

CHALLENGES AND THE STEPS FORWARD TO THE APPLICATION OF IJARAH (LEASING) PRODUCTS OF JAIZ BANK PLC IN NIGERIA

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Abstract

The benefits of Islamic banking in the contemporary society cannot be over-emphasized, especially if its operations are in line with Shari'ah. Meanwhile, one of the Jaiz Bank Plc products is 'Ijārah (leasing). The application of 'Ijārah (leasing) product of Jaiz Bank Plc is faced with many problems. The paper also provides the solutions to the problems. In doing this, the challenges confront Jaiz Bank Plc can be categorized into institutional and operational challenges, it benefits will outweigh the challenges, once the challenges are overcome. This paper also examines the principles of 'Ijārah (leasing) products and how it is being structured by Shari'ah. The paper discusses that once the regulatory authorities address the framework, the operational challenges will be solved.

Keywords: *Islamic Banking, Islamic Finance Institutions, Jaiz Bank Plc, 'Ijārah (leasing) products, Institutional challenges, operational challenges.*

1 Introduction

Islamic banking system is based on Islamic law (*Shari'ah*), it operates in accordance with the principles, rules and regulations of *Shari'ah*. It makes economic activities simple and reduces costs of transactions. It also facilitates diversification for the investors and manages a number of risks arising from the investors activities and risks associated with the banking operation, which contributed to the development of the society. Islamic banking prohibits activities that involve interest (*riba*), uncertainty (*gharar*), trading gambling (*maisir*) and sanctity of contracts; it's only

dealing with (*halal*) legally permissible activities and avoids (*haram*) unlawful activities (Ayub, 2007).

Islamic banks mobilize deposits through the provisions of the normal current, saving and investment accounts. The structures and management of the deposit Islamic banks are guided by the Islamic laws principles on trust (*amanah*) loan (*Qard hassan*) and safe keeping (*Wadiah*). The funds in these accounts are then employed by the Islamic banks to finance their investment activities. In so doing, they adopt the modes of investment under Islamic commercial jurisprudence in structuring their products. Such mode includes partnerships (*Musharakah* and *Mudarabah*), mark-up sale (*Murabah*), forward sale (*Salam*) leasing (*'Ijārah*) and the rest (Nasiru & Mansur, 2015). *'Ijārah* (leasing) product is referred to as the lease of an asset or service for a stipulated period in exchange for a payment of rentals instalment which at the end of the leasing period may lead to a transfer of ownership of the leased asset.

Technically, *'Ijārah* transaction is a contractual agreement whereby the owner of an asset sells the usufruct or the benefit or use of the asset to another person for the period covered by the contract while retaining the ownership of the property (Ayub, 2007). *'Ijārah* contract, as it relates to the Islamic banking system, is a means through which the Islamic bank funds the purchase of a productive asset to the assets. Islamic bank leases the productive assets to the lessee who is the customer of the bank; the lessee pays for the use of the usufruct derived from the assets; and at the end of the leasing period, the property reverts to the bank. (Rizwanullah *et al.*, 2012). On the other hand, in the concept of *'Ijārah-wa-Iqtinā'*, which is sometimes called *Al-'Ijārah Thumma Al-Bay'* or *'Ijārah Muntahiyat bi Tamlik*, the lessee becomes the owner of the leased asset after the payment of some amount or in some cases without the payment of amount (Nasiru & Mansur, 2015).

Islamic banks have been established and are operating in many countries of the world. Most Islamic banks in the countries have *'Ijārah* based banking products. Meanwhile, Nigeria is among the countries whose Islamic bank and conventional banks having Islamic window provide *'Ijārah* based banking products (Dogarawa, 2013). However, in respect of Jaiz Bank Plc in Nigeria, it obtained the regional license to practice full-fledged Islamic banking from the Central Bank of Nigeria (CBN) in 2011 (CBN, 2011) and started its operation in 2012; while national license was obtained on 13th day of May, 2016 to be operating throughout Nigeria (Nduka Chiejana, 2016). The bank has similar *'Ijārah* (leasing) mode of banking products

among others. Similarly, Stanbic IBTC and Sterling Bank are conventional banks but have Islamic window also offer *'Ijārah* products to the public (CBN, 2012).

