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### CONTENTS

	Articles	Pages
1.	التقاليد الأدبية: دراسة تحليلية على ضوء الإسلام - M.A. Abdul-Raheem	1-16
2.	الدراسة المقارنة بين المسرحيتين " العميد المجلد " و " أستاذ رغم أنفه " - Abdul-Ganiy Abimbola Abdul-Salam	17-31
3.	أثر اللغة العربية في شعر يوربا - Abdul-Lateef Onireti Ibrahim	32-45
4.	كتابة لغة اليوربا بالحروف العربية نشأة وتطوراً Mashood Mahmud Jimba	46-68
5.	The Translation of the Holy Qur'an in Malayalam Language of Kerala State in India - F.S.M. Koya	69-81
6.	نزعة الشيخ عبد الله بن فودي السياسية من قصيدته الحانية Ya'qub Abdullah	82-90
7.	<i>Maqamah</i> : Concept, Origin and Role in the Development of Modern Arabic Prose Writing - Kahar Sarumi Wahab	91-103
8.	Ma'rifatullah and Methodology: An Appraisal of Intellectual Exercise - A.A Ahmad Rufai	104-131

9. The Role of Muslim Organisations of Oyo State in Policy Implementation of Islamic Religious Studies - L.o. Abbas 132-144
10. The Qur'anic Contributions to the Growth of Yoruba Semantics - S.A. Shittu 145-154
11. Arabic and Yoruba Proverbs: Any Correlation? - K.A. Omofoyewa 155-165
12. دراسة تحليلية وفنية لثلاث من القصص النبوية 166-185  
Abdul-Razaq Muhammad Katibi  
An Appraisal of Islamic Banking Movement in Nigeria -  
13. Noibi M.A 186-199
14. الوالي محمد الشيخ أرجوزة في الشباب انحراف قصيدة 200-208  
ونقد دراسة: الباغرمي سليمان بن - Uthman Abdul-  
Salam al-Thaqafi

## AN APPRAISAL OF ISLAMIC BANKING MOVEMENT IN NIGERIA

BY

NOIBI M.A

### Abstract

The study intends to expose the various moves made by Nigerian Muslims aimed at living by the Shari'ah in their financial transactions. In doing justices to it, the study reviews the historical development of banking services in the country and also the Islamic stand on *Riba* (interest) and *Garar* (speculation). It also examines some judicial cases aimed at exposing the attachment of Muslims to Islamic financial system and moves at realizing it. The various moves aimed at Islamising the Nigerian financial system was also traced and recommendations proffered towards improving the Islamic banking climate in Nigeria.

### 1.0 Introduction

The profit and loss sharing (P.L.S) or the non-interest banking system, otherwise known as the Islamic banking system, is based on the principle of justice and equitable distribution of wealth. It encourages and finances only projects that are in consonance with the Islamic legal principle, the *Shari'ah*.<sup>1</sup> Furthermore, it rejects the notion that the end justifies the means and finances projects based on creativity and partnership which usually stands as the indemnity. By implication, this is in sharp contrast to the conventional banking system which finances any form of business activities, in as much as it is profitable by requesting for collateral security from its customers, without taking into cognisance its affordability and the talents of concerned customers. The Islamic Banking System also balances the scale of capital flow and takes the success and failure in conjunction with its partner, a development unfamiliar with the conventional banking principle. Nigeria has in the past made several attempts aimed at introducing this Islamically acceptable financial system but to no avail. At least not in its pristine form. To do justice to this study, it is necessary glimpses are made at the Nigeria banking and system, the problem of *Riba*<sup>2</sup> (Usury) and *Garar*<sup>3</sup> (speculation) and the various moves aimed at actualizing the Islamic banking system in the country.

