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PERCEPTION AND INTENTION TO PARTICIPATE IN MICROTAKAFUL SCHEME AMONG INDONESIANS: AN APPLICATION OF AJZEN'S THEORY OF PLANNED BEHAVIOR

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ABSTRACT

This study examines the intention of Indonesian Middle of Pyramid (MOP) and Botton of Pyramid (BOP) and their intention to participate in microtakaful products. The study develops an extended theory of planned behavior (TPB) model and uses structural equations modelling (SEM) to analyze data gathered from 428 respondents. Responses are obtained through a combination of online surveys and traditional paper-based distribution of questionnaires. The findings show that there is a high intention to participate in microtakaful among the respondents, with the subjective norm, price, and knowledge having positive influences on the intention to participate in microtakaful products. Meanwhile, compatibility is shown to have a positive influence on the attitude toward microtakaful, and normative belief has a positive influence on the subjective norm. However, the result shows that relative advantage has a negative influence on the attitude toward microtakaful, and attitude and price show a negative influence on the intention to participate in microtakaful products. Generally, there is a positive intention toward microtakaful among the respondents; however, knowledge and pricing are important factors that hinder the development of the microtakaful industry in Indonesia. These findings provide valuable information for the Indonesian microtakaful market and other Islamic micro institutions.

Keywords: Microtakaful, TPB, Indonesian BOP & MOP, Intention.
JEL classification: G21; G22.

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I. INTRODUCTION

Poverty is one of the biggest hindrances to human growth worldwide; owing to the fast rise in poverty, the lives of thousands of people are becoming increasingly wretched. Muslim countries, on the other hand, have been hit harder by poverty than many other countries (Saiti, Dembele, & Bulut, 2021). The number of poor people is still high in many Organization of Islamic Cooperation (OIC) countries, according to a study from the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC) (OIC). Sub-Saharan Africa and Asia, in particular, account for over half of all poor people in developing countries (COMCEC Poverty Outlook, 2019).

Indonesia, being one of the Organization of Islamic Cooperation (OIC) member countries, has the world's largest Muslim population. Nevertheless, Indonesia is one of the countries that is currently struggling to keep poverty under control. According to the most recent data from the Indonesian Central Statistics Agency (BPS), the number of poor people in Indonesia is 27.54 million as of March 2021. This figure grew by 4.2 per cent as compared to March 2020. Although Indonesia has achieved remarkable results in its poverty reduction efforts, where the poverty rate has fallen by more than half since 1999 to only around 10% by March 2021 (World Bank), this figure remains dangerously high compared to neighboring countries and other developing countries. Therefore, continuous and more serious efforts need to be undertaken to overcome the poverty issue in Indonesia.

Those who are in poverty are very vulnerable to various risks. While the poor and the non-poor may face the same risks, e.g. death, illness or injury, property loss, natural disaster, etc., the non-poor have access to formal insurance schemes and thus have a lower financial impact. However, the vast majority of people living in poverty have only limited or no access to basic financial services, such as insurance, and this is especially true for the elderly. Moreover, because most poor people lack access to formal insurance schemes, they must manage risk with their own resources, often through the use of informal mechanisms such as selling assets, making out-of-pocket payments, or borrowing. As a result, the poor may become even more vulnerable to risks in the future (Hasim, 2014). Therefore, it is essential to have financial products to support the poor from the various risks.

Many articles agree that microtakaful is one of the best initiatives created for those at the lower end of income (Ahmed, 2016; Rom & Rahman, 2012; Bakhtiari, 2013; Hasim, 2014; Irwani, 2021). Specifically designed to protect the poor, microtakaful has been developed to protect those who are generally excluded from public and private insurance schemes. In addition, microtakaful is so essential where the financial institution cannot do any financing without it, so it helps fill an important gap in microfinance in terms of the availability of security/collateral needed for the poor segment on the one hand, which represents an impediment to access to finance, and providing adequate security to financing institutions against the risk of default on the other (Ahmed, 2016). Moreover, microtakaful can motivate financial institutions to fund this category, contributing to poverty reduction on the one hand and transforming a significant number of the unemployed poor section into a working-class and well-off segment on the other. This will decrease the state's obligation to offer financial aid to this category perpetually (Serap, 2013). Hence, microtakaful will serve to guarantee loan lenders

while also spreading a culture of social responsibility, limiting economic risks and assisting in the abolition of poverty.

Given how essential microtakaful is for the poor, this article's motivation is based on the fact that Indonesia's poverty rate is still high and that the country has a large population of poor people who are extremely vulnerable to a variety of risks, making it very challenging for this group to escape poverty. On the other hand, microtakaful can be one of the instruments used to assist the poor in surviving the poverty cycle by protecting them from a variety of risks. The microtakaful can also serve as a supporting product for other kinds of micro institutions.

The research on micro institutions, particularly microtakaful in Indonesia, is still scarce as compared to studies on other Islamic financial organisations. Therefore, this article attempts to fill the gap by focusing on poor people's intentions toward microtakaful. The objective of this research is to assess how Indonesian MOP and BOP consumers view microtakaful products. Hence, this study attempts to examine the developed TPB model to explore the factors that affect Indonesian MOP and BOP and their intention to participate in microtakaful products, which in return may be beneficial to the Islamic micro institutions and microtakaful in particular.

II. LITERATURE REVIEW

In recent years, research on the takaful and insurance industry has not been as active as research on banking. Consumer behavior research related to the takaful sector still requires a lot of attention from academics. The perception of customers is another part of consumer behavior. Customers' perceptions are recognized as a critical aspect in the effective growth of the takaful sector across the world. Some studies have been dedicated to better understanding this sector, such as Ishak (2017); Khairi, Laili, & Kamarubahrin (2020); Khan (2006); Shabiq & Hassan (2016); Haji Wahab (2018); and Mohamed (2017). Furthermore, consumer behavior research would considerably assist the takaful industry in understanding market circumstances and customers to remain competitive in the market, particularly with conventional insurance.

Given the geographical and market circumstances in Indonesia, which has a Muslim majority, research on customer perceptions is particularly relevant. Unfortunately, research on customer perception in the takaful business in Indonesia is still relatively sparse. As a result, there is still a significant need to study customer perception and patronizing behavior in Indonesia. However, this study will concentrate on microtakaful, which is a method for providing Sharia-based protection to the impoverished and underprivileged at a low cost (Aimi, 2017). This is based on the high poverty rate and a high number of the poor in Indonesia, as evidenced in Yusoff, Roslan, & Arifin (2020), who declare that the country with a Muslim majority is poorer on average than other countries.

2.1. The Concept of Takaful and Microtakaful

Takaful is derived from the Arabic word "kafala," which signifies mutual guarantee. The Islamic Financial Services Act of 2013's Section 3 states that takaful

is based on mutual aid, whereby takaful participants agree to make contributions to a fund that provides financial benefits to them or equivalent beneficiaries in the event of a particular event (Ahmad & Lukman, 2017).

When something is described as "micro," it is "fine" or "small." A takaful product specifically created to provide financial security to low-income households is characterized as takaful integrated with micro (Yusoff, Roslan, & Arifin, 2020). A practical alternative that enables the poor to own a takaful policy is micro-takaful. It is a low-cost and Sariah-compliant protection scheme created especially for the disadvantaged group of the population, known as the impoverished (Yusoff, Roslan, & Arifin, 2020).

Islamic microinsurance, also known as microtakaful, is a form of takaful product created to address the financial demands of low-income households in order to help them deal with large expenses or as a temporary or partial relief for unforeseen financial struggles. It is somewhat comparable to microinsurance but differs from takaful in terms of the features of the product, and it is reasonably priced for the target market, and easily accessible. Micro takaful, which has been created to help those at the bottom of the income and social pyramid, covers low-risk situations in contrast to traditional takaful (Ishak, 2020). Microtakaful also has a lot of potential for uncovering untapped markets, such as a huge low- and lower-middle-income segment that is typical of most Muslim nations. Additionally, the development of micro takaful is to alleviate poverty and help low-income groups get takaful security against monetary hazards and long-term life insurance for their members (Bank Negara Malaysia 2004).

2.2. Microtakaful as a Tool Poverty Alleviation Tool

Access to insurance is frequently mentioned as an important tool for reducing poverty. According to Cohen and Sebstad (2005), poor households are not only aware of their vulnerability to hazards but are also willing to pay to be protected from it. However, because the rates are excessively high, both social insurance programs and the commercial insurance sector frequently overlook or underserve the poor. Furthermore, Cohen and Sebstad (2006) further argue that providing assistance in the form of insurance is considerably superior to cash allocation for social security. People living in poverty can improve their livelihoods and move themselves out of poverty by having better access to insurance.