2 Challenges facing the Application of 'Ijārah (Leasing) Products of Jaiz Bank Plc in Nigeria

The major challenges confronting the application of *'Ijārah* (leasing) products in Jaiz Bank Plc can be categorized into institutional and operational challenges. However, Institutional challenges are those problems relating to regulatory frameworks while the operational challenges are those challenges relating to the operations of *'Ijārah* (leasing) products in Jaiz Bank Plc.

2.1 Institutional Challenges

Institutional challenges are those problems relating to the lack of adequate laws and regulations to be guiding the Islamic bank for the smooth running of its business according to *Sharī'ah*. It is fundamental principle of *Sharī'ah* that any enactments or regulations to guide the business of Islamic bank must be structured with *Sharī'ah* compliance otherwise, the mechanisms would be void.

2.1.1 Inadequate Regulation

The regulatory framework of Islamic banking in Nigeria especially on the application of the products of *'Ijārah* (leasing) is considered inadequate, thus, the regulators, especially the Central Bank of Nigeria (CBN), setting up a Non-Interest Financial Institutions (NIFIs) framework in 2010, which covers registration and business of Islamic bank, the provision also permit conventional bank to establish Islamic banking window (CBN, 2010), the regulations and policies are not effective and yield no result due to the fact that they are not structured according to *Sharī'ah* principles, thus, the policies that supposed to cover and protect the depositors against loss in the event of failure of any bank that offers Islamic banking services, however, it could not insure and protect the investors and depositors on *'Ijārah* (leasing) products and other products of Islamic banks, therefore the aim of its establishment failed (Sanusi, 2011).

Among the regulator is the Nigerian Deposit Insurance Corporation (NDIC), the corporation has set up to provide deposit insurance and related services for banks in order to promote confidence in the banking institution (Oladimeji, 2016). The

corporation has released an Exposure Draft on Non-interest (Islamic) Deposit Insurance Scheme in 2010, In order to protect the depositors against loss in the event of failure of any bank that offers Islamic banking services; bring about public confidence, the model proposing by NDIC is to establish separate deposit Insurance funds for the conventional and the non-interest (Islamic) banks, and each fund will be managed in accordance with its stipulated guideline (Mustafa & Ibrahim, 2011). Unfortunately, the scheme is yet to see the light of the day as a result of which depositors of banks offering Islamic financial services are still not insured by the corporation, thus, depositors and investors who are financing the products of *'Ijārah* (leasing) in Jaiz Bank Plc in Nigeria and other conventional banks having Islamic window are not insured and such is a challenge (Adeyemo *et al*, 2015). According to Bello & Abu Bakar (2014) are of the view that the current institutional and framework of CBN of the establishment and business of Islamic banking are structured in the line of conventional banking system; the structured and designed are to suit the conventional settings, but unfortunately provision silent on the matter relating to the settlement of dispute between the lessor and lessee in the court of law. Thus, there is no provision for the adjudication of conflicts involving Islamic banking products, entities and finance contracts (Sanusi, 2011). The Central Bank of Nigeria and Nigeria Deposit Insurance Corporation have been tried in this aspect but still needs to do more.

2.1.2 Lack of Interest-free Loans from Central Bank of Nigeria on *'Ijārah* (Leasing) products of Jaiz Bank Plc

The Central Bank of Nigeria (CBN) been the apex bank, in discharging its role of leadership to bail out other banks in Nigeria, who are having financial problem; it gives loans to those banks at a times of liquidity crunch, the CBN charges interest on the loans provided to those banks (CBN, 2011), Jaiz Bank Plc cannot legitimately benefit from such a facility to improve of its *'Ijārah* products and other products and services conduct, because such funds of CBN are usually provided on the basis of interest (Sanusi, 2011), meanwhile, Jaiz Bank is not allowed to charge interest on its products as charging interest is prohibited by *Shari'ah*. Thus, there is needed to devise and implement a non-interest framework for such assistance by the CBN for non-interest (Islamic) banks.

