

POVERTY ALLEVIATION IN NIGERIA: AN INSIGHT INTO JAIZ BANK ISLAMIC MICROFINANCE SCHEME

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ABSTRACT

The purpose of this paper is to investigate Jaiz bank Islamic microfinance and poverty alleviation in Nigeria. The paper used qualitative method using exploratory techniques and interview with 15 customers respondents and 3 Jaiz bank executives carried out the research with semi-structured interviews and face-face approach to analyse on how microfinance evolved in poverty alleviation in Nigeria. Jaiz bank microfinance is systematically useful in capacity building and entrepreneurial development of active poor and enhances standard of living of underprivilege. The research goes a long way in reducing the rate of unemployment and empowering potential local communities and reducing difficulties among the poor in Particular in the Northern part of Nigeria. The paper differs from previous studies on the development of microfinance in Nigeria, in sub-Saharan African countries for which research on Islamic microfinance is sparse. The paper is unique in analysing finding and discussing on how microfinance emerged as way of poverty alleviation in the Nigerian context.

Keywords: Jaiz bank Plc; Implementation; Poverty Alleviation; Islamic microfinance

INTRODUCTION

Poverty is one of the seven-point agenda by the united nation (UN) to eliminate poverty and starvation which been describe as one of the persistence in the world and need to be tackle for growth and sustainable development for the seeks to end the challenges by 2030. Poverty is one of the multidimensional and complex phenomenon which is against growth and development in any society (Ogunniyi, Oluseyi, Adeyemi, Kabir Philips, 2017) Poverty can be describe in any state where the people are denied of good things for sustaining their life and the ability to realize the desired goals for suitable standard of living, all this problems as a result of hunger, starvation, higher illiteracy rate in the society, Absent of clean water, poor infrastructural facilities, lack of health facilities among others. In addition, the poverty pervasiveness is normally been in higher percentage in the rural areas where people are lagging behind in providing social amenities, close to 80% or higher proportion of the population lives below the poverty line, with confined social and infrastructural facilities.

Universally, the number of people living in extreme poverty as at 2015 were 767 million according to the (UNDP, 2016) which reduced to less than 600 million people in the year 2019. Billions of people across the world live in degrading unclean conditions enriched with hunger, disease, worry, and degradation due to the lacking social amenities. However, the programme of alleviating poverty is amazing due to it is tremendous development for

over 25 years in the world. Furthermore, the problem of poverty is not only in African countries, rather it covered the developing and developed countries. Such as Europe and Asia as estimates in 2012 discovered that over 300 million people lived in poverty as a consequence of lacking social amenities in these developed countries. Yet, there is prevalence of poverty in developing countries than developed ones which Nigeria is one of the developing countries in sub-Saharan region facing the challenges of poverty and starvation due to the so many factors effecting the third world countries on providing people with social amenities. Despite Nigeria rich in various sectors of human development, agricultural area, petroleum and gas sector, with the large untapped solid mineral and other natural resources but Nigeria is among the poorest countries in the world.

Nigeria considered one of the poorest countries in the world with higher percentage of inequitable distribution among the low-income people, above India, China, Bangladesh and Congo among others, Nigeria got her independence in Nigeria (1960), the level of poverty was really low by then. However, 60 years after gaining independence, Nigeria rose from a low poverty level to become one of the poorest countries with the highest statistical index of poverty in the world today as a result of corruption and bad governance in the country.

The study is imperative on issues related to poverty alleviation in Sokoto State for the economic growth and development of the community in the area. The objective of the research is to explore and investigate the Islamic microfinance scheme operated by the Jaiz bank on poverty alleviation in the State. By using exploratory approach on the phenomenon as case study on microfinance and poverty alleviation in Jaiz bank.

To discover out the real situation in Jaiz bank microfinance and poverty alleviation the following objectives are established for the research

To examine the concept of Islamic microfinance scheme in Jaiz bank plc. Sokoto State

To evaluate the Islamic microfinance in Jaiz bank plc. Sokoto State

To investigate the Islamic microfinance and economic development in Sokoto State

To analyze the Status of Islamic Microfinance to poverty alleviation in Sokoto State

