

1.0 INTRODUCTION

The concept of *Takaful* (literally referred to as “social solidarity”, and more technically “Islamic Insurance”) is not widely understood. While *Takaful* is an important part of the Islamic financial system, the concept itself and the nature of the operations of *Takaful* companies is a topic that has been relatively neglected compared to Islamic banking. *Takaful* is a plan “based on **Solidarity** and **brotherhood** which provides **mutual financial aid** and **assistance** to its participants in case of need whereby the participants mutually agree to contribute for that purpose” (Malaysia Takaful Act, 1984, Sec 2, as cited in AAIC Takaful plan presentation, 2003). It is a word of Arabic origin which means a system of Islamic insurance based on the principle of *Taawuni* (mutual assistance) and *Tabarru* (voluntary contribution).

It is, however, clear that the idea of insurance business, with its emphasis on uncertainties and risk of loss, is being detested by the Muslim Ummah, in view of the fact that conventional insurance business operates within the context of the factors of **gharar** (uncertainty), **riba** (interest) and **maysir** (gambling). It is thought that all dimensions of insurance businesses (*Takaful* inclusive) cannot do without some elements of these factors (Yusuf, 2003). The truth is that *Takaful* arrangement is against the three factors and has its way of dealing with them.

Not only that, Omar Fisher (President, *Takaful* USA) concludes that “*Takaful* is the second most important social institution to counter Poverty and deprivation” (AAIC, 2003: 9). This position shows that *Takaful* is a way of dealing with poverty in any society, no matter how backward it is presumed to be. If well implemented, *Takaful* arrangements have the prospect of societal regeneration for poverty alleviation, or even its elimination, and paving ways for sustainable economic development. It is second only to Zakkat (poor due) as a social institution.

All human activities, whether financial, industrial or social, are subject to risk and uncertainty, which may lead to financial or physical loss arising from unexpected events (Baker, 2002). Risk or uncertainty, coming in different ways, is one of the most fundamental facts of life and, so, appropriate measures are taken by different societies to protect themselves against it. The measures taken are based on social solidarity and brotherhood so as to avoid any dimension of exploitation of man by man. *Takaful* is one such moral measures to be taken since it is based on the principle of mutuality, in that participants/investors are both the insured and the insurers themselves. All the losses are shared by the members themselves and thus no transfer of risks is involved.

In the conventional economic system, the action economic players take against risk is what eventually gave birth to the concept of insurance. The term “insurance” could be described as community pooling, to alleviate the burden of the individual, which might be ruinous to him. The simplest and most general conception of insurance is “provision made by a group of persons, each singly in danger of some loss, the incidence of which cannot be foreseen, such that when such a loss shall occur to any of them it shall be distributed over the whole group” (Sadiq 2001: 198). Insurance should, therefore, be seen as a pooling of resources by a group of people to compensate the unfortunate few among them who suffer losses. This is how it resembles *Takaful*. It should be detested by Muslims only when the elements of **gharar** (uncertainty), **riba** (interest) and **maysir** (gambling) are glaring in it.

This paper argues for the promotion of all available “*Takaful*” arrangements/social solidarities that characterize Cooperative *Takaful* to commercial *Takaful* for effective societal regeneration, poverty elimination and sustainable development, using A. A. Zubairu “*Takaful*” Initiative as a case study. The rest of the presentation is in five sections. Section two traces related literature for review of previous research efforts; Section three is about statement of methodology; Section four discusses the historical development and operational strategy of A. A. Zubairu “*Takaful*” Initiative; Section five reveals findings and proffers recommendations, while Section six concludes the paper.

2.0 LITERATURE REVIEW

2.1 Historical Background of *Takaful*

Human society has practiced social solidarity in one way or another from time immemorial. The concept of protecting people or wealth against loss by natural perils is traced back, by some historians, to at least 215 BC, when the Roman governments were required by the suppliers of military stores to accept all risk of loss, arising from the attacks of enemies or from storms, to the supplies which they placed in the ships (Sadiq, 2001). The suppliers then were to be insured, by the government, against any loss that might arise in the course of the supply.

