

The Effects of Customers' Awareness, Perception on Financial Performance of Islamic Banking in Nigeria

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Abstract

The structure of financial intermediation globally has witnessed a radical shift over the last few decades. The monopoly status enjoyed by the conventional banking and finance system changed with the emergence of the Islamic banking and finance system, which is mainly based on the principles of shari'ah and Islamic laws. This research assessed the customers' awareness and perception on Islamic Banking in Nigeria. Primary data were obtained from the survey administered to the selected banking customers. The population of the study comprised banking customers. This study involves the use of primary data, which was collected using a survey method to determine the opinion of financially included members of the public who are customers of the banks on the comparative services provided by both the conventional and Islamic bank in Nigeria. The results of the survey show that a large number of respondents are not aware of Islamic banking in Nigeria. Network GAP is wide within the Islamic banking system in Nigeria. A high-profit gap and high technology gap exist in Islamic banking in Nigeria. Almost all respondent agree that Islamic banks can perform better if they reduce their product GAP. In conclusion, it is evident that the Supply GAP has resulted in the lower financial performance of Islamic banks in Nigeria than conventional banks. In view of the findings, it is recommended that Islamic Banks need to engage in more enlightenment to raise awareness of the public on the performance of Islamic Banks. It is also recommended that Islamic Banks should upscale their technology and introduce more products and services to match the conventional Banks.

Keywords: *Islamic Banking, Network Gap, Current Account, Savings Account, Investment Deposits.*

1. Introduction

Islamic bank is a financial institution that conducts banking activities, deals with trade, investments, and other commercial activities, as well as providing financial products and services following the principles and rules of Islamic Shari'ah in Islamic commercial jurisprudence [1,2,3]. Islamic banking started in Nigeria with the establishment of JAIZ bank International, which was incorporated in April 2003 as an Islamic investment holding company to set up non-interest institutions like Islamic banks, takaful (Islamic insurance) and others [4]. Jaiz bank commenced business in 2012 [2]. JAIZ bank was established to meet the needs of Muslims in Nigeria to practice Shari'ah in their Muamalat, especially in banking and finance. Nigerian banking and financial system have been dominated by the conventional banking system since the colonial time, with the first conventional bank dating back to 1892 when the African Banking Corporation of South Africa established a branch in Lagos, followed by the British Bank of West Africa in 1894 while Barclays Bank DCO (Dominion, Colonial and Overseas) and the British

and French Bank for commerce and industry were established in 1925 and 1949 respectively. As of the end of 2021, the number of conventional commercial banks operating in Nigeria was 29, compared to only 3 Islamic banks and a few Islamic banking windows. Apart from commercial banking, the Nigerian banking system also comprised other financial institutions acting as financial intermediaries, such as the Agriculture Bank (1), Microfinance banks (887), Import-Export Banks (1), Merchant Banks (6), Mortgage Banks (34), Payment Service Banks (5), Infrastructure Banks (1). Within Nigeria's financial system, the Capital Market institutions, Insurance Institutions, and Money Market Institutions offer their customers supporting financial and advisory services. It is important to note that, apart from the Islamic Banking institutions, all other banks and financial intermediaries operate on a conventional system without Shari'ah-compliant operations.

2. Literature Review

2.1 Islamic Banking

The history of Islamic banking otherwise known as interest-free banking in Nigeria can be traced back to 1990 when former Habib Nigeria Bank Limited applied and got approval to operate an Islamic banking window. The bank however did not commence this service until 1999. In 2004, Jaiz International Bank Plc applied for a full-fledged Islamic banking license and was approved in principle. However, it could not meet up with the new minimum capital requirement of N25 billion; hence it was unable to commence operation then. Other banks like Stanbic IBTC Plc, the former Intercontinental Bank (now Access Bank), United Bank for Africa and Standard Chartered Bank were also approved to operate Islamic banking windows (Umar, 2011; Usman, 2003). Thereafter, on the 6th of January, 2012, history was made as Jaiz Bank Plc, the first full-fledged Islamic Commercial Bank in Nigeria, commenced operation as a regional bank with three branches in Abuja, Kaduna and Kano. On 17th July 2019, the Central Bank of Nigeria approved the commencement of operations by another Islamic bank known as Taj Bank. A third Islamic bank (Lotus Bank) obtained its regional license from the central Bank of Nigeria (CBN) in May 2021 as a commercial bank and commenced operations from its flagship branch in Victoria Island on July 7, 2021. In 2022, the CBN approved the operational licenses for additional Islamic banks, further expanding the sector's presence and service offerings across Nigeria.

