Public Awareness, Knowledge, and Perception Towards *Takāful* in Afghanistan

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ABSTRACT

The history of insurance in Afghanistan goes back to the 1960s with a recorded 2019 premium volume of USD18.5 million and almost 40,000 policy holders from across the country. Despite this, Afghanistan is among the countries which have not been adopting the *Takāful* business yet. Recently, however, a legal framework for Takāful has been developed, thus it is expected that the Takaful products are going to be launched in the near future in Afghanistan. This study examines the levels of awareness and knowledge of the public towards Takāful in Afghanistan. In addition, public perception has also been investigated to understand how the Afghan public perceives Takāful. The study adopts the quantitative research method through self-administered questionnaire which were distributed to 200 respondents from the public in Afghanistan. The data collected was analysed using Statistical Package for Social Science (SPSS) version 25 and Microsoft Excel. The findings of the research indicated that the knowledge level of the public of Afghanistan on Takāful is relatively good, while the awareness level is in the category of low-middle. It is also found that the majority of the respondents are willing to contribute and subscribe to *Takāful*. Linear multiple regression analysis was used and found that both independent variables, i.e. awareness and knowledge, are statistically significant with 95% confidence in influencing public perception towards *Takāful*. Several suggestions and recommendations for the betterment, development and improvement of *Takāful* in Afghanistan are provided. The findings of this study are expected to provide guidelines for policy makers in Afghanistan as the results may also motivate the financial industry players to promote and develop their Takaful business strategies.

1. Introduction

According to Outreville (2013), insurance is a contract whereby one party, the insurer, undertakes a premium or an assessment to make a payment to another party, the policyholder, or a third party if an event that is the object of risk occurs. The insurance business gets wider and spread almost everywhere in the world. As per the report of Swiss Re Institute (2019), global insurance premiums

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passed the USD5 trillion mark for the first time in 2018. While the insurance has been in practice for a very long time, it is considered as impermissible or *non-ḥalāl* business activity according to the *Sharīᶜah* due to the involvement of usury (*ribā)*, extreme uncertainty (*gharar)*, and gambling (*maysir)*, thus is strictly prohibited in Islam (Malik & Karimullah, 2019). In conventional insurance, there is uncertainty in the subject matter (accident) and price (claim money). The policyholder does not know about the claim's receipt depending on the occurrence of an unprecedented event such as accident or death. Conventional insurance involves gambling where the policyholders pay their premiums fully, however may not claim any of the money throughout the year. On a contrary, a group of clients paid less premium but received the whole amount in case of any misfortune. Conventional insurance companies invest the pooled fund into interest-based businesses, which such activities are contrary to Islamic law (Khan, 2005). As the need to diversify, mitigate and share risk is needed in the society, Islamic scholars have came up with an alternative for conventional insurance by introducing the concept of *Takāful* and it has been accepted among the Islamic countries widely. *Takāful* or Islamic insurance is based on the concept of solidarity, cooperation, and mutual indemnification of losses of a member at the event of an incident (Malik & Karimullah, 2019).

2. Literature review

2.1 Definition and concept of *Takāful*

Takāful attracted the attention of scholars and ordinary people due to its unique characteristic of adopting the *Tabarruʾ* **(**donation) principle in which participants cover one another based on mutual assistance in the event of losses, thus giving relief to the participants at times of difficulty. The adoption of this principle has been approved by the Islamic scholars from time to time in different countries providing such services. The modern *Takāful* or Islamic insurance inception history went back to the 20th century with the first evidence of its adoption was in 1979 in Sudan (Billah, 2014). Since then, *Takāful* business has been showing steady growth. According to the Islamic Financial Services Board (IFSB, 2019), *Takāful* contribution reached USD26.1 billion in 2017. Iran, Malaysia, Saudi Arabia, and the UAE are the major *Takāful* markets, accounting for more than 87% of total contributions in 2017.

