IJIEFER INTERNATIONAL JOURNAL OF ISLAMIC ECONOMICS AND FINANCE RESEARCH
Vol. 7, No. 1, JUL 2024
e-ISSN: 2636 – 9419

A SYNTHESIS OF LITERATURE ON MICRO-TAKAFUL STUDY: EXPLORING PROTECTION FOR UNDERPRIVILEGED COMMUNITY

Nur Salsabila Adam Malik
Faculty of Economics & Muamalat
Universiti Sains Islam Malaysia (USIM)
Negeri Sembilan, Malaysia
nursalsabila@raudah.usim.edu.my

Syahnaz Sulaiman
Faculty of Economics & Muamalat
Universiti Sains Islam Malaysia (USIM)
Negeri Sembilan, Malaysia
syahnaz@usim.edu.my

ABSTRACT

Micro-takaful plays a vital role in safeguarding the Malaysia's B40 population who are economically vulnerable. The B40 segment in Malaysia constitutes the lowest 40% of income earners and faced a multitude of financial challenges and limited access to Islamic insurance options. Many studies have been conducted on the importance of micro-takaful in cushioning the financial security the B40 community. This paper examines the existing literature related to micro-takaful in the Scopus database. From the thorough screening process, we identified 14 documents that are related to micro-takaful and B40. Through the combination of insights gathered from a diverse range of research, this synthesis review seeks to offer an overview of the status of micro-takaful in Malaysia. This paper identifies, consolidates and presents the challenges, gaps, and opportunities that influence the integration of micro-takaful into the B40's financial framework. The findings will provide a guidance in identifying knowledge gaps and viable research areas for future researchers, industry players and policy makers toward strengthening the future implementation of micro-takaful for B40 community.

Keywords: Synthesis Literature Review, Micro-Takaful, B40 Population

Submitted: 27/12/2023 *Accepted: 25/03/2024* *Published: 19/07/2024*

INTRODUCTION

Insurance, an integral component of financial risk management, assumes a vital role in shielding individuals and businesses from unexpected financial adversities (Kaffash et al., 2020). Islamic insurance, also known as Takaful, provides financial protection and security to individuals and institutions during times of need.

At its essence, Takaful embodies the concept of mutual aid and collaboration. It operates based on the principle of risk-sharing among a collective of participants who contribute to a shared fund. This mechanism adheres to the principles of social responsibility, cooperation and ethical risk management.

Takaful not only serves as a risk mitigation tool but also aligns with the view of ethical investment and responsible financial practices. In Takaful, investments strictly adhere to Sharia principles, avoiding sectors and activities deemed unethical, such as gambling, uncertainty, or interest-based financial dealings (Khan et al., 2010; Tahir & Rashid, 2021). Instead, Takaful providers channel investments into assets that comply with Islamic finance principles, such as Sukuk (Islamic bonds), ethical stocks, and other Sharia-compliant instruments. This ensures that participants' contributions are invested in a manner congruent with their ethical values, reflecting a conscientious approach to financial management.

Ensuring that the Takaful fund operates in the best interests of its contributors. The confluence of ethical financial management, risk-sharing, and communal coverage that not only offers financial protection but is also aligned with their moral and ethical convictions.

The Islamic insurance, or Takaful, represents a unique approach to risk management and financial protection, grounded in Islamic principles and ethical values. In research of Zain et al., (2022) major goal of risk management is to minimize the cost of risk as low as feasible. Other researchers such as Che Mohd Salleh et al., (2020), Razak et al., (2021), and Fikri et al., (2022) stated that financial protection is an important thing to have for social well-being in case anything happens, there will be back up to support them to keep living and lessen their burden.

Takaful, particularly micro-takaful, plays a crucial role in providing financial protection to the B40 group in Malaysia. It is specifically designed to offer financial advantages to the impoverished. The Malaysian government supports micro-takaful through initiatives such as the Perlindungan Tenang Scheme, which aims to broaden the scope of takaful in assisting the B40 group. This support is important in empowering the B40 group to take their first steps in financial life and promoting financial inclusion. There is also research effort that underscored the crucial functions of micro-takaful in supporting the B40 demographic, including poverty reduction, delivering Shariah-compliant protection, and fostering financial inclusivity (Rapi et al., 2022).

The expansion of micro-takaful in Malaysia is anticipated to persist, with regulatory bodies, notably Bank Negara Malaysia, playing a pivotal role in influencing the growth and fortification of the Takaful sector in the nation. Therefore, micro-takaful, especially through government-supported schemes, plays a vital role in providing financial security and promoting financial inclusion for the B40 group in Malaysia.

This study intends to analyse the synthesis literature review on micro-takaful encompasses the pattern of the study, shedding light on the recurring elements and trends that are commonly observed across different micro-takaful initiatives. This study seeks to analyse the existing literature on micro-takaful and its implications to stakeholders, and recommendations for future research through the following questions: i) What is the current state of knowledge on micro-takaful? ii) What is the current trend of research directions in the field of micro-takaful? and iii) What are the key themes that emerge in the review of the existing literature that may provide direction for future research?