Background of the Study

Nigeria is the biggest economy in Africa and a major oil producer, with the largest oil reserve in Africa. However, the country has been recording poor growth in the real economy and one of the poorest countries in the world. World Bank report show that around 53.5% of Nigerians lived on under \$1.90 a day (Channy Ogunniran, 2019). Thus, it is not unexpectedly, that the issue of poverty becomes the first goal both in the era of the Millennium development goals (MDGs) and the sustainable development goals (SDGs). This goal is armoured-plated from the MDGs era. However, poverty is still the main enemy of every country. Consequently, the fight against poverty continues in the SDGs' era and stand as the main target. However, the Significance of poverty reduction in Nigerian economic development make it the first to consider by the concern authority. (Abduh Omar, 2012; Farahani Dastan, 2013; Grassa Gazdar, 2014; Hassan, Sanchez, Yu, 2011; Kassim, 2016; Majid Kassim, 2015; Tabash Dhankar, 2014; mejde, 2013). To achieve this goal, by the UN High-level Panel of Eminent Persons on the Post2015 Development Agenda proposes specific targets of poverty reduction, bring the number of people living on less than \$1.25 a day to zero and reduce the proportion of people living below national poverty lines of various countries in 2015 which Nigeria is amongst the countries that has the higher percentage of poverty level in Africa apart from the Republic of Congo. Meanwhile, the UN High-level Panel of Eminent Persons on the Post-2015 Development Agenda also made suggestions on the poor's land rights, property rights and social security, and how to combat natural disaster which can be use as some of the parameters of solving problems of poverty among the countries suffer from the global phenomenon (Liu et al., 2015).

Poverty in largely Muslim northern part of Nigeria is much higher than in other parts of the country. In January 2007, the then CBN Governor of Nigeria, Professor Charles Soludo reported that the three Northern regions have an average poverty occurrence of 70.1 per cent as compared to 34.9 per cent for the three Southern regions. In fact, the case of the country poverty seems worrisome with its recent pronouncement as the poverty headquarters of the world, in which about 44.2% (86.9 million) and 47.7% (93.7 million) of her population were said to be living on less than US\$1.90 per day in 2018 and 2019 respectively, having overtaken India (Dauda

Oyeleke; Kharas, Hamel, Hofer, 2018b). However, recent report by National Bureau of Statistic 2020 revealed a lower rate of about 40.1% (over 82 million), which still appears very high. Moreover, her human development index in 2019 was 0.534, which put her in the 158th position out of the 189 countries. Which brings the questions of the Post-2015 Development Agenda be formulated for developing countries only or for both developing and developed countries (Hossain Chen, 2021)

LITERATURE REVIEW

Conventional Banking System

Conventional banking system had its backgrounds in Italy, the business of banking grew out of trade boom of the commercial business uprising of the High Middle Ages (1000–1350). However, Conventional banking activities move around Europe and has become compound and increasingly intricate in credit transactions on interest basis. The banking institution are financial sector with the prospect of pooling saving from single individual and credit to the people need of the fund for the betterment and increasing the standard living of the low-income earners among the society. Three banks were the major banks at that time that operated on interest charges on time frame and stipulated amount to be refund on interest basis. While the Florentine bank fell into crisis in the sixteenth century, which is one of the Italian banks during that time. yet Italians continued active in international banking into the seventeenth century to sustain their banking activities. By that time banking system in Italian grew in southern Germany and other parts of Europe as well. The banks were involved in activities that include speculation in the money for interest, market and trade in commodities of gold and silver on interest banking system. The conventional banking system designed in Italy moved to Spain and then to Holland, until it stable in England by then. The money-making activity in the bank of England was inspired by a group of people from Lombardian merchants' travellers from Italy in the 14th century A.D. While the new comers settled in London which is known today as the famous Lim bard Street. London has become one of the conventional banking centres during that time, and one of the most important financial sectors of banking operations of lending and depositing to banking businesses which lead the saving, investment, and credit operation of interest were begun. Most of these settlers were Jews and traders that lend money for money, gold for gold, silver for silver, based on interest charges and time frame depending on the amount requested by the lender and the time for refunding of the loan to the bank (Bourke, 1989).

Banking and financial system in Nigeria

Nigeria Financial sector and economic system goes with the objective of safeguarding the inclusive of low-income earners, less privilege, and active poor people living in rural and urban areas with financial deprived individuals in the society, with intended to have requisite of microfinance facilities operated by the Islamic banking mode of finance in an affordable and accessible way for economic growth and development in the country. The system of banking practices comprises the techniques, procedures, requirements, implementation and documentations for the processing account and loan accessing from the banks, collateral requirements from the lenders, advances and service charges for tedious banking services which serves as constraints to the less privileged and low-income earners to cater for the customers' needs. Which brings the spreading of bank services through opening branches in rural areas in addition with the urban ones which will enhances the financial inclusion and economic development for the improving the standard living of the less privilege and low-income earners in the society.

