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The Islamic Finance Industry and Grand Potential for Growth in the Contemporary Economy: Arousal for Dual Finances in Nigeria

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Abstract

The paper focuses on evaluating and comparing the justification of Islamic and conventional modes of finance in Nigeria. This study also intends to inspire the adoption of alternative ethical finance to harness its benefits in Nigeria. The acclaimed one hundred billion Sukuk bond launched by the Federal Government of Nigeria is just one of the critical plus Nigeria as a nation can benefit from Islamic finance. A structured questionnaire was distributed to the respondents in the Bauchi metropolis; thereby, the convenience sampling technique was used. Results were analyzed with Chi-square employed to test the hypothesis at a confidence level of 95% (0.05), that is, confidence and significance level, respectively. This study believed that Nigerians are quick to concern about their state of the economy. Therefore it's suggested that there is an urgent need for everyone including the students of business and finance, the product developers for the emerging industry and banking personnel to have proper knowledge of the principles of Islamic finance vis-a-vis conventional finance about the essential requirements of different modes of finance and how they can be applied to various operations and services of banks and financial institutions in the dual economy. This paper further recommended that, when Islamic finance is properly instituted and practice as alternative ethical finance in the country, and more people apply for it, Nigeria economy would stand to be rejuvenated, boosted and made to be robust, embracing the Islamic financial system will present the best way the country's economy can witness rapid improvement.

Keywords: Conventional finance, Dual economy, Emerging Industry, Islamic Finance and Nigeria
JEL Classification: G19 & M21

Introduction

Islamic principles of economics and finance, nowadays, have already proved their ability to attract policymakers and practitioners from all over the world to develop the edifice of an efficient financial system on this basis. From the dawn of the 21st century, Islamic finance has been developing so vigorously that it has evolved from a nascent industry to a global market, where Muslim and non-Muslim are working together and learning from each other for the development of relevant products and services. It has passed the significant milestones of existence, recognition by the global financial authorities, and, most recently, in the delivery of sophisticated and lucrative financial services with competitive pricing and sufficient care for Shari'ah compliance (Ayub, 2007). The Islamic banking system is not, by any means, an entirely new phenomenon when it comes to banking activities. However, the distinction is in the prohibition of payment and acceptance of Riba (interest) and control in the kind of business clients' money is lent for investment. That's about it (Kabir, 2011).

All of this was achieved within just 25 years. Until the early 1970s, Islamic banking was an academic dream, of which few people were aware, even educated Muslims; now, it has become a widely known practical reality.

It made headway in the 1980s as a new system of financial intermediation, despite an unfavorable environment and without the help of the auxiliary or shared institutions needed for its successful operation. Its recognition around the world relates to its workability and viability. It has also attracted the attention of mega international financial institutions, regulators like the Federal Reserve Board, FSA of England, international financial institutions like the IMF and the World Bank and prestigious centers of learning like Harvard and Rice Universities in the United States and the London School of Economics, Loughborough and Durham Universities in Britain, International Islamic Universities in Malaysia and Pakistan and several other institutions in Saudi Arabia and Egypt (Ayub, 2007).

The innovation brought about by the structuring of Islamic products will also contribute to the creation of a new asset class that will be available to customers of all faiths. The introduction of Islamic Finance models such as the Mudarabah, Murabaha, Sukuk, and Istisna'a, which have been tried and tested in other countries, will further strengthen the financial system and create risk diversification against future financial crisis. Furthermore, the introduction of a new asset class will create competition within the financial system, and competition will drive the market and the economy. Also, Islamic Finance will contribute significantly to financial stability. This is because the principle of Islamic Finance negates all the factors which led to the global financial meltdown. Some of its inherent features identified by the IDB-IFSB (Islamic Development Bank – Islamic Finance Services Board) Task Force on Islamic Finance and Global Financial Stability provide key potentials in contributing to the global financial and economic stability (Oluwatosin, 2017).

