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PARTICIPATORY FACTORS INFLUENCING PREFERENCE FOR ISLAMIC INSURANCE (TAKAFUL) AMONG MUSLIMS IN LAGOS STATE, NIGERIA

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ABSTRACT

Islamic insurance, commonly known as Takaful, has been promoted as a Shariah-compliant alternative to conventional insurance. This study examines how participatory factors and perceived market barriers shape preference for Takaful among selected Muslims in Lagos State, Nigeria. Anchored on the Theory of Planned Behaviour and Consumer Behaviour Theory, the study adopted a cross-sectional survey design. Data were collected through a structured questionnaire administered to adult Muslim respondents with varying levels of awareness and exposure to insurance services. Of the 251 questionnaires distributed, 187 valid responses were analysed using descriptive statistics, Friedman rank tests and simple linear regression. The results show that belief in and awareness of Islamic doctrine ranked highest among the determinants of preference, followed by income level and government regulation. Poor awareness, inadequate guidelines and limited accessibility ranked as the most severe participatory barriers. Regression results further indicate that participatory factors have a positive and statistically significant influence on preference for Islamic insurance ($\beta = .518$, $t = 8.234$, $p < .001$), explaining 27.6% of the variance in Takaful preference. The study contributes to Islamic insurance scholarship by clarifying the hierarchy of religious, economic and institutional factors shaping preference in a Nigerian urban context. It recommends sustained public education, stronger regulatory communication, product simplification and trust-building strategies by Takaful operators.

Keywords: Islamic insurance, consumer preference, Takaful, Shariah compliance, Lagos, Nigeria

INTRODUCTION

The growing complexity of modern economic activities has increased the importance of insurance as a mechanism for risk management, financial protection, and economic stability across both developed and developing economies. However, conventional insurance practices have continued to generate religious and ethical concerns among Muslims because of the inclusion of elements such as *riba* (interest), *gharar* (uncertainty), and *maysir* (gambling), which are prohibited under Islamic law (Shariah) (Kobilzhonova, 2026; Baruti, 2022). These concerns have contributed to the emergence and expansion of Islamic insurance, commonly referred to as Takaful, which operates on the principles of mutual assistance, shared responsibility, cooperation, and ethical financial transactions. Globally, the Takaful industry has experienced significant growth due to increasing awareness among Muslim populations and the rising demand for Shariah-compliant financial services (Akomolehin & Oluwaremi, 2025; Hammani, 2025). In Nigeria, particularly in Lagos State where there is a sizeable Muslim population and a growing Islamic finance market, Takaful has gradually gained attention as an alternative to conventional insurance.

Despite the increasing awareness of Islamic finance in Nigeria, participation in Islamic insurance remains relatively low when compared to conventional insurance products. Several Muslims still demonstrate limited preference for Takaful services due to inadequate awareness, poor understanding of operational principles, low trust in insurance institutions, insufficient public enlightenment, and misconceptions regarding the differences between conventional insurance and Islamic insurance (Shehu, 2025; Shuaibu & Muneeza, 2025). In addition, socio-economic conditions, religious commitment, educational background, and perceived benefits of Takaful may significantly influence the extent to which Muslims participate in Islamic insurance schemes. While studies on Islamic banking and Islamic finance have received growing scholarly attention, empirical investigations focusing specifically on how participation in Islamic insurance influences consumer preference for Takaful among Muslims in Nigeria remain limited, particularly within the Lagos context (Arshad & Din, 2025; Chehoui et al., 2024).

Furthermore, the sustainability and growth of the Takaful industry largely depend on the willingness of Muslims to participate actively in Islamic insurance schemes and to prefer such products over conventional alternatives. Participation in Islamic insurance may strengthen trust, improve awareness, enhance understanding of Shariah compliance, and increase perceived value among policyholders, thereby influencing their long-term preference for Takaful products (Rifas & Minaz, 2025; Hussin et al., 2024). However, existing literature has not sufficiently established the extent to which participatory influence affects consumer preference among Muslims in Lagos State. This creates a knowledge gap regarding the behavioural and religious factors shaping acceptance and patronage of Islamic insurance products within the Nigerian insurance industry (Damian-Okoro, 2025; Maduku & Mbeya, 2024).

Against this background, this study examines the participatory influence of Islamic insurance on preference for Takaful among selected Muslims in Lagos State, Nigeria. Specifically, the study seeks to determine whether participation in Islamic insurance significantly influences Muslims' preference for Takaful products. The study is expected to contribute to the growing literature on Islamic finance and insurance by providing empirical evidence capable of assisting policymakers, insurance operators, and financial regulators in designing strategies that will enhance awareness, participation, and acceptance of Islamic insurance in Nigeria. The study objectives are to examine the rank-order analysis of preferences for Islamic insurance among selected Muslims in Lagos,

Nigeria; find out the rank order analysis of participatory influences for Islamic insurance among selected Muslims in Lagos, Nigeria; and evaluate the participatory influence of Islamic insurance on its preferences among selected Muslims in Lagos, Nigeria.

