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Original Research Article

Prospects and challenges of Islamic microfinance in Nigeria: Insight into Jaiz Bank, Sokoto State, Nigeria

Abdullahi Isah* | Mohd Rizal Bin Muwazir | Sabiu Salihu Malam

Department of Shariah and Management, Academy of Islamic Studies, Universiti Malaya, Kuala Lumpur, Malaysia.

*Corresponding Author Email: maigwandu11@gmail.com

Abstract: This study examines the contribution of Islamic microfinance to poverty alleviation in Sokoto State, Nigeria, with specific reference to the microfinance facilities offered by Jaiz Bank. Adopting a qualitative research methodology, the study explores how Islamic microfinance initiatives enhance the standard of living among low-income communities in the state. Data were collected through in-depth interviews and case studies involving Jaiz Bank staff and beneficiaries, supported by extensive library research and systematic observational protocols. The study addresses a significant research gap by providing an empirical assessment of the current state of Islamic microfinance contributions in Sokoto State, an area that remains underexplored in existing literature. The findings reveal that Jaiz Bank's Islamic microfinance empowerment initiatives have contributed to poverty alleviation by reducing financial exclusion, expanding access to Shariah-compliant financial services, and supporting income-generating activities through small-scale business and entrepreneurial development. These interventions have positively influenced beneficiaries' standards of living, employment opportunities, and overall socio-economic well-being. However, the study also identifies several operational and structural challenges that limit the full realization and scalability of Islamic microfinance in the state. Despite these challenges, the findings suggest that Islamic microfinance holds substantial potential as an effective poverty alleviation tool when supported by enabling policy frameworks and practitioner-informed strategies.

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1. Introduction

Poverty is one of the phenomenon facing the world and the great challenges to the less privilege over the World. (Şanal & Zare, 2015). There are many perspectives of poverty it depends on the geographical and environmental condition. Poverty has been defined in various ways. Most frequently, generally people want to escape from this wave. So, poverty is a call to act for the deprived and well-to-do to change the world. Poverty it occurs everywhere across the world, and seems to be the biggest moral challenges to the society. (Obaidullah, 2008). It called attention from majority of government and development-oriented organisation to alleviate it in an effective and wide-ranging approach. The issue of poverty has always been a topic of argument in both developed and developing countries.

Poverty is taken as the substance of all the vicious circles that make economy becomes not inclusive with the low-income earners due to uneven growing excess to microfinance scheme. In addition, poverty also makes it tough for society to access various basic facilities such as food, education, health, and social security. Such situation requires a multi-dimensional slant in term of policy in alleviating poverty. If it continues, the communal will continue to be a poor community endlessly. poverty is a compound phenomenon and this has subsisted at various levels in society and communities throughout the world. Since the documented history shows that regardless of available resources, developmental stages, and technological levels, and social or cultural structures, it continues persist. This situation continues that even in the most advanced countries the issue of poverty surely occurs. However, each country has different characteristics and problem of poverty. In developing countries, like Indonesia which is among the poorest countries poverty is placed as a top priority for every government priority. It can be inferred that the success of a government is assessed by looking at the pointer of poverty alleviation. Poverty is identical to those low-income people who are unable to reach basic needs and result to low productivity because they do not have wealth either financial or skilful capital. Judging from its location, poverty is divided into two levels: namely urban poverty and rural poverty levels.

Poverty reduction here refers to general poverty reduction in the community or society. In other words, the poverty we talk about includes not only income poverty, but also multidimensional poverty covering education, public health, drinking water, and sanitation facilities. Based on generalized poverty reduction, we can sort out the Post-2015 Development Agenda and SDGs proposed by UN High-level Panel of Eminent Persons. A New Global Partnership to Eradicate Poverty and Transform Economies through Sustainable Development, that SDGs should include 12 universal goals. Corresponding to the SDGs proposed by UN High-level Panel of Eminent Persons on the Post-2015 Development Agenda, the SDGs, which have been under discussion, include a total of 17 major goals (Liu, Yu, & Wang, 2015). Based on the concept of generalized poverty reduction, the goals proposed can be divided into three categories: multidimensional poverty reduction goals, sustainable development goals, and global partnership goals. Ending extreme poverty and achieving sustainable development by 2030 is the summary of the SDGs, reflecting the significance of poverty reduction in the issue of development. Among them, the first goal is to end poverty.