The development of standard-setting bodies and global facilitators like the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Islamic Financial Services Board (IFSB), the International Islamic Financial Market (IIFM) and the Liquidity Management Centre (LMC) is providing recognition for Islamic finance and enhancing its credibility to both customers and regulators. Bahrain, Malaysia, Saudi Arabia, and Dubai have been serving as its hub for about

the last two decades. Now, London and Singapore are also striving to become centers for Islamic finance. Britain's then Chancellor of the Exchequer Gordon Brown told the Islamic Finance and Trade Conference held in London in June 2006 that he wants to make London a global center for Islamic finance by offering regulatory and tax regime measures to support the creation of Islamic finance products. Demand for Islamic finance is on the rise, both in Muslim majority and Muslim minority countries. In the UK, for example, the Islamic Bank of Britain (IBB) is working as a full-fledged Islamic bank with seven branches (planned to increase to 12 branches by the end of 2007). The first customer to open an account in the Leicester branch of IBB was a non-Muslim who traveled over 100 miles because of the ethics and transparency offered by an Islamic bank. Besides this, the European Islamic Investment Bank (EIIB), HSBC Amanah, Alburaq (a subsidiary of Arab Banking Corporation), Lloyds TSB, ABC International Bank Bristol & West Building Society, KPMG, Clifford Chance, Norton Rose, Dawnay Day and 1st Ethical are among those offering services also to non-Muslim customers. In Malaysia, about 40% of Islamic banks' clients are non-Muslims. In the US and North America, a large number of institutions are providing Islamic financial services, mainly to the Muslim community (Ayub, 2007).

Review of Literature and Conceptual Framework

The establishment of the African Banking Corporation in 1891 marked the beginning of the conventional banking system in Nigeria. It was later changed to the Bank of British West Africa in 1894 and then followed by the establishment of the Bank of Nigeria in 1899 (Uche and Ehikwe, 2001). In 1920 and 1925, the Standard Bank of South Africa, and the Barclays Bank were established respectively. The United Bank for Africa was established in 1948, and ten years later, in 1959, the International Bank for West Africa was founded. Later, these banks adopted different names. For instance, the Bank of British West Africa became the First Bank of Nigeria Limited, while the Standard Bank of South Africa became Standard Bank, and Barclays Bank was named the Union Bank. Despite the change in the nomenclatures, these banks, as well as the indigenous

banks, found it difficult to effect changes in their modus operandi and so the exploitative tendencies persist (Abdulkadir and Murtala, 2016).

According to Adebayo (2010), many Muslims are not satisfied with the operation of the conventional interest-based banking system, which is against the spirit of Islam. The conventional banks are seen by Muslims as being as institutions that do not operate in line with the dictate of Allah. Those who opted for current accounts with these banks still stand the risk of moving in the periphery of the usurious transaction, as this product has percolated element of interest of customers as well. However, other Nigerians have astutely and sagaciously aired their opinions. Dorothy Decker (n.d. cited in Bello, 2011) posited that consider Sri Lanka, despite the Muslim population being just eight percent of the total population, considerable growth has been reported in the past few years with the establishment of HSBC Amanah, Ceylinco and other Islamic Banking institutions.

The discourses of Islamic and conventional finance differ according to the principles of Islamic finance. There is no separation between the spiritual and the secular. Islamic finance is explicitly concerned with religious values and social justice, in contrast to conventional finance, which is based on the maximization of individual utility, welfare, and choice, as expressed, for example, in the shareholder value model. Islamic and conventional banks respond differently to financial shocks. As this study analyses the relative distinction of Islamic and traditional economic systems with particular reference to Nigeria, this paper would delve into people works on the related and relevant concept to climb some salient points that can help to arrive at extensive analysis and conclusion to be able to pave leeway to resourceful and acceptable recommendations.

