular inspections to ensure compliance with laws and regulations. It also maintains a register of takaful companies and their agents, and publishes information about their financial performance. Takaful companies are also required to follow the guideline issued by the central bank of Bangladesh (Bangladesh Bank) regarding investment of their fund. However, there is no proper indication in this regard

about the procedure to apply Islamic regulation in the insurance business or the role of the regulatory body in this matter. In section 23 of the mentioned insurance act, there is a clause for keeping deposits in form of cash in Bangladesh Bank and government approval interest-based securities. Again, there is no mention about the way insurance companies can deposit interest-based securities in the Bangladesh Bank following Islamic Shariah. Section 146 mentions special rules that the government may create for the operation of Islamic insurance but that proposal has not been enacted yet. Islamic insurance companies operate their business as per their own Shariah Supervisory Board (SSB) as there exists no Shariah guidelines, Shariah audit or calculation of Shariah risk from regulatory authorities.

At present, there are 15 full-fledged Insurance Companies, providing Takaful services in Bangladesh among which 11 are Islamic life Insurance service providers, and 4 are non-life Islamic insurance companies. These Takaful insurance firms are providing a wide range of Islamic insurance services throughout the country.

Table 1: List of Islamic Insurance Companies in Bangladesh

Name of Islamic Insurance Company	Year of Establishment
1. Fareast Islami Life Insurance Company Limited	2000
2. Padma Islami Life Insurance Company Limited	2000
3. Prime Islami Life Insurance Limited	2002
4. Protective Islami Life Insurance Limited	2013
5. Zenith Islami Life Insurance Limited	2013
6. Mercantile Islamic Life Insurance Limited	2013
7. Alpha Islami Life Insurance Limited	2014
8. Trust Islami Life Insurance Limited	2014
9. NRB Islamic Life Insurance Limited	2021
10. Bengal Islami Life Insurance Limited	2021
11. Akij Takaful Life Insurance Limited	2021
12. Northern Islami Insurance Limited	1996
13. Islami Insurance Bangladesh Limited	1999
14. Islami Commercial Insurance Company Limited	2000
15. Takaful Islami Insurance Limited	2001

Source: Websites of Individual Insurance Companies

Globally, Takaful industry is experiencing a growth along with Islamic banking in both Muslim and non-Muslim community based countries like Malaysia, Indonesia, India, and United Kingdom etc. According to a report published by Deloitte Middle East Islamic Finance Knowledge Center, the annual growth rate of Takaful market is 14% with more than USD 20 billion market worldwide where the Kingdom of Saudi Arabia is in the leading position with nearly 50% of global market share in providing Islamic financial services. Bangladesh has world's fourth largest Muslim population which can be proved as the biggest strength for the advancement of this industry if the providers comprehend the determinants of demand for Takaful prudently. Unfortunately, the country is suffering from long-standing challenges in Islamic finance sector. Among them, inadequate regulations for governing the industry, lack of enforcement and limited incentives from regulators are worth mentioning. Growing economy and increasing demand for Islamic financial services should support the evolution of Islamic finance sector in the near future.

Therefore, the study aims at addressing the factors affecting the purchase intention of Islamic insurance services. Understanding the purchase intention for Bangladeshi consumers is important because Takaful targets Muslim community and majority of Bangladeshi population are Muslim. The study is also relevant because even after several decades after starting its operation, Takaful service has still an untapped market which consequently raises significant questions and concerns related to customers' adoption to Takaful services. Moreover, analyzing the factors that influence Takaful consumption is necessary from the perspectives of the service providers to capture the potential market and also, such understanding will increase the customers' perception and intention towards the purchase of such services in Bangladesh.

1.1 Objectives

The prime objective of this study is to identify the factors affecting the customers' purchase intention of Islamic insurance services in Bangladesh. This research also intends to address the current status of Takaful industry of Bangladesh. The study intends to address the following research questions:

- a. What is the historical background of Takaful service in Bangladesh?
- b. What entails the current status of Takaful service in Bangladesh?
- c. Which factors are affecting the customers' purchase intention of Takaful services in Bangladesh?
- d. What could be some policy recommendations for the growth of purchase intention of Takaful services in Bangladesh?

