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THE PROSPECT AND PRACTICE OF ISLAMIC BANKING IN NIGERIA

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Abstract

The paper examined the concept and evaluation of non interest banking in Nigeria with regard to Apex bank guide lines governing operating Islamic Bank in the country and also the basic principle of introducing non interest banking in the country, models giving by the central of Nigeria were giving for further clarification of the operation, more over the objectives of the banks was stated by giving more details of the Islamic banking system, by quantifying its principle and prospect of practice in Nigeria as contributing financial system in the economy, lastly the implications and opportunities in the operating the Islamic banks in the country.

KEY WORDS = banks, Islamic banking, non – interest financial institution.

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INTRODUCTION

CONCEPT AND EVALUTION OF NON INTEREST ISLAMIC BANKING

History has shownthat the banking system is among the most importance aspects of any developed and thriving economy and financial system. A functioning banking system helps to create a more successful and efficient society. Bank facilitate in the transfer of resources from these with excess to those who require extra resources to run their business. It is a known fact that banks like any other firm are in business to make money and bank major source of income or profit is the different in interest rates at which they pay to their depositors and the rate at which they lend to companies and entrepreneurs

Under Islamic jurisprudence, depositors, return are managed not by a predetermined fixed interest rate, but by the size of the bank return on its investment. When disbursing loans, the bank functions as an investment bank where by both the investors and the bank not only share the benefits of high return on investments, but also share the losses. If return on investment is high the bank will take a percentage of the investors profits, this is impossible for conventional banks, which just receive the interest that they themselves fix at the time the loan was made not minding whether the loan receivers made profit or loss.

Non interest banking can be traced to some young Muslim economists in late forties who believed banking systems should be reorganised on the basis of profit sharing rather than interest rate. They have all recognised the need for commercial banks and the evil of interest in that enterprise, and have proposed a banking system on the concept of profit and loss sharingIn the last 20 years, commercial banks share of US financial assets has Declined to 24.5% from nearly 40%., New technologies of communication andcomputerized financial transaction made it possible for many savers to by-pass.

Commercial banks and directly reach out to users of funds. This diminishing role of Banking is, effectively compensated for by growth of financial markets money and Capital markets, as their ability to make their own credit judgment improves, more and more savers prefer to eliminate the "middle men", by directly taking the risk of borrowers, than the risk of banks. This is exactly the idea of Islamic banking.

Islamic bank is a financial intermediary; however, its operation is not based on "borrower-lender" relationship with savers. Alternatively, it functions as agent Procuring investment opportunities to its depositors, where they directly take Islamic banking also refers to as non-interest banking that is gradually taking path into the global financial system in the current world focus, The modern Islamic banking is originated from Egyptian and it experiment of a variant of a savings bank based on profit-sharing in the town of MitGhamr in the year 1963, which was by economist Ahmad El Naggar. Subsequently, the Nasir Social Bank in Egypt was declared as an interest-free commercial bank in the year 1971, although its charter made no reference to Islam or Islamic law (*Shari'ah*), Ariff, 1988, stated that, The guiding principle of Islamic banking and finance is to provide banking and financial services which are compliant with Shari'ah legal system completely, The primary source of Shariah is the Divine Islamic Law as revealed in the Holy Quran.

The banking system is very significant in the development process of every nation economy. The orthodoxy of commercial banking is predicated on intermediation and generation of net interest income through two core operations, the collection of deposits on which banks pay interest and the issuing of loans for which banks receive interest income, This translates into the basis of measuring net interest margin a difference between lending and deposit rates, In short, conventional banking system is interest-based or credit-based. The development of banking has opened new frontiers for commercial banks to expand beyond their traditional role and sources of income to activities that generate non-interest income such as fee-based activities, licensing, insurance, etc., As the name implies, non-interest income is income that does not originate as interest on loaned funds, and non-interest income typically requires minimal risk for the bank and minimal capital.

"*An increase in the non-interest income improves the banking profitability and reduces the risk of the lending operations by more diversification of banking activity"*

Hakimi, Hamdi andDJelassi, 2012 examined that, Today banks generate an increased proportion of their income from non-intermediation, For example, non-interest income now accounts for over 40% of operating income in the US commercial banking industry, and De Young and Rice, 2004 stated that; Indeed, non-interest income has become a key component of the profits of many commercial banks across the world. Consequently, the interest income, which is the primary indicator of the banking profit, has decreased drastically and non-interest revenue increased substantially, the non-interest income is predicated on the pillar for generating banking bank and creditor income primarily from fees, examples of non-interest income include deposit and transaction fees, funds fees, annual fees, monthly account service charges inactivity fees, cheque, and deposit slip fees. Under the non-interest banking frameworks, institutions charge fees that provide non-interest income as a way of generating revenue and ensuring liquidity in the event of increased default rates.

