AN ASSESSMENT OF PROSPECTS AND CHALLENGES OF ISLAMIC BANKING IN NIGERIA

By

Shitile, T. Shimonkabir
Senior Economist,
Central Bank of Nigeria.
Email: tsshitile@cbn.gov.ng

Abstract

In this paper, an attempt has been made to explain the practical issues involved in the application of Islamic banking model (specialized non-interest banking) in Nigeria and provide possible solutions based on enlightenment reflection. The paper was motivated by the confusing debate on Islamic banking in Nigeria and need for further clarification. It has been alleged that Islamic banking is non-inclusive and "no good" for development of the country. Islamic banking experience from other jurisdictions speaks positive developments. Islamic banking in Nigeria is a complement to the mainstream banking which if explore comprehensively would potentially benefit all and sundry. Like in other jurisdictions, such model of banking and financial dealing would succeed through enabling regulatory environment, strict risk management and corporate governance.

Keywords: Islamic Banking, Mainstream Banking.

1.0 Introduction

The role of the banking system in a contemporary economy is of great significance to the development process and hence, it is often regarded as the heart of every prosperous economy (Fakhrul-Ahsan, 1998, Usman, 2003 and Daud et al, 2011). Central Bank of Nigeria (CBN) aimed at growing the banks and inducing improvement in their operational efficiency. Banking system plays pivotal roles in driving development in other sectors of the economy and promoting financial inclusion by introducing alternative products without undermining any group or interest in the country.

In recent times, Nigeria's banking system has steadily evolved, following the forward looking policy of the CBN. This banking sector reform has brought about the emergence of international, national, regional, and specialized banks such as non-interest banks among others. Islamic banking model is one of the two variant of non-interest banking recognized by the CBN. The other type being non-interest financial products and services based on any other established rules and principles.

Islamic banking is simply a system of banking or activity that is consistent with Shari'ah principles, refers to as ***fiqh muamalat*** and its practical application through the development of Islamic economics. It is a product of modernity, which is evolving to play an essential role in contemporary global community. As the existing and emerging conditions in the financial sector unfold, Islamic banking model has become a more appealing option as different challenges have come to bear amid various risks to be mitigated.

The introduction of Islamic banking in Nigeria can be seen as one amongst many liberal financial measures against the narrowing space of the status quo. But can the weaknesses of the banking industry be reined in by the mere abolition of profit, greed and irrational exuberances with the introduction of Islamic banking? How should stakeholders and policymakers think about Islamic banking? Is Islamic banking phenomenon a mere anomaly sweeping history, propped up by social engineering, or a strategic development, reflecting a bipolar world? Or, are Islamic banks efficient and focused financial institutions that could, if unleashed, would eventually dominate the retail financial landscape and improve financial intermediation in Nigeria? A better understanding of these policy questions requires matter-of-fact knowledge about the bona fide nature and character of the Islamic banks.

Given that the Nigerian state is dominated by religious and ethnic outlook, a people who either by nature or nurture cannot separate commerce from politics none delineate when religious sentiment end and business raison d'etre, a forward looking approach to issues of possible misconception as Islamic banking should be to enlighten and empower stakeholders with discerning knowledge for all to assess and learn to come to term with realities on ground. From this perspective, the primary motivation of this paper is to add illumination on the Islamic banking in Nigeria.

With the assumption that the existing literature has sufficiently provided explanation of the basic concept underlying the Islamic banking model and the necessary requirements for its legitimacy and application from the Shari'ah standpoint, the objective of this paper is to deal with the practical issues involved in the application of this banking model in Nigeria and their possible solutions based on enlightenment reflection. The rest of the paper is structured as follows: Section two discusses the fundamental features of Islamic banking, while section three explains the challenges and optimism of Islamic banking in Nigeria. The paper is concluded in section four.