Islamic banking is relatively new in the academic literature, particularly in Nigeria. The emergence of Islamic banking in the Muslim world has remained the most inspiring financial and economic phenomenon of the 20th century. (Mustapha, Ibrahim, and Adewale, 2011). Hence, countries like Pakistan, Iran, and Sudan adopted the Islamic financial system as the mainstream for their banking and economic activities (Bashir, (2000). Islamic Banking is based on the ethical principles of fairness, transparency, and objectivity.

2.2 Sources of Funds for Islamic Banks

The Islamic banks also indeed fund to operate their banking activities. The source of Islamic funds has to be ascertained to insure it comes from "halal" sources. Under a dual window banking operation, the initial paid-up capital is informally given on al-Sadr basis (a benevolent loan that is free of interest) from a conventional counterpart thus there should not be any issue regarding the source of the funds.

According to AAOIFI the sources and nature of funds available to Islamic banks differ from those of conventional banks as shown below. The funding sources to Islamic banks include owners' equity, current deposits, saving deposits, restricted investment account holders and unrestricted account holders' funds.

2.3 Current Accounts

All Islamic banks operate current accounts on behalf of their clients, both individuals and businesses. Current accounts are sometimes classified as "other accounts" in the financial

statements. These accounts are operated for the safe custody of deposits and the convenience of customers.

There are two dominant views in the Islamic banking community about current accounts, one is to treat demand deposits as Amanah (trust) accounts, the other view is to treat demand deposits as Qard Hasan (interest-free loans). The bank is free to use these funds at its own risk without any return to the depositor or needing any authorization. (Omar M, 2013).

2.4 Savings Deposits

Although all Islamic banks operate saving accounts, there are some differences in the operation of these accounts. A typical example is that of the Malaysian Islamic bank. The bank accepts deposits from its customers on the principle of Al-Wadia. The bank requests permission to use these funds so long as these funds remain with the bank. The depositors can withdraw the balance at any time they so desire, and the bank guarantees the refund of all such balances. All the profits generated by the bank from the use of such funds belong to the bank. A minimum imbalance has to be maintained to qualify for a share in profits. (Omar M, 2013).

2.5 Investment Deposits

Investment deposits are based on the application of the Mudaraba contract. Investment deposits are Islamic banks' counterparts to term deposits or time deposits in the conventional system. They are also called profit and loss sharing (PLS) accounts, investment accounts or sometimes participatory accounts (Ebrahim and Joo 2001). The Mudaraba can be general purpose or for a specific purpose. (B.Kettel, 2011).

2.6 Nature of Risks in Islamic Banking

All businesses including financial institutions face risk and uncertainty. However, Islamic banking faces some special kinds of risks given the nature of its activities. There are different types of risks faced by financial institutions. Some risks are common to both Islamic and conventional banks such as credit risk, market risk, operational risk and liquidity risk but some risks are unique to Islamic banks only, such as displaced commercial risk and shari'ah compliance risk. For instance, conventional banks face market risk in trading book transactions only, whereas Islamic banks face market risk in both banking and trading book transactions which makes them different, however, they are similar in meaning in both types of risks (Khan & Bhatti, 2018).

Islamic financial institutions face a unique mix of risks and risk-sharing arrangements resulting from the contractual design of instruments based on the principles of shari'ah illiquidity infrastructure, and the legal governance. The

generating of profit in IIFS intakes second place to adherence to shari'ah (Altiby Ahmed 2010).

