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DETERMINANTS OF ADOPTING ISLAMIC INSURANCE IN JIGAWA STATE: A LOGISTIC REGRESSION APPROACH

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Abstract

The study examined the influential factors for the adoption of Islamic insurance in Jigawa state, Nigeria using logistic approach. The study collected survey data from household heads using Taro Yammane (1976) statistical sampling formula to distribute 400 questionnaires across the two local government areas in the state of which 87% was fully returned. A simple random sampling technique was used in distributing the self-administered questionnaires. Descriptive statistics and logistic regression were used for the data analysis. The descriptive analysis was used for the socioeconomic characteristics of the respondents and the prospects of adopting takaful. Cronbach Alpha was used for the reliability test of the questionnaire after a pilot test and the result shows that the instrument was reliable for the model employed in the study. The result from the logistic regression shows Sharia compliance, Social influence, and Relative advantage are statistically significant as the factors that influence the adoption of takaful while awareness is statistically not significant. It is recommended that Islamic insurance companies open branches in Dutse and Hadejia local government areas since the result shows it is prospective.

INTRODUCTION

Takaful, as a form of Islamic insurance, not only provides future financial protection to the public, but also aims to enhance the quality of human life by promoting positive values such as cooperation, compassion, mutual assistance, solidarity, and unity within a community. In contrast to conventional insurance, Takaful operates based on a donation contract (Tabarru'), fostering sincerity among contributors and discouraging a self-centred attitude that prioritizes personal or familial gains overextending help to those in need (Mohd et al, 2017). Takaful, a term derived from the Arabic word 'Kafala', denotes a guarantee, bail, warranty, or an act of securing one's need, as Ikramovich & Suleman (2019) posited. Takaful, also known as Islamic insurance, was developed as an early financial product to supplant conventional insurance, predominantly founded on uncertainty, gambling, and interest within a contract of exchange (Mu'áwadah). The primary objective of Takaful was to present insurance

coverage in Shariah-acceptable ways to Muslim families and businesses in both the family and general insurance market segments.

Takaful Insurance was promulgated by the Central Bank of Nigeria (CBN) in collaboration with other industry regulators, such as the National Insurance Commission of Nigeria (NAICOM), in the light of the 'Nigerian Financial System Strategy (FSS 2020)'. The FSS aims to create an Efficient, Progressive, and Comprehensive Financial System where Takaful shall be a Key Component (Noor Takaful Plc 2018).The 2013 Operational Takaful Insurance Guidelines, as stated by the National Insurance Commission (NAICOM), illustrates that Takaful Insurance adheres to the principles of Shari'ah (Islamic Law). Takaful Insurance is founded on two fundamental principles: Tabarru, which is a donation covenant that requires all participants to provide mutual support, and serves as the basis of participant contributions to the Takaful Insurance fund; and Ta'awun, which is an established Islamic concept of mutual assistance, and is the basis upon which participants willingly agree for the Takaful Insurance fund to be utilized for the collective benefit of all participants to fulfil eligible claims (Musa et al., 2020).

The operational guidelines governing Takaful Insurance in Nigeria acknowledged two active participants capable of providing Takaful services: Takaful Insurance providers/operators (including Micro Takaful Insurance operators), which offer 'stand-alone operations,' and other conventional insurance providers offering limited Takaful services, also known as 'window operators.' Takaful serves as a Shariah-compliant alternative to conventional insurance, just as Islamic banking serves as an alternative to the conventional interest-based banking system (Abubarkar and Buerhan, 2017). The operation of Takaful Insurance aligns with the command in Quran 5:2: "And cooperate in righteousness and piety, but do not cooperate in sin and aggression" In 2004, the African Alliance Insurance Company Limited introduced Takaful services to the insuring public, in addition to their conventional insurance offerings. This was followed by Niger Insurance Plc as well as Cornerstone Insurance Plc were both involved in offering limited Takaful services, according to Ismail (2015). Niger Insurance Plc, on the other hand, provided a diverse range of services through its Niger Halal Plan, which included savings and investment plans tailored to cater for events such as pilgrimage, Eid, marriage, and so on. Meanwhile, Cornerstone Insurance Plc operated through its subsidiary, the Halal Takaful Nigeria. The registration of Noor Takaful Plc became possible in April 2016. This was followed shortly after Jaiz Takaful Insurance Plc, which received its operational license in August 2016.