To achieve this goal, the UN High-level Panel of Eminent Persons on the Post 2015 Development Agenda proposes specific targets of poverty reduction, bring the number of people living on less than $1.25 a day to zero and reduce the proportion of people living below national poverty lines of various countries in 2015 (the specific proportion has not been determined yet). Meanwhile, the UN High-level Panel of Eminent Persons on the Post-2015 Development Agenda also made suggestions on the poor's land rights, property rights and social security, and how to combat natural disasters. It shows that the UN High level Panel of Eminent Persons on the Post-2015 Development Agenda proposed the poverty reduction goals from the perspective of multidimensional poverty.

2. Literature review

2.1. Poverty alleviation in Nigeria

Nigeria is a country with abundance of resources, bountiful abundant land, and plentiful water and forest, tillage land for cultivation, vast puddle of human resources and man power, in addition in other endowment. However, is one of the most populous countries in Africa, the seventh world-wide with an estimated population of over 250 million with different tribe and religious background (Batalova, Shymonyak, & Mittelstadt, 2008). Nigeria exuberant and a country with the largest exporter of crude oil in the world as the major revenue generated sector in the country with many other resources of income from different part. Nigerian economy ranks in 2018 as low country on human development index, which 39.1% of her population living below income poverty line of US$1.90 a day notwithstanding enormous resources, this is far below other sub-Saharan African countries like Rwanda (60%), Zambia (64.4%) and Mozambique (68.7%) (Lind, 2019). June report of 2018 world poverty report indicated that 86.9 million people in Nigeria spend less than 1.90 USD per day which is below poverty line. While by February 2019, according to the report there was an addition of over 3 million people that glided into poverty level due to the low income which resulted to over 91 million Nigerians (people) live in abject poverty due to artificial unemployment and starvation been created in the country. Unlike other African countries, Nigeria has skills, unskilled, and semi-skilled workers as the largest amount of people living in extreme poverty due to the poor payment in the country. unlike Tanzania, Kenya, South Africa and Zambia have about 19.9 million, 14.7 million, 13.8 million and 9.5 million people respectively living in extreme poverty level in their countries (Slater, 2018).

Nigeria been mentioned as one of the poorest countries in the world above India Bangladesh, Republic of Congo, China, and Indonesia. before independence in Nigeria (1960), the close of poverty was really low. Yet, 60 years after gaining independence of the country, Nigeria move from a low poverty level to become one of the highest rate of poverty level in the world today.

(Aderounmu et al., 2021). Nigeria as one of the poorest countries in the world did not achieve the Millennium Development Goals (MDGs) poverty targets by 2015 in spite of the measures initiated by successive administration since independence to reduce poverty in 1980. No matter how hard successive governments both military and democratic have tried to reduce poverty, it has been to no avail as a result of corruption and other unworkable policy by different administration in the country. However, poverty is a major obstacle to Nigeria's socio-economic growth and development which hindered and has been persisted for a long period of time despite various interventions and economic policy which has been implemented by the government and failed because of poor strategy (Danaan, 2018). However, Measures are been taking by different government since 1970s where the abundant resources have a significant amount of the people living in abject poverty due to the poor economic and financial planning of alleviating poverty in the country but it failed and unsuccessful (Adah & Abasilim, 2015; Amaechi, 2018). One of the most tasks facing Nigeria today is inability to provide quality life to its citizenry and improving their standard of living compare to developed world that provide social amenities to their people and increasing standard living for betterment of its citizens. The failure of Millennium Development Goals of helping poor by 2015 led to UN higher prominent summit that brought about the Sustainable Development Goals where the issue of poverty alleviation set to be first goal to alleviate by the UN (Amoo, 2018; Amoo, Adekola, & Oladosun, 2019)

