THE DETERMINANTS OF FAMILY TAKAFUL DEMAND IN PAKISTAN

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Abstract

In the contemporary environment, the Takaful insurance plays an important role that could help human being to improve their living standard. The current study purpose is to investigate the relationship among the factors and family Takaful demand. For this purpose, the data was collected from those people who were residing in the Islamabad, Lahore and Karachi. Using cross sectional research design and quantitative research design, the analysis of the study had been divided into demographic and descriptive statistics as well as inferential statistics. The Structural Equation Modeling (SEM) technique was applied and found that religious adhere, reputation, and product awareness had a positive and significant relationship with the family Takaful demand. While, marketing and advertising had insignificant relationship with the family Takaful demand. The current study added a body of literature that could help to increase awareness of research on this topic. Moreover, this study contributes in filling the gap by providing more understanding of influencing factors on Takaful demand in Pakistan. This study may prove helpful for Takaful policy makers and operators to formulate suitable strategies accordingly in order to increase family Takaful demand.

1. Introduction

Previously, Takaful was being originated from an Arabic word "Kafala" which means to help, to guarantee and to take care of other's needs" (Takaful Pakistan Limited, 2009; Malaysian Takaful Association, 2016). It is a concept of Islamic insurance and is rooted in "Taʿāwun" and "Tabaruu", which means mutual assistance and voluntary contribution respectively (Wahab et al., 2007; Sadeghi, 2010). Takaful guarantees taking care of needs of its customers and operates under *Sharīʿah* rules. In Takaful a group of individuals collectively share the risk and operates on the concepts of unity, collective responsibility, brotherhood and mutual collaboration. Takaful provides shared financial security to people against risk (Takaful Guide, 2010).

First Takaful rules were introduced in Pakistan on September 3, 2005, which were revised and replaced by Takaful Rules 2012, on January 13, 2012, which were further amended in 2015. Pak Kuwait Takaful Company, formed in 2006, was the first Takaful Company that started its operations in Pakistan. Presently five companies are providing Takaful services in Pakistan. Three of them are general Takaful companies and two of them are family Takaful companies (SECP, 2016). General Takaful provides protection against all types of non-life risks, according to *Sharīʿah* principles. Family Takaful gives financial protection to the family of participant against life risk of participant and it also provides savings facility to participant. In case of tragedy financial benefit are delivered to participant or the beneficiary (Takaful rules, 2012). Family Takaful is again segregated in two types including individual family Takaful and group family Takaful (Milliman, 2013). Individual family Takaful covers health, mortgage, education, etc. Financial benefits are provided to the participant in case of death or perpetual disability; otherwise claim or surrender value of policy is provided on maturity. On the other hand, group family Takaful plan covers group health, medical, and education, etc. This plan is only provided if requirement of minimum number of participants is fulfilled. Financial benefits are provided in case of death or permanent disability of the participant (Milliman, 2013).

Pakistan life insurance industry has much potential for growth. However, the penetration rate of Takaful is quite low as compared

to the emerging markets' growth rate (Milliman, 2017) despite acceptable growth rate of assets and net premium (SBP, 2011; Janjua & Akmal, 2015; Milliman, 2017). Therefore, there is a need to examine the factors that affect family Takaful demand which may result in generating more premiums ultimately enhancing the growth of life insurance sector in the country. Thus, the present research intends to investigate the effect of four important factors including religious adherence, reputation, marketing and advertising and product awareness on family Takaful demand.

1.1 Research Gap

Market share of insurance sector in Pakistan is smaller in comparison with other emerging economies despite having large potential for growth (Janjua & Akmal, 2015; Salman, 2015; Milliman, 2017). On the other hand, Takaful has huge scope in Pakistan, but owing to "lack of awareness", share of Takaful is too less than conventional insurance (Hassan & Abbas, 2019). In fact, family Takaful is still an emerging area of research in Pakistan and the major factors that persuade customers to adopt family Takaful are not yet fully explored (Farhat et al., 2019). Thus, the determining factors of family Takaful demand need to be explored. The family Takaful demand has been analysed with macroeconomic factors and demographic factors with different dimensions (Asfandyar et al., 2014; Munir et al., 2013). The family Takaful demand based on religious beliefs, reputation and image, product and service, and advertising and marketing has also been examined, but in Malaysia (Arfin et al., 2014). Recently, various researchers (Arifin & Yazid, 2018; Ali et al., 2019; Aziz et al., 2019; Farhat et al., 2019) started examining various aspects of family Takaful, however, it is still a relatively new area of research having great potential in Pakistan (Hassan & Abbas, 2019) and practical implications that needs to be further explored. Therefore, the current study is conducted to analyze the effect of religious adherence, reputation, marketing and advertising, and product awareness on family Takaful demand in Pakistan. This study may prove helpful for Takaful policy makers and operators to formulate suitable strategies accordingly in order to increase family Takaful demand. In Section 2, literature review and hypothesis development is discussed, Section 3, presents research