Moreover, Hasim (2014) states that microtakaful is one of the ideal solutions for the poor to cover their risk because it is affordable and reasonably priced. Additionally, Abdullah (2021) mentions that microtakaful is one of the important methods for eradicating poverty. Hence, Microtakaful plays a number of crucial functions in supporting vulnerable groups, including as poverty alleviation tools, as a mechanism to provide Sharia-based protection to the poor, as a tool to promote financial inclusion, and as a supporting product of other micro institutions.

2.3. The Theory of Planned Behavior

The theoretical framework of the research is developed based on consumer behavior. Walters and Paul (1970) present the first formal description of consumer

behavior in their book "Consumer Behavior: An Integrated Framework" (Shabiq & Hassan 2016). It outlines the decision-making process of consumers in which they determine what to purchase, where to buy, when to buy, how to buy, and from whom to acquire products and services. This process demands both physical and mental efforts (Walters & Paul, 1970). As a result, some of the essential theories and models of intention behavior are needed to determine if they are relevant to the current study of variables influencing microtakaful adoption in Indonesia. Various intention-behavior theories are often used in testing consumer behavior towards consumer intentions for specific actions, such as the Theory of Reasoned Action (TRA) developed by Fishbein & Ajzen (1975), Theory of Planned Behavior (TPB) developed by Ajzen & Fishbein (1980), Technology Acceptance Model (TAM) developed by Davis (1989), Innovation Diffusion Theory developed by Everett M. Rogers (1995), and Attitude-Self influence-Efficacy model (ASE) developed by Vries and Mudde (1998). TPB or the Theory of Planned Behavior is the most suitable model for this research. Figure 1 shows Ajzen's Theory of Planned Behavior model developed in 1991.

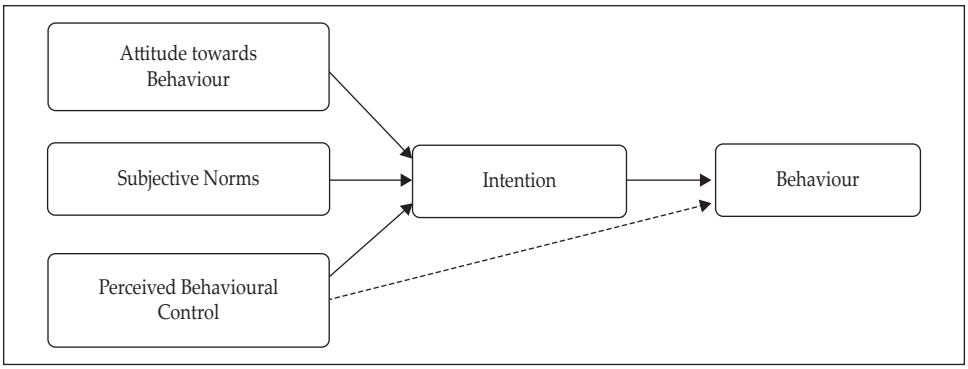


Figure 1.
Ajzen's Theory of Planned Behavior

The theory of planned behavior (TPB) has recently emerged as one of the most prominent and widely used conceptual frameworks for studying human behavior (Shabiq & Hassan 2016). This model has also served as the foundation for various research in financial services, including Islamic banking, alms, and conventional insurance (Md Husin & Ab Rahman, 2016; Razak et al., 2018; Shabiq & Hassan, 2016). In addition, several academics in the takaful industry have utilized the TPB model to analyze consumer behavior toward Islamic insurance or takaful products and services. However, when it comes to the microtakaful industry, only a few research analyze the consumer behavior towards microtakaful products and services, especially in the Indonesian micro-market. Razak et al. (2018) investigate consumer behavior towards microtakaful products. Razak et al. (2018) apply all three factors of Ajzen's Theory of Planned Behavior on the Participation of Micro-Entrepreneurs in Microtakaful. The findings reveal that attitude, subjective norms and perceived behavioral control factors have significantly influenced the tendency of micro-takaful participation. As a result, the current study is important for filling

gaps in research on microtakaful in general and micro-takaful in Indonesia in particular.

2.4. The Decision to Participate in Microtakaful Products

2.4.1. Relative Advantage towards Attitude

Relative advantage is one factor of the deconstruction of behavioral beliefs by Taylor & Todd (1995) in determining attitude. According to Rogers (1983), the relative advantage is the degree to which an innovation is shown to deliver benefits that replace those of its predecessor. Some researchers have found that relative advantage has a considerable influence on behavior attitudes (Teo & Pok, 2003; Shih & Fang, 2004; Moons & De Pelsmacker, 2015). Therefore, based on the extant literature, it is hypothesized that:

H1: Relative advantage has a positive influence on the attitude toward microtakaful.

2.4.2. Compatibility towards Attitude

Compatibility is another factor in the deconstruction of behavioral beliefs by Taylor & Todd (1995) in determining attitude. Compatibility refers to the degree to which the innovation is regarded to be compatible with potential adopters' existing beliefs, prior experiences, and present demands (Roger, 2003). Some studies (Teo & Pok, 2003; Echchabi & Azouzi, 2015) have shown a positive effect of perceived compatibility on attitude toward behavioral intention. Therefore, the hypothesis is:

H2: Compatibility has a positive influence on the attitude toward microtakaful.

2.4.3. Attitude toward Intention

Attitude is one of the factors of an individual's intention to explain behavior in the TPB theory. Based on the Theory of Planned Behavior (TPB), the most critical determinant of a person's behavior is the intention to behave (Azjen, 1991). Ibrahim et al. (2017) discover a significant relationship between attitude and clients' desire to adopt a sharia-based house finance product. Razak et al. (2018) also discover that customers' attitudes regarding nutrition labels on healthy food choices among consumers in Malaysia impact their tendency to purchase healthier meals. From the takaful industry, Maizaitulaidawati and Asmak (2016) reveal that attitude has a favorable and substantial effect on an individual's desire to join a family takaful scheme. Shabiq & Hassan (2016) discover that attitude has a significantly positive impact on takaful adoption in the Maldives. Therefore, the hypothesis is:

H3: Attitude has a positive influence on the behavioral intention to participate in microtakaful products.

2.4.4. Normative Belief towards Subjective Norm

Normative belief describes the subjective norm in the TPB theory. Normative belief is the expectation to behave in accordance with the expectations of those we hold in high regards, such as family members, community leaders, peers, and so on (Ajzen, 2012). Some previous studies have shown that normative belief positively influences the subjective norm. Aziz & Afaq (2018) discover that normative belief positively impacts subjective norms. Similarly, in a study conducted in Tunisia by Echchabi and Azouzi (2015), the variable is found to have a substantial and favorable impact on the subjective norm. This is also the finding of Maulana et al. (2018) in their study on behavioral intentions to implement Islamic microfinance in Indonesia. Therefore, the hypothesis is:

H4: Normative belief has a positive influence on the subjective norm.

2.4.5. Subjective Norms toward Intention

Subjective Norms are another factor of an individual's intention under TPB Theory. Subjective norms are defined as the impact of social pressure from other people on an individual's attitude (Ajzen, 1991). Previous studies have shown that subjective norms are a significant predictor of an individual's intentions. Hanudin Amin (2012) discover that subjective norms are the key variable influencing students in Labuan to purchase takaful products. Razak et al. (2018) finds that subjective norms significantly influence the likelihood of microtakaful involvement. Khairi, Laili, & Kamarubahrin (2020) find a strong significant connection between subjective norms and consumer intention to use the takaful scheme for mental health illnesses among Malaysian consumers. Therefore, the hypothesis is:

H5: Subjective Norm has a positive influence on the behavioral intention to participate in microtakaful products.

2.4.6. Price toward Intention

Prices are the amount that clients pay for the product or services (Kotler & Keller, 2012). Pricing is the most crucial factor influencing consumers' choice to buy a particular product or service (Smith & Carsky, 2016). Previous studies show that price has a positive influence on intention to behave. Subhani et al. (2012) reveal that from 10 analyzed factors, the price factor has a significant effect and has become the essential factor in choosing Islamic banks. Similarly, Idris et al. (2011) find that price significantly affects customers patronizing Islamic Bank. Moorthy, Senthil Kumar & Haresh (2014) reveal that pricing variables significantly influence customers' perceptions of purchase decisions. Mohamed (2017) finds a significant relationship between insurance price and the selection of takaful in Kenya. Therefore, the hypothesis is:

H6: Price has a positive influence on the behavioral intention to participate in microtakaful products.

