

**ANALYSIS OF FAMILY TAKAFUL AND LIFE
INSURANCE DEMAND IN KELANTAN, MALAYSIA**

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Analysis of Family Takaful and Life Insurance Demand in
Kelantan, Malaysia

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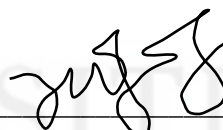
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Table of Contents

ACKNOWLEDGEMENT	ii
TABLE OF CONTENT	iii
LIST OF FIGURE	iv
LIST OF TABLE	v
ABSTRACT	vi
ABSTRAK	vii
CHAPTER 1: INTRODUCTION	viii
1.1 Background	1
1.2 Problem Statement	2
1.3 Research Question.....	3
1.4 Research Objectives	5
1.5 Scope of Study	5
1.6 Significance of Study	5
1.7 Definition of Term	6
1.8 Organization of the Proposal.....	7
CHAPTER 2: LITERATURE REVIEW	8
2.1 Introduction	8
2.2 Underpinning Theory	9
2.3 Previous Studies	11
2.4 Hypothesis Statement.....	13
2.5 Conceptual Framework	14
2.6 Summary/Conclusion	15
CHAPTER 3: RESEARCH METHODS	16
3.1 Introduction	16
3.2 Research Design.....	16
3.3 Data Collection Methods.....	17
3.4 Study Population	17
3.5 Sample Size.....	18
3.6 Sampling Techniques	19
3.7 Research Instrument Development	19
3.8 Measurement of the Variables	20
3.8.1 Dependent Variable	20
3.8.2 Independent Variables	20
3.9 Procedure of Data Analysis.....	22

FACULTY ENTREPRENEURSHIP AND BUSINESS

3.9.1 Statistical Packages for Social Science (SPSS)	22
3.9.2 Descriptive Analysis	23
3.9.3 Pearson Correlation	23
3.10 Summary/Conclusion	23
CHAPTER 4: DATA ANALYSIS AND FINDINGS	24
4.1 Introduction	24
4.2 Preliminary Analysis	24
4.3 Demographic Profile of Respondents.....	26
4.4 Descriptive Analysis	32
4.5 Validity and Reliability Test	34
4.6 Normality Test.....	36
4.7 Hypothesis Testing	37
4.7.1 Hypothesis 1.....	39
4.7.2 Hypothesis 2.....	39
4.7.3 Hypothesis 3.....	40
4.7.4 Hypothesis 4.....	40
4.8 Summary/Conclusion	42
CHAPTER 5: DISCUSSION AND CONCLUSION	43
5.1 Introduction	43
5.2 Key Findings	43
5.3 Discussion	44
5.3.1 Hypothesis 1.....	45
5.3.2 Hypothesis 2.....	45
5.3.3 Hypothesis 3.....	45
5.3.4 Hypothesis 4.....	46
5.4 Implications of the Study	47
5.5 Limitations of the Study.....	50
5.6 Recommendations/Suggestion for the Future Research.....	51
5.7 Overall Conclusion of the Study	52
REFERENCE.....	53
APPENDIX A – Draft of Questionnaire	53
APPENDIX B – Gantt Chart.....	58

LIST OF FIGURE

- 2.1 Conceptual Framework between Independent Variables and Dependent Variable
- 3.1 Determining sample size of a known population
- 4.1 Descriptive Analysis Process
- 4.2 Gender
- 4.3 Age
- 4.4 Education Background
- 4.5 Religion and Marital Status
- 4.6 Occupation and Location
- 4.7 Individual Monthly Income
- 4.8 Do you purchase Family Takaful?
- 5.1 Conceptual Framework – Demand of Family Takaful

LIST OF TABLE

- 3.1 Determining sample size of a known population
 - 4.1 Gender
 - 4.2 Age
 - 4.3 Education Background
 - 4.4 Religion
 - 4.5 Marital Status
 - 4.6 Occupation
 - 4.7 Location
 - 4.8 Individual Monthly Income
 - 4.9 Do you purchase Family Takaful?
 - 4.10 Descriptive Statistics
 - 4.11 Pearson Correlation
 - 4.12 Summary of the Cronbach's Alpha of each scale (Pilot test)
 - 4.13 Summary of the Cronbach's Alpha of each scale (Real test)
 - 4.14 Test of normality
 - 4.15 Calle EE, et al.: N Engl J Med 1999; 341:1097-1105
 - 4.16 Pearson Correlation
 - 4.17 Overall of Pearson Correlation
-
- 5.1 Descriptive Statistic

ABSTRACT

Family Takaful plays an important role in maintaining the financial well-being of all communities and helping people improve their standard of living. The purpose of this study was to investigate the relationship between the factors and the demand for Family Takaful. For this purpose, data were collected from residents of Kelantan and the sample consisted of 384 respondents. The sampling method used in this study is a probability sampling technique and the questionnaire form is distributed through Google form. The findings obtained from this study indicate that religious affiliation, income level, reputation and image and marketing and advertising are factors that have a significant relationship with Family Takaful demand. However this study has some limitations and there are some suggestions put forward for future studies.

Keywords: family Takaful, religious beliefs, income level, reputation and image, marketing and advertising.

ABSTRAK

Takaful Keluarga memainkan peranan yang penting dalam mengekalkan kesejahteraan kewangan semua masyarakat dan membantu manusia meningkatkan taraf hidup mereka. Tujuan kajian ini dijalankan adalah untuk menyiasat hubungan antara factor-faktor dan permintaan Takaful Keluarga. Untuk tujuan ini, data telah dikumpulkan daripada penduduk-penduduk di Kelantan dan sampel terdiri daripada 384 responden. Kaedah persampelan yang digunakan dalam kajian ini ialah teknik persampelan kebarangkalian dan borang soal selidik disebarikan melalui google form. Dapatan yang diperoleh daripada kajian ini menunjukkan bahawa pegangan agama, tahap pendapatan, reputasi dan imej dan pemasaran dan pengiklanan merupakan faktor yang mempunyai hubungan yang signifikan dengan permintaan Takaful Keluarga. Namun kajian ini mempunyai beberapa batasan dan terdapat beberapa cadangan yang dikemukakan untuk kajian yang akan datang.

Kata kunci: takaful keluarga, pegangan agama, tahap pendapatan, reputasi dan imej, pemasaran dan pengiklanan.

CHAPTER 1: INTRODUCTION

1.1 Background of the study

All human beings are continuously exposed to the possibility of meeting catastrophes and disasters, giving rise to misfortunes and sufferings such as death, accident or destruction of business or wealth. Life insurance is a contract between an insurance policy holder and an insurer, where the insurer promises to pay a designated beneficiary a sum of money or the benefit in exchange for a premium, upon the death of an insured person. Depending on the contract, other events such as terminal illness or critical illness can also trigger payment.

In the emerging economics such as Malaysia, the insurance market expands and attempt to fulfil the needs of the clients. Malaysia, where the majority of the society represent by the Malay ethnics in which generally are Muslim- thus, has specific needs of insurance that in line with the Islamic teachings. Takaful originates from the Arabic word kafalah, which means guaranteeing each other. Takaful is generally known as Islamic insurance because the system is based on the concept of social solidarity, cooperation and mutual indemnification of losses of members. Family Takaful is one of the service sectors that are expected to continue to drive growth in the economy. Moreover, Family Takaful also plays an important role in maintaining financial well-being individuals and all societies as well as one of the ways and means to protect finances as well as income. Thus, the Family Takaful market continues to play an important role in supporting economic and social development. Takaful has a strong fund-raising capability, which can help encourage investment to contribute to the country's Gross Domestic Product (GDP) in increasing national income. Takaful in Malaysia provides various protection plans to meet the needs of customers such as medical coverage, employee benefits, motor and home Takaful to commercial coverage and more.

The urge for some degree of financial protection against these misfortunes led to the emergence of insurance, which is referred to compensation or a promise of compensation for specific potential future losses in exchange for a periodic payment. Takaful was first introduced to the public in 1979 in Sudan and has since evolved and developed in several other jurisdictions. In 2010 Malaysia was reported as the largest Takaful market outside the Arab region, which accounts for \$1.44 billion. Since its inception in Malaysia, more than 20 years ago, the Takaful industry has emerged as one of the most important Islamic finance components that contribute towards the overall development of the economy. Over the years, it has consistently recorded strong growth momentum and proven to be viable and resilient despite the financial shocks and intense competition from conventional counterparts

However, in Malaysia, Family Takaful market is still at a lower penetration level if we were to compare to other developed countries even though the Takaful industry continues to sustain strong performance amidst challenges in a competitive environment. Evidence has shown that the percentage of society covered by Family Takaful contracts in Malaysia is still very low compared to conventional insurance (Lim, Ahmad Baharul Ulum, AG Budin, & Mohidin, 2020). Therefore, the study aims to examine the determinants of family Takaful demand in Kelantan, Malaysia.

1.2 Problem Statement

Bank Negara Malaysia is the Central Bank of Malaysia. It plays the most important role in the Takaful business to enhance the development of the Takaful industry in the country. The aspiration of the Malaysian government towards the Takaful industry is to prioritize and create a progressive, more efficient and comprehensive Islamic financial system to contribute significantly to financial sector in Malaysia. However, the performance of the Takaful industry in Malaysia is still far behind in terms of total penetration of the insurance market and also

share. The Takaful industry in Malaysia has become a popular form of savings tool especially among Muslims in general and appealing due to its Shariah compliant nature. In terms of the value of protection, there was an increase of six per cent when the value of coverage had reached RM1.38 trillion in 2017 and had increased from RM41, 055 in 2016 (*Life Insurance Association of Malaysia (LIAM)*, 2018). Then, in terms of perspective, the value of insured per capita for the two years, also saw an increase of RM42, 992 in 2017, which has increased from RM41, 055 in 2016. Further, Redzuan, Rahman, & Aidid (2009) found that per capita income is a strong predictor of Family Takaful demand. In addition, the value of premiums from new policies has also increased as much as 3.8 per cent in 2017 compared to 2016, and it has brought total premiums in 2017 in life insurance and Family Takaful to RM10.1 trillion (*Life Insurance Association of Malaysia (LIAM)*, 2018).

Based on the above information, although the progress in the life insurance and Family Takaful sector has shown a positive increase, the involvement of the Malaysian population has yet to be formulated at a satisfactory level (Lim et al., 2020). This is because Bank Negara Malaysia's target for the penetration rate of life insurance and Family Takaful in 2020 is at 75 percent. However, the penetration rate as of 2017 is only 56 percent in Malaysia. This concluded that it was still much lower than the set target. Furthermore, the penetration rate of Family Takaful and life insurance in Malaysia is less satisfactory compared to developed countries (Lim et al., 2020). Moreover, life policy ownership among the low -income group is also critical. In general, the involvement of the Malaysian community in the financial sector is high, especially in the banking sector, but their involvement in the life policy sector is very worrying, especially for the B40 group, which is a group of low -income households. At the end of 2015, the involvement of the B40 group in life policies was only four percent ("Bank Negara Malaysia (BNM)," 2016a).

