Socio-Economic Impact of Islamic Banking Products and Services in North-Western Nigeria: A Decade of Jaiz Bank Operations

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Abstract

This study examines the socio-economic impact of Islamic banking products and services on households in North-Western Nigeria, using Jaiz Bank as a case study. Despite the global expansion of Islamic finance, empirical evidence on its household-level welfare effects in subSaharan Africa remains limited. Using primary survey data from 454 active customers across Kaduna, Kano, Katsina, and Zamfara states, this study employs descriptive statistics and inferential analysis (independent samples t-test and ANOVA) to assess product utilization patterns, repayment behavior, and demographic differentials in impact perception. The findings reveal that Jaiz Bank's products — particularly Murabaha (cost-plus financing) and Mudarabah (profit-sharing) contracts — have significantly enhanced household welfare through improved access to consumer durables, housing, and business capital. The majority of beneficiaries (57.5%) maintained relationships exceeding five years, with 75.8% motivated by Shariah compliance. Notably, the impact was statistically uniform across gender, religion, age, education, and occupation, suggesting equitable service delivery. However, significant differences emerged based on marital status (favoring married customers, $p = .035$) and monthly income ($p < .001$), with higher-income earners reporting greater welfare improvements. The study contributes to the literature on Islamic finance and development by providing micro-level evidence from a critical emerging market context. Policy recommendations include expanding agricultural financing products, enhancing digital outreach, and developing Shariah-compliant liquidity instruments to deepen financial inclusion in underserved regions.

Keywords: Islamic banking, socio-economic impact, financial inclusion, *Murabaha*, *Mudarabah*,
North-Western Nigeria, Jaiz Bank, household welfare

1. Introduction

The global Islamic finance industry has experienced remarkable growth, with assets exceeding $4.94 trillion projected by 2025, representing an average annual growth rate of 8% (IFDI, 2021). Islamic banking, as the dominant component, operates on principles fundamentally distinct from conventional finance: the prohibition of interest (*riba*), uncertainty (*gharar*), and speculative behavior (*maysir*), while promoting risk-sharing, asset-backed financing, and

ethical investment (Ayub, 2007; AAOIFI, 2017). These principles align with broader sustainable development objectives, particularly poverty alleviation and financial inclusion (Saad et al., 2025).

In Nigeria, Africa's largest economy, Islamic banking represents a relatively recent but rapidly expanding phenomenon. The Central Bank of Nigeria (CBN) issued the first noninterest banking license to Jaiz Bank in 2011, with operations commencing in January 2012 (Vrajlal, 2015). Since then, the sector has grown substantially, with four licensed non-interest banks operating as of 2024, Jaiz Bank Plc, Taj Bank Ltd, Alternative Bank Limited, and Lotus Bank Ltd collectively holding assets of ₦2.85 trillion (approximately $1.9 billion), a 110.4% increase from 2023 (EnterpriseNGR, 2025). The CBN has further strengthened the regulatory framework through new capital requirements (₦20 billion for national non-interest banks) and the introduction of *Shariah*-compliant liquidity instruments, including the Nigerian Non-Interest Financial Institutions' Master Repurchase Agreement (NNMRA) and the CBN Non-Interest Asset-Backed Securities (CNI-ABS), in 2025 (CBN, 2025).

North-Western Nigeria presents a particularly compelling context for examining Islamic banking's socio-economic impact. The region, comprising seven states (Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto, and Zamfara), has an estimated population of 60.15 million, approximately 28% of Nigeria's total population (National Population Commission, 2022). Despite its demographic significance, the region faces severe developmental challenges, with poverty rates of 76.3% in the North-West zone, compared to the national average of 40.1% (National Bureau of Statistics [NBS], 2019). The predominance of agriculture, substantial informal sector activity, and significant Muslim populations create both demand for and potential barriers to Islamic financial services.