2.2. Microfinance in Nigeria

Nigeria as one of the highest populations in Africa began Modern microfinance as non -profit institutions initiated with strategy to address poverty and other difficulties face by the low-income earners in the country. Several numbers of NGOs Over the years been operated with government collaboration in microfinance programme to alleviate poverty by adopting the extension of microcredit as part of their mandates in the country in other to increase the standard living of people in the country. The Country Women Association of Nigeria (COWAN) established a combination of traditional thrift and credit system known as African Traditional Responsive Bank (ATRB) as programme to reduce the poverty in the local community and country at large. Nsukka United Self-Help Organization (NUSHO) is another association in the early 1980s through its savings and credit arrangement, organized training/workshop and programmes on credit management for beneficiaries and staff on a yearly basis for the benefit to the poor. In the late 1980s an institution named Lift Above Poverty Organization (LAPO) was founded, to deliver rural credit plus programmes. Microfinance institutions have grown phenomenally in the country for poverty alleviation and sustainability; the conventional microfinance has played a significant role in poverty alleviation and improving the standard living of Nigerian citizens. Moreover, the microfinance has increased the informal sector activities and the unwillingness of commercial banks to fund the low -income earners on increasing developing government policy to support the associations without collateral or requirement, and also simplify and accessing the process of acquiring loan of microfinance from the strict procedure which majority of the poor cannot fulfil within the stipulated period of time. In response to this, poor households or low-income earners have developed a wide change of informal community whereby a group of people from community together with common interest to apply for a loan from the microfinance based on arrangements to meet their financial needs (Okpara, 2010).

Informal sources of finance were among the old system of saving whereby a certain group of people or merchant from Italy start the system in seventeenth century which contain savings and credit associations that include moneylenders, or rich people that provide financial intermediation even before the emergence of semi-formal or formal sources in a very long time. One of the importance of loans among family and friends is to improve the standard living of household and reduce the difficulties faces by the family. The British cooperative expert observed the esusu as a possible basis for modern supportive societies in African culture (Seibel, 2006). These arrangements by the group of people is called Rotating Savings and Credit Associations among the members of contributors (RoSCA) one of the association is among the Yorubas in Western Nigeria operate under different names: Etoto for the Igbos in the East Nigeria and adashi for the Hausas in Northern Nigeria (Nigeria, 2005). Numerous reworkings and inventions have jumped from the RoSCA to one of the transformations into non rotating savings associations with a permanent loan fund in a formal way (Seibel, 2006). All members of cooperatives have regular/compulsory savings by members as one of their goals expected to meet, while thrift and credit societies combine regular savings of members with lending. Similarly, credit cooperatives and saving institutions have formal constitutions and a degree of legal position, which are simpler and built on informal considerations among friends and associates in the group. One of the key structures of informal microfinance schemes are savings and credit components, informality of operations and higher interest rates in relation to the formal conventional bank which charges higher interest in their transaction be an obstacles or bottleneck to the formal banking in the country compare to the formal (Okpara, 2010).

Notwithstanding, the developing appropriate policy and regulatory framework of microfinance institution in Nigeria, some researches who explore and investigate the microfinance have revealed that the number of recipients of microfinance from the banks is an insignificant amount of people in need of microfinance services due to the formalities before the disbursing of the loan to the target customers. Nevertheless, the modest gains recorded by the microfinance in Nigeria related to the poverty challenges people in the country which remains discouraging in away that many of the low-income and economically active poor remain financially excluded from the scheme, the research has shown the important of Islamic microfinance to intervene in order to fill the margin of traditional microfinance towards poverty alleviation to the active poor in the country, in particular Sokoto State as study area (Egwuatu, 2008).