2.0 Literature Review

Factors affecting the adoption and purchase intention of Takaful services have been studied for quite a long time in Malaysia, Indonesia, Pakistan, Maldives, Africa and Middle East where the market for Takaful services are already well-established. Although the Islamic insurance industry was introduced in 1999 in Bangladesh, the Takaful industry has started to flourish in the last decade to meet the rising demand of the Islamic insurance services. There are several studies indicating the implication of Islamic insurance in Bangladesh and its regulatory challenges (Alam et al., 2019; Khan et al., 2016; Khan et al., 2018), but there are no studies conducted on the factors affecting the purchase intention of Takaful services of the people of Bangladesh. Although, in their study, Newaz and Sharma (2016) demonstrated the purchase intention for different categories of Islamic financial products in Bangladesh, the study focused on the integrated Islamic financial services. Thus, the urge for this current study is to seek the factors affecting the customers' purchase intention of Islamic insurance service in Bangladesh.

Purchase Intention refers to the desire and determination of the buying decision of a product or service. The purchase intention of Islamic insurance services often depends on the trust, the quality of the service, brand image and satisfaction of the service (Ladhari et al., 2011; Ishaq, 2011). Religiosity and trust on Islamic Shariah are the key influencers in the adoption of Islamic insurance services (Hassan & Abbas, 2019). Husin and Rahman (2016a, 2016b) argued that customer knowledge, attitude, and perceived behavioral control have positive impact on the adoption of Takaful family services, but the social and peer pressures, religiosity, and awareness put inconsiderable effect on the purchase intention. In line with this, Newaz et al. (2016) found that religiosity has a direct and positive effect on the adoption of Islamic banking and capital market services, but it has insignificant and direct impact on the intention to purchase Takaful services. Also, several studies have suggested that product awareness and service quality significantly affect the purchasing intention. (Caruana, 2002; Chimedtsere & Safari, 2016). Besides, Shariah-oriented beliefs and attitudes lead people to choose Islamic life insurance services (Souiden & Jabeur, 2015). Thus, the relevant literature behind the factors affecting the purchase intention of Takaful services the authors have considered in this study have been presented in the following segment.

2.1. Customer Awareness

Customer awareness is indicated by the availability of and accessibility to the information about the products and services to the customers. Several studies justified that lack of awareness about Islamic financial products barred customers

from purchasing the services (Mohammed & Ortmann, 2005; Ibrahim et al., 2017). Several other studies showed that customer awareness regarding Islamic insurance services positively affects the adoption of the services (Maysami & Williams, 2006; Rahim & Amin, 2011; Faisal et al., 2012; Ayinde & Echchabi, 2012) whereas, lack of customer awareness regarding Islamic financial services and insurance schemes has led to the slower growth of Takaful insurance (Ahmad et al., 2010). Based on the discussion of the literature, the following hypothesis can be formulated.

H₁: Customer awareness has a significant influence on the purchase intention of Islamic insurance in Bangladesh.

2.2. Compatibility

Compatibility refers to the matching of customers' beliefs and expectations with the available features of the products and services. According to several studies, customers' compatibility has a positive impact on the acceptance of Islamic insurance services (Sidharta et al., 2017; Ali, Yaacob & Haji, 2018). Again, Hussain and Pasha (2011) showed that people with higher Islamic values, norms and cultural beliefs are highly interested in Islamic shariah-based services. Echchabi & Ayedh (2015), and Faisal et al. (2012) also supported that compatibility of Islamic services encourages the Muslims to adopt Takaful insurance services. Thus, the following hypothesis can be proposed according to the above mentioned studies:

H₂: Compatibility has a significant influence on the purchase intention of Islamic insurance in Bangladesh.

