AWARENESS AND USE OF ISLAMIC BANKING IN NIGERIA

By

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Abstract

License was granted to Jaiz Bank Plc since 2010 to operate as an Islamic Bank in Nigeria. It established three branches in the states in northern Nigeria that are predominantly Muslims. All these years the effect of the Islamic bank has not been felt by Nigerians. This paper poised to survey the reason behind the less impact of the bank in Nigeria.

The elites from Babcock University, a university in the Western part of Nigeria were surveyed through the use of questionnaire. Out of 90 pieces of questionnaire distributed, 81 were retrieved and analyzed using Statistical Package for Social Sciences (SPSS). Many lecturers did not understand the operations of Islamic banks neither were they aware of its existence. Many reasons why Islamic banks should be used were discovered. The survey identified some reasons why people might not like to patronize Islamic banks in Nigeria. The paper recommends, among others, that the proprietors of Islamic banks should endeavour to create awareness of the existence and usefulness of Islamic banking.

Keywords: Islamic banking, Concepts of Islamic banking, Operations of Islamic banks, Principles of Islamic banking, Information about Islamic banking, Origin of Islam.

INTRODUCTION

Unawareness and lack of knowledge of laudable ideas kill good innovative ideas. Lack of proper understanding of operations coupled with prejudice against the proponents of such ideas kill profound ideas. Impatience in learning new principles, especially unconventional ideologies, uproots revolutionary and transformational ideas from thought. Good innovations, for lack of understanding and impatience to know, die at introduction. Islamic banking is a new way of banking in Nigeria so time is needed to create awareness and to teach Nigerian citizens about how it operates.
Information is a veritable tool in the dispensation of knowledge on any innovation hoped to be imbibed by the public. Creating awareness on any new product, be it consumable good or service, requires advertisement. Advertisement is communicating new product or idea to those who are not aware of it so as to attract them to the new product or idea. Where this is lacking, the introduction of the product or idea to the potential users may suffer a set back or a total death. Some products die a natural death as a result of not being exposed or improper exposure. Some well advertised products or services also die naturally as a result of its inefficacy. This led to the axiom that “a bad product well advertised ends up killing itself”. On the other hand, a well advertised good product makes the producer a millionaire. A good product advertises itself; it is those who have used the product that will tell others about it.

The idea of Islamic banking started with the founder of Islam, Prophet Mohammad, himself. So, Islamic banking is not a new concept in banking but the issue is ‘Why has it not gained ground even among the Islamic states? Hear what Institute of Islamic Banking and Insurance (2013) says about the origin of Islamic banking:

The origin of the modern Islamic bank can be traced back to the very birth of Islam when the Prophet himself acted as an agent for his wife’s trading operations. Islamic partnerships (mudarabah) dominated the business world for centuries and the concept of interest found very little application in day-to-day transactions.

According to devout Muslims, Islam began before Mohammad was born. History bears it that the Qur’an was only dictated by Mohammad and not originated by him. In Sura 26:192-195, the Qur’an itself says’ “This is a revelation from the Lord of the universe. The Honest Spirit (Gabriel) came down with it, to reveal it into your heart that you may be one of the warners, in a perfect Arabic tongue”. According to secular history:

The origin of Islam can be traced back to 7th century Saudi Arabia. Islam is thus the youngest of the great world religions. The prophet Muhammad (circa 570-632 A.D.) introduced Islam in 610 A.D. after experiencing what he claimed to be an angelic visitation. Muhammad dictated the Qur’an, the holy book of Islam, which Muslims believe to be the preexistent, perfect words of Allah. (allaboutreligion.org, 2013).
The question that should be bothering our hearts now is, when did Mohammad introduce Islamic banking? Since the idea of non-interest lending was inscribed in both the Bible and the Qur’an, did Mohammad remember to apply it only when his wife was in trouble of getting enough funds for her business? Since Islam was introduced in 610 A.D., why is it taking so long for the world to embrace interest-free banking, since that is what Islamic banking is all about? This and many more are what this research intends to find out.