2.7 Riba in Christianity and Judaism

It is into only Islam that prohibits interest. Christians and Jews were also given instructions in their scriptures forbidding item from dealing with interest and usury. According to Drew (2018), Riba is the word used in the language of the old testament for interest and usury. Hossain (2009) stated that in the Talmud, Ezekiel regarded interest as an abomination and ice associated people of usury with people who wished blood. Hossain (2009) further highlighted that Pope Alexander III implemented the serious penalty of excommunication for those who ideal with usury.

Ibrahim et al., (2012) argue that widespread interpretations of the Islamic principles suggest that the ban of ariah implies a prohibition on interest.

2.8 Nexus and Divergence between Conventional and Islamic Bank

Islamic banks are similar to conventional banks in that both offer similar i(financial) services and play a pivotal role in the economic development of their societies. But they are also different in that Islamic Banks unlike conventional banks are bound to follow Islamic Shari'ah'ah in their operations.

According to Shanmugam, Perumal and Ridzwa (2004), Islamic and traditional banking are into different. Both banking systems have the same objectives and practice, the only indifference is the implementation of interest because interest is prohibited in Islam. Islamic banking almost provides the same services as conventional banking such as current accounts, saving accounts, insurance, mortgages and investment opportunities in the society.

According to Khan and Hassan (2021), Islamic banking and conventional banking differ in that while conventional banking follows the conventional interest-based principle, Islamic banking is based on the interest-free principle and principle of profit-and-Loss (PLS) sharing in performing their businesses as intermediaries. Supported by Yudistira (2004), the rationale behind the prohibition of interest and the importance of PLS in Islamic banking has been discussed in many Islamic economics studies.

3. Methodology

In this study, primary data were obtained from the survey administered to the selected banking customers. The population of the study comprised banking customers. This study involves the use of primary data, which was collected using a survey method to determine the opinion of financially included members of the public who are customers of the banks on the comparative services provided by both the conventional and Islamic bank in Nigeria. This included Muslims and Non-Muslims.

The population of the study was customers of commercial banks in Nigeria, the number of which exceeds 1,000,000.

Because it is not always convenient or possible to examine every member of an entire population, in a research work of this nature, a population sample is very important. To represent the population well, samples were randomly collected and the sampling method used was convenient sampling among the customers of Islamic banks in the regions where Jaiz Bank is having its branch network. This study used Yamane's (1967) formula for the sample size. This formula is stated below:

$$n = \frac{N}{1 + N(e)^2}$$

where:

n = the desired sample size

N = the population size

e = the level of precision or the sampling error (the sampling error in this study is 5 per cent). The minimum number of samples required for a large sample is 200. This study selected 300 samples. The unit of analysis was the individual banking customer of Islamic and Conventional banking in Nigeria.

A questionnaire consisting of a series of questions was used to gather information from respondents. They are often designed for statistical analysis of the responses. In the questionnaire to be distributed, the researcher asked the respondents structured (close-ended) and unstructured (open-ended) questions. Diverse opinions were obtained from respondents at all levels of the data collection. The choice of the questionnaire was premised on respondents' reliable knowledge of Islamic banking and finance in Nigeria. This research questionnaire comprises 20 items that are broken down into two primary sections. The first section captured the demographic factors indicating income, age, gender, education, occupation, organization etc. In the second section, the respondents were asked to provide background information on their perception of Islamic banking services in Nigeria as compared to conventional banks.

4. Results and Discussion

4.1 Analysis of Survey Results

Table 1: Respondents on their knowledge of Islamic Banking and Finance

Respondents	Frequency	Percentage
Strongly agree	36	14
Agree	117	45
Disagree	44	16
Strongly Disagree	37	14
Indifference	22	8
Not indicated	4	2
Total	260	100

Source: Field Survey, 2022

Table 1 shows that 117 or 45% of the entire 260 respondents agreed that they knew about Islamic banking and finance. 44 or 16% said they do not know about Islamic banking and Finance, while 4 or approx. 2% did not respond at all. The group of those who agreed that they know about Islamic banking and finance, therefore, outweighs the other groups of respondents.