2.1.3 Lack of *Sharī'ah* -Compliant on Liquidity and Risk Management of the products of *'Ijārah* (leasing)

The Non-Interest Financial Institutions (NIFIs) framework was drafted on the platform of conventional banking system, thus, matters relate to liquidity and risk management requirements are not comprehensive enough to absorb *Sharī'ah* principles guiding liquidity and risk management under Islamic banking system. The framework requires that Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) for both conventional and Islamic banks are the same. The problem faces Jaiz Bank and conventional banking operating Islamic window is where to invest their excess liquidity on *'Ijārah* (leasing) products and other products of their banks, based on the principles of *Sharī'ah* (Dogarawa, 2014).

The Securities and Exchange Commission (SEC) is also one of the regulator, its function is to regulate the capital market (CBN, 2009). In the year, 2012, the Securities and Exchange Commission (SEC) had developed rules on Islamic Fund Management with the intention to solve the problem of liquidity and risk management. But unfortunately, the released of the rules has never been able to solve the problem of liquidity and risk management on the products of *'Ijārah* (leasing) of Jaiz Bank Plc in Nigeria (Adeyemo *et al.*, 2015). The requirement for non-interest financial institute to rely on Central Bank of Nigeria Prudential Guidelines, Risk Management Guidelines issued by the Basel Committee on Banking Supervision and International Financial *Sharī'ah* Board which is guiding the principles of Risk Management for non-interest financial institutes for the fully guidelines. Meanwhile the assessment and management of service risk is based on Capital, Asset, Management, Earnings, Liquidity, and Sensitivity to market risk popularly known as CAMELS. The provision of Basel or CBN would be difficult to NIFIs to be used because the Prudential Guidelines to measure and control their service risk. Furthermore, the framework only mention Islamic Financial Services Board, Guiding Principles of Risk Management as a reference for NIFIs but does not give full explanation on which one will be prevailed whenever there is conflicts in the provision as it was specifically mentioned in AAOIFI (Dogarawa, 2013)

The liquidity and risk management instrument that exist in the country are structured in the favour of conventional banks, the non-interest Islamic banks especially Jaiz Bank who is the only Islamic full-fledged bank in Nigeria cannot invest its excess liquidity management instruments present in the market for the banks

and other financial institutions that are operating in Nigeria. Sadly, the current inter-bank market between commercial banks is structured on interest-based, also the instruments that was used by Central Bank of Nigeria (CBN) for monetary policy operations are all structured based on interest. Hence, as Islamic bank is prohibited to involve in interest (*riba*), the only option for Jaiz Bank is to avoid such a liquidity bottleneck for Jaiz Bank, when it comes into operation (Oladimeji, 2016). Therefore, attention needs to be paid on the products of *Ijārah* (leasing) for developing Islamic money market instruments and capital to meet the capital and liquidity requirements of the non-interest financial institutions.

2.1.4 Lack of Islamic Inter-Bank Funds Market in Nigeria

The Islamic inter-bank funds market is a lease or sale and purchase of instruments under the *Sharī'ah* relevant rules and regulations, whereby Islamic bank with surplus leases out funds to another deficit Islamic bank for short-term, the specific time is ranging from a day to a week. The operation of Islamic inter-bank funds market may be on the *Mudarabah*-based regular market function, where the profit realizes by the deficit Islamic bank will share with the surplus bank that supply the funds. The procedure for Islamic inter-bank funds market to follow, for both Islamic bank with surplus and that of deficit are structured under *Sharī'ah* principles. The Islamic inter-bank funds market are treated like normal mobilization deposits from public, whereby the beneficiary pays certain amount over the amount borrowed, but in case of Islamic inter-bank funds market especially where it is operating, the deficit bank weigh its daily product on customers deposit and the profit realizes will be calculated before agrees to the share of the surplus bank, there is a room for negotiation under *Sharī'ah* as the objective of *Sharī'ah* is justice and remove hardship.

