

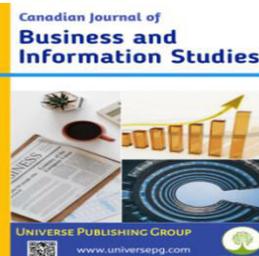


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Islamic Banking Institutions in Kano Metropolis: Challenges and Prospects

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ABSTRACT

This research work investigates the Islamic banking institutions in Kano metropolis: challenges and prospects. The research work identifies the problems or challenges and prospects faced by the said institutions in Kano Metropolis. It employed a descriptive survey in carrying out the study. Questionnaires were administered to the members of staff and the customers that opened and maintained active accounts in the Islamic banks. The findings revealed that the challenges faced by non-interest banks are less awareness by the customers, fewer investors, and less understanding of the products by the customers. The findings also revealed that the prospect of the banks in Kano metropolis is to build a sustainable ethical bank through exceptional services, to be the best bank in Nigeria, to help the entire nation, and to become a clear in ethical finance in sub-Sahara Africa. The study recommends that Islamic banking institutions should create and improve more ways of awareness and marketing strategies in order to capture the uninformed peoples that are willing to the patronize their products and services through the advertising, conference, seminars, and customer forums should be organized by the banks in order to have more customers, more investors, more patronized by the Muslims, and non-Muslims.

Keywords: *Shariah Law*, Islamic banking institutions, Customer awareness and Kano metropolis.

INTRODUCTION:

Islam is a comprehensive way of life, its root of Islamic banking Institutions exist in *Shariah* and can be found in the early practice of the early Muslims. The background of Islamic banking Institutions established during the period of prophet Muhammad (S.A.W) as bait-ul-maal which is the Islamic central treasury or public treasury and it was intended for the benefit of the needy people of the Muslim *Ummah* (Adeyemo, 2022). Islamic banking Institutions or *Shariah*-compliant finance refers to banking or financial activities that adhere to Islamic law and its application through development of Islamic economics Obaidullahi, (2005).

The bank is grounded in the tenets of the Islamic faith as they relate to commercial transactions. The concept can also refer to the investments that are permissible under *Shariah*. The principles governing the non-interest bank are derived from the primary and secondary sources of *Shariah* (Aznan, 2011).

The difference between conventional and Islamic banking is that some of the practices and principles that are used in conventional banking are strictly prohibited under *Shariah* (Dogarawa, 2013). One of the primary differences between conventional and Islamic banking is that Islamic banking prohibits

Riba (usury) and speculation. Islamic law strictly prohibits any form of speculation or gambling, which is referred to as *maysir*. *Shariah* also prohibits taking interest on loans. In addition, any investments involving items or substances that are prohibited in the Quran—including alcohol, gambling, and pork are also prohibited. In this way, Islamic banking can be considered a culturally distinct form of ethical investing (Ayub, 2007, Rana and Kamruzzaman, 2021).

Allah (S.W.T) said “And [for] their taking of usury while they had been forbidden from it, and their consuming of the people’s wealth unjustly. And we have prepared for the disbeliever among them a painful punishment” (Al-Quran Surat An-Nisa 4:161)

From Jabir; the Prophet (S.A.W) cursed the receiver and the payer of interest (*riba*), the one who records it and the two witnesses to the transaction and said: “They are all alike [in guilt].” (Hadith: Sahih Muslim, No 1598).

The interest free banking is based on the principles of profit and loss sharing (P.L.S) by all the stakeholders. Different peoples have different perception about the bank not knowing that Islamic banking and finance operate based on the interest free and in accordance with *Shariah* and it is best type of bank which is based on *Shariah*, risk sharing (profit and loss sharing), profit maximizing according to the *Shariah*, and goods are instrument to generate money not like conventional banks that follows man-made principles, interest (*riba*) is their main source of profit, risk is fully transfer to the borrowers and customers, generate income as financial intermediary, income are fixed and constant and if customer suffer from loss it does not matter to them (Nasiru & Mansur, 2015). The establishment of non-*riba* bank in Nigeria is not new. Various efforts have been made by the Nigerian Muslims, but faced all sorts of challenges and oppositions due to differences in culture and religion, and as a result of lack of awareness about the system (Sanusi, 2011). The failure to provide a stable, monetary and banking framework has been one of the major factors that bring about economic ills all over the world. This led to the poverty of large proportion, economic and social injustices, as well gross income inequalities, inst-

ability in inflation rate, and erosion of the real value of monetary assets (Dogarawa, 2013).

