THE ROLE OF ISLAMIC INSURANCE (*TAKAFUL*) IN SOCIO-ECONOMIC DEVELOPMENT OF NIGERIA: AN OVERVIEW

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Abstract

A sound and effective financial system is necessary to support the Nigeria's drive for a vibrant economy. Therefore, the role of Takaful as a component of Islamic Finance in the overall development of Nigeria's financial system is undisputable. However, despite the large market potentials and government commitments, the growth of Takaful operations in Nigeria, for over a decade of its existence is still not impressive. The aim of this paper therefore, is to re-assess the role of Takaful in socio-economic development of Nigeria using a qualitative library research method. The paper specifically conceptualized and highlighted the principles and operational models of takaful and portrays its potentials in socio-economic development of Nigeria. However, despite its potentials, several challenges hindering the progress of takaful such as lack of shariah compliance liquidity management instruments, and low public awareness about Islamic Insurance practice have been identified. The paper suggested the need to provide a Shariah compliance financial markets that support efficient and profitable Shariah compliant investment alternatives for Takaful operators and greater public awareness on the existence of Takaful and its impressive performance in different countries of the world.

Keywords: *Islam, Insurance, Takaful*, *Socio-Economic, Development.*

Introduction

A sound and effective financial system is indispensable for the proper working of any economy. Similarly, the contributions of the Islamic Financial sector to the socio-economic development of the developing economies like that of Nigeria need not be overemphasized hence, the need for the adoption of comprehensive Islamic Insurance scheme. Apart from enhancing financial inclusion, Islamic Insurance is expected to influence the activities of the real sector with its emphasis on mutual trust as well as profit and risk sharing, which ensure social justice, equity and fairness as against the conventional insurance system that is based on interest, uncertainty and gambling (Ardo & Saiti, 2017).

Insurance is a financial arrangement which redistributes the costs of unexpected losses and is a risk-sharing agreement between two parties. In this arrangement, one party (the insurer) agrees to financially assist another party (the insured), through a contract, against certain losses specified by said contract's policy. As such, insurance is an economic tool by which individuals and organizations can transfer several risks and losses to others, in exchange for a fee (premium) (Mazahir, Rahman & Ramzy, 2017).

Insurance has become essential for individuals and business organizations in the contemporary world for ensuring a functioning economy and social stability. Throughout human history, the concept of insurance has been implemented in some form or another as civilizations established themselves. This is especially the case with regard to natural disasters, where societies would ensure the continued existence of its members through communal charity. This type of insurance has survived to the present day in some parts of the world where modern insurance systems are yet to be implemented (Anscombe, 2016)

However, insurance as a commercial instrument only became popular among Muslims in the latter part of the 20th century. Even though, Muslims have known about the concept in different forms throughout Islamic history, they left this legacy due to several reasons such as the ignorance on the Islamic perspective of the human life, lack of knowledge in implementation of Islamic doctrines as per the improvement in human civilization. However, with the revival of Islamic thought around the 1970's, awareness of '*Halāl'* (permissibility) practices and institutions, particularly after the issuance of a *fatwa* (legal opinion) by the National Religious Council of Malaysia in 1972 (Abu-Hussain, Muhammad & Hussain, 2014) on the prohibition of conventional insurance in Islam, they began to study the insurance system from an Islamic perspective.

As a result of this development, *Takāful*, Islamic mutual cooperative insurance, is fast gaining grounds all over the world and many countries have tapped into its potentials to grow their economies. In Nigeria, African Alliance Insurance Company Limited, being the oldest life assurance and Pension Company, blazed the trail in introducing Islamic Insurance (*Takaful)* into the market in 2003. Since then, other two conventional insurance companies have joined the fray. These are Niger Insurance Plc and Cornerstone Insurance plc which provided a window of operation of takaful. As a composite Insurance Company, Niger Insurance Plc transacts all classes of insurance business and offers a wide range of innovative products and customer-oriented services to its growing customers. Cornerstone as an ethical and innovative customer oriented insurance company decided to establish *Halal Takaful Nigeria* for the large Muslim population in the country, which offers a separate Takaful office where assets of Takaful are not merged with the conventional insurance funds (Tajudeen, 2012). Similarly, two more Islamic Insurance companies were licensed in 2019 namely the Jaiz Takaful Insurance PLC and Noor Takaful PLC to perform family and general takaful operations in Nigeria.

