

A Trajectory of Halāl Industry in Nigeria: Opportunities and Challenges

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Article Information:

Received June 13, 2024

Revised March 11, 2025

Accepted May 31, 2025

Keywords:

Challenges, Halāl industry,
Nigeria, Opportunities,
Trajectory.

Abstract

Background of study: Halāl industry is an emerging sector with great potential for growth and economic development in Nigeria. The large Muslim population is a driving factor that creates opportunities for its growth to improve the national economy. However, these opportunities, as well as the impeding challenges, have still been poorly understood.

Aims and scope of paper: This paper seeks to examine the opportunities and challenges posed by the Halāl industry in Nigeria. It provides a comprehensive review of the sector, outlining its structure, current state, potential for growth and the intimidating challenges.

Methods: The paper draws data from both primary and secondary sources; obtained from interviews, industry literature, and government reports.

Result: The results show that although Nigeria has a lot of promise because of its Muslim consumer base, agricultural products, and enterprising populace, the sector is still fragmented. Lack of public knowledge, poor infrastructure, low adherence to international halāl norms, and the absence of a national halāl authority are some of the main obstacles. However, prospects in export markets, agro-processing, Islamic financing assistance, youth-led entrepreneurship, and regional trade agreements like the AfCFTA.

Conclusion: The research concludes that, driven by the large Muslim population in Nigeria, the halāl industry has strong potential to boost economic growth through local production, greater exports, and tourism development.

A. Introduction

The Halāl industry has experienced rapid development in recent years and its practice and lifestyle have spread to various countries, including countries with both majority and minority Muslim populations. Halāl is a universal indicator of product quality assurance and living standards (Yusuf et al., 2016). The implementation of the Halāl industry in Nigeria is closely related to efforts to fulfill consumer rights,

especially Muslim consumers. It is not only limited to consumer goods but also used goods such as clothing and services of tourism and hotels, which many people expect to be Ḥalāl-guaranteed. Ḥalāl is also related to religious rules, but many people already understand that Ḥalāl products are healthy and clean. In addition to protecting consumers, it can also increase the economic income of business actors (Yusuf et al., 2017).

The concept of Ḥalāl is often recognized among the Muslims who practice the law of Sharī'ah strictly and avoiding anything unhealthy. For a Muslim, Ḥalāl product means that the goods and services have met certain requirements and processes laid down by Sharī'ah law as prescribed by Allah (SWT) (Saleh & Rajandran, 2024) et Allah said:

“O people! Eat the lawful and good things out of what is in the earth” (Qur'an, Al-Baqarah, 2:168)

And He further narrowed it down to Muslims in the same chapter of the Quran that mentioned

“O you who believe! Eat of the good things we have provided you with” (Qur'an, Al-Baqarah, 2:172)

Lawful and good things here mean “Ḥalāl products. All food products must not only have to be Ḥalāl, but also ṭayyiban (good things) as is illustrated in the above Qur'anic injunctions. From these Qur'anic ayahs, it can be surmised that the main objective of the Islamic law with regards to 'Ḥalāl'ness is to protect the human beings; any food or drink which may cause harm to the human body and health is forbidden even if there is scientific evidence to back this up. Allah says:

“And make not your own hands contribute to (your) destruction”. (Surah Al-Baqarah: 195)

Apart from that, Islam provides clear guidelines on Ḥalāl food process in relation to fulfilment of Ḥalāl requirements. As stated in the Qur'ān:

“O ye who believe! Eat of the good things that we have provided for you” (Surah Al-Baqarah: 172)

The meaning of “good things” from the above phrase includes hygienic food because when it is hygienic it means it is indeed good. Clean and hygienic food will guarantee a healthy body. Therefore, besides choosing healthy and nutritious food, it is best to emphasize the aspect of cleanliness and hygiene according to the instruction of Islam.”

As important as it is for a Muslim, contemporary studies have also proven the non-Muslim's interest and patronage of Ḥalāl products. The reason is because for them, Ḥalāl products mean the symbol of hygiene, safety and quality of the goods and services because it is produced according to the holistic Ḥalāl assurance management system (Artami et al., 2023).