The term *Takāful* is derived from the Arabic word "*Kafala*" which means responsibility, guarantee, amenability, or suretyship. Hence, *Takāful* means a joint-guarantee, shared responsibility, shared guarantee, collective assurance, and mutual undertakings (Malik & Karimullah, 2019). Technically, *Takāful* has been defined by many scholars as well as some of the well-known organizations in this respect. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) defines *Takāful as*:

"a process of agreement among a group of persons to handle the injuries resulting from specific risks to which all of them are vulnerable. Thus, a process involves payment of contributions as donations and leads to the establishment of an insurance fund that enjoys the status of a legal entity and has independent financial liability. This fund's resources are used to indemnify any participant who encounters injury, subject to a specific set of rules and a given process of documentation. The fund is managed either a selected group of policyholders or a joint-stock company that manages the insurance operations and invest the assets of the fund, against a specific fee." (AAOIFI, 2015).

The Islamic Financial Services Act (IFSA, 2013) defines *Takāful* as: "…an arrangement based on mutual assistance under which *Takāful* participants agree to contribute to a common fund providing for mutual financial benefits payable to the *Takāful* participants or their beneficiaries on the occurrence of pre-agreed events" (IFSA, 2013).

2.2 Classification of *Takāful*

Takāful can be divided into two types, namely general *Takāful* and family *Takāful*. Also known as non-life *Takāful*, the idea of general *Takāful* (and general insurance) is that it merely deals with tangible assets such as properties, cars, motorcycles, and marines. General *Takāful* is a short-term policy where *Takāful* participants pay contributions and operators undertake to manage the risk. This has to be renewed each year in order to maintain its validity. General *Takāful* is designed to indemnify the insurer against the incident (Alhabshi & Razak, 2011). Meanwhile, family *Takāful* is contrary to the general Takāful in terms of time horizon, usually ranges from 10 to 30 years. It is a long-term policy in which policyholders take cover for their long-term needs, such as their children's education, their pension, and compensation for dependents in the event of death and disability. Family *Takāful* does not insure the life of the person who buys the policy as the conventional life insurance. Instead, it is meant to provide a lump sum payment to the deceased's family to help them survive for some time without much sacrifice in lifestyle (Alhabshi & Razak, 2011).

There are several distinguishing characteristics between *Takāful* and Insurance. Contract-wise, insurance is a contract of exchange whereby the client buys cover from the insurance company by paying an absolute premium (Malik & Karimullah, 2019). On the other hand, *Takāful* is based on the *Tabarru'* (donation) contract in which participants pool their funds in a common fund and indemnify one another if any loss occurs to them. Secondly, *Takāful* is based on the concept of social solidarity, cooperation, brotherhood, and mutual indemnification of losses in the event of losses while in insurance, the company's loss bears according to the agreed terms and conditions of the policy (Hussain & Pasha, 2011). According to (Siddiqui, 1985) three elements in conventional insurance are in contradict with Islamic law (Sharīʿah), namely, Gharar (uncertainty), Māysir (gambling), and *Ribā* (interest). However, Islamic insurance (*Takāful*) is free of the elements as mentioned above. In addition, the premium collected in *Takāful* fund cannot be invested in interest-based or non-permissible activities and businesses but in conventional insurance, there is no such stipulation for the collected fund (Ali et al., 2008). Any underwriting surplus in *Takāful* has to be shared among the participants and *Takāful* Operators (TO's). Meanwhile, in conventional insurance, surplus owns merely by shareholders (Malik & Karimullah, 2019). Lastly, having the Sharīʿah board for the company's supervision purposes one of the primary and main requirements for establishing the *Takāful* company, while there is no such requirement in conventional insurance (Matsawali et al., 2012).

2.3 Awareness level of *Takāful* around the globe

2.3.1 Malaysia

Though *Takāful* has a long history in Malaysia, the level of public awareness and knowledge seemed to be at relatively low level (Hassan et al., 2018). Using the primary method of data collection through the distribution of a questionnaire to 600 consumers in Malaysia shows that out of 503 respondents, 378 persons (or 75.1% of total respondents) are aware of *Takāful*, while 125 (24.9%) have no knowledge at all about *Takāful*. Probing further into the detail aspects of *Takāful*, 45% of the respondents are not aware that the *Takāful* scheme is based on the risk-sharing concept, 33.2% do not know that *Takāful* is free from the elements of gambling (*qimar*), and 38.8 % and 37.2% are not aware that *Takāful* is free from uncertainty *(gharar)* and interest *ribā)*, respectively. Generally, or about 70% of the respondents do know that *Takāful* is a *Sharīʿah* compliant product.

