



Intention to Use Takaful (Islamic Insurance): Case Study in Tanzania

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This study shows the factors influencing intention to adopts takaful in Tanzania by applying the Amos on SEM model which is Structural Equation Modelling by using 100 data collected from respondent and the key factors are attitude, awareness, cost & benefit, compliance and reputation. The result show that attitude, cost & benefit and awareness are positive significant with the intention to use takaful in Tanzania while the compliance and reputation has no significant to the intention to use takaful in Tanzania because it has insignificant. The measurement model it shown to be good validity and reliability which is supported by the Cronbach's Alpha scores so the model fit indices and confirm the adequacy of the model. the finding recommending the public awareness, fostering positive attitude and benefits of takaful are the main factor to increase the adaption but not only that but also the study suggesting on the takaful provider and regulator to have a good regulation on takaful and ensure the transparency on the working so as to influence the people to intent to use the Islamic insurance in Tanzania.

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INTRODUCTION

Takaful is the insurance product that followed the Islamic principle and shariah, and people have heard of Takaful, but they don't truly understand the concept of it. Takaful is derived from the Arabic word "kafalah," which means "to jointly guarantee". Instead of passing the risk to a third party as in conventional insurance, all policyholders will share the risk collectively (Fadun, 2014). Insurance plays a significant part in this globalized era since risks are increasing, making insurance a necessity in human life. Takaful can be used by both Muslims and non-Muslims. Takaful is a type of mutual aid for those in need, but it does not transfer risk to a third party, hence it is regarded as an alternative to traditional insurance (Hussain & Pasha, 2011). Takaful's primary goal is to bring about social fairness and justice. The contract's goal is to help policyholders when they confront challenges while also fostering brotherhood and unity. The primary goal of Takaful is not to make money; however, the concept of profit sharing is acceptable. Takaful is based on the concept of allocating risk among participants and taking on risk together. The operator manages the Takaful fund for the participants, although ownership remains with the participants (Tahira and Arshad, 2014). Riba (interest), gharar (uncertainty), and maysir (gambling) are all prohibited in Islamic insurance; only cooperative principles, Shariah compliance, and charitable donations are accepted (Lim, Idris, & Carrisa, 2010; Sharifuddin, Kasmooen, Taha, Talaat & Talaat, 2016). Takaful, a type of Islamic insurance based on mutual cooperation, first emerged in Tanzania in the 1990s as part of the larger expansion of

Islamic finance in East Africa. Prior to this, Tanzania's financial sector was dominated by traditional systems that offered no explicit Sharia-compliant insurance products. As the Muslim population rose, so did the need for financial products based on Islamic principles, particularly the ban of interest (Riba). This resulted in the foundation of the first Takaful corporations

In Tanzania, the Insurance Acts of 1996 and 2009 were game changers in the regulatory structure of the insurance industry. It altered the market from a monopoly in which insurance is provided by a single operator, the National Insurance Corporation (NIC), to a free market in which private businesses can operate (Kamwambia, 2013; Tanzania Insurance Regulatory Authority, 2022). The Tanzania Insurance Regulatory Authority (TIRA) undertook study in 2011 to analyze the market demand and acceptability of takaful, indicating a desire to integrate it into the Tanzanian insurance system. However, the project has been stalled for years (Abdallah, 2017). TIRA established dedicated rules in 2022 called Takaful Operational rules 2022, with the goal of increasing insurance penetration. In terms of operations, no company is offering takaful products for March 2023. However, Zanzibar Insurance Corporation is nearing the end of its takaful product offerings. According to the **Bank of Tanzania BOT the guideline of Islamic banking (2000)**, The Tanzanian government took a proactive role in developing a regulatory framework for Islamic finance, issuing guidelines for Islamic banking in 2000, which laid the groundwork for Takaful's growth. The Insurance Act of Tanzania 2009 establishes the Insurance Regulatory Authority (IRA) and shows the

arrangement of Takaful companies to run in a compliant way that follows the standards of the nation. By the 2010s, in Tanzania, the Takaful market increased its offering with companies like Zanzibar Insurance Corporation (ZIC) for Zanzibar Island and Minara Takaful for the mainland, providing a range of sharia-compliant insurance products. Despite problems like as low knowledge and a restricted product offering, Takaful in Tanzania is expanding, fueled by an increasing Muslim population and a global trend toward Islamic finance.

Individuals and businesses are dealing with an unpredictable economic environment. The insurance sector has grown in importance because of unplanned catastrophes and a greater need to control risk. The insurance industry benefits the economy in numerous ways, including saving mobilization, empowering trade and commerce, and promoting investment (Ul Din et al., 2017; Sumegi and Haiss, 2006). The conventional insurance system is based on factors such as Riba (interest), Gharar (uncertainty), and Maysir (gambling), all of which are prohibited by Islamic law (Shariah) (Soualhi & Al Shammari, 2015). It proposed an alternative insurance plan based on Shariah principles and the concepts of mutual responsibility and collaboration. Islamic insurance is also known as participation structure (Turkey), cooperative structure (Saudi Arabia), mutual structure (Sudan), or simply takaful structure (various countries). Some studies, like the "Development of Islamic Finance and Takaful in East Africa" (Suleiman, F. 2012), explain the establishment and development of Takaful in East Africa, including Tanzania also Hassan, M.K. & Mahlia, M. (2015) have, in Tanzania, identified the challenge in introducing

Islamic insurance (Takaful) into Tanzania's financial market (Makame & Hamad, A. U. 2021), whereby the writer relied on the challenge faced by the financial operator. Despite existing research on Islamic insurance in Tanzania, most studies have focused on isolated cases or specific variables. For instance, Makame & Hamad, A. U. (2021) explored the challenge of introducing Islamic insurance (Takaful) into Tanzania's financial market; Suleiman F. (2012) relied on the establishment and development of Takaful, and Alshammari, A. A., Altwijry, O., & Abdul-Wahab, A. H. (2023) emphasized the establishment of Takaful in 42 countries, including Tanzania, but there is no study explaining the intention of the people to use Islamic insurance (Takaful). These studies provide valuable insights into the lack comprehensive coverage of the industry. By evaluating the intention of the society of Tanzania to use Islamic insurance by looking the Islamic takaful literacy, awareness, cost and benefit, reputation and sharia compliance so as to fill the existing research gap.