The demand for Ḥalāl products by both Muslims and non- Muslims has increased periodically and the products have become a global interest and been given more attention even among countries which are not dominated by Muslim such as China, Australia, Brazil, among others due to its demand and positive contribution to gross domestic product (GDP) for countries who are fully practicing it such as Malaysia, Indonesia and United Arab Emirates. As a matter of fact, the global Ḥalāl industry is estimated to worth about USD 2.3 trillion annually among Ḥalāl product country players such as Malaysia, Pakistan, UAE, Australia, Oman, Brazil, Jordan, Azerbaijan, Egypt, Qatar, and Indonesia. Based on ranking, Malaysia is seen as number one in the Ḥalāl export destination based on the result of the amount generated from the total worth. Malaysia's Ḥalāl products are being exported to countries such as China, United State, Indonesia, Singapore, and Japan where beef, ingredients, leaves, processed food among other goods to be exported regularly (Midori, 2021).

Ḥalāl products contain goods or services related to food, beverages, medicines, cosmetic chemical products, or biological products, as well as users of goods that are used by the community. The Ḥalāl product process is a series of activities to ensure that a product comes from providing materials, processing, storing, packaging distribution, selling, and presenting the product in a good way. The guarantee of a Ḥalāl product requires a system that contains Ḥalāl assurance, both in terms of raw materials and their derivatives as well as from the production process. Recent researches have shown that the Ḥalāl industry is now gaining a global attention due to its annual increase of market share in the Ḥalāl industry worldwide with estimation of 20 % yearly.

There have been paradigm shifts in entrepreneurship models in the global business landscape, including the Muslim world. However, the paradigm shifts that have given rise to Islamic and Halāl entrepreneurship as deeply religious models have not been addressed in a manner that can be easily understood by both Muslims and non-Muslims. In the global business landscape, the concepts of Islamic and Halāl entrepreneurship are often misunderstood and misrepresented by majority of Nigerians including the Muslims.

Halāl products are beneficial to a nation's economic development in terms of its contribution to gross domestic product (GDP) as clearly demonstrated by multi-racial country like Malaysia as example. This should prompt developing nations such as Nigeria, to provide ethical and healthy products for both Muslims and non-Muslims in the country by adopting Halāl implementation because of her multi religion state (Oyelakin & Yusuf, 2018).

It is also noted that the Halāl market has grown beyond food related items and other aspect of products such as health items, cosmetics products and even; services such as logistics, finance, and others are also included in the scope of Halāl industry. Of late, service sectors such as marketing, packaging, branding and rebranding, financing, travel and hospitality, fashion products among others are also gaining interest from the Halāl industry players. These new trends are seen as opportunities for investors.

The reason for this success in the Halāl industry is because the majority of the Muslims of the world are beginning to understand the importance of consuming Halāl products while the non-Muslims are looking for a safe, ethical – which is based on equity and justice – and quality products which are the main characteristics of Halāl product (Artami et al., 2023; Dhar & Hoque, 2015). It is somewhat interesting to note that even the countries with Muslim as minority population, such as Britain, Australia, China, Korea and USA have embraced the new trend of Halāl products in the aspect of consumerism but in the Africa, little effort has been made to promote Halāl industry in its region.

Sub-Saharan Africa region constitute about 15 percent of the world Muslims population and it is being projected to grow about 60 percent by the next two decades. Nigeria at current is the most populous nation in Africa; having about 200 million people and 60 percent of her population as Muslims who are conscious of their consumption pattern (Abuznaid, 2020) and this population is projected to increase from 108,728,000 Muslim people in 2010 to 136, 832,000 Muslim people in 2030. With this projected increase in the Muslims population, the Halāl market is so optimistic in developing nations such as Nigeria.

According to the Report produced by Dinar Standard and presented by its CEO, Mr. Rafi'uddin Shiko (2019), Nigeria's Halāl market has a tremendous opportunity for the country to establish itself as a leading player in the industry, both domestically and internationally. Domestically, Nigeria is among the top Halāl consumer markets in the world, with Muslim spending across Halāl products and lifestyle sectors equal to US\$107 billion, making it the eighth largest in the world. In terms of international trade, Nigeria ranks 11th in Africa for Halāl product exports, with food accounting for 98% of total exports. Furthermore, Nigeria is a leader in Islamic finance, having reaped the most Sukuk bond benefits in Africa, totaling US\$41.6 billion. This continuously attracting the Islamic economic experts to recommends facts that give policymakers, investors, and industry leaders an outline for capitalizing on opportunities and mitigating challenges faced by the Halāl sector in Nigeria.

