



Research Paper

# The Operational Challenges of Islamic Banks and its Competitiveness with Conventional Banks in Nigeria

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## Abstract

Islamic banking was introduced in Nigeria as an alternative to financial intermediation with its mode of operation strictly in line with the principles of Shari'ah. However, its operations have been constrained partly by, both the judicial and financial institutions in the Country. The main objective of this study was to empirically examine the operational challenges of Islamic banks in Nigeria with particular reference to JAIZ International Bank Plc. Both descriptive and inferential methods of analysis Was used and adopted the non-probability sampling technique because it provides a better opportunity for administering questionnaires directly and individually to the respondents. The major findings of this study are: 1) the legal framework makes very limited provision for the operation of Islamic banking in Nigeria; 2) religion, manpower and moral hazards significantly lagged the operations of Islamic banks; and 3) competition with conventional banks is a major setback to Islamic banking in Nigeria. These key findings show that operational challenges are a major setback to the performance of Islamic banks in Nigeria and above all, competition with conventional banks affects the operations of Jaiz bank significantly.

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## I. INTRODUCTION

Globally, economies are embracing alternative sources of financial intermediation that will reduce the liquidity gap in the financial sector thereby increasing savings mobilization. One of such intermediations in Nigeria is the provision of Islamic financial products and services which have followed a gradual process, ironical to the Muslim population found within the Country.

The whole monetary structure Islamic finance operates in line with “*Shari'ah*” principles, and with “*free-interest*” as its main attribute. The prohibition of interest is premised on the ground that it reduces the earning capacity and purchasing power of the poor and thus, distributes wealth unequally.

Today, Islamic finance is increasingly being practiced in Muslim Countries, specifically, member Countries of the Organization of Islamic Conference (OIC). A study conducted by the Islamic Development Bank (IDB) pointed out that, in terms of the number of institutions, 42 percent of Islamic banks and financial institutions are located in the Muslim Countries of South and Southeast Asia (Iqbal *et al.*, 1998: 21; Iqbal, 2001).

In Nigeria, considerable efforts have been made from the time of its inception to date by owners of these products and services, constrained by judicial and financial institutions that guarantee their mandate and debated by the distinctive body of academia that effortlessly make this subject topical.

The first Islamic bank (Muslim Bank of West Africa Ltd) in Nigeria was established in 1961. But, in 1962, prior to two court cases to defend its existence the then Minister of Finance ordered the bank to close down (Orisankoko, 2010). That notwithstanding, interest-free banking windows were latter initiated by some commercial banks in Nigeria: Habib Bank Ltd (now keystone bank ltd), United Bank for Africa (UBA) and

Stanbic IBTC, though with major setbacks resulting from the banking crises and the Central Bank's reform of 2005.

In their effort to encourage Islamic banking, monetary authorities published a preparatory Regulatory framework for regulating their operations whether as a window or full fledged banking in 2009; and in 2011 a revised framework which provided a blue-print for supervising and regulating interest-free banking in Nigeria was introduced. To further encourage this venture, conferences and seminars have been organized by academicians in Universities, Islamic centers and at the National level to create awareness among Nigerians and to assuage the fears of non-Muslims, whose belief is predicated on the Islamization process of the Country through Islamic banking, thus generating a lot of controversies and misgivings.

Despite these strategy and efforts put in place, only Jaiz Bank Plc fully operates an interest-free banking in Nigeria under the current dispensation of the revised framework. However, this bank is overwhelmed with operational challenges which tend to retard its competitiveness with conventional banks: loan defaulter, betrayal of trust, misconception of Islamic economic programs, bank policies and regulations, moral hazard, lack of manpower etc. This study therefore examined whether the operational challenges affect the performance of Islamic banks in Nigeria and also whether competition with conventional banks affects the operation of Islamic banks.

This work is organized as follows. The first Section ushers in the introduction, while the second Section presents an overview of the development of Islamic banking. Section three presents the methodology of the study, while Section four covers the analysis of the results. Section five concludes the paper with key recommendations.