Though the entry of Islamic banking into the field of local and international financial markets has been well recognized, it has yet to cross many hurdles before it can claim to be an institution capable of handling the needs of the world financial markets. Its initial success may be partly due to the fact that there is a niche market for Islamic funds, and partly to its ethical and intrinsic values. To sustain and develop the system, Islamic banks have to strive to solve all problems, which stand in the way of their growth and survival (Onafowokan, 2003). For Islamic Bank to operate in a country that is built on the conventional banking system, there are many problems confronting the said bank in Kano city of Nigeria, this is because, Nigeria is dominated by conventional banks. The negligence from the Muslim *Ummah* in Nigeria contributes to this problem and many more (Adamu, 2012). Also, since for any new system in an environment, there is fair whether the new system will provide the need for the services. That is why, when the Islamic bank in Nigeria must have such problem. Another issue is that, many Nigerians are not aware of Islamic bank and its operations, some are even wondering how Islamic bank can operate in Kano metropolis (Onafowokan, 2003).

This research work covers only within Kano, in examining the importance of *Shariah*-compliance bank and the challenges and prospects faced by the banks, together with the establishment and problems faced by non-interest bank in Kano. The three full-fledge Islamic banks in Kano metropolis are Jaiz Bank, Taj Bank and Lotus Bank Limited. Therefore, the research will look at these problems and challenges critically, analyst them and come out with the solutions to the problems.

Review of Literature

This study consults some research works. Many works/ researches both academic and non-academic were conducted by various scholars and students concerning Islamic banking system and beyond. This section provides clear perception of good topic consideration be written in the past and linking with the present objectives of the work. Some of the research

thesis, journals and books had been written on the objective of this work, therefore, some of research thesis and journals that are written before were the analyzed below:

This study reviewed was a paper presented at seminar series organized by College of Education Academic Staff Union (COEASU) written by the Nura & Badamasi, (2014) titled: The Problems of Establishing Islamic Banking System in Nigeria. The paper explained how Islamic banking was during pre-colonial period, Post-Independence era, recent development, principles of Islamic banking system, differences between Islamic and conventional banking, Islamic banking: funding structure and finance vehicles and the problem of bank in Nigeria. The researchers employed qualitative method and the secondary method for data collection. The research critically examines the problems of non-interest bank in Nigeria. Data analyzed shows that Jaiz bank and other Islamic banks are operating in Nigeria. Other conventional banks, like Sterling Bank and Stanbic IBTC Bank, have free interest window for their customers. It was concluded that, if many Islamic banks were established in Nigeria, will compete with the conventional banks and they have market opportunities as people are ready to transact with them. The study consulted the work of Ibrahim, (2015) research project titled: The Effect of *Ribah* (usury) in Modern Banking System on the Muslims (A case study of Taraba Metropolis). The study attempts at clarifying the concept of *Riba* (usury), its prohibition and model of *Shariah*-compliance bank. The project explains about the comparative analysis between Islamic and conventional banking, Success of Islamic banking in non-Islamic communities, Major problem confronting the introduction of interest free bank in Nigeria, the Factors affecting the modern banking industry and the legislative and regulatory framework of Islamic and modern banking system in Nigeria.

The author explains the negative effects of *Riba* (usury) on the society, the advantage of interest free Islamic economy, the potentials of Islamic banking in Nigeria and study the five important states in Nigeria including Taraba. The other states are Kano, Zamfara, and Kaduna. The research work also analyzed the possible solutions to the problem of *Riba* (usury)

in the modern banking system. The study conclude that *Riba* (usury) is one of the greatest problems that affect negatively the life of the Muslim *Ummah* of Nigeria and the negative effect of *Riba* (usury) on the muslim should be eradicated by Muslim communities globally (Mahmud & Rahman, 2020).

This study further reviewed the work of Oladimeji, (2016) a PhD thesis titled: Regulatory, Supervisory and Industry Development of Islamic Banking System in Nigeria: (PhD Thesis) at Islamic Science University of Malaysia. The study explains about the evolution of Interest free bank in Nigeria, its concept and application, legal documentation, Nigerian legal pluralism and legal instrument of *Shariah* – compliance bank in Malaysia. The research also explains about an overview of *Shariah* legislation, the bank products and services in Nigeria and Malaysia, the legal challenges faced by Jaiz Bank Plc on the application of its products in Nigeria. The researcher chooses a qualitative method approaches for the study because it provides a specific direction for procedures in a research design and allows a researcher to explore a phenomenon, explain and interpret the data widely and easily. The writer added that the interview method was adopted because it is flexible, considered instrumental to the study. The research concludes that the focus of the study was Islamic banking from comparative perspective using the Nigerian Jaiz Bank plc and the Malaysia Bank Muamalat Malaysia Berhad (BMMB). The author added that instead of depending on lending and borrowing, Jaiz Bank starts gaining national development and geographical awareness through its products and services. The products have gained much acceptability in the society to such an extent that it is being patronized not only by Muslims but also non-Muslims in the country.

