



**POLAC MANAGEMENT REVIEW (PMR)
DEPARTMENT OF MANAGEMENT SCIENCE
NIGERIA POLICE ACADEMY, WUDIL-KANO**



IMPACT OF ISLAMIC BANKS' CREDITS ON THE PROFIT OF SMALL AND MEDIUM ENTERPRISES IN YOLA METROPOLIS

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Abstract

This study examined the impact of Islamic Banks' credits on small and medium enterprises in Yola metropolis, Adamawa State Nigeria. The study employed the use of primary data collected using five Linkert scale questioner from 119 operators of small and medium enterprises across different sectors of the economy in Yola Metropolis. The data were analyzed using Structural Equation Model (SEM) technique. The results suggested that Islamic banks credits positively influence the profitability of small and medium enterprises in Yola Metropolis. Based on the findings, adopting asset-based credits from the Islamic banks by the Small and Medium Entrepreneurs in Yola metropolis can improve the performance their businesses and save them from the adverse effect interest-based (loan) financing. The Islamic banks should look inward and develop simplified credit products improve access of Islamic credits by small and medium enterprises in Yola metropolis in order expand the scope of the impact Islamic banks. Government needs to partner with the Islamic credits in supporting the small and medium enterprises by providing credit guarantee covers to that are SMEs duly registered and capable of repaying the credits advanced to them.

Keywords: Islamic Bank, Credit, Small and Medium Enterprises

1. Introduction

Globally, Islamic financial concept has risen in importance among Muslims and non-Muslims due to the significant benefits it provides, such as investment expansion and the potential to draw and enhance a nation's incentive to invest (Shah, Sukmana & Fianto, 2021; Diallo & Gundogdu, 2021; Osman 2012; Ahmad, 2008). This is shown by the Islamic financial industry's substantially high compound annual growth rate, which coincided with the global COVID-19 pandemic (Hassan, Rabbani & Abdulla, 2021; Octrina & Mariam, 2021; Adams, 2020) Islamic banking operates in 45 countries encompassing most of the Muslim world, along with Europe, North America, and various offshore locations. Non-interest banking was not a new development, pointing out that the system

operates in countries such as Pakistan, Egypt, Britain, and the United States (Balogun 2011). According to the policy paper jointly released by World Bank Group, Islamic Development Bank and the G20 in 2015, the Islamic financial industry should be asset-based so that it can boost real economic activity that will be directing factors of production to the growth of financed assets and eliminating the stigma of "financialization" of a particular economy.

In a similar vein, small and medium enterprises (SMEs) are extensively recognized as a catalyst supporting economic development and remain the primary targets of Islamic Banks for its retail products and services. They assume a crucial role in the advancement of any country's economy (Babajide, 2011). Therefore, the SME sector serves as an

instrument for economic recovery and is among the important areas of economic proliferation in both developed and developing countries (Herath & Mahmood, 2013, 2014; Oduyoye, Adebola, & Binuyo, 2013). SMEs constitute the greater part of business enterprises, are responsible for most job creation and are considered the major driving force and contributor to economic growth in most economies (Akingunola, 2011). Thus, the impact of SMEs on the growth and development of any country's economy cannot be over emphasized (Aminu & Shariff, 2014).

In Nigeria, the performance of small and medium enterprises' remains unimpressive for number of reasons. Reasons including inadequate or poor funding, poor and weak linkage between different segments of operations in the sector, low operating capacities in terms of skills, knowledge and enterprises attitudes, inadequate viable business plans, insufficient government financial support and inadequate infrastructure (Mohammed and Obeleagu-Nzelibe, 2014; National Implementation Plan, 2010; Oluboba, 2002; SMEDAN, 2012).

Furthermore, the sources of financing for small and medium enterprises are obviously inaccessible. Even where they are available, you find out that it is not feasible to obtain. This is because of high cost of fund and stringent requirements that must be met. As a result, many SMEs failed to meet the requirements hence could not get the needed fund (Bazza & Daneji, 2014). On the other hand, access to financial services is a major obstacle to SME growth; most SMEs would remain trapped and continue to decline without it. Despite the reality that SMEs contribute to a large portion of the Nigerian economy and provide jobs for most of the population (Thomas & Brezy, 2014). Evidently, many scholars pointed that Finance is one of the major constraints that hinder the survival, growth, and development of SMEs in Nigeria as in other developing countries (Olusoji 1999, Ali 2006, Anthony 2005, Syauqi & Purnamasari, 2011). SMEs are less qualified than large businesses to obtain credit facilities, so they must rely on internal or private funds to start and operate their businesses (Akande, 2016).

