ASSESSING *SHARĪʿAH*-COMPLIANT PENSION FUNDS (FUND VI) SCHEME AMONG YORUBA MUSLIMS IN OGUN STATE, NIGERIA

Oyekolade Sodiq Oyesanya, Ph.D
Department of Religious Studies,
College of Humanities,
Tai Solarin Federal University of Education, Ijagun,
PMB 2118, Ijebu-Ode, Ogun State, Nigeria
oyesanyaos@tasued.edu.ng
&
Toyeeb Oluwadamilare Bakare
Department of Religious Studies,
College of Humanities,
Tai Solarin Federal University of Education, Ijagun,
PMB 2118, Ijebu-Ode, Ogun State, Nigeria

Abstract
The Nigerian pension system remains exclusionary for Muslims due to Sharīʿah constraints and the persistence of non-compliant conventional schemes. The National Pension Commission's (Pencom's) Fund VI represents a remarkable reform, yet empirical evidence of its effectiveness remains scarce. This study, therefore, assessed perception, level of participation, challenges, and prospects of Fund VI using Yoruba Muslims in Ogun State as case studies in order to evaluate its effectiveness as a vehicle for ethical financial inclusion. The study adopted a descriptive survey design. Data were collected through a self-developed questionnaire administered to 400 employees in the public and private sectors, of which 397 responses were valid. Similarly, structured interviews were conducted with ten purposively selected stakeholders, including Pension Fund Administrators, Islamic scholars, and PenCom officials. Descriptive statistics and thematic analysis were employed for quantitative and qualitative data. Findings revealed that the awareness level of Fund VI was increasing, though participation remained low. Also, respondents showed positive perceptions of the ethical integrity and the Sharīʿah compliance. Challenges identified included limited Sharīʿah-compliant investment channels and weak regulatory enforcement mechanisms. The study contributed to the contemporary discourse on Islamic finance and public pension systems by providing the potential of Sharīʿah-compliant pension schemes in the promotion of ethical financial inclusion and further enhancing confidence in Nigeria's pension scheme among religiously pluralistic populations. The study recommended that the National Pension Commission should strengthen awareness campaigns and advocacy to improve the level of participation; enforce compliance among Pension Fund Administrators (PFAs) to ensure full implementation of Fund VI with a view to addressing the limited availability of Sharīʿah-compliant investment initiatives.

Keywords: Financial Inclusion; Fund VI; Islamic Finance; Ogun State; *Sharīʿah*-Compliant Pension Funds

Introduction

Pension systems are recognised globally as critical instruments for guaranteeing and maintaining the financial well-being of individuals during retirement. A pension is believed to be a retirement plan that provides a steady income to individuals after leaving active service, usually funded through joint contributions from employers and employees (Blake, 2021). These contributions are designed to accumulate capital and engender returns, thereby ensuring a dignified standard of living in later years. Modern pension funds have become the main institutional investors. They direct long-term savings into productive sectors, particularly infrastructure, real estate, and sovereign bonds, thereby facilitating capital formation, financial stability, and sustainable economic growth (OECD, 2022; Beetsma & Romp, 2021; IMF, 2021). The long-term investment strategies will reduce exposure to market volatility, while allowing pension funds to engender economic growth over time.

Historically, pension systems predate ancient civilisations, particularly Greece and Rome, where military pensions supported retired soldiers (Blake, 2021), while contemporary pension systems emerged with the German model introduced by Chancellor Otto von Bismarck in 1889, later serving as a model for global reforms (OECD, 2020). Throughout the 21st century, structured models, especially defined benefit (DB) and defined contribution (DC) schemes, were institutionalised (KPMG, 2022). In Africa, pensions developed largely after independence, shaped by colonial experiences and national development policies, yet remain constrained by low coverage, limited investment opportunities, and weak regulatory frameworks (Oduro, 2023). Globally, pension funds now represent a major component of the financial system, with assets in the 22 largest markets exceeding USD 56 trillion as of 2023, predominantly allocated to equities (40–45%), fixed income (30–35%), and alternative investments (15–20%), nearly 60% of assets held in the United States (Willis Towers Watson, 2023). In Africa, assets have grown to approximately USD 60 billion, a 12% year-on-year increase, but only about 10% of the workforce participates in formal schemes (African Development Bank, 2023; World Bank, 2023), with disparities across countries as South Africa has a mature pension market, while Nigeria, Ghana, and Senegal continue to face underdeveloped structures and limited inclusivity (OECD, 2023; Oduro, 2023).

In Nigeria, pension reforms have gained significant momentum with the enactment of the Pension Reform Act (PRA) in 2004, which introduced the Contributory Pension Scheme (CPS). This scheme transitioned the pension system from a defined benefit model to a mandatory defined contribution structure, aiming to secure the retirement future of Nigerian workers through individual savings and regulatory oversight by the National Pension Commission (PenCom) (Nwankwo et al., 2022). The PRA ensures transparency, accountability, and safety of pension assets by delineating roles between Pension Fund Administrators (PFAs) and

Custodians. This reform has led to a significant growth in pension assets, reaching approximately ₦14 trillion (USD 37 billion) by December 2023 (National Pension Commission, 2023). Further advancements include the digitisation of pension services, which enhances user accessibility and contributes to operational efficiency (Ogunleye, 2022).

