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MICRO-TAKAFUL'S POTENTIALS TO HELP LOW- IN KANO STATE MARKETS

ABSTRACT

The idea of Takaful (Islamic insurance) emerged during the industrial age of the 1900s, driven by shared individual interests. While Takaful made its way to Nigeria in 2005, it was not until 2013 that the National Insurance Commission (NAICOM) released the operational guidelines for Takaful practices. Currently, the number of insurance companies licensed to operate in Nigeria has hit 67 including 4 Takaful companies, yet the overall insurance penetration remains among the lowest globally. Nonetheless, many Nigerians, especially low-income business owners in marketplaces, are hesitant to engage with conventional insurance due to religious beliefs and local conditions. This reluctance complicates the ability to overcome challenges and revive businesses after incidents like fire outbreaks in the markets. The paper consequently tries to explore the possibilities of micro-takaful as a route through which low-income entrepreneurs in markets across Kano State can be helped, encouraged and compensated in accordance with the teachings of Islam. Information was gathered from a review of relevant literatures. To promote economic growth and development of low-income entrepreneurs, it is recommended that awareness should be raised about Takaful and there is a need to set up a micro-takaful system to cater for their peculiarities.

Keywords: *Micro-takaful, markets, fire outbreak, low-income entrepreneurs, Kano State*

1. Introduction

Market places and entrepreneurial activities are important catalysts of socio-economic growth and development in a nation. Markets play vital roles in hosting people from different origin and background, engaging in different forms of activities. The indication of trade and encouragement of engaging in entrepreneurial activities justifies the existence and development of markets in Islam. Clear evidence in the existence of market places is the *Du'a* (prayer) the prophet encouraged people to recite (prayer) before entering the market. In addition, Caliph Umar used to go around to ensure appropriate practices within the markets. As such, there is a connection between markets and entrepreneurship. A sizable percentage of economic activity in Nigeria is either started or completed in a market setting.

It is estimated that the informal sector, which includes a variety of market-based transactions, accounts for about 65% of the country's GDP (Moniepoint, 2023).

Fire outbreaks in markets across Kano State have increasingly become a widespread issue, significantly hindering the socio-economic progress of both the state and the broader nation. As a result, there is a pressing need for an insurance model that caters to the religious and financial requirements of local entrepreneurs.

In urban Africa, a significant portion of the population engages in small-scale entrepreneurial activities, making marketplaces essential for achieving socio-economic growth and development. This observation aligns with findings from various studies highlighting the importance of small-scale businesses in driving economic progress as well indicating the pivotal role of small-scale enterprises and marketplaces in fostering socio-economic development across urban African regions ((Alao, Onivefu, Onivefu-Bello, & Raji, 2025; Ezeoha et al., 2024). Therefore, it is essential to explore solutions, such as micro-takaful, that can assist low-income entrepreneurs in the event of a market fire. By adopting micro-takaful, these entrepreneurs can avoid depending on government or donor support for compensation, which often takes considerable time to process. The involvement of committees for investigation can further delay assistance, and in many cases, those affected may not receive compensation, leading to renewed unemployment for these individuals. This highlights the need for a more immediate approach to help entrepreneurs recover swiftly after a disaster.

However, there is no existent study that explored the potentials of micro-*takaful* in helping low-income entrepreneurs in Kano State markets, particularly in the event of fire outbreaks. Most studies are either on problems facing entrepreneurs, environmental considerations in the market places and the performance of trades and traders in the various markets, or on operational issues such as Ado-Kurawa (2006) and Musa (2010). Additionally, according to Shittu, Idiake, and Akanmu (2015) although many studies have been conducted about flood and building collapse, there is lax of literature about fire incidences. Moreover, recent data further underscores the urgency of this issue, with reports indicating that between January 2022 and March 2023, Nigeria experienced 54 market fires across various states, resulting in significant economic losses (Punch Newspapers, 2023). As such, addressing this is necessary for coming up with an effective strategy to help low-income entrepreneurs in the event of fire outbreaks

Thus, the aim of this paper is to fill these gaps. The paper therefore consists of five sections. Section one provides the brief background of the issue while section two discusses the evolution of markets in Kano State, concept of fire and fire outbreak, fire outbreak in Kano State markets, concept of micro-*takaful* and indications of micro-*takaful* in *Shari'ah* (Islamic law). Section three provides potentials of micro-*takaful* for low-income entrepreneurs in Kano State markets, while section four concludes the paper.