2.3.2 India

India is the second-largest country in terms of population and majority populated Muslim country after China and Indonesia, respectively. The result of a study by (Salman et al., 2017) using a questionnaire design to collect the data from Muslim and Non-Muslim consumers in India found that among 457 Muslims, only 142 of them were aware of the *Takāful*. However, a large number (265 respondents or 58.0%) of them did not know about the *Takāful*. Of the total 452 non-Muslims respondents, almost 85 percent did not know the *Takāful*. The ratio of unawareness of both Muslims and non-Muslims equals 71.3 % of the surveyed population.The study further highlighted that 61.9% of Muslims were aware that conventional insurance deals with interest, uncertainty, and gambling. Similarly, more than 60 percent of Muslims think that insurance should be prohibited based on religious teachings.

2.3.3 Kuwait

GCC countries come in the second position after SE Asia region when it comes to the *Takāful* contribution with around 27 percent of the world total *Takāful* contribution (IFSB, 2019). Another study was conducted by (Shammari, 2015) titled "Indicators of *Takāful* Awareness among Kuwaitis" and collected data through the distribution of questionnaires among more than 600 people indicates that more than half (333) people were not aware of the *Takāful*. However, 307 persons, which equals 48% of the surveyed population, were aware of the *Takāful*. Most of them knew about the Takāful from their friend's word of mouth, which implies that marketing and education on these aspects are of low quality.

2.3.4 United Kingdom

To determine the awareness level of *Takāful* and actual demand for it, Coolen-Maturi (2013) based his research on the UK Muslims. The method of non-probability was used to collect data through self-administered questionnaires from 178 respondents. The research found that there is quite a lack of knowledge of *Takāful* among Muslims, and about half of them are unsure if it is even compliant with *Sharī'ah*. Nonetheless, there is a real demand for *Takāful* in the UK. The results also show that respondents prefer *Takāful* provided by banks rather than being approached by operators of *Takāful*, and the use of Arabic terms in *Takāful* products was also favored to distinguish between conventional and Islamic insurance and attract more Muslims in the UK.

2.3.5 Pakistan

According to Worldmeter (2020), Pakistan is the 5th most populous country globally, with 97% of the population is Muslim. Five fully dedicated companies are offering *Takāful* products and services, both general and family *Takāful*. Also, experts believe that Pakistan has excellent potential for *Takāful* (Dawood, 2014). Moreover, a study was conducted in the Peshawar state of Pakistan by (Khan, Malik, & Muzaffar, 2016) using a self-administered questionnaire as a data collection method distributed to 150 respondents, which shows that most of them were unaware of *Takāful*. However, another research conducted in 2016 among three big cities of Pakistan (Peshawar, Lahore, Karahi) by Iqbal et al. (2016) among 100 respondents found that the majority of them have awareness about *Takāful*, and they are confident that the offering of *Takāful* companies are in line with Islamic law.

2.4 Identification of research gaps

The *Takāful* industry does not exist in Afghanistan. While the Takāful industry's legal framework is being drafted, this business will soon start its operation in the market. Therefore, this study aims to examine the awareness level of the public towards Takāful empirically. In addition, it will also determine the knowledge level as well as investigate the public perception towards *Takāful*. Hence, the study will benefit the adaptation of *Takāful* in Afghanistan.

3. Methodology

Research design is the framework of the research method and techniques chosen by the researcher. According to Akhtar (2016), the research design is the structure of research that holds all the elements in a research project or a proposed research work plan. Moreover, quantitative research has defined by Matthews and Liz (2010) that the research method which deals with the numerical data is called quantitative research methodology. Since there is no published research about the *Takāful* in Afghanistan, the researcher has adopted a quantitative method to achieve the study's objectives and answer his research questions. Primary and secondary data have been used for this study. Primary data is also known as raw data which is gathered from its genuine sources through surveys, observations, face to face interviews, experiments etc. On the other hand, secondary data is the predominant data regarding a topic. Secondary data is a form of data that has been published in any form such as books, records, biographies, articles etc. This type of data is mostly used in the literature of research (Kabir, 2016). Hence, this research also used secondary data to gather relevant literature about the topic to be conducted effectively and efficiently.