Presently, in Nigeria, the only Islamic bank with full-fledged is Jaiz Bank Plc and two conventional banks have Islamic window, the Islamic windows in the two banks are sub-divisions in those banks and each head operator lacks autonomy to decide for each bank because each is under supervisor of the superior officer. The Islamic banking window of the Stanbic IBTC bank and Sterling Bank that offer Islamic banking investment products can easily get funds from their main banks once they are having deficit of funds (Oladimeji, 2016), but in case of Jaiz Bank Plc, it does not have such opportunity, therefore, Jaiz Bank Plc is facing a lot of problem regarding to raising of funds especially whenever it needs funds to execute *Ijārah* (leasing) capital

projects and other products and services of the bank once there is no Islamic inter-bank funds market (Ayub, 2007) in Nigeria. The only available is that of the CBN that charges interest on the loans provided (CBN, 2011), therefore, Jaiz Bank Plc cannot benefit from the CBN facilities (Adeyemo *et al*, 2015). The only way out is the establishment of more Islamic banks with adequate legal frameworks.

2.1.5 Lack of Islamic Insurance (Takaful) to Protect Investments on the products of 'Ijārah (leasing)

Sharī'ah encouraged the owner of the asset to take *Takaful* insurance in order to secure the property from unforeseen hazards and facilitates the expansion of the industry respectively, Islamic banks protect their investments by way of register the investments through *Takaful* insurance. Unfortunately, the only deposit insurance scheme presently in the country is that of Nigerian Deposit Insurance Corporation (NDIC), which is not structured to favour Islamic banks, with challenge is the lack of a deposit insurance scheme for the safeguard of depositors of investments on '*Ijārah* (leasing) and other products of Jaiz Bank (Sanusi, 2011). Actually, the aim and objective of Nigerian Deposit Insurance Corporation (NDIC) is to protect the depositors of the banks operating in Nigeria against loss in case the bank liquidated, so that the depositors and public would have confidence in the banks, but unfortunately, the modus operandi of NDIC is based on conventional bank, as such made it difficult for Jaiz Bank Plc to benefit from NDIC scheme. In 2011, there was Islamic model proposing by Nigerian Deposit Insurance Corporation (NDIC) guidelines to establish separate guideline for non- interest (Islamic) bank, unfortunately, the scheme is still under processing for six years. Thus up to this moment, the depositors of Jaiz Bank in Nigeria are yet to be insured (Adeyemo *et al*, 2015). The way out is the establishment of *Takaful* insurance backing with CBN enactment.

2.2.1 Operational Challenges

The operational challenges are those tasks that confronting the operations of '*Ijārah* (leasing) products in Jaiz Bank Plc

2.2.2 Manpower Challenge

The principles and working procedure of Islamic banks are completely new in Nigeria and largely difference from conventional banking system. More so, the application of the products of *'Ijārah* (leasing) is also new to the customers of Jaiz Bank especially the new branches that are established recently, and other conventional banks operating Islamic window in Nigeria. Meanwhile, the Non-Interest Financial Institutions requirement for Islamic banks desiring to provide Islamic financial services generally, and particularly on the application of the products of *'Ijārah* (leasing) must comply with *Sharī'ah* Standards, thus, the Islamic banks workers must be fast in Islamic banking and finance (AAOIFI, 2010).

The Central Bank of Nigeria *Sharī'ah* Advisory Council of Expert (ACE) is expected to comprise members with requisite expertise in *Sharī'ah* principles that relate to Islamic financial transaction and a good understanding of modern Islamic investment products of *'Ijārah* (leasing). As Apex bank in Nigeria, its oversight supervisory functions have to be performed by people who are experts in *Sharī'ah*, the NIFIs' framework underscores the dire need for skilled and well-trained people, in the area of Islamic banking system and Islamic finance investment of the products of *'Ijārah* (leasing) (Dogarawa, 2010). Thus, Jaiz Bank Plc and other conventional banks who are having Islamic banking window must get workers who are experts in Islamic banking and finance as their workers. The CBN mandates it to both Islamic bank with full-fledged and conventional operating under window to have experts to be their *Sharī'ah* Advisory Committee of Experts and *Sharī'ah* Internal Auditor (CBN, 2010). The duty of both the *Sharī'ah* Advisory Committee of Experts and *Sharī'ah* Internal Auditor is to see that the products and business of the bank are compliance with the principles of *Sharī'ah*, that is relating to Islamic financial transaction of the modern investment products of *'Ijārah* (leasing), while, such can not be fully boast, in case of Nigerian Islamic banking system (Adeyemo *et al*, 2015). In order to solve this, the role of the apex bank in Nigeria and the *Sharī'ah* board should be structured to regulate and supervise Islamic banking industry in Nigeria, the CBN can send people to over-sea countries for further training the will have good effects in the institution.