Interest is prohibited by the major religions - Islam, Judaism, and Christianity. They had condemned taking interest (Riba) in all its ramifications, The Holy Qur'an explicitly and emphatically forbids taking or giving of interest on transactions, In the Qur'an, in Surah Al-Imran (3:130),

"Allah says*: "O you who believe! Do not devour Riba (usury) multiplying it over and keep your duty to Allah that you may prosper"*

Same kind of prohibition regarding fixed interest is also stated in Al-Baqarah (2:275-281), Al-Nisa (4:160-161) and Surah Al-Rum(30:39) of the Qur'an, There are numerous *Hadiths* which explain the prohibition of interest (*Riba*) and risk or uncertainty (*Gharar*) both Riba and Gharar are illegal under Islamic law, Riba refers to fixed rate of interest and Gharar refers to speculation or uncertainty, moreover, there is complete unanimity among all schools of thought in Islam that the term "Riba" stands for "interest" in all types and forms (Ariff, 1988

In the Bible, also the taking of interest is categorically forbidden. Exodus (22:25 says:

"if you lend money to any of my people who are poor among you, you shall not be like the lender to him; you shall not charge him interest."

Leviticus (25:35-37) states: "If one your brethren becomes poor, and falls into poverty among you, then you shall help him, like aStranger *or a sojourner that he may live with you. Take no* *usury or interest from him, but fear* God, *that your brother may live with you. You shall not lend him your money for usury, nor lend* him *your food at a profit."* The Hebrew Bible also regulates interest taking as in Deuteronomy 23:19)

Says: "*Thou shalt not lend upon usury to thy brother; usury of money, usury of victuals, usury of anything that is lent upon usury."*

The term *Usury* is used in the same sense of any amount claimed by creditor over and above the principal advanced by him to debtor, the banking system has ever been changing with the changes in the societies, Indeed, a variety of banking models have been developed all over the world, but mainly they function on the basis of their interest, The most significant development in the field of banking is the emergence of Islamic banks, Islamic banking is a system of banking or banking activity that is consistent with Islamic law (*Shari'ah*) principles and guided by Islamic economics, It is a banking system that provides financing and attracts savings on the basis of profit- and loss-sharing (PLS) rather than lending and interest.

Therefore, an important part of the system is the prohibition on collecting interest. Another part is on ethical investments by prohibitions on business such as alcoholism, gambling, armaments, pig farming and pornography. Islamic banking system emerged as the major alternative, Islamic financial products now comprise a broad range of financial services, where for almost all conventional financial products there is nearly always an analogous Islamic finance product (Gait and

Worthington, 2007).

The development of Islamic banking and interest-free banking in the 1970s and 1980s, particularly in Pakistan and Malaysia, has propelled great interest in an alternative to conventional banking; indeed, the global financial crisis has provoked scholars, lawmakers, by the Islamic finance. Shafique, Faheem, and Abdullah (2012) posit that

"*The recent global financial crisis forced the developed nation to lower the bank rates and introduce the new financial system that is based on Islamic"*. In fact, even the Vatican (in its daily newspaper *Observatory Romano*.'

Has put forward the idea that,*"the Islamic finance may represent a possible cure for ailing markets Totaro*, 2009". And many articles have indicated acceptance by Western governments and bankers of an Islamic financing system (The Brussels Journal, 12-03-2009), Today more than 105 countries operate Islamic banking with a global market size of more than US$2trillion of assets, with a growth rate of 17-20 percent per annum The Economist, 2014, Various jurisdictions have commenced legal and regulatory reforms to pave the way for the offering of Islamic finance in their respective countries while ensuring attention to sustaining financial stability, Which is considered as a European hub of Islamic finance and one of the major Islamic finance centres after Malaysia, Bahrain and the UAE started amending its tax laws in 2002 to accommodate Islamic financial arrangements, this approach was followed by many other countries e.g. France, Ireland and Luxembourg that have either amended or clarified their tax laws to accommodate Islamic finance.