## 2.0 Historical Development of Banking Services in Nigeria

A bank is an organization or a place that provides financial services.<sup>4</sup> The first bank, which operated in the country, was African Banking Cooperations. It was instrumented and formed by Messers Elder Dempster and Co., which was a shipping company, based in Liverpool in Britain. It ran into problems and this promoted it to transfer its interest to Dempster and Co. This action later led to the formation of another Bank called British Bank of West Africa (BBWA) in 1893 with initial capital of Ten thousand pounds. This was later increased to One hundred thousand pounds sterling. This Bank was registered in London as a limited liability company in 1894 and opened its first branch in the city of Lagos in the same year. It opened more branches in some major cities of West Africa, such as Accra and Freetown and opened a second branch in Nigeria in 1990.<sup>5</sup>

On the establishment of BBWA and spread of its tentacles, another bank called Anglo-African Bank was established in 1899 in old Calabar by Royal Niger Company otherwise known as UAC. This was established in order to favourably compete with BBWA. It established branches in Burutum, Lokoja and Jebba. But it was unfortunately sold out in 1912 when it faced a rigorous but unsuccessful competition from BBWA since the latter enjoyed the monopoly of silver from the Royal mint.<sup>6</sup>

In 1917 Barclays Bank D.C.O. (Dominion, Colonial and Overseas) opened Nine branches, early after its established. The Nigeria Banking scene was therefore dominated by these two British Banks, namely, the British Banks for West Africa (BBWA) and Barclays Bank between 1894- and 1933.<sup>7</sup>

In the year 1949, another bank joined in the financial market. These three Banks including the latest, British – French Bank was mainly to render expatriate services in connection with international trade. Their services were only limited to Government and expatriate trading companies to the detriment and neglect of the development of a Nigerian entrepreneurship. These three banks controlled almost ninety percent (90%) of aggregate bank deposits from 1914 to early 1930's. Several attempts were made at establishing an indigenous bank in Nigeria but almost all the efforts proved abortive.<sup>8</sup>

In 1929, the industrial and commercial bank was established by a group of patriotic and determined Nigerians, even though this liquidated in 1930 due to under-capitalisation, poor management and aggressive competition from the three expatriate foreign Banks. The same group again launched another Bank in 1933 which is the National Bank of Nigeria Limited and this was actually the first indigenous Bank to survive. Also in 1945, Chief Okupe established Agbonmagbe Bank but was taken

over by the western state government in 1969 and its name changed to WEMA Bank. The Nigeria Penny Bank was set up in early 1940's but collapsed in 1946 due to mis-management. The Nigerian Farmers and Commercial Bank was also established in 1947, Dr. Nnamdi Azikwe established the Africa Intercontinental Bank which was one of the banks that survived. The Merchants Bank was established in 1952 and closed down in 1960. Government records show that between 1914 to 1952 one hundred and eighty five Bank (185) were registered, most of which registered without commencing operations.<sup>9</sup>

In a bid by the government to protect the interest of the depositors who were always loosing to liquidate banks, a commission of enquiry named Patron Commission was set up. Based on its report, the first banking legislation was passed in 1952 and in 1958 and a new banking ordinance was promulgated to tighten the capital requirements for establishing a bank.<sup>10</sup> However, in 1957, the first bank to be established after the banking crisis of 1940s and 1950s was the Muslim Bank for West Africa (Nigeria) Limited. This bank was one of the banks established to correct the believe that foreign banks discriminated against Nigerians and it was granted license in 1958 with only one branch situated in Lagos.<sup>11</sup> While the bank was in operation, it was the only privately owned indigenous bank and it was also the smallest in 1963. It was also the only bank that was not infiltrated by financial malpractices and bad debts. It was also one of the two banks that declared profit in 1962.<sup>12</sup> The Western and Eastern regional governments in Nigeria formulated policies to give support to indigenous banks. These policies were implemented in all the indigenous banks except the Muslim Bank. Even though,, the support granted to indigenous banks was more deserved by the Muslim bank. This support should be noted contributed to the survival of the other banks.<sup>13</sup>