The following research questions explore the relationship between awareness, Islamic literacy, cost and benefit with the sharia compliance in determining the intention to use takaful in Tanzania: (1) What factors influence intention to use takaful (Islamic insurance) in Tanzania society; (2) What is the relationship between awareness, attitude, cost and benefit, reputation and compliance in the acceptance of takaful product in Tanzania?

Significance of the study

This study is valuable for takaful institutions, providing actionable insights to enhance awareness of the Islamic insurance

and Islamic financial literacy by addressing the financial protection need of the people and relied on the consumer behavior to support the improvement of the takaful industry and educated people and society in general about the takaful. By examine the study will greater help the takaful institution to consider the consumer behavior of the people to advance the takaful industry in Tanzania which will play a huge role in the economics of the country as well also. The findings will benefit policymakers, regulators, and academics by shedding light on the unique dynamics of Islamic insurance (Takaful) in Tanzania. Additionally, this study aims to guide other service organizations in adopting customer-centric approaches to maintain competitiveness. This study will fully base on the Islamic insurance operating in Tanzania only other than other financial institution and it will covers all region in Tanzania including Zanzibar Island. Aso due to the limitation of the resources and logistical the data may not include all customer it's just a few customers and by using the TPB (Theory of Planned Behavior) will strongly and may not take all cultural and background unique to Tanzania Islamic insurance customers. Previous studies, in Tanzania have also identified the challenge in introducing Islamic insurance (Takaful) into Tanzania's financial market (Salim, 2012; Ramadhan, 2023), which may pose challenges during analysis and Development of Islamic Finance and Takaful in East Africa" (Suleiman, F. 2012) who relied on the establishment and development of the 3 country in generally including Tanzania also from the finding of this study it will productive to the investor who want to open the takaful company in Tanzania .

LITERATURE REVIEW

The literature review provides a detailed exploration of awareness, attitude, cost and benefit, reputation, compliance and focusing on intention of Islamic insurance (takaful). It also highlights gaps in previous studies, especially in the Tanzanian context, justifying the need for the current research.

Awareness

According to Abdul Hamid and Othman (2009), "Muslims must know and grasp more than only financial knowledge, according to Islamic teachings. They need to know if the instrument they use in an Islamic financial institution complies with Islamic law. As a result, financial awareness in Islam is just as important if not more so, than in the traditional system". So awareness of Takaful is the situation where by people are aware about the whole belief, principle and practice of the Islamic insurance which is optional of traditional insurance and this insurance it has the basis of the uncertainty and gambling and also its based on the profit-making purpose , but when we look the Takaful is based on the mutual helping each other , sharing risk and responsibility according to the Islamic law and regulation. Different research tests the understanding and awareness of the people in the takaful like Malaysia and Kuwait Tests Malaysian Muslims' knowledge of Islamic law or Shariah words used in Takaful business, as well as respondents' level of awareness of Takaful and its goods, participation in Takaful, and awareness of Takaful's existence. Using a survey questionnaire completed by 500 Muslims in Kuala Lumpur, the study discovered that 86.21% are aware of the existence of Takaful. However, the weighted mean results show that respondents are

unsure about the Takaful theory. Al Ajmi (2005) conducts a survey questionnaire with 500 respondents to assess public understanding of the Takaful concept in Kuwait. Only 17% of respondents claimed to understand the distinctions between Takaful and regular insurance. The study also indicated that the level of education has a large influence on the degree of awareness. Unexpectedly, despite its unique vision, many individuals are unaware of the Takaful notion. Norlida et al. (2004) used a survey questionnaire with 220 respondents to assess Muslim awareness of family Takaful in Malaysia. According to the study, only 51.1% of respondents were aware of the existence of family Takaful. The results also reveal that the existence of awareness is highly associated with the educational level. According to Lin and Chen (2006), product knowledge begins with awareness, understanding, and confidence in the product. So, for that reasons its show the customer should follow the awareness of the services so as to use the product or services and therefore the hypothesis is generated as following:

H1: Awareness positively affect the intention to use the takaful (Islamic insurance).

Cost and benefit

According to Awan et al. (2011), customers prioritize cost-effective financial solutions while evaluating financial and non-financial institutions. Cost-benefit analysis is the most complete and theoretically valid type of economic evaluation, and it has been used to enhance decision making in many areas of economic and social policy in the public sector over the last 50 years. There are

many textbooks dealing with the theory and practice of the generic approach (Levin and McEwan 2001). Probably the most thorough approach to economic analysis is cost-benefit analysis also every strategy has drawbacks, but the "willingness to pay" (expressed preference) approach has shown to be the most effective thus far. However, the answer to this depends largely on the individual's income. However, its applicability is still problematic, therefore its usefulness is restricted. An Islamic discourse on maqasid Shariah (objectives of Shariah) and maslahah (public interest) point to the need to consider the objectives of alleviating harm and providing maximum benefits to the people in any policy intervention or product development. There has been an increasing interest in this maqasid-based approach, especially in Islamic finance and this has encouraged the thinking beyond profitability and to consider the needs of various stakeholders rather than just the interest of the company and its shareholders (Dusuki and Abdullah 2007; Saba 2017). A discussion over maqasid Shariah has also permeated the Islamic finance sector's commercial profit-making operations. Saving money is still a major priority in a market where Islamic financial institutions must contend with their traditional counterparts. According to Ibrahim et al. (2015), the takaful business has a lot of potential, but the adoption rate of takaful policies is still low. The Islamic insurance system known as takaful, which is also sometimes referred to as Shariah, is based on the beliefs of Islam. By avoiding the forbidden features of gambling, also known as maysir, excessive uncertainty, or gharar, and riba, or interest-based transactions, this alternative protection plan sets itself apart from traditional insurance (Muhamat and

