

THE PERCEPTIONS OF NIGERIAN MUSLIM YOUTHS IN MALAYSIA ON THE ESTABLISHMENT AND OPERATION OF ISLAMIC BANKS IN NIGERIA

IBRAHIM Mohd Yussof (PhD)

Associate Professor of Accounting and the Dean, Centre for Postgraduate and Research, Kolej Universiti Insaniah (KUIN), Malaysia.

Email: yussoff042@gmail.com

MUSTAFA Daud

PhD Research Fellow, Department of Economics, Universiti Utara Malaysia and Former Graduate Assistant at Kolej Universiti Insaniah (KUIN), Malaysia.

Email: mdaud27h@yahoo.com

Abstract

The emergence of Islamic finance like Islamic banking, Takaful, Islamic Capital Market (ICM) and a host of others are often related to the Islamization process in most Muslim countries. This is in line with the desires of Muslims to live all aspects of their life in accordance to the Shari'ah. In view of this, some Muslim countries like Pakistan and Iran have Islamic banks (IBs) as the mainstream financial institutions. In some other countries, Shari'ah-compliant financing (SCF) exists alongside conventional banking as the case in Malaysia, Saudi Arabia, Bahrain, Egypt, Algeria among others. Unfortunately, Nigeria with a population of over 80 million Muslims is still struggling to establish one. However, the recent attempt by the Central Bank of Nigeria (CBN) at enacting new provisions for Non-interest banking in the country has further regenerates the growing interest for the industry. Against this background, this study seeks to empirically assess the perceptions of Nigerian Muslim Youths in Malaysia on the establishment and operation of Islamic banks in Nigeria. This study focused only on three universities in Malaysia i.e. International Islamic University Malaysia (IIUM), Universiti Utara Malaysia (UUM) and Kolej Universiti Insaniah (KUIN). Hence, the sample of the study was made up of 100 questionnaires, which recorded 85 percent response rate. Thereafter, the data collected were subjected to statistical analysis using the SPSS version 18.0. One-Sample and Independent-Samples t-Tests were adopted to analyse the data. The findings of the study revealed that the perceptions of the Nigerian Muslim youths in Malaysia are not significant in the establishment and operation of IBs in Nigeria. Importantly, the statistical behaviours of the two dimensional constructs i.e. Awareness and Challenges exhibited homoskedastic characteristics, which confirm that the findings are valid and reliable based on theoretical evidences.

Key words: Islamic Banks, Muslim Countries, CBN, Perceptions, Nigerian Muslim Youths

JEL Code: E52, E58, G21, P43

1.0 INTRODUCTION

The role of financial institutions in economic development remains very important considering the evidence from recent empirical studies, which suggests that deeper, broader and better functioning financial system can stimulate higher economic growth, which is highly necessary and desirable for Muslim countries' economies (INCEIF, 2006). According to Fakhru-Ahsan (1998) and Usman (2003), the role and functions of the banking system in a modern economy is very important and in fact, it is at the heart of every robust economy. Hence, the emergence of Islamic financial activities such as Islamic banking, Takaful and ICM are often related to Islamic revivalism, which is in line with the desires of Muslims to live all aspects of their life in accordance to the teachings of the Qur'an and the Sunnah (Ahmed, 2009). No wonder the Islamic finance industry has become the new financial bride in the global economic arena, which parades outstanding characteristics and ideals like fairness, openness and transparency, accountability and above all, its combination of "uncompromising religious truths with modern-day financial savvy" (Jama, 2009, p. 46). Importantly, enormous efforts have being made over the years to ensure the establishment and operation of IBs in Nigeria. These efforts date back to the 1990s and eventually two licenses were granted in 1992. However, operation could not commence until 1999 when the former Habib Nigeria Bank Limited (now Bank PHB) started a non-interest banking window. Also, Jaiz Bank International, which was incorporated in April 2003 with the main objective of being an Islamic investment holding company to set-up non-interest institutions like Islamic bank, Takaful (Islamic Insurance), Pension Fund Administration etc. could not commence operation till date.

Albeit, Islamic Finance News (2011) noted that Jaiz Bank International is expected to commence full operations by August, 2011. As a matter of fact, the promulgation of the Banks and Other Financial Institutions Decrees (BOFID) 24 and 25 of 1991 which replaced the Banking Act of 1969 actually signalled a new dawn for banking operation in Nigeria because of the landmark provisions made for the establishment of non-Interest banking in the country. It is also interesting to state that the recent attempt by the Central Bank of Nigeria (CBN) at enacting new provisions for the proper establishment and operation of Islamic banking in the country is indeed a welcome development as clearly stated in its released Circular Reference No. FPR/DIR/CIR/GEN/01/010 (see CBN, 2011).

Against this background, the study seeks to empirically assess the perceptions of the Nigerian Muslim youths in Malaysia who are considered among the vanguards and advocates for the establishment and operation of Islamic banking in Nigeria, especially in view of their level of education, exposure and Islamic commitment. Shamis (1978) noted that the youthful period represents a stage when the ability for perception, understanding and absorption of ideas, concepts, thought and knowledge is at its best. More so, the view or the perception we have about a particular thing determines the way we relate with it. Therefore, a study on the Nigerian Muslim youths as embodied in the various Muslim organizations like the Muslim Students' Society of Nigeria (MSSN), National Council for Muslim Youth Organizations (NACOMYO), World Assembly of Muslim Youths (WAMY) etc. should be considered timely and necessary. Hence, the choice of this group is consistent with the popular definition of stakeholders which is defined as: "any group or individual who can affect or is affected by the achievement of the firm's objectives" (Freeman, 1984); and particularly, because young generation is regarded as the most valuable asset of any serious society. To this end, this paper is divided into five chapters with this introduction serving as the first chapter. Chapter two presents the literature review and chapter three discusses the methodology. The fourth chapter presents the results of the study and chapter five provides the conclusion and general recommendation of the paper.

2.0 LITERATURE REVIEW

2.1 Islamic Banking and Finance: History, Principles and Practices

Modern Islamic finance begins with the emergence of Islamic banking, Islamic Takaful and Islamic Capital Market (ICM). They are often regarded as some of the by-products of Islamic revival in relation to the desire of Muslims to live all aspects of their life in accordance with the dictates of the Shari'ah. This is adequately express in Suratul-Baqarah (2):208, which states thus: "O you who believe! Enter perfectly in Islam (by obeying all the rules and regulations of the Islamic religion) and follow not the footsteps of *Shaitan* (Satan). Verily, He is to you a plain enemy". The submission of Ahmed (2009, p. 38) lends credence to the importance of IBs in the Muslim world in line with this Quranic injunction: "The Islamization of the banking system is a part of the overall Islamic values and is not merely refraining from interest-based transactions". Therefore, the practice of Islamic economics, banking and finance have continue to witness unprecedented growth in the last decades due to the commitment, dedication and the scholastic and moral contributions on the part of Muslim scholars, economists, bankers and the Ummah at large. According to Ayub (2008, p. 467), the institution has eventually survived the "integrity and credibility crisis".