2. Literature review

2.1 Evolution of Markets in Kano State

Kano State is identified for its renowned and prominent markets which makes the state the most leading industrial center in Northern Nigeria with every space being a potential market place. Kano State's economy is a dynamic blend of production, distribution, and consumption, with marketplaces serving as pivotal hubs for regulating and organizing business activities. The state's strategic location has historically positioned it as a central trade nexus between West and North Africa, fostering a vibrant commercial environment (Hanga, 2024). According to Sulaiman (2012) the prevalence of markets within the State makes it an economic city that generates income for investors, revenue for government, provides employment opportunities for the unemployed; contributes to the growth of gross domestic product (GDP) and results in overall growth and development of the State.

According to Ibrahim (2014) the evolution of markets in Kano State is traced to the early 7th century which marks the origin of the State. Ibrahim (2014) further emphasized that the evolutionary trend of the development of the markets can be categorized into three phases of development; first generation, second generation and contemporary markets. The first-generation markets evolved from early 8th century to the 18th century. Prominent among the first-generation markets is 'Yarkasuwa Market which was established in 1392. Moreover, between 14th to 18th centuries, a total number of seven markets were established. These markets are: Karafka (in 1438); Kurmi (in 1487); Mandawari (in 1567); Madabo (in 1700); Na'isa (in 1706); Aisami (in 1880); and Kul-kul (in 1887). Among the first-generation markets, only Kurmi Market retained its historic and international status; 'Yarkawusa and Karafka were phased off and their sites were converted to residential areas. Madabo and Na'isa Markets were however relocated; while Mandawari, Aisami and Kul-kul Markets were reduced to local neighborhood patronage as against their former international status (Ibrahim, 2014).

The second-generation markets emerged from 1900 to some years after independence (1960s) and they consist of Sabongari Market established in 1914; Kwari Market (in 1934); Rimi Market (in 1937);

‘Yan’awaki Market (around 1940); ‘Yantaya (in 1942); Wapa (in 1959); Sharada (in 1960); ‘Yan’itace (in 1965); Abattoir (in 1967); and Brigade (in 1969). Among these markets, ‘Yan’awaki; ‘Yan’itace and Sharada Markets were respectively relocated to Na’ibawa, Mariri and Sharada-Masallaci areas. Sabongari, Kwari and Wapa Markets to date retained their international status; while Rimi market has been reduced to a regional status from its former international status (Ibrahim, 2014).

The third-generation markets also referred to as recent or contemporary markets were as a result of the promulgation of the Nigerian Enterprises Promotion (Indigenization) Decree of 1972; which was amended in 1976. The decree permitted Nigerians to own, control and take part in economic enterprises which facilitated economic growth and development (Mohammed, 1985). Prominent among the third-generation markets are: Akija established in 1973; Singer; Dawanau; Kofar-Wambai; Kofar-Ruwa; ‘Yankaba; Ujile; ‘Yankekuna; and ‘Yanlemo (in 1977), and Takari (in 1985), among others (Ibrahim, 2014).

Moreover, in addition to the above markets, there are the proliferation of numerous retail trading outlets and centers along major roads and streets in Kano State which consists of shops, kiosks, workshops, dispensing outlets, offices, super-stores, and shopping malls (Ibrahim, 2014). In March 2024, Nigeria secured \$1.3 billion in funding to complete a railway project connecting Kano to Maradi in Niger Republic. This infrastructure development is expected to bolster trade and cultural ties, further integrating Kano's markets into regional and international trade networks (Reuters, 2024).

2.2 Concept of Fire and Fire Outbreak

Fire is the result of flammable materials being combusted and the essential ingredient for its propagation is air, which is sufficient to start ignition (Oyeyode, 2003). Although fire serves as a means of comfort historically (for example cooking, lighting and heating), fire has also been a source calamity, pain and tragedy to human race. Fire has a rapid, self-sustaining oxidation process accompanied by the evolution of heat and light in varying intensities (Shittu et al., 2015) which consumes lives, properties and consequently affects the markets and low-income entrepreneurs at varying level and magnitude. Justifying this is the assertion that fire presents a global threat to the natural environment by violating the functions of natural ecosystems and causing severe damage to the natural environment and human assets (Stojanova, Kobler, Ogrinc, Ženko, & Džeroski, 2011).