History has, in another way, shown that it was the Pharaoh of Egypt who invented the *Takaful* principle when, on the advice of the Prophet Yusuf, he directed the storage of grain in the years of abundance to meet the demand during the lean years. This was to ensure that in the anticipated lean years food would not be a problem to the people.

Tracing the Arabian history, Sadiq (2001) mentioned that each Arab tribe tied by blood relationships considered the loss of any individual member, including his liability towards the payment of blood money, as its own, and was obliged by custom and tradition to come to his rescue and take suitable measures to cover such losses or liabilities collectively. This took the form of mutuality and gave rise to the custom of losses being shared by the group as a whole.

History also shows that Islamic societies have always collectively assisted their members, both in cash and in kind, when they were required to incur some unusual or additional expenditure on deaths, births, marriages, etc. This practice is based on the teachings of Islam on social solidarity (*Takaful*), anchored on the concept of trusteeship (*mudarabah*) and cooperation. It is believed, in Islam, that interdependency and social solidarity are necessary for a happy society to be realized.

It is worthy to note that many countries of the world (including non-Muslim ones) have given room to the operation of *Takaful* to compete with conventional insurance in exercising control over their insurance markets. The countries with Commercial *Takaful* operators are Malaysia, Bangladesh, Sri Lanka, Australia, Singapore, Ghana, Egypt, USA, Iran, Lebanon, United Kingdom, Luxembourg, Senegal, Tunisia, Algeria, Saudi Arabia, Bahrain, Qatar, Kuwait, Jordan, UAE and Sudan (AAIC, 2003). One wonders why Commercial *Takaful* business is yet to be well established in Nigeria and many other Muslim populated countries in Africa, despite their large concentration of Muslim communities.

2.2 Misconceptions Regarding *Takaful* Operation

There is a need to clear some misconceptions put forward to unduly influence Muslim societies to detest Commercial *Takaful*, in particular, and insurance in general, with a view to ensuring their continuous dominance economically, socially and politically in the modern age. AAIC (2003) highlights some of the misconceptions against the practice of Commercial *Takaful*, which equate it with conventional insurance, and they are raised and discussed below.

a) *That risk Protection (through social solidarity) is against Taawakkul – total dependence upon Allah (SWT)*

But in a Hadith narrated by Anas bin Malik, when an Arab Bedouin asked Prophet Mohammad (PBUH), “Shall I leave my camel untied and seek Allah’s protection on it, or should I tie it?” The Holy Prophet replied, “Tie your camel and then depend upon Allah (SWT)”.

Again, according to Al-Ghazali, as cited in Chapra (1985: 33), “The very objective of the Shariah is to promote the welfare of the people which lies in safeguarding their *faith*, their *life*, their *intellect*, their *posterity* and their *property*. Whatever ensures the safeguard of these five serves public interest and is desirable”.

It should be clear from the above authoritative pronouncements that social solidarity is desirable in Islam, in so far as its practice is in strict compliance with the teachings of the religion. Since *Takaful* is consistent with the teachings of Islam, one wonders why Muslim societies are reluctant to practice it, thereby sacrificing a very important source of capital formation for economic growth and development in their countries.

b) *That all insurance is a form of gambling*

It should be clear that of the two types of risks to be covered through an insurance contract, *Takaful* covers pure risk only – which is about the possibility of loss or no loss. Speculative risk, which cannot be estimated with any degree of accuracy, is not covered by any *Takaful* arrangement. In *Takaful*, there is *Taawuni* (mutual assistance or assurance) which involves refund of contributions to participants when the need arises.

c) *That all dimensions of insurance seek to maximize Profit which takes the benefits away from the policy holders/the participants.*

But *Takaful* (Islamic Insurance) operates with the following virtues:

- ▶ Operators are mutual or cooperative entities. It is not a case of insurer and insured.
- ▶ Its goal is community well-being and self-sustaining operations – not high profits. Of course profit/surplus motive is not to be ruled out as it is encouraged in Islam.

d) That all Takaful operators are the same

This is not a good conclusion, as operational arrangement depends on the nature of the Muslim societies and their commitment to the achievement of set objectives. It should be noted that there is unity in diversity in Islam. In Sudan, *Takaful* is operated based on the principle of *Tabarru* (voluntary contribution); in Bahrain and Malaysia based on *AlMudharabah* (profit-sharing); in Saudi Arabia based on *Al Wakalah* (fee-for-services); etc. This shows that *Takaful* arrangement could take different forms based on the peculiarities of different societies.

e) That it is Safer to say "I don't need Takaful".

But we should be mindful of the fact that a *Takaful* scheme gives us an opportunity to practice the virtues of Islam..... including Self-Purification. In a Hadith by Ahmad and Abu Daud, the Prophet (PBUH) says "Whosoever fulfils the intention of his brother, Allah will fulfill his intentions; and Allah always helps he who helps his brothers". *Takaful* arrangement is one of the best means of helping one another for the achievement of sustainable development in societies.

From the foregoing discussion, it is clear that conventional insurance, as presently practiced, is regarded as *Haram* in Islam since it is perceived as containing the elements of uncertainty (Al-gharar), gambling (Al-maysir) and interest (Al-riba). These three elements are eliminated under a *Takaful* (Islamic insurance) arrangement.

2.3 Challenges to the Globalization of Takaful

Going by the dominance of the world banking system through interest-bearing products and the too many misconceptions people have against insurance business generally, it is not out of place to say that *Takaful* system has a lot of challenges to overcome before its industry becomes well developed for it to make any tangible contribution towards achieving the noble objective of sustainable national development. Some of the challenges are discussed below:

i). Insurance Penetration:

A major problem facing the *Takaful* industry is the general under-development of the conventional life and general insurance in Muslim communities (Lewis, 2003). So, for the *Takaful* industry to be established there is the need for the existing and prospective operators to embark on awareness campaign on its economic and social value. The linkage between *Takaful* and social welfare, communal efforts and risks management should be well established while creating the required awareness.

ii). Shari'a Acceptability:

The term insurance (Islamic or otherwise) suffers from poor reputation amongst many Muslims. For generations, Muslims around the world have grown up with the suspicion that the term contravenes basic Islamic tenets and is against tawakkul (relying and depending totally on the will of Allah). They tend to forget the famous Hadith of the Prophet Muhammad (PBUH) - tie your camel, then depend on Allah.

iii). Supporting Structures:

A number of conditions need to be put in place to facilitate the development of *Takaful*. These include a cohesive regulatory and legal framework, which emphasizes transparency, accountability and consumer protection; uniform accounting and auditing standards; and a higher degree of consensus on the interpretation of Sharia principles in the context of *Takaful* operations. The government, in many cases, is to give the leadership towards putting these structures on the ground.

iv). Reward Structure:

Commercial *Takaful* rests on a clear segregation between participant and operator, but the operator must be rewarded either on a profit-sharing (Al-Mudarabah) basis or on a fee-for-services (Al-Wakalah) basis. There is, therefore, the need for a well structured reward system to be adopted in order to ensure appropriate incentives and risk sharing from a Sharia viewpoint. For example, should a mudarib (entrepreneur/operator) deduct operational expenses prior to the distribution of the surplus to the beneficiary? Adoption of good and sustainable reward structure would aid *Takaful* industry development.

v). Retakaful:

There is the problem of the lack of *Retakaful* companies in the market even in economies where Commercial *Takaful* is relatively well established (Lewis, 2003). This has left the *Takaful* companies in a dilemma of having to

retakaful/reinsure on conventional basis, contrary to the customer's preference of seeking cover on Islamic Principles. The real problem is the lack of capacity to develop *Retakaful* companies in the *Takaful* industry world-wide (Lewis, 2003). Again, this is a challenge to be overcome by interested investors with some support, of course, from the regulatory authorities.

vi). Investment Avenues:

One of the serious difficulties facing Commercial *Takaful* is the ability to find riba-free investment avenues (Sadiq, 2001). Avenue of investments must be in accordance with Shari'a principles and these can be limited. Widening the range of investment instruments and products that are Shari'a compliant remains a big task, particularly in the area of Islamic project finance and infrastructure financing.

vii). Flexibility:

If *Takaful* industry is to be well established, switching between funds should be allowed. Switching policy would necessitate development of varieties of *Takaful* products, which is another challenging issue for *Takaful* companies. The report of the International Conference on Islamic Insurance (2003) indicates that *Takaful* companies, like HSBC Singapore, are now introducing a variety of *Takaful* products to overcome this challenge. Some of the products offered by HSBC to service the Muslim Community in Singapore include *Takaful* Family Care, *Takaful* Home Care, *Takaful* Motor Care, *Takaful* Umrah Travel Package and *Takaful* Mosque Package. A *Takaful* business has to be flexible and full of initiative in developing appropriate products for the use of its investors and allow room for switching from one fund/product to another.

viii). Dealing with Interest:

Interest is totally forbidden or *haram* for Jews, Christians and Muslims as they received guidance from one and the same God (Ahmad, 2003). As dealing in interest has penetrated all forms of businesses (insurance business inclusive) and interest-bearing products have become conventional in the banking and insurance industries, all over the world, appropriate stakeholders/authorities have to face the challenge of rescuing Muslims and other detesters of interest from interest-bearing insurance system by encouraging the development of *Takaful* industry.

3.0 STATEMENT OF METHODOLOGY

Since this is a case study, the historical development and operational procedures of the main variable are analyzed and interpreted for an appreciation of Cooperative *Takaful* in practice, and how it could be promoted into becoming Commercial *Takaful*. Abdurraheem Alhaji Zubairu has not given any name to his contributory scheme, started since 1989, but this study considers it as a typical cooperative "*Takaful*" arrangement.

The initiator, A. A. Zubairu, was interviewed and some write ups on the scheme were collected from him in order to enable the researcher to have a good understanding of the scheme and how and why it could be promoted to a Commercial *Takaful*. Beside, the researcher is one of the participants in the scheme, with effect from January 2009. This enabled him to gain some practical experience on its operational guidelines and procedures.

The historical background, procedural guidelines and operational policies of A. A. Zubairu "*Takaful*" Initiative are discussed in the next section of the paper.

4.0 RESULTS AND DISCUSSION

4.1 Historical Background of A. A. ZUBAIRU Cooperative "*Takaful*" Initiative

The monthly contribution initiated and coordinated by A. A. Zubairu, a Deputy Bursar with the Bursary Department of Bayero University, Kano- Nigeria, started way back in 1989 with ten participants contributing N50.00 per month. It was scheduled to cover ten months, with each participant collecting N500.00 when it was his/her month of collection. Since then the scheme has been designed to cover ten months within a calendar year, with the names of participants arranged to show when each would collect the beneficial payment. Contributions are collected, by the coordinator, from participants at the end of each month. The total amount collected is paid to the beneficial collector for the month.

When increases in emoluments and more sources of revenue to the increasing number of participants to the scheme became apparent, the monthly contributions were increased for the different categories of contributors. Presently (2009 contribution year), there are seventy (70) participants in three categories: A, B and C. There are 20

participants in category A, each contributing N100, 000.00 (one hundred thousand naira) per month. In category B, there are also 20 participants, each contributing N50, 000.00 (fifty thousand naira) per month, while in category C there are 30 participants and each contributes N20, 000.00 (twenty thousand naira) per month. The three categories were designed to start and conclude the contribution from January to October 2009.