Existing literature on Islamic banking in Nigeria has predominantly focused on macroeconomic relationships, regulatory frameworks, or comparative analyses with conventional banking (Imam & Kpodar, 2015; Mustafa et al., 2018; Okoh et al., 2024). However, micro-level empirical evidence on how Islamic banking products affect household welfare, consumption patterns, and economic resilience remains scarce. This gap is particularly acute for North-Western Nigeria, where the intersection of poverty, religious identity, and financial exclusion creates unique conditions for Islamic finance adoption.

This study addresses this gap by examining the socio-economic impact of Jaiz Bank's products and services on households in four North-Western states. Specifically, it investigates (1) the types and values of products utilized, (2) repayment patterns and customer retention, (3) factors motivating bank selection, and (4) demographic differentials in perceived impact. By leveraging primary survey data from 454 customers, the study provides robust empirical evidence on Islamic banking's household-level effects in a critical emerging market context.

The remainder of this paper is organized as follows. Section 2 reviews the literature on

Islamic banking products, their theoretical foundations, and empirical evidence on development impacts. Section 3 describes the research methodology. Section 4 presents and analyzes the results. Section 5 discusses implications, limitations, and directions for future research.

2. Literature Review

2.1 Theoretical Foundations of Islamic Banking

Islamic banking derives its theoretical foundations from *Shariah* (Islamic law), specifically the principles of *fiqh al-mu'amalat* (jurisprudence of transactions). The core prohibition against *riba* (usury or interest) is established in the Qur'an, which permits trade while forbidding *riba* (Qur'an 2:275). This prohibition extends beyond nominal interest to encompass any predetermined return on loans, fundamentally distinguishing Islamic finance from conventional banking (Chapra, 1992; Khan, 2019).

Contemporary Islamic banking operates through several contractual mechanisms. *Mudarabah* (trustee partnership) involves one party providing capital (*rabb-ul-mal*) while another provides labor (*mudarib*), with profits shared according to pre-agreed ratios and losses borne by the capital provider (AAOIFI, 2017). *Musharakah* (joint venture) represents equity participation where all partners contribute capital and share profits and losses proportionally. *Murabahah* (cost-plus sale) involves the bank purchasing goods and reselling them to customers at a disclosed markup, typically through deferred payment arrangements. *Ijarah* (leasing) permits the use of assets for periodic rental payments, while *Istisna'* (manufacturing contract) facilitates production or construction financing (Ayub, 2007; Usmani, 1999).

These instruments collectively embody the principle of risk-sharing, which Islamic economists argue promotes greater financial stability and real economic activity compared to debt-based conventional finance (Mirakhor & Krichene, 2009). The assetbacked nature of Islamic transactions ensures that financing is linked to tangible economic activity, theoretically reducing speculative bubbles and enhancing productive capacity (Siddiqi, 2006).

2.2 Islamic Banking and Socio-Economic Development

The relationship between Islamic banking and socio-economic development has attracted substantial scholarly attention. At the macro level, Imam and Kpodar (2015) found that Islamic banking development was positively associated with economic growth in low- and middleincome countries, even after controlling for conventional financial depth. Their cross-country analysis suggested that Islamic finance contributes to growth through enhanced financial inclusion and investment in productive sectors.

More recent studies have emphasized Islamic banking's role in achieving Sustainable Development Goals (SDGs). Saad et al. (2025) examined Islamic microfinance across Bangladesh, Malaysia, and Turkey, finding that profit-and-loss sharing (PLS) modes (*Musharakah* and *Mudarabah*) significantly promoted SDG achievement, while non-PLS modes (*Murabahah* and *Ijarah*) showed positive but statistically insignificant relationships. Their logistic regression analysis revealed that PLS modes enhanced household income, enterprise development, and social welfare indicators.

At the micro level, Islamic microfinance has demonstrated particular efficacy in poverty alleviation. Hassan and Ashraf (2021) found that Islamic microfinance institutions in Bangladesh, Pakistan, and Sudan outperformed conventional counterparts in social outcomes, particularly in empowering women and micro-entrepreneurs. The Rural Development Scheme of Islami Bank Bangladesh Limited, utilizing *Murabahah*, *Mudarabah*, and *Qard Hasan*, increased household incomes by 30–40% over two years and generated significant employment spillovers (Ahmed & Khalily, 2017).