Historically, the practical move to establish Islamic banking and finance started in the 1960s with the establishment of Mit Ghamr Savings Association in Egypt (1963) and the Tabung Haji in Malaysia (1963). However, the initiatives for setting up of the first Islamic development bank began at a meeting held in Cairo in 1972, which was later adopted at the first Conference of Finance Ministers of Muslim countries held in Jeddah (1393H/1973). Thus, Islamic Development Bank (IDB) came into being in 1974 but commenced operation in 1975. Subsequently, other banks were established such as the Dubai Islamic Bank (1975), Faisal Islamic Bank of Sudan (1977), Faisal Islamic Bank of Egypt (1978), Islamic Bank of Bahrain (1979) etc. Other supporting international Islamic financial institutions like Islamic Financial Services Board (IFSB), International Islamic Financial Market (IIFM), International Islamic Rating Agency (IIRA), General Council for Islamic Banks and Financial Institutions (GCIBFI) etc. were later established to facilitate the effective and efficient operation of the industry (Ahmed, 2009; & IDB, 2004, 2005). Therefore, as the industry grows, many financial products in the IBs, Takaful and ICM were initiated and adopted to incorporate Shari'ah compliant aspects. In view of this development, product innovation became inevitable in Islamic financial industry over the last decades, resulting in a wide array of Islamic instruments being introduced into the market. There is no doubt therefore that with a Muslim population of about 1.6 billion people worldwide and a growth rate of about 15-20 percent annually, the market potential of the industry is indeed very promising and substantial.

More so, it has been noted that there are about 300 Islamic Financial Institutions in 75 countries with a total assets of about US\$300b and another US\$400b in financial investments as at the mid of 2007. It has also been observed that the global Islamic finance industry has grown over the past decade from USD150 billion in the mid 1990s to an estimated USD780 billion in 2009. The Islamic Financial Services Board (IFSB) projects that the Islamic finance assets shall reach USD1.6 trillion by 2012 with Islamic banking expected to remain the leading contributor at more than 80 percent share (Ahmed, 2009; Ayub, 2008 & Umar, 2011). In view of this, in some Muslim countries like Pakistan, Iran and Sudan, Islamic banks (IBs) are the only mainstream financial institutions; while in others, Shari'ah-compliant financing (SCF) exists alongside conventional banking such as the cases in countries like Malaysia, Saudi Arabia, Bahrain, Egypt, Algeria, among others. Unfortunately, Nigeria (the so-called Giant of Africa) is still struggling to establish one. More so, the scenarios of wide scale growth of Islamic banking system in many Muslim countries positively project Islamic financial products as opportunity for creating capital and stimulating economic growth (Ahmed, 2009; & Usman, 2003). Thus, Khurshid (1999, p. 34) submission projects Islamic banking in the following words: "Islamic banking, if properly developed on the fundamental principles expounded by Islam, is destined to play a crucial role in reconstructing the economy in the 21st century on very sound foundations".

No wonder therefore that Shari'ah compliant rules have been developed for equity, debt and securitization products and the process is still on-going. As such, a lot of efforts have been made to ensure that the various Islamic financial products are Shari'ah based and compliant in their formulation and operations (Ahmad, 2003; Al-Jarhi, 2006; Rosly, 2009; & Usmani, 2002). Importantly, the most pronounced differences between Islamic and non-Islamic financial products are the prohibition of *riba* (usury/interest), *maisir/qimar* (gambling/game of chance), *gharar* (speculation/uncertainty) and unethical behaviours. All these basic elements are prohibited in Islamic financial and economic transactions. In view of this, the emergence of Islamic banking as a leading Islamic financial institution was in response to two exigencies i.e. the religious and economic. The religious exigency implies that all economic and financial transactions must be free of interest; whereas the economic exigency denotes the provision of a new outlook on the role of banking in promoting investment, productive activities, influencing distribution of income and serving as stabilization to the economy (Ahmed, 2009; & Al-Jarhi, 2006). Hence, issues of laws, rules and interpretations of Shari'ah take into consideration issues of social justice, equality and fairness as well as practicability of financial transactions. Moreover, through *Ijtihad*, the Shari'ah scholars, financial experts and economists were able to develop the various Islamic financial products and instruments for the banking, capital market and insurance sectors. The diagram below presents the key principles of Islamic finance.

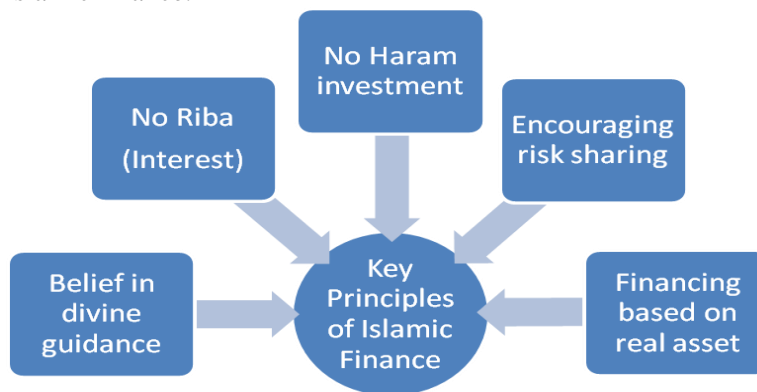


Figure 1: Key Principles of Islamic Finance

Source: Adapted from Abdullah and Chee (2010).

Ahmad (2006) noted that the best known feature of Islamic banking is certainly the prohibition of *riba*, which has received serious condemnation in the Qur'an and the Sunnah (see especially Q3:130 & 2:278). The Islamic implications of these injunctions to contemporary economic and financial practices are that all interest-based lending activities in conventional banks are unlawful as well as fixed return on deposits. Hence, the alternative to this prohibition is profit making/sharing and this is one of the major characteristics of the Islamic banking system. In the light of this, the most prominent Islamic banking and financial products are: *Mudarabah*, *Musharakah*, *Murabahah*, *Istisna*, *Ijarah*, *Al-Ijarah Thumma Al-Bai (AITAB)*, *Bai Bithaman Ajil (BBA)* and *Bai Salam* (Ayub, 2008; Bello, 2009; INCEIF, 2006; & Ismail, 2010).

However, these products according to Aburime and Alio (2009) and Usman (2003) could be broadly classified into three: i. Investment financing with *Mudarabah* and *Musharakah* as the main products; ii. Trade financing, which are made-up of *Murabahah*, *BBA*, *Istisna*, *Ijarah*, *Bai Salam*, *AITAB* etc.; and iii. Lending, this includes loans with a service charge, no-cost loans (*Qardul-Hasan*) and overdrafts. Furthermore, Ayub (2008) and INCEIF (2006) observed that *Murabahah/BBA* has been identified as the most dominant of all the financial products and instruments because of the easy profit without risk it offers to the IBs. And as argued by Al-Jarhi (2006), universal banking model is good for IBs because it involves the practice of equity and debt financing simultaneously. Also, access to more information is enhanced than in a situation where only debt financing is practiced. Above all, it protects IBs from the twin problems of moral hazard and adverse selection as well as the principal-agent problem, which are major challenges of project evaluation in contemporary Islamic finance.