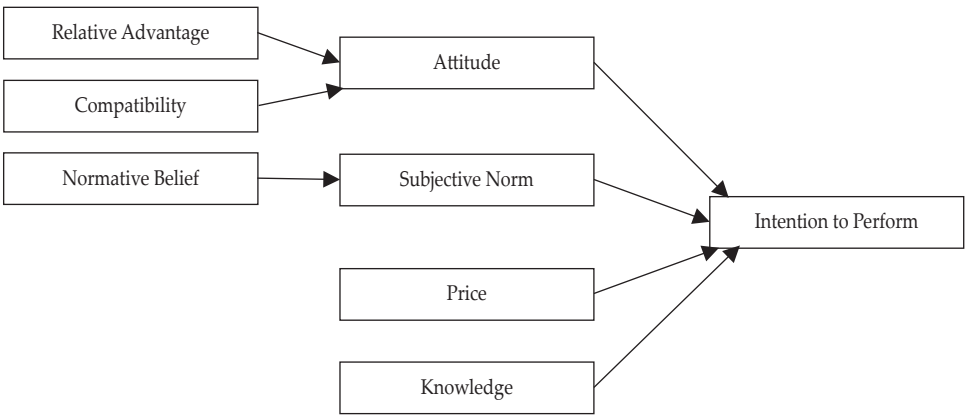
2.4.7. Knowledge toward Intention

Bolisani and Bratianu (2018) describe knowledge as the process of legitimizing genuine belief, which includes truth, justification, and belief. According to Cheung et al. (2009), prior knowledge is one of the most critical aspects influencing an individual's capacity to comprehend information about products and services. Previous research has shown that knowledge has a considerable impact on attitudes and intentions toward specific products. Ayinde and Echchabi (2012) find a significant influence on Malaysians' approval of Islamic insurance services. Azhar (2015) reveals that the level of knowledge determines the public response to any takaful program. Akotey et al. (2011) find that knowledge influences micro-insurance demand in Ghana. Dan & Jing (2017) reveal that product knowledge positively correlates with purchasing intent. Md Husin & Ab Rahman (2016) show that customer knowledge significantly influences purchase intention. Yusoff, Roslan, & Arifin (2020) reveal that knowledge has the most significant impact on the choice to purchase microtakaful services. Therefore, based on the extant literature result, the H7 hypothesis is:

H7: Knowledge has a positive influence on the behavioral intention to participate in microtakaful products.

2.5. Conceptual Framework

The current study believes that the Theory of Planned Behavior is a suitable model to explain the Intention of Indonesian BOP and MOP toward microtakaful products. There are some reasons to support the argument. First, the Theory of Planned Behavior is a theory based on the assumption that humans will usually behave in a sensible manner. Humans typically behave in a way that makes sense, thinking about the impact of their actions before deciding to perform the behavior. Second, this theory provides a framework for studying a person's attitude towards his behavior (Azjen, 1991). Third, the TPB model has recently emerged as one of the most prominent and widely used conceptual frameworks for studying human behavior (Shabiq & Hassan, 2016). And fourth, this model has served as the foundation for various research in financial services, including Islamic banking, alms, and conventional insurance (Md Husin & Ab Rahman, 2016; Razak et al., 2018; Shabiq & Hassan, 2016). In addition, several academics in the takaful industry have utilized the TPB model to analyze consumer behavior toward Islamic insurance or takaful products and services.



Source: Developed from previous studies

Figure 2.
Conceptual Framework

The previous section shows that some previous studies (Teo & Pok, 2003; Echchabi & Azouzi, 2015; Razak et al., 2018; Maizaitulaidawati & Asmak, 2016; Maulana et al., 2018; Amin, 2012; Khairi, Laili, & Kamarubahrin, 2020; Idris et al., 2011; Subhani et al., 2012; Ayinde and Echchabi, 2012; Yusoff, Roslan, & Arifin, 2020) employ the TPB Theory in identifying consumers' intention towards the takaful and other financial schemes. However, most of these studies only focus on the banking industry and takaful. Researchers that discuss the application of TPB Theory in micro institutions such as microtakaful are still very lacking and limited. In addition, the previous section also reveals that several other variables influence the consumers' intention toward the takaful and other financial sector industries. This article will modify the TPB Theory by adding several other variables which influence the consumers' intentions. Thus, based on the result of previous studies, this study will analyze: first, the relative advantage and compatibility towards attitude; second, normative beliefs towards subjective norms; and third, the attitude, subjective norm, price, and knowledge factors towards the intention to participate in the microtakaful scheme, as shown in Figure 2.

III. METHODOLOGY

3.1. Research Design, Population, and Sampling Technique

This study is a correlational study. It seeks to identify how attitude, subjective norms, pricing, and knowledge affect the intention of Indonesian BOP and MOP towards microtakaful. From several data collection methods, a survey research design is adopted for this study. Survey research is a study approach that involves the systematic collection of data on individuals and their preferences, thoughts, and behaviors through the use of standardized questionnaires or interviews (Bhattacherjee, 2012). A survey design is selected because it is well suited to the nature of the research and has various intrinsic advantages over other analytical techniques (Bhattacherjee, 2012).

The purpose of this study is to look into the elements that influence the intention of Indonesian MOP and BOP towards microtakaful products. As a result, the Indonesia MOP & BOP is the population in this study. A report entitled Aspiring Indonesia-Expanding the Middle Class published in September 2019 by the World Bank divides the class of Indonesian people based on their spending. As shown in Table 1, The World Bank classifies the Indonesian people into five groups. However, the current study focuses on the group that falls under BOP and MOP. Hence, only three groups are selected based on their capita consumption. First, the poor (P), namely people with expenditures below the national poverty line or below IDR 354,000 (<US$2.20) per person per month. Vulnerable (V), i.e. residents with an expenditure of Rp 354,000-Rp 532,000 (US$2.20-3.30) per month. This group is not poor but is very vulnerable to falling into the 'abyss' of poverty. The last group is the Aspiring Middle Class (AMC), i.e. residents with an expenditure of IDR 532,000-1.2 million (US$3.30-7.75) per month.

It should be noted that, currently, there is no available data on Indonesian BOP and MOP. As a result, the data from the Indonesian Central Statistics Agency (BPS) are used to gauge the potential population in the current study. According to the Indonesian Central Statistics Agency (2022), there are 26.16 million poor individuals in Indonesia as of March 2022 or 9.54% of the country's total population. The Indonesian Central Statistics Agency adds that those who live in poverty have average monthly per capita expenditures below that threshold. Additionally, the poverty line in March 2022 is IDR 505,469, according to the Indonesian Ministry of Finance (2022). Hence, according to the data, the potential population of the study is 26.16 million people.

Table 1.
Indonesian Class Definitions (per-Capita Consumption)

Class	Poor (P)	Vulnerable (V)	Aspiring Middle Class (AMC)	Middle Class (MC)	Upper Class (UC)
Household Status	Below national poverty line (PL)	>10 percent change of being poor next year	<10 percent change of being poor but >10 percent change of being vulnerable	<10 percent change of being poor or vulnerable	>17xPL
Per capita consumption					
Rp	<Rp 354k	Rp 354-532k	Rp 532-1.2m	Rp 1.2 - 6.0m	>Rp 6m
US$	<US$2.20	US$2.20-3.30	US$3.30-7.75	US$7.75-380	>US$380

Source: World Bank (2019)

Furthermore, the sample selection and data collecting techniques used in the field survey are all designed to generate a sufficient number of responses to be statistically reliable and generalizable. Hence, 250-450 survey questionnaires are considered adequate based on the guidance of previous studies. This is

also consistent with Sekaran (2000), who states that a sample size of 30 to 500 respondents is statistically sufficient for surveys. Similarly, Roscoe (1975) indicates that sample sizes larger than 30 and less than 500 are appropriate for most research. Furthermore, simple random sampling is adopted and considered the most suitable for the nature of this study. Besides, the current study designs measuring items based on past studies to achieve the study goals. As a result, the measuring items are developed and changed to fit the microtakaful context. The current study applies a five-point Likert scale with the following options: 1 – strongly disagree, 2 – disagree, 3 – uncertain, 4 – agree, and 5 – strongly agree. Moreover, the nominal scale is used to collect demographic data.