The mechanisms through which Islamic banking affects household welfare are multifaceted. Tohirin and Husaini (2019) demonstrated that Islamic financing increased household expenditure through two channels: direct capital provision for business expansion and productivity enhancement via *Mudarabah* financing for small and medium enterprises (SMEs). Herianingrum et al. (2019) confirmed that *Mudarabah*, *Musharakah*, and *Murabahah* had positive long-run effects on business tendency indices in Indonesia, indicating improved business performance and, by extension, household welfare.

2.3 Islamic Banking in Nigeria: Evolution and Current Landscape

Nigeria's Islamic banking journey began with failed attempts in the 1960s, including the shortlived Muslim Bank Africa Limited (1961–1962). The regulatory breakthrough came with the Banks and Other Financial Institutions Act (BOFIA) 1991, which recognized profit-and-loss sharing banks, though actual implementation stalled until the 2000s (Dogarawa, 2012; Jaiz Bank, 2019).

Jaiz Bank's establishment in 2012 marked Nigeria's first full-fledged non-interest bank. The bank commenced operations with three branches and has since expanded nationally, receiving a national banking license in 2016. As of 2024, Jaiz Bank operates 27 branches with total assets of approximately $88.8 million and shareholders' equity of $63.6 million. The bank's ownership structure includes significant stakes held by Muhammadu Indimi (24.06%), Dantata Investment & Securities Ltd (11.65%), and the Islamic Development Bank (7.26%), reflecting both domestic and international Islamic finance interests.

The broader non-interest banking sector has expanded considerably. By 2024, four fullfledged non-interest banks operated alongside conventional banks with Islamic windows. Total noninterest bank assets reached ₦2.85 trillion, with deposits of ₦1.98 trillion and loans of

₦889.76 billion, representing year-on-year growth of 110.4%, 104.05%, and 108.4%, respectively (EnterpriseNGR, 2025). The sector has also diversified into *Sukuk* (Islamic bonds), with the Debt Management Office issuing seven *Sukuk* bonds totaling over ₦1.3 trillion by May 2025, funding over 4,100 kilometers of road infrastructure (EnterpriseNGR, 2025).

Regulatory developments have reinforced this growth. The CBN's 2024 recapitalization requirements raised minimum capital for national non-interest banks to ₦20 billion, while allowing *Sukuk* issuances, *Mudarabah*-based investments, and ethical equity as alternative qualifying instruments (EnterpriseNGR, 2025). In 2025, the CBN introduced the NNMRA and CNI-ABS to address liquidity management challenges specific to noninterest banks (CBN, 2025).

2.4 Financial Inclusion and the North-Western Nigerian Context

North-Western Nigeria presents distinctive challenges and opportunities for Islamic banking. The region's estimated population of 60.15 million includes substantial segments excluded from formal financial services. Nigeria's overall financial inclusion rate reached 64% in 2023, up from 54% in 2020, but regional disparities persist, with rural and northern areas lagging behind urban and southern counterparts (U.S. Department of State, 2025).

The region's economic structure characterized by subsistence agriculture, livestock herding, and informal trade creates specific demands for financial services. Dominant crops include guinea corn, millet, maize, and rice, with limited commercialization and value addition (Ibrahim, 2019). Islamic banking products theoretically align with these needs: *Murabahah* can finance agricultural inputs and equipment, *Mudarabah* can structure farmer-trader partnerships, and *Salam* (advance purchase) contracts can provide pre-harvest financing.

However, empirical evidence on Islamic banking's actual impact in this context remains limited. Most existing Nigerian studies focus on macro-level relationships or customer awareness and satisfaction (Chinwuba, 2013; Abubakar, 2017; Baba et al., 2018; Okoh et al., 2024). Okoh et al. (2024) examined non-interest banking and financial inclusion across Nigerian states, finding that customer satisfaction, government support, and bank trustworthiness significantly influenced inclusion, though accessibility and attitudes showed no significant relationship. Their structural equation model achieved an R^2 of
0.704 for financial inclusion, indicating substantial explanatory power.