Islamic insurance products could potentially be introduced in Dutse and Hadejia local government areas, should there be a demand from the public, given that a business entity is driven not solely by altruistic motives but also by the pursuit of financial gain, in line with the profit-maximization objective typical of private enterprises. The absence of specific research on takaful insurance within the aforementioned region was noted by the researcher, contrasting with the investigations conducted by Mas'ud et al (2020) on the inclination of smallholder wheat farmers towards Islamic microfinancing in Jigawa, and by Uba and Azrin (2017) on the obstacles encountered by Islamic banking in Jigawa state, as well as the explorations by Uba et al (2019) on the possibilities and hindrances associated with the implementation of Islamic wealth management in Jigawa State. These scholarly inquiries in Jigawa predominantly focus on Islamic banking rather than Islamic insurance. Therefore, it is against this backdrop that this study is conceptualized to bridge the gap in existing literature on the prospects of adopting Islamic insurance in Dutse and Hadejia local government areas of Jigawa state. The study raised the question: does awareness, relative advantage, sharia'a compliance and social influence determine the adoption of Takaful in Dutse and Hadejia local government areas.? Broadly, the main objective of this research is to study the determinants of adopting Takaful in Dutse and Hadejia local government areas respectively. Specifically, is to analysethe impact of awareness, relative advantage, sharia'a compliance and social influence on the adoption of Takaful in Dutse and Hadejia local government areas.

LITERATURE REVIEW

Echchabi & Mohammed (2015) examined the Yemeni customers' intention to adopt takaful products, and to explore the potential factors that influence their decision. Structural Equation Modelling (SEM)

The results indicates that among the factors included in this study, only compatibility positively and significantly affects the adoption intention. Shabiq & Hassan (2016) examined the impact of awareness on the adoption of Takaful in the Maldives using descriptive statistics and multiple regression with survey data. Findings of the studies shows that Attitude and compatibility have a positive and significant influence on the adoption of Takaful. However, the research did not find any significant impact of awareness, relative advantage, and social influence on adoption of Takaful. The research used only data collected from capital city Male', hence, in order to reduce bias of result and enhance the accuracy and reliability of the data, future research should focus on other islands as well.

Ali et. al. (2019a) examined the determinants that influence purchase intention of consumers toward Islamic insurance (Takaful) adoption in Pakistan with the help of the modified theory of planned behaviour (TPB) using partial least squares structural equation modelling. The study found that attitude, subjective norm, and perceived behavioural control are strong predictors of an Islamic insurance adoption in Pakistan. Moreover, factors such as compatibility, relative advantage and awareness have positive and significant impacts on takaful participation. A negative but insignificant relation is found between perceived risk and intention.

Ali et.al. (2019b) studied the factors influencing customer adoption toward takaful products in Pakistan using structural equation modelling. The findings report that complexity has a negative impact on the adoption of takaful, whereas relative advantage, compatibility, trial ability, observability, religiosity, and consumer awareness show a positive and significant influence. Future studies should consider a comparative analysis between conventional and Islamic insurance to extend the existing literature.

Hassan & Abbas (2019) empirically investigate the consumer intentions toward takaful adoption. Using a sample of 345 individuals, they segregated respondents into users and non-users of takaful. Findings obtained from binary regression, religiosity, relative advantage, social influence, compatibility, and awareness have a significant influence on takaful adoption. Results further revealed that the awareness of takaful plays an important role and requires more evidence

Mehboob et. al. (2019) examined the determinants that influence the customer's adoption of the use of family takaful scheme by extending the diffusion theory of innovation (DOI) in the context of Pakistan. A structural equation model was used for the analysis of the survey data employed. The findings of the study reveal that customer's adoption of Islamic insurance is determined by perceived relative advantage, perceived compatibility, awareness, and religious belief. Perceived complexity, on the contrary, turns out not to be a predictor of family takaful adoption. Moreover, gender, age, and education do not moderate the family takaful adoption by customers

Khan et al, (2020) assessed the response level of individuals towards the adoption of Islamic insurance in Pakistan. Survey data was collected using a questionnaire which was analysed using partial least square structural modelling (PLS3). The findings of the study show that most of the respondents are not aware of takaful as an insurance and investment.

Hussain & Sharofiddin (2021) investigate the determinants of consumer acceptance of Islamic insurance using survey data across five states- Abuja, Enugu, Lagos, Kaduna, and Kano. The data was analysed using multiple regression. Results indicate that Shariah's view, locality, consumer acceptance, service quality, attitude, awareness, subjective norm, and perceived behaviour control are the factors influencing the awareness and acceptance level of takaful in Nigeria. This study implies that the greater part of the respondents does not have sufficient information to distinguish between conventional and Islamic insurance. Therefore, for proper implementation and development of takaful in Nigeria, the policymakers and other stakeholders need to provide enough information about the takaful services, products, and operating systems to the public.