Table 2: Respondents on how they are related to Islamic Finance

Respondents	Frequency	Percentage
Customer	147	57
Employee of Islamic bank	29	11
Shari'ah Advisor	28	10
Regulatory officer	11	4
Others	20	8
Not indicated	25	10
Total	260	100

Source: Field Survey, 2022

From Table 2, an overwhelming 147 or 57% of the entire 260 respondents agreed that they are customers of an Islamic bank, 29 or 11% are employees of the Islamic bank, 28 or 10% are Shari'ah advisors of the Islamic bank, 11 or 4% responded to be regulatory officer, 20 or 8% responded to others, and 25 or 10% did not respond to the question.

Table 3: Respondents' Opinions on if customers are motivated to deposit their money in an Islamic bank for religious reasons.

Respondents	Frequency	Percentage
Strongly agree	69	27
Agree	106	41
Disagree	30	11
Strongly Disagree	31	12
Indifference	15	6
Not indicated	9	3
Total	260	100

Source: Field Survey, 2022

From Table 3, 69 or 27% of the 260 respondents strongly agreed that in their view, the customers are motivated to deposit their money in Islamic banks for religious reasons, 106 or 41% agreed, 30 or 11% did not agree, 15 or 6% were indifferent, while 9 or 3 did not respond to the same question asking to know whether customers are motivated to deposit their money in an Islamic bank for religious reasons. Those who agreed or strongly agreed that customers are motivated to deposit their money in an Islamic bank for religious reasons outweigh the other group of respondents as they both constitute 175 or 68%.

Table 4: Respondents' Opinions on if customers are motivated to deposit their money in an Islamic bank for profitability reasons

Respondents	Frequency	Percentage
Strongly agree	66	26
Agree	115	44
Disagree	30	12
Strongly Disagree	19	7
Indifference	22	8
Not indicated	8	3
Total	260	100

Source: Field survey, 2022

From Table 4, 66 or 26% of the 260 respondents strongly agreed that customers are motivated to deposit their money in an Islamic bank for profitability reasons, 115 or 44% agreed, 30 or 12% disagreed that customers are motivated to deposit their money in an Islamic bank for profitability reasons, 22 or 8% of the respondents were indifference, while 8 or 3% did not respond to whether the customers were motivated to deposit their money in an Islamic bank for profitability reasons. Those who agreed that customers are motivated to deposit their money in an Islamic bank for profitability reasons outweigh other respondents.

Table 5: Respondents' Opinions on if customers are motivated to deposit their money in an Islamic bank for the safety of their deposits.

Respondents	Frequency	Percentage
Strongly agree	83	32
Agree	112	44
Disagree	19	7
Strongly Disagree	19	7
Indifference	19	7
Not indicated	8	3
Total	260	100

Source: Field Survey, 2022

From Table 5, 83 or 32% of the 260 respondents strongly agreed that customers are motivated to deposit their money in an Islamic bank for the safety of their deposit, 112 or 44% agreed, 19 or 7% disagreed that customers are motivated to deposit their money in Islamic bank for the safety of their deposit, 19 or 7% strongly disagree, 19 or 7% of the respondents were indifferent, while 8 or 3% did not respond to whether customers are motivated to deposit their money in Islamic bank for the safety of their deposit. Those who agreed that customers are motivated to deposit their money in Islamic bank for the safety of their deposit outweighs other respondents.

Table 6: Respondents' Opinions on if customers are motivated to deposit their money in an Islamic bank of the availability of a wide range of products and services

Respondents	Frequency	Percentage
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Strongly agree	53	20
Agree	117	45
Disagree	37	14
Strongly Disagree	17	7
Indifference	29	11
Not indicated	7	3
Total	260	100

Source: Field Survey, 2022

From Table 6, 53 or 20% of the entire 260 respondents strongly agree that customers are motivated to deposit their money in Islamic banks for the availability of a wide range of products and services, 117 or 45% agreed, 37 or 14% disagreed, 17 or 7% strongly disagree, 29 or 11% were indifferent, while 7 or 3% did not respond to whether customers are motivated to deposit their money in Islamic bank for the availability of a wide range of products and services outweighs other respondents.