Sometimes, the fire outbreak occurs under situations that are unexpected or unpredictable (Shittu et al., 2015). This has led Shittu et al., (2015) to classify the cause of fire outbreak primarily into two namely: natural fire outbreaks (mostly as a result of earthquake, volcanic eruption and lightning) and manmade fire

(caused by human/machine errors). Examples of manmade fires are: industrial or chemical fire disasters, fires at social gatherings due to electrical short circuit fires, incendiary bombing, accidental fire, kitchen-fires as well as fires in market places. In addition, rural and urban residential and non-residential structural fires are also largely man-made fires.

2.3 Fire Outbreaks in Kano State Markets

Fire outbreaks in markets are a serious threat to the government generally and to low-income entrepreneurs specifically. Fire outbreaks have been a persistent problem in the markets of Kano State, causing major economic setbacks and impacting the livelihoods of numerous traders. A study examining fire occurrences from 1974 to 2017 indicated that the years from 2007 to 2017 witnessed the highest number of such incidents, representing around 68.6% of all documented cases. This era was particularly catastrophic, with approximately 57% of the events happening between 2007 and 2017, resulting in significant property damage estimated to be in the trillions of Naira (Abdullahi & Yunus, 2021).

The analysis of Kano State Fire Service Records, 2014 indicated a total of 88 incidences of fire outbreaks from 2000 to 2014 across different markets within the State. Rimi market alone sustained 13 incidences of fire outbreaks between the periods (Ibrahim, 2014). Moreover, the loss associated with the fire outbreaks in the state on average is on the rise as the calamity is becoming more frequent. These fire outbreaks result in loss of lives, goods and commodities, properties (i.e., business stalls), money in form of cash, unemployment and injuries among others. For example, according to Ibrahim (2014), Rimi Market Traders Association revealed that the past incidences of fire outbreak have rendered over 200 traders in the market out of businesses.

Additionally, the 18th January 2014 fire outbreak in Kwari Market destroyed over 1,000 stalls and hundreds of makeshift stands in six blocks of shops, resulting in the loss of billions of naira in goods and properties as well as the death of two people whom were struggling to evacuate their belongings (Ibrahim, 2014). Furthermore, on 18th February 2016, over 200 shops and 1,200 makeshift tents were destroyed as a result of an early morning fire in Singer Market (Muhammad, 2016). Additionally, on 26th March 2016 another fire outbreak engulfed the prominent Sabongari Market which resulted in a loss of about 2 trillion worth of goods and destruction of over 3,000 shops which consequently affected approximately over 18,000 traders (National Emergency Management Agency [NEMA], 2016). NEMA described the calamity as the worst market fire disaster in Nigeria (Ibrahim, 2016). The director general of the agency further asserted that an interim assessment of the situation indicated that more than 90 percent of the market had been destroyed by the fire (NEMA, 2016).

Recently, on March 1, 2023, a fire at Kurmi Market destroyed 80 shops, including six permanent and 74 temporary stalls (Muntari, 2023a), while on March 8, 2023, an early morning fire at Rimi Market led to the destruction of 19 shops and a mosque (Muntari 2023b). Furthermore, on November 2022 a fire razed 150 improvised shops at Kachako Central Market in Takai Local Government Area (News Agency of Nigeria, 2022), in December 2024 fire at Badume Market in Bichi Local Government Area of the State resulted in three fatalities and the destruction of 100 shops (Muntari, 2022). In February 2024 a midnight fire at Yan Katako Market in the Rijiyar Lemu area destroyed over 50 shops, causing losses estimated at N150 million (Muntari, 2024).

Although the causes of fire outbreaks are not well known, Shittu et al. (2015) concluded that rural and urban residential and non-residential structural fires are largely man-made fires. Therefore, the frequency in the occurrence of fire outbreak in Kano State markets accompanied with the loss of life, properties and money necessitates the need for exploring micro-*takaful* to help the low-income entrepreneurs on time and without compromising the teachings and guidelines of Islam.