2.2 Islamic Banking System: Empirical Evidence on Perceptions

In recent years, there has been an increasing interest in perception and patronage studies of IBs in order to elicit the customers and other stakeholders' opinions and views towards the operation of IBs. Works like Ahmad (2006), Ahmad et al. (2010) and Bley and Kuehn (2004) etc. are some of the few studies conducted in this area. Notwithstanding the progress made to date in the study of customers' perceptions towards Islamic banks, the more focused research studying the perceptions about Nigerian stakeholders in IBs seems inexistent. Similar opinion could hold for other areas of IBs like Corporate Social Responsibility (CSR), *Qardul-Hasan*, Products innovation and development, Corporate Governance, Human resources and a host of other critical areas on Islamic banking. More so that Islamic banking is just about to be established despite almost two decades of struggle on the project. Therefore, it is imperative to survey the perceptions of potential customers, staffers and major stakeholders of IBs, particularly that the establishment and operation of IBs in the country has reached a more advanced stage according to Islamic Finance News (2011). Against this background, the studies by Erol and El Bdour (1989) and Erol et al. (1990) are often regarded as the earliest patronage studies on Islamic banking, which used both conventional and Islamic bank customers. The studies found that customers who patronized Islamic banks perceived three most important criteria in bank selection, which are: provision of a fast and efficient service, bank's reputation and image and confidentiality. Similarly, a study by Haron, Ahmad and Planisek (1994) also revealed that the three important selection criteria perceived and used by Muslim customers in Malaysia when selecting their banks were: personnel friendliness, provision of a fast and efficient service and the speed of transaction. The study made a significant contribution by identifying the individual customers' potential in patronizing an Islamic bank, in view of their knowledge of the new system. This implies that knowledge about IBs is a necessary determinant or factor in the study of Islamic banking perception among the people.

A study by Metawa and Almossawi (1998) also found that the customers of Islamic Bank of Bahrain and Faisal Islamic Bank of Bahrain perceived Islamic principle as the most important factor while selecting IBs. Other factors identified include: the reward extended by the banks, influence by family and friends and convenient location. The study indicates that socio-demographic factors such as age, income and education were important criteria in bank selection and patronage. In the same vein, Bley and Kuehn (2004) noted in their study that students who are more educated tend to possess more knowledge about conventional and Islamic financial concepts, which will invariably assist them in making better informed economic decisions in their lives. Thus, better consumer education was advocated for, in order to reduce the level of ignorance and inadequate information about Islamic practices and products. According Tahir and Abu Bakar (2009), their study on the perception of Islamic bank management on quality of service to customers revealed that customers' perspective is of significance to Islamic banking operations. Thus, their findings noted that customers were unsatisfied with the quality of Islamic bank service and also from the management perspective, service quality was believed to be below expectations. However, similar study by Ahmad et al. (2010) examined the perception of bank customers regarding service quality of IBs as well as conventional banks in Pakistan. Their study revealed that the customers' perception of IBs is higher than that of conventional banks, which was as a result of interest free products, risk sharing practices and strong ties to the religion. This submission was earlier confirmed by Ahmad and Haron (2002) when they found that Islamic banking products and services have good potential to be accepted by customers. Hence, customers' perception of service quality strongly depends on customers' value and beliefs, which may vary from culture to culture. No wonder therefore that a study on the perceptions of Islamic finance industry after the 9/11 tragedy and its impacts by Ali and Syed (2010) found that despite the negative media coverage, the development of the industry was positively impacted.

This success was due to the maturity exhibited by the institutions, increasing standardization and transparency, which are part of the Islamic financial ideals emphasized by Jama (2009).

2.3 Islamic Banking in Nigeria: Legal and Regulatory Framework

According to Usman (2003, p. 41), “at the heart of every robust economy is a sound banking system”. However, the emergence of a sound banking system is not possible without adequate control, regulation and supervision from the apex bank i.e. the Central bank. As a matter of fact, the law guiding the banking system and other financial institutions in Nigeria is popularly known as Banks and Other Financial Institutions Decrees (BOFID) 24 and 25 of 1991 as amended. In Section 9(2) Sub-section (1) of the Act, it provides the necessary legal framework for the establishment and operation of profit oriented banks in Nigeria. Based on this provision, two of such banks were licensed in 1992 but unfortunately, none could commence operation. Although, Habib Nigeria Bank Limited (now PHB Bank) got its license in 1992 for a non-interest banking window, which could only take-off in 1999 (Usman, 2003). Similarly, Jaiz Bank International Plc., which was incorporated in April 2003 with the main objective of being an Islamic investment holding company to set-up non-interest institutions like Islamic bank, Takaful (Islamic Insurance), Pension Fund Administration etc. still it could not commence operation till date.

Moreover, the recent circular released by the CBN on the framework for Non-Interest Financial Institutions (NIFI) has added a lot of glamour to the prospect of Islamic banking project in the country. It is necessary to state that the framework seems comprehensive and futuristic if compared to previous legal framework on Islamic banking. For instance, the introductory aspect states clearly the various non-permissible transactions, contracts and instruments (see Appendix A). In the same vein, Section 5.0 also spell-out unambiguously the recognised and permissible modes of financing (see Appendix A). Therefore, according to the CBN (2011, p. 1), a NIFI means “a bank or Other Financial Institution (OFI) under the purview of the Central Bank of Nigeria (CBN), which transacts banking business, engages in trading, investments and commercial activities, as well as the provision of financial products and services in accordance with the principles and rules of Islamic commercial jurisprudence”. The CBN further states that the objective of the framework is simply to provide the minimum standards required for the operation of non-interest banking and financial services in the country. Thus, the legal basis for the framework was derived from existing banking legal provisions as clearly stated in this submission: “The framework is issued pursuant to Section 33 (1) (b) of the CBN Act 2007 and Sections 23(1); 32(1); 52; 55(2); 59(1)(a); 61 of Banks and Other Financial Institutions Decree (BOFID) 1991 (as amended). It shall be read together with the provisions of other relevant sections of BOFIA 1991 (as amended), the CBN Act 2007, Companies and Allied Matters Act (CAMA) 1990 (as amended) and circulars/guidelines issued by the CBN from time to time”. It must however be stated that the Sub-section 10.1, which refrains any Islamic bank from using the word “Islamic” as part of their registered or licensed names is a big compromise. However, it is indeed an insult on the religious sensibility of the Muslims in Nigeria; which unfortunately, satisfies the bogus claim in some quarters of Nigeria being regarded as a “Secular State” as expressed in some writings like Aburime and Alio (2009), Obiyo (2008) and a host of others.