The word Halāl comes originally from Arabic language meaning: allowable, acceptable, permitted, and/or permissible. It can be defined as actions or things that are permitted by the Islamic Shari'ah. In contrast to this the term Hārām is designated to indicate those actions or substances or materials that are unlawful and hence not permitted by the Islamic Shari'ah. It is important to note that before accepting any thing as Halāl it shall be fully ensured that that action taken and /or things used to produce it is also Halāl. The term "Halāl" is a serious practice that is not being handed with levity among the Muslims.

The concept of Halāl is not only related to food or food products (as most people will expect or think), but it goes beyond dietary restrictions to cover all the aspects of a Muslim person life (male or female). Within this regard the concept of Halāl is built around the need for any Muslim to have products that are allowable, acceptable, permitted, and permissible from a religious point of view. As such, the concept of Halāl includes any Islamic Shari'ah-compliant product(s) which start with food and beverages and moves from it to cover banking and finance, tourism, cosmetics, pharmaceuticals, jobs, travel, technology and transport services,

etc. For a product(s) to be Ḥalāl (compliant with Islamic Shari'ah), it must meet the requirements of Shari'ah as found in its sources.

With this available data, it shows that the right and interest of Muslims in Nigeria is not being protected in terms of certification and standardization of Ḥalāl products while allowing products to carry Ḥalāl certified logo. However, it should be noted that even the South Africa country whose total population is not even up to the half of the Nigeria Muslims population has a Ḥalāl regulatory authority called the South Africa National Ḥalāl Authority (SANHA) in charge of the certification and standardization of Ḥalāl products in its country. This is because South Africa manages to see the global demand for Ḥalāl products by Muslims and even non-Muslims to which Ḥalāl products are no longer a religions affair, but are sought after in the global market due to its ethical, safety, quality and value. Hence the need for Nigeria to have its own Ḥalāl regulatory authority in charge of certification and ensuring standard of Ḥalāl products is highly essential. The Nigerian government has a lot to gain from the establishment of its own Ḥalāl authority based on the number of the Muslims available in the country. The reason being that, countries with Ḥalāl regulatory authority generate much revenue from Ḥalāl related products yearly due to the integrity and standard they have placed on the products.

Therefore, there is a dire need for government in Nigeria to set up an institution that will provide people with sound and adequate knowledge of the Ḥalāl products, logo and implementation in the Ḥalāl industry for it to be accepted by all Muslims in Nigeria which can also be exported to other African and foreign countries because of the brotherly economic role Nigeria plays in the world.

In this paper, we aim to discuss Islamic and Ḥalāl business or entrepreneurship within the Shari'ah perspective in order to enhance the understanding of these concepts among professionals, researchers, and practitioners in the converging Islamic economy as well as highlighting the major opportunities and challenges in the Nigeria's Ḥalāl industry for the benefit of the general public.

B. Research Methods

This study adopts the conceptual approach by comparing previous studies on Ḥalāl industries, certification and implementation in Nigeria with the current trends. As mentioned above, Nigeria as a developing country with enormous amount of its Muslim population as a target market has a lot of potentials to rise as a Ḥalāl industry player, but there are limitations such as lack of government intervention, unavailability of a standard guide for Ḥalāl certification and implementation and many more. Hence this study hopes to provide a general idea of the Ḥalāl industry situation in Nigeria and also how to be among the highly respected players in the area. In order to get the information and data regarding the current situation in Nigeria, various literature reviews have been done about concept of Ḥalāl industry, Ḥalāl certification, Challenges and opportunities therein to authenticate the Ḥalāl practice and implementations in Nigeria were also identified. Finally, the prospect of having a sound practice on Ḥalāl implementations in regard to the country's development was also discussed. After all information has been collected, suggestions on concepts or ideas to be used to make Nigeria become one of the main players in Ḥalāl industry were proposed.

C. Results and Discussion

According to the Department of Islamic Development of Malaysia (JAKIM), Ḥalāl food means food permitted under the Shari'ah law and fulfils the following conditions:

- 1) Does not contain any parts or products of animals that are non-Ḥalāl to Muslims or products of animals which are not slaughtered according to Shari'ah law.
- 2) Does not contain any ingredients that are najis according to Shari'ah law.
- 3) Safe and not harmful.
- 4) Has not been prepared, processed or manufactured using equipment that is contaminated with things that are najis according to Shari'ah law.
- 5) The food or its ingredients do not contain any human parts or its derivatives that are not permitted by Shari'ah law (JAKIM, 2012).