Though Islamic banking should have started long ago, it was in the 1960s that Muslims started thinking about the possibility of establishing such a bank. “When, in the 1960s, Muslim thinkers began to explore ways and means of organizing commercial banking on an interest-free basis, economists dismissed their work as wishful thinking” (allaboutreligion.org, 2013). Fortunately it eventually started in 1963 in Mit Ghamr, in Egypt. A 7th century idea materialized in 20th century; what a long time!

Up to this 21st century this laudable idea of establishing an interest-free banking is still a mirage even to many Muslim countries. What could be the cause for this delay? This research sets out to find out some of the factors leading to its limitation.

**STATEMENT OF PROBLEM**

Banks, especially commercial banks, save money for the citizens who are their customers. Money that could be stolen at home is thereby saved. Unemployment is reduced because people get employed in the banking sector. Business people loan money from banks to execute their businesses when they are short of funds. Where there are many banks interest charged by the banks could be reduced because of competition for customers. Some banks, not only do they charge interests, charge extraordinarily cut throat interests. Therefore, there is need to introduce banks that charge little or no interest to those needing loans.

Islamic banks charge no interest on loans but they are nowhere to be found even in the Muslim states where they should litter. This is the reason why this research is carried out,
to ascertain if lack of knowledge of what Islamic banking is all about is the core reason why it is not available for the citizens to use.

**OBJECTIVE OF THE RESEARCH AND RESEARCH QUESTIONS**

The main objective of this research was to know how knowledgeable Nigerian elites were about Islamic banking. The specific objectives were to:

1. Ascertain the awareness of Islamic banking by Nigerians
2. Survey how Nigerians knew about Islamic banking
3. Test their knowledge of the operations of Islamic banks in Nigeria
4. Seek Nigerians opinion on the use of Islamic banks

Questions were asked along these objectives to obtain data through the use of questionnaire. The questionnaire addressed the issues of Nigerians’ understanding of what Islamic banking is all about (definition), the operations of Islamic banks, the source through which they knew about Islamic banks, and their opinion towards the use of the banks. What would hinder them from using the bank, if any, was part of the solicited answers from the respondents.

**METHODOLOGY**

Survey method was adopted to collect data through the use of self-constructed questionnaire. Lecturers (the elites), from Babcock University, one of the three first private universities commissioned in 1999 to operate and award degrees in Nigeria, were selected for this survey. The traders, who bank often, could have been used but since the awareness of the existence of this bank was obscure, the lecturers seemed to be the best starting point. Two better ways to disseminate information are by teaching and by advertising. Teaching comes before advertising because one advertises what he is aware of. Awareness comes by knowledge and knowledge comes by teaching. So, teachers (lecturers) were the best people to use because they are the first set of people to know in order to teach others. Babcock university was also one of the best environments to use
because it is national and multinational in its recruitment of lecturers. The major ethnic
groups in Nigeria are represented in Babcock University’s staff. So the university is a
good demographic representation of Nigerians.

Ninety pieces of questionnaire were randomly distributed to the lecturers in a
congregation meeting of all the graduate staff of the institution. Eighty-one copies were
returned from which the analysis of the data collected was done with the use of Statistical
Package for Social Sciences. Data was presented in discrete figures and percentages
using tables and graphs.

LITERATURE REVIEW

Nigeria is berated with a big cap of being the “giant of Africa”. It is eulogized
everywhere, song and danced everywhere. Nigeria is supposed to lead while other
African countries follow. Nigeria has the highest concentration of black people in the
world by virtue of being the most populous African country with a population of over
150 million people. In economy, Nigeria should be leading in Africa. The question to be
answered is: Is Nigeria leading? In what is Nigeria leading?

Read this poem written by Adeyemi Adisa titled Nigeria: The Giant of Africa. It is a 6-
stanza poem but here we presented only the first 3 stanzas (www.tigweb.org, 2013).

