



Microtakaful: A Lesson from Malaysian Low-Income Women Entrepreneurs

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ABSTRACT - Women entrepreneurs possess a pivotal role in accelerating social and economic growth, creating significant contributions on a national and global scale. However, their accomplishments and significance are sometimes ignored. This study investigates the need for microtakaful products among Malaysian Low-income women entrepreneurs (B40 Women Entrepreneurs), as well as the ways in which these products might assist these women's ventures. Using a qualitative approach, the study employs semi-structured interviews, analysed using Nvivo software to identify recurring themes within the collected data. The study reveals a strong perceived demand for microtakaful among low-income Malaysian women entrepreneurs, where the women both acknowledge the significance of having takaful and show positive intention to engage in the products. Nonetheless, the study highlights three factors: affordable pricing, Takaful benefit coverage and Takaful agents that can influence their attitude and intention toward takaful products. These results indicate that the Takaful sector holds substantial potential for growth and for supporting women small-business owners. The findings suggest the need to develop customised microtakaful products with features and framework tailored to the specific needs identified in this study. This presents policymakers and regulators with a significant opportunity to promote financial inclusion by facilitating the development and distribution of microtakaful products specifically designed for women-led microenterprises.

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INTRODUCTION

In recent years, the topic of women entrepreneurs has drawn a lot of scholarly attention. The participation of women in business activities is crucial to a country's economic development. Numerous studies demonstrate the important contributions that women's entrepreneurs make to the countries' and the world's economic development, dynamism and inventiveness (OECD, 2012; Carter and Shaw, 2006; Anderson & Ojediran, 2022). According to Anderson & Ojediran (2022), numerous countries underestimate or neglect the contributions made by women entrepreneurs. Furthermore, societal phenomena surrounding women entrepreneurs lead to the perception of these groups as inferior and second class, which is sometimes tolerated rather than promoted and has an impact on their businesses.

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Encouragingly, perceptions of women's roles—particularly in relation to entrepreneurship—have improved over the past decade. In response, various countries have acknowledged this shift and undertaken initiatives and committed efforts to support women who want to pursue business. These countries provide women entrepreneurs significant attention because of realising their critical role in fostering national economic progress. As a result, the government, together with related agencies, has implemented several measures aimed at promoting women entrepreneurs' businesses. The goal of these programs is to provide more chances for wealth generation and economic development.

The Malaysian government distinguishes itself from other ASEAN (Association of Southeast Asian Nations) countries with its efforts aimed at promoting women's entrepreneurship (Au et al., 2021; Muhammad Nasir et al., 2023). Over the past decade, the government, the private sector and non-governmental organisations have collectively assisted and mentored more women entrepreneurs in Malaysia and finally increased women's participation in business, positioning them as new important contributors to the nation's economic growth. Based on the latest 2023 data, women represent around 20% of small- and medium-sized business (SME) owners in Malaysia. Most of them run service-oriented businesses that make use of their feminine qualities, such as nurturing and caring (Ping, 2023).

Nonetheless, there are barriers faced by Malaysian women and entrepreneurs in general. Like their counterparts all over the world, entrepreneurs in Malaysia face a risky environment that includes anything from operational challenges to more general socioeconomic risks. Supply chain disruptions, interest rate fluctuations, price volatility for raw materials, technological obsolescence, risks associated with business growth and vulnerabilities in business operations are just a few of the many risks that face entrepreneurs (Sukmana & Hidayat, 2014; Falkner and Hiebl, 2015). However, due to factors such as the lack of collateral and the heavy reliance on owners for daily operations, the potential risk faced by small enterprises—particularly those operated by individuals in the low-income (B40) group—are significantly greater than those encountered by larger businesses. This emphasises how crucial proper risk management procedures are for B40 business owners, specifically woman business owners. According to Jadi et al. (2014), early approaches to risk management primarily focused on financing and strategic planning, with insurance being the most widely implemented tool. Consequently, B40 women entrepreneurs are particularly vulnerable to unforeseen disasters due to limited financial resources and inadequate risk management knowledge. This emphasises the need for having adequate risk management solutions, such as insurance and takaful coverage, in order to safeguard against hazards involved in managing a business.

This is where the B40 women entrepreneurs may benefit from microtakaful. It is an insurance plan with affordable rates that complies with Shariah and is specially designed to safeguard the financial security of low-income individuals and impoverished communities. In addition to serving as a substitute for insurance, this Islamic financing tool may be customised to assist B40 women's businesses manage their risk (Rapi & Kassim, 2023b, 2023a; Sukmana & Hidayat, 2014).