Table 2.
Measurement Items

Variable	Modified Questionnaire	Source
Relative Advantage	Islamic microtakaful services are cheaper	Maulana et al. (2018)
Relative Advantage	Islamic microtakaful charges lower premium	Maulana et al. (2018)
Relative Advantage	Islamic microtakaful offers a better social prestige	Maulana et al. (2018)
Relative Advantage	Islamic microtakaful makes me more confident	Maulana et al. (2018)
Compatibility	Islamic microtakaful is compatible with my social values	Maulana et al. (2018)
Compatibility	Islamic microtakaful is compatible with my religious values	Maulana et al. (2018)
Compatibility	Islamic microtakaful responds to my financial needs	Maulana et al. (2018)
Compatibility	Islamic microtakaful is suitable with my lifestyle	Maulana et al. (2018)
Attitude	Choosing Islamic microtakaful is valuable	Azis & Afaq (2018); Maulana et al. (2018)
Attitude	Choosing Islamic microtakaful is worthy	Azis & Afaq (2018); Maulana et al. (2018)
Attitude	Choosing Islamic microtakaful is a wise idea	Azis & Afaq (2018); Maulana et al. (2018)
Attitude	Choosing Islamic microtakaful is a good idea	Azis & Afaq (2018); Maulana et al. (2018)
Normative beliefs	In general, I would do what my parents think I should do	Maulana et al. (2018)
Normative beliefs	In general, I would do what my close friends think I should do	Azis & Afaq (2018); Maulana et al. (2018)
Normative beliefs	My parents think I should engage in Islamic microtakaful services	Maulana et al. (2018)
Normative beliefs	My colleagues think I should engage in Islamic microtakaful services	Azis & Afaq (2018); Maulana et al. (2018)
Subjective Norm	Most people close to me think that I should choose Islamic microtakaful	Ramayah et al. (2010)
Subjective Norm	My friends think that I should choose Islamic microtakaful	Ramayah et al. (2010)
Subjective Norm	My parents, that are important to me, would think that I should use Islamic microtakaful	Maulana et al. (2018)
Subjective Norm	My siblings, that are important to me, would think I should use Islamic microtakaful	Maulana et al. (2018)
Price	I am aware of the microtakaful prices	Mohamed (2017)

Table 2.
Measurement Items (Continued)

Variable	Modified Questionnaire	Source
Price	The premiums for microtakaful are fair	Mohamed (2017)
Price	The insurance premium attracted you to microtakaful	Mohamed (2017)
Price	I perceive high-priced premiums as expensive	Mohamed (2017)
Price	I perceive high-priced premiums as unaffordable	Mohamed (2017)
Knowledge	I know that microtakaful services are for all religion	Ezeh & Nkamnebe (2021)
Knowledge	I know that microtakaful services are based on the Sharia principle	Ezeh & Nkamnebe (2021)
Knowledge	I know that microtakaful services do not impose interest	Ezeh & Nkamnebe (2021)
Knowledge	I am aware of the benefit of having microtakaful services that provide benefits in future	Ezeh & Nkamnebe (2021)
Knowledge	I am aware that microtakaful services are based on *ta'awun* (cooperation)	Ezeh & Nkamnebe (2021)
Intention to behave	I will seriously consider the use of Islamic microtakaful services	Aziz and Afaq (2018)
Intention to behave	I plan to use Islamic microtakaful services in the future	Aziz and Afaq (2018)
Intention to behave	I intend to use Islamic microtakaful in the next three years	Aziz and Afaq (2018)
Intention to behave	I will definitely opt for Islamic microtakaful services in the future	Aziz and Afaq (2018)
Intention to behave	I intend to recommend Islamic microtakaful to others (e.g. word-of-mouth intention)	Ramayah et al. (2010)

3.2. Method of Analysis

The first step in analyzing the data is the screening process. To assist and assure the integrity of the data, data screening should be performed before data recording and data analysis. Data screening entails inspecting data for flaws and correcting or deleting them. The objective is to maximize "signal" while minimizing "noise" by detecting and correcting or deleting errors (Tabachnick & Fidell, 2013; Hair Jr. et al., 2014; Pallant, 2016).

In the current study, factors analyses are utilized. In exploratory factor analysis (EFA), the researcher intends to describe and summarize the data by grouping together the constructs that are correlated. However, the most important aspect of conducting exploratory factor analysis (EFA) is to cut down a large number of items (ill-fitting items) into a smaller set of factors and assess the unidimensionality that is embedded in the factor (Hair Jr et al., 2014; Pallant, 2016; Tabachnick & Fidell, 2013). Furthermore, a strong conceptual foundation needs to support the assumption that a structure does exist prior to proceeding to CFA. There are two testing assumptions for EFA, namely Bartlett's test of sphericity and the Measure of sampling adequacy (MSA). The requirement of the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy should be > 0.5, and the requirement of Bartlett's test of sphericity is the Sig. Value should less than 0.05 (< 0.05).

Furthermore, the confirmatory factor analysis (CFA) will exclude any items that do not match the measurement model due to poor factor loading. A model's fitness can also be assessed using specific Fitness Indexes. However, it is emphasized that item deletion should not exceed 20% of the total items in a model since the construct itself is considered invalid because it fails the confirmatory itself (Awang, 2015). As a result, model fit can be obtained when all of the fitness indices for a certain construct have met the appropriate level. Hair et al. (2010) and Holmes-Smith, Coote & Cunningham (2006) recommend employing at least one fitness index from each model fit category. However, Kline (2005) suggests the most important measures to report, as shown in Table 3.

Table 3.
Fitness Indexes Measurement

Measure	Name	A good fit if:
P	Model Chi-Square	p-value> 0.05
(A)GFI	(Adjusted) Goodness of Fit	GFI ≥ 0.95 AGFI ≥0.90
(N)NFI TLI	(Non)Normed Fit Index Tucker Lewis index	NFI ≥ 0.95 NNFI ≥0.95
CFI	Comparative Fit Index	CFI ≥.90
RMSEA	Root Mean Square Error of Approximation	RMSEA < 0.08
(S)RMR	(Standardized) Root Mean Square Residual	SRMR <0.08
AVE (CFA only)	Average Value Explained	AVE >.5

Source: Kline, R.B. (2005)

The Structural Equation Model (SEM) is the primary analysis after all of the pre-testing, screening, EFA, and CFA have been completed. All of the constructs will be combined into a structural model for analysis using Structural Equation Modeling in this phase (SEM). The construct is often arranged from left to right, beginning with the exogenous construct on the left, followed by the mediating construct (if any), and lastly, the endogenous construct on the far right (Awang, 2015; Mohamad et al., 2016). Furthermore, SEM might be used to analyze both the model and various relationships between the components at the same time. Based on the assumptions, the exogenous constructions are connected to their corresponding endogenous constructs via a single-headed arrow. The double-headed arrow, on the other hand, is used to connect all of the exogenous structures.

3.3. Model Development

Figure 3 presents the proposed model for this research. The model is the extended model of TPB theory developed based on previous research. The Figure presents a total of 8 latent constructs, namely RA (relative advantage), COM (compatibility), ATT (attitude), NB (normative beliefs), SN (subjective norms), PRC (price), KNW (knowledge), and INT (intention). Moreover, there are four indicators under RA and COM construct modified according to Maulana et al. (2018), four indicators under ATT construct modified according to Azis & Afaq (2018) and Maulana et al. (2018), four indicators under NB construct modified according to Azis & Afaq

(2018) and Maulana et al. (2018), four indicators under SN modified according to Ramayah et al. (2010), five indicators under PRC construct modified according to Mohamed (2017), five indicators under KNW construct modified according to Ezeh & Nkamnebe (2021), and five indicators under INT construct modified according to Aziz and Afaq (2018) and Ramayah et al. (2010).