Many evidence (see Abdulrahman, Yusof & Abu Bakar (2008); Tajuddeen 2012) suggests that due to the increasing share of the insurance sub-sector in the aggregate financial system in almost every developed and developing countries, Islamic insurance has the potentials to contribute meaningfully to socio-economic growth of Nigeria by improving the investment climate in the largely untapped sharia compliant instruments and promoting a more efficient mix of activities under interest free financial regulations in a risk free management environment.

Many studies have addressed banking and other aspects of Islamic financing in Nigeria. However, scanty literatures have examined the operation and development of *takaful* practice in the country. This study, therefore, presents a review of the role of *takaful* in socio-economic development of Nigeria with a view to creating more awareness about its existence and possibly assist in creating a risk free Islamic economic environment.

The Concept of Islamic Insurance (*Takaful*)

Takāful is an Islamic way of practicing insurance. It is an alternative to conventional insurance system and also called Islamic insurance. Basically, the word *Takāful* is derived from the Arabic word *'kafala'* which means guarantee or responsibility (Billah, 2003). *Takaful* literally means mutual guarantee and solidarity. *Takaful* act 1984 of Malaysia defines Takāful as "a scheme based on mutual assistance, which provides for mutual financial aid and assistance to the participants in case of need whereby the participants mutually agree to contribute for the purpose". Thus it is a financial transaction of a mutual co-operation between two parties to protect one of them from unexpected future material risk. Allah (SWA) ordered the principle of cooperation and mutual assistance in the following verse of the holy Quran:

> "*Cooperate with one another in furthering virtue and Gods consciousnessand do not cooperate with one another in furthering evil and enmity (Q5:2)*

On Islamic brotherhood, the holy prophet of Islam also said:

> *...A Muslim is the brother of a Muslim: he neither oppresses him nor disgraces him, he neither lies to him nor does he hold him in contempt… It is evil enough for a man to hold his brother Muslim in contempt. The whole of a Muslim for another Muslim is inviolable: his blood, his property and his honour (Hadith 35 of Al- Nawawi collection)*

From management point of view, *Takāful* is a system whereby a group of people called participants who agree to contribute a certain amount to a fund called *Takāful* fund. The fund is managed by a trustee called *Takāful* Company (also called a *Takāful* Operator) who invests the fund in *Sharī'ah* compliant instruments. Participants are compensated out of this fund in case a loss or catastrophe occurs to any of them (Billah, 2003).

The origin of Islamic insurance can be traced from the period of *jāhiliyyah*, before the era of the Prophet Muhammad (PBUH), particularly in the practices of '*āqilah,* or mutual co-operation (aqilah was a common practice of the ancient Arab tribes that, if any member of a tribe was killed by a member of another tribe, that the heir of the victim would be paid an amount of blood money as compensation by the close relatives of the killer. Those close relatives of the killer, called 'āqilah', were supposed to pay the blood money on behalf of the killer).This practice continued during the period of the Prophet (PBUH):

> *Narrated by Abū Hurayrah RA: He said that once, two women from 'Hudhayl' clashed. One of them hit the other with a stone which killed her and the fetus in the victim's womb. The heirs of the victim brought an action to the court of the Holy Prophet (PBUH) who gave a verdict that the compensation for the fetus to be a male or female slave while the compensation for the victim woman is a blood money (diyāt) to be paid by the 'aqilah' (the paternal relatives) of the killer. (Ṣaḥīḥ al-Bukhārī, vol. 12)*

And it was included in the constitution of al-Madinah in 622 A.D. Moreover, it was even made mandatory in some cases during the period of the second caliph 'Umar.