Alternatively, Islamic banking and finance industry provide a broad framework that has great potential for promoting social and economic development through its two fundamental principles of asset-backed financing and risk sharing. In today's business environment, the idea of Islamic financing has been designed based on offering zero-interest loans, benefit and loss sharing, ownership of products, active participation in the exchanging, financing, and building collective bargaining agreements phase between the investment firm and the entrepreneur (Adelekan, 2021; Sonita, Miswardi & Nasfi, 2021; Buksh, 2006). Like most states in Nigeria, the components of economic activities in Adamawa state are micro, small, and medium enterprises and these enterprises access financial facilities from Islamic banks, Islamic windows at some conventional banks, Islamic Fund Managers and cooperative societies with Islamic models to augment their existing capital.

2. Literature Review

2.1 Conceptual Issues

Concept of Islamic Finance (Banking)

According to the Institute of Islamic Banking and Insurance (1990), "Islamic Banking refers to a system of banking or banking activity that is consistent with the principles of the Shariah (Islamic rulings) and its practical application through the development of Islamic economies". Islamic finance places a strong emphasis on ethical considerations, such as avoiding interest-based transactions (riba) and investing in socially responsible activities (Aribi & Arun, 2015). Islamic finance is guided by core ethical principles derived from Islamic law or Shariah. Islamic Shariah principles include the prohibition of any transactions involving interest (riba), the avoidance of uncertainty (gharar), and the prohibition of forbidden (haram) activities that are considered unethical or harmful in Islamic Sharia, such as gambling or alcohol (Ahmed et al., 2019). Islamic finance also emphasizes risk-sharing and promoting social justice and economic well-being (Franzoni & Alali, 2018).

One of the fundamental principles in Islamic finance is the prohibition of *riba*, which refers to interest. *Riba* is considered exploitative and unfair because it allows lenders to profit without taking on any risk. Instead, Islamic finance promotes risk-sharing, where both parties share in the profits and losses of a transaction. This principle promotes fairness and encourages responsible financial behavior (Ahmed et al., 2019).

Another principle in Islamic finance is the avoidance of *gharar*, which refers to excessive uncertainty or ambiguity in a transaction. *Gharar* is seen as detrimental to the stability and integrity of financial transactions, as it can lead to disputes and unfair outcomes. Islamic finance promotes transparency and clarity in transactions to avoid *gharar* (Jatmiko et al., 2023). Islamic finance also prohibits *haram*, which includes forbidden transactions such as gambling, speculation, and investing in industries that are considered unethical or harmful, such as alcohol or tobacco (Mbengue, 2010).

Concept of Small and Medium Enterprises

Small and medium enterprises have been identified differently by various individuals and organization such that an enterprise that is considered small and medium in one place is seen differently in another. Even within a country, the definition changes over time. Some common indicators employed in the various definitions include total assets, size of labor employed, values of annual turnover and capital investment (Baenol, 1994). The small-scale industries of Federal Ministry of Industries defined small scale as “enterprises having capital (investment in land, building, machinery and equipment and working capital) up to N60,000.00 and employing not more than 50 persons” as far back as 1979. The Central Bank’s monetary and credit guidelines, small-scale enterprises were regarded as establishment whose annual turnover is less than N6million and capital not exceeding N10million.

European Union in 2003 adopted a universally accepted definition of small and medium scale enterprises and micro business as companies with less

than 250 employees, with respect to financial criteria, revenues must not exceed 50 million Euro (measure as turnover) or 43million euro (measure as balance sheet). In addition, the European Commission specifies term of ownership stating SMEs must be independent with less than 25% being owned by outside interest. (European Commission; 2007). In a report of enterprises association, Macqueen (2004) conceive of SMEs as enterprises employing 10-99 full time employees or with a fixed capital investment of US\$1000- 500,000.

Small and medium scale enterprises are certainly not transnational company, multinational cooperation, publicly owned enterprises or large facility of any kind. However, they can depend on business and ownership structure to become a large business unit (Macqueen 2006) while it can be argued that 80% of the financing of SMEs come from owners, friends and families, business form can take different form including private ownership, limited partnership, contract and sub-contracts, cooperatives or associations. (Kozak, 2007) Small and medium scale enterprises have a narrow context within which its operation is carried out. However, where it is effectively operated it has capacity to sprout the economic growth and development.