2.3. Microfinance and sustainable development

The sustainability study has developed a prominent area of attention within the academic circle, experts and policy designers give more emphasis on capacity building and sustainable development. The Brundtland report foresees sustainable development as unbending needs of current and future age group related to economic, social and business aspects of life regarding the standard living of less privilege in the society. Subsequently, dissimilar studies had been connected to sustainability such as third world standard of living Sustainable transitions. Global sustainability economic analysis, Sustainability of external and fiscal balances, and sustainability on ethical behaviour of human development (Afonso & Rault, 2010; Brown, Hanson, Liverman, & Merideth, 1987; Geels, 2011; Markard, Raven, & Truffer, 2012; Pezzey, 1992; Wu, Chen, & Lee, 2001); see also (Dossa & Kaeufer, 2014; Herzberg, 2014; Hoffman & Haigh, 2011). On the other hand, different view on sustainable development on economic, social and business factors that were resulting from Brundtland declaration. Yet, in a particular context to monetary organizations, other studies have connected the concept of sustainability and microfinance with the functions of monetary institution which the research shows that without doubt. Recent revisions had manifestly deported the two separations of sustainability in banking and into established and welfarist approach (Bebbington, 2001; Hermes, Lensink, & Meesters, 2011; Nurmakhanova, Kretzschmar, & Fedhila, 2015; Robinson, 2001).

The institutional viewpoint unified on the soundness of the institutions strongminded financial and operational self-sufficiency of sustainable development in the area (Ahmed, 2013; Cull, Demirgu¨ ç-Kunt, & Morduch, 2007; Hartarska & Nadolnyak, 2007; Hermes et al., 2011; Marwa & Aziakpono, 2015; McCormick, 2011). In addition, sustainable development encourages social well-being and business defences through banks decision, and capital allocation to the customers as principal interest of the welfarist (Jeucken, 2001). Islamic banking properties improved at an annual rate of 17 percent from 2009-13, and are projected to have surpassed USD 2 trillion as for 2014 by then as an improvement on the Islamic banking and microfinance sector (Economist, 2014). Notwithstanding with quick growth, there is opinion that Islamic banking has failed to achieve social goals on it is establish main objective Affecting forward, the impact of Islamic banking on (SDGs) can be greater if the greater goals of Shariah are cohesive into its operations. Islamic banking and microfinance is in flexibility model of collective social and economic sustainability development (financial inclusion and reducing vulnerability), achieving business and social goal line on smoothing the sustainable development. The activities of these factors in touching different SDGs are well believed out in for each of these factors achieved the expected outcome from the set goals (Siddiqi & Riba, 2004).

2.4. Economic growth and sustainable development

Unsustainability and outreach appeared in economic growth is a challenge in (MFIs) which most of them need or still depend on donation, grants and subsidies to survive. Due to this, there have been efforts to encourage independence from donors and government subsidies. However, some MFIs are still financially dependent. Operational sustainability and financial sustainability/financial self-sufficiency (FSS), also referred to as profitability to the economic policy which is more of growth and development, there are two ways of determining the financial sustainability of an organization. The first one is indicating the ability of microfinance institution (MFIs) to cover its operational costs using its operational revenue. Whereas, financial self-sufficiency occurs when MFIs can cover both costs; financing cost as well as operating expenses. So, microfinance institution (MFIs) is financially sustainable if they can pay their total costs using their operating income and remain with a surplus.

The advantages of Islamic microfinance in adopting sustainability increase the customers loyalty and better reputation among Muslim people in major Muslim countries. Ideally, Islamic microfinance assist Muslims to adopt Islamic banking as part of Muslim life to be closer to Shari'ah compliance, otherwise, Islamic microfinance sustainability will decline if moral economy and reputation move closer to conventional microfinance operations. Evidence indicates that the significance of murabahah is declining due the majority of people still viewing Islamic microfinance as relatively new financial innovations Therefore, it is crucial for Islamic microfinance' processes to be fully Islamic in it operation (El-Gamal, 2006).

2.5. Factors affecting microfinance institution

Microfinance financial sector has different determinants of sustainability development in any organization that is dealing with financial efficiency and other economic growth and development segment. The Previous studies categorized by different researchers has come out with various types of determinants into groups which include formal factors, capital asset, returns, proficiency, advance, portfolio quality, macroeconomic factors and environmental are business strategy in financial sustainability. Example of institutional factors includes; the age of microfinance institutions usually uses to determine the financial sustainability, lending procedure by the institution is another factor that determine the financial sustainability of microfinance, product type and legal status on the other hands also play a vital role towards the sustainability of microfinance institution stability.