This view attested that during its preparation, processing, packaging, storage or transportation, the food is physically separated from any other najis food that does not meet the requirements stated above, or any other things that have been decreed as najis by Shari'ah law.

Nature of Halāl industry in Nigeria

Nigeria at the moment has little history in terms of Halāl products. This is partly because the country is multi religious and multi ethnic country. Though presently, there are about 116 million Nigerians Muslims, about 60% of which are the Sunni sect who are more conscious and passionate about their Halāl consumption pattern, it has been proven that wherever there are Muslims whose principles are guided by Halāl food specifications, there should exist Halāl business. It is very apparent to see that the size of the Muslims in Nigeria is very buoyant and enormous for her government to tap inward and take advantage of the demand for Halāl products by Muslims globally. In this regard, the Nigerian government is supposed to provide the country with a Halāl product regulatory authority or agency that will be in charge of the Halāl products in the country's quest for global acceptability. This will in turn generating revenue both internally and externally to the GDP. At the moment, Nigeria is currently deprived to have an official Halāl regulatory authority for food and non-food (Ademola et al., 2024).

In fact, based on previous research, the Federal Ministry of Agriculture as well as its counterpart Trade and Investment Ministry in Nigeria had made several efforts in promoting Halāl products because the country counted among the high importers of rice globally (Ademola et al., 2024; FMARD, 2020). This shows the fact that Halāl products are in high demand in Nigeria but have not functioned in a formal way in terms of the production, supply and distribution. (Agu et al., 2024) study identified Halāl products which have higher potentials and profitability, such as cosmetics, poultry products, cereal, beef, dairy products, food, lifestyle and lots more all of which are available among Nigerian Muslims for long. The interesting part of it is that even the non-Muslims in Nigeria are now purchasing and patronizing Halāl products, like processed and packaged meat, food and ingredients that are in compliance with Islamic Shari'ah whether there is a logo of Halāl products or not which are mostly imported to the country. As of 2024, Nigeria spends more than one trillion naira on food import annually despite the country's abundant and unutilized arable land that can accommodate millions of youth in Agricultural sector. This shows a high purchasing power of Nigerians on many food stuffs such as rice, sugar, fish and others, if found Halāl, hygienic and safe, to consume.

There is a huge Muslim population in Western Africa, especially in Nigeria, but the Halāl market is still not fully harnessed. This is mainly because Halāl standards and certification are also not yet available in Nigeria. This is seen as a huge waste of resources to the country as Nigeria has the potential to become the Africa's hub for the production and trade of Halāl products and services.

Demand of Halāl Products in Muslim World

A lot has been written about Islamic finance and Halāl products globally, but the focus here is to identify the potentials and prospect for business owners to tap and create a new emerging market for Halāl products more especially in Nigeria. It is observed that Halāl indication tag or logo is currently used to qualify food in one form or the other in the aspect of business and trade globally, which refers to lawful products, food, drink or even services. As a matter of fact, this holistic attachment of lawful food is one of the ways by which many Muslims of the world are now living or are now channeling their consumption pattern. In fact, previous studies had shown that even the non-Muslims consumers have increasingly demonstrated acceptability of the product based on its ethical, safety and quality features (Yusuf et al., 2016).

Overview of the global Halāl industry suggested that the contemporary Muslims youth who are under 30 years of age represent the agent of change in terms of their consumption pattern because this age group of people is about sixty percent of the Muslims populations. Based on the enormous population and the increase of the Muslims, several literatures have been written on how to address the Muslims market. A.T. Kearney Consulting Firm (2008) identified that the Muslims have the fastest growing consumer markets in the world. The report stressed that the Muslims consumer segments are now reaching saturation point because these consumers are now looking for Shari'ah-compliant products and services.

