

Determinants of Intention to Adopt Auto Insurance (*Takāful*) Business Among Vehicle Owners in Nigeria

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ABSTRACT. Despite the recent surge in global growth and the increasing role played by the Islamic financial system, particularly *Takāful*, within the international financial landscape, there has been limited attention directed towards *Takāful* in Nigeria. This study aims to identify the factors influencing the intention of vehicle owners to adopt Auto Insurance (specifically *Takāful*) in Nigeria. Employing a survey research design, the study targeted the population of twelve million registered vehicles in Nigeria, with

a sample size of four hundred (400) respondents. Data were collected using a questionnaire, and multiple regression analysis was conducted using SPSS version 26 to test the research hypotheses. The regression results revealed that awareness, relative advantage, and social influence significantly influence vehicle owners' intention to adopt Auto Insurance (Takāful) in Nigeria. However, factors such as religiosity, perceived compatibility, perceived complexity, and perceived risk did not exhibit a significant influence on vehicle owners' intention to adopt auto insurance in Nigeria. The study recommends robust public awareness campaigns by each auto Takāful-insurance company to highlight the advantages of Takāful products and services over conventional insurance. Additionally, it suggests that the government formulate supportive laws to encourage the establishment of more Takāful companies in Nigeria, given the limited presence of such entities in the country.

KEYWORDS: Insurance, Perceived compatibility, Perceived risk, Relative advantage, *Takāful*

JEL CLASSIFICATION: G22

KAUJIE CLASSIFICATION: I65

1. Introduction

The concept of *Takāful* (Insurance), a cooperative risk-sharing model based on Islamic principles, is not directly mentioned in the Qur'ān or Ḥadīth. However, the foundational elements of *Takāful* are derived from various Sharia principles outlined in these sacred texts. The concept is based on '*Ijtihad*' [an Islamic legal term that refers to the independent reasoning or exertion of a jurist's utmost effort to arrive at a legal ruling on a matter that is not explicitly addressed in the primary sources of Islamic law, namely the Qur'ān and Ḥadīth. It involves a thorough process of interpretation and analysis of these sources, as well as consideration of the opinions of other jurists and the specific circumstances of the case at hand (Kamali, 2017)]. Unlike the issue of interest (usury) which is out-rightly prohibited (Qur'ān, 2: 275) and many Ḥadīths of prophet Muhammad (S.A.W). This explains why there is limited awareness and understanding about the practice of *Takāful* among Muslim faithful in Nigeria.

In the ever-evolving landscape of financial risk management, *Takāful*, an Islamic alternative to conventional insurance, has emerged as a dynamic and rapidly growing market segment. Its foundation lies in the principles of mutual cooperation and shared responsibility, offering a distinct approach to financial protection that resonates with not only

Muslim communities but also individuals seeking ethical and transparent financial solutions. It explains how individuals are responsible to co-operate and protect one another against losses or damages. *Takāful* as a Sharī'ah compliant mutual assurance contractual structure where participants contribute their resources to mitigate against future risks based on agreed terms (COMCEC, 2019). *Takāful* is also an arrangement of joint guarantee by 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 '*gharar*' and interest (usury) which is against the Islamic law. 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 '*Diya*' (blood money) when a family member commits murder in error to the family of the deceased, '*zakāh* and *ṣadaqah*' to the needy in the community, '*Waqf*' for those who need accommodation, '*Takāful 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 insure their relatives let alone being their neighbours' keepers. This situation makes it absolutely necessary to structure a modern form of insurance (*Takāful*) to take care of every member of the society [Standing Committee for Economic and Commercial Cooperation of the Organisation of Islamic Cooperation-(COMCEC, 2019)].

