

## **ISLAMIC BANKING: THE CONTROVERSY OVER NON-INTEREST BANKING SYSTEM IN NIGERIA**

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### **ABSTRACT**

*The Central Bank of Nigeria (CBN) approval of a Non-interest Islamic banking in Nigeria has generated a lot of controversy along religious divide and this motivated the study. It was descriptive study that relied on secondary sources of data and adopted content analysis method. It observed that Nigeria is a secular State and issues bordering on religion are sensitive and explained why the opposition to it assumed religious dimension. The study found that the principles of Islamic banking that originated from Q30:39, 4:161; 3:130-132 and 2:275-278 is biblical as contained in Exodus 22:25, Leviticus 25: 35-38 and Proverb 19:17 and may challenge sharp practices in Commercial banks thereby enhancing avoidable access to facilities. The study concludes that Christian bodies have slept too long over the welfare of the active needy as free interest banking scheme predated Islam. Since the services cannot be compelled on unwilling individuals, the regulatory institutions must be alert that unscrupulous elements will not use the channel for funding terrorism. The study recommends the adoption of productive engagement with diverse religious elements to minimize its misrepresentation and avoid diverting public fund into the exercise. In addition, the operators of the banks should avoid excessive discrimination in service delivery to justify that the services are people oriented while critics could embark on such venture.*

Keywords: Islam, Christianity, Bank, Non-interest Banking, ethics and poverty alleviation

### **INTRODUCTION**

One of the agonizing experiences that one can encounter in Nigeria is the decision to transact business with most commercial banks in Nigeria particularly if it has to do with loan. The experience is more excoriating the lower you are on the rung of the socio-economic ladder. The first challenge is that of getting attention and the cut throat conditions associated with borrowing money from banks that range from provision of collateral to lack of sufficient interest in the banking sector to see to the success of the venture provided the collateral is strong enough to swallow the loan obtained. In addition, there were recorded cases of fraudulent practices and other sharp practices that significantly eroded the confidence of the customers. However, one of the most efficient obtainable from banks in Nigeria is that the interest on transactions is hardly under-charged.

The establishment of Microfinance banks (MBF) was to correct the shortfall associated with inaccessible banking services to the active poor but the issue of the interest rate chargeable on

operation significantly eroded the gains and the fraudulent and sharp practices by the Directors of some of the banks in addition to weak institutional mechanisms to bring to book such people involved in unwholesome bank operations is still a serious challenge. The bad attitude of many individuals to fund management, poor feasibility study and unstable business climate added to the challenges of managing Microfinance Banks efficiently as to fill the wide gap created by the commercial banks. In addition, the manner that the commercial banks competes with MBF that the regulatory bodies perceive as healthy might in the long run serve as death sentence to many that are not owned by the commercial banks or the people connected to them, while it seems as if the CBN is still experimenting with the banks.

There is no doubt that the public outcry concerning the poor services in the banking sector in the past has led to various reforms carry out by the Federal Government through the Central Banks. This had led to merger/ acquisition of weak banks particularly on account of the increase in share capital. Also it manifested in the introduction of ATM in banks that significantly reduced the number of hours spent on account of cash withdrawal or savings in banks. The improvement is equally noticeable in the establishment of many bank branches even in rural areas. The above scenario motivates this study to examine the controversy generated with the CBN approval of Jaiz International Bank as a Non-interest Islamic Bank. The study was descriptive and data were collected from secondary sources consisting of relevant text books, journal, circulars and newspaper while content analysis was adopted in presenting the findings.

### **STATEMENT OF PROBLEM.**

The Central Bank of Nigeria announcement on Monday June 20, 2011, at a Conference on Islamic Banking in Dakar, Senegal, that it had issued Jaiz International Bank PLC an Approval-in-Principle as the first Islamic Bank in the country following the initial an Approval to carry on business as a Profit and Loss Sharing Bank and the issuance a Framework on Non-Interest Financial Institutions (NIFI) on January 13, 2011. The inability of many Nigerians to separate religion or politics from economy has led to heated debate on the desirability of the bank. The ongoing controversy motivated this study to examine Non-interest banking system regardless of religious coloration and recommend the way it can serve as agent of economic transformation in a nation with 17% unemployment ratio and absolute poverty rate of about 70%.