In Malaysia, although the Family Takaful dominated the business, there are reports where there is an untapped market with a Family Takaful penetration rate of 14.5% of the Malaysian population compared to a penetration rate in conventional insurance of 41.2% in 2014 (Young, 2015). Based on that statement, we can see that there is a huge gap between Family Takaful and conventional life insurance, where Family Takaful has a great opportunity to improve the untapped areas in their business to compete with its peers. Therefore, this study will discuss what are the critical factors that can influence the demand for Family Takaful in Malaysia? Hence, the main purpose of this study is to examine the factors that contribute significantly to the demand for Family Takaful in Malaysia.

1.3 Research Question

In order to meet the main purpose of this study, there are four research questions that are conducted in this research. The following are the research questions of this research:

RQ1: What is the relationship between the demands of Family Takaful with the level of income?

RQ2: What is the relationship between the demands of Family Takaful with the religious adherence?

RQ3: What is the relationship between the demands of Family Takaful with the reputation and image?

RQ4: What is the relationship between the demands of Family Takaful with the marketing and advertising?

1.4 Research Objectives

The main objectives of this study are:

RO1: To identify what is the relationship between level of income and demand of Family Takaful.

RO2: To identify there is relationship between religious adherence and demand of Family Takaful.

RO3: To identify the relationship between reputation and image and demand of Family Takaful.

RO4: To identify there is relationship between marketing and advertising and demand of Family Takaful.

1.5 Scope of the Study

The target group of this research is on Muslim customers who had joined Family Takaful plans in companies that are fully fledged Islamic insurance businesses. In this study, researcher will limit the scope of study. The specific location to be focused in this study at Kelantan, Malaysia.

1.6 Significance of Study

Every research study has importance for society, the country and the world. This study will help to know in depth about the factors influencing the demand for Family Takaful. In addition, this research also intends to develop a conceptual model for the Family Takaful demand.

Insurance is intended to protect individuals or businesses against specific contingencies. Risk is transferred from individuals to a pool of policyholders through insurance. Essentially, the concept of Takaful is similar to conventional insurance in which to protect individuals and corporate bodies from the occurrence of losses and hazards.

Meanwhile, it's also crucial to keep an eye on the determinants that affect Takaful and insurance demand. Moreover, the main purpose of this research also to provide empirical evidence on Takaful demand. From the results of the study, the researcher obtained a clear picture of the factors influencing the demand for Family Takaful and develop a conceptual model for the Family Takaful demand.

1.7 Definition of Term

For a better understanding of this study, the following terms are defined in the context of this research.

Life assurance. Known as a lifetime policy which is a type of insurance that continues indefinitely and will be paid in a lump sum when the policyholder dies.

Behaviour determinants. That is, an individual has reason to oppose or adopt in a behaviour change.

Islamic insurance. A mutually agreed agreement to jointly bear loss or damage from funds they have collectively contributed (Dusuki & Abdullah, 2007; Redzuan, Rahman, & Aidid, 2009).

Takaful term. Term Takaful is a joint guarantee or mutual guarantee that is a group of individuals guarantee each other against a possible damage or loss faced by any of them (Musadik, 2011; Yusuf, Gbadamosi, & Hamadu, 2009).

Takaful. Known as a financial transaction which is a joint collaboration between two parties to provide financial security to one of them in the event of any disaster (Billah, 2003).

Religious adherence. An individual is loyal to a religion, leader or person who adheres to or supports a system or principle.

1.8 Organization of the Proposal

In this chapter, we study and focus about background of the study, problem statement, research question, research objectives, scope of the study, significance of study and definition of terms. Much of the literature suggests that family Takaful business could contribute to the overall economic growth in Malaysia, hence the importance of this study. From the thorough review of related literature in this particular scope, there are some factors that could possibly influence family Takaful demand. Further study is therefore needed to examine whether all of these factors contribute significantly to the Family Takaful demand.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Insurance as practiced in the conventional financial system refers to a financial protection system that serves as a risk management strategy or tool, to reduce risk uncertainty and provides a planned financing technique that distribute losses. Whereas, Takaful system (Islamic insurance) is known as a concept of mutual cooperation (ta'awun) and donation (tabarru'), where the risk is shared collectively and voluntarily by the group of participants to guarantee mutual protection of the members. The Takaful term is derived from the Arabic word kafala, which mean 'joint guarantee' or 'guaranteeing each other' which also explained as a group of individuals that guarantees each other against potential loss or damage faced by anyone of them.

Section 2 of the Malaysian Takaful Act 1984 defines Takaful as 'a scheme based on the brotherhood, solidarity and mutual assistance to the participants in case of need whereby the participants mutually agree to contribute or donate for that purpose'. Takaful also can be referred to as a financial transaction of a mutual co-operation between two parties towards providing a financial security for one of them against any misfortune. Therefore, it can be said that Takaful ta'awuni (Islamic co-operative insurance) is not a contract of buying or selling, where a party offers and sells protection and other party accepts and buys the service at a certain cost or price. Rather, it is an arrangement whereby a group of individuals each pay a fixed amount of money, and compensation for the losses of members of the group are paid out of the total sum. Thus, it reflects a sense of brotherhood and solidarity amongst the participants who are willing to help and assist one another in times of difficulty and need.

Nowadays, Takaful is not a new phenomenon as Takaful business is widespread in many countries throughout the world today. During the past two (2) decades, the Takaful industry has been established worldwide both in Muslim and non-Muslim countries. For instance, these industries are concentrated in the Far East countries such as Malaysia, Indonesia, Singapore, and Brunei which experienced further developments of Takaful operations in these countries. Meanwhile, in the Middle East, the Takaful industry concentrates in Saudi Arabia, Bahrain, Qatar and Iran with new Takaful operations opening up in Egypt, UAE and Kuwait.

2.2 Underpinning Theory

Shariah compliant insurance is that both parties should be sincere and the policy is for the sake of the hereafter and nothing is illegal in its purpose and operation. It must be a commercial contract, profit sharing, based on Mudarabah between the insured or participant, who is the fund provider, and the insurance company or Takaful operator (custodian and fund manager). It should be emphasized that the creation of the Takaful contract itself is in line with Islamic values. This is, providing financial assistance for unforeseen future losses, contributes to the reduction poverty, as well as encouraging the development of the spirit of brotherhood. This ultimately, fosters unity, creates an independent society and lastly, encourages trade and commercial activity to flourish.

Yusof (1996) cites several factors that influence the design and offering of Takaful business. First, Muslims feel the need to practice Islam and apply its rules and legislation in totality. Second, Muslims want a financial system that is capable of producing an Islamic economy that is truly for the sake of the Ummah. Third, with the existence of the Islamic banking system, there is a need for Takaful or Islamic insurance to complement its services and

offerings. History has proved that Islamic jurists recognize that the policy of shared responsibility in the system of aqilah¹, laid down the policy of liability insurance, and in general concluded that insurance in Islam must be based on the principles of togetherness and cooperation

Based on the above statement, one should note that in a Family Takaful contract, once signed, the participant will agree to release it as a contribution. The particular part of this contribution which enables him to fulfil his obligation to help and with assurance, is called Tabarru '. The incorporation of Tabarru 'is to eliminate the elements of Gharar and Maysir. In addition to enabling participants to perform their divine duty to help the unfortunate in distress, there is another aspect of the contract called Mudarabah, which consists of an element of profit sharing between participants and Takaful operators to enable both parties to reap some worldly benefits. Lastly, it is inevitable that financial instruments meet the needs of the world as well as the affairs of the hereafter. According to the scholars' view, as long as the Shariah conditions are met, for example the division of risk based on the principles of ta'awuni, coincidence of ownership, participation in management by fund contributors or participants, avoidance of usury at all costs and embarrassment far from illegal investments, and the incorporation of Mudarabah management practices, Takaful is certainly acceptable in Islam. Simply put, the practice of Takaful, enables piety, brotherhood, charity, mutual guarantee and self -reliance, which is unmatched by other financial instruments.

¹ Aqilah: According to this system each member whether Ansar or Muhajirin provides a financial fund known as 'kunuz'. The fund is intended to assist any member involved in manslaughter and the release of prisoners.

2.3 Previous Studies

In this study, the determining factors that contribute to the demand of Family Takaful is Level of Income. It is influenced by the level of market financial development, wealth, income stream, interest rate vector, price vector (including insurance premium), and the consumer's utility functions for consumption and wealth. According to Yaary (1965), per capita income and interest rates are the two most important indicators that have a significant link with Takaful demand. In addition, the determinants of life insurance demand have been studied in 48 nations. Life insurance usage is strongly influenced by one's income. As a result, income is projected to be positively correlated with Takaful demand. The demand for insurance increases as an individual's consumption and human capital rises, ensuring the insured's income potential and the predicted consumption of his or her dependents (Beck & Webb, 2002). According to Salleh and Afthanorhan (2018), the income level of an individual might influence Islamic insurance ownership, i.e., Takaful, and those who earn more disposable money are higher than those who earn less. The amount of income in a country is a significant factor in describing each consumer's degree of insurance consumption (Mohd Noor, Mohd Zain, Ma'in, & Ahmad Atory, 2020).

Next, according to Mansor (2004), religious adherence characteristics have a favourable and significant link with involvement in Family Takaful. Moreover, comparable research by Hashim (2006) and Mohd Deni (2009) reinforced the assumption that the main reason for joining Takaful was the establishment of an Islamic compliance system and the Takaful operation, both of which were very important to the Muslim respondents. According to Bley and Kuehn (2003), Muslims should be better familiar with the ideas contained in the Shari'ah, which serves as the foundation for Islamic finance principles. Individuals with higher formal religious education exposures are more likely to subscribe to Islamic financing products, according to Wan Ahmad et al. (2008). According to Idris et al. (2011), religious values are the

most crucial factor influencing academicians in public institutions of higher learning to favour Islamic banking, particularly those from Peninsular Malaysia's East Coast. Among Muslims, one's behavioural intentions might be dominated or influenced by one's faith (Thaker, 2017). Religious observance can be defined as a person's devotion to their religion. Muslim clients in Malaysia are particularly concerned about adhering to the Islamic system, and their compliance with sharia principles is also one of their key reasons for joining Takaful (Deni, 2009).