2.4 Islamic Banking and Poverty Alleviation in Nigeria

According to Adewale and Mustafa (2010), it has been noted that in most developing countries of the world, like in the case of Nigeria, the latent talents and capabilities of the poor are not aroused due to blocked or inadequate access to financial services. No wonder therefore that the various economic transformation efforts by the Nigerian government in the last three decades have apparently not yielded any positive result. For instance, the Nigerian government has instituted consistent but often inadequate poverty alleviation measures like the Operation Feed the Nation (OFN), Green Revolution, Better Life for Rural Women, Family Economic Advancement Program (FEAP), National Poverty Eradication Program (NAPEP) and a host of others. However, according to Adewale (2006), the government has come to realize the relative indispensability of microfinance as an engine of growth, economic transformation and poverty alleviation, especially in a poverty dominated country like Nigeria. According to Sanusi (2011), 70 percent (105 million) of Nigerians are below the poverty line, which was 54 percent a year or two ago. He argued that high incidence of poverty portends a serious threat to economic growth, security and stability of the nation, particularly that there are 12 million youths who are mostly educated and potentially productive and yet they remain unemployed. Again, according to Sanusi (2011), 46.3 percent of Nigerians are financially excluded due to low level bank penetration in the country; even though there are 815 Microfinance banks, 24 “big banks” with 5,789 branches mostly concentrated in a few urban areas.

He emphasized the need to develop a financial sector that is inclusive and provides for the empowerment of potential investors both big and small. There is no doubt therefore that with IBs as growth centers, they will facilitate easy access to loans for small and medium scale enterprises, which are very important for the socio-economic survival of the poor. In view of this position, the table below presents some of the channels through which IBs as growth centers could facilitate poverty reduction along the microfinance model based on Islamic principles. Therefore, from the table presented below, it is clear that the Islamic financing alternatives show that Nigerian poor do have ample but unexplored financing opportunities.

Table 1: Islamic Finance Models and their Applicability to Microfinance

Issue	Mudarabah (P-L Sharing)	Murabahah (Buy-Resale)
Most applicable for	Fixed assets (investment capital) and Potentially working capital	Working cap. and investment cap.
Cost to borrowers	Potentially higher because of higher Profit sharing with microfinance program as a result of higher risks	Lower
Initial acceptance by Borrowers	Higher	Lower
Risk to borrowers	Lower if no predetermined minimum Profit is allowed	Higher
Risk to the program	Higher if no predetermined minimum Profit is allowed	Lower
Administrative Costs	Administration is potentially complex, although this could be resolved by pre-determining a minimum profit. Still, costs of loan administration and monitoring are high given the complexity of the repayment schedule	Initial higher transactions costs because of the large number of buy-sell transactions. Costs of loan administration and monitoring are substantially lower, however, because the repayment schedule is simple

Source: Cited in Adewale and Mustafa (2010).

From Table 1 above, it is glaring that Islamic finance provides affordable and accessible financing opportunities through the IBs and other Islamic financial institutions. In view of this, IBs as growth centers can facilitate the availability and accessibility to small and medium scale entrepreneurs, especially in the northern part of the country, which Adewale and Mustafa (2010, p. 2) described as: “the Northern Agro-climatic zone of Nigeria which is predominantly Muslims, and whose poverty portends intergenerational transmission”. Umar (2011) noted that one of the potential impacts of Islamic finance on the Nigerian economy shall be financial inclusion. This will enable a larger proportion of the Nigerian population, especially the Muslim population, which has been estimated at over 80 million to be more financially inclusive and more productive. Therefore, through a microfinance model based on Islamic principles, it presents better and more efficient channels for alleviating poverty among the poor in Nigeria. It is in this direction that Ahmed (2004) argued that the Islamic models of micro financing use the strengths of the conventional MFIs in line with the Islamic principles. Khan (2005) as cited in Adewale and Mustafa (2010, p. 6) noted the significance of microfinance from the Islamic perspective in the following words:

now more than ever, with large capital inflows entering the Islamic banking industry and the possibility of securitizing microfinance contracts a proven reality, we stand at the beginning of a second microfinance revolution, in which Islamic micro-financiers alleviate poverty with sustainable, replicable, and inexpensive transactions, without the risks and costs associated with conventional microfinance.

The above submission implies that Islamic financing alternatives present pragmatic solutions to chronic poverty as it seems prevalent in most Muslim countries, especially in the sub-Saharan Africa. Thus, the Islamic microfinance model is capable of serving as poverty alleviation strategy due to its innovative interest-free nature as compared to the interest-based type.

According to Adewale (2006), Islamic microcredit offers greater flexibility than conventional type, primarily because it is based on the profit-sharing principles of equity-based finance, which requires risks and rewards to be shared on the basis of equity. Therefore, IBs would create financial inclusion, more employment opportunities, human capital development (HCD) through CSR, poverty alleviation, among others.

3.0 STUDY AREA AND METHODOLOGY

3.1 Study Area

The study area covered in this study is the Nigerian entity. Nigeria is the most populous country in the African continent and the 8th most populated country in the world with a population size of over 152 million people according to the latest national census and about 48 percent of this population lives in the urban areas. The country has more than two hundred and fifty (250) ethnic groups speaking over four thousand (4000) languages and dialects. The ethnic groups have diverse cultural and religious backgrounds; and the two most dominant religions in the country are Islam and Christianity (Ahmed, 2009; & Nigeria High Commission, 2003). Furthermore, Central Intelligence Agency (2011) noted that Nigeria's GDP (PPP) is put at US\$369.8 billion with per capita income of US\$2,400 according to 2010 estimate. The GDP composition by sector revealed that Agriculture has 31.9 percent, Industry is 32.9 percent and Services has the largest share with 35.2 percent. Also, inflation rate is put at 13.9 percent while poverty level according to Sanusi (2011) is 70 percent (105 million). Yet, the country prides with abundant natural mineral resources like oil, gas, tin, iron ore, coal, limestone, lead and zinc among others. Also, the country has human capital - the largest pool of highly educated and trained manpower in Africa. This together with its large population offers the biggest market for investors in Africa (Nigeria High Commission, 2003). It is however important to state that the Muslim population of over 80 million connotes a population almost equals the entire Muslim population of Algeria, Morocco and Tunisia. This implies a substantial and huge market for Islamic banking business in the country, which is yet to be explored. To this end, Ahmed (2009, p. 176) submits that "Fifty percent of the population of Nigeria are Muslims. In Nigeria, the Nigerian Muslim community is taking steps to introduce banking, insurance and related services, which would comply with *Shari'ah*. Habib Nigeria Bank Limited commenced non-interest banking operations in October, 1999. It has opened Islamic windows in six of its branches". Despite all these positive socio-economic and demographic characteristics, the country cannot boast of any Islamic bank or even any serious Islamic window operation by any of the conventional banks practicing it at the moment.