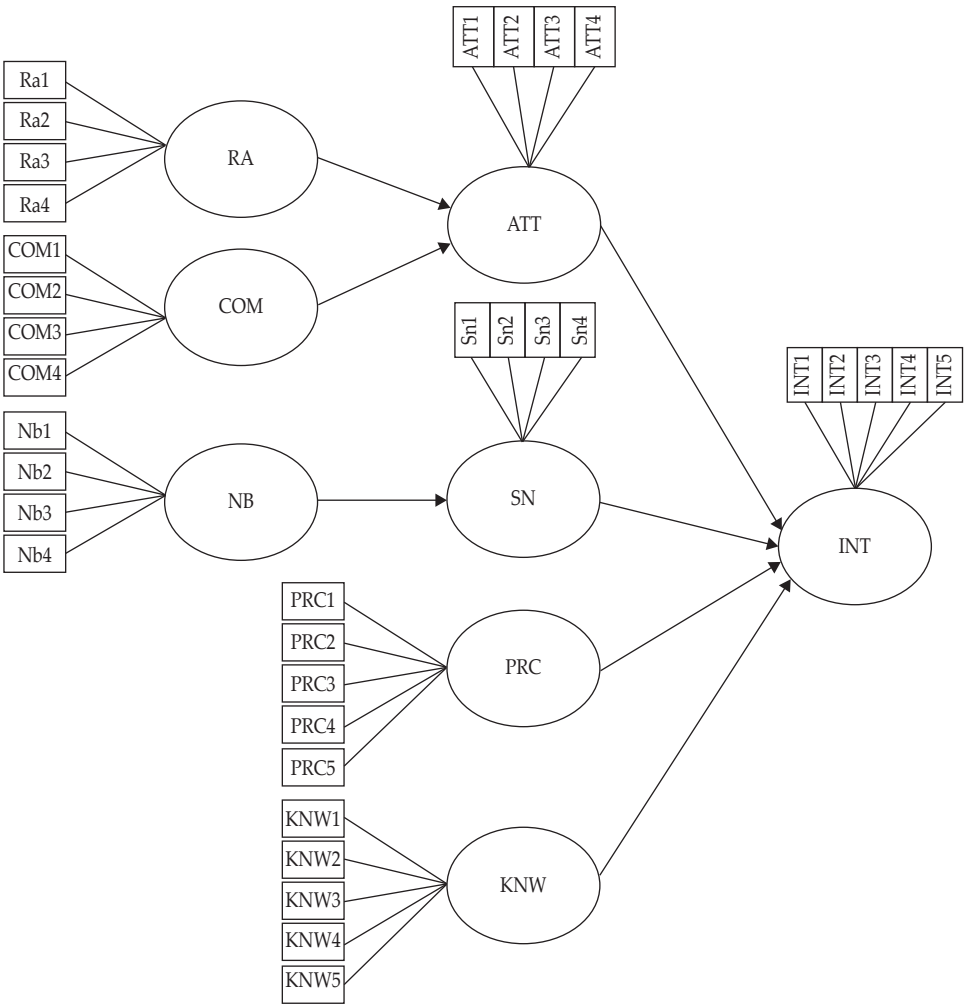


Figure 3.
Proposed Model

3.4. Data Collection

This study relies on primary data gathered from respondents using questionnaire surveys. The respondents are given a questionnaire to fill out based on their opinion and experience with microtakaful products and services. The data are then analyzed when all of the surveys have been collected. However, it should be noted that in the first step of research the pilot test is conducted to help detect potential

problems of research design and/or instrumentation (e.g., whether the questions asked is intelligible to the targeted sample), and to ensure that the measurement instruments used in the study are reliable and valid measures of the constructs of interest. Hence, the pilot is conducted with 37 respondents in the early stage of research.

The total respondents in the current research is 428 sample. The 428 samples are considered adequate based on the guidance of previous researchers as suggested by Sekaran (2000); and Roscoe (1975). Moreover, from the total samples, 204 (47.7%) are male while 224 (52.3%) are female. From the income category, considering the current study is attempting to examine the Indonesian BOP and MOP towards microtakaful, thus this study focuses to the three income classes that fall into BOP and MOP. This study categorizes BOP and MOP based on the World Bank report. From the total 428 respondents, there are 182 respondents (42.5%) from the lowest category (IDR 0 - IDR354.000), followed by 148 respondents (34.6%) from IDR354.000- IDR532.000 category, and 98 respondents (22.9%) from the IDR532.000- IDR1.200.000 category.

Table 4.
Sample Profile

Demography	Category	No. of respondent	(%)
Gender	Male	204	47.7
	Female	224	52.3
Income Class	Poor	182	42.5
	Vulnerable	148	34.6
	Aspiring Middle Class	98	22.9
Education	SD/SMP	78	18.2
	SMA/SMK/SEDERAJAT	202	47.2
	D3/S1	148	34.6

IV. RESULT AND ANALYSIS

4.1. Factor Analysis

Figure 4 shows a total of 9 latent constructs, namely RA (relative advantage), COM (compatibility), ATT (attitude), NB (normative beliefs), SN (subjective norms), PRC (price), KNW (knowledge), and INT (intention). Price construct, in particular, consists of 2 dimensions as found in the exploratory factor analysis (EFA). Hence, there are two components under the price construct. Using SPSS AMOS version 23, all the constructs will be tested to find the model fit of the data. The current model, however, does not show model fit. There are several values that do not achieve the acceptance or recommendation level. Hence, after reviewing the model by deleting construct items with high factor loading one by one, the model fit is achieved, as shown in figure 5. Figure 5 shows that there are some indicators omitted from the model. Table 5 shows the value of fitness indexes in the current model. Table 5 further shows that the current model passes all seven indexes.