Philosophy and Rationale behind the Institutionalization of Islamic Finance and Banking System in Nigeria

Islamic finance is catching attention fast in both developed and developing countries (e.g., Denmark, England, Egypt, Iran, Pakistan, South Africa, Sudan, Saudi Arabia, Indonesia, Bahrain, Turkey, Qatar, Kuwait, Malaysia, etc.). It is acknowledged and acclaimed by the World Bank and the International

Monetary Fund as a credible idea to faster economic growth, especially in the third world. Islamic financial institutions (banks) exist in most cases side by side with the conventional (interest-based) banks (Naiya, 2001). Islamic banking and finance are being practiced in over 75 countries around the world, with about 550 Islamic financial institutions in the field. Several international institutions and regional financial centers are playing a crucial role in the standardization of Islamic finance products and thus enhancing its credibility. Almost all multinational conventional finance groups are offering Islamic financial products through specially created subsidiaries or windows. It is a healthy sign of good and ethical business in future that will increase the prosperity and peace of mind of millions of people who were previously either keeping away from the conventional banking system or feeling guilty due to the involvement of interest in their transactions, otherwise prohibited in all revealed religions (Ayub, 2007).

The purpose of the introduction of Islamic finance in many countries has been to serve as an alternative financial solution to meet the needs of the people. Nigeria is a country with a population of over 150 million, with about 50% as Muslims. There has always been a demand among Muslims for financial products and services that conform with their beliefs, and the development of viable alternatives to conventional finance would create a level playing field in which Muslims can also access a vast range of financial services without compromising their religious beliefs. Furthermore, Islamic Finance can create cross-border trade and investments as foreign investors seeking to invest in Islamic products and services will find investment outlets to meet their needs, thereby creating access to foreign exchange and positioning Nigeria on the map as an international financial center. Customers (Institutional Investors and foreign investors) with an investment appetite can also benefit from Shari'ah-compliant funds as well as Sukuks, which are increasingly becoming common in global markets as a result of their impressive growth rates. Islamic Finance will undoubtedly create job opportunities as a lot of specialized skills will be needed to develop the industry and expand its growth, thereby contributing

significantly to the reduction of the unemployment rate in the country (Oluwatosin, 2017).

Nigeria has a long term economic perspective plan with a set target of developing its economy to the level of rating among the world's top twenty economies by the year 2020, code-named Vision 20:2020. And this noble vision is being driven by the nation's financial system; the financial system being the backbone of every economy. Nigeria's financial system consists of the Deposit Money Banks (DMBs), the Capital Market, other non-banking financial institutions like insurance companies, pension fund administrators, finance companies, mortgage institutions, and their related regulatory agencies and the relevant enabling laws guiding their operations. To achieve Vision 2020; therefore, there is a need for a robust and vibrant financial system that will power the economy, as the financial sector is expected to facilitate medium and long term economic growth rates. It is a known fact that rapid financial development has helped boost growth in most developed countries, and is currently paving the way for the emerging developing nations, particularly the Asian giants (Hong Kong, Singapore, South Korea, and Taiwan) and Brazil, Russia, India, and China, popularly referred by the acronym BRICS (Muhammad, 2011).

Evidently, at the take-off of Vision 2020, our nation's Financial System was in a shambles. Nigeria's erstwhile Governor of Central Bank, Professor Chukwuma Soludo (in a paper he delivered on FSS 2020, at the Abuja International Conference Centre, on the 18th of June 2007) said, before the financial industry reforms he introduced in 2004, Nigeria's financial system could not deliver on its defined roles and was characterized by low aggregate banking credit to the domestic economy (20% as a percentage of GDP): that it was engulfed in a systemic crisis; the nation's banks were continuously resorting to Central Bank for bailouts, as they had inadequate capital base; the structure of the industry was oligopolistic, with ten out of 89 banks accounting for over 50% of total banking system assets; poor corporate governance; low banking/population density (with a bank branch serving 30,432 people); a payment system that encouraged cash-based transactions; the nation's insurance industry was

also weak and under-capitalized; pension funds were largely absent, and the Stock Market was shallow (Muhammad, 2011).