Given such challenges, research into the need for microtakaful among Malaysia's B40 women entrepreneurs—and how product might support them in managing risk and overcoming obstacles—is essential. Addressing these issues could reveal how microtakaful may enhance the resilience and financial stability of this group. While previous research has primarily focused on the general challenges faced by SMEs, few studies have examined women entrepreneurs specifically and even fewer have explored how microtakaful products can be tailored to meet the needs of B40 women entrepreneurs. Therefore, the objective of this study is to investigate both the demand for microtakaful among women entrepreneurs and the potential benefits of such products in supporting B40 women entrepreneurs in Malaysia. The novelty of this research lies in its focused approach to understanding the intersection between risk management and microtakaful within the context of B40 women's entrepreneurship in Malaysian.

The remainder of this paper continues with the literature review section, which discusses the concept of microtakaful, women entrepreneurship in Malaysia and the challenges faced by B40 women entrepreneurs. This is followed by an explanation of the research methodology adopted. The findings and discussion section explore the key themes related to the perceived need for microtakaful, the challenges faced by B40 women entrepreneurs and the potential of microtakaful products in supporting their businesses. Finally, the study concludes with a summary of key insights, a discussion on its limitations and suggestions for future research.

LITERATURE REVIEW

Concept of Microtakaful

Microtakaful is a subset of Takaful aimed at providing financial protection to low-income communities against any specified risks. It provides Shariah-based protection with affordable contribution to unserved and underserved segments of society to act as financial security against unprecedented risks. BNM (2016) defined microtakaful as a “takaful product that is designed to respond to the financial protection needs of low-income households” (BNM, 2016). The target group of the microtakaful are those from the low-income households of bottom 40 (B40) and moderate-income earners (M40). Most of them have no or insufficient protection due to irregular monthly income (Haslifah, 2014), which makes it difficult for them to commit to standard commercial Takaful products. Additionally, limited access to healthcare services, proper sewage and clean water further contributes to their ineligibility for Takaful subscription (Abdullah, 2021).

In Malaysia, microtakaful has gained traction as part of the financial inclusion strategy to provide financial and social protection, with at least basic coverage for death or total permanent disability, to the unserved and underserved segments of society. It has become one of the main policy objectives in the BNM’s Strategy Paper on Malaysia Financial Inclusion Frameworks 2023-2026, to boost the growth of diverse microinsurance or microtakaful market that offer products that are accessible, affordable, needs-based as well as easy to use for the served and underserved (BNM, 2023). This might be accomplished through a variety of new product offerings under the Perlindungan Tenang framework, as well as the sharing of seamless data across industries to increase efficiency and innovation (BNM, 2023).

Women Entrepreneurship in Malaysia

According to the Economic Census conducted by the Department of Statistics Malaysia (DOSM) in 2016, women owned 187,265 establishments as compared to 127,533 establishments in 2010, representing 20.3 percent of all businesses in Malaysia, with an added value of RM 39.6 billion (DOSM, 2017). These businesses employed about 853,446 individuals, accounting for 9.8 percent of the workforce (DOSM, 2017). Women are increasingly motivated to pursue self-employment and establish their own businesses due to limited job opportunities, high educational qualification requirements from employers and their familial responsibilities—particularly the demands of motherhood—which often require a significant portion of their time. Having their own businesses provides flexibility, allowing them to balance work with familial responsibilities. This entrepreneurial path not only serves as a source of income but also empowers women to make autonomous decisions about their work and lives (Mohamad et al., 2022).

As Malaysia progresses towards becoming a developed country, women entrepreneurs have gained attention from the Malaysian government, financial institutions and other independent organisations. Malaysia’s government has been actively providing initiatives and incentives to women entrepreneurs for their business startup or scaling up their existing business. This is reflected in the active role played by the biggest microfinance institution in Malaysia, Amanah Ikhtiar Malaysia (AIM). Since its establishment in 1987, AIM has provided various microfinancing programmes to the impoverished, particularly women, to help them lift themselves out of poverty through income-generating activities. These microfinancing initiatives have played a crucial role in

enabling many women micro-entrepreneurs to enhance their entrepreneurial opportunity and skills (Misnan et al., 2015).

Challenges Faced by B40 Women Entrepreneurs

Despite detrimental stereotypes that undermine women entrepreneurs' competency, their role in the country's economic growth and development remains significant, as highlighted in the Global Entrepreneurship Monitor 2022/2023 (GEM, 2023). According to the DOSM, in 2020, women entrepreneurs constituted approximately 20 percent of the total 907,065 SMEs in Malaysia, while the majority of these enterprises were owned by men (DOSM, 2021). Although men dominate the majority, women's involvement as entrepreneurs is significant and noteworthy. Nevertheless, despite their brave efforts and contributions towards the country's development, women entrepreneurs often face challenges that hinder them from unleashing their full potential in business, which could further inhibit their business growth and, worse, lead to business failure.