### **HISTORY OF BANKING INDUSTRY IN NIGERIA**

The commencement of operation of banks in Nigeria dated back to the nineteenth century. Nwanko (1975) traced the beginning of formal banking in Nigeria to 1892. The contribution of an efficient and reliable banking sector as a catalyst to a nation's economic growth and development that in turn translate to better living condition for the citizenry cannot be overstated. This indisputable fact was recognized among others by Goldsmith (1955), Cameron (1967), Mckinnon (1973) and Shaw (1973) in Chiejine, (2010). Atuche (2009) observed that over one hundred banks were established in Nigeria between 1940 and 1950 in an era regarded as that of bank boom.

In 1952, the Banking Ordinance was enacted while the Central Bank was established in 1960. The Banking Amendment Act of June 1962 raised the minimum share capital to GBP250, 000. It

should be noted that the Banking Decree No. 1 of February 1969 & the Banking Amendment Decree No. 3 of 1970 imposed more stringent conditions on the industry. The banking industry was predominantly dominated by banks established by government on account of the Indigenization Act of 1971 and the share capital was eventually raised to GBP600, 000 for indigenous banks while GBP1.5m for foreign owned ones. As at 1980, there were about 26 banks. In view of various guidelines introduced by the apex bank in 1990, there was an astronomical rise in the number of bank branches from 40 in 1985 to over 200 in 1992. To further encourage the growth of commercial banks, the public sector accounts were transferred from the Central Bank of Nigeria (CBN) to commercial banks in 1999. The capital base of universal banks in 2001 was raised to N1bn and another increase to N2B and 2004 was given for compliance. The increase in capitalization requirements of N25bn led to the reduction in the number of banks from 89 to 24 while the Central Bank of Nigeria lately sacked the Chief Executive Officers of 8 Banks and their respective boards due to insolvency. This was followed with the injection of N420 billion into banking system to stabilize insolvent banks.

The Microfinance Banks (MBFs) were not spared of the surgical operation that was on going in the Banking section. From a capital base N250, 000.00 in 1993, it was jacked up to N5Million and by 2007 December 31, it was raised to N20million as this brought untimely death to many MBFs that were struggling to meet up with initial capital base of N5million. The CBN in its circular ref. OFI/DIR/GEN/CIR/02/002 of July 20, 2009 directed that “prior approval of the CBN is required for the opening, closing or relocation of branches or cash centers of the MBFs, subject to meeting the prescribed prudential requirements and minimum free fund of N20m”. Further instruction as per the operation of the bank manifested in the CBNs’ directive that all the MBFs with less than N100Million capital base must operate as a unit MBF while the rest become State MBFs. The CBN further directed the closure of all branches of MBF with capital base of less than N100m latest December 31, 2012.

## **LITERATURE REVIEW.**

Adherence to business ethics is considered as one of the most essential requirements for transparency and trustworthiness in business transaction particularly when the institutional framework is explicit and the enforcement mechanism is efficient. Policy pronouncement by government through the CBN among others is one of the policy thrust of banks in Nigeria. There is consensus of opinion among scholars and business practitioners that ethics and business ought to go hand in hand if the business is to survive and grow over a long period of time (Nilsson and Westerberg, 1997:492). Egels-Zandén and Sandberg (2010) attest to the “necessity of ethics in business communities and practices”. There is no doubt that banks play a dominant role in socio-economic development of a nation, therefore it is expected that the business climate must be governed with high level of integrity, transparency and honesty rather than irrepressible and uncontrollable desire for profit maximization at the expense of helpless downtrodden masses that constituted a significant proportion of the population particularly in Nigeria.

This study therefore adopted the Caux Roundtable Principles to examine the pros and cons of the argument in respect of Islamic banking in Nigeria. The challenges facing the banking industry is

largely ethical in nature. Erondu et al (2004) observes that “ethics” directs attention to practical decision making that consisted of the nature of ultimate value, and standards by which a human action can be judged right or wrong, good or bad. According to Beauchamp and Bowie (2001), ethics in general term refers to both moral beliefs and ethical theory on human conduct. For the purpose of this study, ethics is seen in line with Chiejine, (2010) as the choices and judgments about acceptable standards of conduct that guide the behavior of individuals and groups. In this instance, it is based on the management of banks in Nigeria and the effect of such practices on helpless members of the public.