While the capital assets include capital to asset ratio which is more on liquidity, and debt to equity ratio. On the revenue category, it includes profit and interest rate of the financial investment. In case of usefulness, it includes administrative proficiency and cost per borrower. Growth category comprises the number of borrowers, size of microfinance operated by the microfinance institution and gross loan portfolio. writes off Portfolio quality and portfolio at risk has more significant to financial sustainability in microfinance institution which is usually after macroeconomic factor which comprises inflation and lending rate.

2.6. Sustainable development in microfinance

Islamic microfinance is an alternative model of interest free banking system. Some people of Muslim community don't like to operate traditional banking system because of its component of interest in it. Since interest is strictly prohibited in Islam so they choose to remain out of conventional banking system. Islamic banking and microfinance should be encouraged towards eradicating poverty in the society by the government and corporate with suitable working environment to operate the institution with other financial and banking sector. Islamic banking is growing at a rate of 15% for the last three decades. Islamic microfinance is a new idea in microcredit that provides needs for the poor all over the world. Islamic microfinance is becoming an increasingly popular mechanism for alleviating poverty and enhancing investment with saving to the household and family, especially in developing countries around the world. The Islamic banking and microfinance industry as a whole is continually growing sector due to its ethical principles and prohibition of riba/interest. Since traditional microfinance is based on interest. Islamic microfinance is based on interest free principle and favours investing only in those projects that are in compliance with Shariah principle and benefits to society at large.

Funds to Islamic microfinance may be provided by religious donations through the institutions of Waqaf, Zakat, Sadaqat, Qard-Hasan and other charities and Muslim stakeholders (Aziz & Alam, 2012). The difference between Islamic microfinance and the conventional counterpart, both have similarities in terms of focused on economic development and social objective to the active poor which aim to achieve a better life for whole people, support additional income, promote entrepreneurship, encourage risk sharing, believe that the poor should get involved in entrepreneurship activities, the only disparity between the two concept is interest which usually used to be operated on the side of conventional bank system in low ration but totally been abolished by the Islamic banking sector (Dusuki, 2008).

In addition, both are expected to rely on providing wider access to the poor, be a sustainable organization which can attain market based for profit approach supported by effective system and transparency reporting, with the focus on capacity building, combine with integration between microfinance and official of the financial system it will make great impact to the general economy of society (Dusuki, 2008).

2.6.1. ***Musharakah facility*** **(partnership)**

Investment approach is one of the Islamic banking systems which started its business *Musharakah* or (Partnerships). *Musharakah* is an equity sharing contract in which each partner provides capital and management. In *musharakah* the *wakalah* in management does not invalidate managerial contributions of other partners. Besides, in *Musharakah*, partners must share the net profit according to the agreement while losses are distributed only according to capital shares. In addition, the *Musharakah* contract occur where two more persons jointly donate capital to carry out positive business in agreement with Shariah. It can be real estates, movable assets, permanent or diminishing property (diminishing *Musharakah*) which must be in agreement with the principle of Islam, which can be defined as a profit or loss sharing partnership and the most reliable form of Islamic banking financial product (Tanko, Abdullahi, & Mato, 2021)

2.6.2. *Mudarabah facility*

Islamic microfinance has become one of the prominent fields of activity in the global banking sector. Islamic banks accept money from the sluggish money owners through the Islamic savings account and distribute the profits to its partial owners which usually receive from the legitimate business. Furthermore, *Mudarabah* is a special case of *musharakah* whereby a sleeping partner provides capital but does not share in the management while the active partner does not provide any capital but puts in all the managerial work of the contract. Like *musharakah*, net profit is subject to distribution according to the agreement but losses are in proportion to capital that is all provided by the sleeping partner (Alaro & Alalubosa, 2019). Mudarabah is an agreement where the capital provider or Islamic bank (Rabbul-Mal) and the businessperson (mudarib) become associates. The profits from the contract are shared between the capital provider which is bank or financier and the businessperson, but any loss incurred will be borne totally to the capital provider and the businessperson's loss is restricted to whatever he has donated of his labour and expertise. This is premised on the fact that a mudarib invests mudarabah capital on a trust basis trust (Amanah). Hence the charge clause on his part comes alive only when he is found wanting or careless in his duty as an businessperson or found guilty of breaching any or all of the terms of the mudarabah contract, then he will be liable to the loss (Alaro & Alalubosa, 2019).