Mohamed & Ali (2023) determine current and potential takaful customers' perceptions of takaful product and its adoption in Somalia. Structural equation modelling was used for the analysis of the survey data collected. Results of the study showed that perceived relative advantage, perceived

compatibility, awareness, perceived culture, and perceived trust have a positive and significant influence while perceived complexity has an insignificant influence on the adoption of takaful products.

The studies of Hussain & Sharofiddin (2021) and Yahaya (2016) are on Takaful in Nigeria but does not cover Jigawa as study area while Husin and Rahman (2016a, 2016b) assessed the determinants of customer intention to participate in family takaful in Malaysia. The study of Olorogun & Echchabi (2012) and Echchabi & Echchabi (2013) on the adoption of Takaful in Malaysia and French are too old for policy implication especially in Jigawa state. However, none of the reviewed research was found to have used a logit regression on the adoption of Takaful.

Theoretical Framework

Innovation Diffusion Theory (IDT) was originated by Everett M. Rogers who is Regents' Professor, Department of Communication and Journalism, University of New Mexico, in 1995 (Shabiq & Hassan, 2016, p:88) Roger (2003) models innovation as an impression, attempt, or a thing observed as new by an individual or group of people that will adopt. He described the innovation characteristics to frame innovation diffusion which are: (1), relative advantage, (2) compatibility, (3) awareness, (4) social influence, and (5) attitude (Shabiq & Hassan, 2016). Ali et. al. (2019) studied customers' acceptance of takaful in Pakistan using innovation diffusion theory as a framework. Similarly, Echchabi and Muhammad (2015) investigate the factors influencing Yemeni customers' intention to adopt takaful products using the framework of diffusion innovation theory. Therefore, this study will adopt the diffusion innovation theory by testing the influence of awareness, social influence, compatibility (used as Sharia compliant), and relative advantage on people's intention to adopt takaful products in Jigawa state.

METHODOLOGY

Based on the objective of the study, this research employed primary data collected through a survey in Dutse and Hadejia local government areas of Jigawa State, Nigeria. A quantitative method was used to generate the data for the analysis. Questionnaire was used as the means of data collection, this is in line with similar studies on the adoption of takaful like Ali, et. al. (2019), Hassan, et. al. (2018), Shabiq and Hassan (2016), Olorogun & Echchabi (2012) and Albeity and Rahman (2019). The questionnaire asked the respondents about their socioeconomic attributes, perception towards the adoption of takaful, and the determinants that influence its adoption in a different section.

Dutse local government area as at 2019, has an estimated population of 425,172 (NBS, 2019). Hadejia Local Government Area has an estimated population179,300in 2022 (NBS, 2022). This makes a total of 604,472 populaces across the two local governments. Nigeria is yet to conduct a current censor that is why estimated figures from the concern agencies was used. These figures comprise both Muslims and non-Muslims in the study areas. Following Hassan, et. al. (2018), Shabiq and Hassan (2016), Olorogun & Echchabi (2012), the sample size of the study was ascertained using Yamanne (1976) statistical sampling formula, the sample drawn stood at 400.

Method of Data Analysis and Estimation Technique

The logit model is a maximum likelihood regression when the dependent variable is binary (yes=1 or no=0 response). Ordinary least square/linear regression would not be appropriate, because the conditional mean equation would place inappropriate assumptions on the residuals of the model, as now the dependent variable can only be between 0 and 1.Instead, we model the probability of observing a value of 1 as a function of F, which is a continuous, increasing distribution that returns a value varying from 0 to 1.Specifically, for a latent variable yi that is linearly related to x, then the logit regression is expressed as:

$yi = x'_{ij}\beta + u_i$……..…….1

where ui is random noise and βis a vector of coefficients for the independent variables, the probability of obtaining a 1 can be written as:

$$\Pr(y_t = 1\backslash x, \beta) = 1 - F(-x_i'\beta) = 1 - (e^{-x_i'\beta}/(1 + e^{-x_i'\beta}))\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 2$$

where F is now a cumulative distribution function for the logistic distribution. The key difference with logistic regression and ordinary least square regression is that in this type of regression, the coefficients of the explanatory variables do not show the marginal effect on the dependent variable. The sign and significance values attributed to the coefficients remain, however, the same. For example, the more positive a variable is, the greater the probability of a positive value being attributed to the dependent variable.