It is believed that the resources in Nigeria are enough to make the citizenry live a comfortable life but the greatest challenge is the distribution. The prevalence of poverty in Nigeria and the lopsidedness of wealth distribution were succinctly captured by Garba (2006) that about 95% of Nigeria’s wealth is being controlled by 0.01% of the population. This is further demonstrated in banks declaring huge profit while the economy is nose-diving. It is essential to note that the failure of conventional banking system to meet the aspiration of the citizenry makes the search for other means of assessing fund without cut throat interest rate attractive. The effect of economic crunch has manifested in significant majority of the population living in abject poverty. As at 2009, the national unemployment rate was estimated at 19.7% and it was estimated that those in the age group between 15 and 24 years were about 41.6% (National Bureau of statistics, 2010). The implication is that about 30,400,000 Nigerian youth were unemployed not minding those who were not youth but unemployed (Alao, et al 2012). The ethical challenge therefore is to ask for the sources through which the banks are raking their profit when there is downturn in the economy.

The answer could not be unconnected with sharp practices in the sector that the regulatory bodies have not been able to effectively control. The study is not blind to the fact that business are established to make profit for it to survive and for the economy to grow, but this must be done in line with ethical standard that was found to be largely lacking or failing in Nigeria. This explains why Donaldson and Preston (1995) stakeholder theory requires of anyone managing or affecting corporate policies to possess, as a key management attribute, the simultaneous attention to the legitimate interests of all appropriate stakeholders, both in the establishment of organizational structures and general policies and in case-by-case decision making

The goal of the CRT, as an international network of principled business leaders working to promote a moral capitalism is in this instance very relevant. Primarily, they emphasize the importance and need of instilling *sound ethical practices across the business world* by using two ethical ideals, “kyosei” (Japanese word meaning living and working for mutual advantage) and “human dignity” (<http://www.cauxroundtable.org/index.cfm?&menuid=8>). The proponents of ethics in business challenge the traditional function of business for paying too much attention to business as the sole means of satisfying shareholder interests but justify the need for them to reflect in their behaviors, the accommodation of moral and ethical concerns in managerial and decision-making that is not so prominent in Nigerian banking industry.

This explains why Freeman (2001:20) opines that for business to act ethically, it demands that firms and managers recognize their purpose as that of fulfilling obligations to stakeholders and not just stockholders. The inability of banks in Nigeria to abide with the seven principles of

business by the CRT including responsible stewardship; living and working for mutual advantage (kyosei); and the respect and protection of human dignity among others constitute a huge challenge to their playing their expected role in enhancing speedy socio-economic development in Nigerian. This explains why the fortune of the citizenry has recorded no noticeable improvement except on the pages of newspapers and what the religious leaders do is to sermonize poverty and promise prosperity. This scenario leaves no option than to search for parallel financial institutions that can accommodate the interest of significant majority of down trodden citizen under any guise, be it under Islam, Christianity or otherwise.

## ISLAMIC BANKING

Islamic banking otherwise known as participant banking is a banking activity that is based on the principles of Sharia law and a derivative of Islamic economics. It is to be acknowledged that Sharia prohibits the fixed or floating payment or acceptance of specific interest or fees that in Christian principle is referred to as usury and *riba* (surplus value) in Islam for loans granted. Any act contrary to this principle in Islam is regarded as sinful or *haram*. The concept of Islamic capitalism was developed between eight and twelfth century according to Saheed (1996) and it was based on the then widely circulated currency the gold dinar that tied together regions that were previously economically independent. Samir (1978) noted that currencies that were based on guarantees by a government to honor the stated value or based on other materials such as paper or base metals were allowed to have interest applied to them.

The foundation of modern Islamic banking was laid on the notion that commercial banks are needed but inherent challenges that are man-made accounted for a modified banking system that is based on the concept of *mudarabha* or profit and loss sharing that Uzair (1955) in some of his writing advocated to be an interest free banking system. The Conference of the Finance Ministers of the Islamic Countries held in Karachi in 1970, the Egyptian study in 1972, the First International Conference on Islamic Economics in Mecca in 1976, and the International Economic Conference in London in 1977 were the result of institutional involvement in Islamic banking. The involvement of institutions and governments led to the application of theory to practice and resulted in the establishment of the first interest-free bank. It is noteworthy that the first modern experiment with Islamic banking was the Myt Gamit experience in Egypt in 1963 followed by that of Dubai in 1975. The pioneering effort of Egypt was led by Ahmad Elnaggar while it took the form of a savings bank based on profit-sharing.