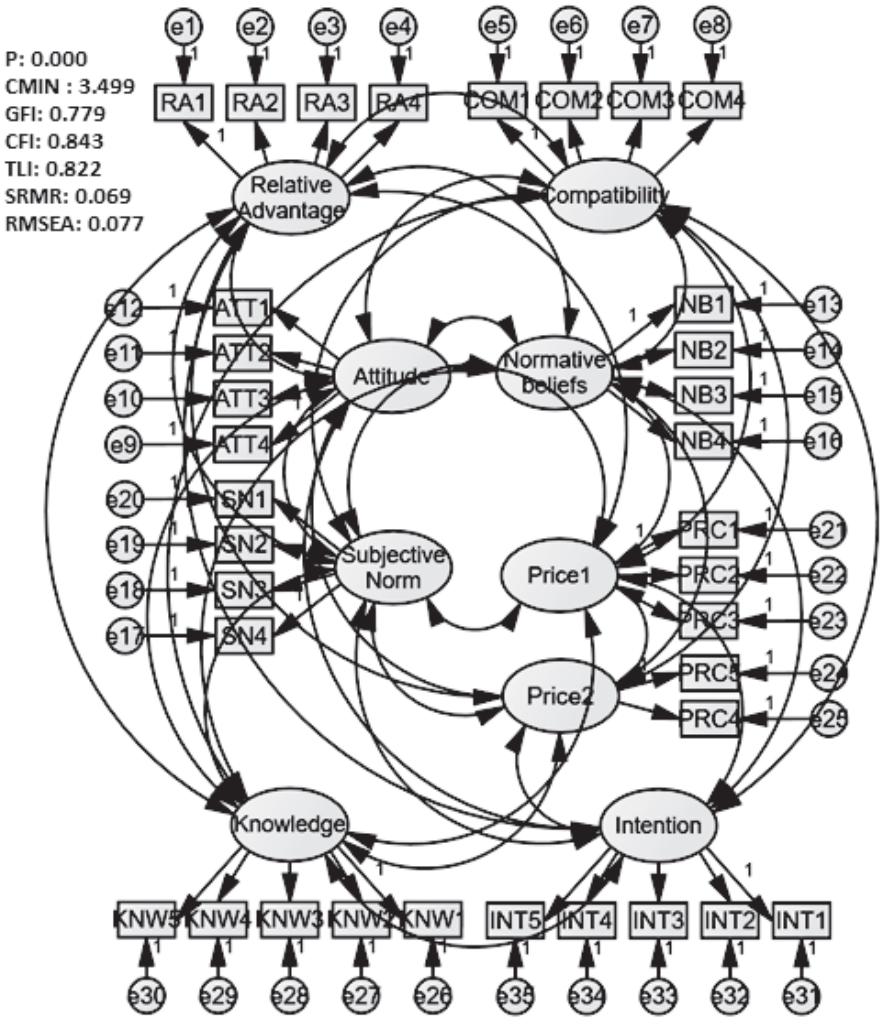


Figure 4.
The Measuring Item for all the Construct in the Model

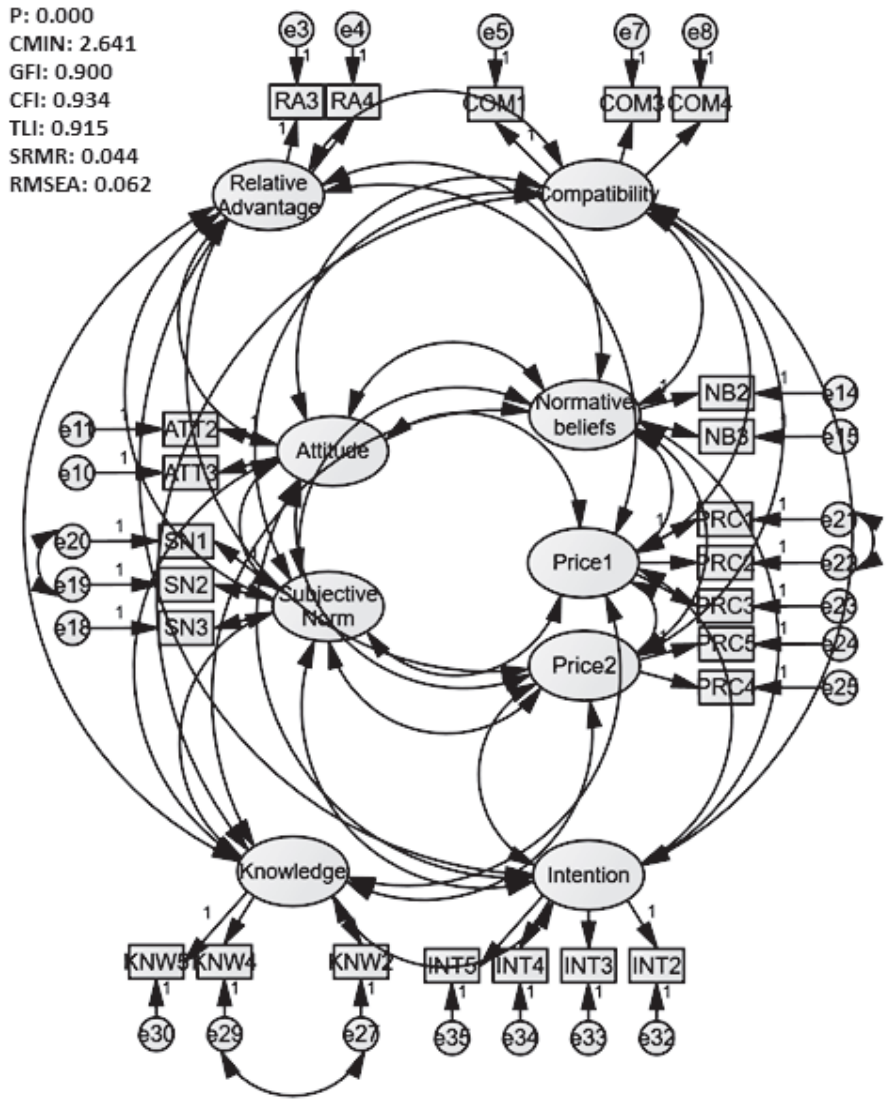


Figure 5.
Model Fit of Measurement Model

Table 5.
Value of Fitness Indexes (Model Fit)

Fit Indexes	Recommended Value	Source(s)	Obtained Value	Status
P	Insignificant	Bagozzi & Yi (1988)	0.000	Acceptable (Large sample)
CMIN (Chi-Square/df)	≤ 3 = acceptable fit ≤ 5 = reasonable fit	Kline (1998); Marsh & Hocevar (1985)	2.641	Acceptable Fit (Good)
GFI	≥ .90	Kline (2005); Hu & Bentler (1998)	0.900	Good
CFI	>.90	Bentler (1990); West et al. (2012); Fan et al. (1999)	0.934	Good
TLI	>.90	Bentler (1990)	0.915	Good
SRMR	<.08	Hu & Bentler (1998); Diamantopoulos & Siguaw (2000)	0.044	Good
RMSEA	<.08	Hu & Bentler (1998); MacCallum et al. (1996)	0.062	Good

4.2. Structural Model and Structural Equation Modeling (SEM)

The Structure Equation Model (SEM) is the primary analysis after all of the pre-testing, screening, EFA, and CFA have been completed. All of the constructs will be combined into a structural model for analysis using Structural Equation Modeling in this phase (SEM).

The construct is arranged from left to right, beginning with the exogenous construct on the left, followed by the mediating construct (if any), and lastly the endogenous construct on the far right (Awang, 2015; Mohamad et al., 2016; Yusof et al., 2017). Furthermore, SEM is used to capture the relationships between the components. Based on the assumptions, the exogenous constructions are connected to their corresponding endogenous constructs via a single-headed arrow. The double-headed arrow, on the other hand, is used to connect all of the exogenous structures.

As mentioned in the conceptual framework section, a total of 8 constructs are developed based on the Theory of Planned Behavior (TPB). All the stated theories and models can be referred to comprehensively in the literature review section. Meanwhile, all the directions of the single-headed arrow (hypotheses) are based on the theory and model stated above which is also supported by various literature. Once the research model is verified, the measurement model can be translated into a structural model. Figure 6 shows the structural model after successfully running IBM-SPSS-AMOS v23.

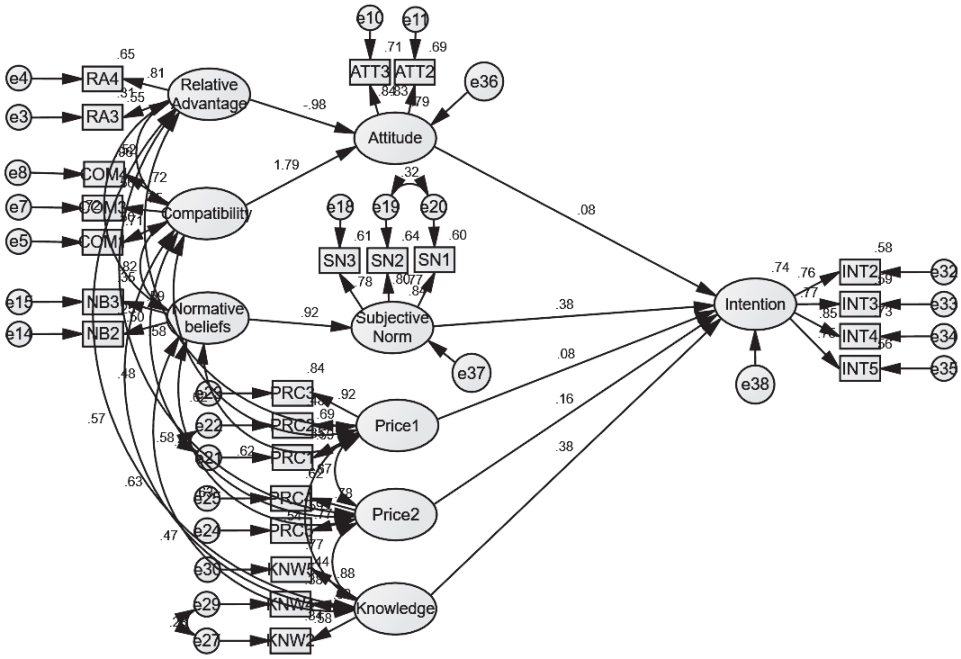


Figure 6.
Standardized Path Coefficient between Constructs in the Model

4.3. Confirmation of Hypotheses

In this section, all the hypotheses will be confirmed whether they are supported or not based on Table 6 of the regression path coefficients. The most important factor that needs to be examined is the C.R value and the p-value for each respective hypothesis that will indicate whether it is supported and significant or otherwise. The rule of thumbs of C.R value should be higher than 1.96 (C.R value > 1.96) while the p-value should be less than 0.05 (p-value < 0.05). Hence, the hypothesis is supported when the C.R value is higher than 1.96 or when the p-value is less than 0.05.

Table 6.
Regression Path Coefficient and Its Significance

Hypotheses	Exogenous Construct		Endogenous construct	C.R.	P	Result
H1	Relative Advantage	→	Attitude	-1.905	.057	Rejected
H2	Compatibility	→	Attitude	3.544	***	Accepted
H3	Normative beliefs	→	Subjective Norm	9.011	***	Accepted
H4	Attitude	→	Intention	1.072	.284	Rejected
H5	Subjective Norm	→	Intention	5.264	***	Accepted
H6a	Price1	→	Intention	1.249	.212	Rejected
H6b	Price2	→	Intention	2.389	.017	Accepted
H7	Knowledge	→	Intention	5.991	***	Accepted

As can be observed in Table 6, the following can be interpreted:

a. A total of 5 regression path coefficients are found to be significant as follows:
   - COM → ATT (C.R 3.544 > 1.96 and/or p-value 0.000 < 0.05)
   - NB → SN (C.R 9.011 > 1.96 and/or p-value 0.000 < 0.05)
   - SN → INT (C.R 5.264 > 1.96 and/or p-value 0.000 < 0.05)
   - PRC2 → INT (C.R 2.389 > 1.96 and/or p-value 0.017 < 0.05)
   - KNW → INT (C.R 5.991 > 1.96 and/or p-value 0.000 < 0.05)

b. However, there are three regression path coefficients that are not as significant as follows:
   - RA → ATT (C.R -1.905 < 1.96 and/or p-value 0.057 > 0.05)
   - ATT → INT (C.R 1.072 < 1.96 and/or p-value 0.284 > 0.05)
   - PRC1 → INT (C.R 1.249 < 1.96 and/or p-value 0.212 > 0.05)

4.4. Discussion

The current study applies Ajzen's theory of planned behavior on the perception and intention to participate in a microtakaful scheme among Indonesian MOP & BOP. The main objective of the study is to examine the behavioral intention of Indonesian MOP and BOP towards microtakaful products.

The finding of hypothesis 1 shows that the relative advantage has a negative but insignificant influence on the attitude toward microtakaful. According to Rogers (1983), the relative advantage is the degree to which an innovation is shown to deliver benefits that replace those of its predecessor. Hence, the relative

advantage would affect Indonesian BOP and MOP's attitude towards microtakaful when Indonesian BOP and MOP consider microtakaful has values that are better or superior to the existing insurance or takaful schemes. The results of this study indicate that Indonesian BOP and MOP consider that the existing innovations in microtakaful products have not been able to provide more benefits and value when compared to the products and services of takaful institutions in general. Hence, the current degree of innovation in microtakaful will not affect the attitude of Indonesian BOP and MOP. This result is different from the prior literature (Teo & Pok, 2003; Shih & Fang, 2004; Moons & De Pelsmacker, 2015), which reveals that relative advantage has a considerable influence on behavior attitudes.