Literature on challenges faced by women entrepreneurs, specifically from low-income earners or B40 in Malaysia, is scarce. Most literature focuses on women entrepreneurs in general, except for one recent study by Noor & Omar (2024), which investigated on the entrepreneurial challenges faced by B40 women entrepreneurs who stayed in the People Housing Program (PPR) in Kuala Lumpur. In their study, there are six (6) entrepreneurial challenges that include financial constraint or assistance, marketing, competition, difficulty to find strategic business location, customer management and delivery of business products to customers (Noor & Omar, 2024). Financial constraint is the biggest challenge for women entrepreneurs regardless of class or income group (Ghosh & Chowdhury, 2018; Morazzoni & Sy, 2022). According to Kamall et al. (2023), low-income women entrepreneurs have difficulty accessing financial capital from financial institutions due to the lack of collateral or credit history.

METHODOLOGY

The current study employs a qualitative approach. This study adopted a semi-structured interview technique to collect data and developed an interview protocol that focused on two main themes: (1) participants' attitudes towards tailored microtakaful products for the B40 segment and (2) participants' experiences with tailored microtakaful products for the B40 segment. The semi-structured questions provide a useful and adaptable method for obtaining participants' experiences, attitudes and views. The use of open-ended questions also allowed the researchers to investigate novel and developing topics (Wilson, 2014). Once the interviews were transcribed, the study employed thematic analysis to identify recurring themes within the transcribed data using Nvivo software. Thematic analysis is a well-researched technique for finding, evaluating, classifying and summarising themes found within a data set (Anderson & Ojediran, 2022). This method is well-suited to explore the lived experiences of participants and uncover underlying meanings in their responses. Besides, thematic analysis is ideal for semi-structured material such as the interview transcript used in this study as the data set. The study, therefore, presents a thematic review of themes on B40 women's entrepreneurship based on respondents from Kedah, Kelantan and Selangor. These states were selected due to their significant representation of the B40 community. Table 1 presents the steps and expected outcomes of the thematic analysis using Nvivo software.

Table 1: Stages of thematic analysis

Stage	Action	Outcome
1. Familiarisation	Read and understand the interview transcripts.	Gain a deep understanding of the overall data and identify initial impressions.
2. Initial Coding	Assign codes to interesting segments of data that capture key ideas, themes, or patterns.	Identify recurring concepts and categorise data for further analysis.
3. Searching for Themes	Review and refine initial codes. Group similar codes together.	Develop a preliminary list of potential themes based on the coded data.
4. Reviewing Themes	Evaluate the clarity, coherence and distinctiveness of the themes. Refine and redefine themes as needed.	Ensure that the themes accurately reflect the data and address the research question.
5. Defining and Naming Themes	Clearly define each theme with supporting data and provide a concise and descriptive name.	Create a final list of well-defined themes for analysis and reporting.

Source: Author's own. Processed Data

After exploring the need and how microtakaful products can assist B40 women entrepreneurship, the study further employs in-depth content analysis available online to explore the current practice of microtakaful products available in Malaysia to assess the potential of Microtakaful products tailored for B40 women entrepreneurs in Malaysia. This process helped to generate insights into how microtakaful can support the economic empowerment and resilience of this demographic. Table 2 presents 12 women entrepreneurs who fall under the B40 category. The sample size was determined based on the principle of data saturation, where additional interviews would not yield new themes or insights (Guest et al., 2006). The participants were business owners from a variety of industries, including services, small restaurants and small snack sellers.

Table 2: Demographic information of the woman entrepreneurs

No	Name	State	Nature of business
1.	Puan A	Kedah	Kuih Frozen (karipap & samosa)
2.	Puan B	Kedah	Food: fried food incl. pisang goreng and cucur & traditional kuih muih
3.	Puan C	Kedah	Small restaurant (buffet only)
4.	Puan D	Kedah	Food: nasi lemak & service: house cleaning service
5.	Puan E	Kedah	Food- kuih for breakfast (no self-owned stall) & agriculture (bendang)
6.	Puan F	Kelantan	Food- assorted puding kuih & cake (no self-owned stall)
7.	Puan G	Selangor	Food- Roti Jala and Agent Snek Berpantang (no self-owned stall)
8.	Puan H	Kedah	Small restaurant (masakan panas only)
9.	Puan I	Kedah	Small restaurant (masakan panas & buffet)
10.	Puan J	Kelantan	Service: sewing clothes
11.	Puan K	Kelantan	Service: sewing clothes and & bag
12.	Puan L	Kelantan	Service: sewing clothes

Source: Author interview data (2024)

RESULT

The economic growth of a nation is closely linked to the extent to of women's participation in commerce and entrepreneurial activities. In Malaysia, B40 women entrepreneurs face considerable challenges, including limited financial resources and insufficient knowledge of risk management. This is despite their notable contributions to economic dynamism and innovation (OECD, 2012; Carter and Shaw, 2006; Anderson & Ojediran, 2022). Hence, these challenges underscore the need

for appropriate risk management solutions, such as tailored microtakaful products for women entrepreneurs, to protect small business owners from potential risks and to ensure the long-term sustainability of their enterprise.