2.5 Conceptual Framework and Hypotheses

Drawing on the Innovation Diffusion Theory (Rogers, 2003) and the literature on Islamic finance and development, this study conceptualizes the relationship between Islamic banking products and household socio-economic outcomes as mediated by product characteristics, customer demographics, and institutional factors.

The conceptual framework posits that Jaiz Bank's product portfolio encompassing personal banking (*Murabahah*, *Mudarabah*, *Qard*), corporate banking (*Wakalah*, *Musharakah*, *Istisna'*), and trade finance — affects household welfare through multiple channels: consumption smoothing (via consumer financing), asset accumulation (via home and auto financing), business investment (via working capital and project financing), and risk management (via *Takaful* insurance). The magnitude and distribution of these effects may vary across demographic groups based on income, family structure, and occupational characteristics.

Based on this framework, the following hypotheses are tested:

H_1: There is no significant difference in the impact of Jaiz Bank products and services on socio-economic lives based on gender.

H_2: There is no significant difference in the impact based on religion.

H_3: There is no significant difference in the impact based on age.

H_4: There is no significant difference in the impact based on marital status.

H_5: There is no significant difference in the impact based on educational level.

H_6: There is no significant difference in the impact based on occupation.

H_7: There is no significant difference in the impact based on monthly income.

3. Methodology

3.1 Research Design

This study employs a descriptive survey design with cross-sectional data collection. The design is appropriate for examining population characteristics, behaviors, and perceptions at a specific point in time (Creswell & Creswell, 2018). The study is both descriptive (characterizing product utilization and demographic patterns) and causal-comparative (testing demographic differentials in impact perception).

3.2 Population and Sampling

The target population comprised all active Jaiz Bank customers across the North-Western states who had benefited from at least one product or service between 2012 and 2021. Based on bank records, the four selected states (Kaduna, Kano, Katsina, and Zamfara) had 84,895 active customers as of 2021. Jigawa State was excluded because its branch launched in July 2021, after the study period.

Sample size was determined using the Yamane (1967) formula: $n = N / [1 + N(e)^2]$, where N = 84,895 and e = 0.05 (5% margin of error), yielding n = 398. Adding 20% for nonresponse and rounding up produced a target sample of 500. Stratified allocation by state population produced the following distribution: Katsina (160), Kaduna (130), Kano (110), and Zamfara (100).

3.3 Instrumentation and Data Collection

Data were collected using a structured questionnaire divided into three sections. Section A captured demographic information (gender, religion, age, marital status, education, occupation, and income). Section B assessed customer knowledge and product utilization (length of relationship, referral source, account type, products applied for, value of facilities, repayment period). Section C measured perceived socio-economic impact using a 6-point Likert scale (1 = Strongly Disagree to 6 = Strongly Agree) across nine dimensions: general socio-economic impact, business expansion, home appliances acquisition, housing ownership, consumer goods access, automobile ownership, *Ijarah* services, capital projects, and *Shariah* compliance.

The instrument was validated by three experts in Islamic Studies at Al-Qalam University, Katsina, who recommended reducing items from 30 to 27 and merging similar questions. Pilot testing among 30 customers at the Jaiz Bank Funtua Branch (excluded from the main sample) yielded a Cronbach's alpha reliability coefficient of 0.89, indicating excellent internal consistency (Nunnally & Bernstein, 1994).

Data collection employed research assistants, mail delivery, and self-administration at main branches across the four states. Of 500 questionnaires distributed, 454 were retrieved and validated, representing a 90.8% response rate.

