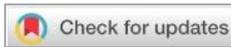


# Islamic Finance and Sustainable Development in Nigeria: Assessing the Role of Non-Interest Banking in Poverty Reduction and SME Growth

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## Article Information:

Received November 05, 2025

Revised November 27, 2025

Accepted November 29, 2025

## Keywords:

Financial Inclusion; Islamic Finance; Non-Interest Banking; Poverty Reduction; SME Growth

## Abstract

**Background of study:** This paper examines the intersection of Islamic finance and sustainable development within the Nigerian context. As Nigeria grapples with significant developmental challenges, this study explores how financial models rooted in Islamic principles align with the United Nations' Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), and SDG 9 (Industry, Innovation, and Infrastructure).

**Aims and scope of paper:** The study specifically assesses the role of non-interest banking in fostering poverty reduction and the growth of Small and Medium-sized Enterprises (SMEs). This work investigates the mechanisms through which Islamic financial instruments like *Murabaha*, *Mudarabah*, *Musharakah*, and *Sukuk* are deployed to support pro-poor initiatives and empower entrepreneurs.

**Methods:** Through a systematic review of existing literature, regulatory frameworks, and operational data from Nigerian non-interest banks such as Jaiz Bank, Taj Bank, and Lotus Bank, this study explores the topic.

**Result:** The analysis reveals a strong theoretical and practical congruence between the objectives of Islamic finance, which emphasize ethical investment, risk-sharing, and asset-backed transactions, and the core tenets of sustainable development. The findings indicate that while non-interest banking holds considerable potential to drive inclusive growth by expanding financial access to underserved populations and providing patient capital for SMEs, its impact is constrained by challenges including low public awareness, regulatory complexities, and human capital deficits.

**Conclusion:** The paper concludes by offering policy recommendations aimed at strengthening the non-interest banking sector to more effectively contribute to Nigeria's sustainable development agenda.

## A. Introduction

The global commitment to the 2030 Agenda for Sustainable Development has intensified the search for innovative and effective financing models capable of addressing complex, intertwined challenges such as

poverty, inequality, and economic stagnation (Yusuf et al., 2025). For a developing nation like Nigeria, which faces a significant poverty burden and a struggling SME sector, the conventional financial system has often fallen short of fostering inclusive and equitable growth (Patrick et al., 2023; Purnamasari & Darmawan, 2017). The pursuit of the Sustainable Development Goals (SDGs), particularly SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), and SDG 9 (Industry, Innovation, and Infrastructure), necessitates a paradigm shift towards financial systems that are not only profitable but also socially responsible and ethically grounded. It is within this context that Islamic finance, operationalized through non-interest banking, emerges as a compelling alternative with the potential to catalyze sustainable development (Ismail & Jamiu, 2021).

Islamic finance is a system of financial management guided by the principles of Shari'ah (Islamic law), which prohibits the charging or payment of interest (riba) and promotes ethical, socially responsible investments (Yusuf et al., 2024). Its foundational principles emphasize risk-sharing, asset-backing, and the prohibition of investment in sectors considered harmful (haram), such as gambling, alcohol, and speculative transactions (gharar) (Fahamsyah et al., 2023). This ethical underpinning creates a natural alignment with the principles of sustainable development, which also prioritize social equity, environmental protection, and economic viability. Unlike conventional banking, which is primarily debt-based, Islamic finance is built on participatory and trade-based contracts that link finance directly to real economic activities, fostering stability and tangible value creation (Brescia et al., 2021).

Despite this profound conceptual harmony, research related to the operational effectiveness of Islamic finance in Nigeria is still critically limited, particularly when contextualized against the rigorous metrics of the Sustainable Development Goals (SDGs). This deficiency represents a significant research gap. Integrative studies focused on quantifying the combined impact of non-interest relying on crucial national priorities - SME growth and poverty alleviation remain exceedingly rare. Addressing this methodological and empirical void, this study introduces a crucial element of novelty: the systematic integration of the SDGs, Islamic finance principles, and specific, measurable evaluation instruments. Specifically, we examine the deployment and effectiveness of Murabaha, Musharakah, Mudarabah, and Sukuk, providing a robust framework for assessing non-interest banking's genuine contribution to sustainable economic outcomes. This integrated approach elevates the study's contribution, providing internationally relevant evidence of Islamic finance's utility as a comprehensive tool for development financing.