2.0 Review of the Fundamental Features of Islamic Banking

The Islamic principles characterizing the socio-economic life of a people that are considered unique as compared to the mainstream abound in existing literature. For instance, i) Ethical investment – Islamic economics require all economic transactions to be considered *halal* and avoiding projects that can cause damage to the public morality e.g. drugs, narcotics and prostitutions and in preserving the environment. ii) The prohibition of *riba* (usury) and the obligation of *zakah* – the essence of these practices are intended to indirectly form the incentive mechanism that would move the idle funds into real sector of economy. iii) Non-speculation transactions – The prohibition of conducting speculative activities, particularly the transaction with no real underlying transaction, is essentially aimed at preventing a financial detachment in an economic system. For a realistic analysis of the operations of Islamic Banking Model (see Usamani, 1999).

Comparison of Islamic and Mainstream Banking Model

Features	Islamic Banking	Mainstream Banking
Nominal value guarantee of: Demand deposits **Investment deposits**	Yes No	Yes No
Equity-based system where Capital is at risk	Yes	No
Rate of return on deposits	Uncertain, not Guaranteed	Certain and Guaranteed
Mechanism to regulate financial returns on deposits	Depending on bank's performance/profit from investment	Irrespective of bank's performance/profit from investment
Profit Loss & Sharing (PLS) principle is applied	Yes	No
Use of Islamic modes of financing: PLS and Non-PLS modes	Yes	N/A
Use of discretion by banks with regards to collateral	Possible for reducing moral hazard in PLS mode Yes is non-PLS mode	Yes always
Bank's pooling of depositors' fund to provide depositors with professional management investment	Yes	No

Adapted from IMF Working Paper (1998)

Conspicuously, neither the capital value nor the return on investment deposits is guaranteed by Islamic banks, and these banks essentially pool depositors' funds to provide depositors with professional investment management. Unlike the investment companies, the Islamic banks do not sell their capital to the public but accept deposits from the public. However, this is in contrast to our experience in Nigeria.

The ideological and operational differences of Islamic Banking operations as compared to the mainstream one lie upon several aspects. First, all the financial transactions have Shari'ah compliant from the Shari'ah authority or board which cover the legality of the transaction and the object transacted (Muljawan, 2008). The Shari'ah boards are composed of Islamic Scholars and jurisprudents. They ensure that Islamic banks' operation conforms to Islamic precepts. All banking facilities should receive their clearance before being offered to the public. Second, the financial services of Islamic banks should be of agency role and asset – based rather than debt-based transaction of the mainstream one. Third, the different financial structures require different financial ratios and methods when assessing the financial soundness.

More so, in terms of financial best practice, Islamic banking could be perceived to promote professionalism, competence and good governance universally, besides ethical contents, which is typical to the Islamic finance. In particular, the implementation of the concept of *shiddiq* (honesty), *fathanah* (professionalism and competence), *amanah* (responsibility) and *tabligh* (openness and education) are in accordance with the international practices of ensuring good corporate governance and minimum level of transparency (see Muljaman, 2008).

Previous studies (Bashir, 1999 and 2003) have posited that the Islamic banks profitability measures respond positively to the increases in capital and loan ratios. There are tangible indications that adequate capital ratios and loan portfolios play an empirical role in explaining the performance of Islamic banks. Factors found in the literature to be promoting Islamic banks' profits are customers and short-term funding, non-interest earning assets and overhead; while external variables to the banks that have been proposed in the literature as possible determinants of performance include: the macroeconomic environment, the financial market structure, the regulation indicators, and country peculiarity factor.

Like mainstream banks, the Islamic banking operations are vulnerable to a degree of financial risks. In the absence of guaranteed returns on deposits, Islamic Banks undertake risky operations in order to be able to generate comparable returns to their customers. Also, in the absence of deposit insurance, high-risk-taking exposes the bank to the risk of insolvency. The good story is that strict monitoring compliant with Islamic jurisprudence reduces such risks.

The existing literature has reveal that Islamic banking is non-homogenous and there is lack of uniformity in specific forms of Islamic principles applied and to what might be considered as Islamic banking practice. In other words, similar banking procedures and financial instruments differ by jurisdictions. Hence, the need for evaluation of the performance of Islamic Banks from the Shari'ah point of view on a continuous basis and to adopt a realistic approach while designing their procedure and products.