2.6.3. *Mudarabah facility*

The Islamic jurists ease the transaction in between the bank and its client on a certain agreement of providing a commodity or goods for sale on a stipulated period of time on Murabah (cost - plus) contract to pay up install mentally (Yousef, 2004). In addition, *Murabahah* to the purchase ordered is a sale in which the price is equal to the known cost plus a known profit or mark up. This cost and profit are fully disclosed to the person who made a purchase order. *Murabahah* to the purchase ordered is a combination of a request to buy with a promise to re-buy, a cash-buy by the Islamic bank, and a deferred payment sale contract to the client. It begins with an order to buy from a customer to the bank with a promise that requestee will buy the same from the Bank.

2.6.4. *Qard-i-Hasana facility* (benevolent loan)

The lender in Islam deserves help to reduce his difficulties, Islam turns financial loans into charitable tools or soft loans. Conceivably owing to its charitable nature, *qard hasan* (an Islamic loan or benevolent loan) is regarded by the Qur'an as a loan to God. The concept is different from debt twisted by commercial acclaim sales and leases. However, there is a strong anticipation that the ensuing debt will be paid back within a nominated time period unless the debtor is in distressed circumstances (Qur'an 2:280 and 2:282). Likewise, according to the practice of Prophet Mohammad, (p.b.u.h.) deferring payment of outstanding debts by the rich is injustice (Bensaid, Grine, Nor, & Yusoff, 2013). The practical conduct of *qard* in Islamic bank industry has come with many debates. Some banks treat their on-demand deposits as Islamic helpful loans (*Qard -hasan*) given by the bank to the client, the bank thus guarantees the repayment. The Qur'an, however, inspires flexibility and kindness by the creditor in such loans, in particularly if the debtor is in difficulty and needs help (Farooq, 2011).

2.6.5. Ijarah **facility (hire purchase)**

Another form of Islamic microfinance is Ijarah. Ijarah in Islamic banking system, it means leasing, it used as a rental. It is used without interest in the banking activities or banking system. It is usually carried out in accordance with the principles of Islamic teachings (Shariah). It can also be defined as situation where parties enter into arrangement that come into conclusion in sequence, to form a comprehensive lease/buyback transaction. It can also be measured as transaction between owner of building, equipment, or any other services and the hirer to rent and buy the belongings. The hirer makes repayment costs at the end of each dated as the case may be. The hirer has the rights of ownership of the assets after the regular payment is completed. The contract comes in two forms, The first contract is an Ijarah (leasing) that curse out the terms of lease or rent over a fixed period, and the second contract is a Bai' that causes a sale or purchase once the term of the *Ijarah* is complete.

3. Methodology

As qualitative research with semi structured interview, face-face approach, by using purposive sampling techniques and non-participant observer in Jaiz bank plc (As a case study). in poverty alleviation and sustainable development in Sokoto State, the research has investigated the influence of Islamic microfinance towards poverty alleviation among the Sokoto State community and its environs. The purposive sampling adopted with fifteen customers 15 Jaiz bank (beneficiaries) interviewed and executives of Jaiz bank to investigate on how the Jaiz bank convey its activities and operation of microfinance in the bank. The data collection gathered from the primary and secondary source, analysis of primary data acquired through interview from the two side of the respondent. Consequently, the study was basically carried out by following principles of constant comparative analysis of raw data as enshrined in the case study approach. This process of data analysis involved the three successive levels of coding the raw data which include thematic analysis, selective coding and qualitative findings from the research. Research also used the in-depth citation of the interviewers in both the customers (beneficiaries) of microfinance and executives of Jaiz bank.