In terms of sample size, depending on the population size, the appropriate sample size is more than 30 and less than 500 (Sekaran, 2000). Saunders et al. (2009) argued that 150 and above of sample size is enough for a meaningful statistical analysis. Hence, in this research, the researcher distributed a self-administrated questionnaire formatted in google documents to the public of Afghanistan through social media and electronic platforms and collected data from 200 respondents who are found usable for analysis.

Since this study's research method is quantitative, it needs statistical tools such as Statistical Package for Social Science (SPSS) and Microsoft Excel to analyze the collected data. For the data collected through a self-administered questionnaire form, descriptive analysis is used to describe the data's key features. Descriptive analysis summarizes the collected data quantitatively, and it will help the researcher identify its population of interest (Matisse, 2010). The researcher utilized SPSS software 25 version to analyze the descriptive statistics of the respondent's information provided in the first section of the questionnaire. Multiple regression analysis according to (Kaya & Gular, 2013), "regression analysis is performed to determine the correlation between two or more variables having cause-effect relation and to make predictions for the topic by using the relation".

The analysis using more than one independent variable and one dependent variable is multivariate or multiple regression analysis (Tabachin & Fidell, 1996). Looking into the study's theoretical or conceptual framework, there are two independent and one dependent variable, awareness and knowledge and public perception towards *Takāful* in Afghanistan, respectively. Multiple regression in this study will explain or predict how the dependent variable (public perception towards Takāful in Afghanistan) depends on the independent variables (Awareness and Knowledge). This study's objectives are being achieved by multiple regression analysis and found suitable and appropriate. The regression equation for this study is as follows:

$$y=\beta 0+\beta 1x1+\beta 2x2 +u$$

where:

Y as the dependent variable = Public perception towards *Takāful* in Afghanistan

β0= Intercept or constant

X1= Awareness

X2= Knowledge

μ= Error

4. Finding and discussion

4.1 Demographic profile of respondents

The demographic profile of the respondents is depicted in Table 1. It comprises gender, age, marital status, education level, occupation, and finally, the monthly income of the research's targeted population. Moreover, SPSS version 25 is used to measure frequency and percentage. The result shows that men dominate women at 89%, representing 178 out of 200 respondents, while this number stands for women at 22 and constitutes 11 percent of the total. According to (NSIA, 2018-2019.) the number of women in Afghanistan is less than men. For the respondents' age distribution, it can be seen from the table that the most prominent group belongs to the age from 20-30 years, being 71% of the total respondents with a total frequency of 178. The second most prominent age group is 31 to 40, representing 25% of the survey respondents. Also, respondents aged from 41-50, 51-60, and 60 above years constitute the low of respondents with the percentage of 3%, 0.5%, and 0.5%, respectively. The elderly's group's low contribution could be since the questionnaire was distributed through electric and social media platforms, they might not be exposed or familiar with online methods. In terms of categorizing marital status, a prominent number of respondents are married, being 62.5% of the total respondents with a frequency of 125.

On the other hand, a total frequency of 75 people being 37.5 percent reflects the single respondents. For the educational level of respondents, half of them holds bachelor's degree. A total of 100 out of 200 respondents comes into this group, and it constitutes 50% of the respondents. The second highest group with a total frequency of 85 stands for respondents who hold master's degree (42.5%), followed by Ph.D., which out of 200 respondents, only eight people hold it. Eventually, there are merely seven respondents representing 3.5% of the total who hold secondary school and diploma, which are lower than bachelor's degrees. It indicates that respondents are well educated, and the level of education is right.