2.3. Religiosity

Religiosity refers to the cognitive belief, attitudes and practices in accordance with the religion. Beliefs and values significantly affect a person's intention and behavior towards acceptance of products and services (Hussain & Rahman 2016; Ibrahim et al., 2017; Al Mahi et al., 2017). Accordingly, beliefs in Islamic principles lead Muslims to choose the Shariah-compliant products and thus, religiosity acts as one of the prime indicators for the adoption of Islamic insurance services (Redzuan, et al., 2009; Rehman & Shabbir, 2010; Qureshi, 2011; Salman, 2014). In addition, Newaz et al. (2016) strongly argued and demonstrated that religiosity positively affects the purchase intention of Islamic Financial Products (IFPs). Other studies also support that religiosity and conformity to the Islamic Shariah Principles by the Muslims encourage them in the case of undertaking Shariah-compliant (Islamic) products (Hong & Lee, 2014). Thus, the following hypothesis can be developed based on the specified literature:

H₃: Religiosity has a significant impact on purchase intention of Islamic insurance in Bangladesh.

2.4. Complexity

Complexity refers to the lack of ease to understand or know the product or services. The negative relationship between a new product's complexity and adoption by the customers has been justified by Jamshidi and Rezaei (2012) and Thambiah et al. (2012). Additionally, other studies also demonstrated the negative relationship between the complexity of services and purchase intention of the services (Abbas et al., 2017; Sanni et al., 2013; Kaabachi & Obeid, 2016). So, the proposed hypothesis on the relationship between complexity and customers' purchase intention regarding Islamic insurance services is as follows:

H₄: Complexity to avail Islamic insurance services significantly affects the purchase intention of Islamic insurance policies in Bangladesh.

2.5. Trust and Reliability

Trust refers to an individual's behavior to act with an expectation that the other party involved in the activity will pay off the requirement of the agreement (Guiso, 2012). Trust in the products and services increases customer engagement and interrelations with the service providers (Ballantyne, 2006; Ponder et al., 2016). The notion is further proved by the studies of Islam et al. (2018) and Islam and Rahman (2017), ensuring that reliability and trust in services lead to customer loyalty. Trust and reliability in the products' features and distribution channel affects the purchase intention of a product (Gidhagen & Persson, 2011). Gefen and Straub (2003) demonstrated that trust has a strong influence on the customers' buying intention other than their beliefs for a service. A study by Guiso (2012) showed that the trust on insurance services positively affects the purchase intention of the insurance services. Furthermore, another study by Agyei et al. (2020) revealed that customers' trust in service providers as well as in the regulators, trust in the economy, and information-based trust positively influence customer engagement in insurance services. Based on the literature, the following hypothesis can be developed:

H₅: Trust and Reliability in Islamic insurance has a significant impact on purchase intention of Islamic insurance in Bangladesh.

The following table summarizes the factors determining the purchase decision of Takaful in different countries and justifies the development of hypotheses in our study based on the findings from prior studies.

Table 2: Empirical Studies Measuring Customers' Purchase Intention of Takaful Services

Relevant Research	Region of research	Factors found Significant	Factors found Insignificant
Poan, Merizka and Komalasari (2021)	Indonesia	Attitude, Religiosity, and Awareness	Attitude
Echchabi, Olorogun, and Azouzi (2014)	Tunisia	Compatibility	Relative Advantage, Uncertainty, Social Influence, Awareness
Khan et al. (2020)	Pakistan	Compatibility, Customer Satisfaction, Awareness, and Religiosity	Perceived Risk
Hassan and Abbas (2019)	Pakistan	Relative Advantage, Compatibility, Social Influence, Awareness and Religiosity	-
Ali and Jama (2016)	Somalia	Attitude, Perception, Awareness and Knowledge	-
Maiyaki and Ayuba (2015)	Nigeria	Awareness, Perception, Trust and Confidence	-
Raza et al. (2019)	Malaysia	Compatibility, Relative Advantage and Awareness	Perceived Risk and Intention
Shabiq and Hassan (2016)	Maldives	Attitude and Compatibility	Awareness, Relative Advantage and Social Influence

So, based on the hypotheses and the abovementioned references, the proposed research model for the study is;