It suffice to note that nothing could be further from the truth than to describe Islamic banking as an exclusive platform financing the needs of the Muslim sector alone. The Islamic banking in Malaysia remains a very good example. Islamic banks in Malaysia are banks for all, not limited to Muslim/Malays. This is reflected in the increasing use of Islamic banking products by Muslim and non-Muslim. In Pakistan, the total assets of Islamic banking increased during 2004 - 08 from 44 billion to 276 billion while total deposits during 2003 - 08 increased from 8 billion to 202 billion. According to the Bangladesh Bank (BB), the central bank of the country, the deposits of the Islamic banking systems in Bangladesh stood at 25 per cent of all private banks deposits (Ahmad, 2011).

Study findings of Haron et al (1994) indicate strong desire of non-Muslim (in Malaysia) to have banking relationship with an Islamic bank if they had a complete understanding of how it works and can access excellent service. This implies that, if explored comprehensively, Islamic banking in Nigeria can gain currency from non-Muslim individuals and investors and is potentially beneficial to all and sundry. Kamor (2011) states that many non-Muslim investors who are not only interested in the risk/reward relationship of their investment, but who are also concerned with issues of accountability and social responsibility have been attracted to play major roles in developing the industry. Though its core business remains Islamic content, but the numbers of non-Muslims clientele grows as mainstream banks alienate existing customers.

3.0 Challenges and Optimism of Islamic Banking in Nigeria

In addition to compliance with other regulatory requirements as spelt out in the BOFIA (Banks and Other Financial Institutions Act), compliance to Shari'ah rules and principles (and as may be guided by the Shari'ah Board) should be a serious matter for any organization offering Islamic financial services in Nigeria. The primary users of Islamic financial services assign great importance to Shari'ah compliance of the services they use because for them it is a matter of faith. In extreme cases, any form of non-compliance may portend operational risk that can result to bank run and instability of the industry.

The Holy Quran and the Sunnah of the Holy Prophet have laid down broad principles in light of which the Shari'ah scholars and jurists deduce specific answers to socio-economic life of people. The progress of any legal system is said to depend on its practical application, the development of Islamic law in Nigeria with regard to business and trade is slowed down by this circumstance of inactive use of Islamic law. The primary reason being that between 1903-1960, when the colonialists eventually took over what was left of the Sokoto caliphate by the defeat of the latter's army and the nation's independence, virtually all the elements of Islam found in the system had been uprooted or transformed. Thus, there is dearth of legal structure such as interpretations or rulings of Shari'ah scholars or jurists in the form of *Fatwas* relating to problems of business, banking and finance. Currently, Shariah Courts are extensively used in the Northern Nigeria.

However, the emergence of Islamic banks in the Nigeria's financial industry would regenerate the development of Islamic legal structure in the country. Islamic banks would operate under the supervision of the Shari'ah Boards. The Shari'ah Boards, comprising Shari'ah scholars, would be resolving the day-to-day problems of the Islamic banks in light of Shari'ah rules and principles and in the process, provide specific rulings on these problems. Also, through exercise and on-going process of *Istinbat* or *Ijtihad*, new ideas, concepts and rulings would keep enriching the Islamic jurisprudence on, but not limited to, economic activities.

In the first phase of Islamic banking implementation in Nigeria, there is the likelihood that it would lead to a disconnect between the theoretical erudition of those learned in *ijtihad* and the actual practice of Islamic banking. However, the contradiction can be over as soon as the practice of Islamic banking catches up with its theoretical foundation and the stakeholders are quick to realize that the practice of Islamic banking is a partnership based on ethical values and faith and has no universality advantage.

It is obvious from the operations of Islamic banking in other jurisdictions that such models succeed through firm regulatory control and strict corporate governance. Eze and Chiejina (2011) argue that given the local banking environment and the weaknesses of the operational framework, it is doubtful if the strict monetary discipline necessary for the success and viability of such banking and financial dealing could be attained in Nigeria. The Islamic banking in Nigeria, no doubt, has promising optimism for development that would benefit the domestic economy in general. The development would also pose challenge to the authority as it requires a different set of banking regulations.