LITERATURE REVIEW

Conceptual Review

Islamic Insurance

Islamic insurance, commonly referred to as *Takaful*, has attracted increasing scholarly attention within the broader literature on Islamic finance due to its ethical and Shariah-compliant structure. The concept has been defined by different scholars from the perspective of mutual cooperation and collective financial responsibility. *Takaful* refers to a cooperative risk-sharing arrangement in which individuals mutually guarantee one another against specified losses through voluntary contributions into a common fund (El-Boudaly et al., 2025; Swartz & Coetzer, 2019). Khalid and Jangede (2025) defined Islamic insurance as a system based on mutual solidarity whereby participants donate contributions intended to indemnify members exposed to risks or losses. Similarly, studies such as (Iqbal et al., 2025; Sikander, 2024; Talib et al., 2025) described *Takaful* as an alternative to conventional insurance established on the principles of *ta'awun* (mutual assistance), *tabarru* (donation), and shared responsibility while avoiding prohibited elements such as *riba* (interest), *gharar* (uncertainty), and *maisir* (gambling). Unlike conventional insurance, which operates through risk transfer to an insurer for profit generation, Islamic insurance promotes collective ownership of risks and equitable compensation among participants.

Contemporary studies further suggest that Islamic insurance represents not only a financial protection mechanism but also a socially responsible and ethically driven system capable of promoting financial inclusion and economic stability (Radiamoda, 2025; Maduku & Mbeya, 2024; Paud et al., 2023). However, the operational framework of *Takaful* is guided by Shariah governance principles that ensure fairness, transparency, and halal investment practices. Studies (Amuda & Al-Nasser, 2024; Herewati et al., 2024) have shown that the increasing global acceptance of Islamic insurance is associated with the expansion of Islamic banking, rising awareness of ethical finance, and the demand for alternative financial products compatible with Islamic teachings. In developing economies such as Nigeria, scholars argued that Islamic insurance possesses considerable potential to improve insurance penetration among populations previously reluctant to engage with conventional insurance due to religious concerns (Efuntade & Efuntade, 2024; Chilekezi & Epetimehin, 2023). However, challenges such as inadequate awareness, weak regulatory understanding, and limited product innovation were noted as significant constraints affecting the growth and sustainability of *Takaful* operations in emerging financial markets.

Participatory Influence of Islamic Insurance

The participatory influence of *Takaful* has emerged as an important area of discourse within Islamic finance and insurance literature, particularly in relation to customer acceptance, financial inclusion, and ethical financial participation. Existing studies suggest that participation in Islamic insurance is significantly influenced by awareness of Shariah compliance, trust in *Takaful*

operators, perceived fairness, and the collective risk-sharing nature of the system. Unlike conventional insurance, where policyholders primarily function as customers purchasing protection services, participants in Islamic insurance are regarded as contributors to a mutual assistance fund designed to support members experiencing losses (Zuki et al., 2025; Ditama et al., 2024; Lainous & Zenati, 2024). Consequently, the participatory structure strengthens social solidarity, enhances communal responsibility, and promotes confidence among individuals seeking financial protection mechanisms aligned with Islamic ethical principles (Ahmid, 2025; Fuady et al., 2023).

Contemporary empirical literature further indicates that the participatory influence of Islamic insurance contributes positively to insurance penetration, financial inclusion, and socioeconomic development, particularly within Muslim-dominated and religiously sensitive societies (Arshad & Din, 2025). Shah et al. (2023) argued that religious motivation, product transparency, service quality, institutional credibility, and knowledge of Islamic financial principles significantly shape individuals' willingness to participate in Takaful schemes. In developing economies such as Nigeria, studies (such as Shehu, 2025; Amuda & Al-Nasser, 2024) revealed that participatory acceptance of Islamic insurance remains relatively moderate due to low awareness levels, misconceptions regarding its operations, and inadequate public education on non-interest financial services. Nevertheless, increasing regulatory support, expansion of Islamic banking institutions, and growing demand for ethical financial products have strengthened public interest and participation in Islamic insurance schemes. Tekdogan et al. (2024) suggested that improving customer awareness, strengthening Shariah governance, and enhancing service delivery remain critical factors for increasing participatory influence and long-term sustainability within the Islamic insurance industry.

Preferences for Islamic Insurance

Preferences for Takaful have received increasing scholarly attention within the literature on Islamic finance and consumer behaviour due to the growing demand for ethical and Shariah-compliant financial products. Islamic insurance preference refers to the inclination or willingness of individuals to choose Takaful products over conventional insurance alternatives, driven by religious beliefs, ethical considerations, perceived financial benefits, and institutional trust (Bathusha & Isa, 2026; Hassan & Abbas, 2019). Existing studies indicated that consumers often prefer Islamic insurance because its operational principles are consistent with Islamic teachings prohibiting riba (interest), gharar (uncertainty), and maisir (gambling) (Sazeri & Yahaya, 2023; Shofawati, 2020). Barre and Mukhtar (2022) further argued that the cooperative and risk-sharing nature of Takaful enhances consumer confidence by promoting fairness, transparency, and social solidarity among participants. In addition to religious motivation, empirical evidence suggests that factors such as product affordability, service quality, awareness, accessibility, and trust in Takaful operators significantly influence customer preference for Islamic insurance products.