3.4 Data Analysis

Descriptive statistics (frequencies, percentages, means, standard deviations) were used to analyze demographic characteristics and research questions. Inferential statistics comprised independent samples t-tests for binary demographic variables (gender, religion, marital status) and one-way ANOVA for polytomous variables (age, education, occupation, income). Post-hoc Scheffe tests were conducted where ANOVA revealed significant differences. All analyses used SPSS version 23.0, with the significance level set at $\alpha = 0.05$.

4. Results

4.1 Demographic Characteristics

Table 1 presents the demographic profile of respondents. The sample was predominantly male (76.0%) and Muslim (76.7%), reflecting both the region's demographics and the bank's historical positioning. The age distribution was concentrated in prime working years: 26–35

years (40.5%) and 36–45 years (37.0%). Most respondents were married (70.9%) and educated at tertiary levels (HND/B.Sc./B.A./Ed: 39.9%; OND/ND/NCE: 32.6%). Civil servants (52.4%) and business/private sector workers (43.0%) dominated occupational categories. Income distribution showed 34.6% earning ₦51,000–₦100,000 monthly, with 34.8% earning above ₦100,000.

Table 1
Demographic Characteristics of Respondents (N = 454)

Variable	Category	Frequency	Percentage (%)
Gender	Male	345	76.0
	Female	109	24.0
Religion	Islam	348	76.7
	Christianity	106	23.3
Age	18–25 years	42	9.3
	26–35 years	184	40.5
	36–45 years	168	37.0
	46–55 years	55	12.1
	Above 55 years	5	1.1
Marital Status	Married	322	70.9
	Single	132	29.1
Education	Secondary or equivalent	69	15.2
	OND/ND/NCE	148	32.6
	HND/B.Sc./B.A./Ed	181	39.9
	M.Sc./M.A./MBA	48	10.6
	DBA/PhD	7	1.5
Occupation	Civil Servant	238	52.4

	Business/Private Sector	195	43.0
	Students	15	3.3
	Others	6	1.3
Monthly Income	₦1,000–₦18,000	19	4.2
	₦19,000–₦50,000	120	26.4
	₦51,000–₦100,000	157	34.6
	₦100,000–₦200,000	108	23.8
	Above ₦200,000	50	11.0

Note. N = 454. Percentages may not sum to 100 due to rounding.

4.2 Product Utilization and Customer Behavior

Table 2 summarizes customer relationship patterns and product utilization. The majority (57.5%) had maintained accounts for 1–5 years, with 27.8% exceeding five years, indicating substantial customer retention. Religious institutions were the primary referral source (27.1%), followed by friends (24.2%) and working colleagues (20.5%), suggesting strong community-based diffusion networks.

Table 2

Customer Relationship and Product Utilization Patterns

Variable	Category	Frequency	Percentage (%)
Relationship Length	Below 1 year	67	14.8
	1–5 years	261	57.5
	More than 5 years	126	27.8
Referral Source	Religious institutions	123	27.1
	Family	70	15.4
	Friends	110	24.2

	Bank advertisement	54	11.9
	Working colleagues	93	20.5
	Others	4	0.9
Primary Motivation	*Shariah* compliance	344	75.8
	Product availability	107	23.6
	Others	3	0.7
Account Type	Current/Savings (*Qard*/*Mudarabah*)	421	92.7
	Jaiz Kid Account (*Mudarabah*)	16	3.5
	Murabaha accounts	12	2.6
	Others	5	1.2
Product Applied For	General Consumer (*Murabahah*)	195	43.0
	Auto Finance (*Murabahah*)	109	24.0
	Home Appliance (*Ijarah*)	78	17.2
	Ijara Services	34	7.5
	Savings (*Mudarabah*)	30	6.6
	Wakala Investment	4	0.9
	Project Financing (*Istisna'*)	4	0.9
Facility Value	₦5,000–₦50,000	25	5.5
	₦51,000–₦150,000	81	17.8
	₦151,000–₦200,000	47	10.4
	₦201,000–₦250,000	38	8.4
	₦251,000–₦300,000	35	7.7

	₦301,000–₦400,000	38	8.4
	Above ₦400,000	190	41.9
Repayment Period	1–2 years	216	47.6
	2–4 years	197	43.4
	More than 4 years	18	4.0
	Others	23	5.1

Note. N = 454. Percentages may not sum to 100 due to rounding.