methodology. The findings from empirical data are discussed in section 4 and Section 5 concludes the paper with discussions of the managerial implications and future research directions.

2. Literature Review and Hypothesis development

Demand for family Takaful is influenced by age, education and income level (Truett & Truett, 1990). Similarly demand for life insurance significantly and positively associated with income, urbanization (Hwang & Gao, 2003; Sen, 2008), national income, wealth (Browne & Kim, 1993), demographic and economic factors (Zietz, 2003), level of financial sector development, inflation, gross domestic savings, young and old dependency ratio, life expectancy and adult literacy (Sen, 2008), individualism (Chui & Kwok, 2008), financial development and banking expansion (Beck & Webb, 2003), income and interest rate (Asfandyar et al., 2014). Further family Takaful demand was considerably affected by religious beliefs and reputation and image of Takaful company (Arfin et al., 2014; Asfandyar et al., 2014). The customers preferred to select *Sharīʿah* compliant Takaful company for purchasing Family Takaful products (Arfin et al., 2014). Some researchers found "relative advantage, compatibility, simplicity, observability, religiosity and consumer awareness" positively influencing family Takaful (Arifin & Yazid, 2018; Ali et al., 2019).

Aziz et al. (2019) found knowledge and perceived usefulness significantly positively affecting attitude towards family Takaful policies. They found perceived trust significantly mediating the association between "perceived religiosity and attitude towards family Takaful". However, Shaikh et al., (2019) argued that it was not only the "perceived relative advantage and perceived compatibility" that determined the acceptance of family Takaful by customers but "awareness and religious belief" also played significant role. On the other hand, Farhat et al. (2019) found attitude, subjective norm and *ḥalāl* certification playing highly and significantly positive role in influencing the behavioral intention to acquire family Takaful. However, the demand for family Takaful is negatively correlated with inflationary expectations (Kim et al., 1993), muscularity/ femininity and power distance (Chu & Kwok, 2008), savings and inflation (Asfandyar et al., 2014).

Rahman (2009) suggested that innovative Takaful products should be introduced by Takaful operators and quality services should be provided to cater more market share and match with the conventional insurance market. Razak et al., (2013) also identified service quality as significant factor affecting consumer acceptance in Malaysian communities. However, Alsalih and Napier (2012) discovered the customer more concerned about the agreement of Takaful with *Sharī'ah*. Similarly, Ayinde and Echchabi (2012) observed that the purchase decision of customer was mainly based on awareness and compatibility.

Yazid et al., (2012) identified nine economic factors including "income, inflation, interest rate, financial development, savings, unemployment", pension, stock and price of insurance and "seven socioeconomic factors" named as "life expectancy, dependency ratio, education, age, urbanization, household size, and employment status that could possibly influence family Takaful demand". Munir et al., (2013) observed that demographic and macro-economic variables had a positive relation of varying degree with life insurance demand except price which had negative relation. They concluded that efforts should be made to reduce inflation rate, domestic rate of interest and political instability in the country to increase the demand for life insurance.

Risk attitude, income level, income protection and knowledge were considered to be four significant variables correlated to demand for health and life insurance (Jun, 2014). According to Ibrahim et al., (2015) four financial factors including leverage, bankruptcy costs, tax considerations and growth opportunities were useful and significant factors affecting the Takaful demand. Akhter and Khan (2015) revealed that urbanization, education, inflation and per capita income were more important factors, which affected the demand of Takaful as well as conventional insurance. They suggested providing awareness to people regarding Takaful products to increase its demand. According to Yong et al., (2015), in urban areas financial literacy, education and age were considered as insignificant factors while in rural areas age and income were considered as insignificant factors affecting life insurance demand.