## **II. AN OVERVIEW OF THE DEVELOPMENT OF ISLAMIC BANKING**

Interest dealings may be prohibited by religion but, contrary to what many suppose that Islamic Banking is a relatively recent phenomenon developed over the past 50 years. Muslim Countries embraced conventional banking in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, when European trading companies engaged in trade with Muslim merchants and their enterprises. Although religious and sometimes nationalistic reasons have hindered Muslim traders from using "foreign banks", the growth of trade activities required them to maintain current accounts and use bank transfer systems. They however, avoided borrowing and savings that were not in conformity with the dictates of the Qur'an.

Discussions on free-interest banking by Muslim intellectuals started between 1940's and 1950's. By then, the economic and financial influences had produced a number of local and national banks established along the lines of interest based foreign banks. Governments of Muslim Countries, particularly those, who gained political independence, had of necessity to engage in international financial transactions using banking systems. The main challenge was to avoid the concept of interest which is fundamental to commercial banking. This led to the development of the concept of profit and loss sharing (*Mudarabha*), whose structure clearly defines Islamic Banking products and services.

Between 1960's and 1970's a political background and platform that attracted the attention of Muslim Governmental and National Financial Institutions were put in place. Discussions at high profile conferences, paved the way for Islamic Banking theories with a common agreement on the profit and loss sharing principle.

The first interest-free bank was established in Dubai (the Dubai Islamic Bank) in 1975. Subsequently, in the late 1970's, Countries such as Sudan, Egypt and Kuwait recognized the need for Islamic Banking. Apparently a number of earlier interest free banking ventures were initiated in the 1940's/50's and 60's in a number of Muslim countries, but did not survive in a strictly Islamic banking form. For instance, this venture was introduced in Nigeria in the late 1960's, but constrained by the existing legal framework. Recently, records confirmed that, most private Islamic banks have been established in Muslim countries, while a handful can be found Europe and Countries outside the Middle East. For instance, Kleinwort Benson, Chemical Bank, Citi Bank (USA), ANZ (Australia Grindlays), J. P. Morgan, Goldman Sachs (USA), Bankers Trust, Chase, Manhattan, Hongkong and Shanghai Banking Corporation, Union Bank of Switzerland, Girocentrale of Australia, The ABS International, ABN (Amro Netherlands), HSBC (UK), Deutch Bank (Germany) and Societe Generale (France) etc.

In Nigeria, the first Islamic bank (Muslim Bank of West Africa Ltd) was established in 1961. But, in 1962, prior to two court cases to defend its existence (Ajayi 1999), the then Minister of Finance ordered the bank to close down (Orisankoko, 2010). That notwithstanding, interest-free banking windows were latter initiated by some commercial banks in Nigeria: Habib Bank Ltd (now keystone bank Ltd) in 1999, United Bank for Africa (UBA) and Stanbic IBTC in 2008 and Intercontinental Bank started non-interest savings account in 2010. According to Adebayo (2010) some Nigerian commercial banks have introduced Islamically branded products. He cited Abubakar and Lukman (2010) that Hajj target saving loan as part of these products. They are said to be in operation in Unity Bank, First Inland Bank Plc (Fin Bank), United Bank for Africa Plc (UBA) and Platinum

Habib Bank Plc. This has actually served as a good starting point for Islamic banking in Nigeria (Adegbite 2011). Adebayo (2010) in Ibrahim et al (2011) noted that the legal framework for the establishment of the interest free windows in Nigeria is produced by the Banks and other Financial Institutions Act (BOFIA) No.25 especially in section 9(2) and sub-Section(1).

### **2.1 Challenges of Islamic Banking in Nigeria**

Islamic banking was introduced in Nigeria, to provide another dimension of funding to the economy. However, despite its potentials and prospects, Islamic banking is plagued with both institutional and operational challenges that retard its smooth functioning.

Once a conventional bank has operated an Islamic window for some time and has gathered sizeable customer base for its Islamic activities, it may decide to establish an Islamic subsidiary, or even fully convert into a full-fledged Islamic bank (Sole, 2009).