Meanwhile, there are many studies which have considered reputation and image as a combined factor which was contributed to the selection of Islamic financial field such as in banking, finance as well as in insurance or Takaful (Haron et al., 1994; Naser et al., 1999; Almosawi, 2001; Dusuki and Abdullah, 2007; Rammal and Zurbruegg, 2007; Gait and Worthington, 2008; Al-Ajmi et al., 2009; Lateh et al., 2009; Hoq et al., 2010; Mansour et al., 2010; Adnan, 2010; Bashir et al., 2011). According to the findings of these studies, both reputation and image are factors in choosing Islamic banking (Naser et al., 1999 and Al-Ajmi et al., 2009). According to the findings of previous studies by Bashir, Mail and Abd' Ali (2011), the majority of respondents chose a Takaful company based on its reputation. According to Fianyo, Hadiwidjojo, and Aisjah (2014), reputation and image play a significant influence in influencing client purchase behaviour.

Nowadays, a variety of marketing tactics and promotions are used to promote Islamic financial goods and services (Yazid et al., 2017). According to Shah & Sohail (2020), responsible parties must establish diverse tactics for people of various age groups in order to emphasise or inform insurance-related benefits. Furthermore, in Islam, it is highly illegal to promote any product or service that creates a false illusion, and marketers must have an ethical purpose for crafting an advertisement that is untrue or misleading, deceptive or manipulative (Damirchi & Shafai, 2011). According to Rice and Al-Mossawi (2002) and Chachua et al. (2012), the success of various marketing methods targeted toward Muslims is influenced by

the Islamic religion. Some study has been done on marketing and advertising that can impact customers' purchasing decisions by Abideen and Saleem, (2011). Next, other research has found a link between effective marketing and advertising and consumer behaviour (Abideen and Saleem, 2011; Gilaninia and Ghashlagh, 2012). Furthermore, Haron et al. (1994), Gerrard and Cunningham (1997) and Adnan (2010) asserted that marketing and advertising have an impact on customers' decision to use Islamic banks.

2.4 Hypothesis Statement

Based on the previous studies, the researcher outlined several hypotheses for this study. The developments of the related hypotheses are as follows:

H1: Level of income has positive and significance influence on factor that contribute to the demand of Family Takaful.

H2: Religious adherence has positive and significance influence on factor that contribute to the demand of Family Takaful.

H3: Reputation and image has positive and significance influence on factor that contribute to the demand of Family Takaful.

H4: Marketing and advertising has positive and significance influence on factor that contribute to the demand of Family Takaful.

2.5 Conceptual Framework

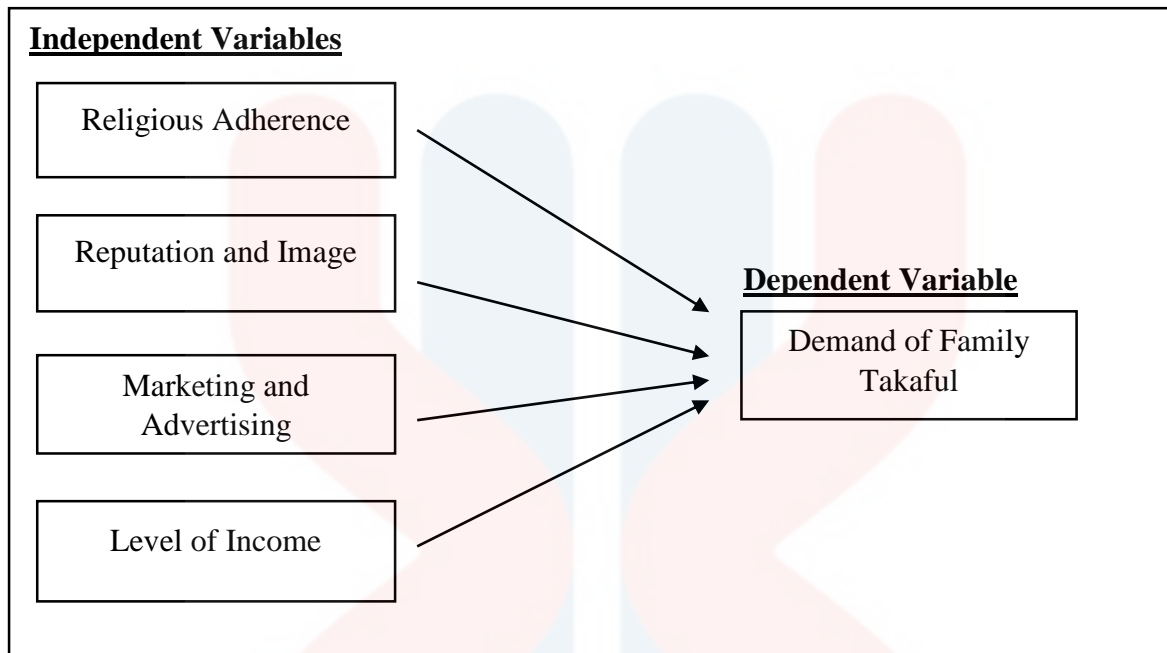


Figure 2.1 Conceptual Framework between Independent Variables and Dependent Variable

Based on a review of the existing relevant literature, a conceptual model for the determinants of demand Family Takaful has been developed. The figure above shows the major elemental of the study and the relationship between the variables. This part focuses on level of income, religious adherence, reputation and image and marketing and advertising as an independent variable meanwhile demand of Family Takaful is the dependent variable. Each of the independent variable has its own strength in influence demand of Family Takaful at Kelantan.

2.6 Summary / Conclusion

In conclusion, the demand for Family Takaful is affected by a number of factors. Family Takaful can now be sold to both Muslim and non-Muslim groups as a result of the structural revision. Individuals should acquire Family Takaful if they are capable for the sake of the future. Family Takaful provides benefits to policyholders and may provide assurance in the event of an unforeseen incident.

Next, Malaysia clearly has a big untapped market that needs to be discovered and exploited. Although the Takaful sector is a powerful and aggressive financial player, it has yet to make an impact on Malaysians in general, particularly Muslims. Understanding the characteristics that can boost family Takaful demand is critical because it appears that traditional insurance is more appealing and that demand for Takaful is actually higher.

The overall study and its incredibly valuable findings are key evidences that Muslim customers joined the Family Takaful because of their religious beliefs, which eventually led them to become involved with the Family Takaful programmes. Furthermore, before purchasing the Family Takaful, Muslim clients investigate the reputation and image of the Takaful Organization itself to guarantee that the company picked has an Islamic compliance system. This study demonstrates how these factors influenced the demand for family Takaful in Malaysia, particularly among Muslim customers.

CHAPTER 3: RESEARCH METHODS

3.1 Introduction

In this chapter presents the research methodology used in this study. It outlines research philosophies, methodology and procedures employed to answer the research questions and to achieve the objectives of this study. This chapter divides the discussion into several sections, namely research design, sampling techniques, data collection procedures and data analysis procedures. It concludes with a discussion of ethical consideration taken in conducting this study.

3.2 Research Design

We conducted a survey using primary data in which a set of structured questionnaires was distributed to selected respondents. For the purpose of this study, the questionnaire consisted of five main sections namely religious adherence, reputation and image, level of income, and marketing and advertising, and Family Takaful demand. Questionnaires for independent variables using 5-Likert scale while questionnaires for family Takaful requests were adapted from Hammond et al. (1967) who measured the demand for life insurance by the amount of premiums paid. But, in the context of this study, the contribution amount is used instead of the premium amount. The questions in this section are asked about the amount of contribution each month to the entire Family Takaful policy they have. The questions in this section use a ratio scale that requires respondents to fill in the exact amount of contribution each month.

With regard to facility sampling, a self-administered questionnaire was distributed to 384 respondents. The target respondents are Muslim customers who have joined the Family Takaful plan in a company that is a wholly Islamic insurance business located in Malaysia. The target of these respondents in this study will help the researcher to collect primary data that can be used to achieve the objectives of the study successfully. The basic study design used for this

study was a survey design. This study emphasizes the data obtained through primary data collection. Primary data collection was done by handing over to the personnel agents of the Takaful company headquarters located in Malaysia licensed by BNM to distribute Family Takaful plans to their customers.

3.3 Data Collection Methods

The research will use the online questionnaire survey method to collect all the respondents' information. To further process and interpret the data that has been collected in this study, different approaches will be used to study this study such as Descriptive analysis, IBM SPSS Statistics software and Pearson Correlation.

3.4 Study Population

A research population is a big group of people or items that are the subject of a scientific investigation. Research is carried out for the benefit of the general public. A research population is a well-defined group of people or items who are known to share comparable features. A common, binding property or trait is frequently shared by all individuals or items within a population. The population is the set of people or entities to which findings are to be generalized. In this study, our population for this study is 1900000 Muslims in the state of Kelantan. Consists of 95% of the total number of Muslims in the state of Kelantan (Zahirulnukman, 2003). Only some people out of 1900000 use Family Takaful and Life Insurance in Kelantan.

3.5 Sample Size

Sample size is a phrase used in market research to describe how many people are included in a sample size. The sample size is determined by the ability for the researcher to get participant contribute in the research. This method is used as it may give accurate result for the research. By using the Krejcie & Morgan method table below, the total number of this sample size is become 384 respondents from 1900000 population of Muslim’s Takaful in Kelantan. This groups entire 180 of male and 204 of female who are all in ages around 21 – 50 years old.

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size Source: Krejcie & Morgan, 1970

Source: Krejcie & Morgan (1970)

Figure 3.1: Determining sample size of a known population

3.6 Sampling Techniques

A sampling technique is the name or other identification of the specific process by which the entities of the sample have been selected. Sampling considered as a method of selecting the sample through the population. For sampling method, it contains two types of sampling which were probability and non-probability sampling method. The probability sampling technique will be used for this research study.

Probability sampling is using random sampling technique to build or create a sample. The definition of probability sampling method is in which an order is having a random selection method, we must establish some processes to ensure that dissimilar units in our population have the same probability of being selected. Based on this method, 384 respondents were selected to represent Family Takaful and Life Insurance Demand in Kelantan. There is reason why we using probability sampling technique is due to the probability is based on the situation that all members of each population have a known and some opportunity to be chosen.

3.7 Research Instruments

In this section will discuss about tools for research data collection. The data collected in this study by using survey method through questionnaire to the public adopted from previous researches. For that purpose, the measurement scales for constructs in research studies will be adopted from the existing literature. Section A, the items for the religious adherence were taken from the previous studies, (Ishak, 2020; Khan & Siddiqui, 2017; Shah & Sohail, 2020). The religious adherence refers to a person's belief in the practice of a Family Takaful company that follows Islamic business principles and free from riba. Section B, the items regarding reputation and image constructs were adopted from (Yazid et al., 2017). Section C, the items related to marketing and advertising construct were retrieved also from the article Yazid et al., (2017). In the Section D, the items for the level of income were taken from the previous studies

which is from Ishak (2020) and Sherif & Shaari (2013). Section E, the items related to demand of Family Takaful were adopted from Shah & Sohail (2020), Ishak (2020) and Salleh & Afthanorhan (2018).