Contemporary literature also reveals that preferences for Islamic insurance are increasingly shaped by broader socioeconomic and institutional factors beyond purely religious considerations. Researchers emphasise that consumer education, financial literacy, institutional reputation, and effective Shariah governance play critical roles in strengthening positive attitudes toward Takaful adoption (Grassa et al., 2025; Harahap et al., 2023). Studies (such as Rusda & Handoko, 2025; Ashraf et al., 2024; Hermit & Belgacem, 2024) conducted in emerging economies suggest that

individuals are more likely to prefer Islamic insurance when they perceive it as financially secure, ethically responsible, and capable of providing efficient claims settlement and customer service. In Nigeria, studies (such as Khalid & Jangebe, 2025; Lawal & Ashurov, 2021) indicated that although awareness of Islamic insurance remains relatively low compared to conventional insurance, preference for Takaful products has gradually increased due to the expansion of Islamic banking, regulatory support for non-interest finance, and growing public interest in ethical financial systems. Nevertheless, Alamai et al. (2025) identified inadequate awareness campaigns, limited product diversification, and misconceptions regarding the exclusivity of Islamic insurance as persistent barriers affecting wider consumer preference and market penetration.

Theoretical Review

Theory of Planned Behaviour

The theory of planned behaviour (TPB) was developed by Icek Ajzen in 1985 as an extension of the Theory of Reasoned Action formulated by Ajzen and Martin Fishbein. The theory was established to explain and predict human behaviour in situations where individuals may not possess complete voluntary control over their actions. According to the theory, behavioural intention is influenced by three major determinants: attitude toward the behaviour, subjective norms, and perceived behavioural control. Attitude refers to an individual's favourable or unfavourable evaluation of a behaviour, subjective norms relate to perceived social or religious pressure from significant groups, while perceived behavioural control concerns the perceived ease or difficulty associated with performing the behaviour (Barbera & Ajzen, 2020; Bosnjak et al., 2020). The essence of the theory lies in its assumption that individuals are more likely to engage in a behaviour when they possess positive attitudes toward it, receive social approval, and believe they have the capability and opportunity to perform such behaviour. The theory has been widely applied in studies relating to consumer behaviour, financial decision-making, technology adoption, and Islamic finance due to its strong explanatory ability regarding intentional behavioural actions.

Despite its broad acceptance in behavioural research, the theory of planned behaviour has attracted criticism from several scholars who argue that the theory places excessive emphasis on rational decision-making while neglecting emotional, habitual, and unconscious influences on human behaviour. Critics also contend that behavioural intentions may not always translate into actual behaviour due to unforeseen situational or environmental constraints. Furthermore, some researchers argue that the theory insufficiently accounts for cultural and spiritual factors that significantly influence behaviour within religious contexts. Nevertheless, the theory remains highly relevant to the present study because it provides a suitable framework for explaining the participatory influence of Takaful among Muslims in Lagos. The theory explains that Muslims are more likely to participate in and develop preferences for Islamic insurance when they possess favourable perceptions regarding Shariah compliance, receive encouragement from religious and social groups, and perceive Islamic insurance products as accessible, ethical, and beneficial. Consequently, the Theory of Planned Behaviour effectively establishes the nexus between participatory influence and consumer preference for Islamic insurance products.

The theory explains how attitudes, subjective norms, and perceived behavioural control influence individuals' participation and behavioural intentions toward Islamic insurance. It is suitable for

explaining why Muslims participate in or engage with Takaful schemes based on religious beliefs, awareness, social influence, and perceived ethical benefits.

Theory of Consumer Behaviour

Consumer behaviour theory emerged from the interdisciplinary contributions of economists, psychologists, and marketing scholars seeking to explain how individuals make purchasing and consumption decisions. Early foundations of the theory are commonly associated with scholars such as John B. Watson, B. F. Skinner, and later consumer researchers, including Philip Kotler, who expanded its application within marketing and consumer studies. The theory explains that consumers' purchasing decisions and product preferences are influenced by a combination of psychological, social, cultural, personal, and economic factors. The essence of the theory lies in its assumption that consumers evaluate products and services based on their needs, beliefs, perceptions, attitudes, motivations, experiences, and expected benefits before making consumption decisions. Consumer Behaviour Theory further posits that factors such as trust, awareness, perceived quality, affordability, social influence, and value systems significantly shape consumer preference and patronage behaviour. Consequently, the theory has been extensively applied in studies relating to financial services, insurance adoption, technology acceptance, and consumer preference analysis because it provides a comprehensive explanation of how individuals respond to products and market offerings.