Identified Key Themes of Perceived Needs for Microtakaful

This study employs five-key themes to represent how B40 women entrepreneurs perceive the need for microtakaful: Takaful Benefit Awareness, Affordability, Intention to Participate, Impact on Finance and Trust in Takaful Providers. These key themes as presented in Table 3, are used to assess the perceived need of microtakaful among B40 Women Entrepreneurs.

Table 3: Key aspects of perceived needs for microtakaful among B40 women entrepreneurs

Perceived Need	Description
Takaful Benefit Awareness	Understanding the concept and benefits of Takaful and Microtakaful
Affordability	Concerns about the suitable cost of microtakaful for B40 Women Entrepreneurs
Impact on Finance	Perceived effect of microtakaful on their financial stability and business operations
Trust in Takaful Providers	Trust in microtakaful providers to deliver on their promises and provide reliable services.
Intention to Participate	Willingness or intention of B40 women entrepreneurs to enrol in a microtakaful scheme

Source: Author's own

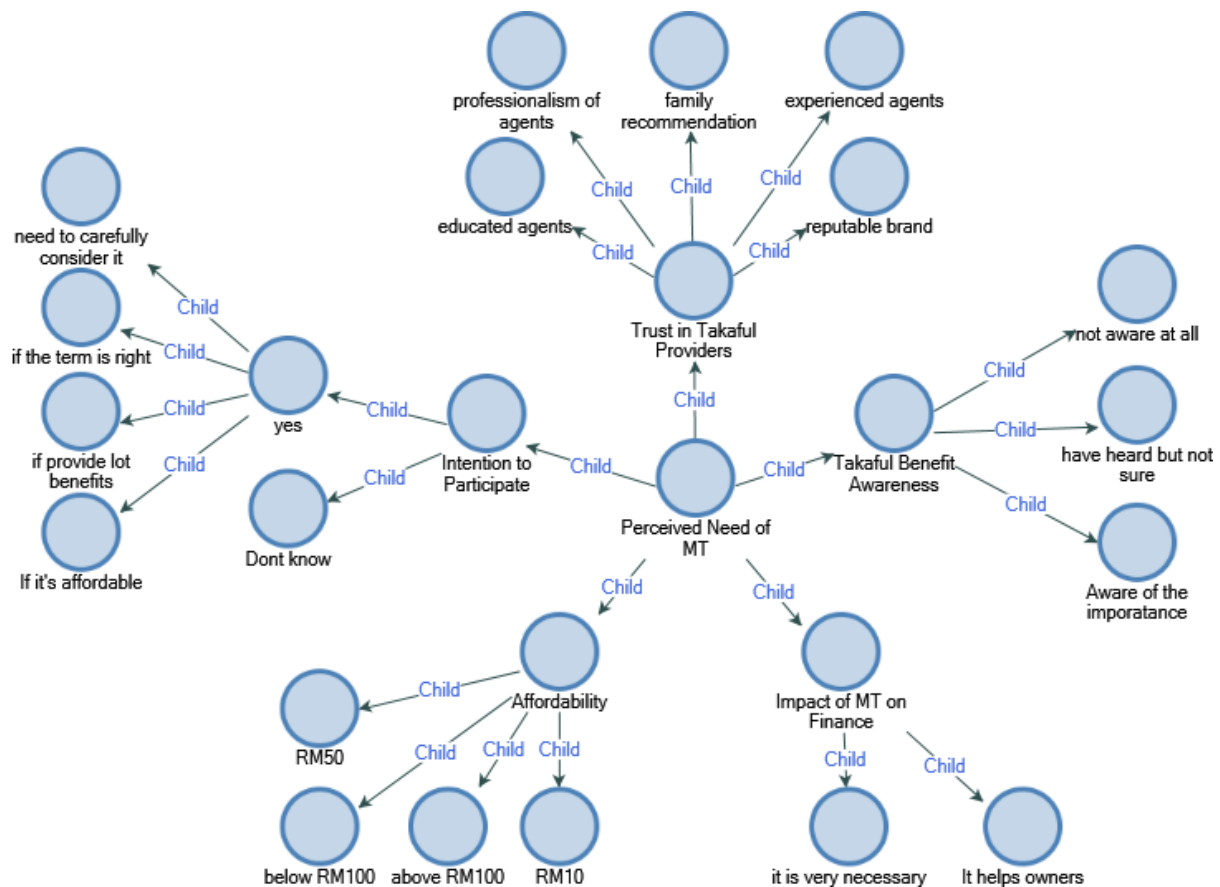


Figure 1: identified key themes of perceived needs for microtakaful

Following in-depth interviews with 12 women small business owners, the primary themes that emerged from the interview are presented in Figure 1. These themes relate to the perceived need for microtakaful products among B40 women entrepreneurs in Malaysia. The first theme, Takaful Benefit Awareness, encapsulates participants' understanding of the concept and benefits of Takaful and microtakaful. The findings reveal varying levels of awareness, ranging from individuals who “don't pay much attention to these things” to others who are “aware of the importance” or “not aware at all”. Second, in relation to affordability, women expressed differing views on what constitutes an affordable microtakaful product. While some considered RM100 as a reasonable minimum, others preferred options priced below RM100, with some indicating RM50 or even RM10 as the most affordable threshold. Third, the theme Impact on Financial aspect addresses the perceived effect of microtakaful on financial stability and business continuity. Several participants recognised its potential benefits, describing it as “very necessary” and “helpful for business owners”. Fourth, several themes emerged under the Trust in Takaful providers section, including “family recommendation,” “educated and professional agents,” “experience of agents,” and “reputation of the brand.” These elements highlight the importance of trustworthiness and reliability in influencing perceptions of Takaful providers. Lastly, under the Intention to Participate theme—which explores the willingness of B40 women entrepreneurs to enrol in a microtakaful scheme—two major sub-themes were identified. While some participants expressed a clear interest in participating, others indicated conditional interest based on factors such as benefits, favourable terms and affordability. Additionally, a number of respondents remained uncertain, stating they “Don't know” whether they would participate.

Perceived Need of Microtakaful among B40 Women Entrepreneurs

The degree of fundamental knowledge and awareness that B40 women entrepreneurs have about takaful and microtakaful products is the first factor that should be considered when evaluating the perceived need for microtakaful among women entrepreneurs. Prior studies have shown that low-income communities often lack adequate financial literacy, which affects their decision-making regarding financial protection tools (Abdullah, 2021). Similarly, Haslifah (2014) found that irregular monthly income makes it difficult for the B40 group to commit to standard takaful products, leading to financial vulnerability.