The need to provide backup against unforeseen damages or losses have been 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 is connected with the fact that 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. However, 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 *Takāful* is a clear distinction from conventional auto insurance policies. The auto *Takāful* policy is a win – win situation where the policyholder receive 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 insurance

company, rather it is view as a capital that would be invested in any of the *Takāful* models. In the event that the investment made profit or loss, the profit or loss is what the company share 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 \$5.24 with minimum coverage liability of about \$1,194.97. 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 (NBS, 2022b; NBC, 2022c). Bankole (2022) reported that only about 2.53 million out of the 12 million registered vehicles plying 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 7to 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, *Takāful* as one of the components of Islamic financial system has received little attention in this part of the world and thereby making its impact unnoticed on Nigerian GDP. This trend may be as a result of lack or inadequate awareness about *Takāful* and its benefits to policyholders. Also, investors are yet to explore the large market share in *Takāful* industry leaving a large vacuum to be filled.

Empirically, to the best of this study's knowledge, there were few or no studies concerning insurance (*Takāful*) 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 *Takāful* – insurance policy among vehicle owners in Nigeria. This study will be beneficial to policyholders like 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 (*Takāful*) in Nigeria.

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

- Ho₁:** Awareness has no significant influence on vehicle owners' adoption of auto insurance (*Takāful*) in Nigeria.
- Ho₂:** Religiosity has no significant influence on vehicle owners' adoption of auto insurance (*Takāful*) in Nigeria.
- Ho₃:** Relative advantage has no significant influence on vehicle owners' adoption of auto insurance (*Takāful*) in Nigeria.
- Ho₄:** Perceived compatibility has no significant influence on vehicle owners' adoption of auto insurance (*Takāful*) in Nigeria.
- Ho₅:** Social influence has no significant influence on vehicle owners' adoption of auto insurance (*Takāful*) in Nigeria.
- Ho₆:** Perceived complexity has no significant influence on vehicle owners' adoption of auto insurance (*Takāful*) in Nigeria.
- Ho₇:** Perceived risk has no significant influence on vehicle owners' adoption of auto insurance (*Takāful*) in Nigeria.

2. Literature Review and Theoretical Framework

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

2.1 Review of Empirical Literature

Echchabi and Ayedh (2015) studied factors influencing the Yemeni customers' intention to adopt *Takāful* products. The aim of the study was to determine factors that influence customers' intention to adopt *Takāful* in Yemeni. The study used quantitative design. The study used 200 respondents as sample size. The study used structural equation model to test the hypotheses. The findings reveal that only compatibility significantly influence customers' intention to adopt *Takāful* in Yemen, while awareness, uncertainty, social influence and relative advantage do not influence customers' intention to adopt *Takāful*. However, 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 *Takāful* (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 mean of regression through SPSS 21. The regression result shows that attitude and Compatibility have a positive and significant influence on adoption of *Takāful*. Conversely, the research did not find any significant impact of awareness, relative advantage and social influence on adoption of *Takāful* 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 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 *Takāful* (Islamic insurance) products: A survey of Pakistan. The aim of the study was to determine the individual's behaviour of Pakistani toward usage of *Takāful* insurance. The study used descriptive and explanatory research designs. 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 analyse the data. The findings of the study reveal that relative advantage, compatibility, social influence, awareness and religiosity have significant effects on investors' intention to adopt *Takāful* products in Pakistan. The study also found that the level of awareness is low and is negatively affecting *Takāful* 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. Shaikh, Noordin, Arijio, Shaikh and Alsharief (2019) examined factors predicting customers' adoption towards family *Takāful* scheme in Pakistan using diffusion theory of innovation. The study aimed at examining the determinants influencing customers' adoption of family *Takāful* 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 reveal that perceived relative advantage, perceived compatibility, awareness and religiosity have significant effect on adoption of family *Takāful*. However, gender, age and education do not moderate the family *Takāful* 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, *et al.*, (2019) examined consumer acceptance toward *Takāful* in Pakistan. The objective of the study was to determine the factors influencing customer adoption toward *Takāful* products in Pakistan. The study used quantitative research design. 365 questionnaires were retrieved from respondents. The hypotheses of the study were tested

using the structural equation modelling. The findings of the study show that awareness, relative advantage, compatibility, observability, religiosity and trialability have positive and significant influence on customers' adoption of *Takāful*, whereas complexity has negative effect on customers' adoption of *Takāful*. But the study did not indicate how the study sample size was determined and selected.