Table 1. Profile of respondents

Description	Category	Frequency	Percentage (%)
Gender	Male	178	89.0
	Female	22	11.0
Total		200	100
Age	20-30	142	71.0
	31-40	50	25.0
	41-50	6	3.0
	51-60	1	0.5
	60 Above	1	0.5
Total		200	100
Marital Status	Single	75	37.5
	Married	125	62.5

Total		200	100
Education Level of Respondents	Secondary School	2	1.0
	Diploma	5	2.5
	Bachelor's degree	100	50
	Master's degree	85	42.5
	PhD	8	4.0
Total		200	100
Occupation of Respondents	Public Sector	9	4.5
	Private Sector	46	23
	Self-employed	21	10.5
	Unemployed	59	29.5
	Student	65	32.5
Total		200	100
Monthly Income of Respondents	Less than 200 USD	50	25.0
	201-500 USD	79	39.5
	501-800 USD	27	13.5
	801-1100 USD	18	9.0
	1100 Above USD	26	13.0
Total		200	100

In term of the occupation of the respondents, it can be seen that most of them are a student who represents 32.5% followed by unemployed respondents with a percentage of 29.5% out of the total. It is also evident from the table that 46 of them work in the private sector, representing 23% of the total. Meanwhile, only nine respondents out of 200 work in the public sector. A total of 21 out of 200 representing 10.5% of the total reflects self-employed respondents. The final observation is the monthly income of respondents. More than one-third of them (39.5%) earn between USD201-500 per month, and with 50 people representing 25% of the respondents, the second group earns less than USD200, followed by 27 respondents, or 13.5% of the total earn fall into the group who earn between USD501-800. A small number of respondents, 18 persons, earn between USD801-1,100. Lastly, only 26 respondents representing 13% of the total, earn above USD1,100 per month.

4.2 Knowledge level on *Takāful*

The level of knowledge and understanding level of *Takāful* among the respondents are shown in Table 2. Based on the table, it is evident that a large number of respondents consisting of 141 people, or 70% of the total agree that *Takāful* is Islamic insurance. It can be supported by the fact that (72%) of the respondents agree that *Takāful* operations are compliant with the Islamic law or the Sharīʿah. Similarly, 65% of the respondents believe that *Takāful* is free of interest, uncertainty, and gambling. However, there are still a small number of respondents who think otherwise.

Meanwhile, many respondents who are not sure of mentioned questions stand at 17.5%, 16.5%, and 18.5%, respectively. Regarding the types of *Takāful*, 63.5% of the respondents know that it has two types, namely, general and family *Takāful*, while 24% of them are not sure and a tiny number (4.5%) do not agree with it. Moreover, in terms of products of general and family *Takāful*, respondents showed good knowledge with almost 65% and 68% positive responses. On the other hand, those who disagree with the former (general Takāful products) and latter (family Takāful products) recorded a small percentage with about 10 and 11.5 percent of the total. In addition, the ratio for those who are not sure stands at more than 20%. Finally, in response to the concept of risk-sharing in *Takāful*, most respondents (62.5%) believe that risk is shared mutually in *Takāful*. On the contrary, 16.5% of respondents disagree, and above 20% of them are not sure whether the risk is shared

mutually or not.

Table 2. Respondent's knowledge level on *Takāful* in Afghanistan

Questionnaire	Strongly Disagree		Disagree		Not Sure		Agree		Strongly Agree	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
Islamic Insurance is knowns as *Takāful*.	11	5.5	13	6.5	35	17.5	38	19.0	103	51.5
Takāful operations comply with Islamic law (Sharīʾah).	9	4.5	11	5.5	33	16.5	47	23.5	100	50
Takāful is free from interest, uncertainty and gambling which these three characteristics make it different from conventional insurance.	4	2.0	8	4.0	37	18.5	53	26.5	98	49.0
There are two types of *Takāful* namely, general and family *Takāful*.	9	4.5	16	8.0	48	24.0	33	16.5	94	47
General *Takāful* is non-life insurance which covers motor, fire, marine ...etc.	11	5.5	11	5.5	48	24.0	45	22.5	85	42.5
Family *Takāful* is life insurance which is consist of protection policy, education and annuity.	9	4.5	14	7.0	41	20.5	49	24.5	87	43.5
Takāful participants mutually share the risk.	16	8.0	17	8.5	42	21.0	38	19.0	87	43.5