Despite recent pension reforms, conventional pension funds in Nigeria operate predominantly through interest-bearing instruments and financial mechanisms that contravene core Islamic financial principles, particularly the prohibition of *ribā* (interest), *gharar* (excessive uncertainty), and investments in non-*ḥalāl* sectors (Ali & Ahmed, 2022; Zaman et al., 2023). Consequently, devout Muslims seeking compliance with principles of the *Sharī*ʻah find conventional pension schemes religiously incompatible. In response to this ethical and religious gap, Nigeria introduced the *Sharī*ʻah-compliant Pension Fund VI in 2022, a scheme structured in accordance with Islamic finance principles and spearheaded by the National Pension Commission (PenCom) in collaboration with Islamic financial institutions, allowing contributors to channel their retirement savings into Sharīʻah-compliant instruments, including *ṣukūk* (Islamic bonds), real estate, and equities of permissible companies (Sadiq & Dada, 2023). Beyond serving Muslim contributors, such funds are designed to promote financial inclusion, deepen the Islamic finance ecosystem, and advance broader objectives of socio-economic justice (Khan, 2020). However, despite the normative appeal and policy significance of Fund VI, its penetration remains insufficiently examined, with existing studies indicating gaps in awareness, uptake, and confidence in the scheme's *Sharī*ʻah compliance and operational effectiveness (Mustapha, 2023).

This study, therefore, critically assessed the *Sharīʻah*-compliant Pension Fund VI among Yoruba Muslims in Ogun State. It interrogates the levels of awareness, participation, compliance with *Sharīʻah* principles, and operational challenges of the fund. This study argues that although the introduction of the Sharīʻah-compliant Pension Fund VI represents a significant policy innovation in Nigeria's pension system, its effectiveness among Yoruba Muslims in Ogun State is constrained by limited awareness, low participation, and structural and regulatory challenges that must be addressed for it to function as a viable instrument of ethical retirement planning and financial inclusion.

Despite the policy significance of the *Sharī*ʻah-compliant Pension Fund VI, there is a notable lack of empirical studies examining its awareness, participation level, *Sharī*ʻah compliance, and operational effectiveness among Muslim populations in Nigeria. Existing scholarship on pension reforms largely focuses on conventional schemes, while studies on Islamic finance in Nigeria rarely interrogate pension funds as instruments of retirement security. This gap is particularly evident with respect to Yoruba Muslims in Ogun State, whose demographic significance and religious sensibilities make them a critical group for evaluating the practical viability of *Sharī*ʻah-compliant pension initiatives.

Objectives of the Study

The main objective of this study is to assess the operational effectiveness and *Sharīʿah* compliance of the *Sharīʿah*-Compliant Pension Funds (Fund VI) Scheme among Yoruba Muslims in Ogun State, Nigeria. Other objectives were to:

i. evaluate the level of awareness of the *Sharī'ah*-Compliant Pension Funds (FUND VI) Scheme among Yoruba Muslims in Ogun State, Nigeria;
ii. analyse the participation level of Yoruba Muslims in the *Sharī'ah*-Compliant Pension Funds (FUND VI) Scheme in Ogun State, Nigeria;
iii. assess the conformity of the *Sharī'ah*-Compliant Pension Funds (FUND VI) Scheme with the principles of Sharī'ah among Yoruba Muslims in Ogun State, Nigeria;
iv. identify the challenges confronting the implementation of the *Sharī'ah*-Compliant Pension Funds (FUND VI) Scheme among Yoruba Muslims in Ogun State, Nigeria;
v. explore the prospects of the implementation of the *Sharī'ah*-Compliant Pension Funds (FUND VI) Scheme among Yoruba Muslims in Ogun State, Nigeria; and
vi. offer research-based suggestions for improving the *Sharī'ah*-Compliant Pension Funds (FUND VI) Scheme among Yoruba Muslims in Ogun State, Nigeria.

Methodology of the Study

This study adopts a mixed-methods research design, combining quantitative and qualitative approaches to examine awareness, participation, and compliance with the *Sharī*'ah-Compliant Pension Fund VI among Yoruba Muslims in Ogun State. The quantitative strand employed a structured questionnaire, the *Sharī'ah-Compliant Pension Funds Scheme Questionnaire (SCPFSQ)*, consisting of closed and open-ended items measured on a four-point Likert-type scale, which gathered data from a stratified random sample of 400 respondents selected across principal demographic strata, including age, educational background, income level, and occupational sector, to ensure representativeness. The qualitative strand comprised semi-structured interviews with ten purposively selected participants, including Pension Fund Administrators (PFAs), Islamic finance scholars, and regulatory officials from the National Pension Commission (PenCom), providing nuanced perspectives into the regulatory, operational, and theological dimensions of the fund, particularly from the standpoint of implementation and religious conformity.

The SCPFSQ was validated through expert review and consultation with scholars in research methodology and Islamic finance from the Department of Educational Foundations and Counselling Psychology at Tai Solarin University of Education, Ijagun, Ogun State, ensuring construct, face, and content validity, while reliability was assessed via a pilot test with twenty participants in Epe, Lagos State, yielding Cronbach's alpha coefficients ranging from 0.501 to 0.766, indicating acceptable internal consistency for the main study. Quantitative data were analysed using descriptive and inferential statistical tools, including means and frequencies to determine patterns, correlations, and levels of significance between variables such as awareness, socio-economic background, and participation in Fund VI, while thematic analysis was employed for the qualitative data to identify recurring narratives and latent themes regarding the challenges, compliance, and operational performance of the fund.

Review of Related Literature

A. Concept of Pension and Pension Funds Administration

The concept of pension has become a critical pillar of socio-economic planning and welfare systems globally, with scholars providing nuanced but occasionally limited conceptualisations. According to Altman (2005), a pension is a financial plan that is designed and structured to provide income after retirement. It replaces earnings from active employment, and emphasises income continuity as a mechanism for mitigating economic vulnerability and preventing poverty among retirees. This suggests that Altman (2005) considers pensions primarily as mechanisms for income replacement in old age, essentialising their role in sustaining living standards after retirement. However, his definition is largely restricted to conventional pension schemes, especially defined benefit (DB) and defined contribution (DC), with little attention given to the other hybrid models, emerging pension innovations, or the evolving complexities of pension fund management.