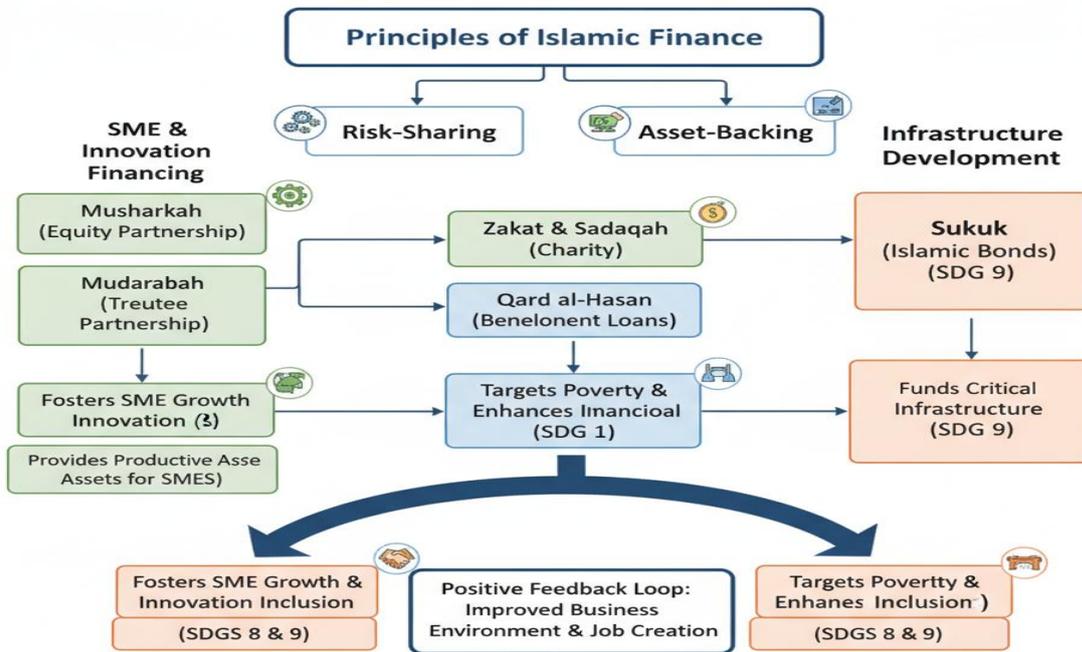
In Nigeria, Africa's most populous nation and largest economy, the potential of this alternative financial system is gradually being recognized. The formal introduction of non-interest banking in 2011, following the issuance of regulatory guidelines by the Central Bank of Nigeria (CBN), marked a significant milestone in diversifying the country's financial landscape. Since then, the sector has witnessed modest but steady growth with the establishment of dedicated non-interest banks like Jaiz Bank Plc, Taj Bank, and Lotus Bank, alongside Islamic windows offered by conventional banks (Yusuf et al., 2024). These institutions are positioned to serve not only Nigeria's large Muslim population but also any individual or corporation seeking ethical financial services. Their operational mandate directly intersects with national development priorities, as they are tasked with enhancing financial inclusion for millions of unbanked and underbanked citizens and providing much-needed capital to the SME sector, which is widely regarded as the engine of economic growth and job creation (Yusuf et al., 2025).

SMEs in Nigeria are a critical component of the economy, contributing significantly to GDP and employment. However, they are perennially constrained by a lack of access to affordable finance. Conventional banks often perceive SMEs as high-risk borrowers, leading to prohibitive interest rates, stringent collateral requirements, and a general reluctance to lend (Erdem & Tatli, 2024). Islamic finance offers a different approach. Its risk-sharing models, such as *Musharakah* (joint venture partnership) and *Mudarabah* (profit-sharing partnership), allow banks to become partners with entrepreneurs, sharing in both profits and losses. This partnership-based approach aligns the interests of the financier and the entrepreneur, encouraging investment in productive ventures and fostering a more supportive ecosystem for SME growth (Elasrag, 2016).