There is no denying the fact that the main factors responsible for the wide range of acceptability and vigorous patronage of Jaiz Bank's products and services are the absence of interest (*riba*), gambling (*maysir*) and uncertainty (*gharar*), and adherence to the Islamic ethicolegal guidelines that are similar to those of Bank Muamalat Malaysia Berhad and Bank Islam Malaysia Berhad- the acclaimed pioneer of non-interest bank of global repute. This research

further reviewed the work of Balarabe, (2022) a PhD thesis titled: An Examination of the Social-Economic Impact of Islamic Banking Products and Services in Contemporary North-Western Nigeria: A case study of Jaiz Bank (2012 - 2021). The thesis explains the conceptualization of the bank products and services, an over-view on the socio-economic life of the people in the north-western Nigeria and Jaiz Bank product and services. The study investigated and sought for the opinions of individuals on the particular problem “the impact of product and services of Jaiz Bank on the socio-economic lives of its the customers”. The research design of the study was survey design and the data analysis technique was descriptive statistics and distribution of questionnaire to the selected. The populations of the study are the Jaiz Bank customers from four states which are Kaduna, Kano, Katsina, Zamfara states. The researcher concludes that Jaiz Bank products and services have impacted on the socio-economic lives in the north-western Nigeria since the inception of the bank in 2012 and the customers opened account with the bank in order to comply with *Shariah* and majority of the customers of Jaiz Bank have benefitted with the products and services. The author suggests that Jaiz Bank should create and improved more ways in the awareness of their products and services so that the non-Muslims those are patronizing the bank may increase and the patronage of bank services too. He also suggests that Jaiz Bank should liaise with federal and state government in serving some of the budget deficit by using Islamic bonds like sukuk. After reviewing these research works, the researchers discovered that the authors and writers specialized their works on Islamic banking in Malaysia, Nigeria and especially Jaiz Bank. Therefore, this research work will not only focus on the problems and prospects of Jaiz Bank but also Taj Bank and Lotus Bank.

Furthermore, the work extends to Kano Metropolitan area. In addition, the study aimed at contributing to the existing literature by critically exploring various ways through which the products and services of non-interest bank could be effectively applied and utilized particularly in Kano Nigeria. In the course of doing this, the differed slightly from the approaches

of earlier studies in this field for the purpose of coming up with tangible results that would be of immense value and great help to the implementation of *Shariah* guiding Islamic banking and finance activities and transactions inclusive.

Islamic Banking in Nigeria

Nigeria is a West African country with an estimated population of 200 million in 2019. Nigeria has been served with the conventional banking and finance system right from 1894 when the First Bank Plc was established. The efforts and struggles towards the establishment of an Islamic bank had started since 1960, when the effort towards the establishment of Barakah bank failed (Musa, 2014). However, in 1985, an international seminar was organized by Bayero University, Kano, in then collaboration with Usman Danfodio University, Sokoto. The theme of the seminar was “Frontiers and Mechanics of Islamic Economics”. The main objective of the programme was to educate the public on an interest-free banking system in Nigeria as an alternative option to the conventional interest-based banking system. The initiatives and efforts in the direction of the establishment of Islamic banking in Nigeria is traceable to 1991 with the promulgation of Banks and Other Financial Institutions Acts (BOFIA), which replaced the Banking Acts of 1958 (Oladimeji, 2016). In 1992, the Central Bank of Nigeria (CBN) granted a license to Habib Nigeria Bank Limited (now Keystone Bank Plc.) to offer non-interest banking services on an Islamic window basis. In 2004, Habib Bank Plc. Merged with Bank PHB to become Platinum Bank Plc. and the Islamic banking window arrangement was consequently abandoned by the new bank (Abikan, 2009). By 2001, the Muslims were fully aware to have an Islamic bank as an alternative to the conventional banks in Nigeria (Oladimeji, 2016). In 2009, Sterling Bank Plc., a merchant bank, also showed interest in interest-free bank by making application to the apex bank in Nigeria. In December 2013, the bank obtained a license from CBN to operate the Islamic window on the Islamic finance (Adeyemo, 2020). In 2012, the Central Bank of Nigeria also granted license to Stanbic IBTC Bank Plc. to practice non-interest bank. Therefore, Stanbic IBTC bank offers Islamic banking investment products that were

conceptually carried out with *Shariah*. Meanwhile, Jaiz Bank Plc. got its license in 2011 (Adeyemo, 2020). Thus, the CBN joined the Islamic Development Bank (IDB) and the Islamic Financial Services Board (IFSB) as a full member in facilitating the growth of *Shariah*-compliance bank in Nigeria.

However, in July 2019, CBN has approved the operational license for Taj Bank Limited as the second full-fledge Islamic bank. The bank started operating in December 2019 (Adeyemo, 2020). Furthermore, In May 2021 CBN also approved and granted license to Lotus Bank to be operating full-fledge interest-free bank. To this end, new staff members who were familiar with the field were employed to fulfil the basic requirements of *Shariah* principles in respect of this commercial transaction. The CBN however ordered that the banks must have *Shariah* Advisory Committees of Experts to monitor the products and services of the banks (BOFIA) (Nasir & Mansur, 2015). Meanwhile, the profit and loss sharing banks have to meet international standards in respect of Islamic banking products by following International Islamic Banking and Finance Standards such as Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), which addresses issues relating to the operation of Islamic finance. The Islamic Financial Services Board (IFSB) also addresses issues relating to the rules governing Islamic banking and finance (Adeyemo, 2020).