2.2.3 Challenge of Insincerity

The application of the products of *'Ijārah* (leasing) in Jaiz Bank in Nigeria can be succeed if the management of the bank desiring to offer Islamic banking services

need to develop confidence in the Islamic banking system and demonstrate full committed and dedicate to the course of the principles guiding the application of the products of *'Ijārah* (leasing) under *Sharī'ah*. It is also expected to be sincere in implementing the principles guiding the products of *'Ijārah* (leasing) under Islamic banking and finance. To overcome this, the management of the bank should cooperate with *Sharī'ah* Advisory Committee of Experts for their effective supervision and regulation of the financial services and products of *'Ijārah*.

2.2.4 Challenge of Misconception about the reality of *'Ijārah* (Leasing)

Nigerians, especially the customers of Jaiz Bank do not seem to understand the differences between *'Ijārah* products in Jaiz Bank Plc and Hire purchase of conventional banking; to some of the customers of Jaiz Bank Plc, the difference is not more than the issues of prohibition of interest (*riba*), uncertainty (*gharar*), gambling (*maisir*), and other non-permissible activities (*haram*) and profit and loss sharing system. Such people erroneously had mistaken interest-free banking system operating under the principles of *'Ijārah* (leasing) of Islamic banking. In reality, the investors of the products of *'Ijārah* (leasing) share profit and loss if any, and the transaction is based on trust and to be *Sharī'ah* compliance (Adeyemo *et al*, 2015). In this case, there is need for more awareness to enhance public on the reality of *'Ijārah* (leasing) of Islamic banking.

2.2.5 Challenge of Equity-based Financing Mode of *'Ijārah* (Leasing)

Jaiz Bank Plc in Nigeria offering Islamic financial services to carry out its investments and businesses on marked up guaranteed profit basis which has *Sharī'ah* coverage. Operating the products of *'Ijārah* (leasing) mode at the expense of equity-based mode, among the challenges facing the products are:

- (1) Lack of committed entrepreneurs, the flexibility of *'Ijārah* (leasing) products encourages the customer to be applying for it in real estate; project financing and trade finance (Dogarawa, 2013b). According to Ayub (2007), Islamic banks employ *'Ijārah* (leasing) as a mode of financing foreign trade in the areas of importation of raw materials, goods, equipment, mechanized vehicles, planes, ships other services that can be leased in form of packaging, but unfortunately, lack of committed entrepreneurs make the opportunity difficult for Jaiz Bank on *'Ijārah* (leasing) products.

- (2) Near absence of skilled and committed professionals who can create new instruments
- (3) Lack of committed sponsors who can pressurize the professionals, the inability of banks to provide full of Islamic financial services on the principles guiding the products of *'Ijārah* (leasing) still remain a great challenge (Dogarawa, 2014).

The bank management must put more efforts for the

2.2.6 Challenge of Foreign Ex-change Currency on 'Ijārah (Leasing) Products of Jaiz Bank Plc

Instability value of foreign currencies, such as the US Dollars (\$), Pound Sterling, and Euro fluctuate from time to time. Incidentally, imports and exports are made mostly in US Dollars (\$). The importers to hedge against the risk of loss of profit on a particular transaction due to movement of exchange rate, forward booking would be required. However, In the *'Ijārah Mawsūfah fī al-dhimmah* contract with *Istisnā'* contract, where the bank acting as a lessor arranges with manufacturer to manufacture the asset to the lessee, as Nigeria is developing country such asset may not be got in Nigeria for the lessee, Jaiz Bank needs to get it in another developed country with the involvement of Foreign Ex-change Currency. With this Jaiz bank Plc faces risk under the transaction of the products of *'Ijārah* (leasing), furthermore, there is no *Takaful* insurance to cover the asset, the money exchange is not stable in Nigeria at present, based on recession which is going on in the country, carpoled with these, Jaiz Bank faces a lot of problems in any transaction that involved foreign ex-change. The attention of the experts in Islamic banking and finance most especially on the products of *'Ijārah* (leasing) are required to provide solution to this peculiar problem, the Nigerian regulatory authority must solve the problem of stabilization of foreign ex-change among others (Adeyemo *et al.*, 2015).