Religious adherence can be defined as being faithful to one's religion. Maysami and Kwon (1999) pointed out that identification of Ḥalāl investment source would result in increased demand of

Takaful. Mansor (2004) also supported the religious factor important and significant in the selection of family Takaful by the Muslim customers. Bley and Kuehn (2004) observed the behaviour of students with rich religious values and found them paying more attention to Islamic finance rather than traditional finance due to their sincerity towards religion. Assadi (2003) observed that consumer buying behaviour was affected by the religious adherence but the degree to which their behaviour was affected used to vary with the degree of their observance to religious rules. Deni (2009) observed Muslim customers in Malaysia highly concerned with the compliance of Islamic system and their main driving force to join Takaful was its compliance with *Sharī'ah* principles.

Many researchers (Khraim, 2010; Yousaf & Malik, 2012; Husin & Rahman, 2013; Souiden et al., 2015; Mansor et al., 2015) found religiosity as an important factor affecting the demand for Takaful. Similarly, in Pakistan, Takaful was adopted by Muslim customers mainly because it worked according to *Sharī'ah* principles to provide protection against possible risk making their workings halal (Khalid & Ur Rehman, 2014). Arfin et al., (2014) found religious adherence and reputation of company significant factors affecting the choice of Muslim customers. However, religiosity did not affect the quality concern of customers whether they were highly religious or not (Yousaf & Malik, 2012). Further, in some areas, most of the customers were motivated to purchase Takaful products due to financial returns (high profits) promised by the intermediaries rather than *Sharī'ah* compliance. They were less interested and aware of the Takaful workings and were not much concerned about the actual purpose of Takaful (AlNemer & Hashem, 2015).

Various researchers (Kaur & Kaur (2014; Haery et al., 2014; Arfin et al., 2014; Yong et al., 2015) acknowledged reputation of the firm as an important factor influencing the consumers' satisfaction/ buying intention. Customers used to get themselves guaranteed that the Takaful company was working according to Islamic *Sharī'ah* before they made a choice to buy the Family Takaful (Arfin et al., 2014). Similarly, Naser, Jamal and Al-Khatib (1999) found majority of the people using services of Islamic banks because of their reputation and image. According to Sebjan and Tominc (2011) premiums, good quality insurance services and company's reputation significantly influenced customers buying decision and decision to

replace their existing insurance corporation with another one. Besides this, brand image was considered as a major determinant of brand equity and purchase intention of people (Fatema et al., 2013). Conversely, Rahman et al., (2008) observed that Muslim students preferred auto insurance over auto Takaful due to its better reputation, service delivery and quality. They were aware that religiously they should have chosen auto Takaful for risk protection services but operationally they believed auto insurance a better choice. Haque et al., (2012) stated that reputation, corporate image, ethnocentric behaviour and religiosity were important factors influencing young consumers purchase decision in Malaysia.

Gait and Worthington (2008) highlighted that although religious belief was an important variable in the practice of Islamic finance, customers also recognized service quality, bank reputation, and pricing as significant factors. However, Audu Maiyaki (2013) indicated that relationship between perceived value, corporate image, technical quality and behavioral intention was significantly moderated by individualism. On the other hand, Gotsi and Wilson (2001) found that reputation did not have a significant impact on consumers' intention to buying. Likewise, Jaffara and Musab (2015) found that reputation was not considered a major factor affecting attitude of non-users towards adoption of Islamic finance.

Various researchers (Niazi et al., 2012; Mohamed et al., 2013; Razak et al., 2013; Kamil & Mat Nor, 2014; Maiyaki & Ayuba, 2015) found marketing and advertising influential factors affecting consumer purchase decision and creating awareness of Takaful product and services among general public. Husin and Rahman (2013) found mass media significant factor affecting customers to adopt Takaful and insurance. According to Arfin et al., (2014) marketing and advertising was a positive but insignificant factor affecting demand for family Takaful in Malaysia. However, Dusuki and Abdullah (2007) revealed that religious customers did not rely only on marketing strategy, but they also considered religiosity. Islamic marketing rules and morale could help raise the standards of behaviour of customers because Islamic marketing focused on principles of equity and society's wellbeing along with value maximization. Marketing strategies should be more customers focused because customers were becoming more demanding day by day (Hassan et al., 2008).