The scheme is interest-free, commission-free and discount-free! The only expectation of the coordinator from beneficial collectors is wise investment of the amount collected and good prayers for him.

Discussion

It is important to note the sustainable nature of the scheme, started 20 years ago and still operated with increasing number of participants. This shows that the coordinator has been very committed and dedicated to the continuous existence and survival of the scheme and that the participants have faith in the sincerity and trustworthiness of the coordinator.

The fact that the number of participants rose from ten, at the beginning, to seventy, in 2009, without any element of advertisement, indicates that the scheme is found worthwhile by members of the Bayero University community and beyond. Again, it is interesting to note that the scheme cut across all the memberships of the Unions in the University and beyond, and it has effectively broken all religious, tribal, rank, age and other barriers. All categories of people are accommodated by the scheme.

It is, however, clear that differences in earning power and the project on which part of earned income is to be sacrificed are the two main causes of the categorization made for the participants. In the present arrangement, category A of the scheme, with two specified arms, would produce N20 million naira, inclusive of the beneficial collectors' contributions; category B, with two specified arms, would produce N10 million; while category C, with three specified arms, would produce N6million. The total amount the scheme would generate for its participants, in 2009, is N36million naira! This amount is big enough to stimulate economic activities in the environment/economy where the earners reside.

If earners are to be paid 50% of their annual beneficial payment (which should be enough to keep them up for a while) and the other 50% invested into some long term interest-unrelated projects, to be managed by the scheme, a lot of additional income could be generated, and the multiplier effect on output, expenditure and more income in the society would be substantial. In fact the amount to be invested (N18 million) is just N2million short of the required minimum paid-up capital for establishing a *micro finance bank*, which could be floated on the principle of interest-free banking system. Other forms of interest-free businesses could be established using part of the amount generated for economic empowerment of the participants and regeneration of the society and the economy as a whole.

This arrangement would show some promotion from the cooperative nature of the A. A. Zubairu "*Takaful*" Initiative to commercial "*Takaful*" system that would make the participants enjoy some short term and quick benefits from their investment as well as obtain long lasting benefits from the same investment, while allowing room for massive funds to be generated, through the scheme, for economic growth and development in their immediate community and the economy as a whole. The scheme would thus, in a few years to come, take pride of generating fund for investment into various economic development projects that would result into more sustainable earnings for its participants, create massive gainful employment, bring down the prices of goods and services to be involved in, and allow room for increased government revenue generation through taxes and charges on the profits and incomes of the floated businesses.

A.A. Zubairu "*Takaful*" Initiative is a good attempt at practicalizing the teaching of Islam against any dimension of interest earning, as the coordinator is distasteful of interest or even commission on turnover as he runs the affairs of the scheme, and that he is contented with what he earns from his job and other legal sources of income available to him. The fact that the coordinator expects only prayers from the participants suggests that he is more interested in his **hereafter** than in the material gains of the present world. This is a good lesson for the materialists of this world who are always after exploitation of situations even if the system they serve is to collapse in a short while! But when the scheme is promoted to Commercial "*Takaful*", the businesses to be established out of the amount realized

from the contributions of the participants have to be run as profit-making ventures taking any one of the Islamically accepted approaches of Al-Mudharabah (profit-sharing) or Al-Wakalah (fee-for-services).

4.2 Procedural Guidelines and Operational Policies of the Scheme

The scheme gets the consent of its participants at the beginning of the contribution year on the arrangement made by the Coordinator for their months to collect the beneficial payments. If a participant could not make his/her contribution in a month, for whatever reason, then that month's beneficial collector would not contribute when it comes to his/her month of collection. On no account would a participant who has already received the beneficial payment be allowed to refuse subsequent collectors his/her contribution, except in the case of those who have not made their contribution to him/her.