3.8 MEASUREMENTS OF THE VARIABLES

3.8.1 Dependent variable

Demand of Family Takaful: The dependent variable in this study is demand of Family Takaful. It is measured by the following five items: (1) the current Takaful coverage is more than enough to cover the demand; (2) I realize that Family Takaful is important; (3) I will demand on Family Takaful; (4) the level of education is one of the factors influencing the demand for Takaful; and (5) I will buy Family Takaful as a double benefit if death or total permanent disability is due to an accident. The items for demand of Family Takaful were measured using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

3.8.2 Independent variables

Religious adherence: The independent variable in this study is religious adherence of Family Takaful. It is measured by the following five items: (1) Family Takaful invest in Halal business; (2) I am very concerned about compliance with the Islamic system as well as sharia principles in investing; (3) the intentions of human behaviour may be dominated or influenced by one's beliefs.; (4) Takaful is an investment that follows Islamic Sharia and (5) Takaful provides fair services to everyone according to Islamic rules. This variable was measured using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Reputation and image: The items of reputation and image in this study was measured by the following five items: (1) Family Takaful promote sustainable projects; (2) Family Takaful

Company contributes to the social welfare; (3) I believe in the financial performance of the Takaful company; (4) Family Takaful Company promotes Islamic value; and (5) Family Takaful company not only gives protection but also enhance standard of living and welfare of the community. The items for demand of Family Takaful were measured using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Marketing and advertisement: The items of marketing and advertisement in this study was measured by the following five items: (1) advertising is important when buying Family Takaful; (2) The decision to purchase Family Takaful is influenced by advertisements; (3) The message on advertisement attempts to persuade me to buy family Takaful products; (4) I trust on the message given by the advertisement; and (5) Responsible parties must establish diverse tactics for people of various age groups in order to emphasize or inform insurance-related benefits. This variable was measured using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Level of income: The items of level of income in this study was measured by the following five items: (1) per capita income and interest rates are two most important indicators; (2) the income level of an individual might influence Islamic insurance; (3) the level of income is the significant factor in describing each consumer's degree of insurance consumption; (4) The amount of income in a country is a significant factor in describing each consumer's degree of insurance consumption; and (5) Those who earn more disposable money are higher than those who earn less. This variable was measured using a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

3.9 Procedure for Data Analysis

Data analysis is a process that relies on methods and techniques to taking raw data mining for insight that are relevant to the business's primary goals, and drilling down into the information to transform metrics, facts and figures into initiatives for improving (Durcevic, 2020). The purpose of data analysis is to transform the data collected into evidence about its performance. Data will be gain from the questionnaire that has been filled by respondent.

3.9.1 Statistical Packages for Social Science (SPSS)

IBM SPSS Statistics software is used by all research to process and also analyse all survey data. In SPSS, researchers can obtain some statistical findings such as Pearson Correlation, Descriptive Analysis and Multiple Linear Regression. SPSS is also a very powerful and good tool to manipulate and parse all the survey data that researchers get from questionnaires. SPSS software platform is a platform that has a robust statistical software and also it allows organizations to obtain accurate information from the data obtained. SPSS application will be use after all quantitative data has been collect. By running the SPSS application, the data will be analysed and will be show.

The SPSS application is useful for statistical analysis. It can do a lot of different things and it works well for a lot of different fields. The data must be in the SPSS correctly. After all data has been check in into SPSS, researcher will run the program to make sure all the data will be analysed. The data will be check in into SPSS to be analysis. The result will be show after being analyse. This step will begin after all data of questionnaire has been collected.

3.9.2 Descriptive Analysis

Descriptive analysis is the transformation of raw data into a form that will make them easy to understand and interpret; rearranging, ordering, and manipulating data to generate descriptive information (Zikmund, Babin, Carr, & Griffin, 2014). In this descriptive analysis, there are four types of measurement which are nominal, interval, ordinal and ratio. In this analysis, researcher use this to determine demographic profile of respondent.

3.9.3 Pearson Correlation

Pearson Correlation Coefficient is a measure of the strength of the relationship between two variables and it is denoted as r . The Pearson Correlation Coefficient is to draw an appropriate line through the data of two variables, while the Pearson Correlation Coefficient (r) is to indicate the extent to which all points in the data are on the most appropriate line. The Pearson correlation coefficient, Pearson correlation coefficient (r) takes a range of values from -1 to +1. While for the value of 0 is to indicate that there is no correlation between the two variables studied. For values greater than 0 a positive relationship, whereas if the value is less than 0, it indicates a negative relationship.

3.10 Summary/Conclusion

In conclusion, the research methodology is very important because it will influence the accuracy result of the study. All the data will be collected through probability sampling method. The target population and the sample size of the respondent focusing on Muslim customers of Family Takaful and Life Insurance in Kelantan which have given a clear image on who will be the overall respondent to this research. The questionnaire will be distributed to the respondents through Google form who is the Muslim customers of Family Takaful and Life Insurance in Kelantan. Data that were collected will reflect whether the independent variable of this study will influence the dependent variable or not.

CHAPTER 4: DATA ANALYSIS AND FINDINGS

4.1 Introduction

The purpose of this chapter is to describe the relationship between the dependent and independent variables in this paper and to test the hypotheses. In this chapter, SPSS Version 22.0 (Statistical Package for Social Science) was used to analyse the data and the findings examined in this chapter were presented. It uses the following methods of data analysis:

- Reliability Analysis Cronbach's Alpha
- Frequency Analysis
- Descriptive Analysis
- Pearson's Correlations Coefficient

Questionnaires are constructed and distributed to the target respondents in Kelantan. Before the actual data collection, 30 questionnaires were distributed for the purpose of the pilot study to test the reliability of the questionnaire. Then, questionnaires were distributed to 384 respondents.

4.2 Preliminary Analysis

In the earlier part of this chapter, we discussed how responses are coded and entered. Creating numerical summaries of this process provides valuable insights into its effectiveness. For example, missing data, information that is missing about a respondent or case for which other information is present, may be detected. A first examination of the dataset may also reveal miscoded, out-of-range data, extreme results, and other issues. As the name implies, descriptive statistics explain the properties of the data and give an initial analysis of any violations of the assumptions that underpin statistical approaches. It also aids in the resolution of specific research problems. Many advanced statistical tests are susceptible to data infractions; therefore, this study is crucial. The descriptive tests help researchers understand where and how violations

are occurring in the dataset. The mean, standard deviation, range of scores, skewness, and kurtosis are all descriptive statistics. Frequencies, descriptive and the explore function in SPSS can be used to obtain these data. To be clear, SPSS is one of the world's most widely used statistical software systems.

Figure 4.1 Descriptive Analysis Process

Categorical variables: SPSS menu Analyse > Descriptive statistics > Frequencies (Choose appropriate variables and transfer them into the variables box using the arrow button. Then choose the required analysis to be carried out using the statistics, charts and format button in the same window. Press OK and then you will see the results appear in another window)

Continuous variables: SPSS menu Analyse > Descriptive statistics > Descriptives (Choose all the continuous variables and transfer them into the variables box using the arrow button. Then clicking the options button, choose the various analyses you wish to perform. Press OK and then you will see the results appear in another window)

The descriptive data statistics for categorical variables provide details regarding frequency (how many times the specific data occurs for that variable such as number of male and number of female respondents) and percentages. The descriptive data statistics for continuous variables provide details regarding mean, standard deviation, skewness and kurtosis.

4.3 Demographic Profile of Respondents

4.3.1 Gender

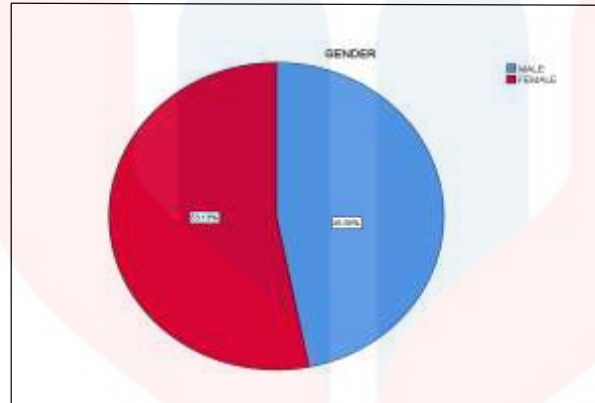


Figure 4.2: Gender

Table 4.1: Gender

Gender			
		Frequency	Percent
Valid	Male	180	46.9
	Female	204	53.1
	Total	384	100.0

Table 4.3.1 showed the total of gender. The total of gender respondents for male were 180 respondents (46.9%). Followed by the number of females were 204 respondents (53.1%). The total of respondents who were responding this questionnaire is 384 respondents. The table show that the female are the highest respondents in this study.

4.3.2 Age

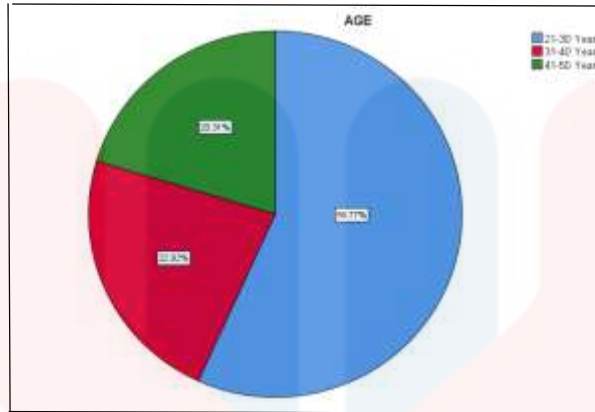


Figure 4.3: Age

Table 4.2: Age

Age			
		Frequency	Percent
Valid	21-30 Years	218	56.8
	31-40 Years	88	22.9
	41-50 Years	78	20.3
	Total	384	100.0

Based on table 4.3.2, show the total of three age categories. The results obtained show that the most respondents are those aged 21-30 years, which obtained 56.77% (N=218) of 384 respondents. Followed by the age around 31-40 years old which consists of 22.9% (N=88). Then, for the age around 41-50 years is the least which consists of 20.3% (N=78).

4.3.3 Education Background

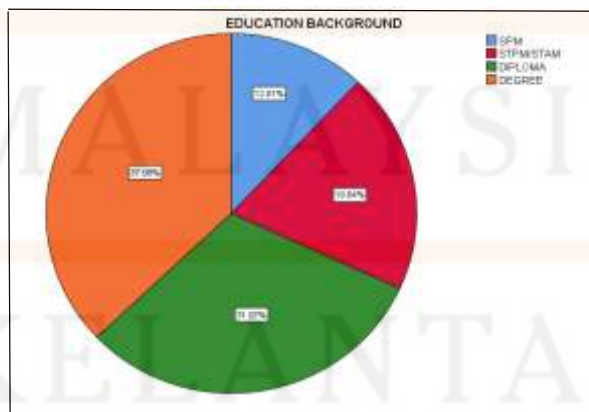


Figure 4.4: Education Background

Table 4.3: Education Background

Education Background		Frequency	Percent
Valid	SPM	46	12.0
	STPM/STAM	76	19.8
	DIPLOMA	119	31.0
	DEGREE	142	37.0
	Total	384	100.0

Table 4.3.3 showed the education background of respondents. The total of education background of SPM is the least which consists of 12 % (N=46) and for the STPM/STAM were 76 respondents (19.8%). Followed by the education background of DIPLOMA were 119 respondents (31%). While for the education background of DEGREE were 142 respondents (37%).

