

**DETERMINANT FACTORS IN ACCEPTING
ISLAMIC MICRO FINANCE IN NIGERIA:
THE CASE OF KADUNA STATE**

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ABSTRACT

The aim of this study is to determine the factors that contribute to the acceptance of Islamic microfinance in Kaduna state, Nigeria. This is because Nigeria is one of the countries that has at least 55% Muslims and is currently leaving under one United States of American Dollar due to poverty. To reduce such poverty, Islamic microfinance, either window or bank was introduced. This is in addition to the fact that, Islamic microfinance is seen as a global phenomenon where it attracts so many scholars for academic debates. The problem is whether the Nigerian community especially the entrepreneurs do accept the Islamic microfinance as so many are more conversant with the conventional finance system. To address such problems, Kaduna state as it is dominantly populated with Muslims (is selected) and factors such as knowledge, accessibility to fund, attitude and awareness were considered as the factors of the acceptance of Islamic microfinance in Kaduna state. Data were collected using questionnaires and 650 questionnaires were distributed to the entrepreneurs in the state, however, only 481 were returned among which 50 were rejected therefore, 431 were used in the research since the sample is adequate base on Krejcie and Morgan, 1970. Partial Least Square Structural Equational Modelling (PLS-SEM) techniques is used on the said data to determine the said relationship in order to overcome normality distribution issues. The results show that all the explanatory variables which include knowledge, accessibility to fund and awareness determine the acceptance of Islamic microfinance, however, only attitude failed to meet up the standard as the test as is not supported because of insignificance. One major limitation of the study is that it considered only one state in Nigeria but the actual facts are 19 states that are highly Muslim populated. The study contributed to the Nigerian government as a means of eradicating poverty by supporting Islamic microfinance in aiding the policy makers such as the Central Bank of Nigeria and the academia.

Keyword: Islamic microfinance, knowledge, accessibility to fund, awareness, attitude

ABSTRAK

Matlamat kajian ini adalah untuk menentukan faktor-faktor yang mempengaruhi penerimaan terhadap pembiayaan mikro Islam di negeri Kaduna, Nigeria. Ini adalah kerana Nigeria merupakan salah sebuah negara yang mempunyai sekurang-kurangnya 55% orang Islam dan pada masa kini hidup di bawah aras kemiskinan. Demi untuk mengurangkan kemiskinan tersebut, pembiayaan mikro Islam telah diperkenalkan. Pembiayaan mikro Islam dilihat sebagai fenomena global di mana ia menarik ramai cendiakiawan untuk terlibat dalam perbincangan secara ilmiah. Masalahnya ialah sama ada komuniti Nigeria terutamanya usahawan menerima pembiayaan mikro Islam kerana mereka sudah terbiasa dengan sistem kewangan konvensional. Untuk menjawab persoalan tersebut, negeri Kaduna yang mana majoriti penduduknya terdiri daripada orang Islam dipilih dan faktor-faktor seperti pengetahuan, kebolehcapaian kepada dana, sikap dan kesedaran dianggap sebagai penentu-penentu kepada penerimaan terhadap pembiayaan mikro Islam di negeri Kaduna, Nigeria. Data telah dikumpul menggunakan soal selidik dan sebanyak 650 soal selidik telah diagihkan kepada para usahawan di negeri Kaduna, walau bagaimanapun, hanya 481 soal selidik telah dikembalikan. 50 soalselidik telah ditolak, oleh itu, 431 soal selidik telah digunakan dalam kajian ini kerana bilangan sampel tersebut adalah mencukupi berasaskan kriteria Krejcie dan Morgan, 1970. Teknik *Partial Least Square Structural Equational Modelling PLS-SEM* digunakan untuk menganalisis data tersebut. Dapatan kajian menunjukkan bahawa semua pembolehubah bebas termasuk pengetahuan, kebolehcapaian kepada dana, dan kesedaran mempengaruhi penerimaan terhadap pembiayaan mikro Islam. Walau bagaimanapun, sikap gagal memenuhi piawai ujian yang tidak mendapat sokongan empirik kerana ia didapati tidak signifikan. Kekangan utama kajian ini ialah ia hanya mengambil kira satu negeri sahaja di Nigeria tetapi sebenarnya terdapat 19 negeri di Nigeria yang mempunyai penduduk Islam yang ramai. Kajian ini memberi sumbangan kepada kerajaan Nigeria dengan mengemukakan cara untuk membasmi kemiskinan melalui sokongan kepada pembiayaan mikro Islam dalam memberi sumbangan kepada Bank Pusat Nigeria dan dunia akademik.

Keyword: Pembiayaan mikro Islam, pengetahuan, kebolehcapaian kepada dana, kesedaran, sikap.

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