LITERATURE REVIEW

Concept of Micro-Takaful

Takaful, an insurance contract rooted in Islamic financing principles, involves members contributing to a fund that is utilized for risk management and investment purposes (Salleh et al., 2021). The term "micro" pertains to small-scale operations. Micro-takaful represents the provision of insurance services based on Islamic principles to individuals with limited financial means (Iqbal et al., 2021). This type of takaful, also known as Islamic micro-insurance, is specifically designed to cater to the financial requirements of low-income households, offering either temporary or partial relief from financial burdens or assistance in coping with significant expenses. It differs from traditional takaful in terms of product characteristics, being straightforward, easily comprehensible, cost-effective for the target audience, and readily accessible. micro-takaful, created to support the economically and socially marginalized, primarily covers low-risk events, setting it apart from its conventional counterpart (Ishak, 2020).

Despite the inherent vulnerabilities of impoverished individuals to various loss risks, several micro-takaful services are available to meet their needs. The availability of micro-takaful products is recognized as a strategy to alleviate the needs of low-income individuals, contributing to their long-term financial stability and self-sufficiency. It is aligned with the broader aim of takaful, which is to protect the entire society. Takaful products prioritize the public's needs over specific industry interests (Salleh & Padzim, 2018). While small-scale takaful products share some fundamental features and operational concepts with traditional takaful, they are tailored to address the minimal requirements of those with limited means. Micro-Takaful, on the other hand, is particularly accommodating, requiring only a modest commitment from low-wage earners (Haroun & Yusoff, 2019). Its core objective is poverty alleviation and the provision of long-term financial security and life protection for its members (BNM, 2016).

Importance of Micro-Takaful

Underprivileged households face precarious financial situations and are particularly vulnerable to economic, political, and environmental changes. Any reduction in income or an increase in expenses can significantly affect their quality of life. Such vulnerable populations frequently lack the resources to recover from events like illnesses, accidents, or deaths, leading to diminished future earning potential and immediate subsistence means. Moreover, they are more susceptible to natural disasters, fire, theft, and other calamities. Takaful, serves as a vital safety net that can help communities improve their livelihoods and instil a sense of security and hope for the future (Patel, 2004).

The research conducted by Mohd Fauzi & Laldin (2022) affirms the significance of micro-takaful programs in protecting the financial well-being of low-income individuals in Malaysia. Moreover, lack of safeguards against unexpected losses often results in individuals sliding back into poverty, diminishing the efficacy of long-term development aid. Additionally, income inequality is on the rise in many Muslim-majority countries, deepening disparities between high-income and low-income nations. While Takaful is not a standalone solution, it plays a pivotal role in poverty alleviation. micro-takaful, a variant of micro-insurance, is specifically designed to address the unique requirements of low-income communities, granting them protection against unforeseen financial crises and adversities (Ishak et al., 2020). It serves as a vital instrument for risk management, providing underserved populations with the means to break free from poverty's grip and attain financial independence.

The value of micro-takaful schemes in safeguarding low-income individuals in Malaysia is confirmed by research, although it highlights a bias towards disability, health, and family protection schemes. Effectively managing risk with appropriate protective measures and specific micro-takaful products is a significant factor in sustaining and improving the well-being of the underserved population, as emphasized by Ahmad et al., (2022). This viewpoint aligns with the consensus of other scholars, including Abdullah (2021), Muhammad (2021), and Rapi et al., (2022), who concur that micro-takaful is a fundamental strategy for poverty reduction. There also study propose mechanisms involving financial support from government, non-governmental organizations (NGOs), charitable institutions, waqf, international charitable organizations, and donor agencies (Sha'aban & Salleh, 2021). Salleh et al., 2021 explored the development of crop micro-takaful scheme in the agricultural sector) and its importance in protecting the income of the farmers and ensuring national food security in Malaysia particularly the vulnerable B40 population. In summary, takaful, and specifically micro-takaful, offers a promising avenue to address poverty and enhance financial security, emphasizing its role in supporting the underserved and fostering a more inclusive and equitable society.

METHODOLOGY

This study analyse the literature in Scopus database given its extensive coverage of scholarly articles. A well-defined search strategy was established, employing a set of carefully chosen keywords and phrases to capture a broad range of relevant studies. This research employed the keywords "Micro-Takaful" or "Micro Takaful". The study covered an eleven-year period, from 2012 to 2023. From the screening of the existing articles in the Scopus database, we identified 14 articles that meet the criteria of this study in micro-takaful.

The synthesis literature review has a broad scope, encompassing a diverse range of literary works related in the realms of micro-takaful. The primary objective is to identify the research trends, which can serve as a reference for various stakeholders, including students, academics, practitioners and policy makers. It is an enhancement particularly in its capacity to assist the B40 population through various forms of support.