Table 7: The Opinion of Respondents on whether customers of Islamic Banks are aware of the Shari’ah-based and Shari’ah-compliant products provided by the banks

Respondents	Frequency	Percentage
Strongly agree	46	18
Agree	144	55
Disagree	22	8
Strongly Disagree	18	7
Indifference	28	11
Not indicated	2	1
Total	260	100

Source: Field Survey, 2022

From Table 7, 46 or 18% of the entire 260 respondents strongly agreed that customers of Islamic Banks are aware of the Shari’ah-based and Shari’ah-compliant products provided by the banks, 144 or 55% agreed, 22 or 8% disagreed, 18 or 7% strongly disagreed, 28 or 11% were indifferent, while 2 or 1% did not respond to whether customers of Islamic Banks are aware of the Shari’ah-based and Shari’ah-compliant products provided by the banks. Those who agree that customers of Islamic Banks are aware of the Shari’ah-based and Shari’ah-compliant products provided by the banks outweigh other respondents.

Table 8: Respondents’ Opinions on if Islamic banks and Financial institutions are providing enough retail products

Respondents	Frequency	Percentage
Strongly agree	54	21
Agree	120	46

Disagree	31	12
Strongly Disagree	12	5
Indifference	37	14
Not indicated	6	2
Total	260	100

Source: Field Survey, 2022

From Table 8, 54 or 21% of the 260 respondents strongly agreed that Islamic banks and financial institutions are providing enough retail products, 120 or 46% agreed, 31 or 12% disagreed, 12 or 5% strongly disagree, 37 or 14% were indifferent, while 6 or 2% did not respond to whether Islamic banks and financial institutions are providing enough retail products. Those who agreed that Islamic banks and financial institutions are providing enough retail products outweigh other respondents.

Table 9: Respondents’ Opinions on whether Islamic Banks and Financial institutions contribute to removing society’s inequalities and improving the general standard of living.

Respondents	Frequency	Percentage
Strongly agree	52	20
Agree	126	48
Disagree	32	12
Strongly Disagree	16	6
Indifference	27	11
Not indicated	7	3
Total	260	100

Source: Field survey, 2022

From Table 9, 52 or 20% of the 260 respondents strongly agreed that Islamic Banks and Financial institutions contribute to removing society’s inequalities and improving the general standard of living, 126 or 48% agreed, 32 or 12% disagreed, 16 or 6% strongly disagreed, 27 or 11% were indifferent, while 7 or 3% did not respond to whether Islamic Banks and Financial institutions contribute in removing society’s inequalities and improving the general standard of living. Those who agreed that Islamic Banks and Financial institutions contribute to removing society’s inequalities and improving the general standard of living outweigh other respondents.

Table 10: Respondents’ Opinions on whether Islamic Banks and Financial institutions’ performance cannot be judged only through a good percentage of profit/return.

Respondents	Frequency	Percentage
Strongly agree	54	21
Agree	132	51
Disagree	33	12
Strongly Disagree	16	6
Indifference	17	7
Not indicated	8	3

Total	260	100
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Source: Field Survey, 2022

From Table 10, 54 or 21% of the entire 260 respondents strongly agreed that Islamic Banks and Financial institutions' performance cannot be judged only through a good percentage of profit/return, 132 or 51% agreed, 33 or 12% did not agree, 16 or 6% strongly disagreed, 17 or 7% were indifferent. In comparison, 8 or 3% did not respond to whether Islamic Banks and Financial institutions performance cannot be judged only through a good percentage of profit/return. Those who agree that Islamic banks' and financial institutions' performance cannot be judged only through a good percentage of profit/return outweigh other respondents.