2.2 Theoretical Literature

Understanding the impact of Islamic banks’ credits on small and medium enterprise from the exploration of several theories that attempt to explain and justify the importance of Islamic banks’ credits as alternative to finance SMEs and as novel concept in the current age. Hence, theories of planned behavior, innovation diffusion, and perceived attributes of innovation were reviewed. The theory of planned behavior (TPB) was developed by Ajzen in 1988. The theory posits that individual behavior is driven by behavior intentions, where behavior intentions are a function of three determinants: an individual’s attitude toward behavior, subjective norms, and perceived behavioral control. Attitude refers to the degree to which a person has positive or negative feelings of the behavior of interest. Behavioral intention represents a person's

motivation in the sense of her or his conscious plan or decision to perform certain behavior (Conner & Armitage, 1998). Innovation has been largely defined as a change in structure, design, or products or process in which there is definable new element introduced into the system Eveland (1979). The perceived attributes of innovation, otherwise known as characteristics of innovations, refers to those attributes which consumers perceived as relative advantage, compatibility, complexity, trialability and observability and hence used them as key indicators of their judgment and evaluation of an innovation (Arts, Frambach, & Bijmolt, 2011). Rogers, (2003) emphasized that perceived attributes of innovation have provided most important explanation of the rate of adoption of an innovation. Most of the variance in the rate of adoptions of innovation, from 49 to 87 percent, is explained by the five attributes as contained in Rogers's model as: relative advantage, compatibility, complexity, observability and trialability (Rogers 2003). This indicates the suitability of this model in the study of adoption of Islamic banking products and services. Supportably, Couros (2003) holds that the Rogers model of innovation diffusion could fit any type of innovations adoption study.

2.3 Empirical Review

Islamic finance has become a part of the international financial services sector. The concept is gaining prominence as an innovative financial tool to provide solutions to recurring economic uncertainty in general and the funding needs of SMEs in particular (Adelekan, 2021; Sonita, Miswardi and Nasfi, 2021; Shah, Sukmana and Fianto, 2021; Bazza & Daneji, 2014; Lawson, 2012). Iqbal (1997) stated that Islamic Finance is based on restricting any fee or receipt of any fixed, guaranteed return payment. Islamic finance promotes collaborative funding, which may help vulnerable people and small enterprises gain access to funding. It can also aid in the implementation of innovative finance, resulting in increased sustainable development. In this context, Islamic finance will improve the welfare of those who, for moral beliefs,

do not currently use traditional finance (Mohammed & Obeleagu-Nzelibe, 2014)

Djemaa (2018) investigated the main challenges hindering small and medium-sized enterprises (SMEs) from choosing Islamic finance options. He aimed to shed a light on the concepts related to Islamic finance. He found that the Islamic finance formulas allow the owners of SMEs to borrow long-term loans. He found that such formulas foster economic growth. He found that the governmental support and amount of knowledge contribute to showing creativity in the finance formula. Ohachosim (2012) carried out a study to ascertain the challenges facing SMEs in Nigeria using simple percentage non-parametric technique. The result shows that despite all the efforts of government and progress attained by SMEs in Nigeria, access to finance remains the worst among all the challenges facing SMEs in Nigeria. Aremu and Adeyemi (2011) carried a study in Nigeria to find out the challenges facing SMEs in Nigeria employing ANOVA statistical technique. Their result shows that access to funds is one of the major challenges facing SMEs in Nigeria. Akingunola (2011) performs a study on the challenges facing SMEs in Nigeria using Rho spearman. The result shows that there is a positive relationship between SMEs financing and economic growth in Nigeria via investment level.

According to Tom, Glory, and Alfred (2016), SMEs play a vital role in the economic development of Nigeria and are identified to be the main engine of economic growth and a key factor in promoting private sector development and partnership. SMEs are generally responsible for the availability of goods and services, credits, motivating entrepreneurial spirit and repairs of second-hand products. In addition, Etuk et al (2014) further confirm that well-managed and healthy SMEs constitute significant sources of employment opportunities and wealth creation in Nigeria. While the citizens benefit in terms of employment and income, the Government also benefits by generating revenue in form of taxes. This can be a strong factor to social stability. It is noteworthy that not all SMEs and microenterprises are in the formal sector; some of them occupy the unofficial labor market, which varies

in size from an estimated 4-6% in developed countries to over 50% in developing nations.