McIver 2019). Some study like An evaluation of the cost and benefit of Islamic insurance in East Africa, (Suleiamn F, 2016) which investigate the Islamic insurance in East Africa by looking the cost and benefit of the Takaful compared with the conventional insurance and Cost & Performance of Takaful Insurance by Arshad,M & Bashir, 2017 which they explain about the performance of the Islamic insurance and cost of it by focusing on the operation , customer satisfaction and profitability so the cost and benefit are the key factor on the intention to use the takaful and the hypothesis it will be as following:

H2: Cost and Benefit positively affect the intention to use the takaful (Islamic insurance).

Reputation

Academic studies in management, marketing, and other fields are the source of the idea of corporate reputation (Brown et al., 2006). Walsh and Beatty (2007) define corporate reputation as "the customer's overall evaluation of a firm based on his or her reactions to the firm's goods, services communication activities, interactions with the firm and/or its representatives or constituencies (such as employees, management, or other customers), and/or known corporate activities (Keh & Xie, 2009)." This definition considers several definitions from different perspectives. A dependable and financially sound business, social and environmental responsibility, customer orientation, good employers, and product and service excellence are the five components that make up this concept (Grosvold, 2011). Examining antecedents and outcomes is crucial to understanding reputation completely and suggesting methods to

enhance or establish one. According to Ruiz, Juan, and Revilla (2016), the antecedents are most likely very context-specific, and countries, industries, and other contextual factors may affect how important they are to stakeholders. Though research in this field is currently limited, it is thought that the relative relevance of the effects of business image varies among countries (Bartikowski & Walsh, 2011). These days, a lot of businesses focus their significant branding expenditures on building a powerful and valuable brand so that its ideas and values may be communicated to consumers through communications and ads, strengthening their perception of the brand. Actually, these companies think that consumers' thoughts are a major factor in their decision to buy. However, each worker in the company, whether they are producing goods or providing services, is the company's link to its customers and has a bigger impact on them than advertisements (Hosseini, Mousavi, & ZiaeeBideh, 2013). Some of the study concerning with the reputation like Reputation and Trust in Takaful insurance, impact on Consumer behavior by Al habash & Matar 2019 they highlighted the how reputation and trust effect the consumer behaviors especially loyally and final they suggest that a key determinant of takaful is reputation that means customers are usually like to choice the services that has a strong reputation and another study of Khan,M.S 2018 which explain about the role of the reputation in shaping takaful Consumer choice in the middle East so they emphasized the important of the reputation on the customer choices of the product or services and according to that explanation the hypothesis it will as following:

H3: Reputation affect the intention to use the takaful (Islamic insurance).

Compliance

According to [Thompson and Flower \(2007\)](#), the idea of insurance that complies with Shariah was first presented in Sudan in 1979 because of the increasing demand from Muslim customers for insurance coverage that complies with Shariah law. Muslims can now easily acquire insurance that complies with Sharia law. Currently, there are more than 250 insurance firms worldwide that adhere to Shariah. When it comes to Islamic insurance, Saudi Arabia and Malaysia are the industry leaders. The situation of Islamic insurance in various nations is so briefly presented in the section that follows. [Veysey \(2009\)](#) stated that Saudi Arabia and Malaysia are the two biggest markets for Sharia-compliant insurance, with contributions of \$1.7 billion and \$797 million, respectively, in 2007. Saudi Arabia is currently the world leader in the insurance industry that complies with Shariah, even though this is a relatively new development in this region. According to [Hodgins and Beswetherick \(2009\)](#), the insurance industry in Saudi Arabia was unregulated before the Control of Cooperative Insurance Companies Law was passed and put into effect on November 20, 2003, along with its implementing regulations, which were released on April 23, 2004 (collectively, the "Cooperative Insurance Regulations").

Shariah-compliant insurance so began to replace traditional insurance in Muslim nations in order to provide coverage to Muslims who had been avoiding it because of religious restrictions. Middle Eastern and Far Eastern nations are home to most Shariah-compliant markets, according to [Thompson &](#)

[Flower \(2007\)](#). Saudi Arabia leads the world in the number of countries with Shariah-compliant businesses, followed by Bahrain, Malaysia, and Sudan. By looking the sharia compliance study and customer intention like the study of [Kamal,M, 2017](#) which highlighted the shariah compliance in Islamic insurance by looking the challenges and opportunities of takaful company and the study of [Al Basyuni & Arif, 2018](#) which explain about the shariah compliance in Takaful on this the writer find that the sharia body is the one of the main factor of the customer confidence in the using the product and services so this show reality that the compliance is the one among the key factor of the customer intention and the hypothesis is generated as the following:

H4: Compliance affect the intention to use the takaful (Islamic insurance).

Attitude and intention

According to [Mamdani \(2002\)](#), attitudes play a crucial role in influencing customer behavior. Consumer attitudes shape their intention to use an organization's products and services. An attitude is a set of beliefs that manifests behavioral patterns toward socially significant items ([Vaughan & Hogg, 2005](#)). Evaluation and action in favor of or against anything is a psychological tendency ([Eagly & Chaiken, 1993](#)). The tendency to express oneself favorably or adversely can also be considered an attitude ([Suki, 2010](#)). A person's attitude toward a behavior determines their intentions and actions ([Phau & Teah, 2009](#)). According to the body of existing literature, attitude affects the selection of goods and services ([George, 2002; Jamal & Ahmed, 2007; Md. Taib, Ramayah, & Razak, 2008](#)). The extent of the literature

Sheikh Ali and Jama (2016) Amin & Associates (2014) Studies by Wahyuni, Sakur, and Arifin (2013), Amin (2012), Juwaheer et al. (2012), and Husin and Ab Rahman (2016) have demonstrated a favorable correlation between attitude and intention. Some other finding like consumer perception and attitudes toward takaful products in Baharain by Bhatti, T 2018 which explain about the ethical of takaful attitude are strongly influenced by attitudes where by attitude bring the customer to the services and another study of Hassan, H, A & Abbas, S, K, 2020 write about the factor influencing the investors intention to adopt the islamic insuarance in Pakistan where e by the researcher identify the key factor of the adaptation of takaful including the attitude and intention so for this reason the hypothesis is generated as following:

H5: Attitude and intention positively affect the intention to use the takaful (Islamic insurance).