3.2 Methodology

This study used primary data collected through the 100 questionnaires administered to the target group. In order to better appreciate the subject matter of this study, secondary data was first analyzed to provide the information on Islamic finance, IBs and about Nigeria and other related issues. Then, primary data collected through survey questionnaires that aimed at getting the respondents' perceptions about IBs establishment and operation in Nigeria were analyzed. The survey approach using questionnaire is believed to be the most appropriate technique in collecting the primary data as noted by Olakunle (2004), Sekaran (2000) and Yang (2010). The questionnaire consists of four sections with the first section designed to gather demographic information about the respondents. Section two elicited the responses about the knowledge and awareness of IBs by Nigerian Muslim youths in Malaysia from three universities. The third section was designed to gather information on the likely problems and challenges anticipated to confront IBs in Nigeria. The fourth section gathered information on the perceived important role expected of the Central Bank of Nigeria in facilitating the successful take-off and operation of IBs and its continuity. The questionnaire content was adapted from many similar perceptions studies of IBs and other related studies like Ahmad (2006), Ahmad et al. (2010) and Bley and Kuehn (2004). For the purpose of this study, the target respondents are regarded as potential and prospective customers, staffers and stakeholders of IBs in the Nigerian Islamic Banking Project. Therefore, the sample of this study was made up of students from three universities i.e. International Islamic University Malaysia (IIUM), Universiti Utara Malaysia (UUM) and Kolej Universiti Insaniah (KUIN). Hence, the primary data collected were subjected to descriptive and inferential statistics using the frequency analysis to present the information on the profiles of the respondents. The frequency of the respondents was based on their demographic details like university, gender, age, program type, years of stay in Malaysia, course and state of origin. In addition, descriptive test was used to present the perceptions of the respondents on IBs in line with analytical characteristics of SPSS.

4.0 RESULTS AND DISCUSSION

4.1 Response Rate It is important to state that usable data (n= 85) were collected from a survey of 100 questionnaires distributed to degree and postgraduate students in three universities i.e. International Islamic University Malaysia (IIUM), Universiti Utara Malaysia (UUM) and Kolej Universiti Insaniah (KUIN). This resulted in 85 percent response rate, which depicts very good observation and data score for the study. The breakdown of the questionnaires returned for analysis from the three universities is provided as follows: IIUM (42) represents 49.41 percent, UUM (24) stands for 28.24 percent and KUIN (19) represents 22.35 percent. Table 2 below summarised the personal and demographic characteristics of the respondents.

Table 2: Profile of Respondents

S/N	Items	N	%
1.	Name of university:		
	International Islamic University Malaysia (IIUM)	42	49.41
	Universiti Utara Malaysia (UUM)	24	28.24
	Kolej Universiti Insaniah (KUIN)	<u>19</u>	<u>22.35</u>
		85	100
2.	Program:		
	Degree	20	23.5
	Master	22	25.9
	PhD	<u>43</u>	<u>50.6</u>
		85	100
3.	Age:		
	18-25	10	11.8
	26-35	27	31.7
	36-45	40	47.1
	46-55	08	09.4
	55 above	<u>---</u>	<u>-----</u>
		85	100
4.	Gender:		
	Male	75	88.2
	Female	<u>10</u>	<u>11.8</u>
		85	100
5.	Years in Malaysia:		
	0-1	27	31.7
	2-4	40	47.1
	5 above	<u>18</u>	<u>21.2</u>
		85	100

Source: Authors' Computation

The table above indicates that the degree students constitute 23.53 percent of the total respondents while master students have 25.88 and PhD students have 50.59 percent. Most of the respondents are between the ages of 36-45 years old (i.e. 47.06 percent), which could imply quality response because of the maturity, especially if we add-up the respondents between ages 46-55 years old (09.41 percent). In addition, 88.24 percent of the respondents are male and mostly PhD students between the ages of 36-45 years old. Similarly, most of the respondents have being staying in Malaysia for more than two years i.e. 40+18=58 of the total respondents, which denotes 68.24 percent. It is also important to state that the respondents are spread across 16 states of Nigeria with 10 from the northern region and 6 from the southern region (see Appendix B).

4.2 Tests for Normality and Reliability

Among the most important statistical tests necessary before conducting parametric tests is to confirm the normality and reliability tests of the data employed in the study. In view of this, the result of the normality test established that the data have normal distribution. The test was conducted using skewness and kurtosis measurement. It is thus concluded that the data is symmetric because the skewness and kurtosis values are both less than -1.0 for all the three dimensional constructs of the study. According to George and Mallery (2006, p. 99), a skewness or kurtosis value between ± 1.0 is regarded as an excellent value and hence, the data for this study is normally distributed. Again, it is of importance to state that the data for this study also satisfied the reliability test, which is highly necessary for the findings of any research of this nature to be valid and reliable.

In view of this, the Cronbach’s Alpha value of .774 was attained. However, Pallant (2007, p. 98) noted that alpha values of .7 above are considered acceptable while values of .8 above are preferable to demonstrate a high level of internal consistency in the data. Therefore, in order to enhance the reliability test, items 3 (i.e. the underlying philosophy of Islamic banking is risk sharing rather risk shifting) and 8 (i.e. Products of present IBs are similar to those of conventional banking system) were deleted. Thus, a new Cronbach’s alpha value of .801 was achieved. This is considered a good alpha value according to George and Mallery (2006, p. 231) because it gives the study more validity in its findings. In view of the fact that the data for this study satisfied the normality and reliability tests, parametric tests were employed for the testing of the hypotheses. The table below presents the details of the reliability test.

Table 3: Result of Reliability Test

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.801	.807	17

Source: Authors’ Computation

4.3 Tests for Hypotheses

In order to perform the hypotheses tests, two parametric techniques were adopted i.e. One-Sample and Independent-Samples t-Tests. The One-Sample test technique has been adopted in order to perform hypothesis tests for the two hypotheses advanced for this study; whereas the Independent test has been adopted to compare the perceptions of different samples, so as to note the difference and variability. Therefore, the most prominent 2-groups classification in the study is the gender. Hence, the test compare between the male and female respondents to identify the variance in their perceptions. In view of this, there are 19 items which have been categorised into three dimensional constructs i.e. i. Awareness and knowledge which the construct label “Awareness” connotes; ii. Challenges and problems are represented by “Challenges”; and iii. Perceived role is represented by “Role”. To this end, the mean of the samples is 5.681 while Awareness dimension mean is 5.6376, Challenges is 5.6376 and Role is 5.7757. Therefore, the two research hypotheses for this study are: i. that the perception of Nigerian Muslim youths on IBs in Nigeria is of significance to its establishment and operation; and ii. that the perceived problems and challenges on IBs are of significance to its establishment and operation in Nigeria. As a matter of fact, the Awareness dimension has 9 items with a mean of 5.6376 and a t-value of -.911. This implies that the awareness mean is not much far from the population mean of 5.7, which also represents the test value. Therefore, the calculated P-value of .365 must be divided by 2 since a 1-tailed test is required for One-Sample test. Hence, the new P-value shall be .183, which is higher than the observed P-value of .05. This implies that the calculated P-value is not statistically significant, thus the null hypothesis should be accepted. This means that the perception of Nigerian Muslim youths on IBs is of no significance to its establishment and operation. The table below provides more information.

