
Challenges Facing Commercial Banks Operating
Islamic Window in Nigeria

By

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ABSTRACT

This study aims to look at the challenges facing the establishment of Islamic banking system in Nigeria on one hand, and the operation of Islamic windows by conventional commercial banks in Nigeria on the other hand. There are multifarious challenges facing Islamic banking model in Nigeria. Few amongst these challenges are negative perceptions of the banking model by the Christians in Nigeria; oppositions of few Nigerian based on secularity nature of the country; and the Islamic Shari'ah principles on which Islamic financial system is based upon. On the contrary, there are millions of Nigerians that welcomed the new banking model as alternative to the conventional commercial banking system, whence, the establishment of Islamic windows by commercial banks in Nigeria. The study established that Islamic financial system is anchored on Section 33(1) (b) of the CBN Act 2007 and Sections 23(1); 32(1); 52; 55(2); 59(1) (a); 61 of Banks and Other Financial Institutions Act (BOFIA) 1991 (as amended), the CBN Act 2007, Companies and Allied Matters Act (CAMA) 1990 (as amended). With the growing trend of Islamic banking system in the world, and non-patronage of conventional commercial banks in Nigeria, the study established the justification for the establishment of Islamic banking system as an alternative to the failing conventional commercial banks in Nigeria. Finally, the study discussed the economic benefits of Islamic banking system from view-lens of universal acceptability of Islamic banking system, and socio-economic growth of Islamic financial system in the world. The study provides evidence that Islamic banking system is a banking model that serves both Muslims and non-Muslims, and there is a vast potential of future growth in Islamic banking in Nigeria.

Keywords: Conventional Commercial Bank, Islamic Bank, and Islamic Window

ABSTRAK

Kajian ini bertujuan untuk melihat cabaran yang dihadapi oleh penubuhan sistem perbankan Islam di Nigeria dari satu aspek dan operasi bank-bank komersial yang konvensional di Nigeria dari perspektif Islam. Sebaliknya, Model perbankan Islam di Nigeria menghadapi pelbagai cabaran. Antara cabaran-cabaran ini adalah persepsi negatif model perbankan oleh orang Kristian di Nigeria; pihak pembangkang di Nigeria yang bersifat sekular dan sistem kewangan Islam yang berdasarkan prinsip-prinsip Syariah Islam. Sebaliknya, terdapat berjuta-juta warganegara Nigeria yang mengalu-alukan model perbankan baru sebagai alternatif kepada sistem perbankan komersial konvensional, dari mana, penubuhan tingkap Islam oleh bank-bank perdagangan di Nigeria. Kajian menunjukkan bahawa sistem kewangan Islam adalah berlandaskan Seksyen 33 (1) (b) Akta CBN 2007 dan Seksyen 23 (1); 32 (1); 52; 55 (2); 59 (1) (a); 61 Bank dan Lain-lain Institusi Kewangan Akta (BOFIA) 1991 (seperti yang dipinda), Akta CBN 2007, Syarikat dan Akta Allied Perkara (Cama) 1990 (seperti yang dipinda). Dengan trend sistem perbankan Islam yang semakin meningkat di dunia, dan bukan dibawah naungan bank komersial konvensional di Nigeria, kajian yang ditubuhkan adalah satu justifikasi untuk penubuhan sistem perbankan Islam sebagai alternatif kepada bank-bank konvensional yang gagal di Nigeria. Akhirnya, kajian ini membincangkan manfaat ekonomi sistem perbankan Islam dari pandangan lensa penerimaan sejagat sistem perbankan Islam, dan pertumbuhan sosio-ekonomi sistem kewangan Islam di dunia. Kajian ini memberikan bukti bahawa sistem perbankan Islam adalah satu model perbankan yang boleh berfungsi kepada orang Muslim dan bukan Muslim dan terdapat potensi besar pertumbuhan masa depan dalam perbankan Islam di Nigeria.

Keywords: konvensional komersial bank, Islamic bank, dan tingkap Islam.

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