Related Studies in Tanzania and East Africa

In Tanzania, there is not any kind of research dealing with intention to use takaful because the researcher only focuses on the establishment and development of Takaful by Alshammari, A. A., Altwijry, O., & Abdul-Wahab, A. H. (2023); identified the challenge of introducing Takaful into the financial market (Makame & Hamad, A. U. 2021). While understanding their study, it's very different with this study because they relied on the established, development and

challenging facing during the establishment but this study will overlook other critical dimensions of the intention of the people to use takaful in Tanzania by using the theory of the planned behavior theories. We will have 5 variables, which are awareness, Islamic financial literacy, attitude, cost, and benefit with the compliance. Elsewhere in East Africa, Suleiman, F. (2012) Some studies, like the “Development of Islamic Finance and Takaful in East Africa,” explain very well the establishment of the takaful in 3 East African countries, including Tanzania. These studies collectively highlight the challenges and opportunities in Islamic insurance (Takaful) in Tanzania and East Africa in general. However, their narrow focus on specific takaful (Islamic insurance, variables, or regions) limits their applicability to the broader Islamic insurance sector. The current study addresses these gaps by using the behavior planned model to assess the intention of the people in Tanzania to use Takaful across all regions in Tanzania. By combining a large and diverse sample, it aims to provide a more representative and comprehensive analysis. The study will explore 4 dimensions of the behavior model—awareness, cost and benefit, Islamic financial literacy, and attitude with the compliance to offer actionable insights for the intention to use the Islamic insurance in Tanzania by using the planned behavior theories. This research contributes to the growing body of knowledge in Islamic finance by bridging theoretical concepts with practical applications in a dynamic and under-researched market. Figure 1 is the conceptual framework of this research.

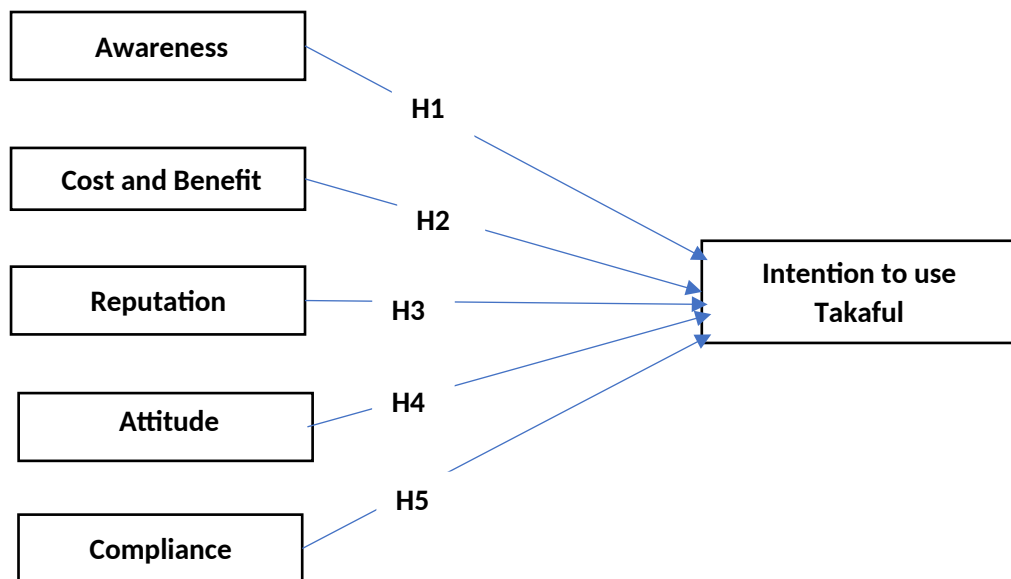


Figure 1: Conceptual Framework

RESEARCH METHODOLOGY

This study employed a quantitative research design to explore the intention to use takaful in Tanzania. Following the approach of [Ahmed,N & Ibrahim M \(2018\)](#) on factors influencing Consumer intention to adopt Takaful and [Makame, S.I & Hamad,A,U, \(2020\)](#) on the factors influencing the adoption of Takaful Products in Tanzania, the study uses structured surveys as the primary data collection tool. The Planned Behavior model, which is specifically designed to assess the intention of the people of Tanzania, is adopted as the framework for evaluating service dimensions.

Intention-behavior theories, such as the theory of reasoned action ([Ajzen and Fishbein, 1975](#)) and the theory of planned behaviors (TPB) ([Ajzen, 1988](#)), hold that an individual's actions are determined by their intentions. On the intention of the behaviors theories model researcher will consider the 5 dependent variables which is: the model, developed by ([Shahab Aziz1, 2016](#)) is tailored to the unique characteristics of Islamic insurance, combining traditional factors that

dimension with compliance with Sharia principles. The model evaluates five dimensions:

- **Awareness:** Knowledge of understanding something.
- **Attitude:** feelings or opinions of the people.
- **Reputation:** the image of the services or institution.
- **Cost and Benefit:** the amount you paid and provided
- **Compliance:** ability to inspire Sharia compliance trust and confidence.