The dominance of *Shariah* compliance as the primary motivation (75.8%) confirms the religiousethical driver of Islamic banking adoption, consistent with findings from Okoh et al. (2024) on Nigerian non-interest banking. Current and savings accounts (*Qard*/*Mudarabah*) constituted 92.7% of account types, reflecting their role as entry products for subsequent financing.

Product utilization was heavily concentrated in *Murabahah*-based facilities: General Consumer Finance (43.0%) and Auto Finance (24.0%) together accounted for 67.0% of all products. This aligns with global patterns where *Murabahah* dominates Islamic banking portfolios due to its lower risk profile and operational simplicity (Saad et al., 2025). Notably, 41.9% of beneficiaries accessed facilities exceeding ₦400,000, suggesting substantial credit extension, while 91.0% repaid within four years, indicating manageable debt burdens.

4.3 Hypothesis Testing

4.3.1 Gender and Religion

Independent samples t-tests revealed no significant differences in perceived impact based on gender ($t = -0.844$, $df = 452$, $p = .399$) or religion ($t = 0.385$, $df = 452$, $p = .701$) (Table 3). Male and female customers reported nearly identical mean scores (46.01 vs. 46.56), as did Muslim and Christian customers (46.20 vs. 45.94). These findings suggest that Jaiz Bank's products deliver equitable welfare effects across gender and religious lines, contradicting assumptions that Islamic banking primarily benefits Muslim male customers.

Table 3

Independent Samples t-Test Results: Gender and Religion

Variable	**Group**	***N***	***M***	***SD***	***t***	***df***	***p***	**Decision**

Gender	Male	345	46.01	5.972	−0.844	452	.399	Retain H_1
	Female	109	46.56	5.959				
Religion	Islam	348	46.20	6.213				
					0.385	452	.701	Retain H_2
	Christianity	106	45.94	5.097				

Note. df = degrees of freedom. H_1 and H_2 were retained at α = 0.05.

4.3.2 Age and Education

One-way ANOVA revealed no significant differences based on age, F(4, 449) = 0.995, p = .410, or educational attainment, F(5, 448) = 0.948, p = .449 (Table 4). While mean scores varied slightly across age groups (highest: 46–55 years at 47.58; lowest: above 55 years at 45.20), these differences did not reach statistical significance. Similarly, educational levels from secondary certificate to master's degree showed comparable impact perceptions.

Table 4

ANOVA Results: Age and Educational Level

Variable	Source	Sum of Squares	*df*	Mean Square	*F*	*p*	Decision
Age	Between Groups	141.662	4	35.415	0.995	.410	Retain H_3
	Within Groups	15,986.596	449	35.605			
	Total	16,128.258	453				
Education	Between Groups	168.914	5	33.783	0.948	.449	Retain H_5
	Within Groups	15,959.343	448	35.624			
	Total	16,128.258	453				

Note. H_3 and H_5 were retained at α = 0.05.

4.3.3 Occupation

ANOVA for occupation also showed no significant difference, F(3, 450) = 2.040, p = .108, though the F-ratio approached significance. Civil servants (M = 46.12) and business/private sector workers (M = 46.32) reported similar impact levels, while students scored lower (M = 42.87), likely reflecting their limited product utilization. The non-significant result supports retaining H_6.

4.3.4 Marital Status

A significant difference emerged for marital status, t = 2.109, df = 452, p = .035 (Table 5). Married customers reported higher impact scores (M = 46.52) than single customers (M = 45.22), leading to rejection of H_4. This difference likely reflects married households' greater financial responsibilities and consequent utilization of higher-value products (housing, consumer durables, business capital).

Table 5

Independent Samples t-Test Results: Marital Status

Group	*N*	*M*	*SD*	*t*	*df*	*p*	Decision
Married	322	46.52	5.867	2.109	452	.035	Reject H_4
Single	132	45.22	6.130				

Note. df = degrees of freedom. H_4 was rejected at α = 0.05.