#### **Institutional Challenges of Islamic Banking**

##### **a) Inappropriate Legal Framework**

In Nigeria, an interest-free banking window was initiated by some commercial banks in Nigeria: Habib Bank Ltd (now keystone bank ltd), United Bank for Africa (UBA) and Stanbic IBTC. In 2009 the first Islamic bank (Jaiz Bank Plc) started a full operation of interest-free banking in Nigeria due to the minimum required number of costumers. However, the legal framework that guarantees the functionality of the banking industry in Nigeria has vehemently questioned this form of banking in Nigeria and has termed its operation illegal. This is because Islamic Banking is anchored on the principles of Shari'ah (operations of Islamic banks are on a profit and loss share basis) which actually do not come fully under the jurisdiction of the Nigerian legal system. Thus, Nigerian courts are not sufficiently acquainted with the rationale of the operations of Islamic Banking especially at the level of disagreement adjudication involving Islamic financial contracts, products or entities. According to Khan and Bhatti (2008), Islamic banking schemes may not be adequately defined, particularly profit and loss shares attributed to depositors.

##### **b) Inadequate Institutional Framework**

The Central Bank of Nigeria is the apex organ that regulates and controls the activities of the banking industry. In 2009 a regulatory framework for regulating the operations Islamic banks was designed; and in 2011 a revised framework which provided a blue-print for supervising and regulating interest-free banking in Nigeria was introduced. According to Momoh et al (2011), the policy framework should provide the basis for competition of Islamic banks with conventional banks. However, this framework has been tailored in line with the conventional financial system which supports the existing conventional banking system and gives less credence to Islamic banking. The supervision of Islamic banking in Nigeria is very complex and difficult. This is predicated on the fact; the supervisory framework of the Central Bank is not in total conformity the guidelines of the Shari'ah advisory board. Thus, rather than complementing each other, they end up contradicting matters. However, Shari'ah Scholars in Nigeria are few and are knowledgeable enough about banking or customers' needs. Furthermore, there is also limited knowledge of accounting and auditing standards pertinent to Islamic financial institutions and thus, makes the current framework abortive.

##### **c) Absence of a Secondary Islamic Financial Market**

Investing in a secondary Islamic financial market is paramount for Islamic banking. This will enable Islamic banks invest their surplus fund i.e., temporary excess liquidity rather than keeping it idle. However, this not achievable in Nigeria because the existing secondary financial market operates on interest rate basis and does not conform to the ethics of Islam. Again all Government Treasury Bills, and securities as well the open-buy transactions between the government and the commercial banks are interest bearing. These have stifled the investment of their surplus reserves in securities, leading to a total deposit of their whole reserve in cash with the Central Bank. This aspect places conventional banks on a high pedestal and thus, renders them more competitive with an adverse effect on the profitability of Islamic banks in Nigeria. There is lack of Sharia compliant liquidity management instruments, which permits the investment of excess liquidity in interest bearing instruments (see, Nduka, 2011).

##### **d) Lack of Tradable Financial Instruments**

The financial market in Nigeria facilitates the banking relationship existing among commercial banks through the provision of short-term tradable financial instruments: inter-bank transactions, overnight funds and borrowings that satisfy the temporary liquidity needs of commercial banks. This places Islamic banking at a distinct disadvantage compared to conventional banking, because, it operates under the norms of Shari'ah (non-interest banking). More so, there are no institutions that provide long-term finances such as bond, equity etc on

the basis of Shari'ah. There is limited knowledge of accounting and auditing standards that mirrors the specificities of Islamic products.

### **Operational Challenges of Islamic Banking**

#### **a) Knowledge and Cultural Belief**

The functionality of Islamic banks has not been profoundly understood by both Muslims and non-Muslims (see, Brown, Hassan and Skully (2007)). Most importantly, religion seems to be the principal drawback of Islamic banking in Nigeria. Non-Muslims see it as an Islamization process, while Muslims see it as an ethical act predicated on religious belief. Furthermore, the increasing religious divide in the Country deters the patronization of Islamic banking in Nigeria by non-Muslims. However, ignorance of Shari'ah principles guiding Islamic banking in Nigeria is a militating factor. Again, the products and services of Islamic banks and how to obtain these products are well not known to Nigerians, as well as who is and who is not their customer is not clear to the public. According to Momoh et al (2011), "money in bags" often constitutes the major shareholders in the banking capitalization. Hence, removing such interest might their prosperity and their sources of wealth. Knowledge and belief are critical to Islamic banking in Nigeria.