2.2.7 Lack of Proximity of Many Towns on the Products of 'Ijārah (Leasing) of Jaiz Bank Plc

Jaiz bank Plc is the only Islamic bank has full-fledged to operate Islamic banking activities in Nigeria, it was operated under regional license until May, 2016 when the national license was granted (Nduka Chiejana, 2016). Although the granting the national license to Jaiz Bank has been upgraded the bank to carry out its activities on

the products of *'Ijārah* and other services of Islamic banking throughout Nigeria. Where some Muslims who are living in cities, towns and villages in the southern and western part of the country are eager to have its branch especially those who believed that keeping money in the conventional banks is taboo to *Sharī'ah* as a result of involvement of interest (*riba*) (Mustafa & Ibrahim, 2011). Nigerian Muslims attach more importance to issues relating to Islamic religion and very sensitive to anything religion. Involvement on transaction business based on the principle of *Sharī'ah* has been considered as act of (*Ibadaat*) (Laldin & Furqani, 2013). The Muslims who are living in the southern and western part of the country where the operation of Jaiz Bank Plc has never reached, are eager to have it. They view that involvement in the products of *'Ijārah* (leasing) either to be a lessor or lessee is considered as an opportunity for them to carry-out banking transactions in accordance with *Sharī'ah*. Whereby they feel happier for having peace and tranquility of mind for identifying with the Islamic banking system (Bello & Abubakar, 2014). Jaiz Bank management should establish more branches.

2.2.8 Lack of Awareness of 'Ijārah (Leasing) Products of Jaiz Bank Plc

Another challenge affecting the *'Ijārah* (leasing) products and other products and services of Jaiz Bank Plc is lack of awareness, this is because majority of people in the rural areas are not aware of existence of Jaiz Bank Plc and those conventional banks with Islamic window, talk less of the awareness of their products and services. The social media such as newspapers, radio and television do not adequately highlight the products and services of Jaiz Bank Plc and those conventional banks in Nigeria having Islamic window (Oladimeji, 2016). Traditional and religious leaders should be involved to create awareness, the evidence suggests from respondents in the interview carried out by us shows that in communities where traditional and religious leaders speak out on an issue, people listen, therefore, the traditional and religious leaders have role to play for mobilization of their people to open account and patronizing with those banks once their branches are established in their localities. In the side of the management of the banks, there is an urgent need in addressing the issue.

3. Methodology

In order to identify both the institutional and operational problems faced by Jaiz Bank on the application of *'Ijārah* (leasing) products, literature review process being

the major way of identifying lacunas and face-to-face-interview were conducted in order to get in-depth knowledge about the problems and the way forwards

3.1 Research Design (Qualitative)

The research design for this study will be descriptive and exploratory which has fallen under the qualitative method. It allowed room for innovation which assist us worked within the prescribed designed frameworks and the aim and objectives of the paper has been achieved. In essence, the approach is chosen as it justified the objective of the paper and it enable the research gain in-depth understand of the perspectives of participants of Jaiz Bank Plc on the phenomenon of research, (Schurink *et al*, 2011).

3.2 Population and Sampling

The research employed the purpose sampling technique in recruiting (in-depth interview) twelve participants. The participants were limited to three members of Islamic banking and finance scholars, three member of *Shariah* Advisory Committee of Experts being the regulatory body of Jaiz Bank Plc, three members of staff as the operators attending to the consumers of the bank and three customers who are benefiting directly from the products of bank's *'Ijārah*. They were all chosen, in order to get adequate information to meet this paper objectives as recommended by Drew (2014). The members of Islamic banking and finance scholar of International Institute of Islamic banking and finance, Bayero University Kano Nigeria (IIIBF) was selected because in the field of manpower development, the institute offering academic and professional postgraduate studies in Islamic banking and finance to members of staff of Islamic bank and conventional banks having Islamic window such as Sterling bank and Stanbic IBTC bank in the country.