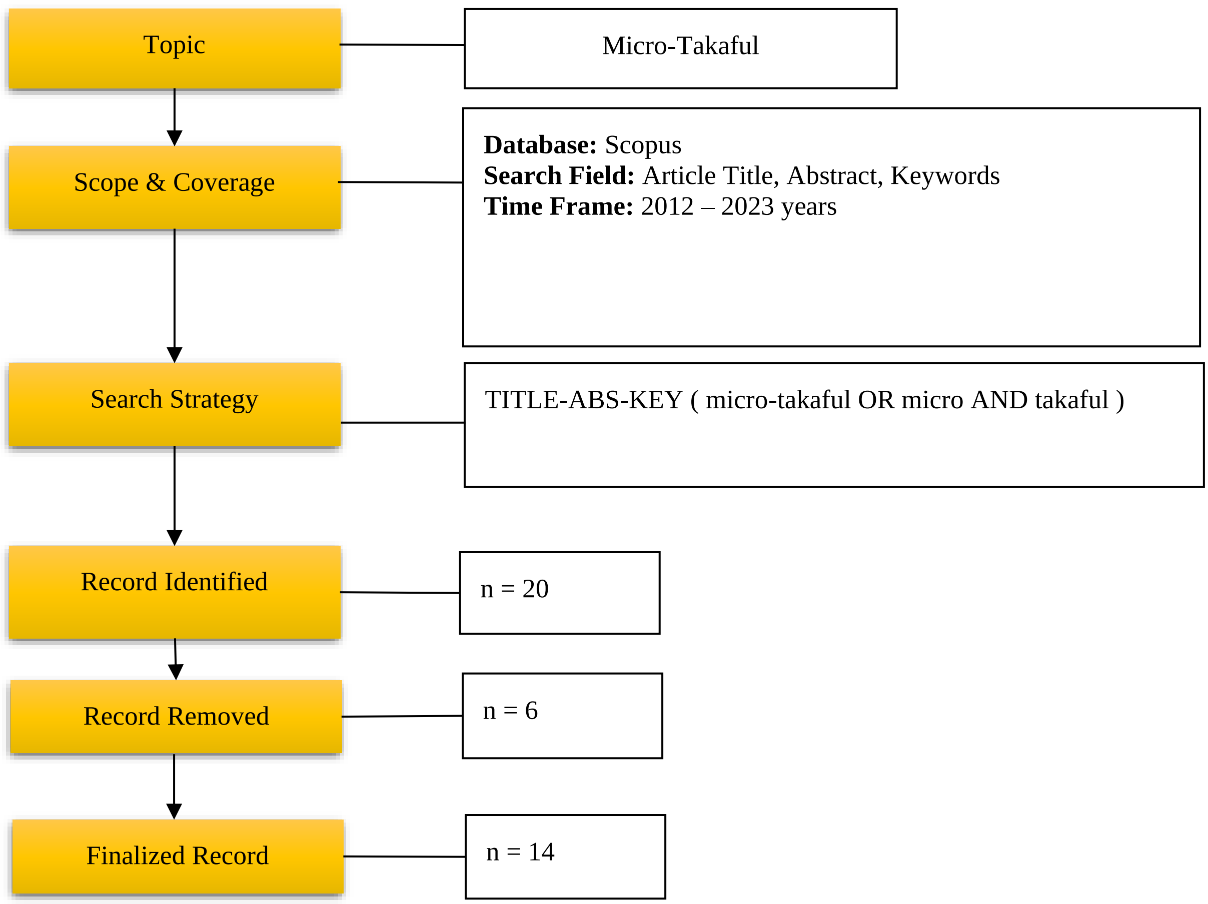

Figure 1: Flow Diagram of the Search Strategy

FINDINGS AND DISCUSSIONS

In this research, an exploration was carried out to analyse the distribution characteristics such as number of publications as well as the production aspects like the year of publication of micro-takaful studies. Furthermore, an investigation of synthesis analysis was conducted to identify the current research directions in this domain. Subsequently, after the data extraction, the pertinent documents were scrutinized to provide insights into the frequency and percentage of data distribution. This presentation of data serves to offer a more comprehensive understanding of the information extraction process, uncovering additional aspects such as the comparison of publication amount between micro-takaful and micro-insurance.

Number of Publications

Table 1: Number of Article in Scopus

No	Keywords	Total Publications (TP)	Percentage (%)
1.	Micro-Takaful	20	1.56
2.	Micro-Insurance	1,263	98.44
	Total Difference	**1,243**	

Table 1 displays the two keywords utilized for comparison in data collection. When it comes to the micro-takaful keywords, the number of articles found within the research scope was relatively limited, despite employing a search strategy encompassing title, abstract, and keywords to maximize the search results. In contrast, the micro-insurance keywords predominantly focused on conventional insurance that doesn't adhere to Shariah guidelines. This significant disparity in the numbers is readily apparent. This difference is not just a minor variation; it is substantial and noteworthy. The numerical contrast is evident when you compare the values side by side. It's clear that there is a significant gap between the numbers, indicating a substantial discrepancy. The numbers are considerably different from each other, emphasizing the substantial variation in the data points. This disparity in the numbers is substantial enough to draw attention and prompt further investigation.