This study adopts the model of Shabiq and Hassan (2016) who uses multiple regression for the adoption of Takaful insurance as a function of Awareness, Relative Advantage, Compatibility, Social Influence and Attitude.

Yi = α + βi Xi + …… βn Xn +ei……..3

The modification of the model is based on measurement of the dependent variables of which this study used as a binary outcome, while Compatibility is substituted with Sharia Compliance as in Olorogun and Echchabi (2012). Therefore, equation 3 would be expressed as

$$Logit\ Adoption = \beta_0 + \beta_{1i} Awareness + \beta_{2i} Relative\ advantage + \beta_{3i} Sharia\ compliance + \beta_{4i}\ Social\ influence + u_i \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots 4$$

Whereβ_1, β_2,β_3,β_4,, are parameters to estimate and u_i is the random error term. The superscript i represent individuals who will be the respondents such that i = 1,2,3……..N

DATA PRESENTATION AND ANALYSIS

The study conducted a pilot test to test for the reliability of the instrument. Cronbach's alpha for the reliability test and the result is presented in table 4.1.

Table 4.1 Cronbach's Alpha Test Result

Item	Obs	Sign	Item-test correlation	Item-rest correlation	Average interitem correlation	Alpha
Awareness1	20	+	0.6196	0.5303	0.4651	0.8968
Awareness2	20	+	0.8225	0.7734	0.4300	0.8830
Shariahcompliance2	20	+	0.7996	0.7452	0.4339	0.8846
Shariahcompliance1	20	+	0.6924	0.6158	0.4525	0.8921
Socialinfluence1	20	+	0.7280	0.6582	0.4463	0.8896
Socialinfluence2	20	+	0.7078	0.6340	0.4498	0.8910
Relativeadvantage	20	+	0.6673	0.5861	0.4568	0.8937
Relativeadvantage2	20	+	0.5559	0.4572	0.4761	0.9009
Test scale					0.4499	0.9000

Source: Author's Computation using Stata-17, 2024

Table 4.1 shows the reliability test result using Cronbach's alpha. Taber (2018) reported that the threshold for an instrument to be self-consistent i.e reliability, the value of Cronbach's alphashould be ≥ 0.70. The value of alpha for the model is 0.90 which is higher than the threshold of 0.70. it was based on this that the study proceeded to data collection with the instrument.

Socioeconomic Characteristics

Responses were collected from both Dutse and Hadejia local government areas. The response rate is 87% (349)which is obtained by dividing the number of completed surveys by the number of the sample size. Lower response rate shows nonresponse bias. The response rate here is high and free from nonresponse bias

Table 4.2 Socioeconomic Charasterisitcs of the Respomdents

Item	Frequency	Percent (%)
Gender:		
Male	218	62
Female	131	38
No. of Dependent:		
None	98	28.08
1-3	97	27.79
4-6	128	36.68
7 and above	26	7.45
Age:		
18-35	154	44.13
36-45	119	34.1
46-60	62	17.77
61 and above	14	4.0
Education Level:		
Formal Islamic education	48	13.75
Informal Islamic Education	46	13.18
Primary Education	13	3.72
Secondary Education	36	10.32
Tertiary Education	134	38.4
None	72	20.63
Occupation:		
Self employed	104	29.8
Private sector	58	16.6
Public sector	77	22.1
Retired	17	4.9
Agric	93	26.6
Marital status:		
Married	166	47.56
Single	114	32.66
Divorced	57	16.33
Widow/widower	12	3.44

Source: Author's Computation using Stata-17, 2024

The descriptive statistics of the socio-economic characteristics of the respondents shows that out of 349 total responses, 218 were males and 131 were females representing 62% and 38% respectively. Data on dependents under the respondents shows that 28.08% have no dependents, 27.79% of respondents have 1-3 dependents, 36.68% of the respondents have 4-6 dependents, and 7.45%. By age of the respondents' 44.13% range between 18 to 35 years, 34.1% lie between 36 to 45 years, 17.77% are within the age of 46 to 60 years and the remaining 4% are above 60 years. The educational level of the respondents indicates that 13.75% have formal Islamic education, 13.18% acquired informal Islamic education, and 3.72% have possessed primary education. Moreover, 10.32% acquired secondary education 38.4% have tertiary education and 20.63% have no education as aforementioned. Out of the total responses, 47.56%

are married while 32.66% are single (unmarried). However, 16.33% are divorced are 3.44% are either widow or widower.