Aliyu (2010) documents that Islamic banking if fully implemented will create of employment, owing to its mode of operation which gives more chances to investors to get direct access to financial opportunity more than conventional banks. The author further explains that the banking is driven by achievable targets like those set by conventional which often than not make female bankers to indulge in unscrupulous activities in the name of meeting the target set for them by the bank. Olajide (2010) opines that Islamic banking finance adopts asset backed finance. This involves the transfer of assets which not based on making money from money alone as is the case with interest-based transactions.

3. Methodology

3.1 Research Design

This study is quantitatively designed based on primary data collected from the operators of small and medium enterprises in Yola metropolis through Linkert five point scales ranging from 1-5 (1= Strongly Disagree, 2= Disagree, 3=Undecided, 4= Agree and 5= Strongly Agree). To achieve the study's objectives, data on socio-economic characteristics on the SMEs such as industry class, source of capital, capital size marital status of the entrepreneurs, number of branches, as well as data on profit, tax, cash flow and turnover were collected.

3.2 Sample size of the Study

A sample size of 119 was drawn from the total population of the study 169 of some selected industries in Yola metropolis using Taro Yamane (Yamane, 1967) formula on 95% confidence level and 5% sampling error. Structural Equation Model (SEM) was adopted to analyze the data collected. Latent constructs for each of the variables are obtained through the confirmatory factor analysis (CFA) on the measurement model before considering the structural model for identifying the impact. The latent unobserved variables are developed from the observed latent indicators extracted from the set of items in the

questionnaire. These set of items are trimmed through the test of uni-dimensionality, validity and reliability on the data and therefore appropriate latent construct representing each of the variables through which the impact of Turnover, Islamic Bank Credit, tax and Expenses on profit are obtained. Specifically, factor loadings and covariance are used for uni-dimensionality.

3.3 Model Specification

$$Y^* = X^* \beta^* + \varepsilon^* \text{-----}(1)$$

The Structural Equation Model (SEM) can therefore be expressed further as:

$$Y = X_1\beta_1 + X_1\beta_2 + X_1\beta_3 + X_1\beta_4 + X_1\beta_5 + X_1\beta_6 + X_1\beta_7 + \varepsilon_1 + \varepsilon_2 + \varepsilon_3 + \varepsilon_4 + \varepsilon_5 \text{-----}(2)$$

$$PFT = IBC + TOV + EXP + TAX \text{-----}(3)$$

Where:

Y^* = Endogenous variables, which is Profit

X^* = Exogenous variable (i.e. $X_1, X_2, X_3, X_4, \dots, X_n$)

β^* = $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$ (Parameter estimates)

ε^* = $\varepsilon_1, \varepsilon_2, \varepsilon_3, \varepsilon_4, \varepsilon_5, \varepsilon_6, \varepsilon_7$ (Error Terms)

PFT = Profit; TOV = Turnover; IBC=Islamic Bank Credit; TAX =Tax; EXP =Expenses

Apriori expectation; theoretically, it is expected that SMEs profitability to be positively affected by turnover and Islamic banks credits. Whereas tax and SMEs expenses to affect profitability of the SMEs negatively.

Validity and Test of model fitness

To determine the SEM validity, certain fitness indexes are considered. The model is considered fit if the value of the Chi-square test statistic is insignificant and at least one of the incremental fit index such as comparative fit index (CFI), the root mean square error of approximation (RMSEA), goodness of fit index (GFI), Tucker-Lewis index (TLI), adjusted goodness of fit index (AGFI) and Normed fit index (NFI) meet the pre-determined criteria as shown in table 1 below.

The information concerning the fitness index category and their level of acceptance are indicated in Table 1

Table 1: Index Table

sS/N	Name of category	Name of index	Index full name	Level of acceptance
1.	Absolute fit	Chisq	Discrepancy chi square	P>0.05
		GFI	Goodness of fit index	GFI>0.90
2.	Incremental fit	AGFI	Adjusted Goodness of fit index	CFI>0.90
		CFI	Comparative fit index	CFI>0.90
		TLI	Tucker –lewis index	TLI>0.90
		NFI	Normed fit index	NFI>0.90
3.	Parsimonious fit	Chisq/DF	Chi square/Degree of	Chisq/DF<5.0

Source: Zainudin (2012) and Abba (2016)

In Structural Equation Model (SEM) series of goodness of fit indexes that reflect the fitness of the model to the data at Hand, hair et al (1995) and Homes-smith (2006) recommend the use of at least one index from each category of model fit. The fit indices are absolute fit, incremental fit and parsimonious fit as presented in Table 1.