4.3.4 Religion and Marital Status

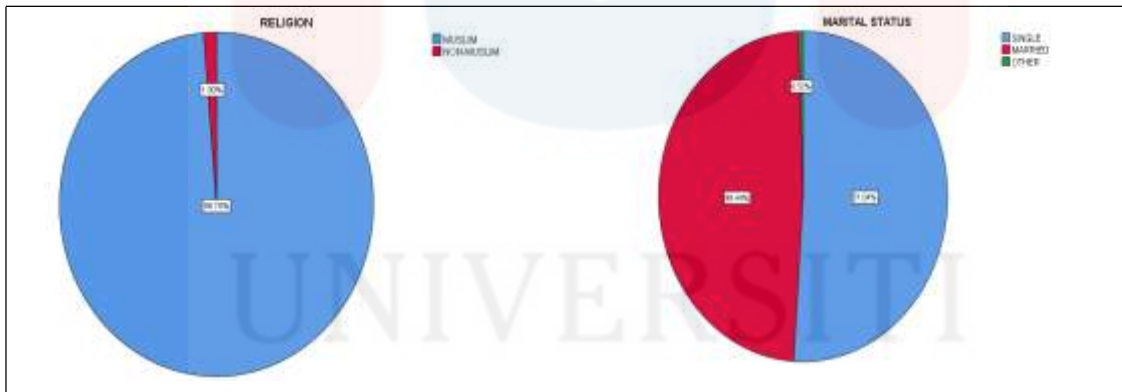


Figure 4.5: Religion and Marital Status

Table 4.4: Religion

Religion		Frequency	Percent
Valid	Muslim	379	98.7
	Non-Muslim	5	1.3
	Total	384	100.0

Table 4.5: Marital Status

Marital Status		Frequency	Percent
Valid	Single	196	51.0
	Married	186	48.4
	Other	2	0.5
	Total	384	100.0

Table 4.3.4 showed the religion and marital status of respondents. There are 379 (98.7%) respondents are Muslim and only 5 (1.3%) respondents are non-Muslim. From that, there are 196 (51.0%) respondents are single, 186 (48.4) respondents are married and have 2 (0.5%) are others from that.

4.3.5 Occupation and Location

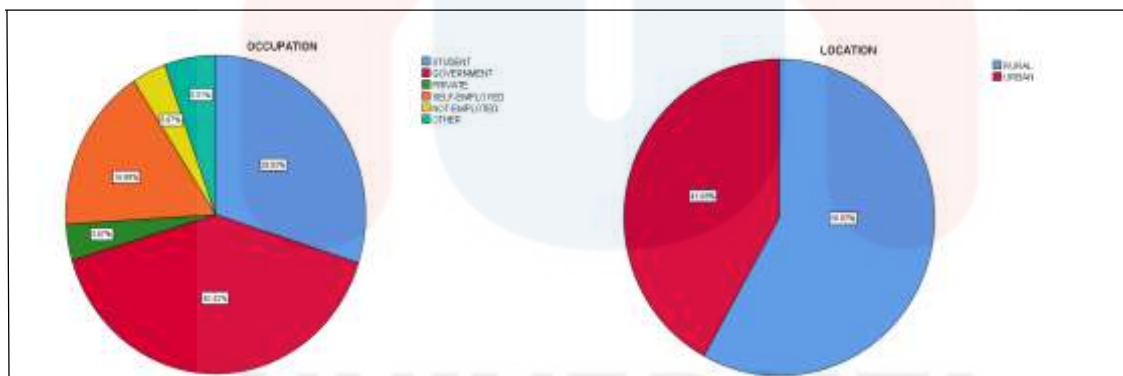


Figure 4.6: Occupation and Location

Table 4.6: Occupation

Occupation		Frequency	Percent
Valid	Student	115	29.92
	Government	156	40.6
	Private	14	3.6
	Self-Employed	64	16.7
	Not-Employed	14	3.6
	Other	21	5.5
	Total	384	100.0

Table 4.7: Location

Location		Frequency	Percent
Valid	Rural	223	58.1
	Urban	161	41.9
	Total	384	100.0

Based on the table above which is occupation and religion of respondents. There are 115 (29.92%) of students' respondents, 156 (40.6%) of government respondents, 14 (3.6%) of private occupation, for the self-employed are 64 (16.7%) of respondents, 14 (3.6 %) respondents from not-employed and the others are 21 (5.5%) respondents. There are 223 (58.1%) from rural respondents and 161 (41.9%) from urban respondents.

4.3.6 Individual Monthly Income

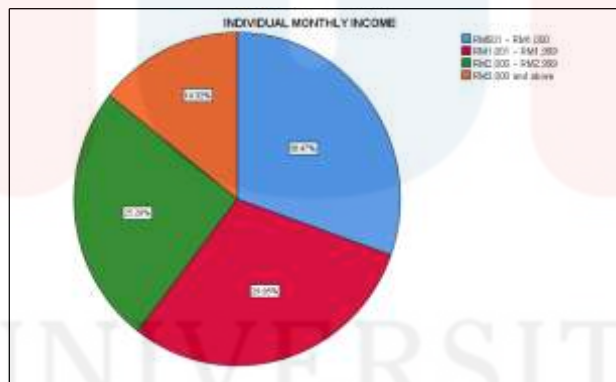


Figure 4.7: Individual Monthly Income

Table 4.8: Individual Monthly Income

Individual Monthly Income		Frequency	Percent
Valid	RM501 – RM1,000	117	30.5
	RM1,001 – RM1,999	115	29.9
	RM2,000 – RM2,999	97	25.3
	RM3,000 and above	55	14.3
	Total	384	100.0

FACULTY ENTREPRENEURSHIP AND BUSINESS

Based on the table above which is location and individual monthly income. From that, there are 117 respondents (30.5%) have RM501 – RM1,000 monthly income, 115 respondents (29.9%) have RM1,001 – RM1,999, 97 respondents (25.3%) have RM2,000 – RM2,999 and 55 respondents (14.3%) have RM3,000 and above.

4.3.7 Do you purchase Family Takaful?

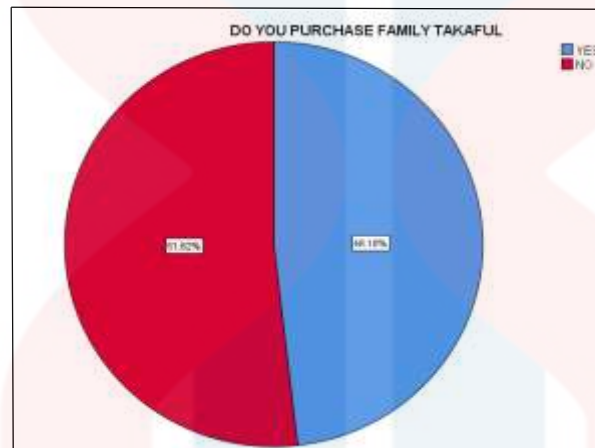


Figure 4.8: Do you purchase Family Takaful.

Table 4.9: Do you purchase Family Takaful

Do you purchase Family Takaful			
		Frequency	Percent
Valid	Yes	185	48.2
	No	199	51.8
	Total	384	100.0

Based on the table above which is do the respondents purchase Family Takaful? There are 185 respondents (48.2%) are purchase Family Takaful and 199 respondents (51.8%) are not purchase Family Takaful. The result indicated that not many residents in Kelantan purchase Family Takaful.

4.4 Descriptive Analysis

Table 4.10 Descriptive Statistics

		RA	RAI	MAA	LOI	DFT
N	Valid Missing	384	384	384	384	384
Mean		4.5359	4.4896	4.2568	4.3380	4.6021
Std. Deviation		.44611	.45805	.53826	.60771	.46540

NOTE: **RA:** Religious Adherence, **RAI:** Reputation and Image, **MAA:** Marketing and Advertisement, **LOI:** Level of Income, **DFT:** Demand of Family Takaful

Sources developed from research

Based on the descriptive analysis above, the mean value of almost 5 indicates respondents strongly agree, 4 indicates agree, 3 indicates neutral, 2 indicates disagree and 1 indicates strongly disagree according to their respective statements. The religious adherence showed the highest average value of 4.535 and the lowest standard deviation of 0.446. This has illustrated that most of the respondents involved agreed with the construct of religious adherence and standard deviation also showed less scattering of data. While for marketing and advertising showed the lowest average value of 4.256 and the standard deviation was 0.538. This indicates that respondents agreed or were neutral in the constructs of marketing and advertising. For reputation and image and income levels showed 0.489 and 4.338, respectively. Given a mean value of 4, it indicates that respondents agree with the items of all these variables. For reputation and image, it shows a value of 0.458 for std. deviation and mean data for reputation and image spread. For the standard deviation for income level is very high compared to the other variable which is 0.607. For the mean Family Takaful demand shows a value of 4.602 and the standard deviation is 0.465.

4.5 Validity and Reliability Test

Validity is referred as the extent to which a concept is precisely measured in a quantitative study. The level of validity or validity of a research instrument is measured by validity test. When an instrument is capable of measuring what is to be measured or desired, it is said to be valid. A valid instrument is one that can reveal the data of the variables being studied. In quantitative research, questionnaires are frequently used instruments. A questionnaire is a data collection technique in which the respondent is asked to answer a series of questions or written statements. The validity of the compiled questionnaire must be tested in order to determine its validity.

Pearson Product Moment Correlations were used in SPSS to test the questionnaire's validity. The Product Moment Pearson Correlations validity test was carried out by associating each item of the questionnaire score with the total score. Questionnaire items with a significant correlation to the total score indicate that the item is valid. The table 4.51 below show the results of the validity test.