Nigeria,
You are the giant of Africa
The most populous nation in Africa
And the tenth in global population

You’re not just big
Nor just heavily populated
Your largeness as a nation
Is also blessed with invaluable resources
Your south is naturally full of oil
Your north is also blessed with numbers of godly-given materials

Go to east and west,
There are a vast number of resources abundantly given by nature
The assets that many envy
Your vegetation is evergreen
Your rain forest is full of tall and rich trees
Your rain season is as accurate as the months of the year
And your dry season is as friendly as Nigerians

We decided to showcase only these three stanzas because this research is not about praising Nigeria but the intention for presenting it is understood. Naturally there is every reason to praise Nigerian because it is lavishly blessed by God. Tears roll out from the eyes of godly Nigerians when they see how Nigeria is being run by the leaders. Economically Nigeria is ruined. At a time in Nigeria banks flourished like churches until a step was taken on the consolidation of banks to bring sanity. Now banking in Nigeria is becoming trusted and solidified.

ORIGIN OF ISLAMIC BANKING

Islamic banking can be said to have originated with Islam as religion. “The origin of Islam is controversial”, however, there are records to attest to its origin which are records of history. There are two testaments to the history of the origin of Islam, one is the secular history and the other is the history according to Islam. According to secular history:

The origin of Islam can be traced back to 7th century Saudi Arabia. Islam is thus the youngest of the great world religions. The prophet Muhammad (circa 570-632 A.D.) introduced Islam in 610 A.D. after experiencing what he claimed to be an angelic visitation. Muhammad dictated the Qur'an, the holy book of Islam, which Muslims believe to be the preexistent, perfect words of Allah (www.allaboutreligion.org, 2013).

The above quotation is the belief of the secular people, that is, non-Muslims (non-Islam). To the Muslims (the followers of Muhammad), the origin of Islam is accredited to the prophet Muhammad but to the “devout Muslim, Islam began long before Muhammad ever walked the earth”. It is believed that The Qur’an was dictated by Mohammad but did not originate with him. The Qur’an itself asserts that:

This is a revelation from the Lord of the universe. The Honest Spirit (Gabriel) came down with it, to reveal it into your heart that you may be
one of the warners, in a perfect Arabic tongue” (Sura 26:192-195). "Say, 'Anyone who opposes Gabriel should know that he has brought down this (the Qur'an) into your heart, in accordance with God's will, confirming previous scriptures, and providing guidance and good news for the believers'” (Sura 2:97).

Whichever is the truth, the point here is that, there is a connection between the religion of Islam and the practice of Islamic banking since it is derived from the religion. Islamic banking is a system of banking that prohibits interest on loans according to Islamic religious belief or injunction.

WHAT IS ISLAMIC BANKING?

This question is novel here because this subject is new in Nigeria, though the text has been highlighting the definition. According to Islamic-banking.com (2013):

Islamic banking refers to a system of banking or banking activity that is consistent with the principles of the Shari’ah (Islamic ruling) and its practical application through the development of Islamic economics. The principles which emphasise moral and ethical values in all dealings have wide universal appeal. Shari’ah prohibits the payment or acceptance of interest charges (riba) for the lending and accepting of money, as well as carrying out trade and other activities that provide goods or services considered contrary to its principles.

The Muslims believe in the Torah, the first five books of the Bible and it seems that the idea of not taking interest is lifted from there. In the book of Deuteronomy chapter 23 verse 19 “When you lend money or food or anything else to a fellow-Israelite, do not charge him interest”, but in verse 20 it says, you may charge interest to a foreigner. In chapter 15 of the book of Psalms, listing what God requires from His people, verse 5(a) added that “He makes loans without charging interest”, to such people who do that, God said that they would always be secured. Islamic banking is not only following Islamic principles, it is following Biblical principles also. Abdullahi Sai’d, the General Manager of Jaiz, outlined the modus operandi of the bank. He pointed out that “some tenet of the Islamic injunctions as it concerns the operation of the Islamic banking system included; interest prohibition, granting of loans to run hotel business, prostitution, gambling,
running piggery, among others” (Shemang, 2010). Why has it not thrived in Nigeria since its introduction in 2010?