Although, the name of the Bank connote that it is largely or wholly owned by Muslims and that it has a West African connection. It is not known whether its principles were entirely based on Islamic banking.<sup>14</sup> however 10 years of the bank's operation, it license was revoked by a ministerial order in 1968<sup>15</sup> with no declaration of the reason behind the revocation of its license. It should be noted that at that time, the honourable Minister of finance could withdraw a bank's license if in his opinion, the affairs of the institution were conducted or likely to be conducted in a manner prejudicial to the depositors' interest. Consequence of that, on the 30<sup>th</sup> June 1969, an order for the winding-up of the bank was issued. Unfortunately enough, in 1992, the bank's file got missing at the Corporate Affairs Commission, Abuja, Nigeria thereby making further investigations almost impossible.<sup>16</sup>

Owing to failure of banks in the early 1950's, the power of control of banking was vested in the Financial Secretary. This brought about two shades of opinion. The Nationalists who were in support of a central bank and the Colonialists who felt the establishment of a central bank would be a premature arrangement. In giving a permanent solution to the stated problem, three studies were commissioned. The first being the J.L. Fisher's report in 1953, the I.B.R.D mission report in 1955 and lastly the J.B. Loynes's report in 1957. Fisher's report recommended that the financial environment did not exist for the establishment of a central bank and there were also no expatriates to man it. He also suggested the following:<sup>17</sup>

- 1) The establishment of development cooperation by the government.
- 2) The issuance of Treasury bills
- 3) The establishment of an institute by the government to lend to co-operative societies
- 4) The use of post office savings for development purposes.

He equally suggested a three-step plan that would eventually lead to the establishment of central bank. These plans were as follows,

- 1) The transfer of the operations of West African Currency Board after which its management would eventually be indigenized due to acquisition of enough experience.
- 2) The establishment of Nigerian Currency Board and separate Nigerian Currency to take over Nigeria's share of the West African Currency Board (WACB).
- 3) The establishment of a Bank of issue as the embryo of a future central bank.

I.B.R.D. study commissions on its own recommended the establishment of a State Bank of Nigeria to take over Banking Control functions from the then Financial Secretary. J.B. Loynes. Which was the last study group; it favoured the establishment of a Central Bank of Nigeria. It was based on the report of this group that the Central Bank of Nigeria (CBN) ordinance was promulgated on the 17<sup>th</sup> of March, 1958 and it became fully operational on the 1<sup>st</sup> of July, 1959. It is to issue legal tender, maintain external reserves, promote monetary stability, sound financial structure and to serve as banker to other banks in Nigeria banks and those abroad.<sup>18</sup>

### 3.0 The Question of *Riba*

*Riba* is an Arabic word that has its etymological bases in *Raba* which means to increase, to grow, to grow up or to exceed. It is the surplus of income, which the lender receives from the borrower, over and above the

principal amount, as a reward for waiting or parting with the liquid part of his capital for a specified period of time.<sup>19</sup>

*Riba* could therefore be named either usury or interest in English language. This is so because interest is the rental payment for the use of credit by borrowers in return for parting with liquidity by lenders,<sup>20</sup> while usury is the practice of lending money at excessively high rate of interest.<sup>21</sup>

In the pre-Islamic period, *Riba* existed in the form, whereby, whenever people contracted loans from one another, it was agreed upon between the parties concerned that an amount of money would be paid by the borrower in excess of the principal after a certain of period of time. It also took the dimension of an advance to a person for a specific period of time whereby he receives from him a fixed amount of money every month as interest. When the time expired, the borrow was asked to repay the debt, if he could not repay it he was given an extension in the time for the repayment and therefore, the interest was increased.<sup>22</sup> This *Riba* is not compensation for labour or price of commodity, but for the time for which principal is borrowed. *Riba*, therefore comprises of three characteristics,<sup>23</sup>

- i) It involves excess or surplus over and above the loan capital,
- ii) The condition of the transaction on the payment of pre-determined surplus, and
- iii) The determination of the surplus over and above the capital or principal in relation to time

Allah prohibits dealing in *Riba* in the Qur'an. Although there are five places where the issue has been discussed however the last straw broke camels back;

"يا أيها الذين آمنوا لا تأكلوا الربو أضعافا مضاعفة واتقوا الله  
لعلمكم تفلحون."