Sampling and Respondents

The target population for this study comprised Tanzanian who is above 18 age to ensure a representative sample, the study collected data from multiple regions where Islamic insurance services are actively offered such as Zanzibar, Dodoma, Dar es Salaam, and Arusha. Stratified random sampling used, respondents selected based on their engagement with Students, workers and business owners in Tanzania, ensuring diversity in demographic characteristics and

experiences. The study aimed to achieve a minimum sample size of 300 respondents, but due the limit of time its reached 100 observed from different region in Tanzania which aligns with best practices in quantitative research for ensuring statistical reliability and validity (Mohamed Albaity, 2019).

Data Collection Tools and Procedure

A structured questionnaire was the primary data collection tool, carefully designed to address the study’s objectives. The questionnaire consisted of two main sections. The first section gathered demographic information, including respondents’ age, gender, education level, and banking experience. The second section assessed Service Quality Dimensions: Based on the planned behavior model, using a 5-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree." (Othman & Owen, 2001). These dimensions were measured on a 5-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree," allowing participants to express varying degrees of agreement or disagreement effectively. That measured intention, focusing on overall intention with the people of Tanzania and the likelihood of continued patronage. The 5-point Likert scale was chosen for its simplicity, reliability, and widespread use in social sciences for quantitatively capturing respondents' attitudes and perceptions. This scaling method provides a balanced approach to

measuring opinions while minimizing respondent confusion (Joshi et al., 2015). The ordinal nature of the scale makes it particularly suitable for assessing subjective constructs such as intention of the people to use the takaful and ensuring both ease of use and interpretability. To ensure broad participation, the survey was distributed through multiple channels, such as digital platforms such as email and social media like WhatsApp.

Data Analysis

The collected data were analyzed using statistical software AMOOS to ensure the accuracy and reliability like Ahmed, N & Ibrahim M (2018) to examine the theoretical model. Descriptive statistics (means, frequencies, and percentages) will summarize the data. Inferential statistics, including SEM and regression analysis will examine the intention of the people to use takaful in Tanzania

The reliability of the of data was tested by using Cronbach’s alpha, and the validity of the Planned Behavior Theory dimensions will be confirmed through factor analysis. This approach ensures robust and reliable findings, building on methodologies employed by Sekaran and Bougie’s (2016) and other related studies.

FINDING AND DISCUSSION
Respondent Profile

Table 1 : Profile of Respondents

	Description	Frequency	Percent
1	Gender		
	Male	54	54.0
	Female	46	46.0

2	Age		
	Below 20	9	9.0
	20-35	76	76.0
	36-45	12	12.0
	46-55	3	3.0
	55 above	1	1.0
3	Education		
	O-Level	4	4.0
	A-Level/Diploma	20	20.0
	Degree	63	63.0
	Masters/PhD	13	13.0
4	Occupation		
	Government Sector	18	18.0
	Private Sector	56	56.0
	Student	22	22.0
	Other	5	5.0
5	Location (Region)		
	Zanzibar	54	54.0
	Dar es Salaam	18	18.0
	Dodoma	10	10.0
	Arusha	8	8.0
	Others	11	11.0

Table 1: Presents the demographic profile of the respondents. The sample of 100 shows a balanced gender distribution with 54% male and 46% female. The majority are aged between 20 and 35 years (76%), indicating a predominantly youthful demographic, while other age groups represent smaller proportions. Educationally, most respondents hold a degree (63%), followed by A-Level/Diploma qualifications (20%). Those with Master's or PhDs account for 13%, while 4% have O-Level education. In terms of occupation, the private sector employs the largest group (56%), followed by students (22%) and government employees (18%). Respondents from other fields make up only 5%. Geographically, the majority reside in Zanzibar (54%), whereby there is 99% Muslim society and insurance are most

applied but also Dar es Salaam (18%) being the next most common location, while smaller proportions come from Dodoma, Arusha, and other regions. This demographic profile highlights a young, educated, and predominantly urban-based sample, providing valuable insights into the intention to use the Islamic insurance to the customers in Tanzania.

Descriptive Analysis

Table 2: Presents a descriptive statistic from the study variables with show the mean, standard deviation, skewness and kurtosis. Intention which is the dependent variable has a mean (M) of 3.98 and a standard deviation (SD) of 0.76806 whereas skewness is -1.144 and kurtosis is 1.168. Compliance has a mean (M) and standard deviation (SD) of 1.835 and

1.1967, respectively, and its skewness and kurtosis values are 1.404 and 0.378, respectively. Reputation has a mean (M) and standard deviation (SD) of 2.052 and 1.176,

respectively, whereby its skewness and kurtosis values are 1.266 and 0.121, respectively.

Table 2 : Descriptive Statistics

Variable	Obs.	Mean	Std. Deviation	Skewness	Kurtosis
INTENTION	100	3.98	0.76808	-1.144	1.168
COMPLIANCE	100	1.835	1.1967	1.404	0.378
REPUTATION	100	2.0525	1.17652	1.266	0.121
AWARENESS	100	4.4567	0.65761	-1.401	2.258
ATTITUDE	100	4.0275	0.89322	-1.227	1.598
COST & BENEFIT	100	4.4167	0.65713	-1.293	1.96

Awareness has a mean and standard deviation of 4.456 and 0.657 respectively, and its skewness and kurtosis values are -1.401 and 2.258, respectively. Attitude has a mean of 4.4167 and standard deviation of 0.893 where its skewness is -1.227 and kurtosis is 1.598. Cost and benefit mean is 4.4167 and its standard deviation is 0.65713 where its skewness and kurtosis values are -1.293 and 1.96, respectively. So, the descriptive show the high mean on Awareness, Cost and benefit and attitude which indicate the knowledge of

the Islamic insurance to the society not only that but also the negative skewness on that variable so its show intention recommends the strong willingness of the people to adopt takaful but on the hand of the compliance and reputation show the lower value of the means and positive skewness. Kurtosis analysis show that all variable fall on the acceptable limit which support the assumption.