The Establishment and Development of Jaiz Bank Plc

Jaiz Bank Plc, the pioneer Non-Interest Bank in Nigeria has been providing ethical services to individuals, corporate and government entities since 2012 with the mission of making life better through Islamic ethical finance. It has maintained its leadership role by deepening this alternative model of financing, thus providing the foundation for its expansion, and providing the needed ethical funding for infrastructural development in the country (Adeyemo, 2020). Jaiz Bank in Nigeria obtained the regional license from the Central Bank of Nigeria in 11 November 2011 to practice a full-fledged Islamic banking system (CBN, 2011). The bank started its operations in 2012, but the national license to carry out its operations throughout Nigeria was only

obtained on 13 May, 2016 Nduka, (2016). It commenced operations with three branches in Abuja, Kaduna and Kano states in 2012, and had established 39 branches across eighteen states and the Federal Capital Territory of Nigeria in 2019 Onuba, (2019). Whereas it has branches almost every state in the country. The word 'Jaiz' in Arabic means something that has not been forbidden religiously. This word is sometimes used instead of *sahih* or *mubah*. Jaiz means allowed or Halal. Thus, the word 'Jaiz' indicates religious sanction. With a vision to be the dominant non-interest bank in Sub-Saharan Africa.

The vision of Jaiz bank is "To be the dominant non-interest financial services provider in Sub-Saharan Africa" and the mission is to provide innovative, value added non-interest financial services to clientele employing the best people supported by technology (Sapovadia, 2015). Within this period, the Bank has won notable international and local accolades, amongst which are the Most Improved Islamic Banking awards in 2020 and 2021, respectively, from the Global Islamic Finance Awards (GIFA). Jaiz Bank's core values are built on 7 principles with the acronym RESPECT: Responsibility, Entrepreneurship, Simplicity, Partnership, Excellence, Customer Focus and Trust. These core values drive the Bank towards achieving its vision to be the clear leader in ethical Banking in Sub-Saharan Africa (Adeyemo, 2020)

The Establishment and Development of Taj Bank Limited

TAJ Bank Limited is a bank in Nigeria operating under Islamic banking principles and is a non-interest bank. It is the second Islamic financial institution that was established in Nigeria and having a headquarterd in Abuja. On 3 July 2019, TAJ Bank Ltd received a license from the national banking regulator, to operate as a regional bank. On 2 December 2019, TAJ Bank Limited commenced business in its offices and branches in Abuja and second branches in Kano, while the third branch opening at Sokoto (Adeyemo, 2022). The Bank operates 3 branches and provides regular ATM service as well as online, mobile, USSD and SMS. The bank also offers a range of retail, public sector, SME and corporate banking services. The bank in the past three years of

operations has bagged several awards including three International Standards Organization (ISO) certifications.

The Establishment & Development of Lotus Bank Limited

Lotus Bank Ltd was launched on July 7, 2021, after it has obtained a regional license from Central Bank of Nigeria operate as a commercial bank (www.premiumtimesng.com>54250 at around 2.50pm Islamic University in Uganda faculty of Law library). It was the third Islamic bank with full-fledge in Nigeria. It is a non-interest Nigeria bank deeply rooted in ethical banking, committed to ethical investigating and ethical prosperity. The bank is operating under the ambit of *Shariah*. (www.lotusbank.com) at around 1.30pm Islamic University in Uganda faculty of Law library). Lotus bank ltd is different with other banks; it is interest-free bank, whereby, the risk and profit are shared by the investors and bank or between the bank and customers. The bank is also embraced environmentally and socially conscious practices. It is not finance or collaborates with businesses involved in gharar and maysir (uncertain and involve speculation). The bank has about eleven branches now included a branch in Kano (kano.infoisiifo.ng>-card>lotus-ca. at around 3.30pm Islamic University in Uganda faculty of Law library).

Brief History of Kano Metropolis

Kano state was among the 12 states created in May, 1967 out of the former Northern Region in Nigeria. On August 27, 1991 Jigawa State was carved out of it. Kano state is located in the northwest geo-political zone of Nigeria. Kano metropolis is the capital city of Kano state. It is the second largest industrial and commercial center in Nigeria after Lagos and it is experience rapid population growth rate, the population of metropolis at (year 2000) is 1.6million. It is located between the latitude 11°59'59.57"N to 12°02'39.57"N and longitude 8°31'19.69"E to 8°33'19.69"E, with a total urban land area of 137Km² and 499Km² metropolitan area. It is made up of six Local Government Areas (Dala, Fage, Gwale, Municipal, Nasarawa, and Tarauni) and some parts of Kumbotso, Ungogo, and Tofa Local Government Areas. Over 70% of the adult workforces draw their livelihoods off agriculture. It has 43 existing market-
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places and over 400 privately owned manufacturing industries (Ibrahim, 2014). The average nighttime temperatures in the cold months range from 11° to 14°C. The vegetation therefore, is a savanna type. Jakara, Kano and Challawa rivers are the major water bodies that drained the metropolitan area (Ibrahim & Mohammed, 2016). However other land uses such as commercial, institutional, and educational are all located within areas. Dakata, Sharada and Bompai functioned as industrial layout. Industries such as steel rolling, packaging, beverages processing and soon on are found in this area. Kano is the biggest commercial and industrial center in Northern Nigeria (Ibrahim & Mohammed, 2016).