Table 11: Respondents' Opinions on whether Islamic Banks and Financial institutions can completely serve as an alternative banking system

Respondents	Frequency	Percentage
Strongly agree	66	25
Agree	124	48
Disagree	21	8
Strongly Disagree	9	4
Indifference	27	10
Not indicated	13	5
Total	260	100

Source: Field Survey, 2022

From Table 11, 66 or 25% of the 260 respondents strongly agreed that Islamic Banks and Financial institutions can ultimately serve as an alternative banking system, 124 or 48% agreed, 21 or 8% disagreed, 9 or 4% strongly disagreed, 27 or 10% were indifferent. In comparison, 13 or 5% did not respond to whether Islamic Banks and Financial institutions can ultimately serve as an alternative banking system. Those who agreed that Islamic Banks and Financial institutions can completely serve as an alternative banking system outweigh other respondents.

Table 12: Respondents' Opinions on whether Islamic Banks and Financial institutions have enough branch network coverage in the country.

Respondents	Frequency	Percentage
Strongly agree	45	17
Agree	94	36
Disagree	67	26
Strongly Disagree	27	10
Indifference	22	9
Not indicated	5	2
Total	260	100

Source: Field Survey, 2022

From Table 12, 45 or 17% of the 260 respondents strongly agreed that Islamic Banks and Financial institutions have

enough branch network coverage in the country, 94 or 36% agreed, 67 or 26% disagreed, 27 or 10% strongly disagreed, 22 or 9% were indifferent. In comparison, 5 or 2% did not respond to whether Islamic Banks and Financial institutions have enough branch network coverage in the country. Those who agreed that Islamic Banks and Financial institutions have enough branch network coverage in the country outweigh other respondents.

Table 13: Respondents' Reaction on Which of the products and services of Islamic finance are in Higher supply.

Respondents	Frequency	Percentage
Mudarahah (Sleeping partnership)	19	7
Musharakah (partnership Financing)	54	21
Sukuk	20	8
Ijarah (Leasing)	19	7
Takaful (Insurance)	21	8
Murabahah (Cost plus financing)	16	6
Salam	35	14
Wakalah	3	1
Not indicated	73	28
Total	260	100

Source: Field Survey, 2022

From Table 13, 19 or 7% indicated that Mudarahah (Sleeping partnership) is a product and services of Islamic finance that is in high supply, 54 or 21% of the 260 respondents agreed that Musharakah (partnership Financing) are product and services of Islamic finance that are in high supply, 20 or 8% indicated that sukuk is a product and services of Islamic finance that are in high supply, 19 or 7% indicated that Ijarah (Leasing) is a product and services of Islamic finance that are in high supply, 21 or 8% indicated that Takaful (Insurance) are product and services of Islamic finance that are in high supply, 16 or 6% indicated that Murabahah (Cost plus financing) is a product of Islamic finance that are in high supply, 35 or 14% indicated that salam is a product and service of Islamic finance are in high supply, 3 or 1% indicated that Wakalah is a product of Islamic finance that are in high in supply, while 73 or 28% did not respond to whether which products and services of Islamic finance are in high supply. Those who indicated that Musharakah (partnership Financing) are products and services of Islamic finance that are in higher supply outweigh other respondents except for those that did not respond.

Table 14: Respondents' Opinions on whether Islamic banks distribute higher profits as compared to conventional banks.

Respondents	Frequency	Percentage
Strongly agree	47	18
Agree	101	39

Disagree	47	18
Strongly Disagree	18	7
Indifference	42	16
Not indicated	5	2
Total	260	100

Source: Field Survey, 2022

From Table 14, 46 or 18% of the 260 respondents strongly agreed that Islamic banks distribute higher profits compared to a conventional bank, 102 or 39% agreed, 47 or 18% disagreed, 19 or 7% strongly disagreed, 42 or 16% were indifferent. In comparison, 4 or 2% disagreed on whether an Islamic bank distributes higher profits than a conventional bank. Those who agree that Islamic banks distribute higher profits than conventional banks outweigh other respondents.

Table 15: Respondents' reaction to whether the performance of Islamic banks in Nigeria outweighs that of conventional banks.