Germany is the first European country to issue a *Sukuk*Islamic bonds, which is becoming an attractive alternative funding and investment for several countries across the world Chermi and Jerbi, 2015, the growth and development of Islamic banking in the Eastern European countries is envisaged to take roots in Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Russia in the current decade BNM, 2015.

The importance and potential of Islamic banking prompted the International Monetary Fund (IMF) to facilitate the establishment of the Islamic Financial Services Board (IFSB) in 2002. The IFSB serves at the Islamic equivalent of IMF towards addressing the need for a suitable regulatory framework, nonfinancial instruments and institutional arrangements for Islamic finance operations, Khan and Bashar,2008 stated that, Earlier in 1990, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) was established to set the accounting standards for the Islamic financial industry, In 2010, the International Islamic

Liquidity Management Corporation (IILM) was established to enhance liquidity management in the Islamic financial system, among others, through the periodic issuance of short-term Shari'ah-compliant financial instruments.

The Nigerian banking industry is one of the most vibrant in the sub-Saharan Africa, and has witnessed various reforms over the years, The most significant reforms were the 1986 banking reform during the structural adjustment programmer (SAP) period and the 2004 banking consolidation reform, which accelerated in 2009 banking reform, These reforms were extensively discussed in different studies (Ojong, Ekpuk, Ogar and Emori, 2014, Sanusi, 2012; Dogarawa, 2011; Abdullahi, 2007; Imala 2005; etc, and therefore few related issues will be noted in this paper, The 1986 banking reform was characterized by the deregulation of interest rates, exchange rates, and access in to banking business, which precipitated the liquidation of some distressed banks and privatization of government shareholdings in some Effiom, Ubi, and Okon, 2012.

The impact of their form was visible in the proliferation of banking institutions from mere 50 in 1987 to 120 in 1993, and155 in 1998, a significant feature of the growth in the number of banking institutions is that the new banks were generally small and undercapitalized, the smallness of banks in Nigeria remained a serious constraint in their ability to finance major investments in the real sector of the economy, a situation that was further compounded by the apparent lack of ethics in their conduct, Indeed, some of the banks had been set up with less ethical motives in mind EffiomUbi and Okon, 2012,In the year 2004, the CBN commenced another round of banking reform with a view to redressing distress conditions of the banks as clearly manifested in persistent illiquidity, weak corporate governance, poor assets quality, insider abuses, weak capital base, unprofitable operations, and over-dependency on public sector funds, among others EffiomUbi and Okon2012, the first pillar of the reform was banking consolidation aimed at raising the capital base of banks through mergers and acquisitions as well as capital issues in the stock market. Sanusi 2011 avers that the thrust of the consolidation policy was to grow the banks and position them to play crucial roles in driving development across all sectors of the Nigerian economy, as well as bringing about improvements in their own operational efficiency.

At the end of the consolidation exercise, the number of the banks reduced from 89 banks in 2005 to only 24 banks as consolidated banks having met the required =N=25 billion minima paid-up share capital requirement for universal, By 2009, the CBN accelerated the banking reform process with the avowed objective of ensuring that banks rely more on the private sector for funds and, more significantly, by ensuring greater transparency and accountability in the implementation of banking laws and regulation, according to Sanusi 2011, some positive outcomes of the reforms include greater confidence in the banking system with the removal of distress banks and the adoption of a strict code of corporate governance principles in banks and their ability to undertake funding of large projects, especially in infrastructure, and oil and gas sectors, through the new window in the enlarged single obligor limits. The reform brought about the huge increase of the branches of the surviving 24 banks, the number of bank branches has increased from 3,247 in 2003 to over 5,837 in 2011, and employment in the sector also rose from 50,586 in 2005 to more than 71,876 in2010.

Moreover, the reform has also brought about increased widespread use of e-payment services among Nigerians, besides the recorded increase in commercial banks branches, there were 816 microfinance banks operating in the country, despite this phenomenal rise in the number of bank branches, the ratio of bank branch to total population stood at 24,224 persons, indicating a high level of financial exclusion Sanusi, 2012, the CBN banking reform discarded the universal banking system, which allowed banks to diversify into non-bank financial businesses. In 2011, it introduced a new banking model with a view to directing banks to focus on their core banking business only, the CBN New Banking Model authorizes the establishment of the following banking structures as defined under the Banks and Other Financial Institutions Act (BOFIA) 1991 as amended:

(i) Commercial Banks;
(ii) Merchant Banks; and
(iii) Specialized Banks.