Table 4: Statistics for Awareness Dimension

	Test Value = 5.7					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Awareness	-.911	84	.365	-.06235	-.1985	.0738

Source: Authors’ Computation

In the same vein, the Challenges dimension consists of 5 items with a mean value of 5.6376. The test statistic value is -.911 with a calculated P-value of .365 but because it is a 1-tailed test, the new P-value becomes .183. This value is also not statistically significant because it is greater than the observed P-value of .05. Thus, the null hypothesis should not be rejected i.e. the perceived problems and challenges on IBs are of no significance to its establishment and operation in Nigeria. The table below presents the details for this dimension.

Table 5: Statistics for Challenges Dimension

	Test Value = 5.7					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Challenges	-.911	84	.365	-.06235	-.1985	.0738

Source: Authors’ Computation

Furthermore, the Independent-Samples t-Test compared the mean scores of two groups on a given dimension, so as to identify the difference and variability. Therefore, the most prominent group classification in this study is the gender. Thus, the test compare between the mean scores of the male and female respondents to identify the significance in their perceptions. From Table 6 below, it presents the statistic for these two groups, which reveals that the female mean is higher than the male mean for the two dimensions.

Table 6: Gender Group Statistics

Dimensional Constructs	Gender	N	Mean	Std. Deviation	Std. Error Mean
Awareness	Male	75	5.6080	.65052	.07512
	Female	10	5.8600	.42216	.13350
Challenges	Male	75	5.6080	.65052	.07512
	Female	10	5.8600	.42216	.13350

Source: Authors' Computation

However, if we consider the Levene's Test for equality of variances from Table 7 below, the values under Sig. for both Awareness and Challenges dimensions are less than .05. This means that the two variances are significantly different and it thus implies that equal variances are not assumed. Whereas for the Role dimension, the Sig. score is .222 and it means that the two variances are not significantly different. This implies that the two variances are approximately equal. As a rule of thumb, when the variances are approximately equal we read the values on the top line in the Independent Samples test table (under the t-test of Equality of means) and vice-versa when the variances are not the same. In view of the fact that this test is a 1-tailed test and the result provided in the table below is a 2-tailed test, according to Carver and Nash (2009), it must be divided by 2 to give the real Sig.-value. Therefore, from the table below, it is clear that the Awareness and Challenges dimensions have similar characteristics i.e. equal variances are not assumed with a significance-value of .06 each. This implies that there is no significant difference between the two groups for the two dimensions because the significance-value is greater than .05. The table below provides more information.

Table 7: Result of Independent-Samples Test

Label for Dimensions		Levene's Test for Equality of Variances		t-test for Equality of Means					
		F	Sig.	T	df	Sig. (2-tailed)	Mean Diff.	Std. Error Diffs.	95% Conf.
									Lower
Awareness	Equal variances assumed	4.254	.042	-1.189	83	.238	-.25200	.21201	-.67369
	Equal variances not assumed			-1.645	15.413	.120	-.25200	.15318	-.57774
Challenges	Equal variances assumed	4.254	.042	-1.189	83	.238	-.25200	.21201	-.67369
	Equal variances not assumed			-1.645	15.413	.120	-.25200	.15318	-.57774

Source: Authors' Computation

It is also important to state that some of the items in the questionnaires tested statistically significant based on One-Sample t-Test. Ten of the items tested significant but seven items were statistically significant (SS) at less than P-value of .05 while three items were marginally significant (MS) i.e. between P-value of .05 and .10. This position is noted by George and Mallery (2006, p. 96) and they argued that the smaller the value the greater the confidence that the findings of the study are valid. Therefore, the seven items that are statistically significant are: 2, 4, 5, 8, 15, 18, and 19 while the items with marginal significance scores are: 6, 11 and 12. These 10 items that are significant implies strong positive perceptions on the part of the respondents, especially those with SS scores. According to Carver and Nash (2009, p. 116), when a result is statistically significant, it rules out the possibility of sampling error; as such, inferences from its finding (s) is reliable and valid. The table below presents the 10 items that tested significant. This implies that the items are strongly related to the various dimensions which they fall within. For instance, the most statistically significant of all the items is 19, which reads thus: "The CBN needs to promote adequate research on IBs". This implies that the strongest perceptions among the respondents are for the CBN to promote adequate research on IBs, which is absolutely right because IBs is yet to commence operation and thus need academic researches of this nature for the purpose of policy formulation.

Therefore, for it to develop in terms of appropriate and pragmatic policy formulation, product innovation and development, project evaluation, human resource development among others, adequate research is certainly needed. Table 8 below provides details information about these items and their statistical significance status.

Table 8: Items with Significant Values

S/N	Items No.	Label/Content	P-Value	Remarks
1.	2	Islamic banks shall ensure distributive justice and fairness.	.039	SS
2.	4	Buying and selling arrangements under IBs are less risky compared to conventional banking.	.041	SS
3.	5	I am aware of the various Islamic modes of financing and services like <i>Mudarabah</i> , <i>Musharakah</i> , <i>Murabahah</i> etc.	.026	SS
4.	8	Products of present IBs are similar to those of conventional banking system.	.002	SS
5.	15	The CBN should be more concerned about the strengthening of the legal framework for Islamic banking operation in the country.	.037	SS
6.	18	The CBN needs to collaborate with the Judiciary to have Shari'ah courts for the adjudication of matters on Islamic banking.	.007	SS
7.	19	The CBN needs to promote adequate research on IBs.	.000	SS
8.	6	Islamic banking practices will bring numerous benefits and challenges to individuals, organizations and the society at large.	.057	MS
9.	11	Islamic banking operation in Nigeria is likely to face the serious challenge of adequate and qualified manpower.	.053	MS
10.	12	The current legal framework for Islamic banking operation in Nigeria shall facilitate the growth of Islamic finance in the country.	.075	MS

Source: Author's Computation

4.4 Discussion

It is evidently clear that the essence of this study is an attempt to empirically assess the perceptions of Nigerian Muslim youths resident in Malaysia on the establishment and operation of IBs in Nigeria. In view of this, data gathered have been tested and analyzed to confirm the two research hypotheses, which are: i. that the perception of Nigerian Muslim youths on IBs in Nigeria is of significance to its establishment and operation; and ii. that the perceived problems and challenges on IBs are of significance to its establishment and operation in Nigeria. Hence, the results from the One-Sample test were used to confirm the hypotheses while Independent-Samples test results were used to compare between the perceptions of the male and female respondents. In view of this, 100 questionnaires were administered and it produced 85 percent response rate. This depicts a very good observation and data score for the study. The normality test was conducted using skewness and kurtosis measurement, which gave good results. Thus, the data for this study was confirmed normally distributed by the outcomes of the normality test for the two dimensions and thus, parametric tests were used. Similarly, the reliability test produced a Cronbach's alpha value of .801 after 2 items were deleted. This score is considered a good alpha value, especially as noted by George and Mallery (2006, p. 231). This gives the study more validity and reliability in its findings. Against this background, the mean score of 5.6376 with t-value of -.911 and the calculated P-value of .183 became the statistical characteristics of the Awareness dimension in this study. Thus, the calculated P-value was discovered not statistically significant, because it is higher than the observed P-value of .05 and this resulted in the acceptance of the null hypothesis. Hence, the perceptions of Nigerian Muslim youths on IBs in Nigeria are of no significance to its establishment and operation.