According to (Beck, Demirgüç-Kunt, Merrouche, 2013; Rahman, 2017; Samad, 2012) Conventional banking Is on interest-based bank intermediation, as worked by the guiding financial institutions. Conventional banking is on integral unequal policies whereby a large number of small depositors' funds are channelled to a small number of big investors. In addition (Iqbal Molyneux, 2016), elaborate that the mediation is usually use to be done by way of compensable a fixed interest to the providers of funds and charging higher but still fixed interest to the users of the resources. In this case, the difference is the margin, or profit of the banking institution (Abubakar Aduda, 2017; Ashrafzadeh, Razmi, Lotfalipour, Feizi, 2017). Three landscapes of this lopsided structure of banking mediation as highlighted below

Evolution of Islamic Banking System

In the early time of Islam, Makka, was in the Holy city of Arabian Peninsula, the city was the centre of world trade and regarded as safe for the investors and business people. Traders' caravans used to go to Makka during the summer and winter. Within the relative security and local prosperity in trade and business security, it was clear that during that time primitive system deposits and the utilization of money shall appear in pre-Islamic Makka society. Mostly, properties are traded on bartered basis while payments also made in Dinar and Dirham coins. Dinar coins were in gold while Dirham coins were in silver. The business of money changing was mutual. Likewise, offering money on interest (Riba) was also common in Arabian Peninsula. The Jews of Medina, Banu Nadir, dominated local commercial activities. They advance money to local people and charge high rate of interest. The interest was their main source of income during that time. They were in mainstream and wealthy community as compared to other groups while the Quresh tribe of Makka was the men of trade and viable activities. They shared financial resources for carrying out large business schemes and share profit according to percentage of their contribution (Warde, 2010).

Though, when the Holy prophet Muhammad (s.a.w.) along with his companions migrated to Medina from Makkah. the concentration of business activities was also shifted from Makkah to Medina. The Holy Prophet and his friends were knowledgeable and honest traders the residents of Medina took full benefit of their presence. Medina was an agricultural city and most of its peoples were engaged in farming activities. But after the coming of the Holy Prophet the entity of that city was transformed and it was developed as one of the main commercial cities of Arab region. The tiny Muslim State was appeared from the city of Medina and was transformed into the big empire of the world due to introduction of pro-poor, equitable and welfare-oriented financial system. The next four to six centuries saw a nonstop growth of Muslim empire and high living standard of its inhabitants.

Islamic Banking in Nigeria

Islamic banking institution in Nigeria been restrained as an alternative to the conventional banking system which has differences in terms of distribution and allocating resources to the active poor and low -income in the society, participating in the banking activities, and findings firms for economic development and productive activities among others, which will ease the hardship face by the low-income earners and create sustainability to the economic growth in the society. Islamic banking system enhances the real economy and increasing the production capacity of manpower as entrepreneurs and income providers for the purpose of business activities and realizing profit on mutual agreed ration (Kassim, 2016). Islamic banking has four important roles as intermediary between the two side that is investor of the capital and lender to operate a business on a certain mutual arrangement between the two parties. The banking arrangement includes contributing financing ethics principles of banking system, reassuring lending process, encouraging financial stability in the banking system and stimulating saving and investing the real economy (Imam Kpodar, 2016). The banking business operated by entrepreneur as one-man business and various corporative organisation maintained the Islamic banking sharing tools as it is stipulated by Shariah, which are mostly equity based and directly chase the connecting relationship with economic growth and development of Islamic injunction. Different view by the scholars on Islamic bank definition whereby they look the bank on another angle as an instrument that promote economic activities and self-reliance to the vulnerable poor in the society. with more effective methods compared to pure traditional banking system which deals with lending and borrowing on interest charges (Goldsmith, 1969; Gurley Shaw, 1955; Hicks, 1969; Imam Kpodar, 2016; Kassim, 2016).

Dissimilarities between Islamic Banking and Conventional Banking System

Banking institution has close bearing to the real finance and economic growth that operate within the specified mission on development in any country (Adekola, 2016; Robinson, 2001). Banking institution become moneys providers to boost business projects and expansion in the real sector of the economy, it has been stated in the theory of supply prime policy or supply leading policy that emphasize the banking sector of any country that goes with the production capacity of the people and business contribution to the real economy (Abusharbeh, 2017;

Zamzami, 2011). Furthermore, activities regarding banking system lead towards demand of people not too high profit from the money given to the customer. The consequence result will lead to the customer's load and lighter for better life in the society. More resources can be used to be empowered in the real sector of the economy for sustainable development and increasing the standard living of society as well. Moreover, it also rises the procuring power to the economy and create sustainability development (Adekola, 2016; Ghoniyah Hartono, 2019a; Murerwa, 2015). The banking activities enhance the welfare of people in developing countries like Nigeria, Ghana, where banks demand low profits are able to make contribution for the country's economy (Adekola, 2016). Yet, profit-oriented banking is critical in order to response customers/investors in the banking operation system, and it can rise a customer's tendency to save their funds in the banks due to the higher interest charges or return from the investment they made (Klein Weill, 2018). Therefore, banks can still contribute to the country's economic growth and development by creating good business performance through allotting deposit and lending system from the fund to the customers for their domestic use and creating entrepreneur businesses for sustainable development.