2.4 Concept of *Takaful* and Micro-*Takaful*

Takaful is derived from an Arabic word *Kafala* a verb which means guarantee, bail or an act of securing the needs of people. *Takaful* is a hybrid of a cooperative insurance and a commercial entity that operates on the principles of solidarity and reciprocity (Archer, Karim & Nienhaus, 2009). As such, bringing together the two words, micro and *takaful* entails guarantee, bail or an act of securing the need of low income people in accordance with the teachings of Islam. However, publications of microfinance practitioners and donor agencies refer to micro-*takaful* as a product of Islamic microfinance (Karim, Tarazi, & Reille, 2008; Roth, McCord, & Liber, 2007). This is so because what differentiates *takaful* from micro-*takaful* is the target participants. Furthermore, micro-*takaful* is an innovative risk management instrument adapted to the needs of low-income Muslims that can contribute to a more inclusive insurance market (Erlbeck, 2010).

From the foregoing, an important consideration in the concept of micro-*takaful* is its cooperative nature of mitigating risk among low-income people according to the teachings of Islam. In addition, micro-*takaful* entails joint guarantee whereby a group of low income entrepreneurs agree to mutually guarantee each other when calamity befalls (such as fire outbreak). The principle of mutual cooperation is the basis of *takaful* which transforms the contract of insurance into a gracious contract of donation (*Tabarru*) (Khorshid, 2004).

Therefore, the concept of micro-*takaful* can be applied to three different dimensions of human activities namely: faith as insurance (*al-Ta'min al Imani*), insurance for life in the hereafter (*al-Ta'amin al Akharuwi*) and material insurance for life in this world (*al-Ta'amin al Dunyawu*) (Khorshid, 2004).

2.5 Indications of Micro-Takaful in Shari'ah

Shari'ah refers to an ordained way. The indication to *Shari'ah* as an ordained way is clear where Allah (SWT) says “Then we put you, (O Muhammad), on an ordained way concerning the matter (of religion); so, follow it and do not follow the inclinations of those who do not know”. (Qur'an 45:18, Saheeh International). The aim of *Shari'ah* is to protect people's well-being in this life and the hereafter (Kamali, 2008) which covers religious, moral and social issues in the conduct of commercial activities. The primary sources (Qur'an and Hadith/*Sunnah* of the Prophet [PBUH]) and secondary sources (*Ijma* and *Qiyas*) of *Shari'ah* have both made indication towards risk management. The Qur'an for example contains 6,235 verses between which 200 and 500 deals with legal issues while 70 verses are about commercial and financial activities or arrangements (Kamali, 2008). Bekkin (2007) confirmed that the Qur'an entails a methodology for clarifying and resolving any problem.

The secondary sources of *Shari'ah* are derived from the primary sources either by consensus (*Ijma*) or individual reasoning by analogy (*Qiyas*) of Islamic scholars (*Ulama*). Although the secondary sources deal with matters that are not dealt with in the primary sources directly, their verdict must not contravene nor contradict with the primary sources.

The conduct of insurance is majorly influenced by the Qur'an, *Sunnah*, *Ijma* and *Qiyas* even though the Qur'an and *Sunnah* do not directly refer to insurance and most decisions on the compliance of insurance are based on reasoning by *Ulama* belonging to different schools of Islamic law (Bekkin, 2007). However, in the Qur'an, the closest word associated with *Takaful* is *Ta'amin* (Qur'an 4:58, 12:64, 28:26, 3:75, Saheeh International) which relates to status of peace of mind or absence of fear in which oneself, one's family or one's wealth is protected.

Al-Ta'min al Imani introduces faith as a mean to reach a status of security which means that if entrepreneurs do good deeds and avoid evil deeds, Allah (SWT) will protect them. This is evident in the Qur'an where Allah (SWT) says: Whosoever does righteousness, whether male or female, while he is a believer, we will surely cause him to live a good life, and We will give them their reward (in the Hereafter) according to the best of what they used to do. (Qur'an 16:97, Saheeh International).

In case of insecurity and loss, Muslims look to Allah (SWT) first for their insurance as he promised support in need where He says “Call upon Me; I will respond to you.” (Qur’an 40:60, Saheeh International). Therefore, praying to Allah guarantees protection in misery in this world and in the hereafter (Khorshid, 2004). Additionally, it is important to recall that Allah (SWT) can test whomever He wants but promised glad tidings to those who are patient. Evidence of this is in the Qur’an where Allah (SWT) says “And We will surely test you with something of fear and hunger and a loss of wealth and lives and fruits, but give good tidings to the patient”. (Qur’an 2:155, Saheeh International).