The Islamic banking has recorded success beyond Arab nations as there are five wholly Islamic banks in London while Eze and Chiejina (2011) reported that more than 250 Islamic banks (90 institutions of them are in the Middle East) are operating from China to the US. through their Islamic Units in U.K, Germany, Switzerland, and Luxembourg. According to the conservative estimates of the Islamic Banker in October 2008, Islamic financial assets globally exceeded \$500 billion. The Islamic Bank of Britain for over four years has attracted over 40,000 customers while HSBC Amanah, the Islamic finance subsidiary of HSBC, has been operating for ten years in London, focusing mainly on institutional clients and business finance. Wilson (2009) notes that in contrast to conventional banks, no Islamic bank failed and needed government recapitalization as the process of government bail out at the end turned out to be a burden on

already over burdened taxpayers. The Islamic banks are said to have adopted a classical banking model, with financing derived from deposits, rather than been funded by borrowings from wholesale markets.

Islamic banks are also not free from criticism as it has been observed that the principle of Mudarabah has not been implemented in an acceptable manner. Sait, Siraj; Lim, Hilary (2006) observed that Mudarabah stressed the sharing of risk but these banks were more concerned with profit-sharing but mostly try to avoid risk. In addition they noted that in Muslim community, these banks were only trying to comply with strict legal interpretations of Sharia but jettisoning the intent of the law establishing the banks. Furthermore, it has been alleged that Islamic banking is of little benefit to the citizenry as majority of financial institutions that offer Islamic banking services were largely owned by Non-Muslims as this made the veracity of these institutions and their services viewed with suspicion. The study by Sait, Siraj; Lim, Hilary (2006) also revealed that one Malaysian Bank offering Islamic based investment funds was found to have the majority of these funds invested in the gaming industry and the managers administering these funds were non Muslim. These types of story contributed to the general impression within the Muslim populace that Islamic banking is simply another means for banks to increase profits through growth of deposits and that only the rich derive benefits from implementation of Islamic Banking principles.

Eze and Chiejina (2011) reveal that recent studies show:

“several challenges facing Islamic financial institutions include shortage of experts in Islamic banking, uncertainty in accounting principles involving revenue realization, disclosures of accounting information, accounting bases, valuation, revenue and expense matching to Islamic banks”.

The implication therefore as rightly observed by Eze and Chiejina (2011) is that the results of Islamic banking schemes may not be sufficiently defined with specific reference to profit and loss shares attributed to depositors while it was further noted that there was no appropriate standard of credit analysis. Nonetheless, it is not sufficient to dispose the idea of Non-interest free banking system whether in the name of Islam or Christianity. There is no doubt that the on-going controversy surrounding Islamic banking globally may not be expected to doze off quickly but the study argued that no human institution is perfect but there is always room for improvement.

## **AN ANALYSIS OF THE CONTROVERSY OVER ISLAMIC BANKING IN NIGERIA**

The first recorded attempt at establishing a Non-interest bank was in 2004 when the CBN under the leadership of Soludo granted an Approval-in-Principle Licence to Jaiz International Bank PLC to carry on business as a Profit and Loss Sharing Bank. Not much was heard of the Bank till January 13, 2011 when the Central Bank of Nigeria issued a Framework on Non-Interest Financial Institutions (NIFI). This was followed with the CBN Governor's, (Sanusi Lamido Sanusi) announcement on Monday, June 20, 2011, at a Conference on Islamic Banking in Dakar, Senegal, that it had issued Jaiz International Bank PLC an Approval-in-Principle as the “first

Islamic Bank in the country”. Eyieyie (2011) observed that Jaiz Bank was unable to operate as a Profit and Loss Sharing Bank not because there was no Islamic Banking Guideline but simply because it was unable to raise the minimum capital requirement of N25Billion. Thus, he accused the CBN Governor to have lowered the capital requirement for Islamic Banks to just N10Billion to achieve “National Bank” status as against the N25Billion it stipulated for Deposit Money Banks.