Data Presentation and Analysis

The researchers present the analysis of the data collected. The data information collected from the questionnaires issued to the respondents will be presented and analyzed through simple frequency table and simple percentage. The data collected will be presented, analyzed and compiled to enable and in answering the research questions. This chapter will presents the data collected for work for the staff and customers and its analysis same. Tables and simple percentage were used to analyzed data collection.

This research work was carried out with the aid of one hundred and fifty (150) questionnaires distributed to both the staff and customers in Kano metropolis making it seventy-five (75) and seventy-five (75) for each. But only 115 questionnaires were returned representing 76.7% response rate. Hence, the data analysis will be based on 115 respondents collected. The table is used as an aid to give descriptive analysis. In the Jaiz bank out of the fifty (50) questionnaires that were distributed to both the staff and customers at Kano branch, in Kano metropolis. Sixteen (16) staff respondents were collected and twenty-two (22) customer's respondents were collected, making it thirty-eight (38) respondents. In Taj Bank Ltd out of the fifty (50) questionnaires that were distributed to both the staff and customers at Kano metropolis branch, thirteen (13) staff respondents were collected and twenty (20) customers respondents were collected, making it thirty-three (33) respondents. In Lotus Bank Limited out of the fifty (50) questionnaires that were distributed to both

the staff and customers at Kano city branch, twenty-one (21) staff respondents were collected and twenty-three (23) customers respondents were collected, making it forty-four (44) respondents. The staff questionnaires collected was fifty (50) and the customers questionnaires collected was sixty-five (65) making the data presentation and analysis based on the one hundred and fifteen (115) respondents collected. The descriptive analysis presents in tabular form with their respective percentages and brief explanation for each question administered. The data presentation and analysis are categories into two; the first category is respondents collected from the staff and the second category are respondents collected from customers.

Presentation and Analysis of Staff Respondents

This section has been divided into two parts, section ‘A’ and ‘B’ as we can see the details below. Section ‘A’ this part was concerned with the personal information of the respondents. The information will be tabulated for easy reading and understanding the data.

Table 1: Gender of the respondents.

Gender	Number of Respondents	Percentages
Male	32	64%
Female	18	36%
Total	50	100%

The analysis of the above table represents the gender of the respondents which shows that sixty-four percent (64%) of the respondents are male and thirty-six (36%) of the respondents are female, so the total number of both male and female respondents constituted one hundred (100%) percent. This shows that most of the staff in the said bank institutions are male.

Table 2: Age of the respondents.

Age	Number of Respondents	Percentages
25 – 35 years	33	66%
35 – 45 years	12	24%
45 – 55 years	5	10%
55 years & above	0	0
Total	50	100%

The analysis of the above table represents the age of the respondents which shows that sixty-six percent (66%) respondents are between age 25-35 years,

twenty-four percent (24%) are between age 35-45 years and ten percent (10%) are between age 45-55 years. This shows that most of the staff in the bank is between the ages 25-35 years. Section ‘B’ this part was used to answer the questions about the problems and prospect faced by the interest-free banks in Kano metropolis.

Table 3: The Muslim and non-Muslim have less awareness, understanding about the products & services of the banks.

Option	Number of Respondents	Percentages
Strongly Agree	12	24%
Agree	19	38%
Strongly Disagree	8	16%
Disagree	11	22%
Total	50	100%

The analysis of the above table shows that twenty-four percent (24%) of the staff strongly agree on the question, thirty-eight percent (38%) agree on that, sixteen percent (16%) strongly disagree and twenty-two percent (22%) disagree. This shows that most of the staff in the non-interest banks agree that Muslim and non-Muslim have less awareness and understanding about the products and services of the banks.

Table 4: The customers are fully aware that the banks’ products and services are based on *Shariah* compli-ances and that it prohibits *ribah* (interest), *gharar* (uncertainty), *maysir* (gambling), unlawful goods and services.

Option	Number of Respondents	Percentages
Strongly Agree	20	40%
Agree	20	40%
Strongly Disagree	3	6%
Disagree	7	14%
Total	50	100%

The above table shows that twenty (20) respondents representing forty percent (40%) of the staff strongly agree on the question, twenty (20) respondents representing forty percent (40%) agree on that, three (3) respondent representing six percent (6%) strongly disagree and seven (7) representing fourteen percent (14%) disagree. This shows that most of the staff strongly agree and agree that the customers of the bank are fully aware that the bank products and

services are based on *Shariah* compliances and that it prohibits *riba* (interest), *gharar* (uncertainty), *maysir* (gambling) and unlawful goods and services (Obaidullahi, 2005).