KMO & Bartlett's Test

Table 3 : KMO & Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.659
Bartlett's Test of Sphericity	Approx. Chi-Square	1476.594
	df	276
	Sig.	0.000

Table 3 :As it observed by [Alain, C. H. A. B. O. & Situakibanza, H. \(2020\)](#), this test is used for the sample suitability on the consideration of whether the factor should be continued or not by using the Bartlett's test of sphericity; furthermore, it's in business and academia; most are using it for the testing of

their sample to see whether it's acceptable or not. It's usually advised on the sample adequacy to get good results. Generally, KMO & Bartlett arrange it from 0 to 1, whereby the acceptable range should be over 0.6 ([Van Truong, H., Pham, C. H., & Vo, N. H., 2016](#)).

As shown in the table, both the KMO statistics and Bartlett's test of sphericity indicate a suitable factor analysis model: the Kaiser, Meyer, and Olkin (KMO) test has a value of 0.659 (> 0.6), and the Bartlett sphericity test (Bartlett = 1476.594; p = 0.000) indicates that the data is good for analysis. Thus, the factor analysis may be performed in the following phase, allowing the data from this discovery to investigate the factors that influence the dependent variable, intention.

Rotated Component Matrix

Table 4: Its shows the structural model assessment whereby, which demonstrate that although a goodness-of-fit measure may exceed the cut-off, as is the case with normed chi-square (X^2/df), in the structural model, evaluating the goodness-of-fit measures in combination is an adequate indicator of

which 6 indicators show the high level of Cronbach's alpha because each indicator has more than 0.7, whereby the Cronbach alpha usually should be greater than 0.7, which makes the good reliability of the concern issued. The Cronbach Alpha as the observed that it's good in each factor because normally it should be more than 0.7 [Hair et al. \(2014\)](#), whereby the overall Cronbach is 0.8, which shows that it's good and fits all factors. Additionally, by looking one by one, the compliance is the best one, which has $\alpha = 0.923$ followed by Reputation with $\alpha = 0.894$, Awareness with $\alpha = 0.892$ and Attitude which is $\alpha = 0.868$ others, like cost and Benefit and intention, are lower, but it's acceptable because they lie on $\alpha = 0.78$ and $\alpha = 0.727$, respectively. So, the factor loading across all constructs shows that the indicator regularly fits.

Table 4 : Rotated Component Matrix

Rotated Component Matrix						
Indicators	Factor loadings	Cronbach's Alpha	CR	AVE	MSV	ASV
COM1	0.927					
COM4	0.912					
COMP3	0.885					
COM2	0.843	0.923	0.925	0.756	0.044	0.011
Rep3	0.916					
Rep4	0.898					
Rep1	0.883					
Rep2	0.742	0.894	0.904	0.706	0.044	0.017
ATT3	0.86					
ATT4	0.849					
ATT2	0.808					
ATT1	0.783	0.868	0.871	0.628	0.304	0.07
AW1	0.912					
AW2	0.911					
AW3	0.843					
VAR00017	0.864	0.892	0.898	0.749	0.032	0.008
VAR00015	0.846					

VAR00018	0.733					
CB1	0.868	0.78	0.794	0.566	0.102	0.025
CB2	0.836					
CB3	0.765					
INT1	0.784	0.727	0.732	0.479	0.304	0.089
INT2	0.764					
INT3	0.72					
Overall Cronbach's Alpha				0.8		
Total Variance Explained (Eigenvalues)				71.746		

On the hand of the Maximum Shared Variance (MSV), this is shows of the relationship between one hypothesis and another and Average Shared Variance (ASV) gives us the view of the average from one hypothesis to another; usually, the MSV should be less than AVE, and ASV should be less than AVE so the theory should be suitable for each indicator. The table shows that all MSV and ASV values are < than AVE, which means that validity is acceptable (Anderson & Gerbing, 1988; Fornell & Larcker, 1981) and AVE should be greater than 0.5, as recommended (Byrne, 2016). By looking at the compliance MSV, it is 0.044, and ASV is 0.011; for Reputation, MSV is 0.044 and ASV is 0.017; and for Attitude, MSV and ASV are 0.304 and 0.07, respectively. Awareness MSV is 0.032 and ASV is 0.008; Cost and Benefit MSV and ASV are 0.102 and 0.025,

respectively; and finally, intention shows the MSV and ASV are 0.304 and 0.089, respectively. So, as we see, all indicators show the MSV and ASV values are less than AVE, and it shows the validity, and it's proved. And the eigenvalue usually explains each factor, but on this table the total eigenvalue of this is shown as 71.746 which is very good because most of the researchers clarified it should be above 60% to be considered as good. So, the Average Variance Extracted values 5 factors are above 0.50 whereby only one is below the 0.50 which is intention but overall, the all model meets the key criteria and suggesting that the constructs are both reliable and valid for the looking intention to use Islamic insurance in Tanzania.

Fit of the Sem

Table 5 : Fit of the SEM

Model Fit indicators	Acceptable value	Actual Results
CMIN/DF	<5	1.349
GFI	>0.80	0.836
AGFI	>0.80	0.779
NFI	>0.90	0.839
IFI	>0.90	0.953

TLI	>0.90	0.940
CFI	>0.90	0.951
RMSEA	<0.08	0.059

Table 5: According to Hair et al.,2014 the model fit indicators demonstrate a strong fit between the proposed model and the data. before doing anything, the model must be evaluated under the assumption of the measurement of the fit measured. As with the measurement model, the following goodness-of-fit measures were evaluated: chi-square, normed chi-square (X2/df), IFI (Incremental Fit Index) (0.953) , TLI (Tucker-Lewis Index) (0.940) and CFI (Comparative Fit Index) (0.951) are all greater than 0.90 that confirming a strong fit the model however the GFI (Goodness of Fit Index) (0.836) is acceptable because its greater than 0.80 but AGFI (Adjusted Goodness of Fit Index) (0.779) is less than 0.80 and NFI (Normed Fit Index)

(0.839) is less than 0.90 that show the minor shortcoming point to the model refinement but they do not significantly change the overall fit of the model because the result show the overall model is acceptive and suitable of the data of the intention to use takaful in Tanzania. Not only that but also the CMIN/DF (Chi-Squared to Degree of Freedom Ratio) value is 1.349 which is less than 5 that indicate a good balance between model complexity and fit and the last is RMSEA which should be less than 0.08 and the actual is 0.059 so the result of the total result is that the mode fits the indicator.