The NIFI guidelines made it mandatory that there should be:

“No discrimination on any grounds in the participation by individuals or institutions as promoters, depositors or other relevant parties in any transaction regarding a non-interest financial institution, whether based on Islamic or other model, is strictly prohibited”.

The guidelines further enunciated non- permissible transactions including those involving uncertainty or ambiguity relating to the subject matter, terms or conditions; gambling; speculation; unjust enrichment; exploitation/unfair trade practices; dealings in pork and alcohol. Others include arms and ammunition, pornography and other transactions, products, goods or services which are not compliant with the rules and principles of Islamic commercial jurisprudence. To avoid ambiguity, the CBN clarified that Islamic banking was not the only type of non-interest banking contemplated under the new banking model and therefore categorized non-interest banks as part of specialized institutions.

The study considered the prevailing situation in the banking sector in Nigeria as not satisfactory enough and that it did not live up to the expectation of the masses as to serve as an enviable and efficient vehicle of social economic transformation in Nigeria. The above was corroborated by the report by Omuba (2012) that captures the lack of accessible fund for a significant proportion of active poor that led to the Federal Government accusing deposit money banks for refusal to lend to farmers as it had negative effect on agricultural productivity. The truth is that the effect was felt in all sector of the economy as the demands for security for loan can hardly be met by the rural populace. The long run effective was that the active population that could contribute significantly to the Gross National Product were sidelined and thereby nearly permanently rendered economically impotent.

In addition, the deposit money banks activities included the taking of deposits from the public and the granting of credit facilities. Donli (2003) held that these two particular aspects were at the hub of banking in Nigeria. Alawiye (2012) observed that 56 million Nigerians were without bank accounts as contained in the report by Enhancing Financial Innovation and Access. The report further observed that the figure consisted of 62.6% adults males and 72.8% adult females. The glaring defective market mechanism to mobilize and allocate financial resources to socially desirable economic activities of the nation and take care of active poor led to government intervention that has not totally achieved desirable results due to weak institutional framework that was easily sabotaged by the operators of the system. This explained the continuous intervention by government to ensure a higher degree of sanity. This position did not in any way exonerate the poor attitude of many individuals to fund management as experience have shown that some converted the loan to acquire new wives or for organizing marriage or burial ceremony.

The question therefore is whether non-interest loan is people oriented or not. The 2010 Global Monitoring Report (GMR) of the United Nations Education, Scientific and Cultural Organization (UNESCO), revealed that about 71 per cent of the Nigerian population survive on less than \$1 daily. The Daily Champion (2010) added that most of governments' poverty alleviation programmes, which received billions of naira in grants and allocation, had been roundly criticized as mere direct transfers of cash to politically selected beneficiaries. This has accounted for low quality of life for most Nigerians. Sadly, the generality of Nigerians continue to wallow in abject poverty, while a few privileged ones live in opulence. In effect, any effort at making facilities accessible to active poor regardless of political or religious coloration should be a welcome development as poverty cut across political and religious divide.

The opening ceremony Jaiz International Bank PLC the bank was done without much fun-fare but the chairman, Alhaji Umar Mutallab, told the bank's inaugural Annual General Meeting that: "This kind of banking is for all religions because no religion wouldn't want to help, especially in funding critical project without using interest elements". He added that "Whether it is Christianity or Judaism, every community wants to borrow money without being bugged down with multi-layer interest structure. Following series of criticisms, Sanusi (2011) observed that "drawing an inference from historical antecedents, the Islamic financial system, on a global scale, has witnessed a progressive evolution over the last four decades to become a dynamic and competitive form of financial intermediation within the global financial system". He went further that: "The facts also have it that it has recorded a dramatic growth, rising to about 435 institutions operating in 75 countries around the world, including major financial hubs such as London, New York, Luxemburg, Malaysia, Hong Kong and Singapore, just to mention a few." Ngozi Okonjo-Iweala (the Minister of Finance) added that "It is another form of banking, where instead of charging interest, the people who take loans from this system share in the profits of the bank and we should look at it without a lot of emotion".