According to (Alkhazaleh, 2017; KleinWeill, 2018), there are two banking systems traditional bank, an Substitute banking system (Islamic Bank) for economic development in any country. Mainstream system apply interest charges to the customers of the bank (conventional banks), and Alternative banks apply interest free banking system (Shariah Banking system) which operate on buying and selling on total shariah principle banking system, the banking system been created on prohibited of interest (usury) but permissible to trade or business activities in form of Islamic mode of finance (*murabahah, isthisna, salam* agreement) under the cooperation system that will share the profits to the investors *mudarabah* and *musharakah* agreement in between the savers and the banking intermediary for realizing profit and shared based on agreed mutual ratio (Belkhaoui, Alsagr, van Hemmen, 2020). Islamic banking system set as bank with basic foundation for economic growth and development as it deals with the business ventures in the general sector of the economy. Islamic banking system makes goals with principles of shariah as the main vision which is called (Falah) or victory of the world and world hereafter (Biyantoro Ghoniyah, 2019; Ghoniyah Hartono, 2019b).

Islamic Microfinance System

Islamic banking begins in 1960 with higher prospect of microfinance business that operated on interest free system this has grown-up esteem in both Muslim and non-Muslim countries all over the world, with attractive customers and confidence from different side of belief as a result of its flexibility and less risky character of the business which is totally shariah compliance (Karaham Ersoy, 2016). Islamic microfinance theory has been established on ethics, fairness, and self-assurance from the clients that are operating with banking system. Moreover, Islamic banking system developed all over the world due to its uniqueness. The Islamic microfinance system has been widely used in different Muslim countries like Pakistan and Malaysia for many years. In fact, in some non-Muslim countries like Europe and other part of the world are practicing the Islamic banking system. Especially British and American origin have applied Islamic banking practices for many years and have succeeded in their countries, which enhances the business ventures of low income earners and improving the economic growth and development of their countries (Ahmad Chowdury, 2020). Microfinance scheme is normally identified as outline where all procedures of financial method and transactions are accepted out in acquiescence with Islamic injunction (Yanik Erden, 2019). Islamic microfinance under Islamic banking is growing faster scheme in many countries like Malaysia, Bangladesh, Pakistan, Indonesia which has trapped the attention to many countries' national policy to invest in that area. Islamic bank is a financial organization that must follow Islamic principles and avoid the interest (usury) as it commands in all of its forms in (Qur'an chapter 2: verses 275) based on aims, principles and practices of sharia. The most important rules concerning prohibition of *Riba* which is totally condemned Islamically by the Qur'an and tradition of the holy prophet (Aras Öztürk, 2011; Hassan, 1999)

Jaiz Bank Microfinance programme

Microfinance system or programme operated by the Jaiz bank is based on idea and value of Islam on mode of finance scheme for the purpose of financial inclusion and improving the standard living of society, for the persistence to achieve a certain goals and objectives of alleviating poverty and improving the Nigerian growth and economy through financial mode of investment operated by the Jaiz bank. The bank operated its activities under the shariah. Islamic microfinance which is free from any unethical value of Islamic law, speculative activities, excessive risk taking, gambling, games of chance, or engaging in prohibited investment that deals with interest. Islamic scholars and academicians have developed ethics that serve as the main building sections which govern the Islamic banking theory and finance that has relationship with poverty alleviation and improving the standard living of society. The theory stressed on banning the interest as the most important characteristic towards growth and development of financial sector of the economy that will lead to the sustainable development and predetermined rate of return on loans or debts due to the business transaction and condemnation of interest (Usury) as prohibited by the Islamic principles (Ayub, 2007).

Jaiz bank microfinance operated by the several major roles in micro, small and medium enterprises of different mode of finance for the creating job opportunities and increasing the standard living of society. Microfinance considered as one of the most effective and flexible in the fight against global poverty, being it give emphasis to the active poor and low- income earners in the society (Kefas, 2006). The operating system is sustainable in its landscape and can be applied on massive scale of society required to the urgent needs of the world's poorest people. Jaiz bank microfinance filled up certain gaps that conventional banking system has neglected in serving the people need, in particularly the active poor among the society. The system of microfinance facilities in conventional banking system has woefully failed the world economy. The nature of the gaps been filled by the Jaiz bank microfinance with well-articulated procedure, techniques, and executed by the Jaiz bank as it required by the Islamic principles (Akintoye Owojori, 2009).

METHODOLOGY

The paper implements qualitative method which used the exploratory technique on beneficiary Customers of Jaiz bank with semi-structured procedure and face-face interviews to analyse and investigate on how microfinance scheme progressed in poverty alleviation in Nigeria. The research data collection focused with a total number of 15 beneficiaries' customers of microfinance facilities, and 3 Jaiz bank executives for conducting the research, through purposive sampling technique to understand about the qualitative aspects of poverty on the concept of Jaiz bank microfinance, status of Jaiz bank microfinance, and challenges of the scheme towards poverty alleviation and improving the standard living of society. The research findings on how the availability of microfinance facilities influenced the lives of chronically active-poor individuals and households in the area of the research, focusing on the lives of the beneficiaries' customers on how the scheme improved their lives. The research shared more light on complex analysis of the customers experiences and lived realities of poverty hindering the customers development than what can be understood from household consumption, challenges, repayment rates, and loan disbursement to the interested beneficiaries' customers of the bank. The research elaborates the observations of microfinance facilities transaction between the Jaiz bank and customer with difference view on microfinance role to poverty alleviation. The research is purely based on the information collected from the Jaiz bank beneficiaries' customers and the experience of the Jaiz bank facilities obtain. Finally, the study reaches to the conclusion and recommends way out for the implementation of microfinance scheme to poverty alleviation.