Al-Ta’amin al Akharuwi is achieved through the obedience of the rules and regulations laid down in *Shari’ah* in this world. As such people who have compassion and are kind to each other will be successful in the hereafter.

Although praying to Allah guarantees protection in misery in this world and in the hereafter (Khorshid, 2004), *al-Ta’amin al Dunyawu* does not imply that the responsibility for material protection is solely with Allah (SWT). As such low-income entrepreneurs are encouraged to undertake certain precautions or strategies to mitigate and reduce risk as well as help each other in the event of calamities such as fire outbreaks. Justifying this is the Hadith of the Prophet (PBUH): The Prophet (PBUH) noticed a Bedouin leaving a camel and he asked the Bedouin, “Why don’t you tie down your camel?” The Bedouin answered, “I put my trust in Allah. “The prophet said, “Tie your camel first, then put your trust in Allah” (Al-Tirmizi & Ibn Majah, Book 60, Hadith Number 2517).

As such, since micro-*takaful* entails cooperation in risk mitigation, it is important to consider some verses of the Qur’an and Hadith of the Prophet (PBUH) that encourage cooperation in doing good deeds, helping one another and brotherhood. For example, in the Qur’an Allah (SWT) says “And cooperate in righteousness and piety, but do not cooperate in sin and aggression. And fear Allah; indeed, Allah is severe in penalty”. (Qur’an 5:2, Saheeh International).

From this verse, micro-*takaful* can be regarded as *Ta’awun* (mutual help) whereby those low-income entrepreneurs affected by fire outbreak in Kano State markets are helped. This is because Allah (SWT) enjoins compassion, justice and the doing of good to others; and forbids indecency, and manifest evil, and wrongful transgression. He admonished you that you may take heed (Qur’an 16:91, Saheeh International). Therefore, it is essential and appropriate for the low-income entrepreneurs to corporate and organize themselves in an effort to assist, help and to be kind to each other in the right way whenever calamity befalls. Indeed, Allah (SWT) is with those who are righteous and those who do good (Qur’an 16:129, Saheeh International) and Allah (SWT) promised that the reward of goodness is nothing but goodness (Qur’an

55:61, Saheeh International). In fact, in the beginning of every chapter of the Qur'an except one surah (*Suratul Taubah*) begins with "In the name of Allah, The Gracious, The Merciful." This is an indication that Allah (SWT) is gracious and merciful and surely requires humanity to be gracious and merciful to each other too in their dealings and relationships.

In addition, the Prophet (PBUH) further encouraged believers to cooperate, support and help one another. Likewise, Abu Musa reported: The Messenger of Allah, peace and blessings be upon him, said, Verily, the believers are like a structure, each one strengthening the other, and the Prophet clasped his fingers together (*Sahih al-Bukhari*, No. 467; *Sahih Muslim*, No. 2585). Furthermore, the Prophet (PBUH) encouraged people to help alleviate the hardship of others. The Prophet (PBUH) in view of this said "Whosoever removes a worldly hardship from a believer, Allah will remove from him one of the hardships of the hereafter. Whosoever alleviates the needy person, Allah will alleviate from him in this world and the next." (*Sahih Muslim*, Book 33, Hadith Number 6250).

3. Potentials of Micro-Takaful for Low-Income Entrepreneurs in Kano State Markets

In this paper, the focus is to see the potential of micro-takaful in helping the low-income entrepreneurs who undertake their business activities across markets in Kano State. Irrespective of the cause of the fire outbreaks, it is important to develop a micro-takaful scheme through which low-income entrepreneurs affected can be helped in the right way.

Previous studies suggest that the limitation in the outreach of insurance by people is as a result of the economic situation of the population and contradictions of commercial insurance with Islamic law (Demirgüç-Kunt, Beck, & Honohan, 2008; Karim, Tarazi, & Reille, 2008). In addition, the services provided under conventional insurance, do not take into account the peculiar cultural and economic condition of developing countries majority of who are Muslims with low income (Erlbeck, 2010). Conventional insurance focuses primarily on the needs of middle- and higher-income categories of people which hinders the demand for insurance products and services in such poor countries like Nigeria (Erlbeck, 2010). Furthermore, conventional insurance violates the teachings of Islam because it involves dealings with interest (*Riba*), uncertainty (*Gharar*) and gambling (*Maysir*) (Khorshid, 2004).