Table 5: The Muslims prefer to deal with Islamic banking institutions and serve as the main customers and investors of the banks.

Option	Number of Respondents	Percentages
Strongly Agree	25	50%
Agree	10	20%
Strongly Disagree	5	10%
Disagree	10	20%
Total	50	100%

The analysis of the above table shows that fifty percent of the staff strongly agrees on the question, twenty percent (20%) agree on that, ten percent (10%) strongly disagree and twenty percent (20%) disagree. This shows that majority of the staff of the banks strongly agree and agree that the Muslims prefer to transact with *Shariah* – compliance banks and serve as the main customers and investors of the banks.

Table 6: The non-Muslim are also ready to patronized the products and services of the banks.

Option	Number of Respondents	Percentages
Strongly Agree	12	24%
Agree	23	46%
Strongly Disagree	8	16%
Disagree	7	14%
Total	50	100%

The above table shows that twenty-four percent (24%) of the staff strongly agree on the question, forty-six percent (46%) agree on that, sixteen percent (16%) strongly disagree and fourteen percent (14%) disagree. This shows that most of the staff in the banks strongly agree and agree that the non-Muslim are also ready to patronized Islamic banking products and services.

Question Seven: How can you describe the *Shariah* principles governing the products of the Islamic banks at the moment?

After reviewing the questionnaires, majority of the staff described the *Shariah* principles governing the products of the Islamic banks as the followings:

- *Shariah* and legal principles are used in the system in order to serve the customer with their needs.
- It is gradually acceptable to our customers that are patronizing us at the moment.
- The banks practice *shariah* rules and regulation and strictly adhere to it.
- It refers to a system of banking product that complies with Islamic laws; the underlying principles that governs the products of the banks are basically free from *ribah* (interest), *gharar* (uncertainty), *maysir* (gambling) and unlawful goods and services.
- The *shariah* principles are highly use in the system of the banks account, in loan and other services.
- The banks products are *shariah*-compliant and accepted by customers and the public.

Question Eight: What are the challenges faced by the Islamic banks in the operation of their products?

After reviewing the questionnaires, majority of the staff state that the challenges faced by the Islamic banks in the operation of its products are as follows:

- Some are not aware of the services; the banks should create awareness and highlight the customers in order to penetrate the market.
- Many customers have already adopted to their principles even the Christians that operate with them.
- The challenges faced by the banks in the operation of their products are mostly less awareness by the customers, network problem and inadequate man power in the banks faced by the senior and junior staff.
- No profit policy, less patronized by the non-Muslims, less investors and less understanding about the products by the customers.
- Islamic banking institutions faced the problems of religious orientation in Nigeria, hence the need for the stakeholders to do more and enlighten the customers.

Question Nine: What are the impacts of the challenges faced by the Islamic banks on the application of its Islamic banking products?

After reviewing the questionnaires, majority of the staff state that the impacts of the challenges faced by the banks on the application of its Islamic banking products are as follows:

- The *Shariah*'s principles should be maintained to the high level and tools to attract depositors should be created.
- The non-Muslims did not prefer to serve as their main customers.
- For every new products challenge must be encountered as a result of religious issue.
- Lack of patronizing with the banks especially the elect people and extra management of the non-interest banks in their products should be taking in to consideration.
- Islamic economy and Christianity abolished the financing of alcohol, other non *Shariah* compliant products and the eradication of exploitation.

Question Ten: What are the prospects of the Islamic banks from when it was incorporated?

After reviewing the questionnaires, majority of the staff state that the prospects of the Islamic banks from when it was incorporated are as follows:

- It is another opportunity given to those that do not want *ribah* (interest) to save their money without it.
- The aim was to reduce cost of banking and it is recommended to individuals that practice *Shariah* law.
- The services of the banks must be exceptional services, to help the entire nation.
- The banking system have been successfully even with less awareness and the customers have successfully use product and are satisfied with it.
- The banks should put more effort in advancing their products and introducing more Islamic products in order to have more customers, more patronizing and more investors.
- To became a clear leader in ethical finance in sub-Sahara Africa and have achieved a lot based on that because of the zero-interest rate.

Presentation and Analysis of Customers Respondents

This section has been divided into three parts; section 'A' 'B' and 'C' as we can see the details below.

Section 'A' this part was concerned with the personal information of the respondents. The information will be tabulated for easy reading and perceptive the data.

Table 7: Gender of the respondents.

Gender	Number of Respondents	Percentages
Male	43	66.2%
Female	22	33.8%
Total	65	100%

The analysis of the above table represents the gender of the respondents which shows that 66.2% of the respondents are male and 33.8% of the respondents are female, so the total number of both male and female respondents constituted one hundred (100%) percent. This shows that most of the customers that opened and maintained active account in the banks are male.

Table 8: Age of the respondents.