Publication Trends

Table 2: Year of Publication

Year	Number of Publication		Total Publications (TP)	Percentage (%)
	Micro-Takaful	Micro-Insurance		
2023	2	1	3	6.25
2022	4	2	6	12.50
2021	1	1	2	4.17
2020	1	2	3	6.25
2019	0	0	0	0.00
2018	2	2	4	8.33
2017	2	2	4	8.33
2016	0	1	1	2.08
2015	1	0	1	2.08
2014	0	2	2	4.17
2013	0	2	2	4.17
2012	1	2	3	6.25
2011	0	3	3	6.25
2010	0	5	5	10.42

2009	0	3	3	6.25
2008	0	3	3	6.25
2007	0	0	0	0.00
2006	0	1	1	2.08
2005	0	0	0	0.00
2004	0	0	0	0.00
2003	0	1	1	2.08
2002	0	0	0	0.00
2001	0	1	1	2.08
2000	0	0	0	0.00
Total	**14**	**34**	**48**	**100.00**

The examination of research publication trends has unveiled several noteworthy insights. While this study spanned the period from 2000 to 2023, it's essential to acknowledge that the data for micro-takaful publications only began appearing in the Scopus database in 2012. In contrast, micro-insurance data traces back to 1946, but this early publication was excluded from our data due to the specified coverage years. The annual document publication analysis highlights some intriguing patterns. The year 2022 emerges as a significant peak in micro-takaful research productivity, marked by four publications, showcasing a growing interest in this domain. Conversely, micro-insurance experienced its highest number of publications back in 2010, with five recorded, indicating a relatively more established body of research.

What's particularly interesting is that 2022 stands out as the year with the highest total publications, combining both micro-takaful and micro-insurance, totalling six publications. Following the filtering process, the total count for this research comprises 48 articles, distributed as 14 articles under the category of micro-takaful and 34 articles within the micro-insurance category. This striking contrast in publication numbers underscores the relative dearth of research on micro-takaful compared to its conventional counterpart, micro-insurance. It invites further exploration into the dynamics and potential drivers behind the surge of interest in micro-takaful, especially in 2022, and the implications this may have for the future of Islamic micro-insurance within the broader context of financial inclusion and risk management.

Synthesis Analysis

Table 3: Previous Studies of Micro-Takaful Article in Scopus

Author (Year)	Title (Source Title)	Context of Study	Summary
Ali et al. (2023)	Developing A Social Security Micro-Takaful Model for Gig Economy Workforce (Cuadernos de Economia)	Micro-Takaful tailored for gig labor markets that provide contract-based opportunities	The gig economy is a recent and under-researched labor trend, characterized by contract-based, temporary, on-demand work focused on specific tasks. This study aims to review the risks faced by gig workers and the factors leading to their limited protection. It also proposes a Takaful model tailored to gig workers and discusses policy implications for stakeholders.
Zakariyah et al. (2021)	Exploring the Potential of Using the Zakat Fund in Structuring Islamic Micro Takaful (Lecture Notes in Networks and Systems)	Implementing micro-takaful through Zakat contributions	This study explores the use of Zakat funds to establish micro-Takaful, finding no Shariah issues as long as the funds are exclusively dedicated to Zakat recipients. It suggests creating a

			framework for contemporary implementation.
Bangaan Abdullah et al. (2022)	Indicators of having a micro-family takaful plan amongst low-income earners (Journal of Islamic Marketing)	Micro-Takaful plan tailored for underprivileged families	This study investigates low participation in micro-family takaful plans among low-income individuals in Malaysia, with a focus on gender and knowledge. Findings reveal that gender and knowledge significantly influence plan ownership, with married and employed women more likely to participate.
Beshir & Jaafar (2022)	Adopting micro-takaful in Ethiopia: Will it fit in the existing informal insurance structure? (Islamic Finance in Africa)	Integration of micro-takaful in economically disadvantaged nations, such as an East African country	This article emphasizes the significance of micro-takaful as an affordable protection mechanism for low-income individuals. It suggests that adopting micro-takaful in Africa, particularly in countries like Ethiopia, where informal insurance arrangements called 'iddirs' are prevalent, could help enhance financial inclusion and provide a solution for the challenges faced by the impoverished population. The article explores the compatibility of micro-takaful with existing informal insurance arrangements in Ethiopia.
Mohd Fauzi & Laldin (2022)	Micro-takaful scheme for the protection of houses belonging to low-income groups in Malaysia (ISRA International Journal of Islamic Finance)	Micro-Takaful plan tailored for underprivileged groups	This study examines the availability of micro-takaful schemes to protect homes. While micro-takaful is vital for safeguarding low-income individuals, the existing schemes in Malaysia neglected housing protection. The research recommends that takaful operators should introduce and promote micro-takaful options for home protection, thus addressing an essential need and enhancing the living standards of low-income households. This can also stimulate the development of property protection-focused micro-takaful models.
Fikri et al. (2022)	Rules and regulations review on micro-takaful scheme development in Malaysia (Qualitative Research in Financial Markets)	Regulations and Guidelines for the Advancement of micro-takaful Schemes	This study reviews the existing rules and regulations governing micro-takaful in Malaysia. The research aims to determine if these regulations align with the fundamental principles of micro-takaful. Content analysis is used to assess various guidelines and documents. The findings indicate that the regulations generally support the affordability, accessibility, and comprehensibility of micro-takaful, but concerns remain regarding public trust and extended distribution channels. The insights contribute to ensuring long-term financial protection and well-being for underserved populations.