Pre-estimation Results.

Before estimating logistic regression, a specification error test and pairwise correlation test were employed to check for specification error and multicollinearity.

Table 4.5 Specification Error Test Result

Adoption	Coefficient	Std. err.	Z	P>z
_hat	.725384	.1994257	3.64	0.000
_hatsq	-.1405955	.0886743	-1.59	0.113
_cons	.0901728	.2317469	0.39	0.697

Source: Author's Computation using Stata-17, 2024

The linktest is used to check for error in model specification. From table 4.5, it can be seen that the probability of the _hatsq of 0.113 is statistically not significant. Hence, the study concludes the model is free from specification error.

Table 4.6 Pairwise Correlation Result

	Adoption	awaren~1	awaren~2	sharia~1	sharia~2	Social~1	Social~2	relati~e	relati~2
Adoption	1.0000								
awareness1	-0.0761	1.0000							
awareness2	0.0223	0.3520	1.0000						
shariahcom~1	0.1386	-0.0270	0.0848	1.0000					
shariahcom~2	0.1695	0.1018	0.1416	0.2124	1.0000				
SOCIALinfl~1	0.4690	-0.0489	0.1538	-0.0116	0.2080	1.0000			
SOCIALinfl~2	0.0465	0.0526	0.0911	0.1793	0.0342	-0.1198	1.0000		
relativead~e	0.0477	-0.0331	0.0228	0.0864	0.1460	0.0830	0.1538	1.0000	
relativead~2	0.1564	-0.2108	-0.1543	0.0584	0.0080	0.1360	0.0021	0.2691	1.0000

Source: Author's Computation using Stata-17, 2024

For the correlation coefficient between two variables to be higher than 0.8 or 0.9, there is multicollinearity in the model (Sa'ad, et al., 2023). It can be seen from Table 4.6, that none of the correlation coefficients is up to 0.8. Therefore, it is concluded that the model is free from the problem of multicollinearity.

Results of the Logit Model

In order to achieve the objectives of the study, logistic regression model was employed. The result of the regression is presented in table 4.3

Table 4.3 Results from Logistic Regression Model

Adoption	Odd ratio	Std. err.	z	P>z
Awareness1	-.3661502	.4009187	-0.91	0.361
Awareness2	-.5327361	.398816	-1.34	0.182
Shariahcompliance2	.2938574	.2290053	1.28	0.199
Shariahcompliance1	.4036029	.1819299	2.22	0.027*
Socialinfluence1	1.306374	.1908073	6.85	0.000*
Socialinfluence2	.7353461	.208583	3.53	0.000*
Relativeadvantage	-.1025157	.185633	-0.55	0.581
Relativeadvantage2	.918616	.3770869	2.44	0.015*
_cons	-7.597413	1.083996	-7.01	0.000*
	Log likelihood	108.37135		
	LR chi2(9)	93.97		
	Prob> chi2	0.0000		
	Pseudo R^2	0.3024		

* Significance at 5%

Source: Author's Computation using Stata-17, 2024

Table 4.3 shows the logistic regression result of the determinants of takaful adoption in Jigawa State. The Pseudo R^2 of 0.3024 in Table 4.4 shows that the explanatory variables fit the model by 30%. The Prob> chi2 is 0.0000 which shows the fitness of the model with explanatory variables against the model without them. Shariahcompliance1, Socialinfluence1, Socialinfluence2, relativeadvantage2, and constant are statistically significant with a positive relationship with the adoption of takaful, as their probability is less than 0.05.

Shariahcompliance1 increases the odd of adopting Takaful by 0.4, Socialinfluence1 increases the odd of adopting probability by 1.3, Socialinfluence2 increases the odd of the odd of adopting Takaful by 0.74. Also Relativeadvantage2 increases the odd of adopting Takaful by 0.91

After regressing a discrete choices model, only the sign of the coefficient can be explained and proceed to marginal effects for the impact of the explanatory variables on the explained (Cameron & Trivedi, 2009). The result of the marginal effect of the logistic regression is presented in Table 4.4.