Not long ago, the world witnessed a crisis that created doubt in the foundation of capitalism. As it abates, the world economy had witnessed a long period of economic slowdown, with nothing less than \$3 trillion as bailouts and injections of liquidity to reduce the intensity of the crisis (Folami, 2011). Herein, Soludo went on to restructure the system for competitiveness and also consolidated the banking industry by increasing bank capital base from the U.S \$15 million to the U.S \$200 million, implemented through mergers and acquisitions, and injection of fresh capital that brought down the number of the banks from 89 to 24. Wholesale banking came into being with some banks acquiring other financial institutions such as stock brokerages and insurance firms to offer one-stop financial services (Muhammad, 2011). The emergence of stronger banks offered ground for fast-tracking the vision through a road-map policy called Financial System Strategy 2020 (FSS 2020) aimed at making Nigeria the financial supermarket of African economies by 2020. Lagos was proposed to be developed into a financial hub, a world commercial nerve center like London, New York, Hong Kong, Tokyo, Frankfurt, etc. that would offer onshore financial and capital market services; this would facilitate the position of Lagos to function as a center for the intermediation of financial services between Western Europe, North America, Middle East and Asia (Muhammad, 2011).

The Central Bank of Nigeria recently joined other countries like Turkey, Jordan, and Malaysia to come up with specific regulations for the establishment of Islamic banks, with the difference that Nigeria has opted for non-interest banking just like Turkey, which refers to it as "Special Finance House." This gave a sign of relief to the Muslims who were not satisfied with the transaction of the conventional banks, following the replacement of the Banking Law in Nigeria (Banking Act of 1962) with the 1991 Banks and other Financial Institutions Decree (BOFID), which came with the necessary framework for the establishment of Profit and Loss Bank in Nigeria (Adebayo, 2010 cited in Abdulkadir and Murtala, 2016). At present, Islamic banking

has become the fastest-growing segment in both the domestic and international financial systems. The granting of a license to Ja'iz Bank by the Nigerian Apex Bank, now operating in Abuja, Kano, Kaduna, Maiduguri and Gombe states, etc., and the launching of lotus Islamic index since July 30, 2012, in collaboration with the Nigerian Stock Exchange are issued at stake. Thus, it's believed that would increase the flow of investment into the Nigerian capital market and the banking sector from both local and international investors, being that they are a way of creating different asset classes to attract different kinds of investors.

For Nigeria to propel the rest of the African economy, an integrated financial system is essential, with deep and efficient financial markets capable of improving access to financial inclusion of and wooing international investors. In this direction, the CBN under Soludo issued a draft framework for non-interest banking (Islamic banking) in March 2009 – an initiative intended as a platform for a seamless and robust link to international financial markets. The draft was a result of the amendment of the Central Bank of Nigeria Act of 1999, in 2007, that incorporated Islamic banking among others to expand and broaden the nation's financial markets (Muhammad, 2011). The duo of Professor Charles Chukwuemeka Soludo (former Central Bank of Nigeria governor) and Malam Sunusi Lamido Sunusi (the then Central Bank of Nigeria governor) share the same philosophy as they both believe the Islamic banking system can contribute to the revolutionization of the nation's banking sector and create more employment opportunities. Moreover, Prof. Soludo was said to have singlehandedly orchestrated the introduction of the Islamic banking system, whereas Malam Sunusi came and galvanized it (Bello, 2011).

Meanwhile, the House of Representatives has approved the operations of non-interest banks in the nation after the then CBN governor, Malam Sunusi Lamido Sunusi, appeared before the general house and explained the nitty-gritty of the services of the banks. Overwhelmed by his explanation, the House presided over by the deputy speaker, Emeka Ihedioha, gave the governor a resounding ovation and did not ask the governor even a single question.

The governor maintained at the session that people from the South-East had been patronizing Islamic banks outside the country and specifically cited Enugu State that had borrowed money from the Islamic Development Bank (IDB). He further said that out of the ten companies in Nigeria that had obtained loans from the banks, “nine are owned by Christians” (Bello, 2011).