The members of *Shariah* Advisory Committee of Experts was selected because they are the brain behind *'Ijārah* (leasing) products and other products of the bank. The body is to guide the bank on *Shariah* with exclusive competence on products standard with compliance of *Shariah*. In order to be guiding the bank and to see the exercise are compliance with *Shariah*. The members of the staff of the bank were chosen because they were in the field of operation and directly dealing with the customers who were willing to enjoy the products of *'Ijārah* (leasing). In addition the

customers were chosen too because all of them are enjoying directly or indirectly the *'Ijārah* services of the bank.

3.3 Data Collection and Management

The individual participant face-to-face in-depth interview was the data collection method used, being a primary mode of collecting the data, semi-structured interview (SSI) pattern was utilized. The semi-structured pattern was adopted because it is flexible and make it easy for the study to formulate sets of pre-determined questions in advance and probing technique employed based on the participants reactions (Gray, 2004). The in-depth interview of Islamic scholars, *Shariah* Advisory Committee of Experts of the bank, the members of staff of the bank and the customers enriched us to understand major challenges and solutions to apply on the products of *'Ijārah* (leasing) respectively.

3.4 Data Analysis

The data analysis was conducted concurrently with data collection. The data was manually managed and its analysis thematically conducted (Maxwell, 2005). The value and theoretical flexibility of the thematic analysis justified its adoption (Clarke & Braum, 2013). Being a qualitative data analysis is considered as the foundation because it identified and ported the perception and make it easy for understanding the experience of the participants in the form of themes. The study employed an inductive approach such the transcripts were carefully read over and over to gain more deep knowledge and understanding in appreciation of the phenomenon and subsequently jotting down the themes energy from the participants responses (Clarke & Braum, 2013).

4. Conclusions and Recommendations

The matters of Islamic banking system in Nigeria, should be an issue of urgent concern to the people of Nigeria especially Muslims. The issues of Islamic banking has been taken for granted in Nigeria and signify danger. Although certain efforts are being made by CBN been the Apex bank in Nigeria to protect Non-Interest Financial Institutions (NIFIs), but Nigerian legal system regime on banking does not include Islamic banking and finance, therefore, there is no court with competent jurisdiction

to entertain matters on *'Ijārah* (leasing) and other Islamic banking business (Nasiru & Mansur, 2015). There is no doubt that, the challenges facing Jaiz Bank on the application of *'Ijārah* (leasing) and other Islamic banking products and services are enormous, and need to be adequately solved, if Islamic banking system in Nigeria is going to be designed as prescribed by *Sharī'ah* (Dogarawa, 2014). After all, Jaiz Bank Plc has obtained national license to operate throughout Nigeria (Nduka Chiejana, 2016).

The CBN needs to address the inadequacies of non-interest finance institute framework and the Nigeria Deposit Insurance Corporation (NDIC) and others regulatory bodies to enact an Act to give Islamic banking and finance industry and *'Ijārah* products fully legal framework to operate, as prescribed by *Sharī'ah*. Once Islamic banking and finance industry is backing with all the necessary legal framework, it will be given autonomy to operate fully in Nigeria. However, the objectives and the principles of *Sharī'ah* are to safeguard and protect the Islamic banks, the investors and the customers and make all the foregoing parties understand their basic rights, once institutional challenges solved by regulatory authorities, the challenges on the course of operational will disappear naturally.

The recommendations of this study are as follows:

- a) More efforts should be made by Islamic scholars and Jurist to get more Islamic economic and banking useful products instead of following conventional banking system.
- b) The government and some well to do have to invest into the products of *Ijarah* under Islamic banking and finance institutions so that Jaiz bank can be able to operate fully on free interest loan.
- c) The service of the bank should be extended to Western and Southern part of Nigeria so that some Muslims who had skill labour, but they do not get money to buy their skill equipment should be allowed to enjoy *Ijarah* (leasing) asset acquisition after the fulfilment of prerequisite rules of the bank.
- d) This paper recommends that the Federal Government of Nigeria and other relevant authorities should support Islamic banking and finance industry with all necessary legislative and administrative backing to succeed.
- e) The investors, stakeholders and well-wishers of *Ijarah* (leasing) products and other products of Jaiz Bank PLC or Islamic banking industry should be continue invest so that many customers will be enjoying the bank facility.

f) The stakeholders of Jaiz Bank PLC must be ensure that the necessary manpower requirements and training which is the major prerequisite for its proper operation and development are provided and supported.

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