4.3 Awareness level on *Takāful*

Almost 50% of the respondents are unaware that the legal framework for *Takāful* has already developed by the Ministry of Finance (MoF) and Central Bank of Afghanistan known as "Da Afghanistan Bank" (DAB), followed by 21% of the respondents are not sure of the development of the legal framework. In contrast, only 32% of the respondents are aware of the mentioned matter. Similarly, in terms of the inauguration of *Takāful* products, 103 people, representing 51.5% of the total, are unaware. Meanwhile, this ratio stands at 26% and 22.5% for not sure and aware respondents, respectively. In regards with the supervision of the *Sharīʾah* board of *Takāful* company on its products, 39% of respondents, representing 78 persons out of the total respondents believe that their products have been monitored through *Sharīʾah* scholars in the company's board. However, people who are not sure about this process recorded at 22%, while most respondents (41%) are opposed to the above statement. A total of 90 out of the 200 respondents, representing 45% of the total, agreed that both Muslim and non-Muslim could be benefitted from *Takāful* products. In the meantime, 21.5% representing 43 people of the respondents, are not sure whether both mentioned parties can utilize it or not. In addition, one-third (33%) of respondents believe that it is not usable for both believers and disbelievers.

Table 3. Awareness level of respondents on *Takāful* in Afghanistan

Questionnaire	Strongly Aware		Unaware		Not Sure		Aware		Strongly Aware	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
Legal framework for *Takāful* has developed and drafted by the Ministry of Finance and Central Bank of Afghanistan (DAB).	68	34.0	27	13.5	42	21.0	30	15.0	33	16.5

	Fr %	Fr %	Fr %	Fr %	Fr %
Takāful products soon will be inaugurated.	74 37.0	29 14.5	52 26.0	28 14.0	17 8.5
Takāful company activities will be monitored by the Sharīʿah Board of the company to ensure their operations are Sharīʿah compliant.	53 26.5	25 12.5	44 22.0	39 19.5	39 19.5
Takāful products can be utilized by Muslims and non- Muslims.	47 23.5	20 10.0	43 21.5	30 15.0	60 30.0

4.4 Perception towards *Takāful*

In recognition of *Takāful* being ḥalāl business activity, almost 70%, representing 141 respondents perceive Takāful as a *ḥalāl* and *Shariah*-compliant activity (Table 4). However, 23 out of 200 respondents oppose the mentioned statement. It is to be highlighted that 18% of the total are not sure whether Takāful is permissible or otherwise from the perspective of *Sharīʿah*. Also, a good number (57%) of respondents willing to contribute to this scheme, and the second biggest group, with around 26 percent, have not decided yet. Sadly, 17% chose not to contribute to the *Takāful* scheme at all. Moreover, 47% of the respondents think that payment will not be expensive regarding premium contribution. In contrast, only 15.5 percent believe that the premium for Takāful will be high and costly. Meanwhile, 37% of the respondents are not sure whether it will be cheap, fair, or expensive. Similarly, in response to the question, whether each of the respondent's family member should have their *Takāful* coverage, it can be seen that the percentage for those who agree stands at (45.5%) as well as (36.5%) and (21%) represent not sure and disagree, respectively. Lastly, almost two-thirds (125 out of 200) believe that *Takāful* will help mitigate their financial losses, while only 12.5% think of the opposite. In the meantime, 50 out of 200, representing 25% of the total respondents, are unsure about the halal status of the *Takāful* product .

Table 4. Respondent's Perception Towards *Takāful*

Questionnaire	Strongly Disagree		Disagree		Not Sure		Agree		Strongly Agree	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
Takāful is ḥalāl business activity.	10	5.0	13	6.5	36	18.0	38	19.0	103	51.5
Will you be taking coverage from*Takāful*?	19	9.5	15	7.5	51	25.5	42	21.0	73	36.5
The payment of *Takāful* contribution will not be expensive.	18	9.0	13	6.5	74	37.0	41	20.5	54	27.0
Do you think every member of your family should have their own *Takāful* coverage?	24	12.0	18	9.0	73	36.5	31	15.5	54	27.0
The *Takāful* coverage will reduce the risk of financial losses.	11	5.5	14	7.0	50	25.0	51	25.5	74	37.0

4.5 Multiple regression analysis

Multiple Regression Analysis (MRA) is the most common instrument used to determine and evaluate the relationship between a dependent and more than one independent or explanatory variable. This research adopted MRA as a tool to determine and evaluate the relationship among the dependent variable (public perception towards *Takāful* in Afghanistan) and the two independent variables, namely knowledge and awareness.