From the foregoing submissions, *Takaful* can be summarised as a social security scheme based on the principles of brotherhood, solidarity and mutual assistance. It provides mutual financial support and assistance to those who are members of the *Takāful* scheme and voluntarily agree to contribute a certain amount of money for that purpose. It is a mutual agreement among the participants of the scheme. This has its origin from the concept of collective sharing of individual's loss.

Islamic Critique of Conventional Insurance

According to Ghifari (2003), the Islamic Jurists and the Muslims economists, e.g. Prof. Muhammad Abu Zahra, Dr. Isa Abdoho, Muhammad Ali al-Bulaqi, Mufti Muhammad Shafi, Mufti Wali Hasan, etc., have criticized and reproved modern capitalistic insurance for certain reasons, from *Sharī'ah* view point as follows:

i. That the conventional insurance system is born and nourished by *riba (interest)* which is not only unlawful from religious point of view but also it is the greatest hurdle in the circulation of wealth and a most effective tool for the concentration of wealth into a few hands.
ii. That it is of an uncertain nature.
iii. That it is game of chances.
iv. That it involves some unjust conditions, which are unlawful in Islam.

According to Yusuf (2006), generally, the accepted view of the jurists is that the present day insurance does not, in its present form, conform to the rules and requirements of *Sharī'ah* due to following exploitive tools that are detrimental for the society:

a. *Al-gharār (uncertainty)*

There is the element of *al-gharār* (uncertain or unknown factors in the operation of a contract) in both the life and general insurance contracts. Nature of such contracts is uncertain as neither of the two parties exactly knows the amount of compensation as well as exact time of occurrence of event. According to *Sharī'ah* scholars, (such as Mustafa Zaid, Abdullah al

Qalqeeh, Jalal Mustafa al-Sayyad and Shawkat Ali Khan) (Siddiqi, 1985) the sale in which no physical commodity exists at the time of contract is void under *Sharīʼah* and hence prohibited. In case of insurance, both the physical existence and time of occurrence of an event is unknown so sale of insurance contract is prohibited in the eyes of *Shariʼah.*

b. *Al-maysir (gambling)*

There is the element of *al-maysir* (or gambling) which arises as a consequence of the presence of al-gharār, in particular in the case of life insurance. When a life policy holder dies before the end of the period of his insurance policy after paying only part of the premium, for example, his dependents will receive certain percentage which the policy holder in the first place is not informed of how and from where it is to be derived.

Principles of Islamic Insurance

According to Billah (2003), the following principles are applicable to Islamic Insurance (*Takāful)* contract:

(i) Principle of *tabarru* (donation):

Part of the contribution paid in a *Takāful* policy is regarded as *al-Tabarru* (donation or charity). The participant in a general policy has the right to make a claim in consideration of paid-contribution only if there is any risk to subject matter of the policywithin the maturity period, but if there is no risk, the participant has no right to make a claim for any benefit over the paid contribution.

(ii) Principle of Good faith

The parties involved in a *Takāful* contract should have a good faith with each other and should work to cooperate with each other to mitigate risk and to protect themselves against any unexpected future loss or catastrophe. Hence, it is obligatory for each party to disclose all the material information and to avoid hiding any fact without any intention of deception. *Allah* (SWT) says to the effect:

> "*.. Do not misappropriate your property among yourselves in vanities butlet there be amongst you traffic and trade by mutual good will…"*
> (*Al-Quran*, 4:29)

Hence, Quran emphasizes dealings and business contracts with mutual consent of both parties so that both can be benefited from the business dealing.