Despite its extensive application in behavioural and marketing research, Consumer Behaviour Theory has attracted criticism from scholars who argue that consumer decisions are not always rational or predictable as assumed by the theory. Critics contend that emotional impulses, situational factors, habits, and unconscious motivations may influence consumer behaviour beyond the measurable factors identified by the theory. Some scholars also argue that the theory may not fully capture the complexity of cultural and religious influences on consumption behaviour, especially within faith-based financial systems. Nevertheless, the theory remains highly relevant to the present study because it provides an appropriate framework for explaining preferences for Takaful among Muslims in Lagos. The theory explains that preferences for Islamic insurance are influenced by religious beliefs, ethical considerations, trust in Takaful operators, service quality, awareness, affordability, and perceptions regarding Shariah compliance. It therefore establishes the nexus between consumer decision-making behaviour and the preference for Islamic insurance products, as Muslims are more likely to prefer Takaful when they perceive it as ethically responsible, financially beneficial, and consistent with Islamic teachings.

The theory explains consumer preference and purchasing decisions based on psychological, cultural, social, and economic factors. It is appropriate for explaining why Muslims prefer Islamic insurance products due to trust, religious commitment, affordability, service quality, transparency, and perceived value.

Empirical Review

Lawal and Ashurov (2021) assessed the study on the acceptance and awareness of takaful in Nigeria provides important evidence on the behavioural and structural determinants shaping consumer adoption of Islamic insurance. Using a cross-sectional survey of 209 respondents across

Lagos, Abuja, Kano, Kaduna, and Enugu, the study applies SPSS (version 25) to examine key predictors of takaful acceptance. The findings reveal that Shariah compliance, service quality, price, attitude, awareness, subjective norms, and perceived behavioural control significantly influence consumers' acceptance decisions, aligning with the Theory of Planned Behavior. Notably, awareness emerges as a critical determinant, as the majority of respondents lack adequate knowledge to differentiate between takaful and conventional insurance products. This informational deficiency constitutes a major barrier to adoption despite favourable religious disposition. The study concludes that enhanced public education, improved stakeholder engagement, and stronger institutional support are necessary to increase takaful penetration, particularly in diverse and urbanised contexts such as Lagos, Nigeria.

Lubaba et al. (2022) investigated review of the comparative study on the challenges facing the development of the takaful industry in Bangladesh and Indonesia provides valuable cross-country insights into structural and institutional constraints shaping Islamic insurance growth. The study adopts a qualitative review methodology, drawing on primary sources such as regulatory frameworks and secondary sources including scholarly articles and books to synthesise existing evidence. The findings reveal that the efficiency and expansion of takaful in both countries are largely dependent on the presence of a robust regulatory environment, the development of skilled human capital, and increased public awareness and financial literacy. In addition, the study emphasises the critical role of technological innovation in enhancing competitiveness and creating a level playing field between takaful and conventional insurance systems. However, persistent challenges such as inadequate institutional support, low awareness, and limited technical expertise continue to hinder industry development. From an Institutional Theory perspective, these findings highlight how weak institutional structures constrain market legitimacy and adoption. The study therefore underscores the need for coordinated policy reforms, stakeholder engagement, and innovation-driven strategies to ensure sustainable growth of the takaful industry.

Ahmad et al. (2023) examined the effectiveness of religious and practical interventions in promoting participation in Islamic savings schemes among poor Muslim women in Pakistan. The objective of the study was to determine whether religious sensitisation, financial subsidies, and administrative assistance could significantly improve the uptake and use of Islamic savings accounts. The study adopted a randomised field experimental research design involving interventions such as Quranic-based financial education, subsidies covering account opening fees, and assistance with completing registration procedures. The findings revealed that subsidies and administrative assistance significantly improved account uptake, while the integration of religiously framed messages with these interventions produced substantially higher participation rates. The study concluded that religious awareness alone was insufficient to encourage participation unless accompanied by practical support mechanisms capable of reducing financial and administrative barriers. The researchers recommended holistic financial inclusion strategies integrating religious orientation with financial and administrative assistance. The study contributed to knowledge by demonstrating that participation in Islamic financial services is shaped by both religious motivations and practical accessibility factors, thereby extending behavioural understanding within Islamic finance literature.

Maduku and Mbeya (2024) investigated the factors influencing Muslim consumers' purchasing behaviour toward family Takaful products. The objective of the study was to examine the influence of religious obligation on family takaful purchase behaviour using the Theory of Planned Behavior

framework while also determining the moderating role of gender in the proposed relationships. The study adopted a quantitative research design and integrated religious obligation into the Theory of Planned Behavior to analyse the relationships among attitude, subjective norm, perceived behavioural control, purchase intention, and actual purchasing behaviour. The findings revealed that attitude and subjective norm significantly influenced consumers' intention to purchase family takaful, while intention and perceived behavioural control significantly affected actual purchase behaviour. Although religious obligation positively influenced attitude, subjective norm, and perceived behavioural control, its direct effect on purchase intention and purchasing behaviour was not supported. The study concluded that behavioural and social factors exert stronger influence on family takaful purchase behaviour than religious obligation alone. The researchers recommended that takaful operators should strengthen awareness creation, improve customer attitudes, and adopt gender-sensitive marketing strategies to enhance participation in family takaful schemes. The study contributed to knowledge by extending the Theory of Planned Behavior through the integration of religious obligation and gender in explaining family takaful purchasing behaviour among Muslim consumers.