Table 5. Summary of regression analysis.

Model	R	R-square	Adjusted R-square	Std. Error of the Estimate
1	.523ᵃ	.274	.266	.79048

Predictors: (Constant), Knowledge, Awareness
Dependent variable: Public perception towards *Takāful* in Afghanistan

Table 6 above denotes the results for the multiple regression analysis done for this particular study. In model (1), R represents the coefficient of correlation, and it indicates the relationship between the dependent and independent variables. The results from the regression analysis showed that the value of R is equal to 0.523 which means that the dependent variable (public perception towards *Takāful* in Afghanistan) has a positive relationship with two independent variables of the study: knowledge and awareness. R-square value equals 0.274, and it shows the overall amount of variance in the dependent variable, which is explained by all independent variables collectively. In this respect, 27.4% of the independent variable variation (public perception) is accounted for by the independent variables, namely knowledge and awareness.

The following Table 6 elaborates the ANOVA analysis of variance following the regression results. ANOVA test implies the significance of an experiment or a survey. The ANOVA test signifies the authenticity and dependability of the statistical model used in this particular study to find the relationship among the dependent and independent variables, which are public perception towards *Takāful* in Afghanistan, knowledge, and awareness.

Table 6. ANOVA analysis of variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.359	2	23.179	37.095	.000ᵇ
	Residual	123.097	197	.625		
	Total	169.455	199			

Dependent Variable: Perception
Predictors: (Constant), Knowledge, Awareness

The F value of 37.095 and p-value(sig) of .000 denote the authenticity of the statistical calculation and significance of the relationship among both dependent and independent variables. Furthermore, in multiple regression analysis, coefficients show how much the dependent variable is expected to increase when one unit's independent increase. According to (Frost, 2013) the sign of a regression coefficient shows the positive or negative relationship among the dependent and independent variables.

Table 7. Coefficient of Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.173	.297		3.949	.000
	Awareness	.103	.049	.129	2.095	.037
	Knowledge	.557	.071	.485	7.855	.000

Dependent Variable: Perception
Predictors: (Constant), Knowledge, Awareness

As shown in Table 7, each independent or predictor variable's contribution to the dependent variable's outcome and the level of significance is analyzed through unstandardized coefficient Beta

and probability (Sig). The value of (t) and (sig) denote the impact or influence of the predictors (independent variables) on the dependent variable. From the test results, it can be seen that the unstandardized coefficient beta of dependent (constant) indicating the public perception towards *Takāful* in Afghanistan stands at 1.173 level while the independent variables (knowledge and awareness) are held at zero. Moreover, from table 4.8, it is evident that knowledge has a considerable contribution towards explaining the outcome of the criterion or dependent variable. The unstandardized coefficient beta and standardized coefficient beta values for knowledge variable are .557 and .485, indicating that for every unit increase (change) in the knowledge (independent variable), there will be a 55.7% increase in public perception towards *Takāful* in Afghanistan. Also, any increase (change) in the standard deviation of the knowledge variable will cause 48.5 percent in the public's standard deviation towards *Takāful* in Afghanistan. Likewise, the awareness (independent variable) will also cause an increase by 10.3% increase (change) in the dependent variable (public perception) for every unit change in the independent variable (awareness). In this study, the statistical significance for all variables measured at a 5% level. According to (Hair, 2014), the statistical significance probability value is 0.05 or less and above 0.05 considered statistically insignificant. The figures in table 4.8 illustrate that both knowledge and awareness are statistically significant at five percent level since the (sig) value stands at .000 and .037 for knowledge and awareness, respectively. It means that both independent variables (knowledge and awareness) make a statistically significant contribution in explaining the outcome of the dependent variable (public perception towards *Takāful* in Afghanistan). Also, public perception towards *Takāful* in Afghanistan is significant at the constant level with an unstandardized beta value of 1.173.