Halāl Certification in Nigeria

Presently, in Nigeria there are so many products with the Halāl logo being imported into the country, which has no certification from any credible government authority in charge to check whether the products actually meet Halāl standard and requirements or not. It is however interesting to note that the only regulatory body for Halāl product compliance in Nigeria is the Standard Organization of Nigeria (SON) which to a certain extent, cannot ascertain the integrity and standard of Halāl products in terms of its logo

and certifications even among the Halāl industry players. Malaysia, for instance, has several agencies to handle Halāl certification and Halāl enforcement of both food products and services, such as the Halāl Industry Development Corporation (HDC), Department of Islamic Development Malaysia (DIDM) and also state religious council (Yusuf et al., 2017). The strict implementation of the Halāl enforcement by related authority in any country has in return given the Halāl industry a global acceptability and gained confidence among Islamic nations. For example in Malaysia, Halāl meat and poultry products to be exported must be fully accredited by the Malaysia Department of Veterinary Services (MDVS) and Department of Islamic Development Malaysia (DIDM) for Halāl inspection purposes (Dahlan & Sani, 2018) to ensure the products meet the requirement of quality, safety and hygiene. This is why Muslim and even some non-Muslim countries all over the world recognized Halāl products produced in Malaysia such as the Indonesia, Turkey, Saudi Arabia, India, Bangladesh, United State of America (USA), China and Australia.

Based on findings and available data on the official website of the Standard Organization of Nigeria (SON), there are four products certification schemes operated by the organization through the product certification directorate in the country. They include Mandatory Conformity Assessment Program (MANCAP), Voluntary Product Certification Scheme (VPC), Nigerian Quality Award Scheme (NQA), product type certification for export and other relevant Nigeria industrial standards. A further look at the department of SON also shows that under the management system certification, the only available types of certification IDs include: NIS/ISO 22000 which is a food safety management system that provide a framework for effective management of the safety food supply chain, NIS/ISO 9001 which establishes and defines organization quality procedures and objective and NIS/ISO 45001 which is the occupational health and safety responsibilities. Preliminary findings on the data available on the SON website also show that in terms of standardization of products, the objectives of the standard directorate are to coordinate the relationship with international organizations involved in standardization activities such as ISO, IEC, CODEX, AFSEC, ECOWAS, WTO, and ARSO excluding World Halāl Council (WHC) (Ezeanochie & Onu, 2024).

Opportunities in the Halāl Business System in Nigeria

Nigeria represents several opportunities for investment and growth of Halāl Products. Fortunately, there are numerous commendable organizations taking monumental strides towards this goal with a solution-driven approach, ensuring that our built environments and spaces offer high-quality Halāl products that enhance competitiveness. Regardless, we have highlighted some of the exciting opportunities that the Halāl market has to offer:

- a) **Economic Growth:** A robust Halāl business can contribute significantly to Nigeria's economic development. It can create jobs, stimulate investment, and boost exports of Halāl products to international markets.
- b) **Inclusivity:** Strengthening the Halāl industry promotes inclusivity by accommodating the dietary and lifestyle preferences of Muslim consumers who are the majority population in the country. This inclusivity extends to non-Muslims who also seek Halāl-certified products for their quality and safety assurances as well as their health benefits.
- c) **International Trade:** With a well-established and functioned Halāl business, Nigeria can key into the global Halāl market, which is valued at trillions of dollars. This opens doors to export opportunities and foreign exchange earnings.
- d) **Tourism:** Nigeria's vibrant Halāl industry can attract Muslim tourists and investors, further boosting the nation's tourism sector.

Therefore, strengthening the Nigeria Halāl industry is not just a matter of meeting religious dietary requirements; it is a strategic move towards economic growth, inclusivity, and international trade. By seizing the opportunities presented by the Halāl industry, Nigeria can tap into a thriving global market while serving the diverse needs of its population. This path promises economic prosperity, job creation, and a more inclusive society for all Nigerians.

Challenges of Halāl Industry in Nigeria

In Nigeria, a country with a diverse religious and cultural landscape, the Halāl industry presents a unique opportunity for economic growth and inclusivity. Nigeria is a nation with a significant Muslim population, making the demand for Halāl products and services substantial. However, the Halāl industry in Nigeria

faces various challenges, including a lack of standardized certification processes, limited awareness among businesses, and insufficient infrastructure for Halāl production and distribution.