The general expectation is that Islamic banking should be financially sound and Shari'ahly complaint so that the system could also maintain a high level of public confidence. To promote the financial soundness and the salient features of the Islamic banking operations, and appropriate regulatory and supervisory framework, particularly, the design of Islamic bank rating system is a necessary and sufficient condition. Especially as the banking authority should be concerned about possible systemic costs resulting from bank failures that would ultimately put expensive burden to the whole stakeholders. According to Muljawan (2008), the design for Islamic banking regulation, as a matter of fact, should be able to benefit from the current international banking developments such as CAMELS (**C**apital adequacy, **A**ssets quality, **M**anagement quality, **E**arnings, **L**iquidity and Sensitivity to Market Risk) rating system and Basel Committee on Banking Supervision framework (Basel I, II & III) achieved in the mainstream banking system.

Contrarily to dedicated stand alone Islamic banks like JAIZ bank, there is the challenge of co-mingling of mainstream and Islamic funds at some of the proposed Islamic banking windows like Stanbic IBTC, since all sorts of compromises are possible if not an eventual norm. Also the Islamic banking window could make it difficult for the banking regulator to effectively implement its monitoring and supervision of these windows. Although, the regulators (CBN examiners) are sufficiently trained to handle this issue, the coupling of mainstream and Islamic banking activities at the same institution may undermine transparency and competition in the affected banks. Notably, this challenge could be resolved with the use of **notes to accounts** information for clarity purposes.

At the same time, there could be much confusion over the balance sheet treatment of the assets and liabilities of the Islamic banking windows in the financial reports of the mainstream banks, which are not separated. As such this may have implications for the risk management process of the institution.

The application of non-speculative transaction concept would likely reduce the level of liquidity in the market as a trade-off. This would create contradiction to the current development achieved in the financial market innovations in which the players are free to create derivative instruments which is considered acceptable to the market and could potentially generate substantial profits. However, relative benefits of Islamic banking model could far outweigh its drawbacks if the banks as intermediaries are efficient in delivering the expected financing.

In spite of the growth potential in Islamic banking, recent studies show that several challenges facing Islamic financial institutions include shortage of experts in Islamic banking, inappropriate standard of credit analysis, uncertainty in accounting principles involving revenue realization, accounting bases, valuation, revenue and expense matching to Islamic banks. Thus, the results of Islamic banking may not be adequately defined, particularly profit and loss shares attributed to depositors.

From the foregoing, Islamic banking model is not without its challenge. However, the challenges of operating this system are not to be ignored. On this, Umar (2011) made it clear when he submits: the key challenges facing the model include the dearth of knowledge, skills and technical capacity to regulate, supervise, or operate non interest banks. Higher quality personnel with experience in project management and Islamic jurisprudence are required for financing and marketing activities…and the absence of accountants and auditors knowledgeable in accounting and auditing standards pertinent to non interest banks.

It is gladdening to note that the CBN and other regulators are bracing up to tackle the issues head-on. For instance, the National Deposit Insurance corporation (NDIC) has released a draft framework for a Non-interest (Islamic) Deposit Insurance Scheme for stakeholders while the CBN has joined 11 other central banks and 2 Multilateral organizations to form the International Islamic Liquidity Management Corporation (IILM), which should provide treasury instruments that are Shari'ah compliant to address the liquidity management issue of Islamic banks and serve as instruments for open market operations involving Islamic financial institutions.

Therefore, an extensive capacity building through collaboration among various stakeholders to develop cognate expertise in Islamic (non-interest) banking, development of an adequate regulatory and supervisory framework is a must for effective operation of Islamic banking in Nigeria. According to Decker (2011), for his new process to be successful in Nigeria, the Shari'ah board of the Islamic banks should have fair influence on the banks operational and strategic planning to ensure the principles establishing this new system is preserved.

Meeting the customer demand for Islamic banking services will require that the industry and the advisory boards have a particularly strong and sincere dialogue, and a faithful observance of the Islamic rules. In this regard, it is essential that financial organisations do not adopt the mindset that the relationship between them and the market is one of action and reaction only. Instead, they ought to think collectively through the issues and work together to address them successfully to harness the many benefits the future of Islamic banking Nigeria promises.