Similarly, for poverty reduction, Islamic finance provides a suite of tools beyond commercial banking. Instruments like *Qard al-Hasan* (benevolent loans), Zakat (obligatory charity), and Waqf (endowments)

are designed to provide social safety nets and empower the economically vulnerable, directly addressing the multifaceted nature of poverty (Muneer & Khan, 2019).

### Conceptual Framework



**Figure 1.** Conceptual Framework Linking Non-Interest Banking to Sustainable Development Outcomes in Nigeria

The framework illustrates the pathways through which non-interest banking contributes to development. At the core are the principles of risk-sharing and asset-backing. These principles guide the application of specific instruments. Partnership-based modes like *Musharakah* and *Mudarabah* directly foster SME growth and innovation (SDGs 8 & 9). Trade-based financing like *Murabaha* provides SMEs with productive assets. At the same time, social instruments like *Zakat* and *Qard al-Hasan* directly target poverty and enhance financial inclusion (SDG 1). At the macro level, *Sukuk* provides funding for critical infrastructure (SDG 9), which creates a positive feedback loop by improving the business environment for SMEs and creating jobs, thus further reducing poverty.

### B. Research Methods

This study employed a qualitative research methodology, specifically a systematic literature review (SLR), to conduct a comprehensive and in-depth analysis of the topic. This approach was chosen for its suitability in synthesizing existing knowledge from a wide array of sources to build a coherent and robust understanding of the complex relationship between Islamic finance, sustainable development, poverty, and SME growth in Nigeria. The SLR method eschews primary data collection in favor of a thorough examination of secondary data, allowing for a broad and deep exploration of theoretical frameworks, empirical findings, policy documents, and industry reports.

The systematic review process adhered closely to the guidelines of the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) statement, ensuring transparency, rigor, and replicability. The process was structured into four systematic phases: Identification, Screening, Eligibility, and Inclusion.

## 1. Identification

The research began with the Identification phase, where a comprehensive search strategy was developed and executed to gather relevant academic and non-academic literature. The search was conducted using major online academic databases, including Google Scholar, JSTOR, Scopus, and Web of Science. Search terms were systematically combined to capture the core themes of the study, including: "Islamic finance Nigeria," "non-interest banking Nigeria," "sustainable development goals Nigeria," "SME financing Nigeria," "poverty reduction Islamic finance," "Jaiz Bank," "Taj Bank," and "Lotus Bank." The search was limited to documents published in English and available online to ensure accessibility and replicability.

## 2. Screening and Eligibility

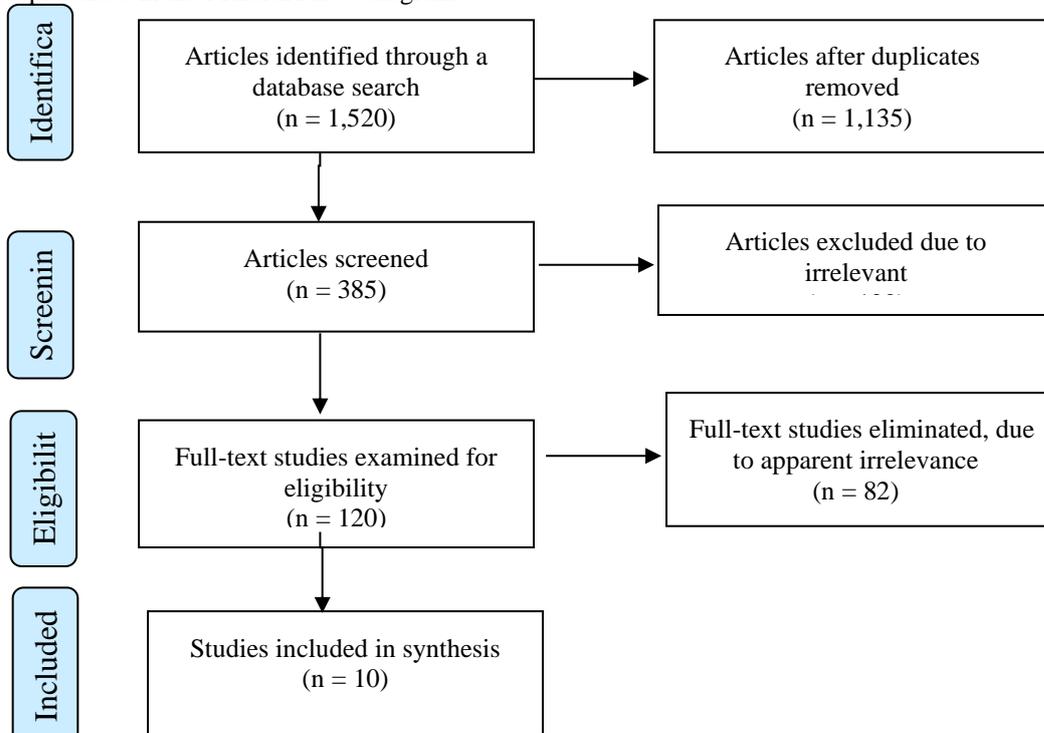
The second and third stages—Screening and Eligibility—were applied to the initial pool of identified literature.

