Jaiz Bank, Nigeria: A Case Study on Non-Interest Bank

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Introduction:

Financial inclusion has assumed increasing recognition across the globe among policy makers. Nigeria's 46.7% population is still excluded from formal financial services[1]. One of the reasons of exclusion stems from Islamic belief of half of the *muslim* population who want to do away with *Riba (Usury[2])* in their daily activities. An alternative to conventional market is emerging in form of Islamic Banking and Non-Interest Banking. This case study is about Jaiz Bank Plc; Nigeria's first full-fledged non-interest bank. As part of government financial inclusion policy, Jaiz Bank is founded to tap the existing banking opportunity. Jaiz Bank is being positioned to be a national bank offering its services regardless of religious beliefs. The bank is an unquoted public company owned by over 26,000 shareholders spread over the six geographical zones of Nigeria housing its head quarter in Federal Capital Abuja.

Islamic finance helps promote financial sector development and broadens financial inclusion. By expanding the range and reach of financial products, Islamic finance could help improve financial access and foster the inclusion of those deprived of financial services. Islamic finance emphasizes partnership-style financing, could foster entrepreneurship, reduce poverty. It could help improve agricultural finance, contributing to improved food security. The Islamic finance can help meet the needs of those who don't currently use conventional finance because of religious reasons. Of the 1.6 billion Muslims in the world, only 14% use banks[3]. It can help reduce the overall gap in access to finance, since non-Muslims aren't prohibited from using Islamic financial services.

Jaiz Bank commenced operations with three branches in Abuja, Kaduna and Kano states in 2012, after it received license from the Central Bank of Nigeria (CBN) on the 11November 2011 to operate as a non-interest bank. Currently the bank operates in six states with eighteen branches. The Paid up Capital**[4]** as on 31st December 2014 was ₦ 11,829,700,000. The bank plans to operate in all 36 states by upgrading and availing national operating license and increasing the share capital base to N15 billion (USD $78 million). The Central Bank of Nigeria has granted a national license and a waiver on the reduction of its liquidity ratio from 30% to 10%. The bank have massive expansion plan and intends to open 100 branches in first five years.

The word 'j*aiz*' in Arabic means something that has not been forbidden religiously. This word is sometimes used instead of *sahih* or *mubah*[5]. *Jaiz* means allowed or manzoor[6]. Thus the word 'jaiz' indicates religious sanction. With a vision to be the dominant non-interest bank in Sub-Saharan Africa,

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[1] http://www.cenbank.org/devfin/fininc.asp 46% excluded in 2010, 39% in 2012

[2] The literal meaning of the Arabic word *riba* is increase, addition, growth, though it is usually translated as '*usury*', the prohibition on the charging of interest

[3] http://www.worldbank.org/en/topic/financialsector/brief/islamic-finance

[4] ₦ is symbol used for Naira, Nigerian currency

[5] *Sahih* in Arabic means genuine/authentic/sound, *mubah* means an action as neither forbidden nor recommended, and so religiously neutral. This is one of the degrees of approval in Islamic jurisprudence

[6] http://hamariweb.com/dictionaries/allowed_urdu-meanings.aspx *manzoo*r means sanctioned

JAIZ Bank Plc[7] was established as the first fully fledged such bank in Nigeria chose its punch line 'our interest is mutual', carving out dual meaning. The first meaning is '**interest** is mutual' means bank and client have **common concern**. The second meaning is 'our **interest**' means **charge for using money** is mutual.

Monogram for Jaiz Bank Plc

The poem cited in 2014 Annual Report reflects business philosophy in following words:

> "In a game of golf, both the caddy and the golfer have the same goal...
> to get the ball in the hole.
> Interest free banking is similar...
> We tee up with a clear view of the fairway and a pre-defined agreement...
> Without shifting targets, things should end up where you want them.
> Your deposits are safe; funds are ethically managed with a transparent and equitable approach to sharing risk and reward.
> No interest burden means more time to relax...without having to worry about nasty surprises."

Jaiz Bank's vision, mission and core values are captured in following paragraphs.

Vision
"To be the dominant noninterest financial services provider in Sub-Saharan Africa"

Mission
To provide innovative, value added non-interest financial services to our clientele employing the best people supported by technology

Core Values
- Quality Service
- Customer First
- Team Spirit
- Respect for the individual
- Ethics
- Trust
- Partnership
- Entrepreneurship

Jaiz Bank is now operating in 21 locations. Jaiz Bank has obtained Approval-in-Principle for a license from the Central Bank of Nigeria to operate nationwide. Managing Director and Chief

[7] Public limited liability Company, incorporated in 2003. Commenced non-interest commercial banking activities on January 6, 2012

Executive Officer of (Nigeria Deposit Insurance Corporation) NDIC, Alhaji Umaru Ibrahim informed the Jaiz Bank team that the Corporation had developed a non-interest banking deposit insurance fund framework in May 2015 designed to create a level playing field and provide deposit protection for depositors involved in non-interest banking and protect them against any possible losses. He further explained that the benefits of profit and loss banking are a mutually rewarding partnership among all participants in the Islamic Banking in line with its business practices.

Being a profit and loss banking Jaiz Bank Plc. is likely to benefit of these initiative. Jaiz Bank has recently granted Islamic infrastructure bond facilities to some state governments in the Country.

The Promoters and Management:

Jaiz Bank Plc (Jaiz Bank) was created out of the ashes of the former Jaiz International Plc (JIPLC) which was set up in 2003 as a special purpose vehicle. JIPLC was incorporated on 1st April 2003 as a public limited liability company with objective clause to establish Islamic Banking Institution in Nigeria. The approval to start banking was given by the Central Bank of Nigeria (CBN) in 2003. Jaiz Bank subscribed capital of ₦2.5 billion but subsequently in July 2004, the CBN raised capital limit to ₦25 billion. The promoters struggled long to secure additional capital of ₦22.5 billion.

The bank went into the trenches. During testing time of JIPLC management, the decision of Zamfara State came to its rescue. Zamfara State's expression of intention to return to a full application of Islamic law became catalyst. According to the State Commissioner for Justice the project was to establishment of Islamic banking system. Pursuant to this goal, the Government had floated Halal Group which then became Halal Islamic Bank. It cannot take off for long time, lead to merger with Jaiz Group. Thus the state government became one of the promoters. The promoters still struggled to comply with the conditions and succeeded to raise the capital base of ₦25 billion through private placement in 2010.

JAIZ International Plc applied[8] in 2012 to Security Exchange Commission (SEC) for private placement of 1,767,766,425 ordinary share of ₦1.00 each at ₦1.00 per share. It launched its maiden Right Issue in 2015 for 2,957,424,930 equity shares of each ₦1.00 each at ₦1.30. This exercise is done as part of its Plc plans to upgrade to a national operating license by 2015, consequently, to required increase its current Share Capital Base from ₦11.7 billion (USD $75 million) to ₦15 billion (USD $78 million).

The promoters of the Company are composed of leaders in their respective field of business, commerce and social activities with rich experience in various sectors. Bank's prominent international partner includes Islamic Development Bank and Islamic Bank Bangladesh Limited (IBBL). IBBL is the Technical Partner of Jaiz Bank Plc as approved by the Central Bank of Nigeria. Jaiz Bank and Bangladesh Islamic Bank signed MoU for a technical partnership in the positions of managing director, Head, IT, Head, Training and Chief Risk Officer.