#### **b) Inadequate Human Resource/Financial Innovations**

The sustainability of Islamic banking depends adequately on qualified human personnel, training, and above all research on Islamic finance. This is due to the increasing challenges that continuously rock the banking industry especially with the advent of technology. However, the personnel and managers of Islamic banks in Nigeria are recruits from conventional banks who are not really conversant with Islamic banking operations. Thus, there is low understanding of moral and religious implications of their investments with the business ventures. Furthermore, very few training centers on Islamic finance exist in the Country and no refresher courses for professionals to improve their skills. The implementation of financial products and adaptability to technology is low and above all, the necessary expertise and institutional capacity for Research and Development (R & D) that is not only necessary for the realization of their full potential, but also for its very survival in this age of fierce competition, sophisticated markets and an informed public is absent. However, all these have been stifled by the Shari'ah guidelines of Islamic banking, since any new financial product cannot be adopted without being approved by the Shari'ah advisory board.

#### **c) Cash Requirements/Profit Sharing Challenges**

Though the notion of Islamic banking in Nigeria had resonated within the 1960s and has ramified to almost all parts in Nigeria, its practice is still very new to their entire public and as such, individuals are risk averse in investing in such a venture. This has also been fueled partly by the Central Bank of Nigeria. For instance, the recent bank capitalization or cash requirement for International License of banks is (N 50 billion), National license is (N 25 billion) and for Regional License is (N10 billion) respectively. Hence, one would see hardly business men/money lender putting such money on uncertainties just in name of Quar' an and Hadith of the Prophet (Momoh, et al 2011). The profit/loss formula is only known to the proprietors and managers of Islamic banks which may generate corrupt practices by the some unscrupulous personnel.

#### **d) Competition with Conventional Banks**

In the face of increasing financial globalization, Islamic banks are confronted with the challenges of staff competition with the present conventional banks, which are well established. Islamic banks, a new entrance into the financial market may find it different to compete favorably with the existing big and strong banks in the short run. (Mirakhor, 1995) observed that perhaps the most challenging issue facing the implementation of an Islamic financial system in the development of risk bearing instrument that can provide the investors with sufficient degree of liquidity security and profitability to encourage their involving. Islamic banks therefore, face the challenges of developing innovative services and product for mobilizing deposits and utilizing them effectively for financially under profit and loss sharing system. Islamic banks like all other banks under the interest based system have to remain competitive and tailor their service and products according to the needs and requirements of their clients simultaneously to ensure that the product designed by them remain within the framework of *Shariah*.

### **III. METHODOLOGY**

This study used both descriptive and inferential methods of analysis. Primary data was collected with the help of questionnaires and interviews, while secondary data was obtained from paper presentations, seminar papers, and journal articles etc.

A sample size of 150 respondents was constituted from the population. 40 questionnaires were administered to the staff of Jaiz bank and 110 to their customers /general public. We adopted the

non-probability sampling technique because it provides a better opportunity for administering questionnaires directly and individually to the respondents. The bank in question is Jaiz Bank Plc. The variables captured in the model are:

**Dependable Variable**

**Islamic Bank:** this is measured as a dichotomous variable taking the value of 1 if a customer operates with the Bank and 0 otherwise.

**Independent Variables**

**Legal Framework:** this is a strong pillar that guides the operations of the banking industry.

**Competition:** measured in terms of the type of bank account patronized by the customers. **Educational attainment:** indicates the level of financial literacy. According to Joshi (2005) people with higher education tend to be more financially literate than those with low education.

**Religion:** measured as a dummy variable, i.e., Islam (Muslim) was coded as 1 and 0 for others.

**Manpower:** proxy for professionally trained staff (specialized personnel) in Islamic Banking system.

**Moral Hazard:** captures all forms of unethical practices by customers.

**Method of Analyses**

Chi-square was used to test the effect of Religion, Manpower, Moral Hazards and Legal Framework on the operation of Islamic Banking system. The formula is given below:

$$X^2 = \frac{\sum(f_o - f_e)^2}{f_e}$$

Where:  $f_o$  = observation Frequency,  $f_e$  = expected Frequency

We used the logit model to further analyze the effects of religion, competition, educational attainment on the patronage of Islamic Banks in Nigeria. The choice of the logit regression is appropriate for this study because the dependant variable is dummy or categorical in nature. Thus, the logit model adapted from Haque et al (2009) is such that:

$$IBS_i = \beta_0 + \beta_1 RE_i + \beta_2 CT_i + \beta_3 EA_i + \varepsilon_i \dots \dots \dots (1)$$