Age	Number of Respondents	Percentages
18 - 30 years	28	43.1%
30 - 50 years	26	40%
51 - 70 years	11	16.9%
71 years and above	0	0
Total	65	100%

The analysis of the above table represents the age of the respondents, which shows that 43.1% of the respondents are between ages 18-30 years, 40% are between age 30-50 years and 16.9% are between ages 51-70 years. This shows that most of the customers that opened and maintained active account in the banks are between ages 18-30 years and 30-50 years.

Table 9: Occupation of the respondents.

Occupation	Number of Respondents	Percentages
Student	14	21.5%
Job	20	30.76%
Businessman	24	36.92%
Housewife	4	6.15%
Others	3	4.61%
Total	65	100%

The analysis of the above table represents the occupation of the respondents and shows that 21.5% of the respondents are student, 30.76% have job, 36.92% are businessman, 6.15% are housewife and 4.61% are others. This shows that most of the cus-

tomers that opened and maintained active account in the interest free banks are businessman and have job.

Table 10: Religion of the respondents.

Religion	Number of Respondents	Percentages
Islam	55	84.61%
Christianity	7	10.76%
Other	3	4.61%
Total	65	100%

The analysis of the above table represents the religion of the respondents, which shows that 84.61% of the respondent’s religion was Islam, 10.76% religion was Christianity and 4.61% religion was others. This shows that majority of the customers that opened and main-tained active account in the banks are Muslims. Section ‘B’ this part was used to answer the respondent’s knowledge about the said banks in Kano metropolis.

Table 11: Length of customer relationship with the Islamic banks in Kano metropolis?

Option	Number of Respondents	Percentages
Below 1 year	17	26.15%
1-5 years	39	60%
More than 5 years	9	13.84%
Total	65	100%

The above table shows that 26.15% of the customers maintain relationship with the Islamic banks for below 1 year, 60% of the customers maintain it between 1-5 years and 13.84% of the customers maintain it for more than 5 years. This shows that majority of the customers have maintained good relationship with the banks between 1-5 years.

Table 12: Who introduce the Islamic bank to you?

Option	Number of Respondents	Percentages
Family	14	21.53%
Friend	27	41.53%
Advert by the bank	10	15.38%
Work colleagues	8	12.31%
Other	6	9.23%
Total	65	100%

The above table shows that 21.53% of the customers aware about the banks through family, while, 41.53%

of the customers got information about the banks through their friend, 15.38% customers got to know about the banks through advert by the banks and 12.31% of the customers were informed about the banks by work colleagues and 9.23% of the customers was introduced to the banks by others. This shows that most of the customers of the banks have informed about the banks by friend and family.

Table 13: Reason for choosing the Islamic bank?

Option	Number of Respondents	Percentages
Shariah compliance	38	58.46%
Availability of products and services	27	41.53%
Total	65	100%

The analysis of the above table shows that 58.46% of the customers choose the banks as a result of being a *Shariah* compliance and 41.53% of the customers choose the banks because of the business that the banks offer to the public. This shows most of the customers in the banks opened and maintained account in the banks because of its *Shariah* compliance.

Table 14: Which type of account do you maintain at this bank?

Option	Number of Respondents	Percentages
Current account	23	35.38%
Savings account	33	50.76%
Investment account	5	7.69%
Other	4	6.15%
Total	65	100%

The analysis of the above table shows that 35.38% of the customers maintain current account in the banks, 50.76% of the customers maintain savings account, 7.69% of the customers maintain investment account and 6.15% of the customers maintain other. This shows most of the customers in the banks opened and maintained savings and current account in the banks.

Table 15: Are you using online banking?

Option	Number of Respondents	Percentages
Yes	48	73.84%
No	17	26.15%
Total	65	100%

The above table shows that 73.84% of the customers used online banking and 26.15% did not use online banking. This shows that majority of the customers in the interest free banks used online banking. Section ‘C’ this part was used to answer the challenges and prospects faced by the customers of the banks in Kano metropolis.

Table 16: Are the services of this bank up to *Shariah* standard?

Option	Number of Respondents	Percentages
Yes	62	95.38%
No	3	4.61%
Total	65	100%

The analysis of the above table shows that 95.38% agreed that the services of the banks are up to *Shariah* standard and 4.61% disagreed on that. This shows majority of the customers in the banks agreed that services of the banks are up to *Shariah* standard.

Table 17: Is there any problem or challenges that you faced at the time your account was opened?

Option	Number of Respondents	Percentages
Yes	12	18.46%
No	53	81.53%
Total	65	100%

The above table shows that 18.46% of the customers faced some problems or challenges at the time their account was opened and 81.53% did not faced any problem. This shows majority of the customers in the banks did not faced any problems or challenges at the time their account was opened.

Table 18: Have you ever enjoyed any benefit from the bank since the time your account was opened?

Option	Number of Respondents	Percentages
Yes	33	50.76%
No	32	49.23%
Total	65	100%

The above table shows that 50.76% of the customers have enjoyed some benefit from the time their account were opened and 49.23% have not enjoyed any benefit from the time their account was opened. This shows most of the customers in the interest free banks have enjoyed some benefit from the time their account were opened

Question Eleven: How can you describe the products and services of the bank at the moment?