Furthermore, Blake (2006) contends that pensions are efficient mechanisms that may deliver predictable and stable income flows in retirement with a view to ensuring financial security. However, his proposition seems to generalise pension systems without sufficient sensitivity to individual-level variables, including income differentials, career history, or health status. Also, Blake's (2006) framework ineffectively integrates the influence of emerging digital technologies, Environmental, Social and Governance (ESG) considerations, and evolving regulatory dynamics that increasingly shape contemporary pension systems.

Meanwhile, Shoven's (2007) definition introduces the theory of essentiality, prioritising retirees' living standards. He considers pensions as economic buffers that provide sustainable income flows during retirement and prevent dependence on family or public welfare. While Shoven's (2007) contribution to the literature on pension schemes reflects remarkable perspectives into the structure and function of pension systems, it remains limited by a lack of sensitivity to regional and institutional differences in pension model delivery. His argument does not sufficiently engage with differences in regulatory jurisdictions, investment strategies, fund performance dynamics, or cross-national pension governance frameworks.

Drawing on these limitations, the present study adopts a more focused conceptualisation of a pension as a contributory retirement plan that is funded through regular contributions from employees and/or employers and invested to generate post-retirement income. This definition deliberately excludes non-contributory and purely defined-benefit schemes in which financing and coverage are provided directly by the state or sponsoring institutions without sustained employee contributions. Within this framework, contributory pension systems, which include defined-benefit, defined-contribution, and state-managed social pension arrangements, are understood as institutional mechanisms that promote economic stability and engender intergenerational equity (ILO, 2020; OECD, 2022).

Pension funds may be seen as collective investment schemes that pool and manage contributors' savings to provide retirement income to beneficiaries. They operate under professional asset management and regulatory oversight, and play remarkable roles in economic development, capital market deepening, and social stability. Thus, Doe (2017) considers pension funds as institutional investors responsible for managing employees' savings, underscoring their far-reaching implications for corporate governance and financial market stability. Also, Smith (2018) complements this perspective by contending that pension funds are long-term financial intermediaries that channel accumulated savings into productive investments, thereby facilitating capital accumulation and supporting national economic growth.

In the light of this social protection paradigm, Rodriguez (2019) explains pension funds as mechanisms for shielding retirees from poverty and income instability. He analyses their functions as socio-economic stabilisers, particularly within welfare-oriented states. However, Ali (2020), from a regulatory standpoint, defines pension funds as entities operating within stringent legal and fiduciary frameworks which are designed to ensure transparency, accountability, and sustainability in pension asset administration. He emphasises the centrality of regulatory compliance to institutional viability. Brown (2021), extending the discourse into behavioural finance, introduces behavioural dimensions to pension fund management. He explores how psychological factors, particularly risk aversion and herding behaviour, could influence investment strategies, thereby broadening analytical understanding of pension fund operations beyond purely structural and regulatory concerns.

This study defines pension funds as institutional investment vehicles that aggregate and manage retirement contributions from employees and/or employers to generate returns for future disbursement. These funds may assume various structures, including DB, DC, hybrid, occupational, public, and *Sharīʿah*-compliant schemes, with investment strategies spanning equities, bonds, real estate, and ethical instruments (OECD, 2023; Zulkhibri, 2021). Their role is not only to secure retirement income but also to contribute to capital market stability, economic growth, and corporate accountability. Effective pension fund administration, therefore, necessitates sound governance, diversified asset allocation, legal compliance, and adaptive strategies to navigate demographic shifts, financial volatility, and evolving regulatory landscapes (Beetsma & Romp, 2021; Nwankwo et al., 2022).

B. Pension Funds Administration in Nigeria

The administration of pension funds in Nigeria has evolved significantly over the decades, reflecting both the nation's socio-economic transitions and responses to systemic inefficiencies. The history of the pension system in Nigeria may be traced to the colonial period with the promulgation of the Pension Ordinance of 1951, which formally established a non-contributory Defined Benefit (DB) scheme for civil servants. Under this legal framework, the government shouldered full responsibility for post-retirement payments, with benefits determined by final salary and years of service (Balogun, 2006). Following Nigeria's independence in 1960, the scheme was expanded to cover a broader segment of public employees. However, structural inefficiencies gradually eroded the system's credibility and effectiveness. These included underfunding, corruption, delayed payments, and administrative ineptitude (Balogun, 2021).

The enactment of the Pension Reform Act (PRA) of 2004, in response to enduring structural deficiencies within Nigeria's pension system, indicates a remarkable development in the country's retirement landscape. The Act birthed the Contributory Pension Scheme (CPS), replacing the old pay-as-you-go (defined benefit - DB) model with a fully funded, contribution-based system administered by private entities. Under the new CPS administration, both employers and employees are required to contribute designated proportions of an employee's monthly earnings into a Retirement Savings Account (RSA). This is managed by licensed and accredited Pension Fund Administrators (PFAs), while regulatory oversight resides in the National Pension Commission to ensure transparency, compliance, and sustainability (Nwankwo et al., 2022). This structural overhaul has remarkably strengthened governance and accountability in pension administration, with a process further consolidated by the 2014 amendment of the Pension Reform Act. The amendment not only increases the minimum contribution rate from 15% to 18% of monthly earnings, comprising 10% from employers and 8% from employees, but also extends the coverage of the scheme to informal sector participants. It further strengthened enforcement mechanisms against non-compliant employers (PenCom, 2023).

Arising from the 2014 reform, the Micro Pension Plan (MPP) was explicitly designed to integrate self-employed individuals and informal sector workers into the pension system. The MPP provides flexible contribution arrangements to broaden pension coverage. This became inevitable as more than 80% of the national labour force was believed to be operating outside the formal sector. Despite incremental growth, the scheme continues to encounter unprecedented challenges. These include limited public awareness, technological access constraints, and residual scepticism towards government-managed financial instruments (National Pension Commission, 2023).