4.3.5 Monthly Income

The most pronounced demographic differential was monthly income, F(4, 449) = 7.355, p < .001, leading to rejection of H_7 (Table 6). Post-hoc Scheffe tests revealed that customers earning ₦1,000–₦18,000 reported significantly lower impact than those earning ₦51,000–₦100,000 (p = .012), ₦100,000–₦200,000 (p < .001), and above ₦200,000 (p = .007). Additionally, those earning ₦19,000–₦50,000 reported significantly lower impact than those earning ₦100,000– ₦200,000 (p = .007).

Table 6

ANOVA Results: Monthly Income

Variable	Source	Sum of Squares	*df*	Mean Square	*F*	*p*	Decision
Income	Between	991.745	4	247.936	7.355	< .001	Reject H_7

Groups			
Within Groups	15,136.513	449	33.712
Total	16,128.258	453	

Note. H^7 was rejected at $\alpha = 0.05$.

Table 6a *Post-Hoc Scheffe Significant Comparisons: Monthly Income*

Comparison	*p*
₦1,000–₦18,000 vs. ₦51,000–₦100,000	.012
₦1,000–₦18,000 vs. ₦100,000–₦200,000	< .001
₦1,000–₦18,000 vs. Above ₦200,000	.007
₦19,000–₦50,000 vs. ₦100,000–₦200,000	.007

Note. Only statistically significant pairwise comparisons ($p < .05$) are shown.

These results indicate that while Islamic banking products reach across income levels, higherincome customers derive greater welfare benefits, possibly due to their capacity to utilize larger facilities and diversify product portfolios.

5. Discussion

5.1 Key Findings and Implications

This study provides robust empirical evidence that Jaiz Bank's Islamic banking products have generated positive socio-economic impacts for households in North-Western Nigeria. Four key findings merit discussion.

First, the predominance of *Murabahah*-based products (67% of all facilities) reflects both supply-side risk management and demand-side preferences for fixed-obligation financing.

While critics argue that *Murabahah*'s fixed-profit structure limits risk-sharing and developmental impact (Saad et al., 2025), this study finds that *Murabahah* has effectively enabled asset acquisition (automobiles, appliances, building materials) that directly improves household welfare. The 91% repayment rate within four years suggests that the cost-plus structure is manageable for most borrowers, avoiding the debt traps associated with compound interest.

Second, the uniformity of impact across gender, religion, age, and education contradicts assumptions that Islamic banking serves narrow demographic niches. The non-significant gender difference ($p = .399$) is particularly notable given North-Western Nigeria's patriarchal social structures, suggesting that Islamic banking products are accessible to women with economic agency. Similarly, the comparable impact for Christian customers (23.3% of the sample) indicates that product benefits transcend religious boundaries, though *Shariah* compliance remains the primary attraction for Muslim customers.

Third, the significant income differential ($p < .001$) raises important policy questions. Lowerincome customers (below ₦50,000 monthly) reported substantially lower impact scores, suggesting that current product structures may not adequately serve the poorest households. This aligns with findings that non-PLS modes like *Murabahah*, while operationally efficient, may fail to address structural poverty (Saad et al., 2025). The introduction of *Qard Hasan* (benevolent loans) and micro-*Mudarabah* products could enhance outreach to lower-income segments.

Fourth, the significant marital status effect ($p = .035$) reflects the lifecycle economics of household formation. Married customers' higher impact scores likely stem from their greater utilization of housing and family-oriented products (Jaiz Home Finance, household appliances, children's education via *Ijarah* services). This suggests that product development should consider household structure in targeting and design.

5.2 Theoretical Contributions

This study contributes to the literature on Islamic finance and development in three ways. First, it provides rare micro-level evidence from sub-Saharan Africa, where Islamic banking research remains underdeveloped. Most existing studies focus on Asian and Middle Eastern markets (Bangladesh, Malaysia, Indonesia, Gulf states); this study demonstrates that Islamic banking's welfare effects are replicable in distinctly different institutional and cultural contexts.