Any participant is free to withdraw at any given time during the contribution year, but the amount contributed would not be immediately refunded to him/her until the month slated for his/her collection of the beneficial payment comes. But if a participant withdraws after collecting the beneficial payment, for whatever reason, including death, he/she has to refund the money to all those who have contributed to his/her beneficial payment, unless they decide to waive it for him/her. Replacement is allowed for a participant that might wish to withdraw at any time during the contribution year. If no interested person is available for the replacement of a withdrawn participant, then the total beneficial payment would go down in the remaining part of the contribution year.

Participants are normally required, through moral suasion, to avoid delay in effecting the monthly payment. They are expected to abide by the regulations of the scheme strictly for successful operation. Default in payment is actionable in court, and to date no court of law has ever entertained any case involving the scheme and its participants!

Discussion

This voluntary scheme is not without good and realistic policies and regulations. The coordinator enjoys the cooperation of the participants in the successful operation of the scheme for the whole period of its existence, on the basis of those unwritten policies and regulations. Participants show the honor required of them in making the monthly contribution regularly and timely, and in ensuring that they do not disappoint the scheme, especially after collecting their beneficial payments.

Like any *Takaful* arrangement, participants are not in bondage. They are not forced to continue to participate up to the end of the contribution year; they have the right to withdraw at any given time and get back the amount so far contributed to the scheme. They, however, have to abide by the scheme's rules of withdrawal. The provision for replacement of withdrawing participants further confirms the social solidarity and brotherhood nature of the scheme.

It is interesting to learn that no case of default has ever been recorded by the scheme, despite the large sum of money moving around among the participants. This is a clear prove to the fact that the participants are people of integrity and honor; that the coordinator is a trusted gentleman; and that the scheme is blessed by Allah, since it is not against His teachings in anyway. No elements of gharar, maysir or riba are seen in it.

4.3 Impact of the Scheme on the Participants:

As an economic empowerment strategy, the scheme has impacted positively on the economic lives of the participants as they use their yearly beneficial payments to pursue a number of long term or short term projects. Many of the participants have committed themselves to land acquisition and house construction projects to logical conclusions, using beneficial payments of the scheme. Many have purchased vehicles (cars and motor cycles) using their beneficial payments. Many have used the beneficial payments to enhance the capital base of their businesses or float some businesses, using the amount collected as start up capital. Some participants have used part of their beneficial payments for investment into some blue chip companies in the Nigerian capital market.

Discussion

It is an understatement to say that the scheme has the prospect of economic empowerment to the participants; it is actually a strategy for the economic empowerment of the society and the economy as a whole. As the participants invest the collected amount from the scheme, more income accrues to the investee projects/businesses. This would encourage high level of production of goods and services needed. This would, in turn, necessitate the need for employing more workers, thereby reducing unemployment and increasing income generation by both the employees and the government (through income tax). The multiplier effect would be enormous.

If the Cooperative *Takaful* is to be promoted to Commercial *Takaful*, as discussed under 4.1, the impact of the scheme, to the immediate community and to the economy as a whole, would be more glaring. As 50%, or thereabout, of the annual gross beneficial payment is committed to some long term project(s) belonging to the generality of the participants in the scheme, a great deal of economic activities would be generated in the immediate community and the economy as a whole, much more than the impact the participants could make investing separately.

5.0 FINDINGS AND RECOMMENDATIONS

Based on the review of related literature, results and discussion and general observations, **the following are the major findings of the study:**