Meanwhile, regarding fund security and asset management, Pension Fund Administrators do not assume direct custody of pension contributions; rather, these assets are held by Pension Fund Custodians (PFCs), who execute transactions solely at the instruction of PFAs. This functional separation is designed to enhance transparency and mitigate fiduciary risk. Nevertheless, several persistent challenges still constrain the effectiveness and efficiency of the CPS. First instance, the informal sector enrolment remains low, as inadequate public education and entrenched trust deficits hinder the adoption of the MPP. Also, investment practices remain conservative, with PFAs predominantly required to invest in low-risk instruments, especially government securities. While this strategy safeguards capital, it simultaneously curtails returns, particularly under inflationary pressures. Additionally, employer non-compliance remains a concern as numerous private-sector organisations underreport salaries or fail to remit employee deductions, despite statutory penalties. Weak enforcement mechanisms further exacerbate this non-compliance, revealing vulnerabilities within the ostensibly reformed system (Bakare, 2025).

The Nigerian pension system, according to Bakare (2025), operates within a multi-tiered institutional framework. It encompasses a range of interdependent stakeholders; the National Pension Commission (PenCom) is positioned at the apex as the principal regulatory authority. PenCom's statutory duties and functions include licensing, supervising, and auditing Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs), as well as formulating policies to safeguard contributors' interests and ensure investor protection. Whereas Pension Fund Administrators are licensed entities responsible for managing individual Retirement Savings Accounts (RSAs). The duties of this body include making investment decisions within prescribed regulatory parameters, maintaining direct engagement with employers and employees, and providing regular account statements to contributors (National Pension Commission, 2023).

In contrast, Bakare (2025) explains that Pension Fund Custodians serve as independent custodians of pension assets, executing investment instructions issued by PFAs while restricting direct access to funds to promote transparency, accountability, and fiduciary integrity. On the other hand, employers play pivotal roles in sustaining the Contributory Pension Scheme (CPS) (Bakare, 2025). They are statutorily required to deduct and remit employees' monthly pension contributions to the designated PFAs. Employer compliance is, therefore, critical to the effective operation and long-term viability of the scheme. Employees, for their part, bear responsibility for selecting their PFAs, contributing through payroll deductions, monitoring their RSA statements, and accessing benefits upon retirement or under other contingencies.

Furthermore, professional oversight is provided by Investment Portfolio Managers, who implement PFAs' investment strategies in accordance with PenCom's extant and regulatory guidelines. This mandate is to optimise returns while maintaining investments within acceptable risk thresholds. The *Sharīʻah*-compliant funds, especially Fund VI, place on Investment Portfolio Managers additional responsibility of ensuring that all investment activities strictly avoid *ribā*, *gharar*, and prohibited sectors, thereby conforming fund management with Islamic financial ethics and principles.

C. Islam and Pensions: Concept, Principles, Administration, Prospects andChallenges in Nigeria

The Islamic finance industry, in response to these socio-economic transformations and the growing need to reconcile modern retirement planning with Sharīʿah principles, has responded to these developments through innovations that integrate faith-based ethics with long-term financial security, notably through the emergence of *Sharīʿah*-compliant pension funds. These funds are designed for individuals who may wish to avoid conventional pension schemes due to interest-based and prohibited elements. They are structured around *Sharīʿah*-compliant contracts and ethical investment screening criteria. The funds systematically exclude entities that are engaged in alcohol, tobacco, gambling, and conventional financial services; utilise instruments, especially *muḍārabah* and *murābaḥah* (cost-plus financing), which generate returns through trade and partnership rather than guaranteed interest (Usmani, 2019; Abdullah, 2022).

Globally, demand for *Sharīʿah*-compliant pension funds has expanded significantly, particularly in Muslim-majority regions. These include the Middle East and North Africa (MENA), Southeast Asia, and other parts of Africa. Malaysia, for instance, has made remarkable progress in the integration of *Sharīʿah*-compliant pension schemes into national frameworks. The Employees Provident Fund has demonstrated the feasibility of embedding Islamic pension models within public policy (Thompson, 2020). Beyond these religious factors, the funds appeal to a broader constituency through their conformity with ethical and socially responsible investment principles, thereby attracting both Muslim and non-Muslim investors (Ali, 2022; Ahmed, 2021).

The case for *Sharīʿah*-compliant pension schemes is particularly compelling in Nigeria, given the country's huge Muslim population and the challenges that characterise conventional pension arrangements. The National Pension Commission (PenCom) responded timely by introducing Fund VI under the Multi-Fund Structure of the Contributory Pension Scheme. It was established in 2017 and designed specifically to accommodate Muslims previously excluded from pension participation due to *Sharīʿah* concerns (PenCom, 2017; Sanusi & Abdulkadir, 2020). The fund sidesteps interest-based instruments, invests exclusively in *Sharīʿah*-approved sectors, and operates under the guidance of a dedicated *Sharīʿah* Advisory Committee. Contributors may transfer from their conventional Retirement Savings Accounts (RSAs) to Fund VI in order to enhance inclusivity within the national pension framework (Usman & Taofeeq, 2021).

The legal and institutional foundations of Fund VI are based on the Pension Reform Act of 2014. The Act provides the regulatory basis for specialised pension funds in Nigeria and reflects a deliberate policy shift towards religion-sensitive financial inclusion. Fund VI further promotes ethical investment by directing pension assets into development-oriented sectors, including infrastructure, agriculture, real estate, and healthcare. These sectors are believed to offer *ḥalāl* returns while contributing to national socio-economic transformation (Musa, 2019; Suleiman & Yusuf, 2020).