Accordingly, Specialized Banks include non-interest banks; microfinance banks, development banks, mortgage banks, and such other banks as may be designated by the CBN from time to time, The CBN has developed Guidelines for the Regulation and Supervision of Institutions Offering Non-Interest Financial Services (IIFS) in Nigeria. The guidelines are focused on financial institutions desiring to offer noninterest banking products and services based on Islamic commercial jurisprudence in Nigeria; this banking model is also called "Islamic Banking".

The Investment risk,to prevent adverse selection and generate incentive compatibility, this agent does not get fixed fees for its fund-management. Rather it is compensatedOn the basis of actual profits of these investments. The model of Islamic banking is built on what is called in Islamic JurisprudenceMudarabah is a principal-agent contract. It is based on Trust, where assets remain the ownership of the principal the saver in this case managed by the agent the Islamic bank). Islamic banking raison d'être is prohibition of usurious transactions. Because Usuryarises in loans, a financial intermediary established on the idea of borrower-lender relationship is not compatible with the Islamic system. Both being essentially financial intermediaries, the differences between an Islamic bank and a conventional bank are basically that of operation. These Differences can be summarized in two main points: That an Islamic bank advances are, effectively, off-balance sheet assets, and That value can pass from the bank to its clients either in the form of goods and Services sold on differed payments or in the form of money. In the latter case Risks and returns are shared between the bank and the users of funds. It is not too difficult to see, therefore, that there is "common ground" betweenthe two models of banking.

Many conventional banks are discovering that Islamic banking is not as intricatedas the name may sound. Responding to increasingDemand from its clients, numerous conventional banks started offering interest-free Banking products and for the last 5 years. Most popular of these products is theMurabahah, where the bank takes constructive possession of assets and then re-sells Open differed payment with a mark-up. Murabaha, which is in vogue now-a-days in Automobile and housing finance, is not very dissimilar to bank lending, and to actually Creates comparable bank assets,the mark-up, however, is not compounded and if

Penalties are charged in the case of delayed payments, they should be deposed off to this is a birds-eye view of the subject matter of this book. In the next few Chapters we will examine the model of Islamic banking and aspects of Islamic Equity and investment. The economic system of Islam is the collection of rules, values and standards Of conduct that organize economic life and establish relations of production in an Islamic society, These rules and standards are based on the Islamic order as Recognized in the Koran and Sunna and the corpus of jurisprudence opus which was developed over the last 1400 years by thousands of jurist, responding to the Changing circumstances and evolving life of Muslims all over the globe. In the Islamic system, property is a trust. The real owner is Allah (SubhanahuWaTa'ala).

Man's disposal of worldly goods is in the capacity of a viceroy and a Trustee, His rights are, therefore, circumscribed by the limits Allah has prescribed, and should be exercised toward the ends Allah has defined. Unlike the capitalist System, the right to property is not absolute but has limitations and qualifications Enforced not by the power of the government but by the power of one's faith and Desire to be a pious Muslim

Muslims are internalized in the decision making process of every Muslim. It is Socialism with at the state. Justice and fairness is a basic value of the Islamic economic Order, distributive justice is a major concern of the system. Equitable distribution of Income and wealth is therefore an objective by itself. Operationally Zakah is the third pillar of the Islamic faith. It is a unique system of Zakah is not a hand-out from the rich to the poor. It is a right of the have-nots in the wealth of the haves. It is a measure designed to directly transfer part of The wealth from the well-to-do to the poor and not to the government It would not be possible to guarantee the functioning of the system free from injustices without a built-in-mechanism to prevent injustice reproducing it self

Generation after generation Studies show that one of the major causes of inequalityin income distribution is the distribution of wealth. One major outcome of the Islamic laws of inheritance is to prevent concentration of wealth. This is because Legacy is distributed in a pre-set ratios which take into consideration need andCloseness to the deceased,yet giving the deceased the right to assign part of his Wealth,Not exceeding 1/3 to charitable usesFreedom is a cornerstone in the Islamic economic system.