**NIGERIANS VIEWING ISLAMIC BANKING THROUGH AN OPAQUE GLASS**

Nigeria’s first Islamic bank was granted license in 2010 and it started operation in three branches namely Abuja, Kaduna, and Kano which are predominantly Muslim states (vanguardngr.com, 2012). The bank called Jaiz Bank Plc., according to Vanguard report of February 15, 2012: “A staff of the bank in Abuja Office said most of the early customers were groups of business institutions and private individuals from different religious persuasions making inquiries as well as opening different accounts”. The paper went further to state that the introduction of Islamic banking was part of a drive by the Central Bank of Nigeria to “propel Nigeria’s economy and promote financial inclusion by introducing alternative products”. It further stated that “The non-interest regime offers veritable incentives and attractive options for investors”. This paper looked at Islamic banking with the eye of a non-partisan. “Whether it is Christianity or Judaism, every community wants to borrow money without being bugged down with multi-layer interest structure”. How does majority of Nigerians see Islamic banking?

Abdullahi Sai’d, the General Manager, Corporate Services of Jaiz Bank, Plc. said that Islamic banking is good for all Nigerians irrespective of their religious callings. Many Christians believed that the establishment of the bank in Nigeria was an attempt to turn Nigeria into an Islamic country. The Catholic Arch-Bishop of Abuja, John Onaiyekan, realizing the mind of the Christians pointed out the need to educate Christians about the operations of the bank. Abdullahi Sai’d acknowledged that “a lot of awareness still needed to be done so that misunderstanding and misconceptions about the bank can be corrected” (Shemang, 2010).

From ventures-africa.com (2012), a heartbeat of Nigerians over the introduction of Islamic banking in Nigeria is felt. It is not clear whether the bank transactions will be discriminatory, Muslims being favoured against Christians. A trickle of the impact of the
The introduction of Islamic banking in Nigeria is expressed in this statement from Nigerian Stock Exchange (NSE):

It is the first time in the history of the NSE that a faith-based financial window, which offers interest free services, will take part on the trading platform. The objective, according to Hajarat Adeola, the Managing Director of Lotus Capital Ltd, the operator of the index, is to enthrone Islamic financial principles in equity trading, by tracking the performance of Sharia compliant stocks on the exchange floor. Banks, insurance companies and alcohol and tobacco manufacturers have been shut out of the window, as have companies that deal with gambling, “unwholesome entertainment” and sectors of the economy deemed “offensive” by the Sharia Advisory Board. Companies with a high debt profile are also unwanted, shutting out some huge firms such as Dangote Cement Plc and Cadbury Plc.

This expression is part of the fear Nigerians have over the introduction of Islamic banking. Nigerians are attaching too much religion into the matter. Ethically, is it wrong to introduce methods to eradicate unwholesome foods and beverages that destroy human beings? It is implied that when businessmen are denied access to loans to purchase unwholesome goods, it will reduce the importation of such destructive items thereby reducing incentives that lure people into doing evil. What makes it more worrisome is that “notable Muslim businessmen in Nigeria” are not patronizing the bank. The Chief Executive of Islamic Institute of Accounting and Finance, Abdurrahman said in 2012 “it was regrettable that the bank had not been able to raise the required N25bn required as capital base due to low patronage”. Why are even Muslims afraid of banking in an Islamic bank? Do they like ‘Riba’? Or are they fake Muslims? The Muslims should be the first to embrace Islamic banking. The Muslims make up 50% of Nigerians. Economically, they are business-like too (nairaland.com, 2013). It has also been predicted by the wordpress.com (2011) that:

Muslims will be the majority in Nigeria in the next 20 years, according to a study by the Pew Research Centre. The population is set to more than double, to 117 million, by 2030. This will mean that Nigeria will become a predominantly muslim country, with 51.5% of Nigerians being of the muslim faith.
This being the case, why can’t Islamic banks flourish everywhere in Nigeria even with 50% Muslims?