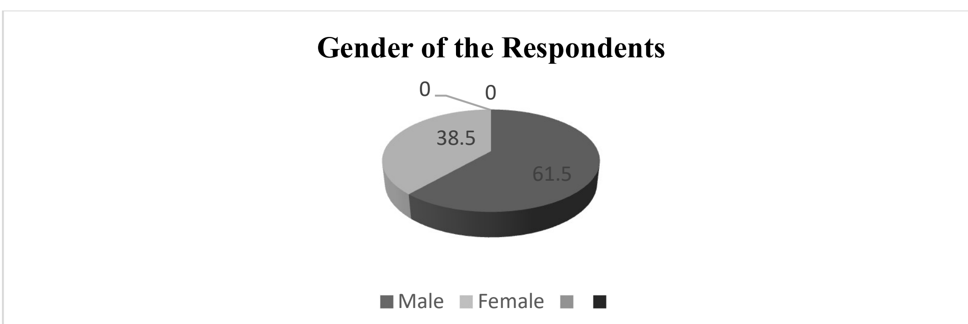
Despite these developments, the implementation of *Sharīʿah*-compliant pension funds in Nigeria faces persistent challenges, including weak Islamic finance–specific regulatory frameworks, low public awareness, competition from conventional funds, restrictive investment options, and a shortage of skilled professionals (Ojo, 2023; Adebayo & Ibrahim, 2023; Ismail, 2023). Additional constraints such as economic volatility, divergent Sharīʿah interpretations, and limited financial literacy further impede the effective expansion of Fund VI and similar initiatives.

Nevertheless, prospects for *Sharīʿah*-compliant pension schemes in Nigeria remain strong. The country's large and growing Muslim population constitutes a substantial potential market (Pew Research Center, 2023), while government initiatives such as the Nigerian Capital Market Master Plan provide an enabling framework for the expansion of Islamic finance (Suleiman, 2023). Moreover, the global shift towards ethical investment and fintech-driven financial innovation offers opportunities to enhance accessibility, transparency, and performance. Strategic collaboration with international Islamic financial institutions, alongside sustained domestic efforts in public education and capacity building, could significantly accelerate the integration of Sharīʿah-compliant pensions into Nigeria's broader financial ecosystem (Abdulaziz, 2023).

Results and Discussion of Findings

A. Demographic Data

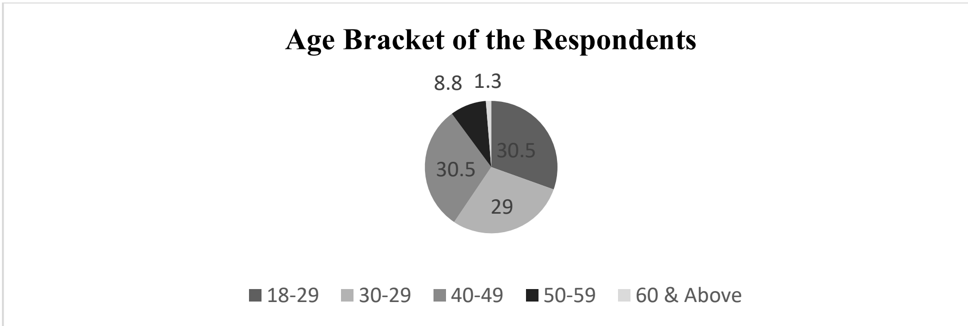
Figure 1: ***Distribution of Respondents by Gender***



The chart shows that 61.5% of the respondents are male, while 38.5% are female. This indicates that the majority of the respondents are male, suggesting that men were more represented in the study. The implication is that gender may influence awareness, perception, and participation in the Sharīʿah-Compliant Pension Funds

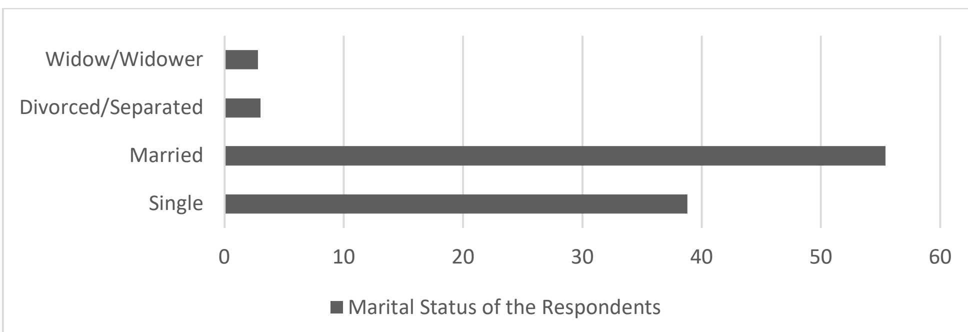
(FUND VI) Scheme, and that targeted efforts may be needed to enhance female engagement and representation in such financial programmes.

Figure 2: ***Distribution of Respondents by Age***



The chart shows that 30.5% of the respondents are aged 18–29 years, 29.0% are aged 30–39 years, another 30.5% fall within the 40–49 years category, 8.8% are between 50–59 years, and only 1.3% are aged 60 years and above. This indicates that the majority of the respondents are within the economically active age range of 18 to 49 years. The implication is that the study reflects the views of those most likely to engage in long-term financial planning, such as pension schemes, and who still have sufficient working years to contribute meaningfully to the Sharīʿah-Compliant Pension Funds (FUND VI) Scheme.