Alrashedi et al. (2021)	Moderating and Mediating Effect of Micro-Takaful and Training Activities Between Islamic Microfinance and Micro-entrepreneurship: A Case Study of Yemen (Lecture Notes in Networks and Systems)	Investigate the moderating and mediating roles of micro-takaful and training	In Yemen, despite two decades of policies promoting micro-entrepreneurship to combat unemployment, it faces significant challenges and increasing joblessness. This study investigates the roles of micro-takaful and entrepreneurship training in mediating and moderating the relationship between Islamic microfinance and micro-entrepreneurship. Results show that micro-takaful and training effectively moderate and mediate between Islamic microfinance and micro-entrepreneurship, helping to mitigate operational risks and enhance business activities. The study offers valuable insights for policymakers, microfinance institutions, and microenterprises.
Md Husin & Haron (2020)	Micro, small and medium enterprises' competitiveness and micro-takaful adoption (ISRA International Journal of Islamic Finance)	Approaches to boost the adoption rate of micro-takaful	This study pursues four objectives: assessing the competitiveness of micro, small, and medium-sized enterprises (MSMEs) in the logistics industry, understanding MSMEs' perception of takaful, recognizing adoption challenges, and proposing strategies to enhance micro-takaful penetration. Utilizing SWOT analysis and interviews with 13 logistics MSME owners in Selangor, Malaysia. This research provides valuable insights for enhancing micro-takaful's adoption and protection of MSMEs in the logistics sector.
Salleh & Laksana (2018)	Awareness of flood victims in the east-coast region of Malaysia towards the takaful flood policy: A crosstabulation analysis based on demographic variables (Management and Accounting Review)	Micro-Takaful policy that ensures affordable financial protection for low-income individuals and the most susceptible flood victims in the nation	This study assessed flood victims' awareness of takaful in Malaysia, with 536 participants from the east coast. The findings revealed a lack of awareness among victims, with variations based on demographics. Younger individuals, singles, and those with higher education showed more awareness. The study emphasizes the need for an affordable micro-takaful policy to protect lower-income and vulnerable flood victims, calling for increased awareness efforts regarding takaful participation.
Zuliani & Rahman (2018)	Micro-Takaful in aceh: Does society need it? (New Developments in Islamic Economics: Examples from Southeast Asia)	Implemention of micro-takaful in Banda Aceh	This study examines the response of low-income individuals to micro-takaful and its viability in Banda Aceh. Data was collected through interviews. The findings highlight the potential for micro-takaful in the region, though challenges must be addressed for successful implementation. The study

			primarily focuses on the potential for micro-takaful in Banda Aceh and offers valuable insights for stakeholders looking to provide such schemes for low-income earners. This research also contributes to the existing literature on micro-takaful.
Mikail et al. (2017)	Utilisation of zakah and waqf fund in micro-takaful models in Malaysia: an exploratory study (ISRA International Journal of Islamic Finance)	Implementing micro-takaful through Zakat & Waqf contributions	This study investigates the feasibility of utilizing zakah and waqf funds to deliver effective and sustainable micro-takaful services to underserved communities. It also explores the Shariʿah-related aspects of this zakah- and waqf-based model. The study identifies commonalities between the beneficiaries of zakah and waqf institutions and micro-takaful, emphasizing the importance of integrating these elements for enhanced effectiveness and sustainability. This research is pioneering in discussing and developing a zakah and waqf-based micro-takaful model within the Malaysian context.
Salleh et al. (2017)	A review of the importance on the need of micro medical and health takaful (Proceedings of the 30th International Business Information Management Association Conference, IBIMA 2017 - Vision 2020: Sustainable Economic development, Innovation Management, and Global Growth)	Significant micro-takaful for healthcare and medical purposes.	This paper examines healthcare expenses and the development of Medical and Health Takaful (MHT) in Malaysia. It particularly focuses on the challenges of implementing Health Takaful for low to moderate-income individuals, including, poor (B40), and moderate-income earners (M40). The study aims to highlight the significance of micro medical and health Takaful and recommend a framework for its implementation among the poor in Malaysia.
Htay et al. (2015)	An analysis of the viability of micro health takaful in Malaysia (Qualitative Research in Financial Markets)	Assess the feasibility of micro-takaful (health) in Malaysia	The research investigates the feasibility of micro-health Takaful, aiming to be accessible to lower-income individuals. The study surveys the interest of low-income groups, revealing their willingness to participate but with constraints on affordability. The regulator sees Micro- Takaful as an experimental concept. To make it viable, Takaful operators may need offer it as part of their corporate social responsibility, potentially subsidized by zakat or waqf authorities. This study provides pioneering insights into micro health Takaful in Malaysia.
Rom & Rahman (2012)	Financial protection for the poor in Malaysia: Role of zakah and micro-takaful	Function of micro-takaful	This study explores the financial protection of low-income individuals in Perak, Malaysia. It reveals that 97% of the respondents lack financial

	(Journal of King Abdulaziz University, Islamic Economics)		protection and cannot afford micro-takaful contributions. The authors suggest that government intervention is essential to enable the poor to access protection covering death, medical, and savings benefits. The government could facilitate micro-takaful through subsidies and zakah into monthly contributions, preventing long-term poverty cycles.