[8] http://www.sec.gov.ng/files/2nd%20Quarter%202012%20SEC%20NG%20Quarterly%20report.pdf

Jaiz Bank is governed by Board of Directors chaired by Alhaji (Dr.) Umaru Abdul Mutallab with full-fledged directors. Mohammad Nurul Islam, lead the bank as Managing Director till November 2015. Nurul Islam joined Jaiz Bank in November 2013 and turned it around from a negative balance-sheet to a positive result in 2014. "He came in on a Technical Agreement Jaiz Bank has with the Islamic Bank of Bangladesh to train and put the staff of Jaiz Bank through Islamic Banking because of their long experience in the subsector" the statement said. Nurul Islam led a team of Jaiz Bank staff to obtain ISO-27001 and PCIDSS certification to render e-banking on a robust platform. He came in on a Technical Agreement Jaiz Bank has with the IBBL to train and put the staff through Islamic Banking because of their long experience in the subsector. He joined the IBBL in 1983 as an officer and was gradually promoted to be Deputy Managing Director. The detail of Board of Directors and Advisory Committee of Experts is captured in Annexure-I & II respectively.

Jaiz Bank bank appointedt Mr. Mahe Abubakar as the acting Managing Director/CEO of Jaiz Bank Plc. He is taking over from Muhammad Nurul Islam, whose two-year contract ends on the 17th of November, 2015. Until his appointment, Abubakar was an Executive Director in charge of Business Development. Mahe is considered "an astute banker with over 20 years cognate experience. Before he joined Jaiz, he was a General Manager/ Group Zonal Head of Zenith Bank Plc in charge of the Northwest region

Growth:

Jaiz Bank recorded gross earning of ₦79.56 million and operating loss of ₦1.07 billion in its first year of full-fledged operation as non-interest bank in 2012. Chairman of the bank, Mutallab[9], mentioned at the maiden Annual General Meeting of the bank that the bank realised ₦3.29 billion as deposits in the period under review. He attributed the "lackluster performance'' of the bank to lack of *sharia*-compliant liquidity management instruments and hiccups experienced in joining the settlement and clearing system. He said that investments made by the bank in the year amounted to ₦1.9 billion, while shareholders' funds rose by 53 per cent from ₦6.45 billion to ₦10.1billion. The chairman attributed the increase to the recently concluded private placement exercise conducted by the bank which was successful.

"The whole idea of this banking option is to bring more people into banking in Nigeria that provides banking without interest," the bank chairman, Alhaji Umar Mutallab, told the bank's inaugural Annual General Meeting. He added that the bank would adopt adequate strategies, including aggressive deposit drive, investment in the real sector of the economy and agriculture, to enable it achieve its set objectives. Within two years, Jaiz Bank attained breakeven point and generated profit in 2014. The bank witnessed remarkable growth with total assets moving in double-digits by about 24%[10], total earning assets by about 114%[11] while total income increased by 220%[12]. The Bank's Total Income took a massive leap of about 221%[13] keeping the expenditure growth restricted to only 20%[14] notwithstanding the expansion in the

[9] Chairman, Alhaji (Dr) Umaru Abdul Mutallab
[10] from ₦33.9billion in 2013 to ₦42billion in 2014
[11] from ₦11.5billion in 2013 to ₦24.5billion in 2014
[12] from ₦0.91billion in 2013 to ₦2.9billion in 2014
[13] from ₦ 0.915billion in 2013 to ₦2.94billion by December 2014
[14]Total income in 2014 was ₦2,901,719,000 against ₦915,849,000 in 2013 while total expenses were ₦2,774,897,000 and ₦2,311,723,000 respectively.

Bank's operations and branch network which witnessed a 50% increase in 2014. The bank generated a modest Profit before Tax of ₦157.7million. The profitability was driven by continuing revenue growth, disciplined cost management and lower financing impairment expenses. One of the investors, Islamic Bank of Bangadesh(IBBL) is said to have signed a memorandum of Understanding with the promoters to invest in Jaiz Bank and also bring along other off-shore investors. In addition, IBBL will provide technical management service with emphasis on skills development as soon approval is obtained from the CBN. The IBBL with over 20 years' experience in Islamic banking is said to have an asset base of over $2billion and is rated the best bank in Bangladesh in terms of capital, management and assets.

In August 2015, representatives of Jaiz Bank Plc and Islamic Development Bank (IDB) signed a Memorandum of Understanding authorizing Jaiz Bank as the sole collector of Hadaya (Qurbani or animal sacrifice) collections from intending pilgrims to Saudi Arabia. Managing Director of Jaiz Bank Muhammad Nurul Islam and the Company Secretary Rukayat Salaudeen signed the agreement on behalf of Jaiz bank, while Ahmed Reheimi and Mansur Noibi signed for IDB.

Jaiz International PLc also hopes to raise further capital from local investors to compliment the contribution from IBBL, the aim being to surpass the minimum capital base. The Securities and Exchange Commission (SEC) approved[15] in October 2015, the rights issue of 2.96 billion shares of each ₦1.00 at price ₦1.30 per share.

Strategy:

As per EFinA[16] survey conducted in 2012, 34.9 million Nigerians, i.e. 39.7% adult population were excluded from formal financial services. The exclusion is due to numerous reasons including religious belief. Half of Nigeria's population of over 170 million is craving for such Non-Interest banking services. These people are desirous of ethical banking services which provide for socially responsible investment outlets. This focus will make it easy to service the majority of Nigerians who want do away with Riba (Usury) in their daily activities. Non-Interest banking is a profit and loss sharing arrangement where the mode of financing is mostly on mark-up, leasing and partnership basis. Jaiz Bank's strategy is to capture this opportunities to serve excluded community to provide platform for individual growth and participate in nation building. The bank launched the operation on following positive socio-economic indicators:

- Large population over 170 million
- Large *muslim* population
- Large number of informal business
- Banks and clients are seeking innovation
- Can fill gap created by defects in interest banking
- Increasing disposable income
- Lack of formal employments
- Increasing global acceptance

[15] http://www.financialedge.com.ng/detail.php?title=Jaiz%20Bank%20Offers%20N2.4bn%20Rights%20Issue&cat=Capital%20Market&id=cmk1449502196

[16] http://www.efina.org.ng/about-us/financial-inclusion/

- Estimated Islamic Banking Market Size is N4.35 trillion, representing 44% of total industry deposit liabilities (N9.9Trillion) as at Dec 2008.
- Deposits in Nigeria are expected to grow at a CAGR of 25% for the next five years.
- Diversification & Deepening the market

To ensure wealth maximization and optimum risk-return relation, the bank has strong risk governance structure in place. As per 2014 annual report bank's non-performing assets were only 1.18% against national average[17] of 3%. This performance is attributed to sound banking policies and internal control structure. 80% of total finance is extended to corporate clients. 82% of credit is extended against mortgages, title deeds & debentures while 18% against guarantees, postdated cheques and domiciliation contracts[18]. The bank has fixed ranges to mitigate risk through various caps on financing by industry, sectors, products, entities and tenure. The bank use modern technology and management principles in its decision making process. Non-Interest Banking offers almost all the services offered by conventional banks except that they do not give or receive interest, nor finance anything that is harmful to society like alcohol, tobacco, gambling, speculation, deceptive transaction etc. The banking has spirit of entrepreneurship based on ethical principle of fairness, transparency and objectivity.