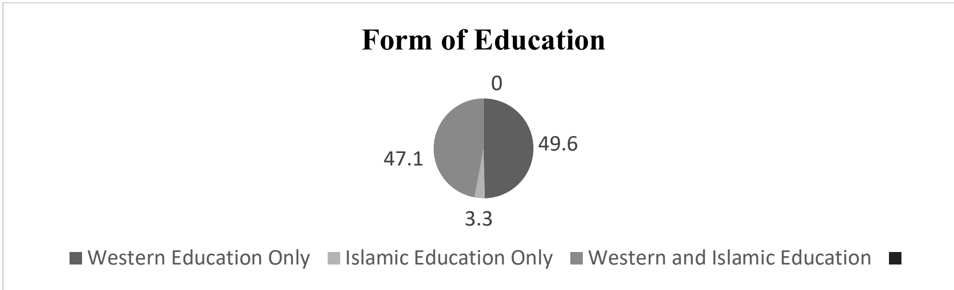
Figure 3: ***Distribution of Respondents by Marital Status***



The chart reveals that 55% of the respondents are married, 39% are single, while only 3% are divorced/separated, and another 3% are widowed. This indicates that the majority of the participants are in marital unions, suggesting a stable family structure among the respondents. The high percentage of married individuals may influence the study's findings, particularly if marital status affects perspectives, responsibilities, or socio-economic behaviours. The relatively low representation of divorced/separated and widowed individuals implies limited perspectives from these groups, which may affect the comprehensiveness of conclusions drawn about experiences across all marital categories.

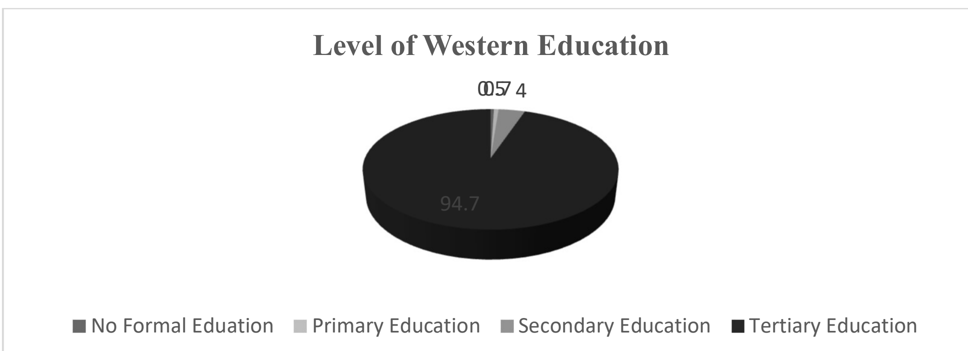
Figure 4: ***Distribution of Respondents by Educational Attainment***

i. Form of Education



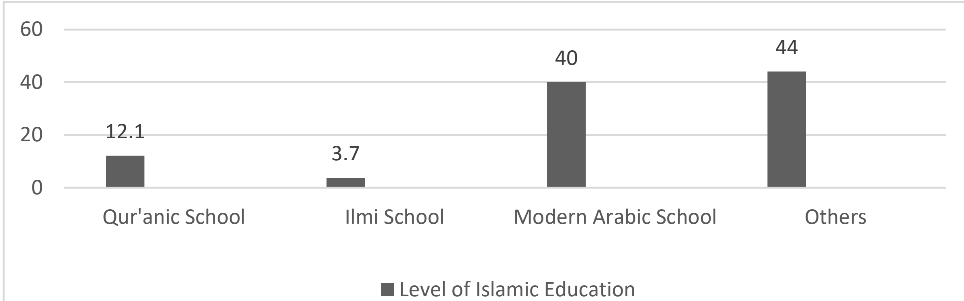
The chart illustrates the distribution of respondents based on their level of education. A majority, 49.6%, had only a Western education, closely followed by 47.1% who had both a Western and an Islamic education. A small minority, 3.3%, had only an Islamic education. This indicates that almost all respondents had access to a Western education in some form, either exclusively or alongside Islamic education. The minimal representation of respondents with solely Islamic education suggests limited reliance on traditional Islamic schooling alone and highlights the dominance of Western-oriented educational exposure among the participants, which may shape their worldview, career choices, and socio-religious attitudes.

ii. Level of Western Education



The chart on the level of western education among respondents shows that a vast majority, 94.7%, possess tertiary education. This is followed by 4% with secondary education, while only 0.7% and 0.5% have primary education and no formal education respectively. The data clearly indicates a highly educated sample population, with over nine out of ten respondents having attained education beyond the secondary level. This strong academic profile may enhance the reliability and depth of their responses, especially in matters requiring critical engagement, and suggests a population well-positioned to understand and influence socio-economic or policy-related issues.

iii. Level of Islamic Education



The chart reveals that the majority of respondents fall under the "Others" category (44%), indicating limited or informal Islamic education, which raises concerns about their understanding of Sharīʿah-compliant financial products like Fund VI. A substantial 40% have attended Modern Arabic Schools, suggesting a significant portion possess a blend of religious and secular knowledge that could support informed participation in Islamic pension schemes. Meanwhile, 12.1% have only Qur'anic school education, providing them with basic religious literacy but likely insufficient exposure to Islamic financial jurisprudence, while a mere 3.7% attended Ilmi schools, reflecting a very low representation of those with advanced classical Islamic scholarship. These statistics imply a critical need for targeted Islamic financial literacy campaigns, particularly directed at those with limited formal religious education, to enhance awareness, foster understanding, and improve participation in Sharīʿah-compliant pension schemes in Nigeria.

Figure 5: ***Distribution of Respondents by Occupation***

The chart illustrates the occupational distribution of respondents, revealing that a dominant majority (65.5%) are employed in the civil or public service sector, which implies a higher likelihood of exposure to formal pension schemes, including Fund VI. This is followed by 15.6% who are self-employed, representing a significant group traditionally underserved by conventional pension systems, thereby underscoring the relevance of Micro Pension Plans and Sharīʿah-compliant schemes for this category. Private-sector employees account for 7.1%, suggesting limited representation, while the unemployed constitute 10.3%, reflecting a group with potential interest in understanding pension systems for future engagement.

The percentage of retired participants within the study sample is negligible. It indicates that the data primarily reflect the perspectives and experiences of active workforce members. This result underscores that the effective implementation and adoption of Fund VI are largely contingent upon strategies that specifically target civil servants and self-employed individuals.