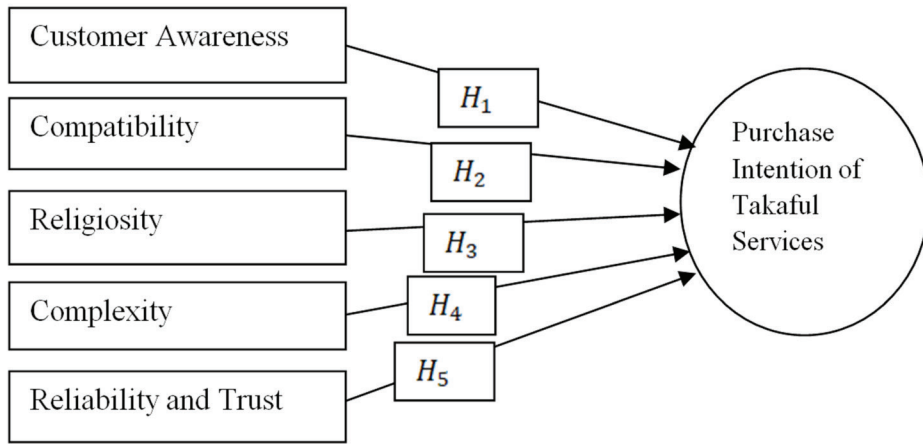


Figure 1: The Research Model

Source: Authors' proposed model based on literature

3.0 Methodology

3.1 Measures

This study is a quantitative study based on different theoretical frameworks and prior research on the purchase intention of Islamic insurance services. This causal and cross-sectional study used a survey method to collect data from the respondents in Bangladesh in order to gather the in-hand data regarding the purchase intention of the customers regarding Takaful services. Cross sectional study is applicable to this research as the authors are collecting the data from a large group of people at the same point of time. The unit of analysis included the customers (both existing and prospective). The variables used in the research model were operationalized by adapting the measures developed in prior studies on purchase intention of insurance services. Key independent variables under the study are compatibility, religiosity, customer awareness, reliability and trust. Indicators were added to represent each variable accordingly and the variables were analyzed in line with structural equation modeling to demonstrate the impact of these variables on the dependent variable 'purchase intention' of Takaful services in Bangladesh.

3.2 Sampling and Data Collection

Convenience sampling was chosen due to Covid-19 led situation and the data were collected through both online and offline medium. In order to build up the questionnaire and conduct the survey, a Google Form was created and measurement items (questions) were set for each indicator. The questionnaire

consisted of closed-ended questions measured on a 5-point Likert scale. Respondents were asked to choose from five scales, ranging from “Strongly Disagree (1)” to “Strongly Agree (5).” Demographic indicators were also added at the end of the survey in order to gather information about the respondents’ gender, level of education and occupation (Saunders et al., 2009). The questionnaire was translated into Bengali using a back-translation technique (Saunders et al., 2009) and then pre-tested on a small sample of 15 respondents in Dhaka, the capital city of Bangladesh to identify the initial problems. The responses were mainly collected from Dhaka, as Islamic insurance services are still to grow at the rural areas, as well as the data collection method was based on convenience sampling technique. Data were collected from April, 2022 till August, 2022. The participants were asked to complete the survey anonymously. The survey was then shared with the 400 respondents, from which 392 successful responses to the survey were received. As there is no specific data on the population size of the customers of Takaful services in Bangladesh, the authors used Cochran formula ($n = Z^2pq/e^2$) to identify the sample size. In this formula, n is the sample size, P is the estimated proportion of the study variable based on pilot studies which the author found to be 30%, $q = 1-P$ (70%), and e is the margin of error (5%). Z denotes the Z-score or a standard normal deviate corresponding to $(100\%, \alpha/2)$, where α refers to the significance level or the probability of making a type I error. The z score for different significance levels is: 1.96 for 5%, 1.28 for 10%, and 2.58 for 1%. From the formula, the sample size is derived as 323 for which the author targeted 400 participants.

3.3 Data Analytical Tools

A statistical method called Structural Equation Modeling (SEM) enables the analysis of the correlations between a set of observed variables and a set of latent variables. Latent variables are those that are estimated from the observable variables rather than being directly observed. Partial Least Square (PLS-SEM) is a type of SEM that estimates the latent variables using partial least squares (Hair et al., 2017). In this study, PLS-SEM has been used to examine the relationships among the factors that affect purchase intention of Takaful services in Bangladesh. The use of PLS-SEM in research has a number of benefits. For investigating the connections between a collection of observable variables and a set of latent variables, PLS-SEM is a potent tool. PLS-SEM can be used to study a variety of research questions and is a relatively simple technique to employ. Finally, it has been demonstrated that PLS-SEM is a more accurate method than conventional SEM (Hair et al., 2017). SmartPLS software has been used to perform data analysis.