Jaiz Bank has cultivated risk culture around following core principles:

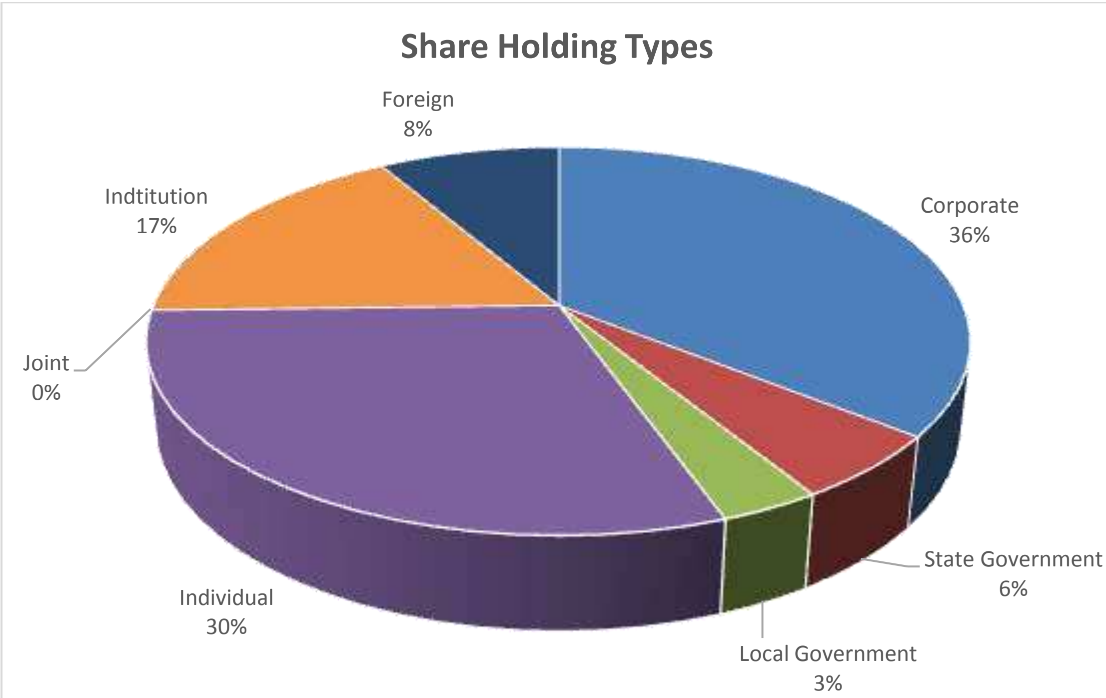
- Minimization of potential risk that can jeopardize its fiduciary responsibility as NIFI while expanding the Bank's market share.
- The responsibility for risk management in the Bank is fully vested in the Board of Directors, which in turn delegates such to senior management.
- The Bank pays attention to both quantifiable and unquantifiable risks with special treatment for sharia'h non-compliance risk.
- Bank's management promotes awareness of risk and risk management across the Bank.
- The Bank avoids products, markets and businesses where it cannot objectively assess and manage the associated risks in line with both the sharia'h and country perspective.

Jaiz Bank Basel II/III in January 2014 in line with the CBN's circular dated 10th December 2013 on implementation of Basel II/III. In pursuant to Islamic Financial Services Board (IFSB) standard No.1, in addition to the above pillar -1 requirements, Equity Investment risk (which the Bank includes under credit risk), Rate of Return Risk including Displaced Commercial Risk (under market risk) and *Shariah* Non-Compliance risk (under operational risk) have been taken care of in line with the requirement of Non-Interest Financial Institutions. Under the Pillar 2 of the new Basel II requirements, Jaiz Bank Plc has undertaken a self-assessment of its internal capital requirements, an Internal Capital Adequacy Assessment Process.

Ownership:

[17] http://pulse.ng/business/exposure-cbn-to-publish-list-of-bank-debtors-august-1-id3862088.html
[18] Annual Report 2014

Over 26,000 shareholders own the bank. The owners range from individuals, corporates, governments[19] and international institutes[20]. The ownership pattern is depicted in following chart:



Technology:

Jaiz Bank has collaboration with the Islamic Development Bank (IDB) for technical know-how, capacity building and training. IDB had also recommended the Islamic Bank of Bangladesh Limited to Jaiz for managerial and technical support for the Bank. As part of the terms of agreement IBBL seconded five of its senior management staff to Jaiz Bank, including the Managing Director/CEO.

Central Bank of Nigeria has issued standard guidelines on IT standard to save customers from IT frauds. Jaiz Bank was assessed and certified in 2015 with Payment Card Industry Data Security Standards (PCIDSS) V.3.0 and International Organization for Standard (ISO27001). Thus the Jaiz Bank has joined the league of organizations that are managing customer's information in a safe and secure manner to mitigate the sharp practices of fraudsters. DigitalJewels is technology partner with Jaiz Bank to attain compliance to global best practice standards in Information and Communication Technology.

Corporate Social Responsibility (CSR):

Jaiz Bank promotes both corporate activities and corporate citizenship activities in an integrated fashion. In corporate activities the core business of non-interest banking, while in corporate citizenship activities

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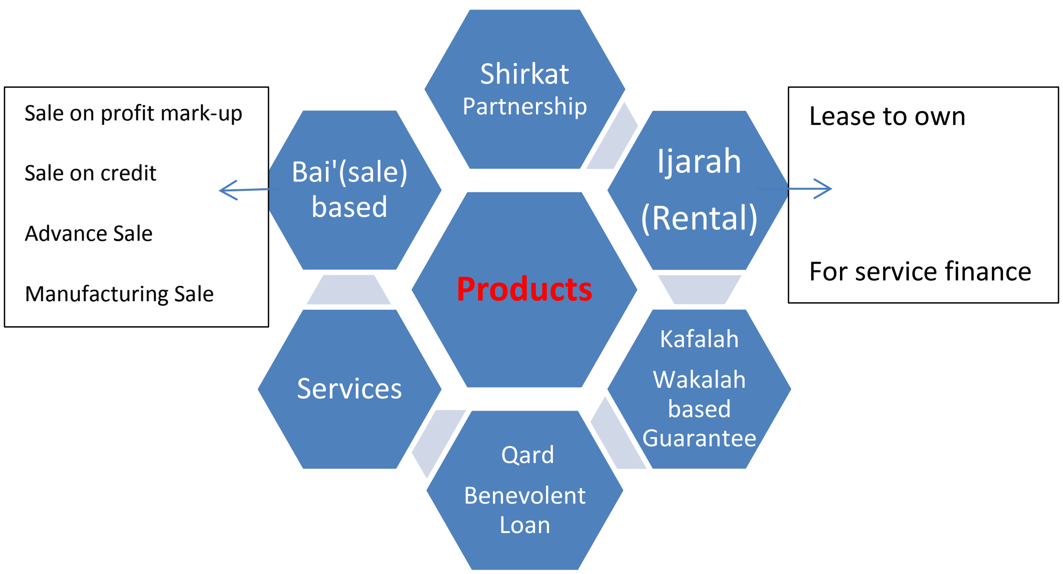
[19] Zamfara state's Islamic Banking unit merged with Jaiz Bank
[20] IDB & IBBL

as a corporate citizen, recognizing that integrating these two aspects is what constitutes CSR activities. Jaiz Bank's Corporate Social Responsibility (CSR) activities are based on principles classified based on the core subjects of ISO 26000, viz. holistic approach, community involvement and development, human rights, consumer issues, labour practices, the environment, fair operating practices and interdependence.