In fact, it is so basic that the whole message of Islam came to free man from all kind of slavery. Today's trade and commerce in the whole world is run on the basis of interest Based debt,if we look at the money and capital markets in any country we find that They are basically markets for exchanging financial obligations and receivables. It is No wonder that just the mere thought that interest rate may go up (or down) willBring havoc to all sectors of the economy. Standard economic analysis tells that Interest rates play important roles in the economy. Firstly, that it provides incentives for savings, and secondly that it performs a locative function with regard to Capital. The argument goes as follows: Usury is as old as money. Almost all human societies since time immemorialPractice usury, and almost always struggled with reformers and taught men who Felt, even before the advent of religions, that usury is unjust. There is little or no Difference between usury which was practiced in antiquity and that of a mode, however, even the prohibition of increase in these two transactions shows Shari'ah recognition of the time value of money. For instance in loan, Shari'ahClearly states that the here-after reward for loan is even bigger than that of giving Boards directions,in most, however, the Shari'ah board reports to the board of Director, in all Islamic banks, however, a Shari'ah board will never interfere m the Day to day business of the bank, No Shari'ah board, for example, will get involvedIn credit analysis, risk assessment or decision to grant finance facilities to a client. Shari'ah advisors may have reservation on the structure of finance or the form of Contract involved.

Even these, however, are rarely handled on a case by case basis For approval, A model is usually cleared by the Shari'ah board, and review of Application is usually lift to end of the year report.

CENTRAL BANK OF NIGERIA (CBN) CLARIFICATION ON NON INTEREST BANKING (ISLAMIC BANK)

The central bank of Nigeria (CBN) issued new guidelines for the operation of non interest banking in Nigeria. The guidelines clarify the contextual definition of non interest banking which is not restricted to Islamic banking, but also include other forms of non interest banking based on Islamic principle .this is accordance with the provision of banks and other financial

Institution Act(BOFIA) which clearly provide for the two variants of non interest banking.In line with central bank of Nigeria (CBN)objectives of promoting financial inclusion in Nigeria, individuals and groups wishing to practice non interest baring based on established routes and principles other than Islamic may apply for a license to operate such institution and the central bank of Nigeria (CBN) will accordingly issue guideline pertinent to that type of banking.In order to clear all forms of doubt, section 23(1) and section 66 of the banks and other financial institution Act(BOFIA) 1991 (as amended) explicitly provides for the licensing of non interest banks (NIBS). The central bank of Nigeria (CBN) is obliged, by law to issue licenses to appropriate entities for the establishment of NIBS provided they meet the regulatory requirement for licenses.

BASIC FOR THE INTRODUCTION OF NON INTEREST FINANCIAL INSTITUTION

Central bank of Nigeria (CBN) decided to introduce different category of non interest financial institution given the increasing number of requests from persons , banks and other financial institutions desiring to offer non interest banking product and services based on the Islamic commercial jurisprudence in Nigeria , the central bank of Nigeria (CBN)has developed these guidelines for the regulation and supervision of institution offering Islamic financial services (IFS) referred to in this guidelines .

CLASSIFICATION OF ISLAMIC FINANCIAL SERVICES

1 -full –fledged Islamic bank or full- fledged Islamic banking subsidiary of a conventional bank.

2- full- fledged Islamic merchant or full- fledged Islamic subsidiary of a conventional merchant bank.

3- Full –fledged Islamic micro finance bank.

4- Islamic branch or window of a conventional bank.

5- Islamic subsidiary, branch or window of a non – bank financial institution.

6- A development bank regulated by the central bank of Nigeria (CBN) offering Islamic financial services.

7- A primary mortgage institution licensed by the central bank of Nigeria (CBN) to offer financial services either full- fledged or as a subsidiary.

8- A finance company licensed by the central bank of Nigeria to provide financial services, either full- fledged or as a subsidiary.

CENTRAL BANK OF NIGERIA MODEL AND NON INTEREST FINANCIAL INSTITUTIONS

Central bank of Nigeria (CBN) new banking allows the establishment of the following banking structure as defined by (BOFIA 1991).

(1) Commercial banks.

(2) Merchant banks

(3) Specialized banks.

Specialised bank include non – interest bank, micro finance, development banks, mortgage banks, and such other banks as may be designated by the central bank of Nigeria from time to time. Guidelines for some of the specialised financial institutions, example micro finance banks primary mortgage institution and finance companies have been issued under a separate cover. Guidelines for the categories of non – interest banking will be issued upon request which shall be consistent with international best practice.

In an a nutshell, central bank of Nigeria (CBN) defines non – interest financial institution (NIFI) as a bank or other financial institutions (OFI) under the purview of the central bank of Nigeria (CBN) which transacts banking business, engages in trading, investment and commercial activities as well as the provision of financial products and services in accordance with any establishment non – interest banking principle.