Khan *et al.*, (2020) studied the determinants of customer perception about adoption of Islamic insurance (*Takāful*) in Pakistan. The objectives of the study were to assess the response level of individuals concerning *Takāful* and factors affecting customers' adoption of *Takāful* in Pakistan. The study used quantitative research design. Data were collected through the use of 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 affects customer's adoption of *Takāful*, while risk perception does not affect customers' adoption of *Takāful* in Pakistan. However, the study failed to indicate how the study sample size was adopted. Sarfraz and Khurshid (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 tradition value, which motivates consumers to adopt *Takāful* services. But the tradition 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.

2.2 Theory Underpinning the Study

This study adopted the theory of Diffusion of Innovation (DOI) as *Takāful* is considered to be new innovation in insurance industry when compare 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) reports that DOI attempts to provide explanation 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 new idea or product is a gradual process in which some people are more apt to adopt the innovation than others. Diffusion of Innovation (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 observability.

3. Methodology

3.1 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 purposive random sampling technique.

3.2 Data Collection Instrument and Measurement of Variable

The study used a structured questionnaire to collect data from the respondents. The questionnaire was grouped into two sections. Section ‘A’ focused on bio-data 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 study of Areeba *et al.* (2020); and Sudarsono, Tumewang and Kholid (2021). The second measurement scale – religiosity consist of 6 items adapted from the research of Kaabachi and Obeid (2016); Areeba *et al.* (2020) and Sudarsono *et 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 study of Kaabachi and Obeid (2016) and Areeba *et al.* (2020). Fifth measurement scale – social influence is made up of 3 items adapted from the research of Kaabachi and Obeid (2016). Sixth measurement scale – Perceived complexity is made up of 4 items adapted from the study of Kaabachi and Obeid (2016); and Sudarsono *et al.* (2021). Seventh measurement scale – Perceived risk is made up of 4 items adapted from the research of Kaabachi and Obeid (2016) and Sudarsono *et al.* (2021).

The dependent variable measurement scale – Intention to Adopt Auto Insurance-IAAI (*Takāful*) consists 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).

3.3 Reliability Test

Table 1 shows the result of Cronbach alpha reliability test.

Table (1) Cronbach alpha Reliability Test

Variable	Number of items	Scale reliability coefficient
Awareness	5	0.881
Religiosity	6	0.836
Relative advantage	5	0.891
Perceived compatibility	4	0.929
Social influence	3	0.841
Perceived complexity	4	0.855
Perceived risk	4	0.925
Intention to adopt auto Takaful	4	0.843

Source: Authors’ Own

3.4 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 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 Insurance (*Takāful*). 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 version, 26). The regression model is given below:

$$IAAI = \beta_0 + \beta_1A + \beta_2R + \beta_3RA + \beta_4PC + \beta_5SI + \beta_6PCO + \beta_7PR + e$$

Where:

IAAI = Intention to Adopt Auto Insurance; 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.

4. Results and Discussions

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	Durbin-Watson
1	0.675 ^a	0.456	0.444	2.141	1.651
a. Predictors: (Constant), Perceived Risk, Relative Advantage, Religiosity, Awareness, Perceived Compatibility, Social Influence, Perceived Complexity					
b. Dependent Variable: Intention to Adopt Auto Insurance					

Source: Authors’ Own

The regression result from model Summary^b Table 2 shows a multiple correlation of $R = .675$, $R^2 = .456$, Adjusted $R^2 = .444$ and Std Error of the estimate = 2.141. R value of 0.675 indicates a good level of prediction. The R^2 value of 0.456 shows that the independent variable explains 46% of the variability of the dependent variable – Intention to

Adopt Auto Insurance-IAAI. The adjusted R^2 indicates that 44.4 % of the variability in Intention to adopt auto insurance (*Takāful*) (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	0.000 ^b
	Residual	1448.150	316	4.583		
	Total	2662.972	323			
a. Dependent Variable: Intention to Adopt Auto Insurance						
b. Predictors: (Constant), Perceived Risk, Relative Advantage, Religiosity, Awareness, Perceived Compatibility, Social Influence, Perceived Complexity						

Source: Authors' Own

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 Insurance (*Takāful*)].