Respondents	Frequency	Percentage
Strongly agree	96	37
Agree	37	14
Disagree	45	17
Strongly Disagree	44	17
Indifference	27	11
Not indicated	11	4
Total	260	100

Source: Field Survey, 2022

From Table 15, 96 or 37% of the 260 respondents strongly agreed that the performance of Islamic banks in Nigeria outweighs the conventional banks, 37 or 14% agreed, 45 or 17% disagreed, 44 or 17% strongly disagreed, 27 or 11% were indifferent. In comparison, 11 or 4% did not respond to whether the performance of Islamic banks in Nigeria outweighs that of conventional banks. Those who strongly agree that the performance of Islamic banks in Nigeria outweighs the conventional banks more than other respondents.

Table 16: Respondents' Opinion on whether there is a gap between supply and demand of products and services offered by the Islamic bank in Nigeria.

Respondents	Frequency	Percentage
Strongly agree	51	20
Agree	131	50
Disagree	19	7
Strongly Disagree	12	5
Indifference	40	15
Not indicated	7	3
Total	260	100

Source: Field Survey, 2022

From Table 16, 51 or 20% of the 260 respondents strongly agreed that there is a gap between supply and demand of products and services offered by the Islamic bank in Nigeria, 131 or 50% agreed, 19 or 7% disagreed, 12 or 5% strongly disagreed, 40 or 15% were indifferent. In comparison, 7 or 3% did not respond to whether there is a gap between supply and demand of products and services offered by the Islamic bank in Nigeria. Those who agreed that there is a gap between the supply and demand of products and services offered by Islamic banks in Nigeria outweigh other respondents.

Table 17: Respondents' Opinion on whether Islamic bank gives equal opportunity to Moslem and Non-Moslem customers.

Respondents	Frequency	Percentage
Strongly agree	73	28
Agree	116	45
Disagree	23	9
Strongly Disagree	17	7
Indifference	24	9
Not indicated	7	2
Total	260	100

Source: Field Survey, 2022

From Table 17, 73 or 28% of 260 respondents strongly agreed that Islamic bank gives equal opportunity to Moslem and Non-Moslem customers, 116 or 45% agreed, 23 or 9% disagreed, 17 or 7% strongly disagreed, and 24 or 9% were indifferent. In comparison, 7 or 2% disagreed on whether Islamic banks give equal opportunities to Moslem and non-Moslem customers. Those who agree that Islamic banks give equal opportunity to Moslem and non-Moslem customers outweigh other respondents.

Table 18: Respondents' Opinions on whether Islamic banks can improve their performance and patronage by introducing more products and services.

Respondents	Frequency	Percentage
Strongly agree	74	28
Agree	138	53
Disagree	12	5
Strongly Disagree	7	3
Indifference	20	8
Not indicated	9	3
Total	260	100

From Table 18, 74 or 28% of the entire 260 respondents strongly agreed that Islamic banks can improve their performance and patronage by introducing more products and services, 138 or 53% agreed, 12 or 5% disagreed, 7 or 3% strongly disagreed, 20 or 8% were indifferent, while 9 or 3% did not respond to whether Islamic banks can improve their performance and patronage by introducing more products and services. Those who agree that Islamic banks can improve their performance and patronage by introducing more products and services outweigh other respondents.

Table 19: Respondents on whether Islamic bank has very low outreach in terms of the branch network.

Respondents	Frequency	Percentage
Strongly agree	74	28
Agree	99	38
Disagree	27	10
Strongly Disagree	18	7
Indifference	25	10
Not indicated	17	7
Total	260	100

Source: Field Survey, 2022

From Table 19, 74 or 28% of the 260 respondents strongly agreed that Islamic bank has very low outreach in terms of branch network, 99 or 38% agreed, 27 or 10% disagreed, 18 or 7% strongly disagreed, while 17 or 7% did not respond to whether Islamic bank has very low outreach in terms of the branch network. Those who agreed that Islamic bank has very low outreach in terms of branch network outweigh other respondents.

Table 20: Respondents' Reactions on whether Islamic bank is not using modern banking technology (Fintech) compared to conventional banks in Nigeria.