4. Findings from the Jaiz Bank executives on microfinance facilities and poverty alleviation in Sokoto State

This section presents the findings of Jaiz bank executive respondents on Islamic microfinance and poverty alleviation; the executives of the bank answer the research questions. This section presents the findings of Jaiz bank executives on Islamic microfinance, economic development and standard living of poor people in poverty alleviation.

4.1. Customers' self-reliance

The bank Staff have affirmed the Islamic microfinance contributed to the customers for being self-reliance which display the commitment of Jaiz bank plc on microfinance to the customers on influences financial interaction between the bank plc and customers. The respondents emphasized the bank staff used to address the problems of the customers quickly and courageously help and influence the customers self-reliance on financial interaction. The bank Staff indicated that the Jaiz bank staff does not give excuses whenever they come with an issue regarding the financial interaction of the customers. The Jaiz bank Staff agreed that the way the Bank staff resolved customers' problems influences the financial interaction of the customers and being self-reliance.

> "Known to me microfinance and poverty alleviation in Jaiz bank plc covered and operating base on sustainable development goals of alleviating poverty and improving standard living of active poor for making them self-reliance"

> "Microfinance and poverty alleviation in my bank is operating and carried out its activities on making its customers independent"

> "Jaiz bank microfinance and poverty alleviation in our bank operating in accordance of the seventeen-point agender of United Nation to alleviate poverty by 2030 which our bank fully operates on the agender in order to make our customer self- reliance"

The data show more than 80 percent of Jaiz bank plc executives view agreed that Islamic microfinance covered poverty alleviation to the customers of Jaiz bank plc. The executives of the bank mentioned the influences of microfinance on poverty alleviation to the customers and made mentioned Jaiz bank fully operates on poverty alleviation through microfinance facilities of Murabah, and hire purchase, the bank provides Islamic microfinance to its customers which include civil servant, businessmen, in order to reduce the difficulties and improve the standard living of people in the society.

4.2. Poverty alleviation

The bank executives stressed the microfinance operated by the Jaiz Bank of Nigeria. Contribute to poverty alleviation to the vulnerable customers. They acknowledged that Jaiz bank gives emphasis of the United Nation agenda of sustainable development on poverty alleviation by 2030. The bank Staff believed the murabah and hire purchase mode of finance provide by the bank microfinance to its customers has make a lot of significance to poverty alleviation in the state.

> “Jaiz bank microfinance and poverty alleviation in the State operate in accordance with the seventeen-point agender of United Nation to alleviate poverty by 2030 which Jaiz bank fully operates on the agenda in order to make our customers self- reliance”

> “Microfinance with Jaiz bank covered the poverty scheme of microfinance that deals with murabah to the civil servant and businessmen in the State, in addition, the bank operates on hire purchase mode of finance to its customers in order to reduce the poverty level among the active poor in the State”

> “Jaiz bank operate microfinance for the purpose to reduce poverty in the society, Jaiz bank is working on poverty alleviation of reducing difficulties and hardship amongst the active poor, by providing soft loan of Murabah (mark- up), and hire purchase to vulnerable customers for betterment of their life”

The data of more than 80 percent of bank Staff on microfinance scheme was fully worked on Islamic principles and alleviating poverty for standard living of customers in Jaiz bank. The Staff deliberate on the operation of microfinance in accordance with Islamic law, where they affirmed the operation of microfinance on sharia bases, which is used as a guide by the bank to meet the needs of the customers.

4.3. Microfinance scheme needs no collateral to the Bank

The bank Staff stressed the important of microfinance on poverty alleviation. on collateral free for the loan disbursement, the bank staff narrated the activity of Jaiz bank operation on non-collateral microfinance scheme for the easy access to the vulnerable customers and low-income earners in the society.