Based on Table 3, all the articles highlight the important role of micro-takaful in providing assistance and protection to underserved communities in meeting the distinct needs and overcoming challenges encountered by underprivileged sections of society. The common thread in these writings emphasizes the crucial role of micro-takaful in providing financial security and promoting inclusiveness within communities that might frequently be overlooked or underserved.

From the analysis, we have identified seven key themes that emerge from the review of the extent literature on micro-takaful. This synthesis analysis offers a clear overview of the key insights and recurring topics found related to micro-takaful. Figure 2 presents a summary of the seven (7) major themes that surfaced during the literature review.

Figure 2: Key Themes in the Literature on Micro-Takaful

Micro-Takaful Aligns with Sustainable Development Goals (SDGs)

Micro-takaful aligns with several Sustainable Development Goals (SDGs), significantly impacting socio-economic development. The aim of micro-takaful is in line with SDG 1 (No Poverty) by offering financial protection to low-income communities, contributing to poverty alleviation. Addressing SDG 3 (Good Health and Well-being), micro-takaful ensures access to financial resources for medical needs, promoting health and well-being. Furthermore, micro-takaful advances SDG 8 (Decent Work and Economic Growth) by fostering economic resilience and supporting sustainable economic growth. Initiatives in micro-takaful contribute to SDG 9 (Industry, Innovation, and Infrastructure) by promoting inclusive financial infrastructure development and innovation in the financial sector. Its inclusive nature directly impacts SDG 10 (Reduced Inequalities) by addressing financial disparities and providing accessible protection to vulnerable populations. Lastly, SDG 17 (Partnerships for the Goals) is facilitated as collaboration among stakeholders enhances micro-takaful's effectiveness in contributing to broader sustainable development objectives. These interconnected SDGs underscore micro-takaful's potential to contribute to a more inclusive, equitable, and sustainable future.

Addressing Climate Change Issue

The role of micro-takaful in addressing climate change issues, particularly in highly affected flood-prone areas of Malaysia, is crucial for providing affordable protection to the vulnerable B40 segment. Floods, intensified by climate change, pose significant threats to communities, especially those with limited financial resources. Micro-Takaful plays a pivotal role by offering affordable takaful coverage adjusted to the specific needs of the B40 group, ensuring financial resilience in the face of flood-related challenges. This includes compensation for property damage, loss of livelihoods, and other flood-induced losses. By extending accessible and affordable coverage, micro-takaful contributes to the adaptation and protection of the B40 community in flood-prone regions, promoting climate resilience and safeguarding their economic well-being.

Micro-Takaful as Agricultural Risk Management Tool

The absence of a role for micro-takaful in protecting farmers within the agrifood sector represents a gap in addressing the national food security agenda, particularly in the wake of the COVID-19 pandemic and challenges posed by climate change. For instance, in Kelantan, floods have the potential to damage paddy fields, impacting both the production and income of paddy farmers. Thus, the lack of micro-takaful protective mechanisms exposes farmers to diverse risks and uncertainties that undermine the overall resilience of the agrifood sector. Recognizing and integrating micro-takaful into the agricultural risk management strategy becomes imperative to ensure the sustainability and security of the food supply chain, especially in times marked by pandemics and environmental changes.

Challenges Faced by Takaful Operators

The prevailing focus in many studies skewed towards highlighting the challenges experienced by customers or consumers, often overlooking the equally critical challenges encountered by takaful operators. These operators struggle with the task of preserving the sustainability of risk funds, especially when faced with the potential strain of excessive claims from customers or consumers. While it is essential to address challenges from the customer's perspective, it is equally important to consider the complexity faced by takaful operators. Striking a balance in understanding and addressing challenges from both sides is vital for fostering a resilient and sustainable takaful system that provides the needs of all stakeholders.

Integration with Islamic Social Finance

There are lots of studies that focus on the importance of enhancing the operation of micro-takaful with the integration of Islamic social finance instruments such as zakat, waqf and sadaqah in helping the underserved community The incorporation of Islamic finance tools and instruments, specifically zakat and waqf, into the framework of micro-takaful serves to elevate the effectiveness of micro-takaful initiatives. The instruments of zakat as a form of charitable giving and waqf as an endowment for charitable purposes focus on contributing by providing additional financial resources and support mechanisms toward strengthening the implementation of micro-takaful. This approach not only aligns with Islamic principles but also bolsters the resilience and inclusivity of micro-takaful programs, ultimately benefiting the underserved B40 community in various vital aspects of their lives. This integration is particularly crucial in sectors such as gig-economy employment, healthcare, entrepreneurship, and human empowerment.