4.0 Findings and Discussion

Participants' Demographics

Among 392 participants under the survey, there were 54% male respondents whereas 46% were female. Most of the respondents were aged in the range of 21 years to 30 years. In the case of educational level, around 70% participants were post-graduate.

Table 3: Demographics of the Respondents

Criteria	Number	Frequencies	Percentage
Gender	Male	211	54%
	Female	181	46%
	Less than 20	5	1%
Age	21-30	188	48%
	31-40	126	32%
	41-50	60	16%
	Above 50	13	3%
Education	Secondary School Level	0	0%
	College Level	18	5%
	Graduation Level	95	24%
	Post-graduate Level	272	69%
	Diploma	7	2%
	Student	119	30%
Occupation	Government Employee	101	26%
	Private Sector Employee	105	27%
	Businessman	47	12%
	Unemployed	20	5%

Source: Output of Descriptive Analysis

Validity and Reliability

The first step in PLS-SEM is the evaluation of the measurement model. The composite reliability measures the construct validity which is significant in the test results. Besides, Average Variance Extracted (AVE) is considered one of the criteria to justify the convergent validity which verifies whether the items measuring a specific construct share a high level of common variance. Another popular reliability measure is Cronbach's Alpha. The value of 0.5 and above of AVE and factor loading is acceptable whereas the value 0.6 and above are acceptable for Cronbach's Alpha (Hair et al., 2017). Hence we can say that the model has convergent validity as Table 3 shows the values met the requirements.

Table 4: The model's Validity and Reliability

	Cronbach's alpha	rho_A	Composite reliability	Average variance extracted (AVE)
CA	0.743	0.748	0.741	0.55
CMPLX	0.699	0.813	0.564	0.52
COM	0.816	0.745	0.737	0.73
PI	0.801	0.808	0.802	0.57
REL	0.837	0.758	0.744	0.62
RELTRST	0.799	0.729	0.728	0.53

Source: Output of the analysis from SMART-PLS software

Cross Loadings Matrix

The cross-loading matrix shows the indicators representing each latent variable. The estimates are well-fitted to represent the variables because the value more than 0.60 is acceptable for each of the construct to represent the variable (Hair et al., 2017).

Table 5: Cross Loadings Matrix

	CA	CMPLX	COM	PI	REL	RELTRST
CA1	0.635					
CA2	0.797					
CA3	0.837					
CA4	0.932					
CA5	0.941					
CMPLX1		0.723				
CMPLX2		0.902				
CMPLX3		0.783				
CMPLX4		0.459				
COM			0.795			
COM1			0.875			
COM2			0.783			
COM4			0.714			
PI1				0.653		
PI2				0.845		
PI3				0.835		
PI4				0.779		

REL1	0.765	
REL2	0.898	
REL3	0.636	
REL4	0.837	
RELTRST1		0.847
RELTRST2		0.861
RELTRST3		0.674
RELTRST4		0.760

Source: Output of the analysis from SMART-PLS software

Table 6: Structural Path/ Hypothesis Supporting

Structural Path	Path Coefficients	p-value	Hypothesis Judgment
CA -> PI	0.352	0.035	Accepted
COMPLX-> PI	-0.069	0.072	Rejected
COM -> PI	0.599	0.009	Accepted
REL -> PI	0.292	0.001	Accepted
RELTRST -> PI	0.623	0.002	Accepted

Source: Output of the analysis from SMART-PLS software

The estimates for path coefficients were acquired to test the relationship hypotheses among the constructs. The study endorses a causal relationship between customer awareness and customer intention towards buying Islamic insurance as H_1 is accepted. This is in line with the findings of Thambiah et al. (2010), Abdullah and Rahman (2007) as well as Rammal and Zurbruegg (2016), but contradicts with Echchabi et al. (2014). If the customers are not properly aware of the Takaful system, they will definitely opt for conventional insurance systems with which they are more familiar in order to avoid misunderstanding.