(iii) Principle of *al-Mudharabah*

Under *al-Mudharabah* contract, one person who provides the capital is called *Rab-al-maal* while the other party (*mudarib*) provides business skills and management expertise to run the business successfully. Both parties share the profit according to pre-determined agreed ratios. In case of *Takāful* business, participants are the providers of capital *(Rab-al-maal)* as they pay the contribution amount to *Takāful* fund. *Takāful* operator manages the funds and provides essential expertise to invest the funds in *Sharīʼah* approved way and hence acts as *mudarrib*. In *Mudhārabah* contract, *mudarrib* (*Takāful* operator) shares in the profit according to pre-determined agreed ratios.

(iv) Principles of *Mirath* and *Wasiyah*

In a conventional insurance, the policyholder nominates a person who might not be an absolute beneficiary in case of unexpected and sudden death of the insured. In *Takāful* business, compensation and benefits of a *Takāful* policy are distributed to true heirs of deceased and according to *mirath* and *wasyyah* (laws of inheritance and will). In fact, a nominee in a *Takāful* contract is a mere trustee who receives benefits of the contract and distributes them among the legal heirs of the deceased, in accordance with the principles of *"Mirath"* and *"Wasiyah"*.

(v) Highest ethical and moral standards

A *Takāful* contract is based on highest standards of ethics and morality to care for the fellow beings (whether they are Muslims or non-Muslims) in their miseries and distress. This is justified by the principle of mutual cooperation in the *Shari'ah*. *Allah* (SWT) says to the effect:

> "*...Maintain a mutual co-operation among yourselves in righteousness and piety...*"
> *(Al-Quran, 5:2)*

(vi) *Takāful* is based on the principle of 'Masalih al-Mursalah'

A *Takāful* contract is based on the principle of *'Masalih al-Mursalah'* (unrestricted pubic interest) for the purpose of eliminating hardships from one's life andstrive for achieving welfare of oneself and one's family. In Quran, *Allah* (SWT) says to the effect:

> "*...Allah (s.w.t.) intends easy life for you while He does not want to put you to difficulties....*" *(Al-Quran, 2:185)*

Operational Models of Islamic Insurance (*Takaful*)

Takāful *is* perceived as *cooperative insurance* (ICMIF, 2006), where members contribute towards a common pool yet the commercialization of *Takāful* has produced several models of Islamic insurance, each reflecting a different experience, environment and perhaps a different school of thought. Currently, the following models are being practised in diferent *Takāful* companies (Salama Islamic Arab Insurance Company UAE, Syarikat Takaful Malaysia, Amana Takaful Limited, Sri Lanka) across the globe.

***Takaful Ta'awuni* (Non-Profit Insurance Model)**

According to Billah (2004), *Ta'awuni* model is based on the concept of brotherhood, solidarity and mutual cooperation among participants to achieve well-being of those who are in great need of help due to a sudden calamity, misfortune or disaster. This model seeks to achieve welfare of *Takaful* participants and community at large. *Takāful* operator acts as a trustee on behalf of participants with no intention of making profit. That's why this model is also called non-profit model. The profit and underwriting surplus are distributed entirely to the participants.The concept of *ta'awuni* originated in Sudan in 1979 when the first *Takāful* Company started its operations in Sudan.

***Mudarabah* (*Tijarah*) Model**

In *Takaful*, *Mudarabah* model is a profit sharing contract (Billah, 2004) where participants provide capital in the form of contribution and *Takāful* operator acts as a mudarib who provides his management expertise to efficiently utilize the *Takāful* fund. It is also called *tijara* model as it works on commercial business basis. *Takāful* operator shares the profit from investment of *Takāful* fund and is responsible for all management expenses. *Mudārabah* model has been in operation in Malaysia for almost 20 years since the incorporation of Syarikat *Takāful* Malaysia in 1985, the first and the largest *Takāful* Company in Malaysia. With its foundation firmly established, the *Mudārabah* model in Malaysia has proven to be both viable business venture as well as profitable to consumers and investors alike (*Takāful* Malaysia News bulletin, 2001).