Shehu and Abdullahi (2025) assessed the influence of religious leaders on the promotion and adoption of Takaful among Muslim communities in Northern Nigeria. The objective of the study was to investigate how Imams and Islamic scholars influence attitudes, social norms, trust, and behavioural intentions toward Islamic insurance products within the socio-religious context of Northern Nigeria. The study adopted a conceptual research method anchored on the Theory of Planned Behavior and Diffusion of Innovation Theory to explain the behavioural and social mechanisms influencing Takaful adoption. Through the synthesis of existing empirical and theoretical literature, the findings revealed that low awareness and misconceptions significantly limited the adoption of Islamic insurance, while religious leaders played a significant role in shaping positive perceptions, trust, and acceptance of Takaful products among Muslims. The study concluded that religious leaders are strategic agents capable of enhancing Islamic insurance participation and financial inclusion through moral and spiritual influence. The researchers recommended the integration of Takaful education into sermons, issuance of supportive fatwas, and the use of media platforms for awareness creation. The study contributed to knowledge by demonstrating the importance of socio-religious influence in promoting Islamic insurance adoption and extending understanding of behavioural drivers within Islamic finance literature.

Olawole et al. (2026) embarked on an empirical investigation into the socioeconomic impact of takaful insurance on SMEs in South Western Nigeria provides important insights into the awareness–adoption gap within the Islamic insurance landscape. Using survey data from 180 SMEs, the study reveals that although these enterprises play a significant role in the economy largely operating in trade, agriculture, and services there is a substantial deficiency in awareness and knowledge of takaful products, with over half of respondents unaware and adoption rates remaining critically low (87.7% non-users). The findings further identify key barriers such as limited provider availability and inadequate information dissemination, which constrain uptake. Among the few adopters, modest benefits were observed, including improved risk management and financial stability, although broader socioeconomic outcomes such as job creation were not evident. These results can be interpreted through the lens of the Theory of Planned Behavior, where low awareness negatively affects attitudes and perceived behavioural control, thereby limiting adoption. The study underscores the need for targeted awareness campaigns and product customisation to enhance takaful penetration and its developmental impact.

RESEARCH METHODS

This study adopts a cross-sectional survey research design grounded in a quantitative approach to examine the relationship between preferences for Islamic insurance (*takaful*) and associated barrier effects among Muslims in Lagos State, Nigeria. The cross-sectional design is appropriate as it enables the collection of data from a large number of respondents at a single point in time, thereby facilitating the analysis of relationships among variables within a real-life context. The quantitative approach enhances objectivity, supports hypothesis testing, and ensures the generalisability of findings.

The population of the study comprises Muslim residents in Lagos State, Nigeria, given the study's focus on Islamic insurance. Lagos provides a suitable context due to its economic vibrancy, religious diversity, and increasing exposure to Islamic financial products. The accessible population includes adult Muslims engaged in various economic activities across both formal and informal sectors. To obtain relevant data, the study employs a combination of judgmental and convenience sampling techniques. Judgmental sampling enables the selection of respondents with prior knowledge or awareness of financial services, particularly insurance or Islamic finance, while convenience sampling ensures ease of access to participants within the urban setting. 251 structured questionnaires were distributed, out of which 187 valid responses were retrieved and used for analysis, representing a response rate of approximately 74.5%, which is considered adequate for empirical investigation.

Primary data were collected using a structured questionnaire designed on a five-point Likert scale ranging from strongly disagree to strongly agree. The instrument was divided into sections capturing demographic characteristics, preferences for *takaful*, and perceived barrier effects. The use of a structured questionnaire ensured uniformity and comparability of responses. To assess the reliability of the instrument, Cronbach's alpha coefficient was employed to determine internal consistency, and all constructs recorded values above the acceptable threshold of 0.70, confirming reliability. In addition, the validity of the study was ensured through content, construct, and face validity. Content validity was achieved through alignment of the questionnaire items with established literature, while construct validity was ensured through proper operationalisation of variables based on the Theory of Planned Behaviour and Institutional Theory. Face validity was further confirmed through expert review, ensuring that the instrument adequately captured the intended concepts. Collectively, these procedures establish the robustness and credibility of the research methodology. To ensure robustness of the regression estimates, diagnostic tests were conducted. Multicollinearity was assessed using Variance Inflation Factor (VIF), with all values below the threshold of 5, indicating absence of multicollinearity. Additionally, residual normality and homoscedasticity assumptions were examined and satisfied, confirming the reliability of the model estimates.