- a. **Screening:** This involved reviewing the titles, abstracts, and keywords of all identified records. Sources were excluded at this stage if they were clearly irrelevant, such as being focused purely on conventional finance without comparison, or focused on geographies outside of Sub-Saharan Africa.
- b. **Eligibility:** Documents that passed the initial screening proceeded to full-text review. The inclusion criteria required that sources directly address at least two of the core concepts: Islamic finance, sustainable development, poverty reduction, or SME growth, specifically within the Nigerian context. Sources were excluded if they were purely theoretical without direct application to Nigeria, or were outdated and superseded by more recent analyses.

The selected sources included peer-reviewed journal articles, books and book chapters, conference proceedings, working papers from institutions like the World Bank and the Islamic Development Bank, official publications from the Central Bank of Nigeria (CBN), and annual reports and official websites of Nigerian non-interest banks.

## 3. Inclusion and Summary of Search Results

The final set of articles, after satisfying all eligibility criteria, formed the basis for the subsequent thematic analysis. The flow of literature through the review process is summarized in Table 1 and visually represented in the PRISMA flow diagram.



**Figure 1.** PRISMA 2020 Flow Diagram illustrating the study selection process.

#### 4. Data Extraction and Thematic Analysis

Finally, a thematic analysis approach was used to synthesize the data extracted from the selected literature. This involved identifying, analyzing, and reporting patterns (themes) within the data. Key themes were developed deductively based on the research questions and inductively as they emerged from the literature. These themes included: (1) the theoretical alignment between Islamic finance principles and the SDGs; (2) the application of specific Islamic financial instruments (Murabaha, Musharakah, Mudarabah, Sukuk) for poverty reduction and SME financing in Nigeria; (3) the operational performance and impact of non-interest banks in Nigeria; (4) the challenges and constraints hindering the growth and impact of the sector; and (5) policy and regulatory frameworks governing non-interest banking in the country.

The synthesized findings were structured and presented according to the predefined headings of this paper. The "Results and Discussion" section provides a narrative synthesis of the thematic analysis, supported by direct citations to the reviewed literature. By relying on this systematic and PRISMA-compliant review methodology, the study ensures that its conclusions are grounded in a broad, representative, and rigorously selected sample of the existing scholarly and professional discourse on the topic.

#### C. Results and Discussion

The synthesis of available literature reveals a compelling, albeit complex, narrative about the role of non-interest banking in Nigeria's sustainable development. The findings are organized around the central themes of the paper: the conceptual alignment with SDGs, the practical application of financial instruments for poverty and SMEs, the operational realities within Nigeria, and the persistent challenges.