Table 4.11 Pearson Correlation

		Correlations					
		DFT	RA	RAI	MAA	LOI	TOTAL
DFT	Pearson Correlation	1	.671**	.627**	.353**	.438**	.801**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	384	384	384	384	384	384
RA	Pearson Correlation	.671**	1	.697**	.414**	.383**	.814**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	384	384	384	384	384	384
RAI	Pearson Correlation	.627**	.697**	1	.478**	.415**	.834**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	384	384	384	384	384	384
MAA	Pearson Correlation	.353**	.414**	.478**	1	.204**	.653**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	384	384	384	384	384	384
LOI	Pearson Correlation	.438**	.383**	.415**	.204**	1	.681**

FACULTY ENTREPRENEURSHIP AND BUSINESS

	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	384	384	384	384	384	384
TOTAL	Pearson Correlation	.801**	.814**	.834**	.653**	.681**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	384	384	384	384	384	384

** . Correlation is significant at the 0.01 level (2-tailed).

Sources developed from research

The table above shows correlation value between of the item or the item with a total score also identified as correlation between variable x and y. Sig. (2-tailed) was a significance level of 5%, while N is the total of survey respondents is 384 people. According to the significant value gained by the Sig. (2-tailed) of $0.000 < 0.05$, so it can be concluded that the result is valid.

Next, is for reliability. Reliability which referred the degree of the results or questionnaires generates outcomes. Reliability adopted to confirming that no question being answered twice, and all the questions have been answered by respondents in given questionnaires. Cronbach's alpha coefficient was used as an indicator in this study to determine the degree of consistency. If reliability less than 0.6 consider poor, 0.6 to < 0.7 is moderate, 0.7 to < 0.8 is good, 0.8 to < 0.9 is very good and $0.9 >$ is excellent (Hair, Celsi, Money, & Samouel, 2015). Overall, all the variables have a Cronbach's Alpha Coefficient of more than 0.6. Reliability analysis is resolute by gaining the amount of systematic variation in a scale, which can be complete by determining the relationship between the level of income, religious adherence, reputation and image and lastly marketing and advertising. Table 4.52 shows the summary of the reliability test.

FACULTY ENTREPRENEURSHIP AND BUSINESS

Table 4.12 Summary of the Cronbach's Alpha of each scale (Pilot test)

IV	Variable	Cronbach's Alpha	No. of item
IV1	Level of income	0.832	5
IV2	Religious adherence	0.905	5
IV3	Reputation and image	0.945	5
IV4	Marketing and advertising	0.763	5

Based on table 4.4 shows that the results of Cronbach's Alpha for level of income is 0.832 and for marketing and advertising is 0.763. The result that stated was good while for religious adherence is 0.905 which is very good. Reputation an image is 0.945 which is the highest and excellent among the other variable.

Table 4.13 Summary of the Cronbach's Alpha of each scale (Real test)

IV	Variable	Cronbach's Alpha	No. of item
IV1	Level of income	0.878	5
IV2	Religious adherence	0.8333	5
IV3	Reputation and image	0.843	5
IV4	Marketing and advertising	0.810	5

According to the table 4.5 shows the results for real test of each variable. The result of Cronbach's Alpha for IV1 is 0.878 which is excellent, while the result for IV2 is 0.833 which is good. The result of IV3 is 0.843 which is very good and lastly for the IV4 is 0.810 which is moderate.

4.6 Normality Test

The normality test is to define the sample size distribution. This is important to know whether the sample collected drops within an applicable range and its skewness. If samples are not normally distributed, the non-parametric technique will be applied for upcoming tests, and if the samples are normally distributed, the parametric technique will apply for upcoming tests. Table 4.61 shows the test of normality.

Table 4.14 Test of normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
RA	.176	384	.000	.864	384	.000
RAI	.149	384	.000	.901	384	.000
MAA	.099	384	.000	.946	384	.000
LOI	.167	384	.000	.895	384	.000
DFT	.218	384	.000	.820	384	.000

a. Lilliefors Significance Correction
Sources developed from research

Based on Kolmogorov-Smirnova in table 4.61, it is deviate from normal distribution which is the value of significant for dependent variable and IV1, IV2, IV3 and IV4 are the same value of significant which is 0.000. At this point we see the p-value provided by SPSS (quoted under Sig. for Kolmogorov-Smirnov) is .000 (reported as $p < .001$). We therefore have significant proof to reject the null hypothesis that the variable follows a normal distribution.

Next, The Shapiro-Wilks in table 4.61 shows that the value of significant for IV1, IV2, IV3 and IV4 have the same value which is 0.000. The p-value shows below 0.05. So, if $p < 0.05$ the null hypothesis is rejected. According to Ghasemi & Zahediasl, (2012), the Shapiro-Wilks test for normality is one of three common normality tests considered to detect all leaving from normality. It is comparable in power to the other two tests. The test rejects the hypothesis of normality when the p-value is less than or equal to 0.05.

An opportunity histogram can inform if it's miles regular with the aid of using searching at its form. There are three shapes that stand out for symmetric. A histogram is symmetric while its miles reduce down the middle and the left-hand and proper-hand aspects like reflect pics inside every other. Based on this study, the graphs are bell-fashioned and the graph assumes normality. According to Rumsey, (2021), if the graph is approximately bell-shaped and symmetric about the mean, you can usually assume normality. The shape would be skewed right, and it is looks like a lopsided mound, with a tail going off to the right and skewed left.

Typically, the Shapiro-Wilk and Kolmogorov Smirnov tests are more sensitive. Both tests may be extremely sensitive for sample sizes greater than 100-200 and should be interpreted in conjunction with histograms with normal curves, QQ-plots, and skewness and kurtosis values (Samuels, 2015).

Aimed at this analysis, the normality tests, Kolmogorov Smirnov and The Shapiro-Wilk, deviate from the normal distribution. Somehow, researchers use the histogram as alternative option to see if the test is normal and the result is normal.

4.7 Hypotheses Testing

The correlation coefficient between the two variables can be either positive or negative (Sekaran & Bougie, 2013). When the point scattering has approached a straight line, then there is a correlation of the relationship between the variables will be higher (Sekaran & Bougie, 2013). According to the University of the West of England, the 2019 correlation is a method that will be used to investigate the relationship between two quantitative and continuous variables. The Pearson correlation coefficient (r) is a measure of the strength association between two variables. The Pearson correlation coefficient (r) for the interval level data ranged from 1 to +1. This means that the closer the scatter is to a straight line, the higher the strength correlation between the two variables.

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Table 4.15 Calle EE, et al.: N Engl J Med 1999; 341:1097-1105

Coefficient Correlation Size	The Strength of The Relationship
(1.0)	Perfect Positive
(0.8 to 1.0)	Very Strong
(0.4 to 0.60)	Moderate
(0.2 to 0.4)	Weak
(0.01 to 0.2)	Very Weak

Sources developed from research

Table 4.16 Pearson Correlation

		DFT	RA	RAI	MAA	LOI
DFT	Pearson Correlation	1	.671**	.627**	.353**	.438**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	384	384	384	384	384
RA	Pearson Correlation	.671**	1	.697**	.414**	.383**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	384	384	384	384	384
RAI	Pearson Correlation	.627**	.697**	1	.478**	.415**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	384	384	384	384	384
MAA	Pearson Correlation	.353**	.414**	.478**	1	.204**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	384	384	384	384	384
LOI	Pearson Correlation	.438**	.383**	.415**	.204**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	384	384	384	384	384

** . Correlation is significant at the 0.01 level (2-tailed).

Sources developed from research

Hypothesis 1

The Relationship between Religious Adherence and Demand of Family Takaful.

H₀: There is a negative relationship between Religious Adherence and Demand of Family Takaful.

H₁: There is a positive and significant relationship between Religious Adherence and Demand of Family Takaful.

Table above shows the relationship between Religious Adherence and Demand of Family Takaful. The value of correlation coefficient is .671 indicated that there is a moderate relationship between both of it. As result, there is a positive relationship between Religious Adherence and Demand of Family Takaful. Based on the result the relationship between Religious Adherence and Demand of Family Takaful is significant because the p-value 0.000 (p-value <0.01). So, null hypothesis is rejected and H₁ is accepted.

Hypothesis 2

The Relationship between Reputation and Image and Demand of Family Takaful.

H₀: There is a negative relationship between Reputation and Image and Demand of Family Takaful

H₁: There is a positive and significant relationship between Reputation and Image and Demand of Family Takaful

Table above shows the relationship between Reputation and Image and Demand of Family Takaful. The value of correlation coefficient is .627 indicated that there is a moderate relationship between both of it. As result, there is a positive relationship Reputation and Image and Demand of Family Takaful. Based on the result the relationship between Reputation and Image and Demand of Family Takaful is

significant because the p-value 0.000 (p-value <0.01). So, null hypothesis is rejected and H1 is accepted.

Hypothesis 3

The Relationship between Marketing and Advertising and Demand of Family Takaful.

H₀: There is a negative relationship between Marketing and Advertising and Demand of Family Takaful.

H₁: There is a positive and significant relationship between Marketing and Advertising and Demand of Family Takaful.

Table above shows the relationship between Marketing and Advertising and Demand of Family Takaful. The value of correlation coefficient is .353 indicated that there is a moderate relationship between both of it. As result, there is a positive relationship Marketing and Advertising and Demand of Family Takaful. Based on the result the relationship between Marketing and Advertising and Demand of Family Takaful is significant because the p-value 0.000 (p-value <0.01). So, null hypothesis is rejected and H1 is accepted.

Hypothesis 4

The Relationship between Level of Income and Demand of Family Takaful.

H₀: There is a negative relationship between Level of Income and Demand of Family Takaful.

H₁: There is a positive and significant relationship between Level of Income and Demand of Family Takaful.

Table above shows the relationship between Level of Income and Demand of Family Takaful. The value of correlation coefficient is .438 indicated that there is a moderate relationship between both of it. As result, there is a positive relationship Level of

FACULTY ENTREPRENEURSHIP AND BUSINESS

Income and Demand of Family Takaful. Based on the result the relationship between Level of Income and Demand of Family Takaful is significant because the p-value 0.000 (p-value <0.01). So, null hypothesis is rejected and H1 is accepted.

Table 4.17 Overall of Pearson Correlation

	Hypothesis	Pearson's Correlation Result	
H1	There is a significant relationship between Religious Adherence and Demand of Family Takaful.	R = 0.671 P = 0.000	Significant
H2	There is a significant relationship between Reputation and Image and Demand of Family Takaful	R = 0.627 P = 0.000	Significant
H3	There is a significant relationship between Marketing and Advertising and Demand of Family Takaful.	R = 0.353 P = 0.000	Significant
H4	There is a significant relationship between Level of Income and Demand of Family Takaful.	R = 0.438 P = 0.000	Significant

Sources developed from research

Table Overall Pearson Correlation.

Based on the table above, there is significant relationship between Religious Adherence, Reputation and Image, Marketing and Advertising, Level of Income and Demand of Family Takaful. All the hypotheses were accepted at 0.01 significant levels.

4.8 Summary/Conclusion

In conclusion, this chapter has discussed in detail about the analysis of the study that comprised of the background of each respondent, validity and normality test, Pearson Correlation and discussed in detail the analysis of data that can be accepted and evaluated correctly and using tests selected by the researcher. Descriptive tests were also used in the study to understand each data point that was entered into the SPSS system. Respondents obtained from this study were 384 respondents and have used each study to test the level of effectiveness of the data obtained. Chapter 5 will discuss the future of the study in detail how the results of this research will be important and beneficial to everyone.