Comparison Between Islamic and Conventional Modes of Finance and Investments

The financial system of any country or society evolves to meet the needs of its members for banking and financial services. By and large, the financial system usually consists of twin subsections, the banking system, and capital (or equity) markets (Folami, 2011). Both types of institutions (Islamic and Conventional) are providing financing to productive channels for a reward. However, the difference lies in the financing agreement (Muslim Inc., 2016). Islam allows equity financing and debt financing. Equity financing is to be effected through profit-sharing contracts, while debt financing is to be made through deferred contracts of exchange. Interest-based lending is forbidden. This is indeed the foundation for establishing and developing the Islamic financial system. Lending is allowed in Islam, but it has to be without interest. In Shari'ah, this type of credit is known as Qarz-Hassan (Benevolent loan). This contract is, therefore, more relevant in the social welfare sector of the economy, or where there is a social implication (Folami, 2011).

In conventional financing, the bank gives money to his client as an interest-bearing loan, after which he has no concern as to how the money is used by the client. In the case of Islamic banking, on the contrary, the financier advances no money. Thus, Islamic financial institutions can charge profit on investments but not interest in the form of Murabaha. “Murabahah” is a contract whereby the Islamic bank sells to a customer, at acquisition, cost-plus at an agreed profit margin, a specified kind of asset that is already in its possession (such as a manufactured good). The customer usually pays the total cost in installments. Murabaha, as a banking instrument, involves the bank buying the underlying assets and selling it at a premium in return for a deferred

payment. The asset has to come under the ownership of the bank before it can be sold to the customer. This ownership requires that for a particular period, the bank bears the risk of the underlying asset getting destroyed. The absence of this risk makes the structure non-Shariah compliant and tantamount to Riba. Islamic banks, therefore, ensure that they take possession of the asset even if it is for a very small period. It is the ownership risk born by the Islamic bank that entitles it to the excess premium.

Moreover, Islamic banks have to bear a supplementary cost associated with the ownership transfer and possession of the underlying asset. At some point, Islamic banks might have to hire trained personnel to ensure that the asset comes under their ownership before the offer of sale is made to the client. The asset possession also entails a storage cost for the bank. Thus, ownership transfer cost and storage can significantly increase a Murabaha structure's total cost compared to a conventional loan. Since this extra cost is very negligible, the paper ignores this element of value while developing the model. On the contrary, a traditional bank is free from such risk as the conventional bank's concern is with the loaned amount, and the underlying risk of the asset being destroyed at no time comes under the bank's ownership (Muslim Inc., 2016).

Moreover, in conventional banking, three types of loans are issued to clients, including short-term loans, overdrafts, and long-term loans. On the contrary, Islamic banks cannot issue loans except interest-free loans for any requirement. However, they can do business by providing the required asset to the client in the form of a Murabaha contract, as stated above. Conventional banks offer the facility of overdrawing from the account of the customer on interest. One of its ways is the use of a credit card whereby the bank sets a limit of overdrawing for the customer. The credit card provides dual facility to the customer, including financing as well as the facility of plastic money whereby the customer can meet his requirement without carrying cash. On the other hand, as far as the facility of financing is concerned, Islamic banks except in the form of Murabaha do not offer this. However, the facility to shop/meet requirements is provided through a debit card whereby a customer can use his card if his

account carries credit balance (Muslim Inc., 2016).

During and after the 2008 global financial crisis, there was believes that excessive lending and risk shifting in conventional finance, in addition to interest (*riba*), excessive risk (*gharar*), gambling (*maysir*), speculations (*mujazafah*), were the main reasons behind the financial crisis. The capitalist system was noted to have an inherent tendency of frequent crises. In their opinion, the risk-sharing and Islamic economic system, based on ethical values, presents an alternative to avoid the occurrence of such crises (Oran, 2012 cited in Islahi, 2015). Under conventional banking, a customer is charged with interest once the facility is available. However, under Murabaha, only profit is due when the commodity is delivered to the customer (Muslim Inc., 2016).