Yusuf et al., (2009) observed that negative attitude could be changed through marketing strategies. Moreover, different strategies should be developed for people of different age groups highlighting the benefits associated with insurance. Jaafar et al., (2012) found that advertisement and packaging had positive but insignificant impact on customers' attitude and purchase intentions. According to Haque et al., (2010) Islamic advertisements need to be *Sharī'ah* compliant presenting true and fair message to the public and disclosing all realities about the product. Deceptive tactics of any form should not be used for the promotion of a product because illusion in the promotion of any product or services is strictly forbidden in Islam (Damirchi & Shafai, 2011).

Product awareness is defined as "knowledge about a company's product and its features" (Romaniuk et al., 2004) for better understanding and making it the choice of customers so that the demand of Islamic financial products and services could be enhanced (Bley & Kuehn, 2004). Ayinde and Echchabi (2012) found the Malaysian people's inclination towards adoption of Islamic insurance product and services dependent upon awareness of insurance services and comparability of their religious and social values with Islamic insurance. However, some researchers (Akhter & Hussain, 2012; Coolen-Maturi, 2013; Mohamed et al., 2013; Mansor et al., 2015) highlighted the non-awareness of public about Takaful products and its operations an important factor, which needed effective marketing strategies to create public awareness regarding Takaful product and services. Coolen-Maturi (2013) found that most of the people preferred to take Takaful services through banking channels instead of Takaful company because customers were not certain whether Takaful workings were according to principles of Islam or not. Kamil and Nor (2014) highlighted that Takaful customers had sufficient knowledge about obligations of *Sharī'ah* rules and Takaful agents' role was important in promoting and defining Takaful and its benefits. For further development of Takaful, the operators should develop effective promotions. Ng et al., (2014) stated that awareness about insurance was a crucial factor which affected the demand of insurance product and services. Non-insured people disclosed that non-sufficient information regarding life insurance prevented them from purchasing life insurance policy. Ejaz (2014) found that people in Pakistan had an idea of Islamic products but they had no sufficient understanding of those products. Maiyaki and Ayuba (2015) observed consumers'

awareness having significant and positive impact on attitude towards Islamic insurance services. However, some researchers (Arfin et al., 2014; Mansor et al., 2015) observed that product awareness was not a significant factor that influenced the family Takaful demand. Based on the above discussion, it is hypothesized that:

H1: There is a significant relationship between religious adhere and family Takaful demand.

H2: There is a significant relationship between reputation and family Takaful demand.

H3: There is a significant relationship between marketing and advertising and family Takaful demand.

H4: There is a significant relationship between product awareness and family Takaful demand.

3. Research Methodology

The current research follows deductive approach starting with the development of hypothesis and then moving to data collection for testing the hypotheses and obtaining results. The entire Takaful consumers residing in Islamabad, Lahore, and Karachi constituted the population for this research. However, convenience (non-probability) sampling technique was used for getting the questionnaire filled, in line with the previous studies (Arfin et al., 2014; Coolen-Maturi, 2013; Yong et al., 2015). A sample size of 267 was calculated on the basis of a formula given by Sarmah, Hazarika and Choudhury (2013). However, 270 questionnaires were disseminated, out of which 243 were returned by the respondents. Nevertheless 37 of them were returned unanswered and were therefore discarded. Hence only 206 questionnaires were used for the purpose of analysis. According to Comrey and Lee (1992) a sample size of 200 was fair and 300 was considered good. Further, the given sample size was also supported by previous study as Ng et al., (2014) used 240 questionnaires in their study. The sample size was also justified by the 'rule of ten', which required minimum ten respondents for each question in the instrument being used.

3.1. Data Collection

Self-administered questionnaire was used to gather data from

the respondents. Questionnaires including multiple questions were distributed among family Takaful customers through agents and personal emails. An online questionnaire was also generated through Google forms and link was shared in different family Takaful groups on face book and Linked in. The questionnaire composed of six parts including five general questions and twenty-one main questions. Part one was about demographic and general information, part two and three were adapted from Jaffara and Musa (2015), part four was adapted from Jaafar et al., (2012), part five was adopted from Lee and Leh (2011) and part six was adapted from Yong et al., (2015). Five point Likert scale was applied in the questionnaire in which 1 indicated strongly disagree, 2 disagree, 3 neutrals, 4 agree and 5 strongly agree. The study was cross sectional in nature soliciting data at a single point in time, called cross sectional data. Data were collected from individual Takaful customers making them the unit of analysis (Sekaran, 2003; Saunders et al., 2009).