The estimates suggest the acceptance of hypothesis which indicates that compatibility has a significant positive influence on the purchase intention of Islamic insurance in Bangladesh. This finding is in par with the outcomes of Tan and Teo (2000) and gainsay with the findings of Mat et al. (2020) and Echchabi et al. (2014).

As the foundations of Takaful services are the Shariah principles, it is expected that religion would be a vital factor for the Muslims to buy Takaful services. The results of the analysis in this study confirm that the expected significance of religiosity in purchase intention of Takaful with our hypothesis H_3 . Rehman

and Shabbir (2010), Qureshi (2011), Salman (2014), and Newaz et al. (2016) also found religiosity as a dominant factor to affect customer adoption of Islamic insurance services. Again, Idris et al. (2014), Husin and Rahman (2015) stated that religion does not play a significant role in decision making. Furthermore, Yusuf et al. (2014), Soualhi and Al Shammari (2015) have found even non-Muslims are deciding to switch to Takaful services.

Though the complexity regarding Takaful negatively impacts the purchase intention of Takaful services the relationship is found insignificant as we fail to accept the hypothesis H_4 . This result is consistent with Echchabi and Ayedh (2014) and Shaikh et al. (2019).

Finally, it is evident that Trust and Reliability in Islamic insurance has a significant impact on purchase intention of Islamic insurance in Bangladesh as we accept the hypothesis H_5 . Poan et al. (2021), Barre and Mukhtar (2022) came to the same conclusion. Trust can come from trust in the insurance agent, trust in the company or trust in the Shariah permitted mechanism.

Overall, out of the initial five variables, only one was found to have an insignificant influence on purchase decisions of Islamic insurance services in Bangladesh, i.e. complexity. Rests of the four factors explain 73.8 percent of the variation in the dependent variable.

Table 7: Model Fit

	Saturated model	Estimated model
SRMR	0.064	0.064
d_ ULS	1.312	1.331
d_ G	0.389	0.391
Chi-square	694.62	697.081
NFI	0.773	0.789

Source: Output of the analysis from SMART-PLS software

Chi-square statistics have been used to check the goodness of fit of the structural model. Our research model has reached Chi-square value 694.62 and Normed Fit Index (NFI) value of 0.773. Both of these values suggest the good fitness of the model according to Hair et al. (2017).

5. Conclusion

In Bangladesh, takaful insurance is expected to grow in popularity as the country's population continues to grow and people become more aware of the benefits of takaful insurance. The government has also taken steps to encourage the growth of the takaful industry, such as by issuing licenses to takaful companies and

providing regulatory oversight to ensure compliance with laws and regulations. However, the awareness of takaful insurance is still not that high in Bangladesh as compared to other countries and the penetration rate is relatively low. The Bangladeshi Takaful market held 14.1% of the entire insurance market share in 2019, according to the Islamic Financial Services Industry Stability Report 2021. Although currently it has a little market share, it has the potential to grow into the country's insurance market. This study aimed at addressing the indicators denoting the customers' purchase intention for Takaful services in Bangladesh. Primary data were collected and analyzed with the use of Structural Equation Modeling (SEM) to analyze the data. According to the findings of the study, customers' awareness of the Takaful services, compatibility, religiosity of the customers and reliability of the services and service providers have significant positive impact on the buying decisions of Islamic insurance services in Bangladesh. Whereas, the complexities associated with the Takaful services cause demotivation for making purchase decision of Takaful services.

The output of this study provides some crucial insights for Takaful operators and policymakers to develop effective marketing and operational strategies. Moreover, since Takaful companies have to face competition from conventional insurance providers, it would be vital for Takaful companies to understand the factors affecting the potential customers' choices between the two types of services. Bangladesh's Takaful market's poor performance may be ascribed to a number of factors, including a lack of an appropriate legal and regulatory framework, a lack of tailored products, a shortage of qualified personnel, and a severe awareness issue.

The current study has certain limitations that can be minimized in future research. The sample size can be increased and the sample does not include respondents from remote or rural areas. Besides, the study has considered a limited number of factors to determine the purchase intention of the customers. Perceived financial risk, peer pressure, customer attitude etc. can be included in the future research. For future researchers and students, there is a great potential of using other statistical techniques and measures, which can be further used for analyzing the demand and potential market for Takaful services in Bangladesh.

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