Where  $IBS_i$  = Islamic banking system,  $RE_i$  = religion,  $CT_i$  = Competition,  $EA_i$  = Educational attainment,  $\varepsilon_i$  = Error team

Given that  $IBS_i$  is a dummy variable, it can be stated as such:

If  $p_i$  = probability that  $IBS_i = 1$  and  $1 - p_i$  = probability that  $IBS_i = 0$

Then, the probability function can be defined as:

$$P_i = E(Y = 1/X_i) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 RE_i + \beta_2 CT_i + \beta_3 EA_i)}} \dots \dots \dots (2)$$

Introducing natural logs on both sides gives:

$$L_i = \ln \left[ \frac{p_i}{1 - p_i} \right] = Z_i \dots \dots \dots (3)$$

Where  $Z_i = -(\beta_0 + \beta_1 RE_i + \beta_2 CT_i + \beta_3 EA_i)$

Thus, the estimated logit model becomes:

$$L_i = \ln \left[ \frac{p_i}{1 - p_i} \right] = \beta_0 + \beta_1 RE_i + \beta_2 CT_i + \beta_3 EA_i + \varepsilon_2 \dots \dots \dots (4)$$

**IV. Presentation and Analysis of Results**

**a) Descriptive Approach**

We start by analyzing the primary data using the descriptive approach. The results are as follows:

**Table 1: Training, Specialization and Working Experience on Islamic Banking System of Respondents**

Professional Training	Frequency	Percentage
Yes	9	23.1
No	29	74.4
Nature of Training /Specialization		
Certificate Course	4	10.3
Conference on Islamic Banking /Finance	2	5.1
Workshop for Islamic Banking /Training	3	7.7
Working Experience in Islamic Banking		
Yes	13	33.3
No	25	64.1



**Staff Adequacy**

Staff Adequacy	Frequency	Percentage
Yes	13	33.3
No	26	66.7
<b>Total</b>	<b>39</b>	<b>100</b>

Source: Fieldwork, 2023

Table1 shows that only 23.1% of the respondents are professionally trained while 74.4% possess varied specializations. Furthermore, 10.3% of the respondents have professional knowledge with practical experience, while the rest have just attended conferences and workshops/training in Islamic banking and finance. Again, only 33.3% of the workers had working experience. Lastly, a majority of the respondents revealed that the number of staff in the bank is not adequate. This therefore implies that, the process of Islamic banking in Nigeria is being stifled by low manpower, and lack of professionally trained staff.

**Table 2: Limits of Legal and Regulatory Guideline on JAIZ Bank's Operation**

Alternatives	Frequency	Percentage
<b>Legal and regulation guideline limits on Islamic bank(JAIZ )</b>		
Yes	28	71.8
No	11	28.2
<b>Extent of limitation</b>		
Very high	9	23.1
High	15	38.5
Moderate	6	15.4
Low	5	12.8
Very low	4	10.3

**Institutional and Administrative Challenges Posed to Islamic Banking in Nigeria**

Hindrance in Islamic banking (Alternative)	Frequency	Percentage
Strongly-agree	10	10.3
Agree	38	39.2
Undecided	15	15.5
Disagree	33	34.0
Strongly-disagree	1	1.0
<b>Total</b>	<b>97</b>	<b>100</b>

Source: Fieldwork, 2023.

Table 2 shows that 71.8% of the respondents feel that, the legal and regulatory guidelines of the Central Bank of Nigeria limits the operational framework of Jaiz bank, while 49.5% agree that institutional and administrative factors militate against Islamic banking in Nigeria. Thus, it can be deduced that the legal and regulatory guidelines of CBN are potential obstacles to the operations of Islamic bank in Nigeria as well the administrative and institutional challenges. This finding is not surprising both regulatory frameworks give more credence to conventional banks in Nigeria.

**Table 3: Likely Challenges of Islamic Banking in Nigeria**

Religious, cultural and similar challenges of Islamic banks in Nigeria	Frequency	Percentages
Strongly agree	17	17.5
Agree	25	25.8
Undecided	8	8.2
Disagree	46	47.2
Strongly disagree	1	1.0
<b>Illiteracy and conversant practices of Islamic Banks in Nigerian Muslims</b>		
Strongly agree	7	7.2
Agree	39	40.2
Undecided	11	11.3
Disagree	39	40.2
Strongly disagree	1	1.0

Source: Fieldwork, 2023

A total of 43.3% responded that religious and cultural impediments are some of the challenges of Islamic banking in Nigeria, while 56.7% do not agree or are skeptical as established on Table 3. Furthermore, most of the Muslims are not conversant with Islamic banking practices in Nigeria indicated by a total of 47.4% of the respondents. However, a total of 52.6% are skeptical or do not accept this idea. Therefore, religious belief and culture lag the operations of Jaiz bank.