4. Results and Discussion

4.1 Measurement of Model

The TOV (Turnover), IBC (Islamic Bank Credit), TAX (tax), and EXP (Expenses) were used as

independent variables in this study, while the Profit stand as the dependent variable. Therefore, four (4) relevant questions for each variable were theoretically raised to stands for a latent construct of the Turnover, Islamic Bank Credit, tax, Expenses, and profit. Therefore, the latent constructs satisfied the series of pre-estimation tests of model fitness, reliability and validity as shown in Table 2. The entire factor loadings are significantly higher than 0.6. This shows that all the factor loadings are within the acceptable range based on the decision rule.

Table 2: Individual Confirmatory Factor Analysis CFA (Model Fit) and Reliability Test

Variables	RMSEA	GFI	AGFI	CFI	TLI	NFI	CHISQ/DF	PV	Cronbach
Turnover	0.084	0.991	0.942	0.966	0.968	0.999	3.352	0.00002	0.728
Islamic Bank Credit	0.046	0.921	0.917	0.932	0.937	0.913	1.656	0.0437	0.791
Tax	0.047	0.999	0.907	0.902	0.994	0.989	4.601	0.065	0.701
Expenses	0.061	0.987	0.905	0.911	0.948	0.919	2.569	0.036	0.773
Profit	0.056	0.933	0.942	0.911	0.913	0.982	1.656	0.0437	0.821

Source: Generated by the author using Amos, version 22

Table 2 presented the results which were obtained through Confirmatory Factor Analysis (CFA) to provide support for the issue of unidimensionality, validity and internal reliability. The result for the CFA shows relatively a reasonable fit of the five factors model based on number of fit statistics. The table

shows that the models are of good fit: the ratio of Chi-square to degree of freedom, RMSEA, GFI, AGF, CFI, TLI and NFI are all within the acceptance range.

The factor loading for all latent constructs were all above 0.6 as shown in Table 2 The Cronbach Alpha

for TOV, IBC, TAX, EXP, and PRF were 0.728, 0.791, 0.701, 0.773, and 0.821 respectively. All the Cronbach Alpha exceeds the minimum value of > 0.7 . Model fitness results were also clearly indicated in Table 2 showing RMSEA=0.084 for TOV, 0.046 for IBC, 0.047 for TAX, 0.061 for EXP, and 0.056 for PRF. GFI= 0.991, 0.921, 0.999, 0.987, and 0.933 for TOV, IBC, TAX, EXP, and PRF respectively. While the AGFI=0.942, 0.917 and 0.907, 0.905, and 0.932 for all the variables. The CFI for TOV= 0.966, for

IBC= 0.932, for TAX= 0.902, 0.911 for EXP, and 0.911 for PRF. The TLI for the all variables were 0.968, 0.937, 0.994, 0.948, 0.913. The NFI also for the all variables were 0.999, 0.913, 0.989, 0.919, and 0.982. Finally, the (CHISQ/DF) results also satisfy the requirement of acceptance level as indicated in Table 2. The results were 3.352, 1.656, 4.601, 2.569, and 1.656 for all variables.

4.2 Descriptive Statistics

Table 3: Standardized Regression Weights: (Group number 1 - Default model)

	Estimate
profit <--- Turnover	.415
profit <--- Islamicbankcredit	.454
profit <--- Tax	.411
profit <--- Expences	.014
TOV1 <--- Turnover	.822
TOV2 <--- Turnover	.627
TOV4 <--- Turnover	.723
TOV3 <--- Turnover	.715
IBC1 <--- Islamicbankcredit	.650
IBC2 <--- Islamicbankcredit	.846
IBC4 <--- Islamicbankcredit	.760
IBC3 <--- Islamicbankcredit	.801
TAX1 <--- Tax	.612
TAX2 <--- Tax	.618
TAX4 <--- Tax	.977
TAX3 <--- Tax	.936
EXP1 <--- Expences	.851
EXP2 <--- Expences	.663
EXP3 <--- Expences	-.647
EXP4 <--- Expences	.780
PRF1 <--- Profit	.984
PRF2 <--- Profit	.850
PRF4 <--- Profit	.957
PRF3 <--- Profit	.595