RESULTS AND DISCUSSION OF FINDINGS

Analytical Description of Research Variables

This section focuses on the examination of demographic characteristics and the subsequent hypothesis testing that was carried out. This phase provides a concise overview of the demographic

variables and conducts thorough testing of the formulated hypotheses, with the goal of either confirming or disproving the offered conjectures.

Table 1: Demographic Characteristics of Respondents (N = 187)

Variable	Category	n	%
Gender	Male	93	49.7
Gender	Female	94	50.3
Age	18-29	81	43.3
Age	30-39	34	18.2
Age	40-49	37	19.8
Age	50-59	19	10.2
Age	60 and above	16	8.6
Education	BSc/HND	111	59.4
Education	Master's Degree	18	9.6
Education	Professional Certificate	1	0.5
Education	Others (SSCE/OND/GCE)	57	30.5
Marital Status	Single	92	49.2
Marital Status	Married	85	45.5
Marital Status	Separated	6	3.2
Marital Status	Widowed	3	1.6

Source: Field Survey, 2026

The demographic profile indicates a well-balanced and analytically reliable sample. Gender distribution is nearly equal, suggesting minimal gender bias in responses. The age structure is skewed toward younger respondents, with a substantial proportion below 30 years, reflecting a population segment that is more likely to be financially active and adaptable to emerging financial products such as takaful. Educational attainment is relatively high, with the majority possessing tertiary qualifications, implying adequate cognitive capacity to understand insurance-related concepts. Marital status is also fairly distributed, with a slight dominance of single respondents. Overall, the demographic composition suggests that the sample is sufficiently diverse and appropriate for examining behavioural preferences toward Islamic insurance.

Table 2: Religious Orientation, Awareness, Ownership, and Interest in Takaful (N = 187)

Variable	Category	n	%
Awareness of Takaful	Yes	142	75.9
Awareness of Takaful	No	45	24.1
Belief in Sharia Law	Yes	172	92.0
Belief in Sharia Law	No	15	8.0
Ownership of Takaful	Yes	74	39.6
Ownership of Takaful	No	113	60.4
Interest in Takaful	Yes	165	88.2
Interest in Takaful	No	22	11.8

Source: Field Survey, 2026

The results show a strong dominance of Muslim respondents, aligning with the study's focus. Awareness of takaful is relatively high, indicating that the product is not entirely unfamiliar within

the study area. However, ownership levels remain significantly lower than awareness, revealing a clear disconnect between knowledge and actual participation. The high proportion of respondents expressing belief in Sharia principles reinforces the importance of religious alignment in financial decision-making. Furthermore, the strong interest in takaful suggests the presence of latent demand. Collectively, these findings highlight a critical awareness adoption gap, where interest and knowledge do not necessarily translate into usage.

Table 3: Descriptive Statistics of Participatory Factors for Takaful (N = 187)

Variables	Mean	SD
Insufficient knowledge of Islamic insurance	2.95	1.341
Inadequate financial capacity	2.8	1.177
Poor religious commitment	2.54	1.288
Low trust in Takaful operators	2.99	1.308
Unclear Takaful product attributes	2.76	1.136
Inadequate government support	3.24	1.363

Source: Researchers' Computations, 2026

The descriptive statistics presented in Table 3 provide important insights into Muslims' participatory factors influencing Islamic insurance participation. The mean scores ranged from 2.54 to 3.24, indicating moderate perceptions across all the assessed variables. Government support for Islamic insurance participation recorded the highest mean score (Mean = 3.24), suggesting that respondents perceived inadequate government awareness and support as a significant factor affecting participation in Takaful. Similarly, low trust in takaful operators (Mean = 2.99) and insufficient knowledge of Islamic insurance (Mean = 2.95) were also identified as important participatory factors. Conversely, poor religious commitment recorded the lowest mean value (Mean = 2.54), implying that respondents generally did not consider weak religious commitment as a major barrier to participation. The standard deviation values ranged from 1.136 to 1.363, indicating moderate variability and reasonable consistency in respondents' opinions. Overall, the findings suggest that awareness, institutional trust, product understanding, and government support significantly influence participation in Islamic insurance.

Table 4: Descriptive Statistics of Preference Determinants for Takaful (N = 187)

Variables	Mean	SD
Belief and awareness of Islamic doctrine	4.21	0.92
Income level	3.69	1.01
Trust and perception of operators	3.04	1.2
Education level	2.11	1.24
Accessibility of Takaful	2.84	1.25
Government regulation	3.26	1.27

Source: Researchers' Computations, 2026

The descriptive statistics in Table 4 for preference variables reveal that belief and awareness of Islamic doctrine recorded the highest mean score (M = 4.21), indicating that religious alignment is the strongest driver of takaful preference. This is followed by income level (M = 3.69) and

government regulation (M = 3.26), suggesting that economic capacity and institutional support also play important roles. Conversely, education level recorded the lowest mean (M = 2.11), indicating that respondents do not strongly associate formal education with their preference for takaful. Overall, the results suggest that preference is primarily value-driven, with supporting influence from economic and institutional factors.