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		Sig.	Collinearity Statistics	
	B	Std. Error	Beta	t		Tolerance	VIF
(Constant)	6.069	0.973		6.238	0.000		
Awareness	0.110	0.030	0.208	3.659	0.000	0.534	1.873
Religiosity	0.007	0.032	0.011	0.223	0.824	0.746	1.341
Relative Advantage	0.114	0.057	0.160	1.994	0.047	0.268	3.738
Perceived Compatibility	0.080	0.046	0.107	1.751	0.081	0.461	2.170
Social Influence	0.332	0.066	0.328	5.042	0.000	0.406	2.462
Perceived Complexity	0.008	0.052	0.010	0.149	0.882	0.389	2.568
Perceived Risk	0.011	0.043	0.016	0.256	0.798	0.466	2.147
a. Dependent Variable: Intention to Adopt Auto Insurance							
Source: Authors' Own							

Table 4 reveals that awareness has positive and a significant influence on the vehicle owners' Intention to Adopt Auto Insurance (*Takāful*) in Nigeria. ($\beta_1 = .110$; $t = 3.659$; $p = .000 < \alpha = 0.05$). This indicates that an increase in customers' Awareness by 1 unit will increase vehicle owners' Intention to Adopt Auto Insurance (*Takāful*) 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 Khan *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 reveals that awareness has no significant effect on intention to adopt *Takāful* services.

In addition, result from Table 5 further shows that religiosity has no significant influence on vehicle owners' Intention to Adopt Auto Insurance (*Takāful*) in Nigeria. ($\beta_2 = 0.007$; $t = .223$; $p = .824 > \alpha = 0.05$). This indicates that an increase in religiosity by 1 unit will not increase vehicle owners' Intention to Adopt Auto Insurance (*Takāful*) services in Nigeria by 0.007 units. With this result, the null hypothesis is therefore accepted and the alternative rejected. This finding is in agreement 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 *Takāful* - Insurance services.

Furthermore, Table 4 shows that relative advantage (Relative Advantage) has significant influence on vehicle owners' adoption of auto insurance (*Takāful*) in Nigeria. ($\beta_3 = 0.114$; $t = 1.994$; $p = .047 < \alpha = 0.05$). This indicates that an increase in relative advantage (Relative advantage) by 1 unit will increase vehicle owners' Intention to Adopt Auto Insurance-IAAI (*Takāful*) services 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 reveal that relative advantage has no significant effect on customers' adoption of *Takāful*.

Also, Table 4 shows that perceived compatibility has no significant influence on vehicle owners' Intention to Adopt Auto Insurance (*Takāful*) services in Nigeria ($\beta_4 = .080$; $t = 1.751$; $p = .081 > \alpha = 0.05$). This indicates that an increase in Perceived compatibility by 1 unit will not affect Intention to Adopt Auto Insurance-IAAI (*Takāful*) in Nigeria by .080 units. With this result, the null hypothesis is therefore accepted and the alternative rejected. This finding is in disagreement with the findings of Khan *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 *Takāful*.

Social influence (Social influence) has significant influence on vehicle owners' adoption of auto insurance (*Takāful*) in Nigeria. ($\beta_5 = .332$; $t = 5.042$; $p = .000 < \alpha = 0.05$). This indicates that an increase in social influence (Social influence) by 1 unit will increase vehicle owners' Intention to Adopt Auto Insurance-IAAI (*Takāful*) services in Nigeria by 0.332 units. With this finding, the null hypothesis is therefore rejected and the alternative 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 reveal that social influence has no significant effect on customers' adoption of *Takāful*.

More so, result from table 5 indicates that perceived complexity (Perceived complexity) has no significant influence on vehicle owners' adoption of auto Insurance (*Takāful*) in Nigeria. ($\beta_6 = .008$; $t = .149$; $p = .882 > \alpha = 0.05$). This indicates that an increase in perceived complexity (Perceived complexity) by 1 unit will not increase vehicle owners' Intention to Adopt Auto Insurance-IAAI (*Takāful*) services in Nigeria by 0.008 units. With this finding, the null hypothesis is therefore accepted and the alternative 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 *Takāful*.