Economic theory holds that supply of normal products as usual, is subject to conditions which may include among others: resource endowment, nature of production costs, entrepreneurial competence, production and technological capability, government policy, size of the market, as well as competitive ability of products' supplying agents. In addition, the supply of Shari'ah compliant products to the global Halāl market is also, subject to the following special conditions:

a) Halāl Certification and Qualification for Global Market Recognition/Acceptance

This implies the need to satisfy the complex Shari'ah requirements in Halāl products' supply chain including handling, storage, and transportation from the point of production, through transit points, and up to the final consumers. As far as Shari'ah of Islam is concerned, this is a major factor or condition of supply that must be satisfied in Halāl market globally for its success in breaking the Halāl market barriers internationally. This condition also, extends to include the use of current Halāl certificates and proper use of Halāl labelling or logo, as required by international Halāl convention (MMPHM, 2014).

(Singh & Gupta, 2023) have found a strong and significant association between religion and product certification, which tends to suggest that consumers' adherence to their religious teachings, has a great impact on their choice of products and services consumed. In the Muslim business world therefore, Halāl certification philosophy is more than just to satisfy the requirements on product quality or technical specifications, it is a religious and faith-induced affiliation that has been widely and globally embraced to cater for the interests of the Muslims and many non-Muslim alike in Halāl product consumption. The process is however, not without its daunting challenges which range from possible falsification and corruption in products' value chain management to improper recognition of non-Muslim organizations in some countries, as Halāl certifiers (Najjar, 2020). The absence of uniformity in Halāl practice and certification standards around the world is thus, one of the fundamental issues to the global Halāl market and suppliers as well as in the Nigerian context.

To strengthen the Halāl industry and safeguard the Halāl market opportunities in Nigeria and other African countries therefore, (Sabrain, 2021) underscores traceability of Halāl products value chain, standardization of certification process and safety of the entire Halāl ecosystem from corruption, as the panacea for success and sustainability of the industry. The analyst called for effective partnership and collaboration between stakeholders from sciences and data analytics for Halāl data security and integrity in order to ensure corruption-free certification process, enhanced trade practices and sanity in Africa's intra-continental Halāl trading activities under the African Continental Free Trade Area (AfCFTA) agreement and beyond. In spite of the noted challenges however, Halāl certification requirements on products and services still remains the key enabler for successful participation in the global Halāl market (Analysis, 2021).

b) The Size of Halāl Consumer Market Globally

Presently, there are over 1.9 billion Muslim population in the world and the figure keeps increasing by yearly average growth rate of 1.5% with a projection to reach 2.2 billion by the year 2030 (Kettani, 2019). This shows that the Halāl market is growing and expanding globally. Therefore, with the rising trend in Muslim population and the growing number of the non-Muslims who are passionate Halāl product consumers, the global size of Halāl market can be very large indeed. That also, implies a great potential attraction for Halāl product exporting from around the globe. According to (Dinar Standard, 2020) the key drivers underpinning the growth in size of the global Halāl market include among others, the growing commitment of the Muslims and the flourishing attraction of many non-Muslims to ethical values influencing consumption, as well as the increase in national strategies of many countries in favor of Halāl products and service development (Analysis, 2021).

The global supply of Ḥalāl product is however, not limited to the Muslim dominated countries alone. Business entrepreneurs and multinational corporations (MNC) in countries with Muslim minority like Brazil, the New Zealand, Thailand, Australia, United Kingdom and the USA among others, are often attracted by Islamic norms and guidelines on product hygiene and safety standards and have gainfully embraced Ḥalāl business concept in their business orientations. These countries are also known to be making heavy investments and significant strides in accessing the benefits of international Ḥalāl product market due to its positive contributions to their economies (Dinar Standard, 2020).

c) The Development of Shari'ah-Compliant Banking and Islamic Capital Markets

Provision of business finance is crucial for survival of any business enterprise whether large scale or small-scale anywhere in the world. In a national survey of Nigerian businesses in 2017, access to finance was found to be greatest factor affecting the general supply capacity of the businesses (Singh & Gupta, 2023). This, according to the study was mostly due to high interest rates from conventional banks and their unwillingness to grant loan credits to small or individual business owners due to poor collateral security capability of this form of businesses and persons. Most importantly too, it is forbidden in Islam for Ḥalāl conforming business entity to source for business finances through interest-charging avenues like the conventional banks and interest-based capital markets (World Ḥalāl Council, 2021). Therefore, creating an enabling environment of non-interest and accessible Ḥalāl source of funds in the banking sector, as well as in the capital markets, is an important factor in boosting the supply capacity and performance of business in Ḥalāl products industry.