CHAPTER 5: DISCUSSION AND CONCLUSION

5.1 Introduction

In this chapter, the researcher will discuss and explain about key finding of this study. Next, the discussion continues with explanation on hypothesis 1, 2 and 3. Then, this chapter presents the implication of the study and also with limitations of the study. Following, recommendation or suggestion for the future research. Lastly, overall conclusion of the study conclude this chapter.

5.2 Key Findings

The aim of this study is to analyze Family Takaful and life insurance demand in Kelantan, Malaysia. This part explained the result from SPSS analysis. Based on the result from the SPSS of 384 respondents, which 180 male respondents and 204 female respondents. The female population amounted for 53.1% of all respondents, while male represented for 46.9%. This can be concluded that, there are many female respondents than male respondents in Kelantan, Malaysia who answered the questionnaire.

Next, for education level there are 46 respondents with (12%) from SPM, STPM/STAM are 76 respondents (19.8%), for DIPLOMA the population 31% with 119 respondents and finally for level DEGREE, there are 142 respondents with the population 37%. This show that the highest respondents are from DEGREE of level education. Moreover, there are 117 respondents that has RM500-RM1000 of monthly income, 115 respondents that has RM1001-1999 of monthly income, 97 respondents that RM2000-RM2999 of monthly income and last is RM3000 and above only around 55 respondents. This can be concluded that the most respondents that answer the questionnaire has lower monthly income with the population 30.5% highest than others.

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The table below represent descriptive analysis. This analysis was conducted on the independent variable of the mean value for religious adherence (4.5359), reputation and image (4.4896), marketing and advertisement (4.2568) and level of income (4.3380).

Table 5.1 *Descriptive Statistics*

		RA	RAI	MAA	LOI	DFT
N	Valid	384	384	384	384	384
	Missing					
Mean		4.5359	4.4896	4.2568	4.3380	4.6021
Std. Deviation		.44611	.45805	.53826	.60771	.46540

NOTE: RA: Religious Adherence, RAI: Reputation and Image, MAA: Marketing and Advertisement, LOI: Level of Income, DFT: Demand of Family Takaful

5.3 Discussion

In this chapter, there is also discussion to determine whether the hypothesis is accepted or rejected. Hypothesis refers to a statistical test conducted to determine whether a sample of data is true for an entire population. (Kumar, Talib et al. 2013). Hypothesis is also refers to two variables tested to obtain validity for a data set. Therefore, the hypothesis can also be checked based on the observation of the process mode through a series of random variables. According to Sekaran and Bougie (2009), he stated that P-value is more than 0.01 which is a significant value then the hypothesis is not accepted while P-value is less than 0.01 which is a significant value then the hypothesis can be accepted and the data is true. There are four hypotheses according to independent variables (Religious Adherence, Reputation and Image, Marketing and Advertising and Level of income).

5.3.1 Hypothesis 1

There is a significant relationship between Religious Adherence and Demand of Family Takaful. From the results of the correlation test, the correlation value for religious adherence and demand of Family Takaful is 0.000 at the value of P-value which is less than 0.01. Therefore, the results indicate the alternative hypothesis (H1) is accepted. Based on research question one (1), the study can conclude that there is a significant relationship between Religious Adherence and Demand of Family Takaful. Besides, similar studies by Hashim (2006) and Mohd Deni (2009) supported the idea that the main factor to join Takaful was due to the existence of an Islamic compliance system and the Takaful operation which most of the Muslim respondents were highly concerned with.

5.3.2 Hypothesis 2

There is a significant relationship between Reputation and Image and Demand of Family Takaful. From the results of the correlation test, the correlation value for Reputation and Image and Demand of Family Takaful is 0.000 at the value of P which is less than 0.01. Therefore, the results indicate the alternative hypothesis (H2) is accepted. In this research question two (2), this study concludes that there is a significant relationship between Reputation and Image and Demand of Family Takaful. This is supported from other previous findings, which affirmed that the strong image of the bank institution (Ekrem et al., 2007; Rammal and Zurbruegg, 2007; Hoq et al., 2010) and its reputation (Naser et al., 1999; Almossawi, 2001; Dusuki and Abdullah, 2006; Gait and Worthington, 2008; Amin, 2008; Mansour et al., 2010)

5.3.3 Hypothesis 3

There is a significant relationship between Marketing and Advertising and Demand of Family Takaful. From the results of the correlation test, the correlation value for between Marketing and Advertising and Demand of Family Takaful is 0.000 at the value of P which is less than

0.01. Therefore, the results indicate the alternative hypothesis (H3) is accepted. In this research question three (3), this study concludes that there is a significant relationship between Marketing and Advertising and Demand of Family Takaful. Similarly, other studies indicated that there was a significant relationship between effective marketing and advertising and the consumers' buying behaviour (Abideen and Saleem, 2011; Gilaninia and Ghashlagh, 2012)

5.3.4 Hypothesis 4

There is a significant relationship between Level of Income and Demand of Family Takaful. From the results of the correlation test, the correlation value for between Level of Income and Demand of Family Takaful is 0.000 at the value of P which is less than 0.01. Therefore, the results indicate the alternative hypothesis (H3) is accepted. In this research question four (4), this study concludes that there is a significant relationship between Level of Income and Demand of Family Takaful. The value of this hypothesis is also supported by Bashir et al. (2011) indicated that products which are easily understood is one of the critical reasons for choosing Takaful operators.

5.4 Implications of the Study

Independent Variables

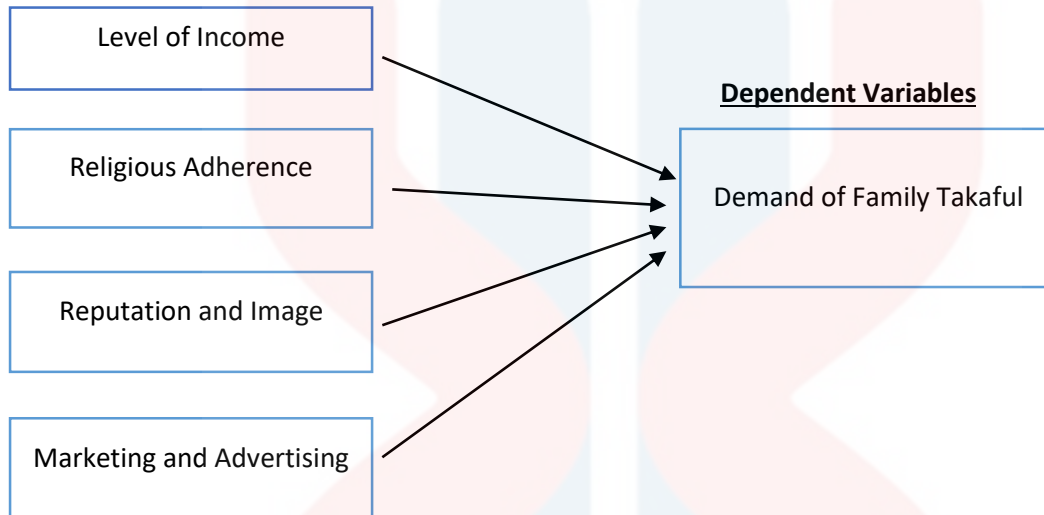


Figure 5.1: Conceptual Framework – Demand of Family Takaful

The findings are based on our research, with Demand of Family Takaful as the dependent variable. While the independent variables are level of income, religious adherence, reputation and image also marketing and advertising. The data contributes a clearer understanding of the relationship where the p-value for the relationship is below than 0.01. This shows that there is a relationship between factors influencing the demand for Family Takaful and to develop a conceptual model for the Family Takaful demand. It indicates that there is a relationship between level of income, religious adherence, reputation and image also marketing and advertising. Meanwhile, a key finding of this study is that the majority of respondents do not purchase Family Takaful.

According to our research, individuals between the ages of 31- 40 years old are more likely to purchase Family Takaful than those between the ages of 41-50 years old. This is due to the fact that people of this generation have realised the importance of financial security in their future. They also have a positive outlook on the future, especially to Family Takaful. The majority of respondents in our study are between the ages of 21-30 years old, and the data show

that people in Kelantan do not have purchase family Takaful. This is due to their lack of religious adherence and mature foresight into the future. They believe that Takaful should only be taken in the event of an accident or calamity, whereas in fact it should be taken when we are young and healthy.

Contribution of Study

This research could contribute to the researchers in the future to study what are the other factors that influenced the Demand of Family Takaful in Kelantan. This study can also help the researcher to identify what is the relationship between level of income, religious adherence, reputation and image also marketing and advertising. Aside from that, this research will benefit academics who want to broaden their general knowledge of the Demand for Family Takaful in Kelantan. Takaful consultants and advisors seeking more information can also refer to research findings or results that allow them to make changes in promoting their business model, allowing them to retain existing customers while also attracting new customers to their premises.

However, when compared to other developed nations, Malaysia's family Takaful market still has a lower penetration level, despite the Takaful industry's continued excellent performance despite hurdles in a competitive environment. According to evidence, the percentage of Malaysians insured by family Takaful contracts is still quite low when compared to traditional insurance (Lim, Ahmad Baharul Ulum, AG Budin, & Mohidin, 2020).

Managerial Implication

Furthermore, a consumer's mentality also one of the components that contribute to consumer's decision to use Takaful. If consumers have a positive opinion of Takaful, they will purchase it. For example, Takaful advisors should persuade customers by explaining the advantages of using this Takaful. As a result, Takaful operators must maintain a positive

reputation in order to boost consumer satisfaction. The organisation must be transparent to the customers about the service and quality of the service they provide. Customers have a right to know how their money is managed and what rewards they are eligible for. When the general public becomes more aware with the Takaful services offered, the company can gain public trust and reputation.

Furthermore, Takaful operators must improve public knowledge in order to increase the likelihood of a consumer purchasing Takaful. Consumers who are familiar with the Takaful product are more likely to participate in Takaful. As a result, they can organise or develop campaigns, activities, and educational programmes to raise non-Muslim awareness and knowledge, particularly among children. Through the awareness initiative, Muslims and non-Muslims will gain a better understanding of how Takaful works and what kind of benefits Takaful may provide.

The study shows clearly that an agent's quality can have a beneficial impact on a customer's decision to buy Takaful. The importance of an agent's role is significant since it has an impact on customer satisfaction. As a result, insurance companies must provide comprehensive training to agents in order to improve their knowledge of Takaful products. Furthermore, Takaful operators must provide essential workshops for their agents in order to improve their communication skills and performance, which will boost their ability to develop and retain solid customer relationships. Educating agents is critical since agents will assist organisations in acquiring new consumers while also retaining existing ones, allowing them to develop their business abroad.