In hypothesis 2, the findings show that Compatibility has a positive influence on the attitude toward microtakaful. Even though hypothesis 1 shows that Indonesian BOP and MOP consider the current innovation in the microtakaful have not provided incremental benefits and value when compared to the existing products and services of takaful institutions in general, the finding of hypothesis 2 implies that Indonesian BOP and MOP consider the innovation of microtakaful product is suitable with their existing beliefs, prior experiences, and present demands. This finding is also supported by previous studies, including Teo & Pok (2003) and Echchabi & Azouzi (2015). They show evidence for perceived compatibility as a predictor of attitude toward the behavioral intention.

The finding of Hypothesis 3 shows that Normative belief has a positive influence on the subjective norm. This finding indicates that Indonesian BOP and MOP perceive that social references such as parents, spouse (wife or husband), close friends, coworkers and others can affect their perception of microtakaful. This means that those who live around groups who think microtakaful is a good thing and beneficial for them will have better expectations of microtakaful. On the other hand, those who live around groups that have a bad perception of microtakaful will negatively affect their expectations of microtakaful. This result supports the previous studies, including Aziz & Afaq (2018); Echchabi and Azouzi (2015); Maulana et al. (2018), who find normative beliefs to have a substantial and favorable impact on the subjective norm.

Moreover, the intention of Indonesian BOP and MOP toward microtakaful can be seen in their attitude toward microtakaful. Unfortunately, the finding of hypothesis 4 shows that attitude has a negative influence on the behavioral intention to participate in microtakaful products. This finding shows that the intention to participate in microtakaful has no positive correlation with Indonesian BOP and MOP attitude. Hence, this finding implies that the current attitude of Indonesian BOP and MOP does not indicate a positive direction on the intention to join microtakaful. This result also shows that the current attitude of Indonesia's BOP and MOP has not considered choosing microtakaful as worthily and valuable. This finding is different from the prior literature. Ibrahim et al. (2017), Razak et al. (2018), and Maizaitulaidawati and Asmak (2016) discover a significant relationship between attitude and intention towards specific Islamic financial products.

Similar results to hypotheses 2 and 3, the finding of hypothesis 5 reveals that Subjective Norm has a positive influence on the behavioral intention to participate in microtakaful products. The finding implies that Indonesian BOP and MOP consider beliefs of referents or people and groups such as parents, spouses,

close friends, coworkers, and others around them can positively influence their behavioral intention. Hence, in this case, the finding discovers that the impact of social pressure from other people regarding microtakaful would positively affect Indonesian BOP and MOP's intention to participate in microtakaful products. This result is in line with previous studies. Previous studies, including Amin (2012), Razak et al. (2018), Khairi, Laili, & Kamarubahrin (2020), discover that subjective norms are essential predictors of an individual intentions.

Furthermore, the Exploratory Factor Analysis (EFA) suggests two components under the Price construct. Hence there will be two hypotheses under Price construct H6a and H6b. The finding shows that there are two different results between the Price1 construct (H6a) and the Price2 construct (H6b). The finding shows that the H6a, which consists of PRC1, PRC2, and PRC3, has a negative influence on the intention to participate in microtakaful products. Meanwhile, H6b, which consists of PRC4 and PRC5, shows a positive influence on the intention to participate in microtakaful products. This finding shows that the Price2 construct (H6b), which takes the high-priced premiums as expensive and unaffordable, shows a positive influence on the intention to participate in microtakaful products. This finding indicates that Indonesian BOP and MOP consider financial products and services with high-priced premiums as expensive and unaffordable things. Hence, the Indonesian BOP and MOP consider the low premiums products as something that will affect their intentions. However, the Price1 construct (H6a), which comprises fairness, awareness, and attractiveness of microtakaful price, show a negative influence on the intention to participate in microtakaful products. These results show that the fairness, awareness, and attractiveness of current microtakaful prices have not been able to influence intentions and attract Indonesian BOP and MOP to join.

The finding of Hypothesis 7 reveals that Knowledge has a positive influence on the behavioral intention to participate in microtakaful products. The finding indicates that the knowledge of Indonesian BOP and MOP with regards to microtakaful products could affect their intention to participate in microtakaful. Besides, the Indonesian BOP and MOP are aware that microtakaful products are based on the sharia principle and ta'awun, do not impose interest and would bring benefits in the future. This finding is also supported by previous studies, including Ayinde and Echchabi (2012); Azhar (2015); Akotey et al. (2011); Dan & Jing (2017); Md Husin & Ab Rahman (2016); and Yusoff, Roslan, & Arifin (2020) who discover that knowledge has a considerable impact on attitudes and intentions toward specific products.

4.5. Additional Findings

Apart from presenting the hypothesis using statistical measures, the author provides some unique questions at the end of the demographic section of the questionnaire in order to explore more intention to participate in microtakaful products among Indonesian BOP and MOP. These specific questions to investigate further intentions of Indonesian BOP and MOP. The specific questions are mentioned in Table 7.

Table 7.
List of Unique Questions

What is your household income/month	☐ Bellow IDR 354.000 ☐ IDR 354.000-532.000 ☐ IDR 532.000-1.200.000
Do you thing that Microtakaful is needed for you?	☐ Yes ☐ No ☐ Not Sure
Would you be willing to pay for microtakaful?	☐ Yes ☐ No ☐ Not Sure
If "Yes", how much would you be willing to pay (per week & per month basis)? E.g., IDR10.000/week, IDR15.000/month	☐ IDR …… /week or ☐ IDR …… /month

Table 7 highlights some of the survey draft's unique questions. The current study aims to look into the intentions of Indonesian BOP and MOP. As a result, the research focuses on BOP and MOP groups, including The Poor (P) - IDR 354,000 (<US$2.20) per person per month, Vulnerable (V) - IDR 354,000-Rp 532,000 (US$2.20-3.30) per month, and Aspiring Middle Class (AMC) - IDR 532,000-1.2 million (US$3.30-7.75) per month. Moreover, there are two unique questions asked to the respondents including their potential monthly or weekly payment amount. However, it is also important to note that these questions are not mandatory.

Table 8.
Overall Statistic of Unique Questions

Details				**Per Cent**
Income	<IDR354.000		182	42.5
	IDR354.000-IDR532.00		148	34.6
	IDR532.000 - IDR1.200.000		98	22.9
Unique Question	Do you thing that Microtakaful is needed for you?	Not Sure	133	31.1
		No	43	10
		Yes	252	58.9
	Would you be willing to pay for microtakaful?	Not Sure	139	32.5
		No	52	12.1
		Yes	237	55.4
Desire Payment Amount	Weekly	Average	IDR 10,446	
		Minimum	IDR 1,000	
		Maximum	IDR 20,000	
	Monthly	Average	IDR 18,747	
		Minimum	IDR 5,000	
		Maximum	IDR 100,000	

Table 8 shows the overall income statistics of the respondents, with 42.5% belonging to the Poor group, 34.6% to the Vulnerable group, and 22.9% to the Aspiring Middle-class group. The study's results indicate that most Indonesian BOP and MOP respondents believe in the need for microtakaful, with 58.9% answering "Yes" and 10% answering "No." Similarly, a majority of 55.4% are willing to pay for microtakaful in the future, while 32.5% are unsure and 12.1% answer "No." These findings provide new insights into the views of Indonesian BOP and MOP towards microtakaful. Table 8 further shows that there are 83 respondents who fill up the answer the question related to weekly payment amount and 174 respondents to the monthly payment amount. In the weekly payment, the minimum amount filled up by the respondent is IDR1000 (USD0.067), and the maximum amount is IDR20.000 (USD1.34). Furthermore, the average weekly payment filled by the respondent is IDR10.445,78 (USD0.73). Besides, in the desired monthly payment filled by the respondent, the minimum amount is IDR5.000 (USD0.37), the maximum amount is IDR100.000 (USD6.70), while the average monthly payment is IDR5.000 (USD0.40).

4.6. Overall Analysis

In general, the findings of this study show interesting results. The findings imply that Indonesian BOP and MOP consider the innovation in microtakaful still yet able to provide more benefit compared to general takaful or other financial products. However, in hypothesis 2, the result shows that Indonesian BOP and MOP consider the value of microtakaful is matching their existing beliefs and their need and finally affect their attitude. Besides, the findings show that Indonesian BOP and MOP believe social pressure and social referents such as parents, spouse (wife or husband), close friends, coworkers and others, as shown in the hypothesis 5 and 3, can affect their perception and intention towards specific product including microtakaful. Hence, it is always important for microtakaful/takaful institutions, governments, and other Islamic financial institutions to always educate and provide appropriate programs to small markets to ensure that there is no false information that can influence their perceptions.