TEST OF HYPOTHESES

Friedman’s Rank Test

Ho₁: A rank-order analysis of Preferences for Islamic insurance among selected Muslims in Lagos, Nigeria.

Table 5: Friedman Rank Test for Preference Determinants (N = 187)

Variable	Mean Rank	Rank
Belief and awareness	4.74	1
Income level	3.86	2
Government regulation	3.54	3
Trust and perception	3.17	4
Accessibility	3.02	5
Education	2.66	6

Source: Researchers’ Computations, 2026

Table 6: Friedman Test Statistics for Preference Determinants

Statistic	Value
N	187
Chi-square (χ^2)	180.98
Df	5
p-value	< .001

Source: Researchers’ Computations, 2026

The Friedman ranking confirms statistically significant differences in the importance of preference determinants. Belief and awareness emerge as the most influential factor, followed by income and regulatory perception. Trust, accessibility, and education follow in descending order. This ranking reinforces the descriptive findings and highlights a hierarchical structure of influence, where religious factors dominate, while socio-economic and institutional variables exert secondary effects ($X^2 (5, n=187) = 180.975, p < 0.05$). The ordered pattern also suggests that preference formation is not random but systematically structured around core value-based considerations. The chi-square result indicates that the observed differences in preference rankings are statistically significant. This confirms that respondents meaningfully distinguish between determinants of preference rather than responding uniformly. The result strengthens the reliability of the ranking analysis and validates the conclusion that belief, income, and regulation play differentiated roles in shaping takaful preference.

Ho₂: A rank order analysis of participatory influences for Islamic insurance among selected Muslims in Lagos, Nigeria.

Table 7: Friedman Rank Test for Participatory Barriers (N = 187)

Variable	Mean Rank	Rank
Poor awareness	4.8	1
Inadequate guidelines	4.6	2
Limited accessibility	4.52	3
High cost	3.88	4
Poor claims access	3.49	5
Inaccessibility of experts	3.46	6
Low trust	3.26	7

Source: Researchers' Computations, 2026

Table 8: Friedman Test Statistics for Participatory Barriers

Statistic	Value
N	187
Chi-square (χ^2)	132.63
df	6
p-value	< .001

Source: Researchers' Computations, 2026

The ranking of barrier effects shows that poor awareness is the most critical constraint, followed closely by inadequate regulatory frameworks and limited accessibility. Cost-related factors occupy a middle position, while trust and expertise availability rank lowest. This ordering suggests that barriers are primarily structural and informational, rather than behavioural ($X^2(6, n=187) = 132.628, p < 0.05$). The results also indicate that respondents are more constrained by systemic deficiencies than by individual perceptions such as distrust. The chi-square statistics confirm that differences in barrier rankings are statistically significant. This implies that respondents clearly differentiate among barriers and perceive some constraints as more severe than others. The result supports the robustness of the barrier hierarchy and reinforces the conclusion that awareness and institutional weaknesses are dominant constraints in the Lagos takaful market.

Ho₃: To evaluate the participatory factors influence of Islamic insurance on its preferences among selected Muslims in Lagos, Nigeria.

Table 9: Simple Regression Results for Participatory Factors and Preference for Islamic Insurance

Model Statistics	Value
R	.525
R Square	.276
Adjusted R Square	.272
Std. Error of Estimate	3.14279
F(1,185)	70.438
Sig. F Change	< .001
Constant B	13.535
Participatory factors B	.296
Standardised Beta	.518

t-value	8.234
p-value	< .001
95% CI for B	.225 to .367

Source: Researchers' Computations, 2026

The regression analysis reported in Table 9 indicates a positive correlation between Participatory factors and preferences for Islamic insurance among Muslims. The model also demonstrates the fluctuations observed in the dependent variable that may be accounted for by the independent variable (R square), indicating that participatory factors are responsible for around 28 percent of the variability in preferences for Islamic insurance among Muslims. According to this model, only 28 percent of the preferences for Islamic insurance among Muslims in Lagos State can be attributed to the predictor (independent variable) employed in this study, which is participatory factors. The remaining 72 percent of the preference is influenced by other factors. The extrapolation of the findings (Adjusted R-squared) suggests that 27.2 percent of the actual variation in preference for Islamic insurance may be accounted for by participatory factors, including belief and awareness of Islamic doctrine, income level, trust and perception of takaful operators, education level, and accessibility to Islamic insurance. The result is highly accurate as the disparity between R Square and Adjusted R Square is small. The standard error of fit, a metric for the accuracy of the model, quantifies the potential deviation of statistical results by 3 percent when using this model for real-world predictions. The result mentioned above is deemed statistically significant based on the ANOVA table, with a p-value of 0.000. This p-value is less than the 0.05 confidence interval utilised in this investigation. A score greater than 1 implies that the F-ratio yields an efficient model, while an F-ratio of 70.438 suggests that this model is particularly efficient.