> “The microfinance operated by the Jaiz bank has improve standard living of customers, with microfinance facilities needed by the customers, through interest- free loan that need no collateral procedure, in order to improve and sustain the livelihood of customers”

> “The efficiency of microfinance in Jaiz bank is over emphases, because the bank is using a lot of strategy to improve the standard living of the society, through providing soft loan without interest, collateral free loan to the small and medium enterprises, and procedure that are simple for microfinance accessibility”

> “Microfinance scheme in Jaiz bank has direct relationship with the standard of living of low-income earners in the society, interest Islamic microfinance has the procedure of profit margin reduction to the customers, forming simply route for accessing the loan without collateral”

The data of over 80 percent of Jaiz bank Staff is in the opinion that customers are not aware that microfinance scheme is non-collateral arrangement. Jaiz bank customers required referrers for the disbursement of the facilities, after fulfilling pre- requisite condition and procedure by the bank.

4.4. Islamic microfinance on reducing unemployment

The Jaiz bank Staff stressed the impact of microfinance loan in reducing unemployment to the customers and creating job opportunities to the customers of the bank. The staff of the bank said microfinance help a lot of people out of poverty, and improved the life of civil servant in the State, it also reduced the percentage of poverty in the society.

> "The Jaiz bank Staff stressed the impact of microfinance loan in reducing unemployment to the customers and creating job opportunities to the customers of the bank. The Staff of the bank affirmed the impact of microfinance towards poverty alleviation and improved the life of civil servant in the State; it also reduced the percentage of poverty in the society"

> "One of the staff of the bank is in the opinions that microfinance it has taken out many people out of poverty, through providing soft loan, and creating job opportunity to people in difference business ventures to increase their income and improving their standard of living for their sustainable development and poverty alleviation amongst the people"

> "Microfinance contribute a lot in poverty alleviation in the State, the bank has many schemes on poverty reduction, which helps a lot and improve the life and standard living of people, the bank creates job opportunity, reduce unemployment, and enhancing businesses to small medium enterprises".

The data show over 80 percent of Jaiz bank Staff agreed that microfinance reduced the unemployment rate in Sokoto State community, it enhances the business activities of the low-income earners which reduce difficulties among the civil servants and businessmen. The microfinance reduces unemployment through soft loan.

5. Conclusion and recommendation

The fundamental objective of this research is to find out effective ways of harnessing the potentials opportunities of Islamic microfinance facilities in alleviate poverty in Sokoto State, Nigeria. critically, the research examined the capacities of two models Qard-hasan and Mudarabah model planned to Islamic microfinance in Jaiz bank for implementation on poverty alleviation which will definitely reduce the poverty level in the State. Moreover, Islamic microfinance can be systematically applied in capacity building and entrepreneurial development of less privilege and low income in the society. Clearly, this will go a long way in reducing the rate of unemployment and creating job opportunity among the teenage age in the society by creating and empowering the entrepreneurship to those willing the business ventures for capacity building of local communities and state at large.

The research proposes tools to investigate financial sustainability in Islamic microfinance across Nigerian predominantly Muslim area where different Islamic microfinance is operating. The results of the research support the previous studies that sustainability of Islamic microfinance is influenced by economic growth and development. The majority of Islamic banks operating in the country studied failed to deliver Islamic microfinance moral and ethics in the operation disbursing the fund to customers which is against the ethics of Islamic bank. This strongly indicates that Jaiz bank should focus more on the inclusive finance sector on jurisprudence of Islamic law for better sustainability in the future. The research produced more comprehensive and robust results from the proposed methods of Qard-hasan and mudarabah than the conventional microfinancing system.

This research confirmed these two-model strategy to the most effective way of curbing the spread of poverty in Sokoto State. However, success of the proposed two model of Qard-hasan and Mudarabah model can be realized only if it is accomplished by transparent, honesty, trustworthy, and accountable personnel. For the effective and sustainable operation of the two model, the study suggests regular training and re-training of banking for the efficiency of the banking operation. The research will not only guarantee the desired success in the operation, but will also engender the confidence of customers (beneficiaries) and stakeholders in the new initiative. Despite the fulfilment of the research objectives, the research has left serious vacuums that required to be academically studied in particular on musharakah modes of finance, Takaful (Islamic Insurance) and Sukuk (Islamic bond) on their significant role in poverty alleviation.

Declaration of conflict of interest

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