3.2. Operational Definitions and Measurement of Variables

Family Takaful demand was measured in terms of satisfaction with the number of policies purchased and, ability and willingness to purchase family Takaful. Family Takaful demand was measured through four questions adapted from Ng et al., (2014). Religious adherence was measured based on religious obligations and loyalty of family Takaful companies' operations towards religion through four questions adapted from Jaffara and Musa (2015). Reputation was measured in terms of contribution of the company towards social welfare, its role in promoting Islamic values and degree to which the company was considered reliable and trustworthy by the public, through five questions (Jaffara & Musa, 2015). Marketing and advertising were measured in terms of influence on decision, persuasion to buy and trust on advertisement message, through four questions (Jaafar et al., 2012). Similarly, product awareness was measured in terms of confidence on Takaful information and knowledge, and ability to advice others on products of family Takaful, through four questions (Lee & Leh, 2011).

4.   Data Analysis and Discussion

The analysis of the study had been divided into two following

sections. In the first section, demographic and descriptive statistics of the study had been discussed while in other sections, the inferential statistics of the study had been discussed. Based on the above discussions, Table 1 in Appendix shows the demographic information of the respondents.

The frequency distribution of respondents' gender shows that 75.7% respondents are male and 24.3% are female. The living status indicates that 64.6% of respondents are single, 26.2% are married and only 9.2% are married with children respondents. The statistics reflects that mostly single persons purchase family Takaful policies probably due to their enhanced ability to save money as compared to married and married with children people. In terms of the number of policies held by the respondents, it is observed that 76.7% respondents hold only 1 policy, 20.9% respondents hold 2 policies, only 1% respondents hold 3 policies and 1.5% respondents hold more than 3 policies. The statistics explains that most of the people purchase only one policy because most of the family Takaful policies are purchased by single persons. It is observed that 34% of respondents make annual premium payment of 50,000-100,000 rupees, 30.6% respondents pay 100,000-200,000 rupees' annual premium, 25.7% respondents make 200,000-300,000 rupees' annual premium payment and only 9.7% respondents make premium payments more than 300,000 rupees. The statistics shows that only few customers purchase policies that have a premium payment of more than Rs. 300,000 because most of the people are unable to pay such a big amount of premium annually. Table 2 shows descriptive statistics of the variables.

Mean values near to 5 indicates respondents are strongly agreeing, 4 indicates agree, 3 shows neutral, 2 shows disagree and 1 shows strongly disagree with the respective statement. Religious adherence shows the highest average value of 4.362 and lowest standard deviation of 0.353. It depicts most of the respondents agree with constructs of religious adherence and standard deviation shows less dispersion of the data. Marketing and advertising show the lowest average value of 3.411 and standard deviation of 0.454 which shows respondents neither agree nor disagree and are neutral regarding constructs of marketing and advertising. Reputation, product awareness and Takaful demand indicate 3.973, 4.015 and 3.968 mean values respectively. As mean values are near to 4 it

shows respondents agree with the items of all these variables. Reputation shows highest value of 0.470 for std. deviation it means data for reputation among all are more dispersed. Standard deviation for product awareness and Takaful demand is 0.412 and 0.384 respectively.

4.1. Measurement Model

The measurement model of the study is assessed by two following models. One is internal and other one is external model assessment. In the external assessment model the composite reliability and validity of the model has assessed while in the internal model has assessed the convergent and discriminant validity. The convergent validity of the model has assessed through the reliability, factor loadings and average variance extracted (AVE) (Hair et al., 2016; Joe F Hair , Sarstedt, Hopkins, & Kuppelwieser, 2014). The minimum recommend value for the factor loading is 0.5, the recommended value for the Cronbach Alpha is 0.7 and the recommended minimum value for the AVE is 0.5 (Hair et al., 2014). The Table 3 has predicted all the values which shows that all of the values are greater than from the above recommend values which shows that model fulfill the criteria for the convergent validity. On the other hand, the discriminant validity of the model has assessed through the Fornell & Lacker and HTMT. For the Fornell & Lacker all of the diagonal values which shows the square roots should be greater than from the below values. Moreover, the recommend values for the HTMT is <0.85 or <0.90 (Hair et al., 2017; Henseler, Ringle, & Sarstedt, 2015). The Table 3, Table 4 and Table 5 in Appendix show that all the predicted values are fulfilled the criteria for the discriminant validity of the model.