**Conceptual Synergy - Islamic Finance and the SDGs:** There is a robust consensus in the literature that the foundational principles of Islamic finance are inherently aligned with the objectives of sustainable development ([Herindar & Shikur, 2023](#)). The core tenets of the SDGs economic growth, social inclusion, and environmental protection resonate deeply with the *Maqasid al-Shari'ah* (the higher objectives of Islamic law), which prioritize the preservation of faith, life, intellect, progeny, and wealth for the well-being of society. ([Yusuf et al., 2024](#)) argued that this ethical and moral framework distinguishes Islamic finance from its conventional counterpart, embedding principles of justice (*'adl*), benevolence (*ihsan*), and public interest (*maslaha*) into all financial dealings.

This alignment is not merely philosophical. The prohibition of *riba* (interest) seeks to prevent the accumulation of wealth without productive effort and discourages the creation of debt-based economies prone to instability. Instead, Islamic finance promotes risk-sharing and asset-backed financing, which directly link financial flows to the real economy. This focus on tangible assets and productive enterprise is fundamental to achieving SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure). Furthermore, the prohibition of financing *haram* (forbidden) activities acts as a negative screening mechanism that mirrors the principles of modern Environmental, Social, and Governance (ESG) investing ([Fitrah & Soemitra, 2022](#)).

**Application of Islamic Financial Instruments in Nigeria:** The theoretical potential of Islamic finance is actualized through specific instruments that Nigerian non-interest banks are deploying to target poverty and SME growth. A comprehensive summary of the key instruments and their developmental impact is provided below (Table 1).

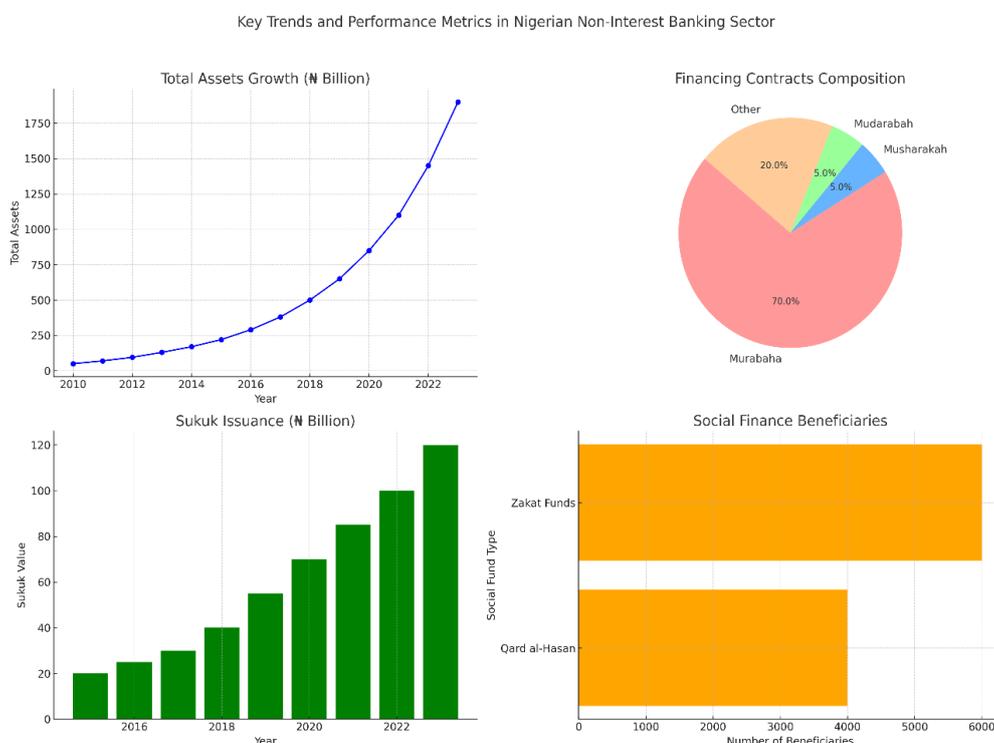
**Table 1.** Key Islamic Financial Instruments and their Alignment with SDGs and National Priorities