HOW DOES THE BANK REALLY OPERATE?

To understand the operation of Islamic banking, one has to visit where it has been well established. It is known that Islamic banking is banking based on Islamic law called Shariah. It follows Islamic rules on transactions known as fiqh muamalat which came from “the Qur'an and the Sunnah and other secondary sources of Islamic law such as opinions collectively agreed among Shariah scholars (ijma’), analogy (qiyas) and personal reasoning (ijtihad) (bankinginfo.com.my, 2009). The first Islamic bank was established in Malaysia in 1983. It had a special logo to differentiate it from the conventional banks which means that it existed side by side with the interest yielding banks. Muslim Shariah law was strictly applied.

The general Shariah concepts applied in Islamic banking as outlined in bankinginfo (2009) are as follow:

1. Safekeeping (Wadiah): In Wadiah arrangement a customer deposits cash or other assets in a bank for safekeeping while the bank guarantees its safety. Bank may charge a fee for keeping the money or the item. You are free to take your money/item at your wish.

2. Profit Sharing (Mudharabah): This is a profit sharing arrangement between an investor and the entrepreneur. The bank could be either the investor or the entrepreneur. You may supply funds to the bank to invest or vice versa. There is an agreement on profit sharing. Where there is loss the supplier of the fund bears it.

3. Deferred Payment Sale (Bai’ Bithaman Ajil – BBA): This applies when a buyer pays the seller after the buyer has sold the good. The seller pays back to the supplier of the funds the capital with an agreed interest as lump sum or instalmentally. In this scenario, the borrower picks an asset and the bank pays for
it and the owner pays back with an agreed mark-up price. This works well with assets like land or house.

4. Cost Plus (Murabahah): “As in BBA, a Murabahah transaction involves the sale of goods at a price which includes a profit margin agreed by both parties. However, in Murabahah, the seller must let the buyer know the actual cost for the asset and the profit margin at the time of the sale agreement” (Bankinginfo, 2009, p.6).

5. Joint Venture (Musyarakah): This is a joint business between individuals and the bank or it is a partnership venture to make profit. An agreement as to how to share the profit or the loss, as the case may be, is agreed. It may be shared according to the ratio of each partner’s contribution or otherwise as agreed.

6. Hire Purchase (Ijarah Thumma Bai’): “Ijarah Thumma Bai’ is normally used in financing consumer goods especially motor vehicles. There are two separate contracts involved: Ijarah contract (leasing/renting) and Bai’ contract (purchase)”. In this case one picks a car of his choice and pays a deposit and asks the bank for Ijarah with a promise of leasing the car. After the lease period the bank sells the car to you at an agreed sells price.

7. Agency (Wakalah): This is a contract between a person (principal) and another party, agent (probably the bank) where the principal asks the agent to act on his behalf for a fee for service rendered.

8. Interest-free Loan (Qard): Under Qard, a loan is given for a period of time on goodwill and the borrower is required to repay only the amount borrowed. The borrower may decide on his own volition, to show appreciation, add an extra amount. This is the basic understanding of Islamic banking by many in Nigeria, but it is just one of the many services rendered by Islamic banks as has been outlined.

9. Gift (Hibah): “This refers to a payment made willingly in return for a benefit received. Example: In savings operated under Wadiah, banks will normally pay their Wadiah depositors hibah although the account holders only intend to put their savings in the banks for safekeeping” p.9.
HOW AWARE ARE NIGERIANS ABOUT ISLAMIC BANKING?

Except for this study, no knowledge of Islamic banking would have been known by me, which means that the bank owners are not doing enough to create awareness of the existence of this bank. The first presentation from the pioneer of Islamic bank in Nigeria was downloaded from the internet and the date of the presentation was not noted in the presentation (Jaiz, n.d). The paper introduced the concept of Islamic banking, highlighted the challenges of a pioneer and listed the benefits of the bank. Those who were not there when it was presented and those who could not go to the net to search for it (of course very few, if any, would be searching for Islamic banking in the internet) will not have access to the document. How aware are Nigerians about Islamic banking? This is the main reason for this research; to know how much Nigerians know about Islamic banking. With the numerous “gains” this study has exposed about Islamic banking one would expect an upsurge in the patronage of this bank in Nigeria.