Islamic Banks have a body that is similar to the Board of Directors termed "The Shari'ah Board". In Nigeria this Board is called the Advisory Committee of Experts (ACE). It regulates all the activities of the bank to make it compliant with the Islamic Jurisprudence. During the maiden meeting of the Advisory Committee of Experts (ACE) of Jaiz Bank Plc held on the 19th and 20th October, 2011, it was resolved that an independent "Waqf" type Foundation be established in which present and future interest accruals of the bank will be transferred as a full-fledged owner. Also annual donations from the profit of the bank will also be made available to the Foundation. This gave rise to the formation of the Jaiz Charity and Development Foundation on the 2nd April, 2012

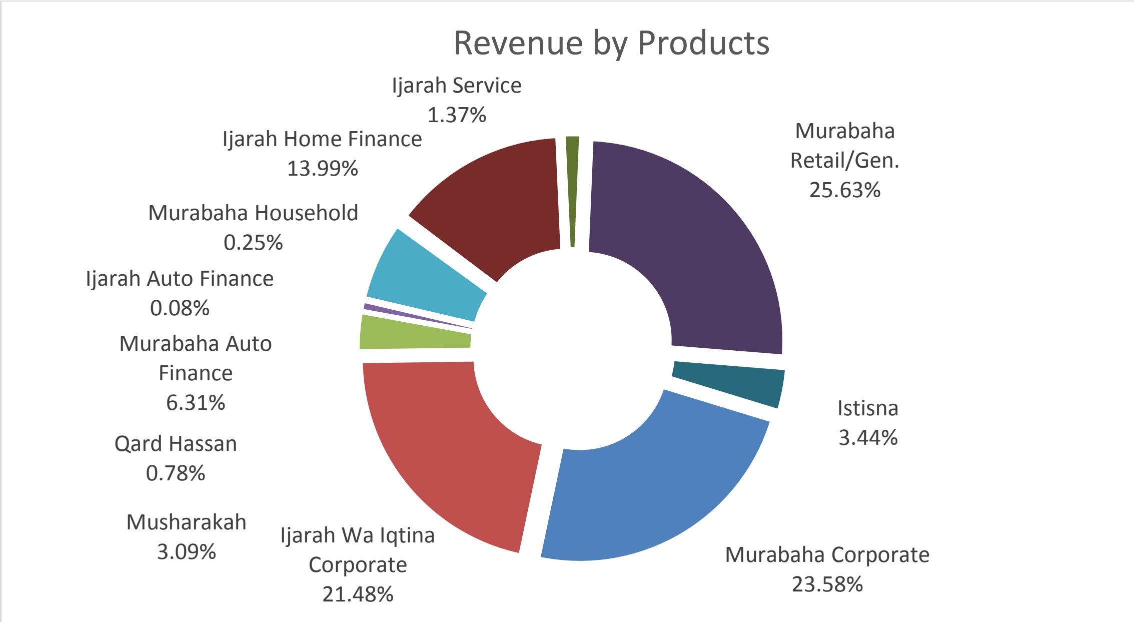
Products:

The Risk Products are developed based on Shariat law and market demand after careful research. The products available for its financing operations are depicted in the chart below:



Revenue by Products:

Year 2014 revenue touched N21 billion derived from various segments as shown in the following chart:



Investment (Financing) Risk Products:

Jaiz Bank has the following risk asset master products that have received certification from Advisory Committee of Expert (ACE) and approval from Central Bank of Nigeria (CBN) available for its financing operations:

1. *Bai*'(sale) based
   a) Murabaha (sale on profit mark-up)
   b) Bai-Muajjal (Sale on credit)
   c) Salam (Advance Sale)
   d) Istisna' (Manufacturing sale)

2. *Shirkat*[21] (Partnership)
   a) Musharakah (Partnership business)

3. *Ijarah* (Rental)
   a) Ijarah wa Iqtina (lease to own)
   b) Ijarah Service (for service finance)

4. *Qard* (benevolent loan)

5. *Kafalah/Wakalah* based Guarantees

Jaiz Bank has the following schemes under above Master products:

a) Jaiz Household Appliances (*Murabaha*)
b) Jaiz Auto Finance (*Murabaha*)

[21] Sharing

c) Jaiz LPO Finance (*Murabaha*)
d) Jaiz Home Finance (*Ijarah wa Iqtina*)
e) Jaiz Agro Finance (*Salam/Murabaha/Ijarah Wa Iqtina*)
f) *Ijarah* service (for school fess, medical treatment, Hajj & Umrah, Logistic Rent-a-Month and airtime)

In order to comply with CBN and other guidelines to manage risk, Jaiz Bank employs various risk mitigation techniques which are described in table hereafter.

Product Risk Mitigation Techniques:

Product/ Major Risk Issues	**Nature of Risk**	**Mitigation Techniques**
Murabaha		
Jaiz buy goods, delivery not ensured	Market Risk	Promise to Purchase signed by customer and *Hamish Jiddiya* (Down Payment)
Possession/ownership of goods/assets	*Shariah* Non-Compliance Risk	Constructive possession and risk transfer via *Wakalah* contract (Agency) and signing Purchase and sale schedule- PSS
Diversion of fund/cash facility through fraudulent buying	Shariah Non-Compliance Risk	Direct payment to vendor where Jaiz Bank is the buyer evidenced with acknowledgement and receipt of invoice in its name or endorsed
No profit at overdue period as it can never be restructured with charging profit continually	Balance sheet Risk	Prudent and careful Structure considering return of sales revenue & Imposing Penalty which ultimately goes to charity
Sale Price can't be increased at any point even market prime rate increases	Rate of Return Risk	Mark-up is defined considering historic market trend and tenured as much as possible for shorter period
Istisna		
Jaiz Bank commits to manufacture asset, subcontracts via parallel Istisna' and contractor delays in delivery/not according to specification	Market and Performance Risk	Risk transfer via *Wakalah* contract with ultimate buyer to oversee the projects
Two contracts in one sale	Shariah Non-Compliance Risk	Completely separate two contracts one with contractor and another with ultimate buyer but with the same terms and conditions
No profit at overdue period as it can never be restructured with charging profit	Balance sheet Risk	Prudent and careful Structure considering return of sales revenue & Imposing Penalty which