Instrument	Contract Type	Function/Mechanism	Target National Priority	Key SDGs Addressed
Murabaha	Trade-based (Cost-Plus)	Bank purchases asset and sells to client at a marked-up price for installment payment.	SME Working Capital & Asset Acquisition	SDG 8, SDG 9
Musharakah	Profit-Loss Sharing (Equity Partnership)	Joint venture where both parties contribute capital and share profit/loss based on pre-agreed ratios.	SME Growth, Entrepreneurship, Innovation	SDG 8, SDG 9
Mudarabah	Profit-Loss Sharing (Trustee Partnership)	Bank provides capital; entrepreneur provides labor/expertise. Profits shared; bank bears financial loss.	Empowerment of skilled, capital-poor individuals	SDG 1, SDG 8
Qard al-Hasan	Benevolent Loan (Non-Commercial)	Zero-interest loans provided for consumption smoothing or micro-enterprise startups.	Poverty Reduction, Financial Safety Net	SDG 1, SDG 10
Sukuk	Asset-backed Securities (Bonds)	Represents an ownership stake in an underlying asset, generating investor profits from asset revenues.	Infrastructure Development (Macro-level)	SDG 9, SDG 8

Source: Author’s Computation, 2025

### Key Trends and Performance Metrics

The literature review revealed several consistent numerical patterns and trends critical to understanding the sector’s impact:



**Figure 2.** Key Trends and Performance Metrics

- a. **Asset Growth Trend:** The non-interest banking sector in Nigeria has demonstrated a steep upward trajectory in total assets since its formal introduction. Data synthesized from CBN reports and institutional annual reports indicate compound annual growth rates often exceeding 30% in recent years, reflecting rapid public adoption and increasing investor confidence. This growth is a macro indicator of the sector's expanding role in financial inclusion.
- b. **Dominance of Murabaha:** A significant and consistent finding across multiple studies is the operational dominance of *Murabaha* (Cost-Plus Financing), which typically constitutes over 70% of the total financing assets of Nigerian non-interest banks. Conversely, profit-and-loss sharing contracts (*Musharakah* and *Mudarabah*), which are theoretically better aligned with risk-sharing and entrepreneurial support (SDG 8), rarely exceed a single-digit percentage of the portfolio. This pattern highlights the banks' risk-averse behavior in the face of regulatory and information challenges.
- c. **Sukuk Issuance and Infrastructure:** At the sovereign level, the issuance of government *Sukuk* has been a clear success story. Official records from the Debt Management Office (DMO) consistently show that these ethical bonds, used primarily for financing federal road infrastructure (SDG 9), were oversubscribed, indicating robust demand for asset-backed, ethical securities. The total value of *Sukuk* issued and utilized for public goods has steadily increased, proving its viability as a macroeconomic development tool.
- d. **Contribution to MSME/Poverty Reduction:** While quantifiable data on direct MSME job creation remains scarce, the literature confirms the existence of dedicated social windows for *Qard al-Hasan* (benevolent loans) and organized *Zakat* collection. These social funds are reported to have supported thousands of micro-entrepreneurs, particularly women, in small-scale business startups, providing a vital non-debt financial safety net that directly addresses SDG 1 (No Poverty).

### 1. SME Financing: The Shift from Debt to Partnership

The primary challenge for Nigerian SMEs is accessing capital without being burdened by high interest rates and rigid collateral demands ([Awoyemi & Makanju, 2020](#)). Non-interest banks address this through partnership and trade-based financing models.

- a. **Dominance of Murabaha:** The literature confirms that *Murabaha* (Cost-Plus Financing) is the most widely utilized instrument by Nigerian non-interest banks for SME financing, dominating the asset portfolio due to its lower risk profile and ease of execution. Taj Bank and Lotus Bank heavily feature *Murabaha*-based financing for asset acquisition and working capital, enhancing the productive capacity of SMEs.
- b. **Partnership Models (Musharakah and Mudarabah):** While partnership models like *Musharakah* (Equity Partnership) and *Mudarabah* (Trustee Partnership) offer the ideal risk-sharing mechanism suited for innovative enterprises (SDG 9), their deployment remains cautious. ([Yusuf et al., 2025](#)) notes that *Mudarabah* potential is immense for housing and SME financing but its application has been constrained by challenges related to high information asymmetry and the risk of moral hazard on the part of the entrepreneur.