RESULTS AND DISCUSSION

The section deals with findings the results of the research and discussion from the Jaiz bank beneficiaries customers on the scheme of microfinance operated by the bank which comprises knowledge about microfinance in Jaiz bank, customer information from the bank, customers information on advertisement, customers on interest free-Banking, customers on Compliance with Sharia Principles, customers Standard of living, enhances customers business Activities, enlighten more people on the scheme, building more branches in the State, collaborating with

government to provide soft loan, collaborate with (NGOs) on skills acquisition to the vulnerable poor. The findings and discussion are based on the interview conducted from the Jaiz bank customers as respondent. to finds out the status of the bank and their relationship with the executives on microfinance scheme and poverty alleviation.

Customers Knowledgeable about Islamic Microfinance

Results

The results show data 100 percent of interviewees agreed that they have knowledge of microfinance with Jaiz bank where they show interest in the Jaiz bank and financial interaction with the bank. They believed that they welcome the customers and advise them when the need arises. Participants talked about the interest of banking with Jaiz and how the synergy influences their interaction with the bank. The theme worked and find out the impact of microfinance knowledge on poverty alleviation. They used words/phrases such as 'Aware', 'Enjoys', 'helps', which play a vital role on the mechanisms put in place by the Jaiz bank to the customers for favourable atmosphere in between the bank.

Discussion

Beneficiaries' customers highlighted the contributions of microfinance knowledge to poverty alleviation. One of the customers believed that knowledge of Jaiz bank microfinance helps him a lot to apply for the loan where the bank purchase handset for him to expand his business, the customer emphasized the knowledge of Jaiz bank to the customers where the customer mentioned how knowledge of microfinance operated by the bank assist him in solving some problems facing by him. The second customer made mentioned he benefited from the medicine bought for him through the knowledge he obtained from different sources of Jaiz bank. while in his opinion the third customer said he enjoy the facilities provided to him by the bank which the knowledge helps him to get the facilities from the bank. While on the other hand the fourth and fifth narrated that they are well aware of the facilities and the bank provide them with house furniture to finish their houses

"I know the scheme of microfinance "I applied several times as a businessman I ask the bank to provide me with facilities where they purchase handsets for me to expand my business, the bank purchase handset for me, I enjoy and benefit from the soft loan provided to me by the bank improving my business and reduced my difficulties"

I'm fully aware of microfinance in Jaiz bank "I applied purchase of medicine which the bank bought for me, I applied so many times which I enjoys, benefited from the microfinance loan been provided to me by the bank

" I am completely aware of microfinance in Jaiz bank plc, I applied purchasing of fridges to the bank which the bank provided me with the facilities I am using for my business centre, which I enjoy, they also provided another fridge for me to use in my house, these two fridges help me in reducing my difficulties"

"Well known to me microfinance in Jaiz bank , "I requested the bank to buy for me furniture for my house, where the bank bought for me all furniture's of my house which

help me a lot and I enjoy the soft loan with the agreement of paying the bank through my Jaiz bank account, when I finished my house, I have no furniture in my house so I decided to apply for the furniture, where the bank purchased the furniture for me which I still enjoying over a long period of time it reduce my difficulties and poverty level

“Knows about the microfinance in Jaiz bank, “I requested the bank to buy for me furniture for my house that I have finished which I don’t have money to buy where the bank bought for me all furniture’s of my house, after completing the procedure of the loans repayment, at stipulated period of time, so I decided to apply for the furniture, where by the bank purchased the furniture for me which reduced my hardship, still enjoying over a long period of time”

Customers on Interest- free Banking

Results

The results of more than 80 percent of interviewees agreed that Jaiz bank interest- free encourage their interaction with the bank. The respondents of the interview believed that Jaiz Bank is one of the organise Islamic bank in Nigeria. In addition, with the confidence and reliability of the bank inspire customers to operate with the bank. They used words/phrases such as operating,’ Structure,’ system, interest free,’ benefit,’ and sharia compliance,’ the beneficiaries of microfinance show the total compliance with Shari’ah and absconding of the customers from interest, which has been condemned by the Islamic Law, it emphasized the business transaction then interest base system which is prohibited in Islam

Discussion

The beneficiaries’ customer stressed that the way Jaiz bank operated in interest- free system make them feel comfortable about the banking activities. This influences their financial interaction and creating confidence to them as customers.