4.2. Structural Model

After assessment of the model, the structural model of the study has applied by using PLS-SEM. The structural model of the study has shown the hypothesis testing. The bootstrap 500 sampling technique was applied for the hypothesis testing. Table 6 shows the hypotheses results. The value of R is 0.531 indicating a moderate positive relation of all the independent variables (religious adherence,

reputation, marketing and advertising and product awareness) with dependent variable (demand for family Takaful). The value of R^2 is 0.282, which depicts that 28.2 % change in demand for family Takaful is occurred due to the independent variables and remaining 71.8 % occurred due to other factors such as risk adverse behaviour, financial literacy, demographic factors and economic factors (Asfandyar et al., 2014; Beck & Webb, 2003; Yong et al., 2015; Munir et al., 2013). Studies examining human behaviour are assumed to have R^2 value less than 50% because human nature is unpredictable. It is also observed that the value of R^2 in cross-sectional studies is usually less than 50% (Gujrati & Porter, 2009) and this study is cross sectional and based on human nature too so, 28.2% value of R^2 is considerable.

The results show a significant positive affiliation between religious adherence and family Takaful demand at 0.01 level of significance. Hence H_1 is failed to reject. It indicates that customers having higher religious attachments are more likely to enhance demand for family Takaful. The result is supported by Arfin et al., (2014), Deni (2009), and Mansor et al., (2015). Arfin et al., (2014) declared religious adherence as the best predictor of demand for family Takaful. Similarly, a significant positive affiliation is observed between reputation and family Takaful demand at 0.01 level of significance. Hence H_2 is failed to reject. The finding indicates reputation of Takaful companies as one of the reasons that attract customers' ultimately increasing demand for family Takaful. Potential customers evaluate reputation of family Takaful from religious perspective. So, it may be attributed to the religious elements being part of reputation that significantly affect the family Takaful demand. This result is supported by Haque et al., (2012), Arfin et al., (2014), and Jaffar and Mussa, (2015). On the other hand, marketing and advertising do not have any significant relationship with family Takaful demand even at 0.10 level of significance. Hence H_3 is rejected. The result is supported by Jaafar et al., (2012), and Arfin et al., (2014). However, a significant positive relationship of product awareness is observed on family Takaful demand at 0.01 level of significance. Hence H_4 is failed to reject. The result is supported by Mohamed et al., (2013), and Yong et al., (2015). It is worth noting that marketing and advertising apparently have no direct/significant effect on family Takaful demand, nevertheless it has practical

importance due to the significant impact of product awareness on family Takaful demand. Practically marketing and advertising can play significant role in creating awareness among potential customers of family Takaful regarding Takaful products and services resultantly increasing family Takaful demand.
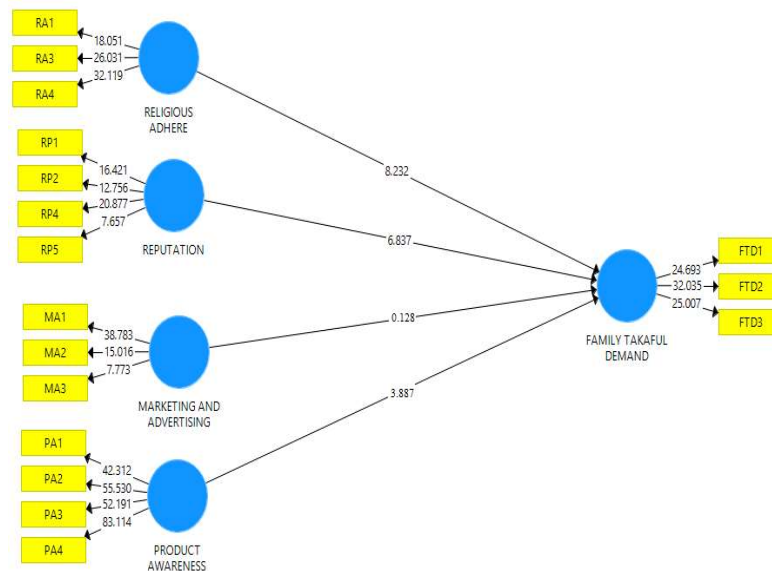

Figure 1: Structural Model

5. Conclusion and Future Research

The current study purpose is to investigate the relationship among those factors that could affect the family Takaful demand of the insurance companies of Pakistan. The structural model results depict that religious adherence, reputation, marketing and advertisement and product awareness caused 19.7%, 19.9%, 1.7% and 24.5% change in family Takaful demand respectively. It is observed that religious adherence, reputation and product awareness have significantly positive impact on family Takaful demand. However, marketing and advertisement has positive but insignificant relation with family Takaful demand. The results are consistent with the findings of Arfin et al., (2014). Product awareness is found to have greater impact on family Takaful demand because people are less aware of Takaful and by creating awareness family Takaful demand can be increased.