This finding seems logical to some extent because the physical and practical presence of the students would impact more than their absence. This also implies that the youths should be more patriotic by being participatory in home activities, especially during holidays and breaks, in order to contribute their quota to the Islamic Banking Project in the country. In the same vein, the statistics for dimension on Challenges produced similar result like Awareness dimension and thus implying that similar judgment must hold i.e. acceptance of the null hypothesis. This connotes that the perceived problems and challenges on IBs are of no significance to its establishment and operation in Nigeria. This could be contested to some extent because according to Obiyo (2008) and Yasin (2006), legal and supervisory issues are regarded as among the many challenges confronting most IBs in the Muslim world and especially for a beginner like Nigeria. However, the finding is considered valid because only 2 items i.e. 11 and 12 of the 5 items tested marginally significant while others tested statistically insignificant. These 2 items imply that they are positively related to IBs establishment but not as strongly related like items 19, 8 and 18. However, it is interesting to state that the dimensional constructs on Awareness and Challenges demonstrated homoskedastic characteristics. This means that there is similarity in their variability (i.e. homogeneity of variance) because they are having the same mean, t-value, P-value and even the same Independent-Samples test results (see Tables 4, 5, 6 and 7 above); notwithstanding the fact that they have different number of items and contents. This research scenario according to Carver and Nash (2009, p. 185) makes the inference from this type of study reliable and valid. By extension and implication therefore, it means the findings from this study are valid and authentic.

5.0 CONCLUSION

From the foregoing analyses and discussions, there is no doubt that this study is a seminal research because so far no perceptions work about IBs in Nigeria is available for review as far as the authors are aware. Therefore, this study is expected to contribute essentially to general information about IBs in Nigeria and particularly about the perceptions of Nigerian Muslim youths resident in Malaysia. Importantly, the study identified some of the perceived problems and challenges likely to confront the industry in not too distant future. Above all, the significant position and role of the CBN in the establishment and survival of IBs in the country have further being re-emphasised and acknowledged. Against this background, the study hereby makes the following recommendations: i. there is the need for more orientation and awareness on the potential benefits of IBs to the economy of Nigeria. This is because the items on awareness dimension and particularly customer education and orientation tested negative to IBs long-term growth and survival. It implies a dangerous phenomenon, since one of the means of shaping people's perception is through education and orientation; ii. It is found that majority of the respondents have a strong positive perception that the CBN should promote adequate research in the area of IBs. It is thus suggested that a research of this nature is highly needed to provide inputs for policy formulation on IBs in the country; and iii. The issue of manpower development for IBs is also discovered in the findings as very crucial to be enhanced. Therefore, the CBN should play more active and pragmatic role in ensuring that the staffers of IBs receive the relevant and required training, in order to facilitate the rapid growth of the new industry and to play a more meaningful role in the economic development of the country. To this end, it needs to be stated that Islamic banking in Nigeria is certainly a new financial phenomenon that must be promoted and supported and this study is an attempt geared towards this direction.

REFERENCES

- Abdullah, D. V. & Chee, K. (2010). *Islamic Finance: Why it makes sense – Understanding its Principles and Practices*. Marshall Cavendish Business.
- Aburime, U. T. & Alio, F. (2009). Islamic Banking: Theories, Practices and insights for Nigeria. *International Review of Business Research Papers*, 5 (1), 321-339.
- Adewale A. A. (2006). Financing Small and Medium Enterprises (SMEs) in Ilorin Kwara Nigeria. *Advances in Management*, 5 (1).
- Adewale, A. & Mustafa, D. (2010). *Microfinance, Sustainable Development and Poverty alleviation in Nigeria: Proposal for a Maqasid ash-Shari'ah Based (MSB) Model*. Being a paper presented at the 2nd International Conference on Islamic Economics and Finance, Langkawi, Malaysia (7th - 9th December).
- Ahmad, N. & Haron, S. (2002). Perceptions of Malaysian Corporate customers towards Islamic banking products and services. *International Journal of Financial Services*, 3 (4).

- Ahmad, A. Y. (2003). The Prohibition of Riba in Islam: The Economic rationale and its implications. In: Sulaiman, S. and Galadanci, B. (eds.), *Islamic Banking: General Framework and Case Studies*. Kano: International Institute of Islamic Thought (IIIT).
- Ahmad, M. (2006). The Attitude of Bank customers and Professional Bankers towards Islamic and Conventional Banks in Bangladesh. In: Ali, S. S. and Ahmad, A. (eds.), *Islamic Banking and Finance: Fundamentals and Contemporary Issues*. Jeddah: Islamic Development Bank (IDB).
- Ahmad, A., Rehman, K., Saif, I., & Safwan, N. (2010). An empirical investigation of Islamic banking in Pakistan based on perception of service quality. *African Journal of Business Management*, 4 (6), 1185-1193.
- Ahmed, H. (2004). *Role of Zakah and Awqaf in Poverty alleviation. Occasional Paper No. 8*. Jeddah: Islamic Research and Training Institute, IDB.
- Ahmed, S. (2009). *Islamic Banking, Finance and Insurance: A Global Overview*. Kuala Lumpur: A.S. Noordeen.
- Al-Jarhi, M. A. (2006). Islamic Banking and Finance: Philosophical underpinnings. In: Ali, S. S. and Ahmad, A. (eds.), *Islamic Banking and Finance: Fundamentals and Contemporary Issues*. Jeddah: Islamic Development Bank (IDB).
- Ali, S. N. & Syed, A. R. (2010). Post 9/11 perceptions of Islamic Finance. *International Research Journal of Finance and Economics*, 39, 27-39.
- Ayub, M. (2008). *Understanding Islamic Finance*. England: John Wiley and Sons limited.
- Bello, G. B. (2009). Theory and practice of Islamic Banking. *Bayero Business Review*, 3 (1), 67-75.
- Bley, J. & Kuehn, K. (2004). Conventional versus Islamic Finance: Student knowledge and perception in the United Arab Emirates. *International of Islamic Financial Services*, 5 (4).
- Carver, R. H. & Nash, J. G. (2009). *Doing Data Analysis with SPSS Version 16*. Canada: BROOKS/COLE CENGAGE Learning.
- CBN (2011). *Framework for the Regulation and Supervision of Institutions offering non- interest financial services in Nigeria*. Online at: www.cbn.gov.ng.
- Central Intelligence Agency (2011). *The World Factbook*. Online at: www.cia.gov/library/publication/the-world.
- Erol, C. & El-Bdour, R. (1989). Attitudes, behavior and patronage factors of Bank customers towards Islamic banks. *International Journal of Bank Marketing*, 7 (6), 31-39.
- Erol, C., Kaynak, E. & El-Bdour, R. (1990). Conventional and Islamic bank: Patronage behavior of Jordanian customers. *International Journal of Bank Marketing*, 8 (5), 25-35.
- Fakhrul-Ahsan, A. S. M. (1998). *Islamic Banking in Perspective: Concepts and Practices*. Kano: Tofa Commercial Press Ltd.
- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. London: Pitman.
- George, D. & Mallery, P. (2006). *SPSS for Windows-Step by Step: A simple guide and reference (Sixth ed.)*. USA: Pearson Education Inc.
- Hassan, K. (2008). *Impacts of Growth centres on poor households in North-Kedah, Malaysia*. An unpublished PhD thesis, Department of Town and Regional Planning, University of Shieffield.
- Haron, S., Ahmad, N. & Planisek, S. L. (1994). Bank Patronage: Factors of Muslim and non- Muslim customers. *International Journal of Bank Marketing*, 12 (1), 32-40.
- IDB (2004). *Thirty years of Human Development*. Jeddah: Author.
- IDB (2005). *Questions and Answers*. Jeddah: Author.
- INCEIF (2006). *Islamic Finance Regulation and Governance*. Kuala Lumpur: International Centre for Education in Islamic Finance (INCEIF).
- Islamic Finance News (2011). Africa: Islamic Banking Framework. Online at: www.islamicfinancenews.com.
- Ismail, A. G. (2010). *Money, Islamic Banks and the Real Economy*. Singapore: Cengage Learning Asia Pte Ltd.
- Jama, S. H. (2009). Islamic Finance Industry: A Safe Haven. *Al-Manar: Internal Information Bulletin of Islamic Development Bank*, 102, 44-46.