After reviewing the questionnaires, many of the customers described the products and services of the bank at the moment as the followings:

- The products and services are very good and up to current and worldly standard.
- The principles are tenet to Islamic ideology; their services are the best services and the best banking system.
- The banking system is in *Shariah* - compliance and their staffs are nice and friendly.
- The products are up to the standard of *Shariah*, their staffs are well trained and the banks products and services are spectacular, good and updated for the customers.
- They are up to standard as a banks sector and are up to standard in terms of service delivery.
- Their products are satisfactory and excellent compare to other banking sector, the best in managing the customers and effective in-service deliverance.

Table 19: Are you aware that the bank products and services is based on *Shariah* compliances and that it prohibits *riba* (interest), *gharar* (uncertainty), *maysir* (gambling) and unlawful goods and services?

Option	Number of Respondents	Percentages
Yes	57	87.69%
No	8	12.3%
Total	65	100%

The analysis of the above table shows that 87.69% of the customers are aware that the banks’ business is based on *Shariah* compliances and 12.3% are not aware of that. This shows majority of the customers in the banks are aware that the bank products and services is based on *Shariah* compliances and that it prohibits *riba* (interest), *gharar* (uncertainty), *maysir* (gambling) and unlawful goods and services.

Conclusively, In the course of this study, the researchers noticed and realized that the problems and challenges faced by the Islamic banking institutions in Kano metropolis are less awareness by the customers, less investors, network problem, and less understanding about the products by the customers.

Further-more, the problems and challenges faced by the customers of the banks were sometimes network problem or bad services on online banking. From the data presentation and analysis, it was noticed that the causes and impacts of the problems and challenges faced by the banks are that the non-Muslims did not prefer to deal with the non-interest banks to serve as their customers, lack of patronizing with the banks especially the elect people and extra management of the banks in their products should take note. The alter-native solutions to the problems and challenges faced by the banks in Kano metropolis are that the banks should create awareness and highlight the customers in order to penetrate the market through advertising their products, conference, seminars and customers forums should by organized by the interest free banks to have more customers, more investors, more patronized by the Muslims and non-Muslims and full understanding of the products and services to sustain and developed the institutions.

CONCLUSION AND RECOMMENDATIONS:

The findings revealed that many of the staff that works in the Islamic banking institutions agreed that the Muslims and non-Muslims have less awareness and understanding about the banks products. majority of the staff agreed that the customers fully aware that the bank product and services are based on *Shariah* compliances and that it prohibits *riba* (interest), *gharar* (uncertainty), *maysir* (gambling) and unlawful goods and services, they also agreed that the Muslims prefer to deal with Islamic banking institution and serve customers, investors and the non-Muslims are also ready to patronized the banks businesses. The findings of the study revealed that many of the customers are Muslims and agreed that the businesses of banks are up to *Shariah* standards, while opening account with the banks, many of the customers did not faced any problems or challenges, most of them enjoyed some benefit from the time their account were opened, they described the products and services as up to *Shariah* standard and majority of them are aware that the bank businesses are based on *Shariah* compliances and that it prohibits *riba* (interest), *gharar* (uncertainty), *maysir* (gambling) and unlawful goods and services. However, the researchers gave the recommendations for

the improvement of the operation and the awareness of Islamic banking institutions in Kano metro-polis. The researchers made the following recommendations:

- 1) The non-interest banks should create and improve more ways of awareness and marketing strategies to capture the uninformed peoples that are willing to patronized on their products and services through the advertising, conference, seminars, and the customer forums should be organized so that the banks may have more customers, more investors, more patronized by the Muslims, and non-Muslims.
- 2) The banks should improve more ways in awareness and highlight the customers to penetrate their market through reaching churches and other religious points may increase the non-Muslims in patronizing the Islamic banks as the study revealed that the Christians that patronized the banks are little.
- 3) The public must be enlightened on radio, television, newspapers, magazine etc. about the operations and benefit derivable from the establishment of interest free banks in Nigeria that also has conventional banks. The management of the banks should create aggressive awareness and enlightening the public about the product and services of the banks so that they can have full understanding of the products and services in order to sustain and developed the system.
- 4) The management of the banks should also embrace good customer-services-policy, developed more investment products that the customers can have access to improve their businesses, intensified public enlightening on the various products of the banks and also its preferences above conventional banks products. Many corporate and individual will viability of the products and available facility that can access in the banks and the banks need to properly inform their customers about the futures of its products.
- 5) The *Shariah* advisory committee of experts and regulators of apex bank in Nigeria should also ensure effective supervision of the institutions making the banks adhere to *Shariah* principles.

- 6) Government should create favorable environment for the Islamic banks by licensing more and establishment of more Islamic products and *takaful* i.e., insurance company that can insure Islamic finance fund.

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CONFLICTS OF INTEREST:

The author's declare that there are no potential conflicts in the work.

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