Alao and Alao (2012) observed the difficulties experienced in Nigeria when one wants to borrow money from Nigerian banks. “The first challenge is that of getting attention and the cut throat conditions associated with borrowing money from banks that range from provision of collateral to lack of sufficient interest in the banking sector to see to the success of the venture provided the collateral is strong enough to swallow the loan obtained” (p. 65). With this observation it is expected that Nigerians will embrace with jubilation the introduction of Islamic banking. What is the problem? This research would expose some.
DATA PRESENTATION, ANALYSIS AND DISCUSSION

As has been said, a survey was carried out using questionnaire. The data collected with the questionnaire are here analyzed using SPSS and presented in tables and figures.

Table 1 Definition of Islamic Banking

<table>
<thead>
<tr>
<th>S/N</th>
<th>ISLAMIC BANK COULD BE DEFINED AS:</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bank managed by using Islamic principles of “forbidden interest charge”</td>
<td>71(87.7%)</td>
<td>10(12.3%)</td>
</tr>
<tr>
<td>2</td>
<td>Bank operated by using Islamic Shariah law</td>
<td>36(44.4%)</td>
<td>45(55.6%)</td>
</tr>
<tr>
<td>3</td>
<td>Bank owned by the Moslems and operated by Moslems only</td>
<td>26(32.5%)</td>
<td>55(68.7%)</td>
</tr>
<tr>
<td>4</td>
<td>Banking operation using Shariah law where non-Muslims are excluded</td>
<td>14(17.3%)</td>
<td>67(82.7%)</td>
</tr>
</tbody>
</table>

Table 1 revealed the respondents’ view on the definition of Islamic Banking. It also showed their understanding of Islamic bank. From the analysis, majority of the respondents see Islamic banking as a bank managed by using Islamic principles of “forbidden interest charge”. This was followed by a second popular definition that Islamic banking is a bank operated by using Islamic Shariah law. This second definition where 55.6% said NO when the answer should be YES is an indication of misunderstanding of what Islamic banking is all about even though it is the second largest positive response. There is a faint but clear understanding from the respondents of what Islamic banking is all about.
Table 2  Knowledge of the Operations of Islamic Banks

<table>
<thead>
<tr>
<th>Do you know that Islamic Banking allows:</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Everybody to save money in the bank irrespective of religion?</td>
<td>58(71.6%)</td>
<td>23(28.4%)</td>
</tr>
<tr>
<td>2 Non-Moslems to use the bank?</td>
<td>55(67.9%)</td>
<td>26(32.1%)</td>
</tr>
<tr>
<td>3 Loans to customers without charging interest?</td>
<td>52(64.2%)</td>
<td>29(35.8%)</td>
</tr>
<tr>
<td>4 No interest charges for money deposited in the bank?</td>
<td>46(56.8%)</td>
<td>35(43.2%)</td>
</tr>
<tr>
<td>5 Charge of service fee for keeping depositors’ accounts safe?</td>
<td>35(43.2%)</td>
<td>46(56.8%)</td>
</tr>
<tr>
<td>6 Gifts to be given to the depositors in form of monetary payment?</td>
<td>28(34.6%)</td>
<td>53(65.4%)</td>
</tr>
<tr>
<td>7 Payment for someone’s order (as loan), and sells the ordered product back to him at a higher price?</td>
<td>8(9.9%)</td>
<td>73(90.1%)</td>
</tr>
</tbody>
</table>