There is no doubt that Eyieye (2011) was right in observing that Non-Interest Banking pre-dated Islam. It cannot, therefore, be the exclusive preserve of Muslims or Islam. Though Non-Interest Banking is not synonymous with Islamic Banking alone but the Muslim could not be blamed for taking the right initiative. The legal definition of the Non-interest banking system is stated in Section 61 of the Banks and Other Financial Institutions Act of 1991 which speaks of a profit and loss sharing bank. That is, a bank which transacts investment or commercial banking business and maintains profits and loss sharing accounts. It is the Profit and Loss Banking that is often referred to Non-Interest Financial Services in Nigeria. Eiyeye therefore opined that for Non-Interest Banking products to be "Shariah compliant", then:

"the CBN had also unjustly excluded non-Muslim Nigerians from the emerging Non-Interest Banking business sub-sector contrary to Section 16 1(d) of the 1999 Constitution of the Federal Republic of Nigeria (as amended) which states that "without prejudice to the right of any person to participate in areas of the economy within the major sector of the economy, protect the right of every citizen to engage in any economic activities outside the major sectors of the economy".

The CBN was therefore accused of introducing religion into Nigerian banking contrary to the spirit, letter and intendment of Section 39(1) of BOFIA which states: "Except with the written



consent of the Governor (a) no bank shall, as from the commencement of this Decree, be registered or incorporated with a name which includes the words “Central” “Federal,” “Federation,” “National”, “Nigeria”, “Reserve”, “State”, “Christian”, “Islamic”, “Moslem”, “Quaranic”, “Biblical” . Among other reactions that greeted the coming of the bank is that of Christian Association of Nigeria that threatened a legal action unless the CBN withdraws its license to Jaiz to launch Islamic banking services. The Primate of the country's Anglican Communion Nicholas Okoh described the plan as a plan to Islamize the country and bow out to demands by Boko Haram for the application of Shari`ah all over the country. “The synod unequivocally condemns the current changes initiated by the governor of CBN, which promote Islamic/Shari`ah banking in Nigeria”. Other critics feared that unscrupulous elements could use the medium to fund terrorism and thereby worsen the fragile security situation in Nigeria.

Akintola (2011), (the executive director of the Muslim Rights Concern (MURIC) quoted in OnIslam.net said that it behooves on “all of us Muslims to rally round this initiative to ensure it succeeds.” Also, Yusuf cited in OnIslam (2011) observed that: “It is viable and accepted by countries across in the world.”. He lamented the suspicions about the Islamic banking were motivated by “Islamaphobia” and that “Some people hate to hear anything about Islam. Whenever any issue is raised about Islam, they oppose it without bothering to know what it entails”. In addition, Decker (2011) opined that:

“The basic principle of Islamic banking is justice. This is an essential requirement for all kinds of Islamic financing. In contrast with conventional banking, Islamic banking locks into moral and ethical values in its banking operations and also they are restricted from financing alcoholic beverages, tobacco or morally questionable activities”.

Moghalu (2011)) in Eze and Chiejina (2011) noted that the CBN was open to receive applications from other firms that wish to operate other variants of non-interest banking and that the initial guideline was capable of being misinterpreted which is why the new guidelines were introduced to cater for other operators interested in seeking other forms of non interest banking. (Moghalu, the Deputy CBN Governor). He maintained that the apex bank issued the Islamic banking guidelines first since application for non-interest banking that has been received over the years were for firms interested in operating as Islamic banks. He said other models of non interest banking would be done when application are received for such variants.

It is important to acknowledge that there are successful models of Non-Interest Banking in other nations that are not necessarily in line with Islamic principles. A typical example is the JAK Members Bank of Sweden that was founded by the co-operative society Jord Arbejde Kapital (JAK) in Denmark in 1931. The success of the bank led a group in Sweden to develop a non-profit named Jord Arbete Kapital - Riksförening för Ekonomisk Frigörelse (National Association for Economic Emancipation) in 1965 according to the report. The pioneers' group developed the mathematical system based on saving points, called "balanced saving system" and has been operating as an interest-free savings and loans system in Sweden since 1970 but eventually receiving a banking license from the Swedish Financial Supervisory Authority in 1997 (<http://jak.ventus.nu/22.php> in Eyieyien,2011).