Unfortunately, the finding also shows that Indonesian BOP and MOP still yet consider microtakaful as worthy and valuable. Hence, the current attitude of Indonesian BOP and MOP still yet indicates a positive direction on the intention to participate in microtakaful. Furthermore, from the price perspective, Indonesian BOP and MOP consider financial products with high-priced premiums as expensive and unaffordable. In other words, Indonesian BOP and MOP prefer financial products that are suitable to their financial conditions. And when it comes to microtakaful prices, unfortunately, the result implies that the fairness, awareness, and attractiveness of current microtakaful prices have not been able to influence intentions and attract Indonesian BOP and MOP to join. Moreover, this article also reveals that the knowledge level of Indonesian BOP and MOP regarding microtakaful products can affect their intention to participate. Hence, it is always important to improve the literacy index of Islamic financial products among the poor, considering that it will greatly affect their attitudes and intentions towards a product, including microtakaful.

However, the finding of unique questions shows an interesting result. Even though, in the hypothesis test, the attitude and price1 show a negative influence on the intention to participate in microtakaful, from the total of two unique questions asked in the questionnaire, the results of the unique question show that most of the respondent which comes under BOP and MOP family background is showing positive intention towards microtakaful scheme. The finding shows that there are approximately 60% of Indonesian BOP and MOP answered "YES" in the first question ", Do you thing that Microtakaful is needed for you?" and the second question ", Would you be willing to pay for microtakaful?". These statistics indicate that Indonesian BOP and MOP involve in the current study think they need microtakaful and are willing to pay microtakaful in the future.

Hence, overall, the current study reveals that the Indonesian BOP and MOP intention towards Microtakaful is generally high. The presence of microtakaful will be very important in helping the poor by protecting them from various risks and helping financial institutions minimizing the risk of default from the poor segment. In general, the major issue for protection is health-related threats, where hospitalization expenditures are too expensive, and the loss of a breadwinner comes in second. Crop and livestock losses, as well as price changes, are other significant problems in rural communities. According to the World Health Organization (WHO), rising healthcare expenditures push more than 100 million people into poverty each year. According to Irwani (2021), the difficulty of the poor obtaining decent healthcare would lead to low-quality care, deteriorating their health even worse. Moreover, the poor working environment with inadequate facilities, unhygienic and cramped surroundings, sudden changes in season or weather, calamities, pest infestations, chemical poisoning, and environmental risks, the issue of vulnerability to various risks are major concerns for the poor. As a result, many of the poor will resort to dipping into their savings (if they have any), selling possessions, or worse, pulling their children out of school to work in low-wage jobs in order to make ends meet. Therefore, one of the potential instruments in helping the needy from various risks is microtakaful.

V. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

The TPB provided a useful foundation to help explain Indonesian BOP and MOP intention. Hence, this paper develops an extends the TPB model to explore the factors that affect Indonesian BOP and MOP intention towards Microtakaful. The combination of online surveys and traditional paper-based surveys are adopted to collect a total of 428 valid questionnaires, and the structural equation is used to analyze the data. Furthermore, the findings of this research make an important contribution to the theory from the Indonesian BOP and MOP perspective and to the Islamic micro institution's industry and microtakaful in particular.

The finding of the study reveals that the Indonesian BOP and MOP intention toward Microtakaful is generally high. Of the total eight hypotheses, five hypotheses show a positive influence on intention to participate in Microtakaful. The compatibility has a significant positive impact on attitude towards microtakaful. The normative beliefs show a significant positive effect on Subjective norms. And

Subjective Norm, Price2, and Knowledge show significant positive effects on intention towards microtakaful. In addition, the finding of unique questions to the respondents shows that most of the respondents show positive intention toward the microtakaful scheme. The Indonesian BOP and MOP involve in the current study think they need microtakaful and are willing to pay for microtakaful in the future. However, this study also reveals that Relative advantage shows a negative effect on attitude and Attitude, and Price1 show a negative effect on intention towards microtakaful.

Hence, the microtakaful can play a very important role in helping the poor by protecting them from various risks and acting as a supporting financial institutions' minimization of the risk of default. Microtakaful is created to suit the financial protection needs of low-income individuals. The goal of microtakaful is to make takaful products affordable and accessible to low-income households in order to meet their financial protection needs. In addition, microtakaful can motivate financial institutions to fund this category, contributing to poverty reduction on the one hand and transforming a significant number of the unemployed poor into working-class and well-off workers.

5.2. Contribution of The Study

The distinctive contribution of this research to the existing literature is its investigation of Indonesia's MOP and BOP public perception toward microtakaful products. The number of papers that address this topic is still small and limited. The majority of recent studies on the micro takaful issue have focused on the theoretical aspect, with few works discussing from the consumer and public perspectives. The current study attempts to fill this gap by investigating certain factors influencing Indonesian MOP and BOP public perceptions and their decision to purchase microtakaful products in Indonesia. The study's findings will provide valuable information for the Indonesian microtakaful market and other Islamic micro institutions.

This research, in particular, is intended to assist a number of parties. First, the result of the study is intended to contribute to the existing literature and can be utilized as reference material for future research. Furthermore, this research is expected to contribute to the improvement of microtakaful science in Indonesia. Second, this research is expected to provide the most recent input and information to Takaful and Microtakaful companies in Indonesia related to public perception of Indonesian MOP and BOP toward microtakaful products, with the implications being to maximize the promotion and marketing of microtakaful products and to increase the company's co-branding. Third, the results of this study are expected to provide an overview of how Indonesian MOP and BOP perceptions toward microtakaful products. With these results, it is hoped that it can provide input to related Policy Makers and Authorities to develop microtakaful services and products in Indonesia.

5.3. Implication and Recommendations

The current study can assist microtakaful institutions in Indonesia to improve their planning and marketing strategies for low market segments such as the Poor, Vulnerable and Aspiring Middle-class groups. The structured equation model shows high intention towards microtakaful, particularly among the Poor and Vulnerable groups. Microtakaful institutions should focus on offering affordable and easy-to-understand products to these groups, with an average desired payment amount of IDR8.000/week or IDR11.00/month for the Poor, IDR12.000/week or IDR17.000/month for the Vulnerable, and IDR11.000/week or IDR 40.000/month for the Aspiring Middle-class. The SEM shows that subjective norms, price, and knowledge positively influence the intention to participate in microtakaful products. The Indonesian BOP and MOP take other people's views, prices, and knowledge into consideration when forming their intention towards microtakaful. Microtakaful institutions can use these findings to adjust their products and marketing strategy.

Moreover, from the micro institutions' perspective, all the constructs tested in the current study are worth exploring further and adapted to each situation that will benefit not only the Indonesian BOP and MOP but also customers in general. More specifically, micro institution staff can consider applying the finding of the study to the day-to-day dealing with customers. For example, they can provide a positive attitude to the customers, promote their micro institutions to the community, and offer knowledge, advice, and assistance in resolving potential problems and disputes.

From the regulator's side, apart from the efforts of takaful operators, the role of regulatory authorities will give a significant impact on the growth and strengthening of the takaful industry in Indonesia. In some countries, such as Malaysia, various microtakaful initiatives can run smoothly with direct assistance from the government. Moreover, in addition to direct participation, regulatory support from the government is another vital factor that will significantly influence the success of the microtakaful program. This needs to be done with the expectation that microtakaful products and services would be able to reach low-income and impoverished individuals.

5.4. Limitation of the Study

The current study may have limitations in terms of accurately reflecting the true perception and intention towards microtakaful scheme among Indonesians. One of the limitations is the cultural and religious differences in Indonesia, which can significantly influence an individual's perception and intention towards the scheme. The study may not be representative of all Indonesians due to this diversity. Another limitation is the lack of consideration for other factors that may impact an individual's perception and intention, such as socioeconomic status, education, and awareness of insurance products. These variables may play a crucial role in shaping an individual's perception and intention towards microtakaful scheme and their absence in the study may limit its validity.

5.5. Future Research

This research provides several recommendations for future research. First, Future research can extend the existing developed model with moderating and mediating factors. Second, the diverse demographics of Indonesian BOP and MOP could be investigated. While this study concentrates on the whole Indonesian BOP and MOP, future studies could examine the intention of Indonesian BOP and MOP towards microtakaful in the specific area, especially the area with the highest number of BOP and MOP families in Indonesia, such as Papua, NTT, Maluku, etc. Third, in future research, the object of research can be expanded to more countries or regions, especially Muslim countries, to explore the differences in intentions towards microtakaful. Fourth, current research only focuses on microtakaful. Hence, future research could consider exploring other Islamic micro institutions.

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