The Jaiz bank microfinance system is incomparable, because the conventional microfinance operating on interest bases, while the Islamic microfinance is operating on sharia jurisprudence, that’s why we are avoiding the conventional microfinance facility

“Jaiz bank is different in terms of their operation, Jaiz bank microfinance operate on interest free banking system provide the commodity not money to the customers”

“There is a lot of difficulties in conventional microfinance because its dealing with interest, while the Islamic microfinance is very easy interns of its accessibility and it also has no any interest to charge for the loan provided to you as a customer”

“Conventional microfinance and Islamic microfinance are not the same, the conventional has higher amount of interest charges, while the Islamic microfinance has no interest in its mode of contract, because it’s completely on Shari’ah jurisprudence”

“Microfinance facility of Jaiz bank has difference with the conventional microfinance that is operating on interest bases system, Islamic micro finance has no any interest it charges on issuing the loan to the customer of the bank”.

Customers Standard of living

Results

The results show more than 80 percent of interviewees agreed that Islamic microfinance has change their life and improving their Standard of living, which the scheme influences their financial interaction. They believed that it has softens procedure of applying the facilities to customers towards financial interaction. They used words/phrases such as Change,' Enjoy,' impress', provides,' change. Participants talked about so many achievements been succeeded from microfinance with Jaiz bank the respondents deliberate immensely on the contribution of microfinance by the Jaiz bank, which include improving their standard of living, and enhance customers business activities.

Discussion

The customers highlighted Islamic microfinance has improve their standard of living. The first customer said the facilities it has essentially improve my life, the customer added that before the Islamic microfinance comes to us, we are suffering in the hands of conventional bank on their interest charges, but when I come to know the microfinance with Jaiz bank my standard of living has totally improved and the scheme expands my business activities

“Jaiz bank microfinance reduce my hardship by providing soft loan, which expands my business activities, my business is always developing and improving my standard of living and sustaining my life”

“The Jaiz microfinance has immensely reduced my difficulties and hardship by providing social Amenities to complete my house, which help me and improve my standard of living

“Jaiz bank microfinance help me a lot, the bank purchase fridges which assist my daily activities and improving my standard of living and maintaining my livelihood

“Microfinance in Jaiz bank is different in terms of provision of the items you applied, these items they have provide to me improve my life and also increase my standard of living by sustaining my income”

“Islamic microfinance has improved my standard of living, reduced my difficulties, and decreased my poverty, I can afford many things, because of the soft loan provided to me by the Jaiz bank”

Enhances Customers Business Activities

Results

The results show 70 percent of interviewees has agreed that Jaiz bank customers improve their business activities from the microfinance. They believed that microfinance encourages their financial interaction and their business

transaction. Participants talked about the influence of microfinance and effects to their business which enhance their livelihood. Islamic microfinance scheme helps many people in reducing their poverty, the facilities improved the customers business, reduce their difficulties and rise their livelihood. They used words/phrases such as Reduced, 'operating, difficulties', hardship', It reduces difficulties and raise the standard living of the customers. The customers stressed the impact of microfinance as one of the facilities use to enhances the business activities of customers and create higher impact to their financial interaction

Discussion

The customers highlighted that the reliability of Jaiz bank contribute to their business activities. Customers of the bank has made mentioned that the microfinance have improve, and create the affordability to the different types of commodities which they cannot buy

“Islamic microfinance is very useful if you are doing business, because it helps me a lot in my business, my life has change and improve, my business also expands and my standard of living has progress in this business”

“The Islamic microfinance it helps me a lot because it reduces difficulties in my life, and it also bring changes in my life, because their charges are affordable to their customers which improve my business”

“Islamic microfinance scheme helps many people in reducing their poverty, the facility has made me improved my business, reduce my business difficulties and rise livelihood of my family”

Enlighten More People On The Scheme

Results

The results show more than 80 percent of interviewees agreed that enlightenment has influences customers on their financial interaction with Jaiz bank plc. They believed Jaiz bank personnel have cordial relationship with the bank customers and usually use to advise them when the need arises, this influences their financial interaction with the bank They used words/phrases such as Expansion', enlighten', benefit', poverty', The respondents reiterated the emphasis of enlighten people on microfinance scheme operated by the Jaiz bank, enlighten is one of the major roles expect from the side of the bank personnel to the public

Discussion

The beneficiaries' customers highlighted that enlighten more people on the scheme will influence the financial interaction of the customers and intended people that want start operating with the Jaiz bank on microfinance scheme in improving their standard of living

The Jaiz bank in Sokoto state needs so many ways to improve their microfinance programmes through enlightens, and improving the skills of their personal, by giving them more training in both conventional banking and Islamic banking jurisprudence”

“Jaiz bank in Sokoto State should give more emphasis on internet services, enlighten, in order to improve their programmes, he added that many people are complaining about their services in the bank related with internet services, so they need to give more stress on that direction”