Implementation of Micro-Takaful at the Macro Level of Developing Nations

This analysis entails the application of micro-takaful principles on a larger scale within the context of developing nations. This approach involves integrating micro-takaful, which focuses on providing affordable and accessible Islamic insurance to underserved communities, into the broader financial and economic systems of developing countries. Through this integration, nations can improve financial inclusion, enhance social welfare, and contribute to economic development. Adopting micro-takaful at the macro level requires the establishment of supportive regulatory frameworks, the promotion of awareness and education, and collaboration with various stakeholders. This strategy aims to address the specific needs of vulnerable populations and aligns with broader national development goals, fostering financial stability and social well-being across the entire scope of society. The model holds potential for implementation in other developing countries.

Affordable Micro-takaful for Housing Protection

Micro-takaful functions as a financial tool offering affordable and Shariah-compliant protection for individuals or communities seeking takaful coverage for housing-related risks. This coverage may include protection against damages caused by natural disasters, fire, theft or other unforeseen events that could threaten the safety and integrity of residential structures which could be very expensive and could not be accessed by the lower- income population. Thus, the micro-takaful scheme needs to be tailored to cover a wide protection coverage at affordable price for all. The aim is to extend accessible housing protection to a broader segment of the population, especially those in lower-income group. By adjusting micro-takaful products to address housing needs, this approach fosters financial inclusion, ensuring that individuals and communities have a reliable and Shariah-compliant means to safeguard their homes and belongings.

CONCLUSION

This study focus attention on the importance of micro-takaful as a viable tool for enhancing financial inclusivity among the B40 demographic, ultimately improving their access to protective services and contributing to broader objectives such as poverty alleviation and socio-economic security. From the literature synthesis, seven (7) key-themes have been identified that may pave a vast opportunity for future researchers, takaful industry and policy makers to enhance the micro-takaful operation in future. To sum up, the findings depict that micro-takaful plays a pivotal role in supporting Sustainable Development Goals (SDGs) by promoting financial inclusion, providing affordable takaful solutions, and addressing specific challenges such as housing protection and climate change. Its application in agricultural risk management manifests its potential to bolster the resilience of farming communities. From the perspective of takaful operators, challenges related to sustainability and risk fund management come to the forefront emphasizing the need for a balanced approach in addressing both consumer and operator concerns. The macro-level adoption of micro-takaful in developing nations signifies its potential to drive economic empowerment and social development. Altogether, micro-takaful emerges as a versatile and impactful financial tool with implications spanning from climate resilience to housing security, contributing significantly to broader development objectives. These emerging themes also collectively shed light on the potential and challenges associated with micro-takaful. Addressing these gaps through further research can help refine and expand the reach of micro-takaful, making it a more effective and accessible financial protection mechanism for low-income and vulnerable populations.

REFERENCES

Abdullah, N. I. (2021). Impactful and collective microtakaful in addressing the impact of COVID-19 pandemic. *Journal of Islamic Finance*, *10*, 117-126.

Ahmad, W. M. N. W., Jaiyeoba, H. B., & Abdullah, M. A. (2022). The influence of microtakaful products on halal small business sustainability. *Journal of Halal Industry & Services*, *5*(1).

Ali, M., Hussain, H. I., Nisar, Q. A., Yenwen, C., Hamid, B. A., & Mahomed, Z. (2023). Developing a social security micro-takaful model for gig economy workforce. *Cuadernos de Economía*, *46*(130), 73-86.

Alrashedi, M. Y., Mohammed, M. O., & Othman, A. H. A. (2021). Moderating and mediating effect of micro-takaful and training activities between Islamic microfinance and micro-entrepreneurship: A case study of Yemen. In the importance of new technologies and entrepreneurship in business development: In the context of economic diversity in developing countries: The impact of new technologies and entrepreneurship on business development. *Springer International Publishing*, pp. 1687-1701.

Bangaan Abdullah, H. S., Yakob, R., Yakob, S., & Sharif, N. S. (2022). Indicators of having a micro-family takaful plan amongst low-income earners. *Journal of Islamic Marketing*, *13*(12), 2695-2716.

Beshir, H. A., & Jaafar, S. M. S. (2022). 13. Adopting micro-takaful in Ethiopia: will it fit in the existing informal insurance structure?. *Islamic Finance in Africa: The Prospects for Sustainable Development*, 235.

BNM (2016), Microinsurance and microtakaful: Discussion Paper, Bank Negara Malaysia, Kuala Lumpur.

Che Mohd Salleh, M., & Megat Laksana, N. N. (2018). Awareness of flood victims in the East-Coast region of Malaysia towards the takaful flood policy: A crosstabulation analysis based on demographic variables. *Management & Accounting Review (MAR)*, *17*(1), 63-78.

Che Mohd Salleh, M., Razali, S. S., Megat Laksana, N. N., Che Embi, N. A., & Abdullah, N. I. (2020). Developing a sustainable model of waqf-based takaful for flood victims in Malaysia. *Journal of Islamic Accounting and Business Research*, *11*(9), 1941-1952.