Table 2 tested the respondents’ (lecturers) understanding of the operations of Islamic banks. From the Table, item 1 revealed that majority of the respondents know that Islamic Banking allows everybody to save money in the bank irrespective of religion, item 2 revealed that most of the respondents know that Islamic Banking allows non-Moslems to use the bank. Item 3 showed that most of the respondents know that Islamic Banking allows loans to customers without charging interest. Revelation of item number 4 indicated that most of the respondents know that Islamic Banking allows no interest charges for money deposited in the bank. Item 5 revealed that most of the respondents do not know that Islamic Banking allows charge of service fee for keeping depositors’ accounts safe. Response to item 6 showed that majority of the respondents (65.4%) do not know that Islamic Banking allows gifts to be given to the depositors in form of monetary payment. While item 7 revealed that most of the respondents (90%) do not also know that Islamic Banking allows payment for someone’s order (as loan), and sells the ordered product back to him at a higher price.

If lecturers could not understand the last three operations of Islamic banks on the questionnaire as was revealed in their responses, it means that there is a big work to be done by the operators of this bank to create awareness starting from the elites who will eventually teach the students and others in the community where the lecturers reside.
Table 3  Use of Islamic Bank to Save Money

<table>
<thead>
<tr>
<th>S/N</th>
<th>STATEMENT</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>If you know that your money in Islamic bank cannot be used to trade on alcohol because of its moral implication, will you bank there?</td>
<td>64(79%)</td>
<td>17(21%)</td>
</tr>
<tr>
<td>2</td>
<td>If you know that money banked in Islamic bank will be used to support the poor and the destitute, would you bank your money there?</td>
<td>62(76.5%)</td>
<td>19(23.5%)</td>
</tr>
<tr>
<td>3</td>
<td>If you know that Islamic bank is for everybody, will you like to bank in it?</td>
<td>52(64.2%)</td>
<td>29(35.8%)</td>
</tr>
<tr>
<td>4</td>
<td>If you know that money banked in Islamic bank could be used for charitable donations, would you bank there?</td>
<td>48(59.3%)</td>
<td>33(40.7%)</td>
</tr>
<tr>
<td>5</td>
<td>If you know that Islamic Banks give out money without charging interest but shares profit or loss made out of it with you, would you bank your money there?</td>
<td>44(54.3%)</td>
<td>37(45.7%)</td>
</tr>
<tr>
<td>6</td>
<td>If your money in Islamic bank cannot be used to buy shares from the Stock Market because of “un-guaranteed” return, will you put your money there?</td>
<td>42(51.9%)</td>
<td>39(48.1%)</td>
</tr>
</tbody>
</table>

Table 3 collected data from the respondents to know their view on the usage of Islamic bank to save money. From the Table, item 1 revealed that most of the respondents believed that even if the money lodged in Islamic bank cannot be used to trade on alcohol because of its moral implication they would still bank in it. Item 2 revealed that majority of the respondents believed that they would still bank in the bank even if they know that money banked in Islamic bank would be used to support the poor and the destitute. The responses continued accordingly as are presented on the Table. The responses would be best presented in a graphic form for at-a-glance overall trend visibility. It is not wise to present the same data in both table and graph but for clearer understanding it is thus presented. The items in Figure 1 are presented as they follow on Table 3.
Bankers as is represented in Figure 1 would save their money in any Islamic bank based on the conditions listed accordingly. It seems that people would not like to put their money in a bank where their money will not yield any interest since almost half (45.7%) of the respondents indicated negative. The last alternative which is if bank customers would like to keep their money where it would not be used for trading in stock market; 48% responded that they would not keep their money in such a bank. Bank customers love where they will receive interest on money deposited in any bank. This indicates that bankers’ keep of money in the bank is a kind of investment where they want a return in form of interest. Therefore interest allocation is a correlate of banking to bank customers.
SOURCE OF INFORMATION ABOUT ISLAMIC BANKING

How aware are people about Islamic banking since three years of inception in Nigeria? A section of the questionnaire was designed to collect data on this issue. The responses are hereby presented. It is presented in both table and graph and in descending ranked order according to priority.