5. Conclusion

Knowledge and awareness could be two critical factors for developing an idea or concept. It is discussed in chapter two (literature review) that a low level of knowledge and awareness caused a low penetration rate of *Takāful* around the globe (Benraheem, 2020; Hidayat, 2015; Khan et al., 2016; Salman et al., 2017; Hassan et al., 2018). Therefore, this study aimed to examine the awareness and knowledge on public perception towards *Takāful* in Afghanistan. This study adopted a quantitative method to achieve the objectives of the study thoroughly, and for the data collection, primary data was deemed to be gathered from the public of Afghanistan. The study's target population was 200 respondents from across the country and the primary data collected mainly through an online platform. All the responses collected were found usable for analysis purposes.

For the respondents' demographic profile, 89% of the respondents are men, while only 11% are women. Age-wise, majority of the respondents are in the 20-30 years old category, representing 71% of the total respondents. Educationally, 50% of the respondents are Bachelor's degree holders, followed by 42.5% are holders of master's degree, while the balance 7.5% of them have secondary and Ph.D. degrees. In terms of occupation, the largest number of respondents are students (accounting for 33% of the total respondents) and 29% of them are unemployed. The number of public sector workers is only 9 out of the 200 respondents, while this number stands 46 for private-sector employees. Regarding the respondents' monthly income, 39.5% earn between USD201-500, which can be defined as low-medium income

To learn about the respondents' knowledge level on *Takāful* seven questions were asked in the questionnaire. The study finds that a significant percentage of respondents (65%-70%) agreed with the concept of *Takāful* and *Sharīᶜah* compliant activity and is free of interest, Gharar (excessive uncertainty), and gambling. This means that the majority have good knowledge in this respect. Also, 63.5% are familiar with the types of *Takāful,* namely, general and family *Takāful,* and in terms of their

products, 65% to 68% of them are aware of it. Finally, around 63% of the respondents believe that risk is shared mutually among the *Takāful* scheme's policyholders.

For awareness, only 32% of the respondents know that the legal framework has been drafted by the Ministry of Finance and the central bank (DAB) of Afghanistan. 103 out of 200 respondents are unaware that soon *Takāful* products will inaugurate in Afghanistan. Regarding monitoring the company's activities and operation by the Sharīʿah board, 78 respondents out of 200 agreed, while others were not sure and disagreed. Lastly, 45% are aware and have knowledge that *both Muslim and non-Muslim can utilize Takāful products*.

Regarding public perception towards *Takāful*, fortunately, 70% of the respondents perceive *Takāful* as ḥalāl business activity, and 57% are willing to contribute in *Takāful*, once it gets started in Afghanistan. In addition, 47% of them agreed that each family member should have their *Takāful* coverage. Similarly, 47% of the respondents are of the view that the premium contribution will not be costly for them. Last but not least, 125 out of the total 200 respondents (or 62.5%) believe that *Takāful* coverage will be able to mitigate their financial losses risk.

6. Recommendations

Knowledge is the crucial element for the development of a person or a society. Although the findings on the level of knowledge towards Takāful among the public in Afghanistan are relatively good, it should still be enhanced further. Various techniques could be used to increase the level of knowledge in this respect. Among others, this research suggests that the authorities to develop the undergraduate level curriculum and include the *Takāful* as a mandatory subject for students of Economics, Islamic Studies (*Sharīʿah*) and Law in universities in Afghanistan. To raise awareness about the *Takāful,* both government and its authoritative organizations like the Ministry of Finance and central bank are obliged to advertise and publicize *Takāful* to all the stakeholders. Media and social media are appropriate platforms to raise the awareness of *Takāful* in society since people are using these more frequently nowadays. Hence, it is advised to the relevant agencies to use governmental media, including TV, radio and social media such as Facebook, Twitter, and Instagram for the publicity of *Takāful*. On the industry front, the *Takāful* companies or windows in Afghanistan need to collaborate with the renowned *Takāful* companies worldwide to leverage on their experience and expertise, and subsequently contextualize it in accordance with the environment of the Afghan society to promote and enhance the *Takāful* sector in Afghanistan.

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