"يا أيها الذين آمنوا اتقوا الله وذروا ما بقي من الربوا إن  
كنتم مؤمنين. فإن لم تفعلوا فإذنوا بحرب من الله ورسوله  
وإن تبتم فلكنم رؤوس أموالكم لا تظلمون ولا تظلمون. وإن  
كان ذو عسرة فنظرة إلى ميسرة وإن تصدقوا خير لكم إن كنتم  
مؤمنين."

*O ye who believe, fear Allah and give up what remains of your demand for usury if ye are indeed believers. If ye do it not, take notice of war from Allah and his messenger. But if ye return back, ye*



*shall have your capital sums; deal not unjustly.*

*If the debtor is in a difficulty grant him time till it is easy for him to repay, but if ye remit it by way of charity, that is best for ye only knew.*<sup>25</sup>

The verses in question further lay emphasis on the prohibition of *Riba* and warns of war from Allah and the Prophet if those who deal in *Riba* do not desist. This war could take several forms; it could be social, political, economic or spiritual. It is a reality that *Riba* leads to devastation in one form or the other.

It further goes on to give the procedures of giving out loans. It states that instead of charging interest and insisting that the debtor repays in difficulty, the borrower could also partake in the loss as an act of charity.

Prophetic prohibition of *Riba* left no stone unturned however latent it may be in a transaction. The prophet revealed to mankind the grave punishment awaiting those who deal in *Riba*. He is reported to have cursed him who takes and him who pays *Riba* and those who witness and transcribe a transaction involving the taking of *Riba*.<sup>26</sup>

He also says concerning *Riba* as follows;

الدرهم ربا أشد عند الله تعالى من ست وثلاثين زنية في الخطيئة

*A dirham received as usury is more greivous in the sight of Allah than thirty-six acts of adultery*<sup>27</sup>

In another place, he said

الربا تسعة وتسعون بابا أدناها كان يأتي الرجل بأمه

*Riba has twenty nine gates the least of them is comparable to a man having sexual intercourse with his mother"*

The Prophet (SAW) also narrated his dream concerning one who deals in *Riba* when in the state of *Barzakh*.<sup>29</sup> The dream is as follows;

*Last night, I saw two men, who came to me, took me by the hand and brought me to the Holy Land we went on until we came standing in it on the bank of the river, there was a man with some stones in front of him. The man in the river came forward and when he was about to get out, the man threw a stone at time and he went back to where he had been. Every time he wanted to come out the man threw a stone at him and he went back to where he had been before. I asked what this was, and they told me to go on ... The man you saw in the river devoured usury ... I am Jibril and this is Malik.<sup>30</sup>*

The Holy Prophet of Islam (SAW) also said that while he was on his night journey to the heavens *Miraj*<sup>31</sup> he saw that punishments were being melted on some people on account of their actions. He narrated this incident by saying;

*Some have bellies as big as a house and whenever one of them got up, he was knocked down and says, "O Allah, do not let the hour (of judgement) come". They are in the path of Pharaoh, who came and trample over them while they can do nothing but scream. These are the people who devoured usury.<sup>32</sup>*

#### **4.0 The Forbiddance of Speculation, *Gharar***

This term *Gharar* denotes a contract between two parties where one may be exploited by the other either through wrong description or ignorance of goods which the seller is not in a position to deliver and or the making of a contract which is conditional upon an unknown event. Any such contract involving an element of speculation, uncertainty or gamble is prohibited under Islamic Law.<sup>33</sup>

This gets its impetus in the prophetic tradition that;

*Allah's Apostle (SAW) forbade the practice called 'Habatal-Habal' which was a kind of sale practiced in the pre-Islamic period of ignorance. One would pay the price of a she-camel which was not born by the immediate offspring of an extant she-camel.<sup>34</sup>*