Although authors like Onakoya and Onakoya (2013) and Čihák and Hesse (2010) argued that operations of Islamic banks are less risky than mainstream banks for reasons that part of the risk is transferred to depositors and income is accounted on a cash basis and not on accrual basis: thus reducing the danger of accumulation of non-performing assets. Moreover, the ability of Islamic banks to reduce the capital value of investment deposits in case of a loss is seen as an automatic setting aside of provisions against loan losses. Risks (such as investment risks and insolvency risks) cannot be ruled out from Islamic banking, notably in cases where banking operations are carried out in such a manner that assets and liabilities sides of a bank's balance sheet are fully integrated.

Specifically investment risk may be the most operational risks confronting the banks operating this model (see Helmy, 2012 and Sarker, 1999). According to Errico & Farahbaksh, 1998), the fact that when Islamic banks provide funds through their profit, loss and sharing (PLS) facilities, i) there is no recognizable default on the part of the agent-entrepreneur until PLS contracts expire, ii) the banks have no legal means to control the agent-entrepreneur who manages the business, and iii) the banks are entitled only to share with the entrepreneur the profits (or losses) stemming from the enterprise according to the contractually agreed PLS ratio (Errico & Farahbaksh, 1998).

Also poor investment decisions possibly derived from a mix of factors including a volatile operating environment, weak internal governance – notably mismanagement, and limited market discipline could result to risks of economic losses particularly the depreciation of the value of depositors' wealth in the Islamic banks. (see Errico & Mitra, 1998).

The good news, however, is that analysis of the performance of the Islamic banking system during the recent global financial crisis based on empirical evidence shows that Islamic banks performed better than mainstream ones in 2008 in terms of profitability, credit and asset growth (see Hasan & Dridi 2010). The Islamic banking business model's features helped the system by protecting it from the first financial impact of global crisis. According to Caba-Maria (2011), prohibition on excessive leverage and on risk transfer according to Shari'ah principles made the system more resilient, less exposed and thus protected from the impact of toxic assets and derivatives' effects that triggered the global financial crisis.

Those challenges that have to be addressed in order for Islamic banks to maximize their potential include the need to improve management of certain market risks such as liquidity and reputation risk. Liquidity management can be difficult under Islamic finance rules due to the lack or limitation of practical instruments and the small number of participants on the money market. Because most of the mainstream liquidity tools are forbidden according to Shari'ah principles, Caba-Maria (2011) argues that Islamic banks could sustain higher liquidity ratios compared with mainstream banks.

The Islamic banking system's features make its activities more closely related to the real economy (see Caba-Maria, 2011). This reduces its contribution to excesses and bubbles. Beside the ethical principles on which Islamic finance is based, it may bring banks closer to their clients and to the true spirit which should mark every financial service. Nonetheless, there is no such thing as the perfect banking model, there are only models best adapted to the market conditions in which they are operating. Hence, Islamic banking model should not be regarded as a panacea for the mainstream banking system affected by the recent global financial crisis.

Islamic banking requires issues that need to be recognized and addressed to help improve and make the legitimate conduct of the banks. Thus, an appropriate regulatory framework for Islamic banking supervision should be designed and reviewed properly to ensure that: a) legal infrastructure for the supervision are in place; b) investment and other risks are adequately addressed; and c) adequate information is disclosed to improve banks' credibility and allow informed investment decisions from the public.

4.0 Conclusion

Acceptability and success of Islamic banking in Nigeria requires intelligent application of the financial inclusive reform and specifically non-interest finance model in the banking sector. This is because the "unusual environment" in place requires nothing less than sufficient enlightenment and empowerment of the stakeholders with discerning knowledge on issues of possible misconception for all to assess and learn to come in term with realities on ground. Issues of suspicion from non-Muslim should be addressed satisfactorily.

Islamic banking in Nigeria is faced with the daunting challenge of achieving the scale economies that would make banks viable competitors. The proactive solution is to adapt to targeted market conditions and requirements and not to imitate mainstream instruments or risk management strategies. The focus, thus, should be on choosing and structuring the most adequate products, services based on the needs of Muslim sector and non-Muslim customers alike and risk management tools for development of the industry.