Micro-takaful has a cooperative advantage of alleviating poverty as a result of its closeness to cooperative insurance (Patel, 2008). As such, it helps in removing hardship through mutual cooperation as indicated by the Prophet (PBUH), "Whosoever removes a worldly hardship from a believer, Allah will remove from

him one of the hardships of the hereafter. Whosoever alleviates the needy person, Allah will alleviate from him in this world and the next.” (*Sahih Muslim*, Book 33, Hadith Number 6250).

The potentials of micro-*takaful* can be further enhanced by looking at the cooperative nature of informal savings by Nigerians which has been a predominant rotating and credit savings association since early 1900s such as *Esussu (Yoruba)*, *Adashi (Hausa)* or *Isusu (Igbo)* (Olanike & Abass, 2014). In fact, because of these savings associations, the Nigerian government in 1936 promulgated the cooperative society’s ordinance (Olanike & Abass, 2014). In addition, according to National Bureau of Statistics [NBS]/World Bank (2010/2011) 17 percent of adults in Nigeria report savings in an informal savings group (*adashi/esusu/ajo*), and women without bank accounts use community savings groups as an alternative way to save their money. As such if low-income entrepreneurs could save collectively to meet their needs, then they can collectively contribute to help one another when calamity befalls (i.e., fire outbreak in markets).

Considering the potentials of micro-*takaful*, low-income entrepreneurs in the markets do not necessarily have to rely on the government or donor agencies for help. The entrepreneurs can mutually help each other and ease their hardship by way of collective risk mitigation which mitigates the damaging harm that can affect the entrepreneurs if they were to bear the risk individually. This is based on the assertion that human beings as social creatures can only achieve their essential needs in groups, thus the desperate need for *A’sabiyyah* (i.e. one group shares same feelings, opinions, and values) which will enable the entrepreneurs to cooperate for common goals through social harmony (Chapra, 1999). Moreover, Allah (SWT) Has encouraged us to cooperate in good and righteousness (Qur’an 5:2, Saheeh International).

The key intention in micro-*takaful* is not profit making or taking advantage of an uncertain situation but rather a sincere intention to offer protection, help and support. With micro-*takaful*, risk is not transferred to a single individual or organization but rather shared among members of the collective scheme (Rahman, 1979). Furthermore, micro-*takaful* is free from *Riba*, *Gharar* and *Maysir* as such, promoting justice, fairness and equality, as against conventional insurance whose modus operandi is essentially based on *Riba*, *Gharar* and *Maysir*. Many Nigerians are yearning for ethical non-interest services which pave a way for socially responsible investment opportunities. As such, micro-*takaful* will service the majority of Nigerians who are desirous of such services that are free of *Riba*, *Gharar* and *Maysir* (Sapovadia, 2015). Evidence of this is clear in the over subscription of Jaiz Initial Public Offer of ₦2.5 Billion by 120 percent as a result of the yearning for interest free banking in Nigeria (Gambo, 2013).

Countries like Indonesia, Pakistan, Bangladesh, Nigeria and Egypt have an insurance penetration of about 2 percent or less (Central Intelligence Agency [CIA], 2010; Ho & Staib, 2008). Therefore, *takaful* operators would especially benefit from an involvement in micro-*takaful* as the market potential in these Muslim countries is promising (Ho & Staib, 2008; Ernst & Young, 2009). In fact, in 2007, above 98 percent of the poor in those countries have not been served with micro insurance (Roth et al., 2007) and at least, Indonesia, Nigeria and Egypt belong to the next growth markets (Financial Times Stock Exchange [FTSE], 2009). In addition, according to Swartz and Coetzer (2010) only eighty million of the world's 2.5 billion poor are currently covered by some form of micro insurance. Nigeria has a strong economic potential being the eight most populous country in the world with about one-sixth of the continent's total population. However, it is the world's third poorest country with 70 percent of its citizens living below the National Poverty Line (Ismail, 2015). Hence, a prospective potential market for micro-*takaful*.