Although subjective standards appear to play a lesser role in influencing a consumer's decision to purchase Takaful, Takaful operators cannot ignore this element. When purchasing Takaful, Takaful operators are urged to get positive feedback from customers. In order to

achieve so, the company's service quality must improve. Furthermore, they can increase their promotional efforts through publications, television, and radio to encourage more people to buy Takaful.

5.5 Limitations of the Study

From the research, there have several limitations that prevent further exploration of the study. The limitation is the number of the respondent that researchers choose just focus for people who lives in Kelantan. In order to complete this online survey, a total of 384 respondents were collected. All of the people that lives in Kelantan area include students and staffs of UMK. From that, the respondent is from different people, different age and different opinion. Because every one of them comes from a different background, level of education and marital status, their opinions are valuable.

Another limitation of the study is that the researcher has distribute the set of questionnaires which is Google Form multiple times via mass media, such as WhatsApp, in order to get the required number of respondents. As a result, the researcher must entice and encourage people to spend the time to complete the questionnaires. Several people refused to cooperate in this situation, prompting researchers to provide surveys one by one to individuals over WhatsApp by providing link of Google Form. As a result, the researcher have difficult time completing the number of respondents in a short period of time.

Other than that, when a study focuses on a single kind of mass media, it restricts the study's ability to include more respondents from other forms of media. If respondents do not complete questionnaires and disregard them on social media applications, the researcher must continue to track out additional respondents until the total is reached. It is difficult to collect data through one channel of mass media and some of the respondents do not have much

information or comprehension of the Demand of Family Takaful. As a result, researchers must consider how to help respondents grasp the set of questions in the questionnaires.

5.6 Recommendation/Suggestion for Future Research.

Based on the results of the study, there are some suggestions that will be put forward by future researchers. Moreover, there is some additional knowledge that will be used by future researchers. Therefore, further empirical studies will be needed to examine whether all the factors in this article contribute significantly or positively to Family Takaful demand. Therefore, future studies can be done by testing the factors that drive the demand for Family Takaful with more emphasis on product and service factors, especially in the Malaysian context. This is because products and services are one of the factors that can drive the demand for Family Takaful, where customers are more motivated to buy Shariah -compliant products.

Then, other variables can also be used as factors that can motivate consumers to use Family Takaful such as product awareness, the agency system (al-Wakalah), GDP per capita and so on. In addition, prospective researchers can also extend this study to all states in Malaysia so that this study can be used as a medium to determine the demand for family Takaful and also develop the factors that drive the demand for Family Takaful. Finally, with this proposal can be built for future study so that family Takaful sellers can improve the quality of their products and also increase demand and also use more effective elements to attract customers to buy Family Takaful.

5.7 Overall Conclusion of the Study

The purpose of this study is to investigate the relationship between the factors that influence the demand for family Takaful in Kelantan. Furthermore, the structural model results obtained illustrate that religious compliance, reputation and image, marketing and advertising and income levels have a significant positive impact on family Takaful demand. The overall study and useful findings are important evidence pointing to the fact that Muslim customers join Family Takaful because they adhere to their religious beliefs and ultimately they are involved with Family Takaful plan. Muslim customers also look at the reputation and image of the Takaful Company to ensure that the company they choose is a Shariah -compliant company before deciding to buy Family Takaful.

In this study, a total of 384 respondents were collected through a questionnaire distributed through Google form and the data was also evaluated using SPSS software. This study also shows that the proposed factors actually contribute to the demand for Family Takaful, especially to Muslim customers in Kelantan. The findings of this study can be used in future research to support these factors that have a positive impact on family Takaful demand. With the findings of this study can also provide an interesting insight into the predictors who can contribute to Family Takaful claims.

All the information obtained in this study can also be useful to Takaful institutions as well as policy makers. This is because they are able to formulate various suitable strategies to increase the demand for Family Takaful in the long run in Malaysia. As a guide for future research, the recommendations in this study for future research and the limitations of the study can also provide an opportunity for prospective researchers to provide many suggestions or ideas to improve the quality of this research.

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APPENDIX A

QUESTIONNAIRE

SECTION A: DEMOGRAPHIC RESPONDENT

Profile of Respondent	Items	Tick
Gender	Male	
	Female	
Age	21-30 Years	
	31-40 Years	
	41-50 Years	
Education Background	SPM	
	STPM/STAM	
	DIPLOMA	
	DEGREE	
Occupation	Student	
	Government	
	Private	
	Self-employed	
	Not-employed	
	Other	
Religion	Muslim	
	Non-Muslim	
Location	Rural	
	Urban	
Marital	Single	
	Married	
	Other	
Individual Monthly Income	RM501-RM1,000	
	RM1,001-RM1,999	
	RM2,000-RM2,999	
	RM3,000 and above	
Do you purchase Family Takaful	Yes	

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	No	
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SECTION B, C, D, E and F: INDEPENDENT VARIABLES AND DEPENDENT VARIABLE

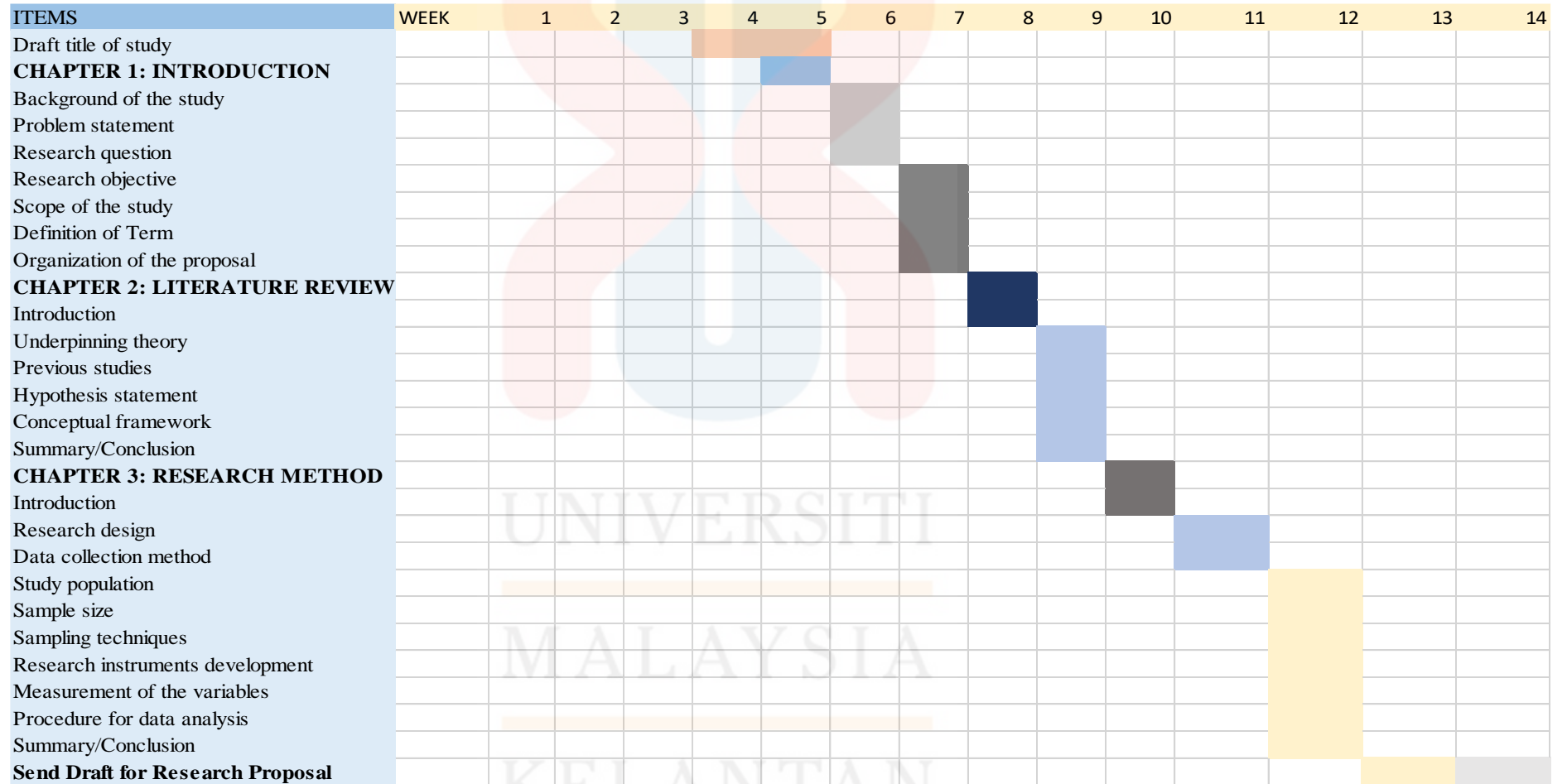
	Religious Adherence	1	2	3	4	5
1	I believe that Family Takaful invests in Halal business.					
2	I am very concerned about compliance with the Islamic system as well as sharia principles in investing					
3	I believe that the intentions of human behaviour may be dominated or influenced by one's beliefs.					
4	I believe that Takaful is an investment that follows Islamic Sharia.					
5	I believe that Takaful provides fair services to everyone according to Islamic rules.					
	Reputation and Image					
1	Family Takaful promote sustainable projects.					
2	Family Takaful Company contribute the social welfare.					
3	I believe in the financial performance of the Takaful company.					
4	Family Takaful Company promotes Islamic value.					
5	Family Takaful company not only gives protection but also enhance standard of living and welfare of the community.					
	Marketing and Advertisement					
1	I believe that advertising is important when buying Family Takaful.					
2	The decision to purchase Family Takaful is influenced by advertisements.					
3	The message on advertisement attempts to persuade me to buy family Takaful products.					
4	I trust on the message given by the advertisement.					
5	Responsible parties must establish diverse tactics for people of various age groups in order to emphasize or inform insurance-related benefits.					

FACULTY ENTREPRENEURSHIP AND BUSINESS

Level of Income					
1	I believe that per capita income and interest rates are two most important indicators.				
2	I believe that the income level of an individual might influence Islamic insurance.				
3	I believe that the level of income is the significant factor in describing each consumer's degree of insurance consumption.				
4	The amount of income in a country is a significant factor in describing each consumer's degree of insurance consumption.				
5	Those who earn more disposable money are higher than those who earn less.				
Demand of family Takaful					
1	I believe that the current Takaful coverage is more than enough to cover the demand.				
2	I realize that family Takaful is important.				
3	I will demand on family Takaful.				
4	I believe the level of education is one of the factors influencing the demand for Takaful.				
5	I will buy family Takaful as a double benefit if death or total permanent disability is due to an accident.				

APPENDIX B- GANTT CHART

GANTT CHART OF PPTA I



GANTT CHART OF PPTA II