SEM hypothesis Result

Table 6 : SEM Hypothesis

			Estimate	S.E.	C.R.	P	Label
Intention	<---	Attitude	0.411	0.048	8.601	***	par_2
n							
Intention	<---	Cost.B	0.272	0.063	4.351	***	par_3
n							
Intention	<---	Compliance	0.022	0.031	0.733	0.463	par_6
n							
Intention	<---	Awareness	0.139	0.052	2.667	0.008	par_7
n							
Intention	<---	Reputation	0.049	0.036	1.35	0.177	par_11
n							
Intention			0.537				
n							

The table 6: shows the Structured Equational Model (SEM), which helps the

researcher to recognize the relationship of the variable and to measure the strength of

the variable with the direction of the hypothesis testing. (Parasuraman, Zeithaml, & Berry, 1988; Cronin & Taylor, 1992) So in testing this, it shows that intention on the attitude is 0.411 estimated, cost and benefit is 0.272 estimated, and awareness has 0.139 and a positive effect on the intention to use takaful in Tanzania not only that but also their $p < 0.001$ because attitude ($\beta = 0.411, p < 0.001$), Cost & Benefit ($\beta = 0.272, p < 0.001$), and Awareness ($\beta = 0.139, p = 0.008$). However, the compliance and reputation have negative

relation with the intention to use takaful in Tanzania due to their estimate are 0.022 and 0.049 respectively and their p-value exceed the 0.05 threshold. So, 3 variable show positive impact on the intention to use takaful which are attitude, awareness and cost and benefit while compliance and reputation show the negative impact of the intention to use takaful in Tanzania.

Validated Conceptual Model



Figure 2 : Validated Conceptual Model

Figure 2: The structural equation Model is represented by the diagram that shows relation of the variable of their intention to use takaful in by regarding the depended valuable which is intention and the independent variable which is five variable reputation, attitude, cost and benefit, awareness and compliance on that diagram show that each variable the customer intention is differed from another by starting with reputation which show ($\beta = 0.63$) than Cost and benefit which is ($\beta = 0.3$) and Awareness which is ($\beta = 0.18$) that show that influence the customer intention to use takaful because they have opinion of the

people, the fee and cost and also the knowledge of the Islamic insurance so this result indicate the people to have a favorable opinion, fee and well knowledge to adopt the takaful.

In the contact of the weaker effects on the intention the reputation and compliance show less effect in this context where by the reputation is ($\beta = 0.10$) and compliance is ($\beta = 0.05$) so this show the image of the islamic insuarance and ability to complie with shariah is less impactful but the overall the model 0.54 of the variance is intention which focusing on the attitude, awareness and cost and benefit.

Semi Path Model

The figure 3 shows the a full SEM Path which is measurement model that show exctly the relationship between vartiabile and their observed indicators so structural relationship of the 6 variable which are reputaion,compliance,cost & benefit, awareness and intention to use takaful where by all indicator is above the threshold of 0.6 which means the validity its goods by looking one by one Awareness is 0.96 ,0.91 and 0.71 while the compliance is 0.92 and 0.73 which

means its respective constructs and strongly loading.

On the other side of the Attitude which show the strongly impact on intention where by the intention is ($\beta = 0.55$), compliance and reputaion show the weak but positive relationship of ($\beta = 0.18$) and ($\beta = 0.07$) respectively. Other variables are cost & benefit and awareness which are ($\beta = 0.02$) and ($\beta = 0.01$) have negligibile impacts. This anlysis recomend that islamic insuarance should have positve attitude because its the most favorable factor in determining user intention.

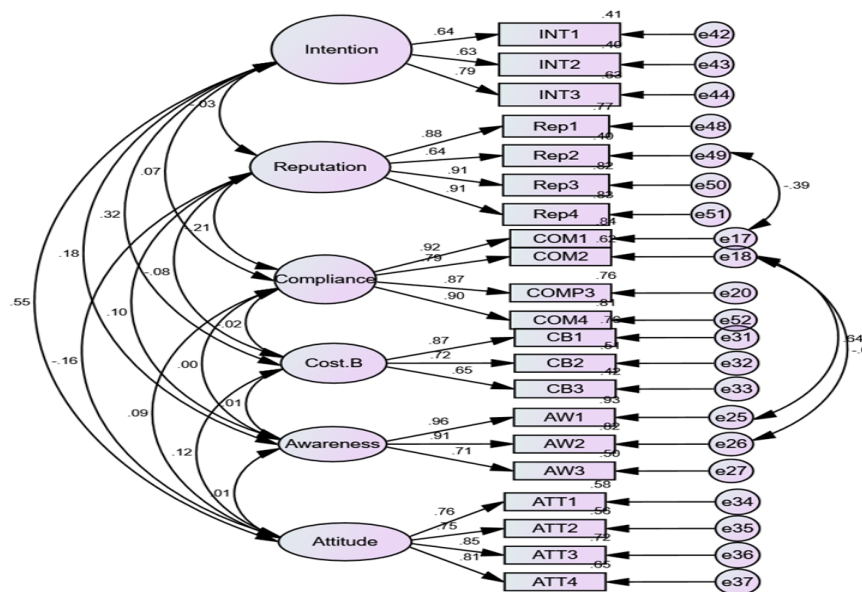


Figure 3 : SEMI Path Models

DISCUSSION

This study aimed to know the intention to use Islamic insurance (takaful) in Tanzania and to know which factor influence the adaption of takaful and the relationship of the variable like awareness, reputation, attitude, cost & benefit and compliance on intention of using the takaful. The results