Table 4.4 Results from the Marginal Effect of the Logistic Regression

Dependent variable: Payment				
Variable	**dy/dx**	**Std. err.**	**Z**	**P>z**
Awareness1	-0.0261569	.02794	-0.94	0.349
Awareness2	-0.0394892	.02986	-1.32	0.186
Shariahcompliance2	0.0214602	.01696	1.27	0.206
Shariahcompliance1	0.0294748	.01339	2.20	0.028*
Socialinfluence1	0.0954034	.0163	5.85	0.000*
Socialinfluence2	0.0537017	.01314	4.09	0.000*
Relativeadvantage	-0.0074866	.01366	-0.55	0.584
Relativeadvantage2	0.0716618	.03011	2.38	0.017*

*** Significance at 5%**

Source: Author's Computation using Stata-17, 2024

The result is presented in marginal effect to be interpreted in percentage. Increase in the probability of the people of Jigawa state to agreethat *takaful* is Shariahcompliance1 by 1 percent, there will be a 0.3 percent adoption of the product. This means that the people have to be convinced that the portfolio

management of *takaful* insurance does not include gambling, pornography, alcohol, cinema, and other forbidden businesses in Islam. Social influence1 is said to increase adoption by 0.1 percent. This means that friends and family can influence the decision of an individual to adopt *takaful*. Socialinfluence2 will increase the adoption of *takaful* by 0.05 percent. This means that collective discussion among peers and leaders' opinions will make people adopt *takaful.* Relativeadvantage2 will also increase *takaful* adoption by 0.07 percent. This means that if people will know the advantage ofTakaful over conventional insurance, wherepaid premium in is treated as both donations (*Tabarru*) and savings (*Mudarabah*), they will adopt *takaful.*

Discussion of findings

It is evident that there is potentiality for the adoption of Islamic insurance (takaful) in Jigawa state as majority of the respondents have the intention to adopt takaful. Findings of the study shows that awareness is statistically insignificant as a determining factor of takaful adoption in Jigawa state. This is similar to the findings of Shabiq and Hassan (2016) Husin and Rahman (2016a; 2016b) who also found that awareness is not a determining factor in peoples' intention to adopt takaful insurance. This is contrary to the findings of Olorugun and Echchabi (2012), Maiyaki and Ayuba (2015) Ali et. al. (2019a), Ali et al. (2019b) and Mohamed and Ali (2023) whose findings shows that awareness is an influential factor for people to adopt takaful. Shariah compliance was found to have a positive significant impact on the adoption of takaful in Jigawa state. This is similar to the findings of Olorogun and Echchabi (2012), Echchabi and Mohammad (2015), Shabiq and Hassan (2016), Ali et al. (2019a), Ali et al. (2019b), Mehboob et al. (2019), Hassan and Abbas (2019).Social influence was also found to have a significant positive influence on the adoption of takaful in Jigawa state. This is similar to the findings of Hassan and Abbas (2019) and Shabiq and Hassan (2016). Relative advantage has a significant positive relationship with the adoption of takaful in Jigawa. This is in line with the findings of Ali et al. (2019a), Hassan and Abbas (2019), Mehboob et al. (2019) and Mohamed and Ali (2023). However, the variables used in the study: awareness, shariah compliance, social influence were adopted from the theory of diffusion of innovation. The findings of the study corroborate the theory in studies on adoption of takaful.

CONCLUSIONS

In conclusion, from the empirical work of this study. The people of Jigawa state have the intention to adopt Islamic insurance (*takaful*). Relative advantage, social influence, and shariah compliance are the influential factors in the adoption of Islamic insurance (*takaful*) in Jigawa state. There is potential for the product to be adopted in the state.

Based on the findings of the study, the following policy options were provided:

The mode of operation of the bank as well as the nature of the product should be made known to the public such that they are convinced it is purely Islamic. i.e. it is Shariah-compliant. This will motivate the residents of these local governments to transact with the companies.

Traditional rulers, religious clerics, and family members should influence their friends and family members towards adopting the product. Therefore, the companies should liaise with all community leaders to influence people to adopt *takaful.*

Individuals are encouraged to adopt Islamic insurance since it has advantages relative to conventional insurance. This is because a paid premium is treated as donations and savings. In the event of a loss, it will serve as donations while if it did not occur, the premium will be treated as savings unlike in conventional insurance that is treated with a form of gambling.

Suggestion for Further Studies: Researchers can explore the challenges of adopting takaful in Jigawa State. Also, they should consider asking the religion of respondents for comparison between responses across religious lines.

CONFLICT OF INTEREST

There is no conflict of interest in this article.

CO-AUTHOR CONTRIBUTION

Author1 carried out the field work, prepared the literature review and oversaw the writeup of the whole article. Author 2 wrote the research methodology and did the data entry. Author3 carried out the statistical analysis and interpretation of the results.

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