Table 4  Information about Islamic Banking

<table>
<thead>
<tr>
<th>Sources Of Information</th>
<th>YES</th>
<th>Rank Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television</td>
<td>56(69.1%)</td>
<td>1</td>
</tr>
<tr>
<td>Newspaper</td>
<td>46(56.8%)</td>
<td>2</td>
</tr>
<tr>
<td>Radio</td>
<td>42(51.9%)</td>
<td>3</td>
</tr>
<tr>
<td>Internet</td>
<td>22(27.2%)</td>
<td>4</td>
</tr>
<tr>
<td>Journals</td>
<td>21(25.9%)</td>
<td>5</td>
</tr>
<tr>
<td>Colleagues</td>
<td>20(24.7%)</td>
<td>6</td>
</tr>
<tr>
<td>Friends</td>
<td>14(17.3%)</td>
<td>7</td>
</tr>
<tr>
<td>Library</td>
<td>13(16%)</td>
<td>8</td>
</tr>
<tr>
<td>Family Members</td>
<td>10(12.3%)</td>
<td>9</td>
</tr>
<tr>
<td>Others</td>
<td>10(12.3%)</td>
<td>10</td>
</tr>
</tbody>
</table>

Table 4 showed the respondents sources of information on Islamic Banking. From this analysis it was revealed that television is ranked first, as most of the respondents got information about Islamic Banking from the television while sources of the information from the family members was ranked the least. This implied that very few people sourced information about Islamic banking from their family members. Television, newspaper, and radio are good in advertisement, but face to face information works better in some cases. Figure 2 is a graphic presentation of the respondents’ source of information about Islamic banking.
FIGURE 2: Sources of Information on Islamic Banking

CONCLUSION, RECOMMENDATION, AND FURTHER STUDIES

From this eye-opening research, it was discovered that even the elites in Nigeria were not fully aware of what Islamic banking was up to. Where almost 33% of lecturers did not know that Islamic banks are not operated by Muslims only, there is need for enlightenment.

Secondly, Islamic banks have laudable banking operation system which bank users need to know. Diligent teaching of these operations is advisable. It is not easy to embrace a new ideology once one is used to a particular system. It is pertinent therefore to give orientation to bank users. First of all moral implications of the Islamic system of banking should be thought emphasizing on its usefulness in curtailing the consumption of abusive materials and illegal importation of weapons.

There is need to disabuse bankers’ minds on the principles of banking they have known for long. Remember that the society is full of different religions and some atheists. These sets of people have to be carried along.
On interest and stock market, Islamic bank workers should hammer on potential Islamic bankers’ mind the need to avoid visible risk. Risk is necessary in business but nobody sees danger and goes for it. There are many ventures to opt for than the high risk ones.

Not everybody has access to the internet. Television and radio adverts are good, but how often are they used? What type of jingle is used? Music and clowns should be used in television advertisements. One to one contacts work better when it comes to money affairs. Canvassers should be employed who will go from house to house, to market places and to town hall meetings to inform potential customers of the gains inherent in using Islamic banks. The Imams, pastors, priests, bishops, and other clergy should be encouraged to communicate to their adherents or members about the benefits of Islamic banks.

The three established Islamic banks are in the Northern states that are predominantly Muslims. It may surprise the proprietors that Christians may patronize Islamic banks than the Muslims. Establish one in each of the six geo-political zones of Nigeria for a start. There are many rich Muslims who can solely establish these banks, why are they afraid? The owner of a corpse carries it at the head. Muslims should start while others follow.

Islamic banking is what the world needs to bridge the gap between the rich and the poor. It will help those without collaterals to have access to loans in a favourable negotiable way to the benefit of the poor.

There is need for this research to be done in the states where Islamic bank is existing – Abuja, Kaduna, and Kano, to see the response of the people in those areas. Business men and women should be targeted to seek their opinion on the operation of Islamic banks. The common people from the communities should be surveyed to know their level of knowledge of Islamic banking. The bank can sponsor this type of survey.

REFERENCES