Respondents	Frequency	Percentage
Strongly agree	72	28
Agree	107	41
Disagree	23	9
Strongly Disagree	16	6
Indifference	27	10
Not indicated	15	6
Total	260	100

Source: Field Survey, 2022

From Table 20, 72 or 28% of the 260 respondents strongly agreed that Islamic bank is not using much of the modern banking technology (Fintech) compared to conventional banks in Nigeria, 107 or 41% agreed, 23 or 9% disagreed, 16 or 6% strongly disagreed, 27 or 10% were indifferent, while 15 or 6% did not respond to whether Islamic bank is not using much of the modern banking technology (Fintech) compared to conventional banks in Nigeria. Those who

agreed that Islamic bank is not using much of the modern banking technology (Fintech) compared to conventional banks in Nigeria outweigh other respondent.

Table 21: Respondents' Opinions on whether they preferred Islamic banks over conventional banks.

Respondents	Frequency	Percentage
Strongly agree	99	38
Agree	80	31
Disagree	27	10
Strongly Disagree	14	5
Indifference	25	10
Not indicated	15	6
Total	260	100

Source: Field Survey, 2022

From Table 21, 99 or 38% of the 260 respondents strongly agreed that for their banking needs, they prefer to use Islamic banks than the conventional bank, 80 or 31% also agreed that for their banking needs, they prefer to use Islamic banks than the conventional bank, 27 or 10% disagreed that for their banking needs, they will prefer to use Islamic banks than the conventional bank, 14 or 5% strongly disagreed, 25 or 10% were indifferent, while 15 or 6% did not respond to whether for their banking needs, they prefer to use Islamic banks than the conventional bank. Those who agreed that for their banking needs, they prefer to use Islamic banks over conventional banks outweigh other respondents.

4.2 Major Findings of the Survey Results

Table 22: Summary of Critical Factors Derived from the Survey Results.

No	Elements	% Responded/Agreed	Main Findings
A	Islamic Banks awareness	59%	Still, a large number of respondents are not aware of Islamic banking in Nigeria.
B	Islamic Banks offer a wide range of products.	34%	Indicating Islamic Banks lacking in the products offering
C	Islamic Banks offer sufficient retail products.	33%	Indicating lacking of RETAIL products offered by Islamic banks.
D	There Exist products supply GAP	70%	The majority of the respondents see

	between Islamic Banks & Conventional Banks.		Islamic banks have products GAP
E	Islamic Banks have low branch network coverage.	68%	Network GAP is wide within the Islamic banks.
F	Islamic Banks offer higher profits.	36%	A high-profit gap exists in Islamic banking.
G	Islamic Banks not using enough FinTech.	69%	A high technology gap exists in Islamic banking.
H	Islamic Banks can perform better by increasing more product services.	93%	Almost all respondent agree that Islamic banks can perform better if they reduce their product GAP

Source: Field Survey, 2022

5 Conclusions

It is evident from the above survey results that Islamic banks in Nigeria are lagging in several critical products and services as compared to their conventional DMB counterparts. Hence, it is evidencing a clear “Supply gap. The study concludes that there is still a large number of populations in Nigeria who are still not aware of Islamic Banking operations. There are many products and services GAPS within Islamic banking in Nigeria for both retail and corporate banking products, whereby the range of Islamic banking products is very low compared to what conventional banks offer. A high Network GAP exists within Islamic banking; whereby Islamic banks have a minimal branch network. There exists a technology GAP in terms of using FinTech in Islamic banking compared to conventional banking. There is a Profitability GAP in Islamic banking whereby Islamic Banks offer less profit than conventional banks. Finally, a performance GAP exists between Islamic banking and conventional banking in Nigeria, which can be overcome by Islamic banking should they enhance their products and services. Based on the analysis of the summary of survey results, it is evident that the Supply GAP has resulted in the lower financial performance of Islamic banks in Nigeria than conventional banks. In line with the findings, the study recommends

increased enlightenment to raise awareness of the public on the concept of Islamic Banking and the performance of Islamic Banks. It is also recommended that Islamic Banks should upscale their technology and introduce more products and services to match the conventional Banks.

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