Devoid of religious sentiment, this paper is concerned with the argument in favour or against the operation of Non-interest banking system under any guise and argues that most of the comments are uncalled for. The complaints by those against issuance of license to Jaiz international could have been valid given that Christian oriented body or other interested groups filed in papers to commence Non-interest banking and was refused. This argument therefore amount to putting the cart before the horse. It is equally true that Non-Interest Banking dates back to about 1444 B.C and rooted in the Jewish practice of lending money by an Israelite to a fellow Israelite without charging usury or interest as commanded in the Holy Scripture, It is worrisome that the Christians slept too long on such an issue that borders on being our brothers' keeper. If the guidelines in principle contravene the secularity of Nigeria as enshrined in Section 10 and Section 38 (1) of the Constitution of the Federal Republic of Nigeria concerning adopting any religion as State Religion and freedom of thought, conscience and religion, the court could decide in such matter in order to correct excessiveness if any. In addition, if the creation of CBN Sharia Council is said to be offensive to Christians, they could advocate same when Non-interest Christian Banking system comes up and that will allay the current fear.

There is no doubt that many Christians leaders are sincerely concerned about the spiritual and economic welfare of their members, however, the display of wealth currently by some churches is worrisome. The issue is so challenging that they are making Fela Anikulapo record "suffering and smiling" of the Mid 1970s increasingly relevant. This development motivated Ikhariale (2012:16) questioning the current posture of some Christian Leaders by saying:

"The old picture of Christ as simple and humble man from Galilee has been replaced by that of the rich and arrogant man with Swagger (Though not a Nigerian) who has no need for God's help because all that makes the life meaningful are already with him"

Nonetheless, given that government intervention in poverty alleviation is not sufficiently successful, the study argues that the intervention of public spirited groups and individuals could not be rebuffed regardless of social, political or religious affiliation.

## **CONCLUSION AND RECOMMENDATION**

The study concludes that the emotional laden argument in favour or against the establishment of Islamic banking in Nigeria is uncalled for, as it is a manifestation of religious divide and suspicion among religious adherents rather than the gains from the issue involved that agrees with the tenets of Islam and Christianity. Furthermore, since patronage of banks could not be imposed by legislation, the operation of Islamic bank is a timely development and a direct challenge on Christians to float an interest free banking system and watch if Islamic faithful will not patronize it. The study further concludes that reason and objectivity should guide individual positions on the issue as poverty is not a respecter of any of the religious groupings. The study agrees with Eyieyien (2011) that "Non-Interest Banking is a veritable means of providing access to capital to the un-banked and those who would ordinarily not qualify for debt financing". Therefore, it is a mean of catering for the neglected downtrodden and helpless majority who may never have access to fund for developmental purposes. It can go a long way to address youth restiveness and crime as long as its operation is not discriminatory.

Like the Himalayan kingdom that has evolved a new measurement of national prosperity based on “gross national happiness” by focusing on people’s well-being rather than economic productivity alone, the idea of Non-interest banking system in Nigeria can bring about speedy socio-economic development and political stability given sincere implementation and the ability to minimize religious sentiment. This issue involved should be seen beyond religious bigotry but welfare centered that Christian, Muslim and others should happily embrace.

To allay the fear associated with religious sentiment, the study recommends the adoption of a religion-neutral NIFI Framework as envisaged by the extant banking law particularly when other bodies are ready to key into the programme. Same is also true of the Advisory Council of Experts so that the laudable programmes can evolve a national outlook. The regulatory bodies must also be alert that public fund is not illegally diverted to the exercise.

The study further recommends wider enlightenment campaign as enunciated in the response of the Deputy Governor of Central bank response, while dialogue among religious organizations facilitated by the CBN is desirable since Nigeria is a “religious nation” while issues largely manifest religious divide. In addition, the study recommends that the religious leaders should moderate and regulate their unwholesome comments that ordinarily should not be heard from the followers. This therefore calls for maturity so as not to continuously heat up the polity and further complicate the prevailing fragile peace. To overcome the challenges of man-power need, the Central bank should take up the initiative as currently done for Microfinance banks at a relatively low rate and should not be seen as a way of compensating retired bank officials. This should be judiciously carried out in order not to rub the emerging banks of their running capital in the name of training.

Finally, in a democratic setting like Nigeria, there is the need for the Central Bank Governor not to exhaust his patience in explaining the rationale behind the laudable goals of Non-interest Banking system and do not allow critics to lead him to making comments that might challenge his position as an umpire as the initiative is one of the best mechanisms to guarantee speedy socio-economic development irrespective of religious affiliation.

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