B. Evaluative Metrics for Awareness, Participation, Sharīʼah Integrity, and Strategic Implementation

Table 1: ***A Comprehensive Synthesis of the FUND VI Scheme: Evaluative Metrics for Awareness, Participation, Sharīʼah Integrity, and Strategic Implementation***

Thematic Dimension	S/N	Main Performance Indicator (Question Item)	Positive Perception (SA + A)	Negative Perception (D + SD)
I. Awareness & Visibility	1	Foundational brand recognition of the word Fund VI Pension Scheme.	74.30%	25.70%
	3	Receipt of sufficient and comprehensive information regarding the scheme.	48.40%	51.60%
	4	Recognition of Fund VI as a specialised fund structured for Sharīʼah compliance.	69.50%	30.50%
II. Participation Dynamics	9	Current status of active subscription/participation in the Fund VI Scheme.	43.80%	56.20%
	10	Ease of navigation in the enrollment process (User-friendliness).	42.80%	57.20%
	11	Direct realisation of benefits from the Fund VI Scheme.	39.30%	60.70%
III. Sharīʼah Conformity	12	Fundamental belief in the scheme's overall conformity with Islamic Law.	71.00%	29.00%

	15	Assurance that all investments remain free from *ribā*, *gharar*, and *maysir*.	67.80%	32.20%
	16	Rigorous exclusion of alcohol, tobacco, and other *harām* sectors from the portfolio.	68.80%	31.20%
IV. Barriers & Hurdles	19	Degree to which administrative complexity poses a barrier to implementation.	71.80%	28.20%
	20	Influence of the “Awareness Deficit” as a primary challenge to adoption.	77.10%	22.90%
	22	Role of misconceptions about Islamic Finance in hindering wider participation.	68.00%	32.00%
V. Prospects & Growth	25	Perceived growth potential of the scheme within the regional market.	73.80%	26.20%
	30	Identification of Fintech integration as a primary gateway to future efficiency.	64.80%	35.20%
	33	Strategic importance of Religious/Community leaders in mobilisation efforts.	76.10%	23.90%
VI. Improvement Pathways	35	Demand for the organisation of targeted educational and outreach programmes.	78.80%	21.20%
	36	Necessity of simplifying the administrative and enrollment protocols.	74.10%	25.90%
	37	Desire for the expansion of available Sharī’ah-compliant investment outlets.	73.30%	26.70%

Source: Oyesanya & Bakare (2025)

Table 1 shows that the Fund VI Scheme enjoys a high level of basic visibility, as 74.3% of respondents recognise the name of the scheme, while 69.5% identify it as a *Sharīʿah*-compliant pension arrangement. However, only 48.4% believe that they have received sufficient information about the scheme, compared to 51.6% who feel inadequately informed, indicating that awareness remains largely superficial rather than comprehensive. Participation is also relatively weak, as only 43.8% of respondents are actively subscribed to the scheme, whereas 56.2% are not participants. Similarly, only 42.8% consider the enrollment process user-friendly, while 57.2% perceive it as difficult, and just 39.3% report having directly benefited from the scheme compared to 60.7% who have not experienced any direct benefit. In spite of these limitations, perceptions of *Sharīʿah* conformity remain strongly positive, with 71.0% expressing confidence in the scheme's compliance with Islamic law, 67.8% affirming that its investments are free from *ribā*, *gharar*, and *maysir*, and 68.8% acknowledging the exclusion of alcohol, tobacco, and other prohibited sectors from its portfolio. The table further indicates that 71.8% regard administrative complexity as a major obstacle, 77.1% identify lack of awareness as the principal challenge to adoption, and 68.0% believe that misconceptions about Islamic finance hinder wider participation. Nonetheless, future prospects are viewed positively, with 73.8% perceiving strong growth potential for the scheme, 64.8% identifying fintech integration as important for future efficiency, and 76.1% emphasising the role of religious and community leaders in mobilisation efforts. Consequently, respondents strongly support improvement measures, as 78.8% call for targeted educational and outreach programmes, 74.1% advocate for simplified administrative and enrollment procedures, and 73.3% demand a broader range of Sharīʿah-compliant investment opportunities within the scheme.

C. Discussion of Findings

Findings revealed that awareness of the Fund VI Scheme among the target population was not only moderate but also largely superficial. This is because approximately 74% of respondents reported having heard of Fund VI, and nearly 69% acknowledged its Islamic foundations and *Sharīʿah*-compliant investment requirements. However, fewer than half (48.4%) indicated that they had received sufficient information regarding the scheme's operational and investment features. The qualitative evidence supports these observations, indicating that many Muslims had only passive or informal exposure to the scheme, primarily through religious gatherings, social media platforms, and casual conversations, rather than through formal educational programmes.

This partial awareness corroborates the submission of Mustapha (2023) and Olayemi and Hassan (2022), who contended that Islamic financial literacy in Nigeria remained low and that passive exposure alone would not translate into functional understanding or meaningful participation. The implication is that, although Fund VI enjoys nominal recognition, this visibility has yet to translate into informed engagement. It further emphasised the need for targeted awareness campaigns and advocacy utilising mosques, Islamic gatherings, Islamic scholars, and the media.

Participation in Fund VI was observed to be relatively low, with only 43.8% of respondents actively enrolled and 42.8% reporting that the enrolment process was straightforward. While a majority (76.9%) subscribed to some form of Pension Fund Administrator plan, a substantial percentage had not migrated to the *Sharīʿah*-compliant alternative due to administrative complexity, insufficient guidance, and limited customer support. Results from structured interviews reinforced these patterns. They reflected bureaucratic bottlenecks, inconsistent communication from PFAs, and inadequate digital infrastructure as major impediments to enrolment and migration to Fund VI.