DISCUSSION OF FINDINGS

The finding on preference factors indicates that belief and awareness of Islamic doctrine ranked highest in shaping preference for Islamic insurance among selected Muslims in Lagos, followed by income level and government regulation. This suggests that Takaful preference is primarily value-based, with religious consciousness and knowledge of Shariah-compliant insurance carrying stronger influence than education or accessibility. The result converges with Lawal and Ashurov (2021), who found that Shariah compliance, awareness, attitude and subjective norms significantly influenced Takaful acceptance in Nigeria. It also supports Sazeri and Yahaya (2023), Shofawati (2020), Hassan and Abbas (2019), and Barre and Mukhtar (2022), who linked Takaful preference to avoidance of riba, gharar and maysir, as well as fairness and mutual assistance. However, the finding diverges from Grassa et al. (2025), Harahap et al. (2023), Ashraf et al. (2024), and Rusda and Handoko (2025), who placed stronger emphasis on service quality, institutional reputation, financial security and customer satisfaction.

The finding on participatory influences shows that poor awareness, inadequate guidelines and limited accessibility are the most serious constraints affecting Islamic insurance participation among selected Muslims in Lagos. This implies that limited participation is not mainly a rejection of Takaful, but a consequence of weak product knowledge, inadequate institutional explanation and restricted access to providers. The finding converges with Lawal and Ashurov (2021), who observed that many Nigerians lacked sufficient knowledge to distinguish Takaful from conventional insurance. It also agrees with Olawole et al. (2026), who identified a wide awareness-adoption gap among SMEs in South Western Nigeria, and with Lubaba et al. (2022), who linked

low awareness and weak institutional support to slow Takaful development. Similarly, Amuda and Al-Nasser (2024), Shehu (2025), and Tekdogan et al. (2024) emphasised awareness, regulatory clarity and Shariah governance. However, the finding diverges from Barre and Mukhtar (2022), Shah et al. (2023), and Shehu and Abdullahi (2025), who foregrounded trust and religious influence.

The regression finding establishes that participatory factors exert a positive and statistically significant influence on preference for Islamic insurance among selected Muslims in Lagos. With participatory factors explaining 27.6 percent of the variation in preference, the result indicates that improved awareness, access, product clarity, trust and institutional support can strengthen preference for Takaful. This finding converges with Maduku and Mbeya (2024), who reported that attitude, subjective norm, perceived behavioural control and purchase intention influenced family Takaful behaviour. It also agrees with Ahmad et al. (2023), who showed that religiously framed messages produce stronger participation when supported by practical assistance, and with Shah et al. (2023), Zuki et al. (2025), and Sazeri and Yahaya (2023), who linked awareness, credibility and perceived value with Takaful intention. However, the finding diverges from studies that treat participatory factors as dominant predictors, since 72.4 percent of preference variation remains unexplained, suggesting the influence of pricing, claims experience, income pressure and market visibility.

CONCLUSION, RECOMMENDATIONS, AND FUTURE DIRECTIONS

This study examined participation, barriers and preference for Takaful among selected Muslims in Lagos State, Nigeria. The findings show that belief and awareness of Islamic doctrine are the strongest determinants of preference, followed by income level and government regulation. Poor awareness, inadequate guidelines and limited accessibility constitute the most important barriers to participation. Regression analysis confirms that participatory factors exert a positive and statistically significant influence on preference for Islamic insurance. The study concludes that the growth of Takaful in Lagos depends on the ability of operators, regulators and religious stakeholders to convert religious interest into informed, accessible and trusted participation. The study recommended that Takaful operators should intensify public education using simple, culturally appropriate and religiously sensitive communication strategies by awareness campaigns that clearly explain the differences between Takaful and conventional insurance, the role of *tabarru'*, claims procedures, product benefits and Shariah governance mechanisms. Regulators and industry associations should strengthen guidelines and public communication on Islamic insurance by providing clear regulatory messaging that can improve confidence, reduce misconceptions and show consumers that Takaful products are subject to credible oversight. Takaful providers should improve accessibility through digital platforms, branch partnerships, community-based agents and collaboration with Islamic organisations; while products should also be simplified and priced in ways that accommodate low- and middle-income consumers. Religious leaders and Islamic scholars should be engaged as educational partners rather than as mere promoters; by playing their role in clarifying Shariah principles, address misconceptions and support informed financial decision-making among Muslim communities.

The study is limited by its cross-sectional design and the use of non-probability sampling, which restricts the extent to which findings can be generalised to all Muslims in Lagos or Nigeria. The analysis also relied on self-reported perceptions, which may be affected by social desirability and

respondent interpretation. Future studies should consider longitudinal designs, larger probability-based samples and comparative analysis across Nigerian states with different levels of Islamic finance development.

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