According to some scholars, speculative business which applies to the buying goods or shares at low prices and selling them for higher prices in the future is considered to be illicit. Similarly, if future prices are expected to be lower than the present ones, an immediate sale in order to avoid a loss in the future is also condemned.<sup>35</sup> The reason advanced for this ban is that if allowed, it would promote privacy gains at the expense of public interest, thereby creating artificial scarcity which in turn leads to inflation. In *Shari'ah*, it is unlawful to sell against advance payment for future delivery. However, as an exemption to this rule, some schools of jurisprudence, based on the needs of Muslims, allow such contracts to be applied to goods but not to transactions involving currencies, *Bay' S-Salam*.<sup>36</sup> Islamic banks are allowed to carry out future transactions involving deferred payment in as much as all the conditions such as price, quality and quantity are determined at the time of signing the contract.<sup>37</sup>

In order to avoid *Gharar* the following conditions must be fulfilled;<sup>38</sup>

- a) Ascertaining that both the subject and prices of the sale exist, and are able to be delivered.
- b) Specify the characteristics and amount of the counter values
- c) Define the date of future delivery, if any.

Another form of speculative transaction, which is closely related to *Gharar* is called *Maysir*.<sup>39</sup> It has its origin in the pre-Islamic game of arrow in which seven participants gamble for shares of an allotted price. This *Maysir* was prohibited due to the fact that apparent agreement between the parties is in actuality the result of immoral inducement provided by false hopes in the participants' mind that they will profit unduly by the contract. The Islamic jurist extends the prohibition of *Maysir* to cover all speculative contracts, as well as where the obligations or advantages of either party are not fully defined at the time of the contract.<sup>40</sup>

## 5.0 The Application of Shari'ah to Financial Transaction

The Islamic banking issue is intimately related to the capacious implementation of Shari'ah. It has its foundation in the multifarious commands and injunctions of the Qur'an, the *Sunnah*, and the consensus of opinion of the *Ulama'*. It covers all aspects of a Muslim's life, ranging from personal to public, social to political and cultural to economic matters. Here we are concerned about its application to some aspects of the economic life. In the case of Nigeria, this would necessitate the study of application of Shari'ah to financial transactions.

The courts in Nigeria have upheld and applied the Islamic legal system, Shari'ah, to financial transactions, which sought to comply with Islamic principles. In the case of *Gambo vs Kyariram*,<sup>41</sup> the Kaduna high court, upheld the application of *Shari'ah* in setting aside a claim for interest on a loan, and consequently, ordered the payment of only the principal amount. Further, in the case of *Sigal vs Koriam*,<sup>42</sup> the Borno State Shari'ah court of appeal overruled the decision of the trial court and stated that, in a *Mudarabah*<sup>43</sup> contract, profit and capital are separate from each other and therefore one cannot be substituted for the other. It was also ruled that the profit should be ascertained and shared according to agreed proportion in their terms of partnership contract. Authorities have agreed that the courts in the northern Nigeria, respected the Islamic prohibition of interest, but, was seldomly punished<sup>44</sup> even though the creditor might lose any claim of interest the debtor has agreed to pay.

In some parts of Hausa land, trading was financed through different kinds of arrangements. One of such arrangements is *Kiralu*.<sup>45</sup> This resembles the *musharakah*<sup>46</sup> arrangement. It involves a dormant partnership financing stock trading trip where purchases are made in return for a share in the profit.<sup>47</sup> Some are of the opinion that the prohibition of *Riab*, also carried force in the territory.<sup>48</sup> The explicit interest bearing loans among *Muslims* was very rare as the impact of Islam has had a strong influence on the general rejection of interest bearing loans.<sup>49</sup> The Islamic way of life was thus recognised even if the observance was not conscientious. The indigenous Muslim population did not have confidence in the occidental banking system. This is partially due to Islamic prohibition of interest. In fact this was manifested in rejection of the conventional banking system that was introduced in Kano in 1914. In fact, researches conducted in 1973 and 1980 showed that, there was still a great deal of resistance to interest on the part of Muslim business in the city of Kano.<sup>50</sup>