Lastly, the result from Table 4 shows that perceived risk (Perceived risk) has no significant influence on vehicle owners' adoption of Auto Insurance

(*Takāful*) in Nigeria. ($\beta_7 = .011$; $t = .256$; $p = .798 > \alpha = 0.05$). This indicates that an increase in perceived risk (Perceived risk) by 1 unit will not increase vehicle owners' intention to adopt auto insurance (*Takāful*) services in Nigeria by .011 units. With this finding, the null hypothesis is therefore accepted and the alternative rejected. This finding is in line with the findings of Khan *et al.*, (2020) and Echchabi and Ayedh (2015) that perceived risk has no significant effect on customers' adoption of *Takāful*.

From Table 4, 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).

5. Conclusion and Recommendation

Takāful, an ethical insurance model based on Islamic principles, has remained relatively understudied in Nigeria, despite forming a core pillar of the Islamic

financial system. This study investigated the primary factors influencing vehicle owners' intention to adopt *Takāful*-based auto insurance in Nigeria. Our findings unveiled that three key determinants significantly impact customers' intention: awareness, relative advantage, and social influence. Interestingly, religiosity, perceived compatibility, perceived complexity, and perceived risk did not demonstrate a significant influence on adoption.

Based on the study findings, the study recommends focusing on strategies to enhance awareness, emphasize the relative advantages of *Takāful* and leverage social influence to positively impact customers' intention to adopt. Additionally, efforts may be more effective if directed towards addressing factors such as religiosity, perceived compatibility, perceived complexity, and perceived risk, as these were not found to be significant influencers in the adoption process. Continual monitoring and adaptation of marketing and educational initiatives based on these determinants can optimize *Takāful* adoption rates.

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العوامل المؤثرة في عزم اعتماد التأمين التكافلي للسيارات من قبل مالكي المركبات في نيجيريا

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المستخلص. على الرغم من النمو الكبير في الآونة الأخيرة والدور المتزايد على المستوى العالمي للنظام المالي الإسلامي، وخاصة التكافل، فقد حظي التكافل في نيجيريا باهتمام محدود. تهدف هذه الدراسة إلى تحديد العوامل التي تؤثر في نية (عزم) مالكي المركبات اعتماد التأمين على السيارات (التكافل تحديداً) في نيجيريا. باستخدام تصميم بحث استكشافي، استهدفت الدراسة تعداد اثني عشرة (١٢) مليون مركبة مسجلة في نيجيريا، بعينة حجمها أربعمائة (٤٠٠) مستجيب. تم جمع البيانات باستخدام استبانة، وتم إجراء تحليل الانحدار المتعدد بواسطة برنامج التحليل الإحصائي في العلوم

الاجتماعية (SPSS) الإصدار السادس والعشرون (٢٦) لاختبار فرضيات البحث. كشفت نتائج الانحدار أنَّ الوعي، والميزة النسبية، والتأثير الاجتماعي تؤثر بشكل كبير على نية مالكي المركبات اعتماد التأمين على السيارات (التكافل) في نيجيريا. ومع ذلك، فإن عوامل كالتدئين والتوافق المتصور والتعقيد المتصور والمخاطر المتصورة لم تظهر تأثيراً كبيراً على نية مالكي المركبات اعتماد التأمين على السيارات في نيجيريا. توصي الدراسة بحملات توعية عامة قوية من قبل كل شركات التأمين التكافلي للسيارات لتسليط الضوء على مزايا منتجات وخدمات هذا النوع من التأمين في مقابل نظيره التقليدي. علاوة على ذلك، تقترح الدراسة أن تضع الحكومة قوانين داعمة لتشجيع إنشاء المزيد من شركات التكافل في نيجيريا، نظراً للوجود المحدود لمثل هذه الكيانات في البلاد.

الكلمات الدالة: التأمين، التوافق المتصور، المخاطر المتصورة، الميزة النسبية، التكافل

تصنيف JEL: G22

تصنيف KAUIE: I65