Examining this aspect offers a fascinating glimpse into the differing levels of knowledge and comprehension that B40 female entrepreneurs possess about the advantages of Takaful. This topic is very important since it has a direct influence on the possibility that they would choose Takaful as a financial instrument. One female business owner admits to not paying much attention to Takaful benefits, suggesting a lack of proactive engagement with financial planning tools. This attitude might stem from a combination of factors, such as focus on immediate financial needs, a lack of understanding of Takaful's benefits, or simply an underestimation of the potential risks they face. Conversely, there are a few women business owners who are somewhat aware of Takaful's benefits but are not entirely sure about the specifics. This partial awareness indicates a recognition of Takaful's role in providing financial protection but also points to a gap in comprehensive understanding, which could be bridged through targeted informational and educational initiatives. On top of that, most of the participants demonstrate a clear awareness of the importance of Takaful.

Puan C stated “*I don't have insurance but I've thought it could help me*”, another women added “*I do think that Takaful could help. At least I could feel relieved knowing that if I die, my children will have something*”, Puan A, K and F further emphasised “*I am absolutely aware of the importance of the Insurance and Takaful I have*”, “*I am aware that by having takaful I can receive benefits, and that's why I took takaful*”, and “*I know it is important to have Takaful for me and my family in the event of unforeseen circumstances*”.

They acknowledge its role in providing coverage for medical expenses, critical illness, accidents and disabilities. This awareness is crucial as it implies a recognition of the potential value Takaful can add to their financial security, particularly in unforeseen circumstances.

The next aspect that was evaluated was the perspective of women business owners in the B40 segment regarding the cost of Takaful and microtakaful products. Their responses highlight a critical concern about affordability, which is a decisive factor in their decision to purchase Takaful. Previous studies have highlighted financial constraints as a major barrier for B40 entrepreneurs (Kamall et al., 2023). Misnan et al. (2015) further showed that microfinance schemes play a crucial role in supporting financial access for low-income entrepreneurs, but takaful products must be structured with flexible payment options to accommodate their fluctuating income levels.

The findings show that two women business owners perceived a “minimum of RM100” as an acceptable monthly payment for their Takaful. They stated, “*I think a minimum of RM100 is acceptable*” (Puan J) and “*I think at least RM100 per month is manageable for me*” (Puan G). This perception suggests that while they recognise the importance of financial protection, their budget constraints limit the amount they can allocate to Takaful products. Furthermore, another preference is Takaful plans priced below RM100 as communicated by some participants as follows: “*If it’s under RM100, I think it’s acceptable*” (Puan A), “*Based on my current capacity, I can say I can afford it if it’s under RM100. If it’s more than that, I can’t commit to the payments*” (Puan I), “*Below RM100 is okay. That is affordable*” (Puan K). This lower price point is seen as more accessible for women business owners in the B40 segment. The need for affordability is emphasised, considering their fluctuating and often limited income. However, there’s a stronger preference for Takaful plans in the range of RM10 – RM50. This price range is frequently mentioned as an ideal monthly payment for Takaful for the B40 segments. This amount is seen as more manageable and realistic for their budget. Some women business owners express willingness to consider Takaful at this price point, balancing their business expenses and uncertain income. This price range may also only be feasible with substantial subsidies or innovative cost-structuring. Some participants expressed the following:

“I think RM50 is okay to try. Because in business, I have to manage expenses until the end of the month. Sometimes money is not enough, so I don’t like to borrow” (Puan H). *“RM50 and below is affordable for me. Because business is like this, there is no guaranteed income. It all depends on daily profit and my rezeki. Other than that, I can only rely on welfare or zakat money”* (Puan B). *“I think if it is RM50 per month, I might be able to afford it. It’s the same as my hibah, RM35.00 per month”* (Puan C). *“If it’s within my estimated capability, below RM50 is okay, manageable monthly. Below RM50 is fine because there are other costs too”* (Puan G).

Another aspect concerns the impact of Takaful and microtakaful on finances, specifically evaluating how perceptions of microtakaful influence financial stability and business operations. The findings indicate that B40 women entrepreneurs explicitly acknowledge the necessity and benefit of Takaful for both their personal and business finance. There are only two themes that appear here and both show positive perception. Some attendees emphasised its function as a safety net in case of illnesses or unanticipated events like fires. Puan E emphasises that “*takaful can assist me with my finances from the perspective of emergency funds when something bad happens, like a fire in the shop or falling ill. This is where takaful is needed.*” This realisation stems from an awareness of how severely unexpected events can impact their already fragile financial circumstances, both personally and in their business operations. One respondent specifically noted that Takaful is “*very necessary*” in light of the unpredictability of life events and their potential financial repercussions. Similarly, respondents emphasised the protective role of Takaful, particularly in relation to business activities, indicating an understanding that the financial risks inherent in entrepreneurship can be mitigated through such coverage. This is especially relevant for women entrepreneurs, who often operate

with limited financial reserves. As Puan L stated, *“If we look at it from the safety aspect, it is indeed necessary for us to take takaful for the business.”*

Moreover, trust in the Takaful providers to fulfil their promises and deliver reliable services emerges as a critical aspect of understanding the perceived needs for Takaful and microtakaful among B40 women entrepreneurs. The findings indicated that the trust-related factors influencing the selection of Takaful or microtakaful providers are multifaceted. Noor and Omar (2024) noted that B40 entrepreneurs often exhibit scepticism towards financial institutions, stemming from previous experiences with complex financial products or concerns about fraud. This is consistent with the present study, where participants emphasised the significance of trustworthy agents and the need for clear policy explanations. The agent’s authenticity plays a crucial role, as expressed by Puan B and I: *“I would thoroughly inquire to ensure authenticity,”* and Puan H stated, *“I will listen from them first because there are many scammers nowadays”*. They emphasise the importance of conducting thorough inquiries to verify the legitimacy of Takaful agents. This level of scrutiny reflects a cautious approach aimed at avoiding scams and ensuring that agents genuinely represent the Takaful product. Moreover, family recommendations carry considerable weight in establishing trust. Endorsements from educated relatives can significantly influence decision-making, particularly when the agents are family members. Puan J stated, *“I would like for them to thoroughly, professionally and informally explain about the product. Forms or like pamphlets are also an added bonus for me to be able to trust the agent”*. This highlights the reliance on familial networks for making informed decisions. Additionally, the education and professionalism of agents are considered equally important factor in building credibility and trust.

Finally, one of the most critical aspects in exploring the perceived need for microtakaful among B40 women entrepreneurs is their willingness or intention to enrol in a microtakaful scheme. The findings indicate a spectrum of perspectives, largely influenced by factors such as affordability, perceived benefits and individual circumstances. Most participants expressed varying degrees of interest in participating in Takaful or microtakaful schemes; however, this interest is heavily contingent upon the affordability of such products. A common sentiment among respondents was a willingness to consider enrolment, provided the cost aligns with their tight budgets.

Some woman business owners stated, *“If there’s an affordable Takaful product, It would be easier for me. I wouldn’t have to think about it because the payment would be automatic”* Puan G), another woman stated *“If it’s affordable, I’m interested, but if it’s higher, I can’t because I need to consider my ability and prioritise my needs first because, if possible, I don’t want to take risks”* (Puan B), another stated *“Yes, I would participate in microtakaful with a suitable price and benefits,”* (Puan D) and another said, *“It depends on the monthly commitment like how much is the cost for one product.”* (Puan L).