Legal reforms are necessary for the purpose of facilitating the smooth running and operations of Islamic banking system. In other words, implementation of Islamic banking model in Nigeria should not be a 'shock therapy' policy application – with nothing being done to develop Islamic law of property and contract. Else it would be another failed attempt at modernization in Nigeria, whose practical effects would be akin to those of pre-deregulatory state banking. Thus, in line with (Obiyo, 2008), Nigeria needs to reframe her banking laws if Islamic banking model is to be fully implemented in the country.

Also, since perfection cannot be attained in alone dosage, there is need for evaluation of the performance of Islamic banks from the Shari'ah point of view on a continuous basis and to adopt a realistic approach while designing their procedure and determining their policies. No doubt, Islamic banking model in Nigeria presents a structural virgin resource and promises optimism, which if explore comprehensively, has vast potential benefits to all and sundry.

Glossary

Shari'ah	Islamic Law: Based on the divine guidance as given by the Holy Qur'an and the Sunnah of the Holy Prophet
Fiqh muamalat	Islamic Rules on transactions
Modernity	Quality of being modern: transformation induced by practical enlightenment or assimilation of results of a systematically organized knowledge.
Social engineering	Efforts to influence popular attitudes and behavior
Halal	Lawful or permitted according to Shari'ah. The opposite of halal is haram
Zakat	One of the most important principles of Islam is that all things belong to God, and that wealth is therefore held by human beings in trust.
Sunnah	Refers to the practices of the Prophet Muhammad (s.a.w.). Literally, custom or manner of life
Fatwa	An opinion on a point of law
Ijtihad	An Exertion to reach comprehension and form an opinion
CAMELS	C(apital), A(sset quality), M(anagement), E(arning), L(iquidity) and S(ensitivity to market risk)

References

Abikan, A. I. (2009), Constitutionality of Islamic Banking in Nigeria, published in Contemporary Issues in Islamic Jurisprudence, Rawel Fortune Resources, Benin. http://unilorin.edu.ng/publications/abikan/CONSTITUTIONALITY%20OF%20ISLAMIC%20 BANKING.pdf

Ahmad, F. (2011), Islamic Banking Blooms in Bangladesh. Available at http://islamicbanking.info/islamic-banking-in-bangladesh/

Bashir, A. (2003), Determinants of Profitability in Islamic Banks: Some evidence from the Middle East, Islamic Economic Studies, Vol. 11, No.1, September 2003

(2001), Assessing the Performance of Islamic Banks: Some Evidence from the Middle East. Prepared for the Annual meeting of the MEEA/ American Economic Association, New Orleans, Louisiana, January 4-7, 2001.
Available at http://www.luc.edu/orgs/meea/volume3/revisedbashir.pdf

(1999), 'Risk and Profitability Measures in Islamic Banks: The Case of Two Sudanese Banks', Islamic Economic Studies, 6(2), 1-24

Caba-Maria, F. (2011), The Islamic Banking System: From the Crisis' Threats to the Future's opportunities, cited on http://mepei.com/in-focus/5279

CBN (2011) a, Framework for the Regulation and Supervision of Institutions Offering Non-Interest Financial Services in Nigeria, available at: www.cbn.gov.ng(accessed on 19 March 2011).

(2011) b, About CBN, Available at: www.cbn.gov.ng (accessed on 29 March 2011).

Chapra, M.U. (2009), "The Global Financial Crisis: Can Islamic Finance Help?" Al-Manar: Internal Information Bulletin of the Islamic Development Bank, Issue no. 102 (Rajah/July).

Čihák, M. & Hesse, H. (2010), Islamic banks and financial stability: An empirical analysis. Journal of Financial Services Research, 38: 95-113

Daud, M.; Yussof, I.M.; & Abideen, A. (2011), The Establishment and Operation of Islamic Banks in Nigeria: Perception Study on the Role of the Central Bank of Nigeria, Australian Journal of Business and Management Research Vol. 1 No. 2 / May 2011

Decker, D. (2011), Is Islamic Banking In Nigeria a Good Idea? Cited on http://www.dailytrust.com.ng/index.php?option=com_content&view=article&id=23886:is-islamic-banking-in-nigeria-a-good-idea&catid=8:letters&Itemid=17

Errico, L. & Farahbaksh, M. (1998), Islamic Banking: Issues in Prudential Regulations and Supervison, IMF Working Paper.