The study may prove helpful for Takaful policy makers and operators to increase the long run demand of family Takaful in Pakistan formulating supporting policies for Takaful, which is rather a new field in Pakistan. Takaful operators need to educate the general public that their workings are according to requirements of *Sharī'ah* principles. It implies that in order to increase family Takaful demand the policy makers should create awareness among general public about Takaful workings and Takaful products. Reputation also has significant effect on Takaful demand binding managers to live up to their promises and provide quality services to gain customers' trust.

It is worth mentioning that this study was conducted in Islamabad, Lahore and Karachi covering branches of only 2 family Takaful companies for data collection. Future research can be expanded covering branches of family Takaful companies from other cities of Pakistan for better generalization of results of the study. Further, other factors which may affect demand such as, risk adverse behaviour, education level, financial factors, and political factors can be considered in future research. In addition, the study was limited on the cross sectional research design where data could be collect only one time, there is also a longitudinal research that could help to collect the data many time that could helped to increase the research generalisability.

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APPENDIX

Table 1: Demographic Profile

Question	Options	Frequency	Percentage
Gender	Male	156	75.7
	Female	50	24.3
Living Status	Single	133	64.6
	Married	54	26.2
	Married with Children	19	9.2
Number of policies Hold	1	158	76.7
	2	43	20.9
	3	2	1.0
	More than 3	3	1.5
Annual Contribution	50,000-100,000	70	34.0
	100,000-200,000	63	30.6

Table 2: Descriptive Statistics

		RA	RP	MA	P P	FTD
N	Valid	206	206	206	206	206
	Missing	0	0	0	0	0
Mean		4.362	3.973	3.411	4.015	3.968
Std. Deviation		0.353	0.470	0.454	0.412	0.384

Note: RA: Religious Adherence, RP: Reputation, MA: Marketing and Advertising, PA: Product Awareness, FTD: Family Takaful Demand

Table 3: Measurement Model Results

Construct	Item	Loadings	Cronbach's Alpha	CR	AVE
Family Takaful demand	FTD1 FTD2 FTD3	0.821 0.825 0.902	0.761	0.799	0.504
Religious adhere	RA1 RA3 RA4	0.897 0.813 0.819	0.787	0.811	0.521
Reputation	RP1 RP2 RP4 RP5	0.725 0.887 0.894 0.877	0.787	0.855	0.545
Marketing and advertising	MA1 MA2 MA3	0.916 0.903 0.960	0.913	0.929	0.766
Product awareness	PA1 PA2 PA3 PA4	0.702 0.756 0.812 0.910	0.702	0.833	0.625

Note: FTD-family Takaful demand, RA-religious adhere, RP-reputation, MA-marketing and advertising, PA-product awareness.

Table 4:

Fornell and Larcker Criterion for Discriminant Validity

	FTD	RA	RP	MA	PA
FTD	**0.710**				
RA	0.568	**0.721**			
RP	0.267	0.258	**0.738**		
MA	0.010	0.040	0.237	**0.875**	
PA	0.504	0.515	0.313	0.194	**0.790**

Note: FTD-family Takaful demand, RA-religious adhere, RP-reputation, MA-marketing and advertising, PA-product awareness.

Table 5:

HTMT Criterion for Discriminant Validity

	FTD	RA	RP	MA	PA
FTD					
RA	0.468				
RP	0.167	0.458			
MA	0.210	0.140	0.437		
PA	0.504	0.315	0.513	0.194	0.81

Note: FTD-family Takaful demand, RA-religious adhere, RP-reputation, MA-marketing and advertising, PA-product awareness.

Table 6: Hypothesis results

	Beta	Std. Error	T Statistics	P value	Results
RA->FTD	0.431	0.052	8.232	0.000	Fail to reject
RP->FTD	0.334	0.049	6.837	0.000	Fail to reject
MA->FTD	0.007	0.058	0.128	0.899	Rejected
PA->FTD	0.246	.063	3.887	0.000	Fail to reject

Note: FTD-family Takaful demand, RA-religious adhere, RP-reputation, MA-marketing and advertising, PA-product awareness.