Wakalah Model with _Waqf_ Fund

A discussion on the *Wakāla* model gave the Dāru-lʿʿulum, Karachi, the challenge that produced this model. In this model, the *Takāful* fund is replaced by a charitable trust fund i.e. *Waqf* fund. Shareholders would initially make a donation to establish the *Waqf* fund. The donation can be of any reasonable amount (Shariah scholars may specify that amount) (Razaq, 2013). The objective of the *Waqf* fund would be to provide relief to participants against defined losses as per the rules of waqf. The relationship of the participants and the operator is directly with the waqf fund. The operator is the wakil (agent) of the fund and the participants pay contribution to the *waqf* fund by way of one sided *tabarru* (unconditional donation) (Abdulwahab, 2003).

The combined amount (the *waqf* fund) and the contributions from members seeking *Takāful* protection are then invested and the profits earned would again be deposited in the same fund. The company, on the basis of set rules and regulations, would pay the losses of participants from the same fund. Besides this, all operational expenses that are incurred for providing *Takāful* services e.g. arrangement of Retakāful and building up of reserves will also be met from the same fund. This model is commonly in use in Pakistan and South Africa (Khan, 2008)

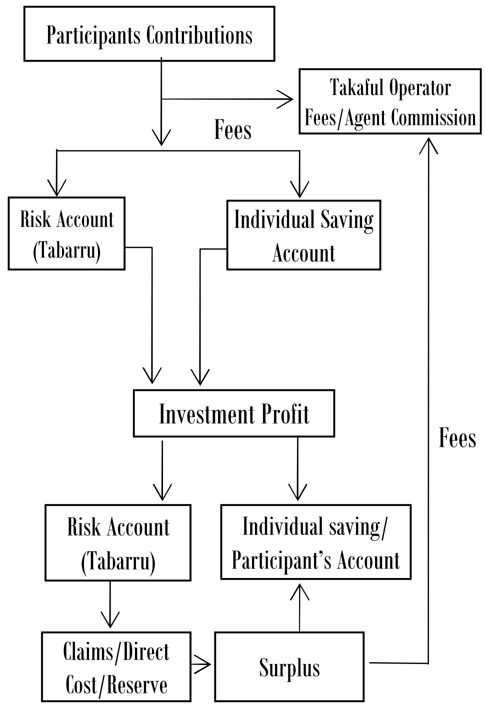
Hybrid _Wakalah-Mudarabah_ Model (agency-profit sharing)

This model is a combination of *Wakalah* (agency) and *Mudarabah* (profit sharing) between the participants and Takaful operator. In this case, *Wakalah* is applied for managing underwriting activities while *Mudharabah* is applied in the investment activities (Ardo & Saiti, 2017). In the hybrid model, each risk class has a set of contribution which is designated for the wakeel's fee, those for indemnifying contributors and an investment portion managed by the wakili. Thus, the first portion is of the wakala model while the indemnity and investment management are operated in the mudaharabah fashion (Abdul-Maliq & Salaudeen, 2015). The Hybrid Wakalah-Mudarabah Model is common in Bahrain, UAE and Middle East market and it is widely practiced by *Takaful* companies worldwide (Bank Negara Malaysia, 2009)

Wakalah Model (*Agency*)

In this model, the Takaful operator manages investment and underwriting activities as an agent (*wakeel*) of the participant (*Muwakkil*) for a fee (*Wakalah* fee) mutually agreed upon at the beginning of the contract. Depending on the details of the contract, the *Takaful* operator may be entitled to a performance related incentive (*Jualah*) for effective management of the fund (Ardo & Saiti, 2017). The *Wakalāh* fee should be fair and appropriate and should be determined and approved by the authorities as approved by *Sharī'ah*. *Wakalāh* model is considered more transparent than *Mudārabah* model as charges are fixed and predetermined by both parties. There are no hidden charges. Some *Takāful* operators charge an additional fee on surplus as an incentive to efficiently manage the funds (Billah, 2004). *Wakalah* model has been practiced by Bank Al-Jazira, Saudi Arabia. Government of Bahrain has also taken the initiative to make compulsory for *Takāful* and *Re-takāful* companies to adopt *Wakalāh* model in their business (Al-Sadah, 2005).