continually		ultimately goes to charity /Jaiz Bank policy for option to sell under *Ijarah Mausufa Fid-Dimmah*
Sale Price can't be increased at any point	Rate of Return Risk	Mark-up is defined considering historic market trend and tenured as much as possible for shorter period
Ijara Wa Iqitina		
Asset becomes ready or in place , customer does not buy bank's portion	Market Risk	Undertaking for rent is signed by the customer: customer equity
Rentals can't be charged if the asset does not generate usufruct	*Ijarah* Asset Risk	Gestation period is allowed till the asset becomes ready to generate usufructs, for that period profit comes not rentals
Asset remains with Jaiz Bank	Ownership Risk	The customer shall maintain the asset in protection of the interest of the Hiree at his own cost except in cases of any accident due to any natural calamity/disaster (acts of *Allah*) or the like, the calamity is to be ascertained by the Bank for that *Takaful* is established
Customer Defaults but residual value of the asset does not cover dues because of price fall	Credit Risk	Other available sources collateral of the customer
Musharaka		
Mismanagement of partner	Operational Risk	Strict supervision and weekly monitoring with data collection and approximate retirement of Profit sharing ratio (PSR) shortly, weekly monitoring with data collection and approximate retirement of PSR
Dishonest Balance sheet	Operational Risk	Utmost careful selection of partner who is supposed to be very known and high credibility
Low profit earning .	Rate of Return Risk	Selection of predictable profit making project with sophisticated accounting system in place that can assist Jaiz Bank to assume determining PSR at least not below the benchmark rate of the Bank
Revocation of contract that results capital loss due to misconduct of the partner	Equity investment Risk	Disposal of security
Incurring Loss	Balance sheet risk	Immediate exit

Islamic Banking vs. Non-Interest Banking:

The objectives of Islamic banks are basically threefold. The first objective is to offer Muslims an alternative to conventional banking and this alternative is interest-free banking. The second is to achieve equitable distribution of income and wealth while the third objective is to promote economic development.

As per constitutional mandate, CBN has granted license to Jaiz Bank as Non-Interest banking compant. Experts have conflicting views and few of them interchangeably use Islamic Banking as Non-Interest Banking and *vice versa*. Aburine and Alo[22] in their research emphasize following additional elements (other than prohibition of interest) as essential ingredients in Islamic Banking:

i. Prohibition of lending in certain commodities & services
ii. Low consumer lending
iii. Profit & Loss or Risk sharing
iv. High real sector investing

A section of the experts believe that an institutional product or service may be operated without attracting interest but might have not complied with other Islamic mandates or Sariah's provisions. The word Non-Interest Banking is also used to avoid religious colour to the banking business and attract Non-Islamic Clients. The licensing authorities are also using more liberal term to emphasize secular structure and avoiding controversy.

Central Bank of Nigeria defines[23] non-interest bank as a bank which transacts banking business, engages in trading, investments and commercial activities, as well as the provision of financial products and services in accordance with the principles and rules of Islamic commercial jurisprudence. Transactions and contracts under this type of banking are non-permissible if they involve charging or paying interest; uncertainty or ambiguity relating to the subject matter, terms or conditions; gambling; speculation; unjust enrichment; or exploitation/unfair trade practices.

History of Non-Interest Banking:

The historians claims[24] the root of Islamic Banking dates back to more than thousand years. Financial instruments like *mudarabah*[25] were utilized[26] in 7th Century. Over the past decade Islamic finance has emerged as an effective tool for financing development worldwide, including in non-Muslim countries. Major financial markets are discovering solid evidence that Islamic finance has already been mainstreamed within the global financial system. It has the potential to help address the challenges of ending extreme poverty and boosting shared prosperity. Islamic finance is equity-based, asset-backed,

[22] U.T. Aborine and F. Alo (2009)
[23] The Framework For The Regulation And Supervision Of Non-Interest Banks (Nibs) In Nigeria
[24] Orisankoko A. S. (2009)
[25] Mudarbah is an Islamic contract in which one party supplies the money and the other provides management expertise to undertake a specific trade. The party supplying the capital is called owner of the capital. The other party is referred to as an agent who actually runs the business.
[26] S.A.Ahmed (2003)

ethical, sustainable, environmentally- and socially-responsible finance. It promotes risk sharing, connects the financial sector with the real economy, and emphasizes financial inclusion and social welfare.

Muslims represent nearly a quarter of the world's population and yet less than 1% of financial assets are Shariah-compliant[27]. Only 14% muslims have bank accounts. The non-interest banking industry is growing and may still rise as young Muslim populations and communities start to save for later life and as their investment preferences expand. The impetus for the sector is currently being provided by excess savings from oil, which is held in both government and private hands, but also by wider increases in productivity and prosperity. Figures for the growth of the *Shariah*-compliant asset management industry reveal how quickly this interest is turning into concrete action. The market for Islamic investment products is growing at about 15-20 per cent a year and equity fund assets alone are forecast to jump from $15bn in 2008 to $53bn by 2010. ('Islamic Investment', FTSE Group, 2008)

PricewaterhouseCoopers report released in November 2011 estimates Islamic finance industry of $1 trillion size and expected to grow annually between 15 to 20 percent. Once seen as a niche area, Islamic (or *Shariah*[28] compliant) finance has expanded rapidly over the past five years and is now an increasingly important element of the global economy. This calculation is based on total global financial assets of $140trn ('Mapping Global Capital Markets', McKinsey & Company, 2009) and $729bn total assets in the Islamic finance industry ('Islamic Finance 2009', International Financial Services London, February 2009). There is growing pressure for banks, insurers, pension funds and sovereign wealth funds to include *Shariah* products in their portfolio mix. Asset management firms that can offer them not only gain entry to a high-growth market, but also gain a foothold in a new region into which conventional products may also be sold.

Modern Shariah-compliant products have come to cover the full spectrum of banking, capital markets, asset management and, more recently, insurance (takaful[29]) business. Many of the growing number of companies being attracted to the Islamic finance sector are conventional institutions looking to tap into rising market demand, alternative investment opportunities and fresh sources of funding.

According to Adebayo, many Muslims are not satisfied with the operation of the conventional interest-based banking system which is against the spirit of their religion. Central Bank of Nigeria publicized the Framework for the Regulation and Supervision of Non-Interest Banks (NIBs) in Nigeria in March 2009. The objective of the framework is to provide minimum standards for the operation of non-interest banking in Nigeria.

The origin[30] of the modern Islamic bank can be traced back to the very birth of Islam when the Prophet himself acted as an agent for his wife's trading operations. Islamic partnerships (mudarabah) dominated the business world for centuries and the concept of interest found very little application in day-to-day transactions.

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[27] This calculation is based on total global financial assets of $140trn ('Mapping Global Capital Markets', McKinsey & Company, 2009) and $729bn total assets in the Islamic finance industry ('Islamic Finance 2009', International Financial Services London, February 2009).

[28] Islamic law

[29] The Islamic approach to insurance. Takaful schemes are structured as a charitable collective pool of funds based on the idea of mutual assistance.

[30] Institute of Islamic Banking and Insurance (2013)

Islamic banking refers[31] to a system of banking or banking activity that is consistent with the principles of the Shari'ah (Islamic ruling) and its practical application through the development of Islamic economics. The principles which emphasise moral and ethical values in all dealings have wide universal appeal. Shari'ah prohibits the payment or acceptance of interest charges (riba) for the lending and accepting of money, as well as carrying out trade and other activities that provide goods or services considered contrary to its principles.