## 6.0 The Demand for Islamic Banking

The incessant demand by Nigerian Muslims for Islamic Banking is as a result of the universal resurgence of Islam. This aims at making sure that Islamic principles remains the guiding torch in the social, political and economic spheres of a Muslim's life.<sup>52</sup> There was an increased awareness in Islam's revivalist trends between 1970s and 1980s, whereby, Muslims became assertive in their demands for the manifestation of their religion.<sup>53</sup> The concept of *Riba* has been identified by conscious Muslims as one of the causes of the Nigeria's economic misfortunes.<sup>54</sup>

The Uthman Dan Fodio University, Sokoto conducted a research in 1988 so as to obtain the view of Nigerian Muslims as regards the

establishment of an Islamic Bank in the country.<sup>55</sup> It was observed from these researches that majority of the respondents agreed enthusiastically to the establishment of an Islamic bank in Nigeria. An investigation conducted at another time revealed that, Muslims for religious reasons, refused to accept interest and preferred to maintain interest-free accounts.<sup>56</sup> An emphatic provision for interest-free or Islamic banking in the country, came about with the promulgation of the Pilgrims Commission Decree of 1989 which authorizes the Pilgrims Commission to set up an interest-free Bank.<sup>57</sup> Although, nothing was established until the commission was dissolved. However, Islamic Banking, was introduced in Nigeria, with the promulgation of the Banks and other Financial Institutions Decree (BOFID) of 1991. Section 9 (2) of this decree, empowers the Central Bank of Nigeria's governor, to grant these banks exemptions where appropriate. This was followed by the granting of approval for the establishment of the two non-interest Banks, *Akida* and *al-Barka* Bank of Nigeria. However, the some of the promoters of *al-Barka* Bank changed it's name of the Bank to *Almas* Islamic Group of Nigeria. Unfortunately enough, it could not make up the minimum paid-up capital, which increased, from N50 million to N500 million in 1992. Consequently, the process of licensing was discounted.<sup>58</sup>

*Dar-Al-maal Al-Islam* (DMI) an Islamic Bank also made attempt at establishing an Islamic Bank in Nigeria but for the requirement of the Nigerian indigenization policy which stipulates that, sixty percent (60%) should be the Nigerian share holding. Consequently, this prevented it from achieving its goal, as the financial institution vehemently insisted on controlling 51% of its local subsidiaries.<sup>59</sup>

The Banks and other Financial Institutions Decree (BOFID) in addition, introduced some substantial changes to the restriction on Banks trading and investment activities. Banks may now engage in trading and investment activities, provided, the prior written approval of the CBN is sought and granted. The other banking institutions, may also engage in equipment leasing hitherto, the formerly restricted, with the exemption of Merchant banks. They may also acquire more than ten per-cent (10%) of its impaired (by losses) shareholders' fund, but are however, restricted from acquiring more than forty percent (40%) equity interest in the paid up share capital in any company. However, restriction is placed on the use of Islamic, Muslim or Qur'anic words in a bank's name, without the prior approval of the CBN Governor, at it was in the repealed Banking Act of 1969.<sup>68</sup>

Furthermore in December 2003, Jaiz International Bank, an Islamic Bank raised 3 Billion naira in contrast to 2.5 Billion naira which the promoter targeted. However, no sooner that the Bank raised this did the

CBN asked for 25 Billion naira to be raised for any Bank to be registered in the country. Hence the Bank was deprived the opportunity of starting business at all. This development has no doubt weaken the confidence investors have in the Bank.

### **7.0 Recommendation and Conclusion**

In view of the Nigerian Banking Regulations and the enthusiasm of Muslims at living by their religion in their financial lives, it will be worth while giving some recommendations which would assist in the upliftment of the desired financial system in the country.