Figure 1: Wakalah (Agency) Model



Source: Bank al-Jazira, Saudi Arabia. Cited by Akhter (2009),www.baj.com.sa

We used Wakalah model to demonstrate the working of takaful because it's more widely practiced by the takaful companies across the globe. The figure 1 above indicates a flow chart of Wakalah model for family Takaful practiced by Bank al-Jazira of Saudi Arabia. According to Akhter (2009) the agents' commission is directly drawn from participant contribution as upfront charge. The remaining amount is distributed in two accounts i.e. individual saving account and risk account to cover the loss of affected participants. Individual saving account is each participant's personal account that is used for future savings. Risk account is also known as Tabarru account as participants agree to donate a portion of their contribution to this fund which is used to pay for claims, underwriting costs and re-Takaful expenses. Amount in both accounts is invested under Shariah guidelines and profit obtained from investment is appropriated to both accounts according to their original ratio. Any surplus left from risk account goes to individual saving account. However, Mudarabah (profit and loss sharing) and Wakalah (Agency) models are the only models applied by the insurance companies operating the windows of Islamic insurance in Nigeria.

Opportunities of Takaful for Socio-Economic Development of Nigeria

Islamic insurance in Nigeria is very feasible considering the size of Muslim population and development opportunities of the country as well as constitutional provision which provides the right to freedom of thought, conscience and religion (section 4, sub-section 1,2 &3 of 1999 constitution). Muslims are prohibited from engaging in riba (interest) and gharar (uncertainty) based transactions, this necessitates the establishment of Islamic insurance companies to enable Muslim exercise their constitutional right which is not a privilege. The following are some of the opportunities for the establishment of *takaful* companies and their prospect for contributing to Nigeria's development:

- *Increasing Muslim population*: the population of the Muslim in **Nigeria** constitutes about 75% of the population (CIA Fact book, 2010, cited by Ardo & Saiti, 2017). This is expected to rise as Muslims are noted to be skeptical about the use of contraceptives to plan their families; Muslims are also noted to marry early and even more, permitted to marry up to four wives at a time. These and other demographic characteristics account for the growing population of the Muslims (Tajudden, 2012). These provides a good source of patronage and attractive market for the Islamic insurance companies to flourish and develop in Nigeria
- *The growth of the Islamic insurance companies across the world*: The increasing growth, development and impressive performance of Islamic insurance companies across the world particularly in countries with largely Muslims population such as Malaysia (Syarikat Takaful Malaysia), Indonesia (Syarikat Takaful Indonesia), Bahrain (Islamic Takaful and Re-takaful), Saudi Arabia (Islamic Arab Insurance Co), Sudan (Al-barka Insurance Co) etc. indicates yet another potential and opportunity of Islamic Insurance in Nigeria. As such, there is the need for more support and understanding from the investors to unlock the potentials of Islamic insurance system in Nigeria.
- ***Takaful generates investments***: the relationship between investments and economic growth is always positive, and investment depends on savings. A Takaful operating company is a major instrument for the mobilization of savings of people, particularity from the middle and lower income groups. These savings are channeled into investments for economic growth and development. The Insurance Act of 2003 has strict provisions to

ensure that insurance funds are invested in safe avenues like government bonds, sukuk etc. The *Takaful* huge funds, accumulated through the payments of small amounts from individual contributions are invested by the operators in the sharia compliant instruments which contribute substantially to economic development of the countries in which they do business (Haiss & Sumegi, 1999).