revealed that society in Tanzania are generally intended to use the takaful by awareness because its has a high mean value of 4.46 followed by Cost and benefit which has means of 4.42 and attitude that has mean value of 4.03 that give us clearly picture the people have a good understand and knowledge about the Islamic insurance also

regarding the benefit and fee on its as well as behavior and opinion of others. On the other hands compliance and reputation has a lower means of 1.84 and 2.05 which means the people in Tanzania are not attracted with the image of the reputation and regulation of the takaful company. Skewness and kurtosis values seen to be on the range of acceptable because its show its normally on the SEM analysis (Maysyaroh et al., 2024).

Also, the reliability and assessment of the data constructed by Cronbach Alpha where by all value is higher than 0.7 such as compliance 0.923 and Awareness are 0.892 .CR and AVE measurement items were both valid and reliable in the measurement so its show the acceptable because the AVES its 0.479 that means AVE for intention was below because it's supposed to be higher than 0.5 but it's still acceptable because CR its high and sufficiently in that which means its considered on the intention to use takaful in Tanzania. The rotated component Matrix show the strong relationship of the factor loading because its above 0.7 of the most indicator that intended to constructed and the KMO value was 0.659 that indicate the moderate sampling but the Bartlett's Test of Sphericity was very high significant of ($\chi^2 = 1476.594$, $df = 276$, $p < 0.001$) that show supporting of the correlation matrix of the indicator so its show 71.75% the model captures a substantiation proportion of the data variance.

Additionally the model fit th evaluation because the GFI (0.836) , CFI (0.951),TFI(0.940),IFI (0.953) and RMSEA (0.059) all are on excellent range and acceptable .the chisquare/degrees of freedom ration was below recommende of 5 which is $CMIN/DF = 1.349$ but all values support the model and show the relationships among the

constructs of the indicators on the intention to use takaful in tanzania context.On the regression and path analysis the attitude ($\beta = 0.411$, $p < 0.001$) show the biggest and strongest influence the intention to use takaful in Tanzania society which is followed by the cost and benefit ($\beta = 0.272$, $p < 0.001$) and awareness ($\beta = 0.139$, $p = 0.008$). Whereby this result make the people to use and adopt the takaful by attitude, benefit and cost and knowledge in Tanzania while the compliance ($\beta = 0.022$, $p = 0.463$) and reputation ($\beta = 0.049$, $p = 0.177$) show the negative relationship with the intention to use takaful in Tanzania society so its show that factors do not meaningfully predict user intention in this.

In conclusion, the study emphasizes the crucial intention to use takaful in Tanzania by looking the five factors which is attitude, awareness, cost & benefit, compliance and reputation. Among the value factors which attitude, cost & benefit and awareness on the intention of using takaful that means the finding imply that the knowledge, behavior and benefit significantly enhance the adoption of the Islamic insurance in Tanzania. But the compliance and reputation seen to be the insignificance of the adoption of the takaful so the regulator and takaful provider should improve the communication and transparency to their customers so as to increase update the takaful product in Tanzania. This study highlights the intention to use takaful to focus on enhancing these key factor so as to know the exactly the adaptation of people in the takaful (Rusydiaana & Nugroho, 2017). Also, the findings pressure the importance of understanding the local context, where factors such as regulation, awareness, cost & benefit, compliance and attitude to the

customer play a pivotal role in shaping customer preferences. Therefore, Islamic insurance must adapt their services to align with both customer needs to maintain and attract a satisfied customer base.

CONCLUSION

This study aimed to examine intention of the Tanzania people to use the Islamic insurance (takaful) by looking the 5 factors which is attitude, awareness, cost & benefit, compliance and reputation so by using SEM model the indicators awareness, attitude and cost & benefit show the positive significant on intention which means the individuals view the takaful on more benefits they received on its, knowledge and understand on its and opinion of others to adopts its while others two factors which are compliance and reputation seen to be insignificant that suggesting these factors do not effect the user on their intention to us takaful in Tanzania. Overall, the model shows the strong validity and reliability with the acceptable construct validity and good model fit for all. These finding show the important of the understand and knowledge of the public, improving benefits and focusing on positive attitude toward on Islamic insurance. For the regulator and policymaker, the result focus on strategic focus on education, communication, campaigns to make the takaful adoption not only that but also working on the building the trust on compliance and reputation over the takaful company.

Recommendations

According to the conclusions of this study a lot of the recommendation are proposed to improve the adaptation of Islamic insurance in Tanzania by starting

with the programs like media and community to enhance the awareness of the people and public understand to the Islamic insurance for example how its differ with the conversional insurance and how its work like that can bring the awareness and significantly influences to the intention. secondly strategies on the attitude that community can use to promote the perception of Islamic insurance that promote positive perception about takaful. Thirdly the takaful provider should clearly communicate the cost effectiveness, profit sharing advantages and takaful schemes to enhancing the perceived benefits, Also on the compliance and reputation even though on this study are not significant but the takaful provider and regulators show make efforts on transparency and regulation so as to build the trust of the people for example ensuring the shariah board involves, publishing their financial reports and make people to know the takaful institution are governed and monitored. Takaful operators should prioritize rigorous adherence to Islamic principles in their products and services to promote transparency and confidence. To complement this, takaful institution might speed up efforts to educate clients about Shariah-compliant offerings, which would not only enhance trust but also attract a larger customer base. Emphasizing the ethical and moral benefits of Islamic insurance could help these institutions stand out in a competitive market, attracting both Muslim and non-Muslim consumers looking for ethical financial solutions.

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