On the governments' part, the Central Bank of Nigeria should partners with the Islamic Research and Training Institute (IRTI), a subsidiary of the Islamic Development Bank (IDB) to establish an Islamic Research and Training Centre in the country. This centre should be charged with the responsibility of educating Bankers and other financial system experts on Islamic banking and financial techniques. It should also conduct researchers on how to localise the Islamic banking techniques within the Nigerian culture. Also, the Central Bank of Nigeria (CBN) should create an Islamic Banking unit within itself, where the Islamic aspect of Islamic Banks will be coordinated.

Jaiz international Bank should with the support of Muslim organizations raise more than 2.5 Billion naira required of banks in the country as investors have been kept waiting all the while with their funds hooked to this Bank. If this is not done, their investment will turn out to be bad investment in addition to total loss of hope in it.

Alternatively, Jaiz could form a subsidiary of one of the big banks in the country where Islamic banking windows will be operated for numerous interested Nigerian Muslims to safe their funds and obtain Islamically accepted loans.

Indeed the Nigerian environment, just as it is good for communication outfits, is also good for Islamic banking. Therefore unlike what some Muslims believe, it is a wise investment which in addition to its providing people with the comforts of life, will also lead to bliss in the hereafter. Nigeria no doubt is on its way to actualizing this laudable project, however all hands must be on deck as it is a collection responsibility.

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- 1) *Shari'ah*: This is an Arabic word. Literarily, it means a water hole, drinking place or approach to a water hole. However, it technically connotes the revealed or canonical law of Islam. The canonical law of Islam is based on the legal precepts in the *Qur'an*, the sayings Sunnah of the Prophet (SAW), Hadith and the independent reasoning (*Ijtihad*) of the Islamic Jurists.
- 2) *Riba*: This is an Arabic word, which literarily means to increase, grow or exceed. Technically, it refers to any predetermined increase over and above the principal as a reward for a lender's parting with his capital over a period of time.
- 3) *Gharar*: This Arabic word literally means "deceptive", "delusive", or "fallacious". The word in question technically implies speculation or speculative practices.
- 4) A.S. Hornby, (1975), *Oxford Advanced Learner's Dictionary of Current English Oxford*, Oxford University Press, Oxford p. 80
- 5) F. Adekanye, (1983), *The Elements of Banking in Nigeria*, Lagos, F. and A. Publishers, p. 167
- 6) *Ibid*, p. 167
- 7) *Ibid*, p. 167
- 8) *Ibid*, p. 167
- 9) *Ibid*, p. 168
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- 11) C.V. Brown, (n.d.), *The Nigerian Banking System*, London; Allen & Unwin, P. 65.
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- 13) *Ibid*.p70
- 14) The Muslim Bank was financially involved in Brewery. This is a contradiction of the Islamic banking principle. Nigeria Breweries Ltd. V Muslim Bank of West Africa (Nigeria) Ltd, Lagos Law Report 1963, p.198. *Ibid*.p70
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- 17) Adekanye, *Op.cit*.p.141
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- 22) Rahman, (1986), vcol. II, p. 570
- 23) *Ibid*, vol. II pp. 570 & 571
- 24) M.A. Mamman, (1986) *Islamic Economic Theory and Practice*, The Islamic Academy, Cambridge p. 118
- 25) Qur'an 2:278-280
- 26) M.Z. Khan (Trans), (1974), *Gardens of he Righteousness*, Curzon Press, London p. 378
- 27) S. Sabiq, (1990), *Fiqh Sunnah*, Lebanon; Darul-Fiqr . p129.
- 28) *Ibid*, p. 129.
- 29) *Barzakh*: This is an Arabic Word-meaning Interval, Gap, Partition or bar. Here it denotes an interstate position between the time of death and the day of judgement. During this period, Man would either be subjected to punishment or Bliss. This however depends on his belief and general disposition in this present life.
- 30) L. Mabrouk, (1990), *The Soul's Journey after Death*, London; the Southanpton Book Co. Ltd., pp. 24-25
- 31) *Miraj*: This was the Journey Allah made the Prophet to undertake in one night. This covers his journey from Makkah to Jerusalem and then to the heavens.
- 32) Mabrouk, *Op.cit*.pp23-24
- 33) M.A. Noibi, *Introduction to Islamic Finance"*, (Unpublished Manuscript) p. 1
- 34) Khan, vol. III p. 199
- 35) E.G. Kazarian, (n.d.), *Islamic Versus Traditional Banking*, Oxford; Westview Press, p. 52
- 36) *Bai' S Salaam*; The *Bai* means to sell while *salam* means forward buying. *Bai' S Salam* therefore means selling at a latter date.
- 37) Kazarian, *Op.cit*,p52
- 38) *Ibid*, p. 52
- 39) *Maysir*: This has its root in *yasara* meaning to become easy. *Maysir* is however an ancient Arabian game of chance played with Arrows without heads and feathering for the sake of slaughtered and quartered camels.
- 40) F. Al-Omar & M. Abdal-Haq (1996), *Islamic Banking, Theory, Practise and Challenges*, Karachi; Oxford University Press, p. 1
- 41) A.B. Yusuf, (1982), *Nigerian Legal System: Pluralism and Conflict in the Laws of the Northern States*, n.p, p.67
- 42) *Shari'ah* Law Reports. Vol. No. 1. June 1980, p. 1.
- 43) *Mudarabah*; This means Silent partnership or limited partnership
- 44) P.Hill, (n.d), *Rural Hausa: A Village and a Setting*, Cambridge University Press, p. 340.