“Jaiz bank is playing a vital role in the society in alleviation of poverty, but the bank needs to give more emphasis on training their staff on the rules of Islamic banking, they also need to enlighten the public”

“The Jaiz bank microfinance is very helpful in terms of reducing poverty, but I am suggestion to the bank to give more emphasis on enlighten people, and shed lighter to the public on their banking operation on microfinance”

The Jaiz bank cerates many avenues to the customers, whereby through the microfinance activities can reduced difficulties and poverty in the society, but the bank needs to put more effort for enlighten the public, and creating awareness about their activities, because many people are not aware about their Islamic microfinance”

“The Jaiz bank should give more emphasis on enlighten, internet services, and educational sector to encourage the teachers, to open account with Jaiz bank so that educational system will improve through their contribution”

Building More Branches In The State

Results

The results show over 70 percent of customers agreed that Jaiz bank needs more branches to influences their financial interaction and create financial inclusion of rural settlers. They believed that building more branches will improve the effectiveness and efficiency of microfinance and poverty alleviation in the rural community. Participants says building more branches will expand business activities. They used words/phrases such as difficulties, hardship’, branches’, training’, The respondents of the bank reiterated the emphasis on building more branches of Jaiz bank and introduce the microfinance to difference local government area that will improve the financial inclusion of the rural communities. This will attract more people close to the bank, most especially the vulnerable poor that need to be financially inclusive

Discussion

The of Jaiz bank beneficiaries' customers affirmed the important of building more branches in the State in particular the rural areas. First customers stressed important of building more branches is over emphasis to the customers of the bank, this will boost the financial interaction and improving business transaction to the community. Equally, second customer said building branches in the rural area will bring people closer to the bank. The third customer also add that more branches is an alternative place to search for unavailable information and easy way to the customers. The fourth customer highlighted that Jaiz Bank plc, is important because they do not have to spend transport fares to reach the Jaiz bank plc in the city.

“My opinion on Jaiz bank if it can expand its branches, it will be better for the people in the state to responds positively, in addition, they need more enlighten to the people on microfinance facilities and it benefit to the people in terms of reducing poverty”

“The Jaiz bank microfinance help a lot of people in their businesses and improving their livelihood in their daily activities, but they need to give more emphasis on Training, more branches in the State, because the branches here in Sokoto metropolitan city is not enough for the customers”

“Jaiz bank microfinance is one of the schemes help many people in the State in terms of reducing their difficulties and hardship facing in their daily life activities, but the bank needs to come out with ways of enlighten the people and create more awareness to the public, in addition more branches need to be open due to the higher percentage of the customers in the State”

“Jaiz bank microfinance has brought to me a lot of development in my life, the scheme reduces my difficulties and hardship, but the bank needs to create more branches and enlightenment to the public in the State, in addition, they also need to train their security personal in the bank on social relationship with customers”

Collaborating with Government to Provide Soft Loan

Results

The results show the collaboration of Jaiz bank and State government with microfinance help in poverty alleviation and influences the customers financial interaction and improving their standard of living. The respondents acknowledged that microfinance with the synergy between the Jaiz bank and State government will boost the business activities and reduce the rate of poverty level in the State. The participants emphasized how important microfinance play role to the active poor in dropping the hardship facing by the customers.

Discussion

The beneficiaries' customers stressed the important of collaboration between the State government and Jaiz bank on microfinance scheme to the vulnerable poor and interested customers in the State. This will help in poverty alleviation and influences the customers financial interaction by improving their standard of living. One of the customers has stressed the important of Qard-hassan (benevolent loans) to the customers, in collaboration with government, the collaboration will expand the microfinance scheme to the other part of the state for the benefit of the rural dwellers, another customer said the Jaiz bank microfinance with the synergy between the bank and

government needs to give more attention on training the workers, and come out with skills acquisition programme to the youth

“The Jaiz bank can increase its scope by introducing Qard-hassan (benevolent loans) to its customers, in collaboration with government, and expand microfinance scheme to the other part of the state for the benefit of the rural dwellers”

Jaiz bank needs to recruits more workers from the catchment area, because of the nature, norms and values of the people living in that particular place, and the bank also needs to give more attention on training the workers, and come out with skills acquisition programme to the youth in collaboration with government

“Jaiz bank microfinance can be expanded to the rural areas, and the bank should come out with the skills acquisition to the youth in collaboration with the state government to reduce the unemployment among the youth”

“The Jaiz bank should improve and widen their microfinance facility to the rural areas where there is higher rate of poverty by creating awareness to the people and collaborate with the State government to training the youth on skills acquisition programme, after the training the bank provide them with soft loan to be independent”

RESEARCH IMPLICATIONS AND LIMITATIONS

The Implications and limitation of this paper providing critical suggestions on the ways Musharakah, Mudarabah, Murabaha, Qard-hasan, and Ijarah (hire purchase) mode of finance will pay immensely to the poverty alleviation in Nigerian growth and economic sector. Similarly, Jaiz bank has enhanced people’s understanding of the Islamic microfinance and relocation of income, with equitable distribution that improve financial inclusion of the active poor through skills acquisition and government assistance, regulators, policy makers and other relevant stakeholders in mounting strategies of reducing the poverty and high level of financial exclusion. in particularly in the Muslim-dominated Northern region which has the higher-level poverty in the country.