In contrast, few respondents remained undecided about participating couldn’t decide to participate. A few respondents exhibited uncertainty or lack of knowledge about the potential benefits of Takaful or microtakaful, which affected their intention to participate, indicating a gap in awareness and understanding of these financial products. This lack of awareness underscores Takaful providers’ needs for effective communication and education strategies to ensure that these entrepreneurs fully comprehend the benefits and implications of Takaful participation. These findings indicate a cautious yet open attitude towards Takaful or microtakaful. There is a willingness to participate, but it is tempered by financial constraints and a need for clarity on the benefits and terms of Takaful.

Potential of microtakaful products to be promoted to Low-Income women entrepreneurs from Malaysia's experience

The findings from interviews with B40 women entrepreneurs in Malaysia indicate that a significant proportion of respondents perceive microtakaful as a necessary financial instrument. This reinforces its role as an essential tool for financial inclusion. These results are consistent with the findings of BNM (2023), which emphasised the importance of microtakaful within Malaysia's Financial Inclusion Framework in addressing protection gaps for underserved communities. Similarly, Morazzoni & Sy (2022) highlighted that tailored microfinance solutions, including Takaful, have the potential to mitigate financial risks and empower small-scale entrepreneurs. The majority of participants acknowledge the value of Takaful products in protecting their businesses and improving their financial resilience. Furthermore, the results reveal that most participants expressed a positive intention to adopt Takaful products. However, several key elements, namely, affordable pricing, Takaful benefit coverage and Takaful agents, were identified as influencing their perceptions of and intention towards Takaful products. These findings provide further evidence of the effectiveness of initiatives undertaken by Malaysian financial institutions and the government to reach Bottom of the Pyramid (BOP) populations.

Overall, through its strong regulatory framework, dynamic financial ecosystem and solid commitment to advancing Islamic finance principles, Malaysia has distinguished itself as a leader in the creation and use of Islamic finance products. Malaysia, one of the world's preeminent centres of Islamic finance, has led programs to improve financial inclusion and socioeconomic empowerment via cutting-edge Islamic finance goods and services. The Malaysian government has been actively involved in the creation and implementation of financial solutions specifically targeted at neglected groups, such as B40 women entrepreneurs, in partnership with Islamic financial institutions and charitable organisations.

As a result, several tailored microtakaful products targeting lower-income groups, including initiatives that support women entrepreneurs, have been developed and implemented in recent years. Successfully tailored microtakaful products covering a range of BOP segments are presented in Table 4. Some of the microtakaful products specifically identify women entrepreneurs as their beneficiaries, although Takaful schemes exclusively designed for this group remain relatively uncommon compared to other low-income segments.

Table 4: Microtakaful programs/products that fit into B40 women entrepreneurs

Program/Product Name	Provider	About the Programme
Perlindungan Tenang (PT)	All Malaysian Takaful Operators, as mandated by the BNM	Initiated by BNM and positively accepted and later offered by Malaysian TOs, PT aimed to extend Takaful/insurance protection to meet the needs of unserved and underserved segments and ensure their financial and social resilience against unexpected risks.
MyRumah Takaful	Etika General Takaful Berhad	MyRumah Takaful is one of micro general Takaful products under PT with the aim of protecting the participants' home at an affordable price.
Z-Prihatin Takaful	Zurich General Takaful Malaysia Berhad	Z-Prihatin Takaful is a personal accident micro general Takaful plan initiated under the PT initiative.
MDEC's e-Berkat	A joint collaboration of Malaysia Digital Economy Corporation (MDEC) with the Fintech industry, led by Silverlake Digital INX Sdn Bhd	e-Berkat Marketplace is a one-stop centre providing various digital micro-financial services, including microtakaful for the B40 communities and MSMEs.

FWD Big 3 Critical Illness Protection Plan	FWD Takaful	FWD Big 3 CI offers an affordable monthly Takaful contribution as low as RM10.27/month to protect participants against cancer, heart attack and stroke, which recorded the highest claims (78%) with FWD over all other CI.
Promotional Campaign of AgroWomen @ Kempen Promosi AgroNita	Agrobank Malaysia, managed by Takaful Ikhlas General Berhad	In conjunction with National Women's Day 2022, Agrobank provided one-year free personal accident coverage under its Takaful Kasih Plus Takaful plan to the first 1,000 women micro entrepreneurs who took microfinancing with Agrobank
Rahmah Takaful/ Insurance Packages	Takaful: Etiqa General Takaful Berhad. Insurance: Etiqa General Insurance Berhad & Allianz General Insurance Berhad	Supporting the Malaysia government Rahmah initiative, three companies have introduced general insurance/ Takaful products at a very affordable premium/contribution to encourage Malaysians especially the B40 communities to subscribe to insurance/ Takaful.
Tabung Khairat Hutang (TKH) under Amanah Ikhtiar Malaysia (AIM)	Koperasi Kakitangan Amanah Ikhtiar Malaysia Berhad, retakaful with Takaful Ikhlas Family Berhad	TKH is a mandatory Takaful contribution for all clients or borrowers (called <i>Sahabat</i>) under AIM to protect their financing if any unprecedented events happen. The Takaful contribution is deducted upfront from the financing amount given to <i>Sahabat</i> .
<i>mySalam</i>	Malaysian Government under the Ministry of Finance and fully managed by Great Eastern Takaful Berhad	This Takaful protection scheme is free and fully sponsored by Malaysian Government to the B40 community whose names are listed as recipients of the People's Cash Assistance Scheme, financial assistance given to hardcore poor, B40 and M40.
Self- Employed Protection Scheme under PERKESO	Social Security Organisation @ Pertubuhan Keselamatan Sosial (PERKESO)	PERKESO introduced this scheme with primary aim of providing protection to self- employed individuals, including those of B40 community, as usually they have no protection against employment injuries including occupational diseases and accidents during their self- working related activities. The scheme also covers employment injuries sustained while the individual travelling for the purpose of his self-employment activities.