Experts in the field believed very strongly that the Islamic interest-free banking and the stock market finance system under Islamic law are the best options for resolving the challenges currently facing the Nigerian economy (Abdulkareem et al., 2022). Although while business financing through the non-interest banks and capital markets as (Ikya, 2019) observed, is relatively a novelty in Nigeria, the awareness on the benefits of Ḥalāl sources as an alternative business finance option is fast growing stronger both in the public and private sectors in Nigeria. This is because the interest free and profit-sharing sources of financing have been found to be both profitable and morally upright.

The Nigerian economy is making formidable progress in four major kinds of Ḥalāl investment namely: The Sukuk bonds, Ḥalāl Equity Funds, Ijarah, as well as Murabaha. The Sukuk Bond is a long-term interest-free loan, that qualifies investors in it to be part owners of business assets and also, to regular payments with extra gains (when available) from the business profits. With Ḥalāl Equity Funds, investment is only allowed in businesses and services that are ethically and morally conforming. The Ijarah permits and encourages leasing owned assets (like buildings) to a party for a price, with additional income from the fixed rental charges over a fixed lease period; while Murabaha is a cost-plus financing option that seeks to operate more in trading activities by allowing joint agreement between buyers and sellers on the costs and markup of a specific asset at the beginning of a transaction. Of all the Ḥalāl investment types currently operating in Nigeria however, experts are of the opinion that the Sukuk bonds appears to be gaining more patronage in both public and the private sectors due to their high profit potentials and relative stability in returns.

From the findings above, it is clearly seen that Nigeria still has a lot of opportunities to venture into Ḥalāl industry, as it has a huge target market across the globe through its own Ḥalāl resources such as poultry, livestock, natural reserves and other agriculture products. However, due to lack of government intervention in regulating and authenticating the Ḥalāl product industry in Nigeria, access to interest-free loans and modes of financing, inadequate awareness and team work most of the local manufacturers have no clear directions, especially in terms of certifying their products with Ḥalāl authorization and business practice. Without the proper control of Ḥalāl recognition, industries in Nigeria have difficulties in growing, either locally or globally.

D. Conclusion

With an emphasis on its opportunities, difficulties, and strategic prospects, this study has thoroughly investigated the development of the ḥalāl sector in Nigeria. First, it is clear that Nigeria has a lot of potential for growing a strong ḥalāl sector, thanks to its sizable Muslim population, wealth of agricultural resources, young entrepreneurial class, and advantageous location in West Africa. Together, these elements put Nigeria in a strong position to become a regional leader in the production, processing, and trade of ḥalāl, particularly in the areas of food, cosmetics, fashion, pharmaceuticals, and tourism. Second, despite this potential, institutional, infrastructure, and sociocultural issues pose a serious obstacle to the ḥalāl sector's growth. These include the lack of a consistent national framework for ḥalāl certification and regulation, low consumer and producer knowledge, lax enforcement of standards, and insufficient assistance from government agencies. In addition to slowing the industry's growth, these difficulties have led to loss of trade and economic possibilities on a regional and international scale. Third, this study suggests specific, doable tactics to close the gaps that have been found. Among these are the creation of a centralized national ḥalāl authority that conforms to international standards (like OIC/SMIIC), government policies that provide incentives to businesses that adhere to ḥalāl, educational initiatives to increase industry and consumer awareness, and improved cooperation between Islamic scholars, industry participants, and international ḥalāl networks. In conclusion, even though Nigeria's ḥalāl sector is still in its infancy, expansion is both feasible and essential. Nigeria may use the ḥalāl economy as a means of promoting ethical commerce, equitable growth, and global competitiveness with the help of deliberate policy interventions, infrastructure investment, and stakeholder commitment.

E. Acknowledgment

This study recognized the contributions of all co-authors, participants in the interview series who consented to participate and share their valuable insights, and several authors who provided full access to their pertinent research publications so that additional information could be gathered to enhance the paper's quality.

F. Author Contribution Statement

AAM: formulated the initial idea, conducted research, implemented research, and wrote the original draft. AML, AI, and RF: wrote the original draft, reviewed the literature, and implemented research. AAY and MA: provided feedback and wrote the original draft. All authors have approved the final version of this manuscript.

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Indonesian Journal for Islamic Studies

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