

Consumer acceptance toward takaful in Pakistan

An application of diffusion of innovation theory

ABSTRACT

Purpose – The purpose of this paper is to determine the factors influencing customer adoption toward takaful products in Pakistan. Design/methodology/approach – The study used five attributes of diffusion innovation theory (DOI), namely, relative advantage, compatibility, trialability, observability and complexity. Furthermore, the authors introduced two additional constructs, namely, consumer awareness and religiosity to analyze the adoption behavior of customers. A total of 365 questionnaires were distributed among the participants of the study. The survey was conducted in the Karachi city where the respondents were the existing and potential users of takaful products. The theoretical model of DOI theory was tested using structural equation modeling. Findings – The findings report that complexity has a negative impact on the adoption of takaful, whereas relative advantage, compatibility, trialability, observability, religiosity and consumer awareness shows a positive and significant influence. Originality/value – It is a noteworthy point that past literature is quite limited to investigate the determinants of consumer intentions to adopt takaful products. Based on this argument, the authors build the study to provide a scope and coverage in the field of Islamic insurance. The authors also expect that the research will encourage and provide a venue for forthcoming studies to help policy makers and academicians in this emerging business.