Islamic banking as one of the models of non – interest banking, serves the same purpose of providing financial serves as do conventional financial institution save that it operates in accordance with principles and rules of Islamic commercial jurisprudence that generally recognizes profit and loss sharing and the prohibition of interest, as a model.

OBJECTIVES OF THE GUIDELINES

A—the objective of these guidelines is to provide minimum standard for the operation of (IIFS) in Nigeria

B—accordingly, these guidelines are applicable to (IIFS) only to do not seek to regulate other non- interest financial institution which may be established from time to time.

LEGAL FRAME WORK

LEGAL BASIS

These guidelines are issued pursuant to the non – interest banking regime under section 33(1)(b)of the central bank of Nigeria(CBN)act 2007, section 23(1)(52) j(55)(2)j(59)(1)(a)j(61) of banks and other financial institution Act(BOFIA)1991 (as amended)and section 4(1)(c)of the regulation on the scope of banking activities and ancillary matter, no 3, 2010 . it shall be read together with the provision of other relevant section of BOFIA ,1991 . (as amended),the central bank of Nigeria (CBN)Act 2007, companies and allied matter Act (CAMA) 1990 (as amended) and circular and guidelines issued by the central bank of Nigeria (CBN)from time to time.

CORPORATE POWERS

A non – interest financial institution under this model shall ensure that its memorandum and articles of association (MEMART) state that its business operation will be conducted in accordance with the principle and practices of Islamic commercial jurisprudence.

MAJOR PRINCIPLE OF NON INTEREST ISLAMIC BANKING

The major principle of non- interest banking are summed up as follows----

(1)Any predetermined payment over and above the actual amount of principle is prohibition i.e. lenders should not charge any interest or additional amount over the money lent.

(2) The lender must share in the profits or losses arising out of the enterprises for which the money was lent. Furthermore, Islamic finance is based on the belief that the provider of capital and the user of capital should equally share the risk of business ventures, whether they are industries, farms, service companies or simple trade deals.

(3) Making money from money is not Islamic ally acceptable.

(4) Uncertainty, risk or speculation also prohibited on any transaction entered into contracting parties should have perfect knowledge of the counter value intended to be exchanged as a result of their transaction.

(5)investment should only support practices or product that are not forbidden example trade in alcohol, construction of casino, lending money to other banks at interest .

(6) The policy does not prevent non- Muslims from participating.

IMPLICATIONS AND OPPORTUNITIES OF NON –INTEREST ISLAMIC BANKING.

Myriad of implications and opportunities of Islamic banking have been identified which we believe may greatly benefit the economy in short run and long run

Large number of urban red Muslim community in Nigeria may be attracted to this type of specialized banking system and get bankable.

Implementation of non- interest banking would allow people to have different credit choice among different types of banking structures in Nigeria.

Development fund, this allows Nigeria government and corporate organizations to have access to Islamic development funds available in the international community to finance infrastructural projects.

It encourages Muslim communities to invest locally rather than sending their investment to the Middle East.

CONCLUSION

From the central bank of Nigeria (CBN) new banking model and the remark made by the financial experts, Islamic banking is just like any of the existing banking is just like any of the existing banking techniques such as micro finance bank, mortgage banks, development banks, in the industry in which any interested party can participate at any point in time out of their own volition. It has been established that Islamic banking is being practiced in Europe, America and part of Asian countries. Britain established the Islamic banks of Britain sometimes some years back and major banks such as HSBC, Citi bank, and Libya bank in Britain created subsidiaries or widow to provide Islamic banking to their customers in UK and around the world as at present there are about eight full- fledge Islamic banks in Britain, four in USA, two in Germany and one in France.

In Africa, South Africa has Islamic banks such as Al –Baraka Islamic bank and others. There are presences of Islamic banks in other African countries such as Senegal, Gambia, Guinea, and

Niger, Egypt, Kenya, and Tanzania. White many other country are in process of establishing their own Islamic banks. Islamic banks found as a result of prohibition of interest (usury) which was exposed by Christianity Islam and hindus. In our candid opinion and based on the facts discussed above Nigerians should allow non –interest banking products so as laxness the opportunities there in.

On a final note, we implore central bank of Nigeria (CBN) to intensify effort on public enlightenment on this issue and the legal backing for establishment of Islamic banking in Nigeria should be further spelt out.

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