Fauzilah, S., Ahmad Shukri, Y., Wan Norhayate, W. D., Norizan, R., Puspa Liza, G., & Nahidah, M. (2017). A review of the importance on the need of micro medical and health takaful. Proceedings of 30th International Business Information Management Association Conference, pp. 2398 – 2404.

Fikri, S. M., Naim, A. M., Maamor, S., Isa, M. Y., Ahmad, S. N., Shari, W., & Muhamed, N. A. (2022). Rules and regulations review on micro-takaful scheme development in Malaysia. *Qualitative Research in Financial Markets, 14*(4), 509-525.

Haroun, A. E. H., & Yusoff, M. E. (2019). Micro-takaful as stimulus for financial inclusion: A key component towards sustainable development. *Open International Journal of Informatics, 7*(2), 43-55.

Htay, S. N. N., Sadzali, N. S., & Amin, H. (2015). An analysis of the viability of micro health takaful in Malaysia. *Qualitative Research in Financial Markets, 7*(1), 37-71.

Iqbal, I., Ayaz, M., & Saeed, M. (2021). Enhancing micro-takaful in Pakistan: Problems and solutions. *Journal of Finance and Accounting Research, 3*(2), 44-58.

Ishak, N. S. B. (2020). *Demand for takaful and microtakaful in Malaysia* (Doctoral dissertation, University of Sussex).

Kaffash, S., Azizi, R., Huang, Y., & Zhu, J. (2020). A survey of data envelopment analysis applications in the insurance industry 1993–2018. *European Journal of Operational Research, 284*(3), 801-813.

Khan, Z., Rafiq, M., Ameen, A., & Ullah, A. (2010). Commercial vs: Cooperative insurance (concept and operational framework). *Business & Economic Review, 2*(2), 6-12.

Md Husin, M., & Haron, R. (2020). Micro, small and medium enterprises' competitiveness and micro-takāful adoption. *ISRA International Journal of Islamic Finance, 12*(3), 367-380.

Mikail, S. A., Ahmad, M. A. J., & Adekunle, S. S. (2017). Utilisation of zakah and waqf fund in micro-takāful models in Malaysia: An exploratory study. *ISRA International Journal of Islamic Finance, 9*(1), 100-105.

Mohd Fauzi, P.N.F.N., & Laldin, M.A. (2022). Micro-takaful scheme for the protection of houses belongingto low-income groups in Malaysia. *ISRA International Journal of Islamic Finance, 14*(3), 303-314.

Muhammad, S. N. (2021). Micro-Takaful: An Islamic Financial instrument for enhancing small scale enterprises in Nigeria. *Al-Hikmah Journal of Islamic Studies, 9*(4), 40-54.

Patel, S. (2004). Takaful and poverty alleviation. *European Economic Review, 48*(5), 1-21.

Rapi, M. Z. H., Salaudeen, A. O., Ravi, M. I. M. R., Wongsangiam, R., & Redzuan, N. H. (2022). Micro takaful programs for the poor: The Malaysian experience. *International Journal of Accounting, 7*(45), 65-81.

Razak, A. A., Chusmita, L. A., Muhammad, F., Ramdan, M. R., Hussin, M. Y. M., & Mahjom, N. (2021). Factors influencing micro, small and medium entrepreneurs' (MSMEs) intentions to purchase micro-takaful scheme. International *Journal of Academic Research in Business and Social Sciences, 11*(10), 1090 – 1106.

Rom, N. A. M., & Rahman, Z. A. (2012). Financial protection for the poor in Malaysia: Role of zakah and micro-takaful. *Journal of King Abdulaziz University, Islamic Economic, 25*(1), 119-140.

Salleh, F., Ishak, M. S. I., Bakar, N. A., & Wardayati, S. M. (2021). Developing a waqf crop micro takaful framework through crowdfunding-waqf in Malaysia. In *International Conference on Management, Business, and Technology (ICOMBEST 2021)* (pp. 193-199). Atlantis Press.

Salleh, M., & Padzim, F. Z. (2018). The prevalence of micro takaful products in the eyes of malaysian SMEs. *International Academic Journal of Business Management, 5*(3), 49-65.

Sha'aban, M. M., & Salleh, F. (2021). Does Nigerian low-income families need for micro family takaful scheme. *Journal of Contemporary Issues in Business and Government, 27*(2), 52-58.

Tahir, U., & Rashid, A. (2021). Evaluation of contemporary takaful practices from the perspective of Maqasid al-Shariah. *Journal of Islamic Business and Management, 11*(2).

Zain, N. R., Bhatti, F. A., & Salman, S. A. (2022). Risks and risk management in family takaful. *Journal of Islamic Banking & Finance*, *39*(3).

Zakariyah, H., Al-Own, A. A. O., & Ahmad, A. (2021). Exploring the potential of using the zakat fund in structuring islamic micro takaful. In *International Conference on Business and Technology* (pp. 121-132). Cham: Springer International Publishing.

Zuliani, R., & Rahman, A. A. (2018). Micro-Takaful in Aceh: Does society need it?. In *New developments in Islamic economics.* Emerald Publishing Limited, pp. 101-116.