In the pre-Islamic period, the Arabs were effecting debt finance through two main categories of contract as follows: First category: Deferred contracts of exchange (Al Bai/Al-Tijarah/Al-Daya) which are Al-Bai Al-Bithamaa Ajil (Deferred Installment Sale); Bai Al-Murabaha (Deferred Lump-Sum Sale); Al-Ijara (Leasing); Bai Al-Salam (Forward Sale); Bai Al Istisna (Sale on Order); and others. The Second category is Interest-Based lending (Riba Al-Nasi'ah). A contract of exchange takes place when a commodity or service is exchanged for another product or money. In commercial dealings, contracts of exchange arise in sales and purchase contracts and leasing contracts. The contractual relationship is, therefore, of the category of seller-buyer or lessor-lessee. Contracts of transfer may be cash or deferred. When the settlement from one side of the agreement, such as payment on money, is postponed or delayed, the contract becomes a deferred contract of exchange. A deferred contract of trade is, therefore, akin to credit sale and purchase. A deferred agreement creates a debt, hence its features as a debt-financing investment (Folami, 2011).

Furthermore, in case of default, the customer is charged with further interest in the extra period under the conventional system, while additional charging is not allowed under Murabaha (Muslim Inc., 2016). Interest-based lending is not based on the contract of exchange; instead, it is based on lending (in modern time, money lending). The contractual relationship is of the category of debtor-creditor. At the point of

credit, the lender lends the money to the borrower. At the end of repayment, the borrower repays the lender the principal amount of money lent out, plus an 'addition' in the form of interest. Interest-based leading also creates debt and is naturally a debt financing instrument (Folami, 2011).

However, in the conventional financing system, loans may be advanced for any practical purpose, e.g., a gambling casino can borrow money from a bank to develop its gambling business. Thus, conventional financing is not bound by any divine or religious restrictions. In contrast, the Islamic banks and financial institutions cannot affect Murabahah for any purpose, which is either prohibited in Shariah or is harmful to the moral health of the society (Muslim Inc., 2016). The Islamic financing system strictly prohibits transactions in products believed to be illegal under Islamic law. Hence, loans are not given to enterprises that transact in goods such as pig farming, brewers of alcohol drinks, gambling, pornography, and a whole lot more. It rather enjoins justice, equity, honesty, interest-free loaning, profit and loss sharing mechanism, and free freedom from draconian collateral conditions, among others. Finally, in conventional banking, in an interest-bearing loan, the amount to be repaid by the borrower keeps on increasing with time. In Murabahah, on the other hand, a selling price once agreed becomes and remains fixed. As a result, even if the purchaser (client of the Bank) does not pay on time, the seller (Bank) cannot ask for a higher price, due to delay in settlement of dues. This is because, in Shari'ah, there is no concept of time due to money (Muslim Inc., 2016).

Methodology

This study was conducted in the Bauchi metropolis. The basis of selecting the study area was because Bauchi is home to Tijarah Micro-finance Bank Limited, a micro-finance bank with Islamic brand products. A second non-interest bank, Tijarah Micro-finance Bank Ltd., is currently operating in the country and providing Shari'ah-compliant banking services to all Nigerians at the micro-finance level. This micro-finance institution was granted a full operating license as a non-interest (Islamic) micro-finance bank by the Central Bank of Nigeria (CBN)

in September 2014 and commenced operations on October 10, 2014. Currently, the bank operates to complement the existing non-interest banking institution, specialized in micro-finance services.

The structured questionnaire was distributed to the various categories of respondents, and besides, convenience sampling was used where the researcher selects the most accessible population members. Since it is extremely expensive in practice to collect data from all the parameters, convenience sampling, and judgment techniques were used. A total of six hundred and fifty (650) questionnaires distributed to the respondents two (2) were invalid. Hence 648 questionnaires were returned and analyzed, which was well assessed for further statistical actions and quantitatively measure the views of selected businessmen/women and employees in different professional lines such as banks, private companies, academic institutions, hotels, media houses, and other organizations. The rationale behind selecting businessmen/women and employees is to have divergent ideas across the study area. The data collected were analyzed with the use of descriptive statistics of frequency count and percentage, and the hypotheses were tested using the inferential statistics of Chi-square (χ^2) at 0.05 level of significance.