- a) *Takaful* arrangement is not a new concept altogether as it has a very long historical origin, and it is practiced in different dimensions in different communities in Nigeria and beyond.
- b) *Takaful*, as a social solidarity and brotherhood arrangement, is quite different from conventional insurance scheme and, so, all the worries Muslim communities have on insurance should not be linked to it. In fact it is against all the three basic detestable elements of the conventional insurance scheme: uncertainty, gambling and interest.
- c) For *Takaful* arrangement to be well institutionalized and its industry to be well established in the Nigerian economy and beyond, a lot of challenges have to be overcome. These include creating awareness on the scheme, especially Commercial *Takaful*; putting in place supporting structures like legal framework and uniform accounting and auditing standards; establishment of *Retakaful* scheme and development of acceptable reward system/structure.
- d) A.A. Zubairu "*Takaful*" arrangement is a good example of the power of social solidarity and brotherhood needed in various communities (academic, business, trade, vocational, professional, civil service, police, military, media, etc) for the economic empowerment of participants and the whole communities and for everybody to be socially regenerated and be actually part of the economy.
- e) What sustains the A. A. Zubairu "*Takaful*" Initiative for about 20 years now is manifold, including: 1) the commitment, trustworthiness and contentment of the Coordinator; 2) the honor and integrity of the participants; and 3) the fact that the scheme is in peace with Allah! Had it been that any of the three is absent or weak, the scheme would not have lasted to date.
- f) The A. A. Zubairu "*Takaful*" scheme would have been making greater positive impact on the economic lives of the participants, the immediate community and the economy as a whole, if it has been promoted to commercial level. It is at that level that mass capital formation could be made and more gigantic project(s) financed by the collective contributions of the participants.
- g) When the scheme is promoted to commercial level, it has the prospect of producing an interest-free banking system, at least at micro-finance level, interest-free brokerage firms, manufacturing businesses, etc. As this is replicated in many other communities in Kano state and other parts of Nigeria, it would not take long before *Takaful* schemes produce a mega interest-free bank that could meet up with the N25 billion minimum paid up capital requirement!

On the basis of the findings of the study, **the following recommendations are hereby made:**

- i). *Takaful* principles should be initiated/invented by well meaning community activists in all Nigerian communities for the economic empowerment of those that have the wherewithal to participate as contributors and for ensuring sustainable development of the communities. Various dimensions of the scheme should be adopted in line with the

peculiarities of each community (academic, trade, business, vocational, professional, civil service, military, police, media, etc).

ii). The establishment of *Takaful* schemes should be encouraged in Nigeria by community leaders, traditional institutions and governments (local, state and federal) to regenerate the communities/societies towards adequate protection against the risks and uncertainties of poverty, deprivation, financial loss or any other calamity that could be dealt with, using the economic power to be generated through the schemes.

iii). To satisfactorily overcome the challenges of establishing successful Commercial *Takaful* in various communities, the promoters should liaise with relevant government agencies (like CBN, SMEDEN, NASB, etc) that are saddled with the responsibility of regulating and standardizing the activities of the businesses to be involved in. This is with a view to ensuring that exceptional provisions are made to protect the *Takaful* businesses/products against the factors of *riba*, *maysir* and *gharar* that might be mixed up with the conventional businesses.

iv). As Commercial *Takaful* schemes have the prospects of producing mega businesses like Mega Bank, through synergization, galvanization and consolidation, promoters of the various schemes should ensure that they remain trustworthy, committed and contented as they spearhead the necessary actions needed for the successful establishment of the mega businesses, including *Retakaful* ventures.

6.0 CONCLUSION

This study is a clear testimony to the fact that *Takaful* arrangement is a self- economic -empowerment strategy that should be adopted by each community, regardless of the community members' religious faith, tribal inclination or economic status, in view of its potentials for ensuring sustainable economic development to the participants and the whole community. The A.A. Zubairu Initiative is a clear and practical case of how millionaires could be produced by a *Takaful* scheme on monthly basis and throughout the contribution year!

This study is a confirmation of Zeti (2003)'s position that the *Takaful* industry represents an important component in the overall financial system given its role in the mobilization of long term funds, its role in providing risk protection, its role in the development of the Capital Market, as well as its role in supporting the overall economic growth and development. The challenge to scholars, researchers and practitioners of the *Takaful* industry is to evolve a dynamic and vibrant *Takaful* industry within a financial system that is dynamic, responsive and sustainable.

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