The findings affirm the conclusion of Abdulaziz (2023) and Lawal and Yusuf (2022), who found that operational inefficiencies and cumbersome procedures hindered active participation, even when financial products are consistent with religious and ethical preferences. The data further revealed a critical gap between nominal awareness and actionable engagement, showing that awareness alone was insufficient to drive participation unless it was accompanied by streamlined processes, proactive advisory services, and effective digital facilitation.

A substantial majority of respondents, between 65% and 71%, affirmed that Fund VI conforms to Islamic financial precepts, particularly the prohibition of *ribā*, *gharar*, and *maysir*, compliance with *Sharīʿah* screening processes, and exclusion of *harām* sectors, including alcohol and tobacco. Respondents also expressed confidence in the *Sharīʿah* Supervisory Boards overseeing the fund, perceiving them as credible authorities responsible for ensuring ethical investment. The qualitative data corroborated this finding. It revealed the spiritual and ethical assurance that Fund VI provided to contributors. Nonetheless, a minority of respondents conveyed residual scepticism, stemming from limited disclosure of *Sharīʿah* audit reports and unclear communication regarding compliance monitoring. This opinion echoes Hassan and Huda's (2022) submission that transparency gaps could undermine stakeholder confidence. This implies that while the perceived religious legitimacy of Fund VI was strong, enhanced public disclosure and active engagement were required to consolidate trust and promote wider adoption.

The study identified several challenges hindering the effective implementation of Fund VI. Recurrent concerns included limited awareness, administrative complexity, regulatory ambiguity, and insufficient *Sharīʿah*-compliant investment opportunities. Divergent jurisprudential interpretations within Islamic finance were also identified to have complicated standardisation and trust, fostering hesitancy among potential contributors. Responses from interviews revealed further operational impediments, particularly unclear guidance from PFAs, inadequate digital infrastructure, and inconsistent enforcement of *Sharīʿah* compliance. These impediments indicate structural, perceptual, and market-related constraints. This result corroborated the observations of Ojo (2023) and Adebayo (2022), who argued that institutional fragmentation and regulatory insufficiency inhibited the scalability of Islamic financial products in Nigeria. The outcome further underscores the imperative for comprehensive reforms, capacity-building, and community engagement to address these barriers and enhance the adoption and effectiveness of the scheme.

Despite the challenges, the findings revealed prospects for the growth and mainstreaming of Fund VI among Yoruba Muslims. Respondents expressed optimism regarding the scheme's potential. They highlighted factors such as the global rise of ethical finance, increasing financial literacy, fintech integration, and community mobilisation through religious leaders. Other opportunities identified included blockchain-based transparency, smart contract automation, and tailored educational initiatives as the main drivers for improving accessibility, trust, and operational efficiency. Furthermore, respondents strongly endorsed the role of Imāms, scholars, and Islamic organisations in promoting Fund VI. They reflect the importance of culturally embedded communication strategies in encouraging adoption. These prospects suggest that, with strategic interventions encompassing technological innovation, regulatory clarity, public sensitisation, and *Sharīʿah*-compliant investment expansion, Fund VI could achieve sustainable growth, deepen retirement inclusion, and provide ethical financial security for the Yoruba Muslim population in Ogun State.

Conclusion and Recommendations

This study examined the *Sharīʿah*-Compliant Pension Funds, the Fund VI Scheme, among Yoruba Muslims in Ogun State, Nigeria. It focused on awareness, participation, *Sharīʿah* compliance, and the socio-institutional dynamics shaping its adoption. The study contributed to the intersection of the *Sharīʿah* and the administration of the pension scheme in Nigeria's semi-urban Muslim area that has remained underexplored in existing literature on Islamic pensions. Through a triangulation of methodology that combines quantitative survey data with qualitative methods from pension fund administrators, Islamic scholars, and regulatory officials, the study showed that both structural and perceptual factors influenced the operationalisation of Fund VI. It extended the discourse beyond the normative *Sharīʿah* compliance to include experiences and institutional realities.

Results showed that while Fund VI enjoyed nominal recognition and a high degree of perceived *Sharīʿah* legitimacy, awareness and active participation remained constrained by administrative, informational, and market-related impediments. Although respondents largely affirmed the scheme's conformity with Islamic principles, lingering scepticism persisted due to limited disclosure of *Sharīʿah* audit outcomes, a shallow pool of *ḥalāl* investment opportunities, bureaucratic complexities, regulatory ambiguities, and divergent jurisprudential interpretations. Meanwhile, the study identified strong prospects for expansion, driven by remarkable ethical finance consciousness, fintech-enabled efficiency, community-based mobilisation through Imāms and Islamic scholars, and gradual improvements in financial literacy. This implies that faith-based pension schemes could meaningfully engender inclusive financial participation in Nigeria when religious legitimacy is complemented by regulatory clarity, operational transparency, market depth, and sustained public education.

Consequently, the study recommended that PenCom, in collaboration with Islamic financial institutions and community mosques, should prioritise structured public enlightenment programmes and advocacy to address the low awareness and widespread misconceptions about *Sharīʿah*-compliant pension schemes among Yoruba Muslims. Pension Fund Administrators managing Fund VI should undergo mandatory periodic training in Islamic finance to address identified gaps in technical competence related to *Sharīʿah*-compliant investment management. Also, PFAs administering Fund VI should establish internal *Sharīʿah* Advisory Boards and make them public to ensure compliance, transparency, and credibility in response to concerns about *Sharīʿah* authenticity and trust deficits. PenCom should strengthen the regulatory framework by introducing enforceable *Sharīʿah*-specific guidelines to address regulatory ambiguities and inconsistencies in the governance of Islamic pension products. The extension of *Sharīʿah*-compliant micro-pension schemes to artisans, traders, and small-scale entrepreneurs should respond to the exclusion of informal-sector participants identified in the study.

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