Source: Generated by the author using Amos, version 22

Table 3 shows the parameters estimate of Islamic Bank Credit in relation to SMEs profitability. The values of the parameter estimate of Islamic Bank Credit to Profitability is 0.454 which implies that as Islamic bank credit increases by 100% SMEs

profitability will increase by 45%. Furthermore, if SMEs' expenses, turnover, and tax increase by 100% SMEs' profitability tend to increase by 1.4%, 42%, and 41% respectively. This implies that Islamic banks credits significantly affects SMEs profitability, as well

as expenses, turnover, and tax as shown by their respective probabilities in Table 3 Factor loading of all the latent constructs for TOV (Turnover), IBC (Islamic Bank Credit), TAX (tax), and EXP (Expenses) were all above the decision rule (≥ 0.6). This confirmed the significant impact of Islamic Banks credits on small and medium enterprises in Yola Metropolis of Adamawa state.

As such, the null hypothesis (H_0) is rejected (i.e Islamic banks credits do not have significant impact on the profitability of SMEs) and the alternative hypothesis (H_1) is accepted (i.e Islamic banks credits have significant impact on the profitability of SMEs).

4.3 Discussion of Major Findings

The study assessed the impact of Islamic banks credits on the performance of small and medium enterprises in Yola metropolis of Adamawa state. Primary data were collected using five-point Linkert scales questionnaires ranging from 1-5 (1= Strongly Disagree, 2= Disagree, 3=Undecided, 4= Agree and 5= Strongly Agree) from 119 respondents. The data were analyzed through Structural Equation Model (SEM). The findings of the study indicate that, as Islamic bank credit increases by 100% SMEs profitability will increase by 45%. Also, if SMEs' expenses, turnover, and tax increase by 100% the SMEs' profit tend to increase by 1.4%, 42%, and 41% respectively. This implies that Islamic banks' credits increases positively affect SMEs' profitability, as expenses, turnover, and tax depict positive relationship.

The Factor loading of all the latent constructs for TOV (Turnover), IBC (Islamic Bank Credit), TAX (tax), and EXP (Expenses) were all above the decision rule (≥ 0.6). This confirmed the significant impact of Islamic Banks credits on small and medium enterprises in Yola Metropolis of Adamawa state. As such, the null hypothesis (H_0) is rejected (i.e Islamic banks credit does not have significant impact on the profitability of SMEs) and the alternative hypothesis (H_1) is accepted (i.e Islamic banks credit has significant impact on the profitability of SMEs).

5. Conclusion and Recommendations

The study contends that Islamic banks credits impact the profitability of Small and Medium Enterprises in Yola metropolis through asset-based financing system of Islamic banks credits. The profit and loss sharing model of the Islamic bank's credits improve capital efficiency, profitability, and sustainability of SMEs in Yola metropolis. The study further revealed positive relationship between the SMEs' profitability and turnover. This shows that Islamic banks credits are effectively used in optimizing operational efficiency, improving product lines, upscaling production, and expanding access to market.

However, the study showed that SMEs in Yola metropolis is largely informal and they are not paying taxes as there is positive relation between tax and the SMEs' profit. It means the fraction of their profit that is meant for tax is reinvested in the business. Also, Islamic banks credits advanced to SMEs in Yola metropolis leads to the expansion of their market base and turnover. It leads to increase their expenses because of the expansion but their profit increases more than the increase in the expenses. The following recommendations were made as;

- i. SMEs operators in Yola metropolis should adopt the asset-based financing or credits of the Islamic banks as option to support or expand their businesses. This will not only improve their business performance but will save them any difficulties that are associated with any interest-based financing.
- ii. The Islamic banks need to expand their scope of financing beyond the Agricultural, Trading and Services sectors of the economy to other sectors such as block industries, hospitality, schools etc. in Yola metropolis.
- iii. Government needs to partner with the Islamic credits in supporting the small and medium enterprises by providing credit guarantee cover to SMEs duly registered and capable of repaying the credits advanced to them.
- iv. Adamawa state government need to work with various government agencies such as Small

and Medium Enterprises Development Agency of Nigeria, Corporate Affairs Commission etc. in registering and

empowering the SMEs toward formalizing their activities and operations for sustainable socioeconomic development.

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