The paper has also encouraged the government and non-governmental organisation as partners to embark on massive enlightenment campaign to the public media and other social means of communication changing people’s insulence towards Islamic microfinance as tools of enhancing financial literacy in the society. The paper further creates a pattern shift across two religious, Islam and Christianity, ethnicities in Nigerian context and genders to support government’s programmes and various financial reforms without preconception to the religion or ethnicity. This will be in line with the previous study conducted by (Amin, Rahman, Sondoh Hwa, 2011). In addition, the influence of religious responsibility on the behavioural intention of Muslims society will increase on Jaiz microfinance towards poverty alleviation in Sokoto State. Moreover, the paper has also contributed meaningfully to the present literature on the doctrine of Islamic moral economy, accumulation of wealth, wealth management, and financial inclusion that motivated the low-income earners to save and make contribution to the economic growth and development. Finally, this research has recommended of embracing Jaiz bank microfinance as trick of enhancing income redistribution and financial inclusion for sustainable development. the limitation of this paper its mere qualitative study based on findings and discussion of Jaiz bank beneficiaries’ customers, of the bank, hence future scholars may subject this study to the scientific test to offer for empirical evidence regarding

the Musharakah, Mudarabah, Murabah, Qard-hasan and Ijarah (hire purchase) towards closing the gap of financial exclusion in Nigerian economic system. The findings of this study also reflect more of the Nigerian environmental condition with the emphasis on the Northern Nigeria which may not be generalized to other region of the country. So also, in other sub-Saharan African countries as they may have different political, social and economic differences.

CONCLUSION

In conclusion the Nigerian economy system needs techniques and strategy of financial inclusion which can be use in improving economic and business ventures in the State and in particular through using the Jaiz bank microfinance, the literature reviewed have shown the imperative for better financial inclusion in the country. it is seeming that Musharakah, Murabaha, Mudarabah, Qard -hasan, and Ijarah (hire purchase) which are suitable for Islamic banking to address the financial needs of the poor and vulnerable parts of the society. The scheme will definitely help the less income and defenceless people who are financially excluded. Nevertheless, when the society is financially included the economic activities and business ventures will boost and enable development to rise in terms of saving and investment which lead to higher productivity in the society. Financial inclusion ultimately shapes a healthy and exciting economy that harmonious living together and solidarity between the rich and low – income earners in the same communal. Likewise, the facilities offered by the modern Islamic banking service like Jaiz bank have strong and reliable historical derivations as evidenced by the application through history in various Muslim countries which shows social cohesion and socio-economic justice among the Muslim in the world. The study revealed that the Islamic microfinance is more stable, efficient, less moral hazard, and conducive to poverty alleviation in particular in the rural areas which has the higher percentage of low-income people and active poor in the community, than conventional microfinance, due to its principles of prohibition of Usury, Gharar, and use the risk and return sharing in any form of transactions. Islamic modes of financing like Murabahah, (Mark-up) Mudarabah (financing Skills) have many advantages, for the society by attracting more traders and increasing the production capacity of Islamic financial system, which leads to creating new jobs opportunities, reduce unemployment to the society and achieve the poverty alleviation target. The findings of research will be of interest of Nigerian society, and Islamic financial practitioners, policy makers and academicians, who are interested in Islamic financing system.

This paper is imperious to implement the Jaiz bank microfinance in its substantive guide of Islamic belief to decrease the abject poverty among the Muslim groups, in particular Muslim-dominated Northern Nigeria which stricken by the high level of poverty due to the non-financial inclusion and abject. The paper recommends and applying the Jaiz bank microfinance in the financial institution of Nigeria. Which will definitely improve the growth and development of economic system in the country in particular the Northern part of Nigeria which has the higher percentage of poverty. The Islamic microfinance scheme made persistent advancements in its early period of existence. Over the recent years, booming economy and increasing the productive capacity in Nigerian. In addition, to building human capacity, and creating confidence to financial and banking atmosphere for the betterment of the society. Equally, the central bank of Nigeria (CBN) in alliance with other development, Banks, partners, corporate bodies, international Islamic organizations, in addition with wealthy individuals that will give more emphasis in promoting the Islamic microfinance to the active poor in the society, especially those with a high rate of financial exclusion in related with low-income and inequality distribution in the society. Finally, if the recommendations and suggestions adopted by the government, regulators and practitioners, policy makers in Nigeria it will be remedy to the hardship suffered by the teeming Muslims population that are in the higher level of poverty and financial exclusion in particular in the Northern part of the country.

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