Eze, I. & Chiejina, A. (2011), Furore Over Islamic Banking In Nigeria, cited on http://businessdayonline.com/NG/index.php/analysis/features/24733-furore-over-islamic-banking-in-nigeria

Fakhrul-Ahsan, A.S.M (1998), Islamic Banking in Perspective: Concepts and Practices. Kano: Tofa Commercial Press Ltd.

Haiwad, A. (2008), Islamic Banking System, Kandahar, SSRN papers 12 October.

Hasan, M. & Dridi, J. (2010), Put to the Test Islamic Banks were more resilient than Conventional Banks during the Global Financial Crisis, Finance & Development December 2010.

Helmy, M. (2012), Risk management in Islamic banks. MPRA Paper No. 38706. Online at http://mpra.ub.uni-muenchen.de/38706/

http://www.thenigerianvoice.com/nvnews/54733/1/islamic-banking-how-it-operate-in-nigeria.html. Published: Monday, June 27, 2011.

Islamic Finance News (2011), Africa: Islamic Banking Framework, available at: www.islamicfinancenews.com

Jama, S.H. (2009), Islamic Finance Industry: A Safe Haven. Al-Manar: Internal Information Bulletin of Islamic Developmnet Bank, 102, 44-46

Kamor, D. (2011), Understanding Islamic Banking System, Daily Independent cited on http://allafrica.com/stories/printable/201106170583.html

Khan, M.F. (1983), Islamic Banking as Practiced Now in the World, Leicester, UK: The Islamic Foundation.

Khan, M. (1986), "Islamic Interest Free Banking: A Theoretical Analysis", IMF Staff Papers.

Khan, M. and A. Mirakhor (1987), Theoretical Studies in Islamic Banking and Finance, Houston: IRIS Books.

Khan, T. and Chapra, M.U. (2000), Regulation and Supervision of Islamic Banks, Occasional Paper No.3, Jeddah: Islamic Research and Training Institute, 101.

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.

Onakoya, A. B. and Onakoya, A. O. (2013), The Performance of Conventional and Islamic Banks in the United Kingdom: A Comparative Analysis. Journal of Research in Economics and International Finance (JREIF) (ISSN: 2315-5671) Vol. 2(2) pp. 29-38, February, 2013. Available online http://www.interesjournals.org/JREIF

Parker, M. (2010), Islamic Banks Fared Better During Financial Crisis, Arabnews on-line 19 September, Retrieved on 18 February 2011 from http://arabnews.com/economy/islamicfinance/article142384.ece.

Mersch, Y. (2010), Prospects of Islamic Finance – The View of a Central Bank in Europe, Islamic Finance.

Usmani, M. T. (1999), An Introduction to Islamic Finance, Idaratul Ma'arif, Karachi

Muljawan, D. (2008), A Design for Islamic Banking Rating System: An Integrated Approach. Available at http://islamiccenter.kau.sa/arabic/Ahdath/Con06/_pdf/Vol1/19

Sanusi, L.S. (2011) a, Banks in Nigeria and National Economic Development: A Critical Review. Being a Keynote Address Presented at the Seminar on "Becoming an Economic Driver While Applying Banking Regulations" March, 7, available at: www.cbn.gov.ng

(2011) b, Nigeria's High Poverty Level, Available at: http://www.dailytrust.dailytrust.com/

Sarker, A. A. (1999), Islamic Banking in Bangladesh: Growth, Structure, and Performance. Proceedings of the Third Harvard University Forum on Islamic Finance: Local Challenges, Global Opportunities. Cambridge, Massachusetts. Center for Middle Eastern Studies, Harvard University. 1999. pp. 271-290

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).

Yilmaz, D. (2009), Islamic Finance – During and After the Global Financial Crisis, Conference on Islamic Finance During and After the Global Financial Crisis, IMF-World Bank Annual Meetings 2009, Istanbul, 5 October 2009.