Source: Author's Own. Processed Data

Although a number of microtakaful items have been tailored for the BOP consumers, including low-income female entrepreneurs, these women often face distinct challenges. Nevertheless, microtakaful holds transformative potential within the industry. By offering Shariah-compliant insurance solutions tailored to individual risk profiles, microtakaful can provide financial protection against unforeseen events such as illness, accidents, or property loss. This form of financial security can be a lifeline, allowing them to weather tough times without compromising the continuity of their businesses. Furthermore, the assurance of protection instils confidence in these women to invest in their businesses and undertake calculated risks, thereby fostering business growth and enhancing their overall financial well-being.

As a result, the findings of this study highlight the crucial role of microtakaful in enhancing financial security for B40 women entrepreneurs in Malaysia. The research underscores that affordability, trust in providers and awareness of Takaful benefits significantly influence their willingness to participate in microtakaful schemes. These insights have several key practical

implications: First, financial institutions and Takaful providers should design microtakaful products with flexible and affordable premium structures, ensuring accessibility to B40 women entrepreneurs. Special subsidies or incentives could be introduced to enhance affordability. Second, the study reveals gaps in understanding microtakaful products. Takaful providers should conduct targeted awareness campaigns using community-based engagement and digital platforms to educate women entrepreneurs about the benefits and importance of microtakaful. Third, trust in Takaful agents and providers is a decisive factor in participation. To enhance trust, providers should ensure professionalism among agents, improve transparency in policy terms and promote positive testimonials from existing beneficiaries.

Additionally, beyond implications for policymakers and the takaful sector, the study offers direct recommendations for B40 women entrepreneurs. Entrepreneurs should take proactive steps to enhance their financial literacy, particularly in understanding risk management tools such as microtakaful. Participation in financial literacy programs and industry events may enhance their ability to make informed decisions regarding financial security. Furthermore, participation in collective business associations or networks could strengthen their bargaining power in advocating for more inclusive microtakaful schemes tailored to their needs. Lastly, government agencies and financial institutions should consider integrating microtakaful with existing support programs for women entrepreneurs. Incorporating takaful coverage into microfinance initiatives may strengthen the financial resilience of B40 women.

CONCLUSION

The research highlights the significant potential of microtakaful products for B40 women entrepreneurs in Malaysia. The findings indicate that many participants strongly perceived a need for microtakaful, with a substantial number recognising its importance in providing financial protection against unforeseen events such as illness, accidents, or property loss. Participants demonstrated an understanding of the potential benefits of Takaful in enhancing their overall financial well-being and business stability. The study also discovered a generally positive intention among respondents to participate in microtakaful programmes, suggesting that B40 women entrepreneurs are receptive to using Takaful as a strategy for financial resilience. However, several key factors were found to influence their decision-making, including affordability, benefit coverage and the dependability and expertise of Takaful agents. These results suggest that microtakaful products can serve as an effective tool for both policymakers and the Takaful industry, provided they are carefully designed to address issues of affordability, benefit coverage and trust. Well-structured microtakaful schemes can also contribute meaningfully to financial inclusion and help strengthen the economic position of B40 women entrepreneurs in Malaysia.

Despite these valuable insights, the study has its limitations. The research was conducted with participants from only three states in Malaysia, which may limit the generalisability of the findings to other regions. Future studies should consider expanding the geographical scope to include a more diverse sample of B40 women entrepreneurs. Additionally, the study's qualitative approach captures in-depth perspectives but may not reflect broader trends across different business sectors. Future research incorporating quantitative methods or mixed approaches could provide a more comprehensive understanding of microtakaful adoption. Moreover, including perspectives from Takaful providers and policymakers could offer a holistic view of the ecosystem and highlight potential areas for innovation in microtakaful products.

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