Furthermore, majority of the poor are struggling to survive by engaging in entrepreneurial activities either driven by necessity or opportunities, and are dispersed in several types of businesses across different markets within the country. However, Cohen and Sebstad (2005) indicated that poor people being aware of their exposure to risks are willing to pay to protect themselves. Yet, they are either ignored or insufficiently serviced through conventional insurance schemes because the premium is costly and hence, not affordable. In view of this, Cohen and Sebstad (2006) further suggested that providing aid through insurance is better than giving money to people in the event of calamity.

Kano State is the most populous state in Nigeria exceeding Lagos State with some three million people with more than 95 percent of the populations being Muslims (Barau, 2006). The National Population Commission (2010) estimated population growth rate in Kano State at 2.5 percent with population figure put at 9.6 million people as at 2006 census (National Population Commission, 2010). However, a recent population figure of the state was estimated at 12 million with population growth rate of approximately 3.5% per annum (Kano Investment Handbook, 2013). Consequently, because majority of the population of the state are Muslims, Islam impacts on individual and group undertakings as well as choices (Barau, 2006).

Kano State has an amassing of business activities drawing in millions of people from other parts of the nation (Nabegu, 2010). The state occupies a strategic location in northern Nigeria which serves as a regional trade hub servicing a market of over 300 million people across Africa (Kano Investment Handbook, 2013). Additionally, the National MSME Survey Report (2013) indicated that in 2013 Kano

State had a total of 1,794,358 micro enterprises. In addition, there are approximately 6 million micro small and medium enterprises (MSMEs) operating within the state, 30% of which are controlled by women in different sectors particularly agriculture, commerce and manufacturing (Kano Investment Handbook, 2013). The proliferation of numerous distinct markets in Kano State, as well as series of incidences of fire outbreak in the markets (Ibrahim, 2014) indicates an opportunity for micro-*takaful* to be successful in the State.

Although the incidence of formal banking is higher in the South West region of Nigeria with 56 percent of households and lowest in the North-West region with 16 percent of households with a formal bank account (National Bureau of Statistics/World Bank, 2010/2011), Kano State is the financial center of Northern Nigeria with all 22 banks having offices in the urban and rural areas of the state including the first Islamic bank (Jaiz) which originated from the State (Kano Investment Handbook, 2013). According to Sapovadia (2015) over 26,000 shareholders own the bank with percentage of shareholding types as follows: foreign: 8%, corporate: 36%, state government: 6%, local government: 3%, individual: 30%, joint: 0% and institution: 17%. Gambo (2013) concluded that more than 50 percent of the customers of Jaiz Bank were motivated by the non-interest nature of the bank, 19.2 percent patronized the bank as an alternative to conventional banks while only 17.8 were persuaded by the marketing efforts of Jaiz bank. Kano State been the pioneer of Islamic banking and considering the motivation behind patronage of the bank (i.e., non-interest motive) is an indication of the potential of micro-*takaful* in Kano State.

These considerations therefore pose a significant potential for micro-*takaful* scheme particularly for low-income entrepreneurs in Kano State markets.

4. Conclusion and Recommendations

From the foregoing, the role markets play in the economic and social development of Nigeria generally and Kano State in particular is enormous. The expectation is to look into Islamic compliant ways of supporting and helping the entrepreneurs in the event of calamities (i.e., fire outbreak) and unforeseen emergencies that may occur in the course of their business operations. Micro-*takaful* has the potentials of reviving lost and failed businesses as well as the potentials of increasing employment rate and reducing the number of people that have depression, heart diseases and panic attacks. It is in view of this consideration that the paper indicated the potentials of micro-*takaful* for low-income entrepreneurs operating in Kano State markets. Therefore, for Kano State to be still regarded as a commercial center, the benefit of micro-*takaful* must be appreciated and considered to encourage low-income entrepreneurs. Therefore, the low-income entrepreneurs should establish a micro-*takaful* pool for helping themselves when calamity befalls.

Institutions such as microfinance institutions (MFIs), cooperatives, non-governmental organizations (NGOs) and community-based insurance organizations in the State should introduce micro-*takaful* products to meet the religious and economic needs of the low-income entrepreneurs. It is only through the utilization of *Shari'ah* compliant risk hedging strategies that businesses being run by low-income entrepreneurs can survive and sustain the aftermath of a calamity. It is therefore suggested that future research should empirically investigate the willingness of low-income entrepreneurs in respective markets of Kano State to use micro-*takaful* in the event of fire outbreaks to enhance the sustainability of markets within the State.

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