Results/Findings

The focus of this research paper was to evaluate and compare the relative divergence perceptions and benefits of Islamic and conventional banks in Nigeria. The participants' responses were keyed into the system, and the Statistical Package Social Sciences (SPSS) applied to the data. The study used a Chi-square analysis to the hypothesis for statistical significance to test the virtual scenery of Islamic and conventional modes of finance in Nigeria. The research showed that there existed a significant inverse relationship between the dual investments in the contemporary economy. The results are presented in the following steps. The study first presents the perceptions of respondents on relative knowledge of Islamic banking and then provides opinions on the significance and benefits of Islamic finance to the individual or society.

Hypothesis: Islamic finance industry has no significant potential for growth across the country

Table 1 Chi-square Tests for Respondents' Awareness of the Potentiality of Islamic Finance

Variables	N	Df	Ls	Crit X ² value	Calc X ² value	Decision
Male and female students usage of social media network	648	2	0.05	5.991	46.500	Rejected

Interpretation

Table 1 above shows that the calculated chi-square value of 46.500 is greater than the Critical chi-square value of 5.991; hence, the null hypothesis, which states that there is no significant difference Islamic finance as an alternative ethical investment contrary to the conventional mode of finance is at this moment rejected. This implies that there is a substantial difference between Islamic finance and the traditional way of funding. As shown in the result, bringing awareness and understanding of the essence of Islamic finance in providing ethical choice to traditional banking can lead to a positive customer and Islamic Finance Institutions (IFIs) relations. The findings are in line with earlier studies (e.g., Clifford, 2008; Umar, 2010; Hanif, & Iqbal, 2010; Ikram, 2014; Tlesani and Al Suwaidi, 2016). This result shows that the more the general public, from all walks of life, understand what the Islamic finance is all about and experiences proper conduct of Islamic Finance Institutions (IFIs), not only Muslims are to rally around and patronize IFIs, yet non-Muslims too can join the bandwagon not mainly due to Shari'ah compliance but owing to the excellent customer services, socially responsible and ethical values portrayed in each transaction and activity undertaken by the IFIs in Nigeria. According to our discussion, we can conclude that the Islamic finance industry has a great potential for growth through bringing "awareness" across the country, from laymen to intellectuals, coupled with "education" from +18 years to the PhDs. All those who are 'aware' and also equipped with education on the subject matter will definitely and can make a 'difference' in sustaining the growth of the 'Islamic Finance' industry and making it appealing to both the domestic and international financial systems.

Conclusion and Implications

It's undoubtedly clear that the objective of this research work was to evaluate the justification of Islamic and conventional modes of finance and to inspire the adoption of alternative ethical investment

to harness its benefits in Nigeria; as a result, this paper attempts to assess the perceptions of a cross-section of individuals in Bauchi metropolis where the questionnaire was administered. The present study will contribute to academic learning and further research, knowledge dissemination as well as the practice of Islamic finance in the contemporary economy. Islamic bankers may use this study to perceive the perceptions of consumers on product or service patronage. Customers may also use this study to have an insight into the Islamic finance and banking operation, the products available for customers' benefits as well as the procedure to reap those benefits. The government may also use this study in policy formulation and evaluation of various forms of financing.

With the research findings in mind, this study believes that the Nigerians are quick to concern about their state of the economy. Accordingly, the paper suggested that there is a dire need for everyone including the students of business and finance, the product developers for the emerging industry and banking personnel to have proper knowledge of the principles of Islamic finance vis-a-vis conventional finance about the essential requirements of different Islamic modes of finance and how they can be applied to various operations and services of banks and financial institutions in the dual economy. This paper further recommended that, when Islamic finance is properly instituted, and practice in the country and more people apply for it, Nigeria economy would stand to be rejuvenated, boosted and made to be robust, embracing the Islamic financial system will present the best way the country's economy can witness rapid improvement. This study contributes to helping the understanding of Islamic finance principles and its value as a potential solution to the current and future financial crises. The findings of this research will be of interest to conventional and Islamic financial practitioners, policy makers, and academics.

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