- 45) *Kiralu*: These Sounds like the Hausa Language variation of the Arabic Word, *Qard*, which means loan. Hausa is one of the three major spoke in the Northern part of the country.
- 46) *Musharakah*, This means partnership co-partnership, participation in co-operation or collaboration.
- 47) D. Forde, (1946), *The Rural Economics in Perlam*, n.t., n.p., In (ed) (nd) native Economics of Nigeria, faber & faber, London. P. 144.
- 48) *Ibid*, p. 68
- 49) Noibi, *op.cit.* p. 68
- 50) *Ibid*. p. 68
- 51) A. Firshman, "The Impact of Islam on the Urban Structure and Economy of Kano" *Institute of Minority Affairs*, vol. III No. 2, July 1986, p. 464.
- 52) G.W. Chondhery, (1990) *Islam and the Contemporary World*, London; Indus Thames Pub. Ltd. P. 198.
- 53) M.S. Umar, Islam in Nigeria. Its Concept, Manifestations and Role in Nation Building", In Atanda, Ashiwaju and Abubakar (Eds), *Nigeria since Independence, the First 25 Years*, vol. IX, Religion, Ibadan. p. 71
- 54) A. Kilani, "An Analysis of the Effects of *Riba* (interest) on the Nigerian Economy" *Islamic Culture*, n.t.: vol. XVIII, No. 2, April 1994. p. 23.
- 55) H.U. Malami, "Prospects of Islamic Banking in Muslim Minority Communities" *Institute of Muslim Minority Affairs*, vol. XIII, No. 2. p. 414.
- 56) "Depositors Refuse Interest on Account", *The (Nigerian) Guardian*, (n.t) n.v. p. 15. 6<sup>th</sup> May, 1903, The news is a report based on investigation at the Kaduna offices of Gamji Bank, the Bank of the North, the Habib Nigerian Bank and the Savannah Bank.
- 57) "Federal Government Plans Pilgrims Bank", *The National Concord*, (Lagos) n.v. 25<sup>th</sup> Jan., 1994 in Noibi, (1998), *op.cit* p. 73
- 58) *Ibid*, p. 73
- 59) *Ibid*, p. 73
- 60) *Ibid*, p. 63
- 61) M.A. Noibi (2005), *The Wind of IB Change in Nigeria*, Islamic Banker Issue 96. p. 14