To understand the operation of Islamic banking, one has to visit where it has been well established. It is known that Islamic banking is banking based on Islamic law called Shariah. It follows Islamic rules on transactions known as figh muamalat which came from "the Quaran and the Sunnah and other secondary sources of Islamic law such as opinions collectively agreed among Shariah scholars (ijma'), analogy (qiyas) and personal reasoning (ijtihad) (bankinginfo.com.my, 2009). The first Islamic bank was established in Malaysia in 1983. It had a special logo to differentiate it from the conventional banks which means that it existed side by side with the interest yielding banks. Muslim Shariah law was strictly applied.

Islamic finance and non-interest are synonymous which has emerged as an effective tool for financing development worldwide, including in non-Muslim countries. It has the potential to help address the challenges of ending extreme poverty and boosting shared prosperity.

Islamic banking is banking activity that is consistent with the principles of *sharia*[32] and its practical application known as '*sharia* compliant finance' through the development of Islamic economics.

Sharia prohibits the payment or acceptance of interest charges (*riba*) for the lending and accepting of money, as well as carrying out trade and other activities that provide goods or services considered contrary to its principles. While these principles were used as the basis for a flourishing economy in earlier times, it is only in the late 20th century that a number of Islamic banks were formed to provide an alternative basis to Muslims although Islamic banking is not restricted to Muslims.

As per World Bank Global Islamic Finance Development Center 2014 report, the Islamic finance industry has expanded rapidly over the past decade, growing at 10-12% annually. Sharia-compliant financial assets are estimated at roughly US$2 trillion, covering bank and non-bank financial institutions, capital markets, money markets and insurance. In many majority Muslim countries, Islamic banking assets have been growing faster than conventional banking assets.

Over the past decade Islamic finance has emerged as an effective tool for financing development worldwide, including in non-Muslim countries. Major financial markets are discovering solid evidence that Islamic finance has already been mainstreamed within the global financial system – and that it has the potential to help address the challenges of ending extreme poverty and boosting shared prosperity. Islamic finance is equity-based, asset-backed, ethical, sustainable, environmentally- and socially-responsible finance. It promotes risk sharing, connects the financial sector with the real economy, and emphasizes financial inclusion and social welfare. The following key principles guide Islamic Finance: 1) Prohibition of interest on transactions (riba); ii) Financing must be linked to real assets (materiality); iii) Engagement

[31] Islamic-banking.com (2013)
[32] Islamic law

in immoral or ethically problematic businesses not allowed (e.g., arms manufacturing or alcohol production); iv) Returns must be linked to risks.

Non-Muslim dominated countries have equally valued the viability, practical essence and healthy commercial values emanating from this type of banking and have consequently commenced operation on it, with Citigroup (having a subsidiary as in Citi Islamic Investment Bank) and HSBC (having HSBC Amanah) leading in the global scene.

Modern day Islamic Banking started as new initiative in different part of the world in different ways. The current Non-Interest Banking is evolved after several experiments around the world. Arabian banking practice and historic goldsmith founded the modern conventional banking. Malaysia and Pakistan attempted short lived non-interest banking around 1939 and 1956 respectively. Government of Malaysia founded pilgrimage management fund known as '*Tabung Hajji'* in 1962 to encourage prospective pilgrims save some funds which was invested to generate profit. Egyptian city of Mit Ghamar attempted limited interest free banking on a small scale in 1963. Ahmaad El-Najjar initiated forum of a saving bank based on profit sharing became popular but could not survive more than four year. Similar nine banks were emerged which neither charged nor paid interest, investing fund in business through partnership and share profit with investors.

In mid1970s, during a conference of Foreign Ministers of Islamic countries held in Karanchi pondered on Islamic Banking leading to emergence of a failed effort for Islamic Development Bank in Jaddah, to support project financing on non-interest basis. During the period, full-fledged commercial banking started by Dubai Islamic Bank, Faisal Islamic Bank of Egypt, Sudan and Kuwait; Jordan Islamic Bank for Finance & Development and Bahrain Islamic Bank.

The Islamic bank in Malaysia, Bank Islam Malaysia Berhad (BIMB), was established in 1983 under the Islamic Banking Act of 1983. The bank offers services in line with the principles of Shariah (Islamic law). The Islamic banking Act of 1983 does not, however, have comprehensive provisions for Islamic banking practices.

Islamic financial system started in Thailand with the establishment of a cooperative society, Pattani Islamic Savings Cooperative in 1987. By the end of 2001, four other Islamic saving cooperative societies, were established in the southern part of Thailand (Haron & Yamirudeng, 2005). These cooperative societies have successfully established themselves as viable financial institutions in managing and mobilizing Muslims funds in the country.

Conventional commercial banks like Citigroup and HSBC commenced Islamic Banking operations through subsidiaries named as Citi Islamic Investment Bank and HSBC Amanah. The other followed the suit by opening dedicated Islamic Banking branches like Citi Islamic in Bahrain, Grindlays in Karachi and the National Commercial Bank in Saudi Arabia.

Iqbal and Molyneux estimated number of Islamic Banks in 2004 at 70 plus few more in Iran & Sudan. Then there are 40 conventional banks are offering Islamic Banking windows, 200 Islamic Investment Funds and 70 Islamic Insurance companies having market operation exceeding $150 billion. Ahmed in his paper tabled fifty four countries with detailing number of institutes and branches.

The World Bank and the General Council for Islamic Banks and Financial Institutions (CIBAFI), the global umbrella of Islamic financial institutions, signed a Memorandum of Understanding (MoU) in July 2015 to help foster the development of Islamic finance globally and expand its use as an effective tool for financing development worldwide, including in non-Muslim countries.

Islamic Banking in Nigeria:

Islamic Banking history in Nigeria is of only recent past. At the time of independence of Nigeria in 1960, Muslim Bank West Africa Limited was operating in Lagos. The bank was closed in 1962 after closure order of the then Minister of Finance. Two provisional licenses were granted in 1992, but neither of the licensee banks lasted long. Habib Bank was granted license to operate Islamic Banking window in 1996, but due to poor information and absence of framework for non-interest banking it could not register significant success[33].

Messrs Sanusi Lamido Aminu Sanusi assumed office in 2009; several non-interest banking products were launched. Zamfara State Government planned to establish an Islamic Bank as part of its policy of application of full fledged Islamic Law. It however dropped the idea before it was implemented and supported a private player Jaiz International Bank to successfully pool resources.

Muslims in Nigeria have been yearning for its establishment to enable them transact banking business in line with the dictates of their religion. The first step in that direction was to secure the country's membership of the Islamic Development Bank (IDB) based in Jeddah, Saudi Arabia. That actually took quite some time as Nigeria formerly joined the membership of IDB in 2005.

Other efforts towards having an Islamic banking and financial system in Nigeria included the convening of an International conference on Islamic economics organized by the Usman Danfodio University, Sokoto in 1985. The conference was part of the efforts aimed at sensitizing the public on the concepts of Islamic economics.

Central Bank of Nigeria, in January 2009, gave an approval for the apex Bank (CBN) to join the International Financial Services Board as full member. The IFSB is an international standard-setting organization for the Islamic financial services industry.

The CBN, in August 2010, released the new banking model, which included non-interest banks among the specialized banks and will operate either at National or Regional level with capital requirements of N10 billion and N6 billion respectively.