**b) Inferential Approach**

First, the chi-square statistic was used to test the hypotheses that religion, manpower and moral hazard have no significant constraint on the operations of JAIZ Bank international. Second, the logit model was used to test the second hypotheses that (Education attained and Competition) retards the activities of JAIZ International Bank Ltd.

**Table 4: Chi-square Results**

Variable	Co-efficient	Assumption sig
Religion	1.9404	0.002
Manpower	3.2885	0.040
Moral hazard	3.2885	0.030

Source: Authors computation using SPSS

The result on Table 4 reveals that, the chi-square coefficients of religion, manpower and moral hazards are significant based on their asymptotic probability values. Thus, we reject the null hypotheses that religion, manpower and moral hazards are not significant impediments to the operations of Jaiz International Bank Ltd. Therefore, their positive signs suggest that these variables are potential threats to the operations of Islamic banking in Nigeria

**Table 5: Summary of the Logit Regression Result of the Constraint of Jaiz Bank Plc**

Independent variables	Coefficient	Probability
Religion	0.3242593	0.001
Education attainment	-0.0076209	0.949
Competition	-4.494036 ***	0.000
ALC	2.52589	
LR chi <sup>2</sup>	-110.6650f	
No. of observation	97	
Significant 10%(*), 5%(**), 1%(***)		

Source: Authors computation using SPSS

Table 5 presents a summary result of the logit regression model. The coefficient of religion (0.32) is positive and significant. This finding corroborates the misgivings of Christians who believe that Islamic banking is an Islamization process. Education attainment is not a threat to Islamic banking in Nigeria because its coefficient though negative, is insignificant. This result contradicts an earlier finding by Ibrahim et al (2021), who concluded in their study that low levels of education of customers served as a barrier to the patronage of Interest-Free Window. However, we need to be prudent with this result because there is evidence that many financially literate Muslims do not patronize this venture in Nigeria.

Competition has an inverse and significant relationship with Islamic banking. The coefficient is -4.49, indicating that competition with conventional banks is a major setback for free-interest banking in Nigeria. The first and third coefficients debunk the hypothesis that religion and competition have no influence on Islamic banking in Nigeria, while the second coefficient corroborates the hypothesis that education attainment has no influence on Islamic banking in Nigeria.

**V. CONCLUSION**

Islamic banking was introduced in Nigeria as an alternative to financial intermediation with its mode of operation strictly in line with the principles of Shari'ah. From the time of its inception, reasonable efforts have been made by stakeholders in order to guarantee its stability and sustainability. However, its operations have been constrained partly by, both the judicial and financial institutions in the Country. The main objective of this study was to empirically examine the operational challenges of Islamic banks in Nigeria with particular reference to JAIZ International Bank Plc. We used both descriptive and inferential methods of analysis and adopted the non-probability sampling technique because it provides a better opportunity for administering questionnaires directly and individually to the respondents. The inferential results were established using both chi-square and logit regression. The major findings of this study are: 1) the legal framework makes very limited provision for the operation of Islamic banks in Nigeria; 2) religion, manpower and moral hazards significantly lagged the operations of Islamic banks; and 3) competition with conventional banks is a major setback to Islamic banking in Nigeria.

The key findings show that operational challenges are a major setback to the performance of Islamic banks in Nigeria and above all, it established that competition affects the operations of Jaiz bank significantly.

The study concluded that Islamic banks' performance and competitiveness is predicated on a succinct financial regulatory framework that will expand its operational guidelines and a lucid legal framework that will guarantee its stability in line with the dictates of Shari'ah. Furthermore, Islamic banks should beam their search

light on a decent corporate governance structure and amplify their sensitization on the kinds of Islamic economic programs available, in order to overcome some the operational challenges. For to educate non-Muslim on the notion of free-interest and the principles of Shari'ah is called for in order to assuage their fears and thus, revoke their misgivings.

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