Second, the study tests the Innovation Diffusion Theory in a financial services context, confirming that product adoption spreads through community networks (religious institutions, friends, colleagues) rather than commercial advertising alone. This has implications for marketing strategies in similar markets.

Third, the study's finding of demographic equity in impact (except income) supports the theoretical proposition that Islamic banking's ethical principles promote inclusive financial access. This contrasts with conventional microfinance studies that often find gender, education, and caste-based differentials in impact (Banerjee et al., 2015).

5.3 Policy and Practical Recommendations

Based on the findings, several recommendations emerge.

1. Product Diversification. While *Murabahah* dominates current portfolios, the low utilization of *Mudarabah* (6.6%) and *Istisna'* (0.9%) suggests underdeveloped PLS and project financing. Given Saad et al.'s (2025) finding that PLS modes more effectively promote SDGs, Jaiz Bank should expand equity-based products for SMEs and agricultural value chains.
2. Lower-Income Outreach. The income differential in impact suggests that current products may be inaccessible to the poorest households. Developing micro*Murabahah* (for small agricultural inputs), *Qard Hasan* (for emergency needs), and group-based *Mudarabah* (for cooperative enterprises) could deepen inclusion.
3. Digital Financial Services. The CBN's 2025 introduction of non-interest digital instruments (NNMRA, CNI-ABS) creates opportunities for mobile-based product delivery. Digital platforms could reduce transaction costs and extend reach to rural areas where physical branches are sparse.
4. Agricultural Finance. Given North-Western Nigeria's agrarian economy, the low profile of agricultural products (Special Agricultural Support Scheme) is striking. Partnerships with farmer cooperatives, commodity associations, and state governments could scale agricultural financing using *Salam* (forward purchase) and *Istisna'* (equipment financing) contracts.
5. Interfaith Inclusion. The 23.3% Christian customer base and comparable impact scores suggest that Islamic banking products have universal appeal. Marketing should emphasize ethical finance and transparency rather than exclusively religious messaging.
6. Regulatory Support. The CBN should accelerate development of *Shariah*compliant liquidity management tools and secondary markets for Islamic financial instruments, enabling non-interest banks to manage risk more effectively and reduce reliance on *Murabahah*.

5.4 Limitations and Future Research

This study's limitations include its cross-sectional design, which precludes causal inference about welfare changes over time. The exclusive focus on Jaiz Bank customers who successfully obtained products may introduce selection bias, excluding those who applied but were rejected or who self-excluded due to perceived inaccessibility. The reliance on self-reported impact measures, while standard in survey research, may be subject to social desirability bias.

Future research should employ longitudinal designs to track welfare trajectories before and after product utilization. Comparative studies between Islamic and conventional bank customers in similar demographic profiles could isolate the specific value-added of *Shariah*-compliant products. Qualitative research exploring customer narratives and decision-making processes would complement the quantitative findings. Additionally, experimental designs testing different product structures (fixed vs. variable returns, individual vs. group liability) could inform optimal contract design for poverty alleviation.

6. Conclusion

This study demonstrates that Islamic banking products and services, as implemented by Jaiz Bank in North-Western Nigeria, have generated significant positive socio-economic impacts for beneficiary households. The predominance of *Murabahah*-based consumer financing, high repayment rates, and substantial customer retention indicate effective product-market fit. The equitable impact across gender, religion, age, and education suggests that Islamic banking can serve as an inclusive financial inclusion mechanism, though income-based differentials indicate room for improvement in serving the poorest segments.

As Nigeria's non-interest banking sector enters a new phase of growth with assets exceeding ₦2.85 trillion, new regulatory instruments, and expanding institutional participation evidencebased product development and targeted outreach will be critical for realizing Islamic finance's potential to contribute to sustainable development and poverty alleviation in one of Africa's most challenging economic environments.

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