In response to positive step taken by the CBN, the Nigeria Deposit Insurance Corporation (NDIC), September 2010, released its exposure draft on non-Interest Deposit Insurance Scheme for stakeholders' comment.

Another effort manifested when Banks and Other Financial Institutions (BOFI) Act No. 25 was enacted. Section 61 of BOFI Act recognized the establishment of a profit and loss sharing bank in the country, which basically is the Islamic form of banking.

Banking Regulations in Nigeria:

[33] http://islamicbanking.asia/wp-content/uploads/2014/12/April-June-2014.pdf

By replacing Banking Act of 1962 with Banking and other Financial Institutions Decree of 1991, the Central Bank of Nigeria (CBN) joined the League of Nations like Turkey, Jordan and Malaysia etc. that permitted Non-Interest Banking system, later two permitted Islamic Banking. The draft framework for the Regulation and Supervision of Non-Interest Banks was publicized in 2009. One of the objectives was to provide minimum standards for the operation of non-interest banking in Nigeria. However, the draft defined Non-Interest Bank as a bank which transacts banking business, engages in trading, investments and commercial activities, as well as the provisions of financial products and services in accordance with the principles and rules of Islamic commercial jurisprudence. The draft categorically prohibits the bank to use the words 'Islamic' as a part of the registered or licensed name.

Non-interest Banking is an initiative of CBN to propel Nigeria economy and promote financial inclusion and promote alternative products; it equally offers veritable incentives and alternative options for investors. CBN grants license to Non-Interest banks, which are known as Profit and Loss sharing banks. As per Section 9, Banks and other Financial Institutions Decree (BOFID), 1991; every bank is required to display at its offices its lending and deposit interest rates but Profit and Loss sharing banks are exempted from this provision.

CBN grants three types of licenses to deal in non-interest banking in Nigeria:

i. Full-fledged non-interest bank or subsidiary
ii. Non-interest banking branch of a conventional bank
iii. Non-interest banking window of a conventional bank

Non-interest banks may transact business using any of the following instruments or financing modes:

- *Murabaha*
- *Mudarabah*
- *Musharakah*
- *Ijarah*
- *Salam and Parallel Salam*
- *Istisna*
- *Sukuk*
- Any other financing mode or structure that is *Shariah* compliant and approved by the CBN

All licensed banks offering *Shariah*-compliant financial products or services shall have a *Shariah* compliance review mechanism and a Bank *Shariah* Advisory Committee (SAC) as part of their governance structure. In line with the provisions of Section 39 (1) of BOFIA 1991, banks offering non-interest banking products and services shall not include the words "Islamic" as part of their registered or licensed name.

CBN issued guidelines in 2011 for The Regulation And Supervision of Institutions Offering Non-Interest Financial Services in Nigeria. Accordingly all licensed non-interest banks (NIB) shall be subject to the provisions of the Code of Corporate Governance for Banks in Nigeria issued by the CBN and any subsequent amendments thereto, and all relevant provisions on Corporate Governance contained in Companies and Allied Matters Act (CAMA) and Banks and Other Financial Institutions Act (BOFIA) 1991.

All NIBs are required to develop appropriate policies, systems and procedures to identify measure, monitor and control their risk exposures. In addition, they are required to put in place, a risk management system that recognizes the unique risks faced by Islamic banks, such as displaced commercial risk (DCR), fiduciary Risk, transparency risk, *shariah* risk, reputational risk, mark-up risk etc. CBN also issued guidelines to follow international standard setting bodies like Basel Committee Risk Management Guidelines, IFSB Standards for Risk Management etc.

All NIBs with PSIAs[34] may maintain a Profit Equalization Reserve which would serve as an income smoothing mechanism and risk mitigation tool to hedge against volatility of returns to investment account holders. In view of the ethical character of their business, all NIBs are required to screen their promoters, shareholders, customers, counterparties, transactions, products and activities against the proceeds of crime, corruption, terrorist financing and other illicit activities using legal and moral filters. The bank is required to have effective anti-money laundering policies and procedures in addition to measures for combating the financing of terrorism. Deposit Insurance Corporation has developed a non-interest banking deposit insurance fund framework in May 2015. The scheme is designed to create a level playing field to provide deposit protection for depositors involved in non-interest banking and protect them against any possible losses.

Conclusion:

(pending)

[34] Profit Sharing Investment Accounts (PSIA)

Annexure-I

Board of Directors and shareholding interest:[35]

S/N	Directors	Direct	Indirect	Indirectly Held through	Total No. of Shares Held
1	Alhaji (Dr.) Umaru Mutallab	977,722,774	284,923,309	Finmal Finance Services Ltd	1,262,646,083
2	Alhaji (Dr.) Aminu Dantata	618,136,207	1,410,209,270	Dantata Investment & Securities Co. Ltd.	2,028,345,477
3	Dr. Rilwanu Lukman	275,652,174	Nil	N/A	275,652,174
4	Prof. Tajudeen A. Adebiyi	1,233,475	Nil	N/A	1,233,475
5	MallamFalalu Bello	2,198,700	220,000,000	MBS Merchants Ltd.	222,198,700
6	HRH (Er.) Bello M. Sani	5,000,000	Nil	N/A	5,000,000
7	Nafiu Baba Ahmad	4,050,000	Nil	N/A	4,050,000
8	Alhaji Umaru Kwairanga	4,150,000	Nil	N/A	4,150,000
9	Alhaji Garba Aliyu Hungu	2,000,000	450,000,000	Kano State Investment & Properties Ltd)	452,000,000
10	Alhaji Mukhar Sani Hanga	Nil	1,000,000,000	Dangote Industries Ltd	1,000,000,000
11	Alhaji Mohammed Lawal Jari	25,000,000	297,567,000	Katsina State	322,567,000
12	Alhaji Musbahu M. Bashir	Nil	800,000,000	Althani Investment Ltd.	800,000,000
13	Dr. Mohamed Ali Chatti	Nil	1,002,160,494	Islamic Development Bank	1,002,160,494
14	Alhaji (Dr) Muhammadu Indimi	Nil	1,366,906,522	N/A	1,366,906,522

Annexure-II

Advisory Committee of Experts:

Prof. Monzer Kahf
Prof. Muhammed L.Bashar
Dr. Muhammad Alhaji Abubakar

Annexure-III

Shareholders having 5% or more units:

Sr.No.	Name	Holding	%
1	Dantata Investment & Securities Limited	1,410,209,270	11.92
2	Indimi Muhammadu	1,366,906,522	11.55
3	Islamic Development Bank	1,002,160,494	8.47
4	Dangote Industries Ltd	1,000,000,000	8.45
5	Mutallab Umaru Abdul	977,722,774	8.26
6	Althani Investment Limited	800,000,000	6.76
7	Dantata Aminu Alhassan	618,136,207	5.22

[35] Jaiz Bank Plc Annual Report 2014

Annexure-IV

Shareholding history:

Year	Units '000	From '000	To '000	Units '000	From '000	To '000	Consideration
2003	2,500,000		2,500,000	2,500,000		2,500,000	Cash
2006	13,000,000	2,500,000	13,000,000				Cash
2008				1,514,430	2,500,000	4,014,430	Cash
2012				7,815,270	4,014,430	11,829,700	Cash

Annexure-V

Equity Range Analysis:

Range	No. of Holders	Holders %	Holders Cumulative	Units	Units %	Units Cumulative
1-1,000	6,731	25.17	6,731	6,729,800	0.06	6,729,800
1,001-5,000	9,548	35.70	16,279	32,104,100	0.27	38,833,900
5,001-10,000	3,087	11.54	19,366	29,979,400	0.25	68,813,300
10,001- 50,000	3,918	14.65	23,284	151,187,075	1.28	220,000,375
50,001- 100,000	1,604	6.00	24,888	152,036,055	1.29	723,036,430
100,001- 500,000	1,302	4.87	26,190	363,835,695	3.08	735,872,125
500,001- 10,000,000	524	1.96	26,714	1,229,422,590	10.39	1,965,294,715
10,000,001- 50,000,000	13	0 .05	26,727	374,922,305	3.17	2,340,217,020
50,000,001- 500,000,000	13	0.05	26,740	2392347433	20.22	4,732,564,453
500,000,001 Above	7	0.03	26,747	7097135267	59.99	11,829,699,720
Total	26,747	100.00		11,829,699,720	100.00	

Annexure-VI

The general *Shariah* concepts and instruments in Islamic banking[36]

No.	Islamic Banking	Conventional Banking	The mechanism
1	*Bai' Bithaman Ajil (BBA)*	Deferred Payment Sale	BBA applies when a buyer pays the seller after the buyer has sold the good. The seller pays back to the supplier of the funds the capital with an agreed interest as lump sum or installments. In this scenario, the borrower picks an asset and the bank pays for it and the owner pays back with an agreed mark-up price. This works well with assets like land or house
2	*Bai salam*	Spot payment for future delivery, deferred delivery, Forward sale	*Bai salam* means a contract in which advance payment is made for goods to be delivered later on. The seller undertakes to supply some specific goods to the buyer at a future date in exchange of an advance price fully paid at the time of contract. It is necessary that the quality of the commodity intended to be purchased is fully specified leaving no ambiguity leading to dispute. The objects of this sale are goods and cannot be gold, silver, or currencies based on these metals. Barring this, Bai Salam covers almost everything that is capable of being definitely described as to quantity, quality, and workmanship.
3	*Mudharabah*	Profit Sharing, Trustee financing contract	*Mudharabah* is a profit sharing arrangement between an investor and the entrepreneur. The bank could be either the investor or the entrepreneur. You may supply funds to the bank to invest or vice versa. There is an agreement on profit sharing. Where there is loss the supplier of the fund bears it. A profit sharing contract where one party contributes his entrepreneurial efforts while the other provides capital. The Entrepreneur and the financier will share profit according to an agreed ratio in the contract. Any loss is exclusively borne by the financier.
4	*Hibah*	Gift	*Hibah* refers to a payment made willingly in return for a benefit received. Example: In savings operated under *Wadiah*, banks will normally pay their *Wadiah* depositors *hibah* although the account holders only intend to put their savings in the banks for safekeeping
5	*Ijarah Thumma Bai*	Hire Purchase	*Ijarah Thumma Bai* is normally used in financing consumer goods especially motor vehicles. There are two separate contracts involved (i) *Ijarah* contract (leasing/renting) (ii) Bai' contract (purchase)". e.g. if one picks a car of his choice and pays a deposit and asks the bank for *Ijarah* with a promise of leasing the car. After the lease period the bank sells the car to you

[36] Compiled by the author from various sources

			at an agreed sells price. Sale and lease-back of asset, generally for long term financing. This requires Sharia compliant tangible and leaseable assets e.g property, machinery, etc.
6	*Istina*	Operating lease	*Istisna (*Manufacturing Finance) is a process where payments are made in stages to facilitate the work of manufacturing/processing/construction. Installment of *Istisna*, for example, may enable a construction company to finance construction of sections of a building or help manufacturers pay for an order of raw materials. *Istisna* helps use of limited funds to develop higher value goods/assets in different stages / contracts. A purchase order contract of assets whereby a buyer places an order to purchase an asset to be delivered in the future, according to the specifications given in the sale and purchase contract.
7	*Murabahah*	Cost Plus, Trade with markup or cost-plus sale	*Murabaha*h transaction involves the sale of goods at a price which includes a profit margin agreed by both parties. In *Murabahah*, the seller must let the buyer know the actual cost for the asset and the profit margin at the time of the sale agreement. It involves sale of an asset by the bank to a customer at cost plus a profit margin, repayment of which can be instant or spread over a period. It is used mainly for working capital financing.
8	*Musyarakah or Musharakah*	Joint Venture, Equity participation contract	This is a joint business between individuals and the bank or it is a partnership venture to make profit. An agreement as to how to share the profit or the loss, as the case may be, is agreed. It may be shred according to the ratio of each partner's contribution or otherwise as agreed. A partnership contract between two or more parties, each contributing capital. The profit is shared among the parties based on the profit sharing ratio agreed in the contract and any loss is shared among the parties based on the contribution ratio agreed.
9	*Parallel salam*	Deferred delivery	In an arrangement of *parallel salam*, the bank enters into two different contracts. In one of them, the bank is the buyer and in the second one the bank is the seller. Each one of these contracts must be independent of the other. They cannot be tied up in a manner that the rights and obligations of one contract are dependent on the rights and obligations of the parallel contract. Each contract should have its own force and its performance should not be contingent on the other. Parallel *salam* is allowed with a third party only. The seller in the first contract cannot be made purchaser in the parallel contract of *salam*, because it will be a buy-back contract, which is not permissible in *Shariah.*
10	*Qard*	Interest-free	In *Qard*, a loan is given for a period of time on

		Loan	goodwill and the borrower is required to repay only the amount borrowed. The borrower may decide on his own volition, to show appreciation, add an extra amount
11	*Sukuk*	Islamic Bonds, Certificates of Ownership	*Sukuk* refers to financial certificates that share some similarities with conventional bonds hence are also commonly referred to as Islamic Bonds. A major difference between conventional bonds and *sukuk* is the structure of *sukuk* removes interest based elements which is replaced by an asset based income structure using most typically *Ijara* or *wakala* contracts
12	*Wadiah*	Safekeeping	In *Wadiah* arrangement a customer deposits cash or other assets in a bank for safekeeping while the bank guarantees its safety. Bank may charge a fee for keeping the money or the item. You are free to take your money/item at your wish
13	*Wakalah*	Agency	*Wakalah* is a contract between a person (principal) and another party, agent (probably the bank) where the principal asks the agent to act on his behalf for a fee for service rendered

Annexure-VII

Contracts under Islamic Law[37]

Uqud al-muʿāwadāt
(Contracts of exchange)

buyu (sales)

shirkah (partnership)

ijārah (lease or tenancy)

rahn (mortgage)

wakālah (agency)

Íawālah (assignment)

sulÍ (reconciliation)

uqud al-tabāruʿāt
(Gratuitous contracts)

waqf (endowment)

qarÌ (loan)

hibah (gift)

kafālah (guarantee)

waÎiyyah ((testament)

uqud al-amānāt
(Trust based contracts)

al-tawliyyah (cost price sale)

al-wadiʿah (less-cost sale)

al-wadi ah (deposit)

[37] Compiled by the author from various sources

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