- ***Socio-economic Growth of Nigeria***: the role of Islamic insurance in the provision of free service to the poor and vulnerable under the concept of mutual cooperation, *tabarru* (donation) and philanthropic activities, and advancing of benevolent loan (Qardul-hassana) which is also a free loan to the poor may greatly assist in poverty alleviation strides and also propel socio- economic growth of Nigeria.
- ***Attracting new productive investment***: An interest and gharar free investment atmosphere which characterized the *takaful* investment would naturally attract new and more productive investment particularly from the Muslim inventors that are more comfortable and have the desire to benefit and support the interest free financial system.
- ***Main streaming the Informal Financial Sector***: the Islamic insurance has the potentials for mainstreaming the vast informal financial sector where the larger populations of Muslim are out because it has been condemned as haram (illegal) in Nigeria. The Islamic insurance system also has the potential to provide greater access to Islamic insurance services to all segments of the society.
- ***Employment Generation***: Generation of more employment opportunities is yet another contribution of *takaful* to the socio-economic growth and development of the Nigerian economy. More Muslim conventional insurance personnel might be attracted into switching their employment to the Takaful alternative which might trigger the establishment of Islamic financial institutions in the country.

Operational Challenges of Islamic Insurance in Nigeria:

Some of the projected operational challenges that have to be addressed for the successful operation of Islamic Insurance in Nigeria include the following:

- ***Lack of Shariah–compliant liquidity management instruments***: Islamic insurance cannot invest their asset in interest-based instruments, which are the liquidity management instruments in the market which places them at a competitive disadvantage with respect to their conventional counterpart. Similarly, the current Inter-Bank market and instruments used by central Bank for monetary policy operations are all interest based with no equivalent government securities or other money market instruments that are Shariah compliant, all of which are essential to avoid a liquidity bottleneck for Islamic insurance when they come into operation.

- ***Misunderstanding and Misperceptions of the Concept of Islamic Insurance System***: Since the approval of the first license of Islamic bank in Nigeria, there has been serious outcry on the implications of the new banking system. Despite its existence in even western countries of US, UK, France etc. ethno-religious sentiments were employed to discredit the Islamic banking system (Sanusi, 2012). The introduction of Islamic insurance in Nigeria would have the same fate with the Islamic banking of unnecessary and bias along ethno-religious sentiments, and this wrong perception and stiff resistance to the policy could potentially deter prospective investors in the proposed insurance industry in Nigeria.
- *Inadequate knowledge of accounting and auditing standards*: it is very clear that, there is insufficient knowledge of accounting and auditing standard related to Islamic financial institutions by the operators in Nigeria.
- ***Lack of a robust and comprehensive legal framework***: This occurs especially, at the level of adjudication of conflicts involving Islamic finance contracts, products or entities (Nuruddeen, 2016).
- *Low public awareness of the existence of Islamic insurance*: There is apparently low awareness of the existence and operation of Islamic insurance concept even among Muslim population in Nigeria. The low awareness about the Islamic insurance system and its products in the general public affect the effort at developing the system in the country.

Suggestions

To achieve the much-needed *Shariah* compliance, with, *Takaful* investments, there are the needs for the regulatory authorities National Insurance Commission (NAICOM) to provide a *Shariah* compliant financial markets that support efficient and profitable *Shariah* compliant investment alternatives for *Takaful* operators in Nigeria.

There is also the need for greater education and knowledge on Islamic insurance to be delivered to the public so as to create better awareness among the citizenry that Islamic insurance is not only an alternative financial approach but also in some aspects better value proposition to the consumers, and the responsibility of public awareness on the Islamic insurance system is saddled on licensed providers of insurance services and financing regulators (e.g. CBN and NDIC) and indeed the Islamic leaders and scholars.

Nigeria, as opined by Musa (2016), should borrow from the practice in Malaysia and Sudan by amending the existing laws and promulgating distinct legislation to provide a comprehensive legal framework to specially deal with the operation of Islamic Banks and insurance companies and other Islamic financial institutions in Nigeria.

Similarly, there is the need for the appropriate authorities to provide proper training to our conventional accountant and auditors on the accounting and auditing standards for Islamic financial products as provided by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

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