- Kendrick, J. R. (2005). *Social Statistics: An introduction using SPSS for Windows (2nd ed.)*. USA: Pearson Education Inc.
- Khan, A. R. (2005). Poverty to Profit: Using Islamic Microfinance to Alleviate Poverty *Islamica, No 15, Summer*.
- Khurshid, A. (1999). Islamic Finance and Banking: The challenge of the 21st Century. In: Ahmad, I. (ed.) *Islamic Banking and Finance: The concept, the practice and the challenge*. USA: Islamic Society of North America.
- Metawa, S. A. & Almosawi, M. (1998). Banking behaviour of Islamic bank customers: Perspectives and Implications. *International Journal of Bank Marketing, 16 (7), 299-313*.
- Nigeria High Commission (2003). *Nigeria: Land of opportunities*. Kuala Lumpur: Iris Berhad Corporation.
- Obiyo, O. C. (2008). Islamic financing/Banking in the Nigerian Economy: is it workable? A review of related issues and products. *International Journal of Islamic and Middle Eastern Finance and Management, 1 (3), 227-234*.
- Olakunle, O. A. (2004). *Research methods in Social Sciences (2nd ed.)*. Norway: D-Net Communications E-Book Press.
- Pallant, J. (2007). *SPSS survival manual – A step by step guide to Data Analysis using SPSS windows (Third ed.)*. England: McGraw-Hill Pen University Press.
- Rosly, S. A. (2009). *Islamic Capital Market*. Kuala Lumpur: INCEIF.
- Sanusi, S. L. (2011). *Nigeria's high poverty level*. Online at: <http://www.dailytrust.dailytrust.com/index>.
- Sekaran, U. (2000). *Research Methods for Business (3rd Ed.)*. Canada: John Wiley & Sons, Inc.
- Shamis, A. (1978). Youth is strength. *The Muslim Magazine (July)*.
- Tahir, I. M. & Abu Bakar, N. M. (2009). Islamic Banking Operations: Preparing the fit for Internationalization. *Journal of Islamic Economics, Banking and Finance, 5 (3), 49-62*.
- Umar, B. A. (2011). Islamic Finance in Nigeria: Issues and challenges. *New Nigerian (January)*.
- Usman, S. (2003). The Legal and Regulatory Issues of Islamic Banking in Nigeria. In: Sulaiman, S. and Galadanci, B. (eds.), *Islamic Banking: General Framework and Case Studies*. Kano: International Institute of Islamic Thought (IIIT).
- Usmani, M. I. A. (2002). *Meezanbank's guide to Islamic Banking*. Pakistan: Darul-Ishaat Urdu Bazar.
- Yang, K. (2010). *Making sense of Statistical methods in Social Research*. London: SAGE Publications Ltd.
- Yasin, N. (2006). Legal aspects of Islamic Banking – Malaysian Experience. In: Ali, S. S. and Ahmad, A. (eds.), *Islamic Banking and Finance: Fundamentals and Contemporary Issues*. Jeddah: Islamic Development Bank (IDB).

Appendix A**Non-Permissible Transactions/Contracts and the Recognised Instruments/Financing Modes under the NIFI of the CBN****(a) Non-Permissible Transactions and Contracts**

1. Interest;
2. Uncertainty or ambiguity relating to the subject matter, terms or conditions;
3. Gambling;
4. Speculation;
5. Unjust enrichment;
6. Exploitation/unfair trade practices;
7. Dealings in pork, alcohol, arms & ammunition, pornography and;
8. Other transactions, products, goods or services which are not compliant with Shari'ah rules and principles.

(b) Recognised Instruments/Financing Modes

1. Murabahah
2. Mudarabah
3. Musharakah
4. Ijarah
5. Salam
6. Istisna
7. Wadia
8. Wakalah
9. Sukuk
10. Any other financing mode or structure that is Shari'ah-compliant and approved by the CBN.

Source: The CBN Circular on NIFI Framework (2011).

Appendix B**Respondents according to States in Nigeria**

State	Frequency	Percent	Valid Percent	Cumulative Percent
Bauchi	2	2.4	2.4	2.4
Borno	3	3.5	3.5	5.9
Edo	2	2.4	2.4	8.2
Gombe	3	3.5	3.5	11.8
Jigawa	3	3.5	3.5	15.3
Kaduna	3	3.5	3.5	18.8
Kano	9	10.6	10.6	29.4
Katsina	2	2.4	2.4	31.8
Kogi	1	1.2	1.2	32.9
Kwara	15	17.6	17.6	50.6
Lagos	12	14.1	14.1	64.7
Ogun	3	3.5	3.5	68.2
Ondo	2	2.4	2.4	70.6
Osun	9	10.6	10.6	81.2
Oyo	15	17.6	17.6	98.8
Yobe	1	1.2	1.2	100.0
Total	85	100.0	100.0	

Source: Authors' Computation