### 2. Poverty Reduction and Financial Inclusion

Beyond commercial financing, non-interest banking incorporates social finance instruments that directly target SDG 1 (No Poverty). *Qard al-Hasan* (Benevolent Loans), which are zero-interest loans, are actively disbursed by foundations linked to non-interest banks ([Jaiz Bank Plc, 2021](#)). Furthermore, the institutionalization of *Zakat* and *Sadaqah* through non-interest banks could unlock a significant pool of funds for systematic poverty alleviation programs, creating a systematic social safety net that complements government efforts ([Olatinwo et al., 2024](#)).

### 3. Macro-Level Impact and Asset Growth

At a macro level, the non-interest banking sector shows distinct growth patterns.

- a. **Sukuk Issuance Value:** The Nigerian government has successfully issued several sovereign Sukuk (Islamic Bonds) to finance the construction and rehabilitation of key roads across the country. These issuances were critically important for channeling private sector funds into public infrastructure (SDG 9). Reports indicate that these sovereign issuances were consistently oversubscribed,

demonstrating strong investor confidence and appetite for ethical, asset-backed securities ([Alam et al., 2023](#)).

- b. Sectoral Asset Growth: The non-interest banking sector, though small relative to its conventional counterparts, has shown a steep upward trajectory in total assets since its formal introduction in 2011. This growth reflects increasing financial inclusion and investor acceptance.

The systematic review confirms a powerful theoretical convergence between Islamic finance principles (*Maqasid al-Shari'ah*) and the Sustainable Development Goals (SDGs), but the practical application within the Nigerian economic context reveals a complex and often contradictory reality. The transition from theoretical alignment to tangible developmental impact hinges on overcoming deep-seated operational and regulatory challenges.

## 1. Interpreting the Conceptual and Practical Alignment

The conceptual synergy is clear: Islamic finance, with its emphasis on risk-sharing, asset-backing, and social responsibility, provides a ready-made ethical and economic framework aligned with key developmental goals, notably SDG 1 (No Poverty), SDG 8 (Decent Work), and SDG 9 (Infrastructure). In the Nigerian environment, where conventional credit is often prohibitively expensive and collateral-based, the non-interest banking system offers a crucial lifeline. This is particularly true for the unbanked and underbanked population and the crucial SME sector, which traditional banks often neglect. The observed rapid growth in sectoral assets signals a strong market demand for ethical and participatory financial alternatives. Fundamentally, this shift from an interest-based debt model to a value-based partnership model is theoretically poised to foster more resilient and equitable economic growth, directly supporting the 2030 Agenda.

## 2. Critical Analysis of Islamic Financial Instruments

The ability of non-interest banking to fulfill its sustainable development mandate critically depends on the types of instruments deployed, highlighting a significant operational trade-off within the sector.

**Partnership-Based Instruments (Musharakah and Mudarabah):** These instruments are arguably the most effective for achieving the true spirit of the SDGs and for fostering genuine, long-term SME growth. By requiring banks to share risk, they encourage patient, long-term investment in productive capacity (SDG 8 and SDG 9). Specifically, *Mudarabah* is uniquely positioned to empower skilled entrepreneurs lacking collateral, thereby directly attacking a major obstacle to financial inclusion. However, the literature indicates that their implementation remains cautious. This reluctance stems from high information asymmetry, which complicates a bank's ability to monitor the entrepreneur's efforts and true financial standing, leading to the risk of moral hazard. Furthermore, the absence of robust legal infrastructure tailored to manage profit-and-loss sharing disputes significantly deters their wider adoption.

**Trade-Based and Debt-Like Instruments (Murabaha):** In contrast, *Murabaha* is highly standardized, low-risk, and requires less complex monitoring, contributing to its status as the dominant instrument in Nigerian non-interest banking portfolios. While it efficiently facilitates SME access to working capital and physical assets (machinery), enhancing immediate productivity, its limitations are pronounced. Though *Shari'ah*-compliant, its fixed, cost-plus nature functionally resembles conventional debt. This characteristic often restricts its ability to provide the truly *patient* capital necessary for innovative or high-risk, high-impact projects. The pervasive dominance of *Murabaha* suggests that non-interest banks, like their conventional counterparts, are exhibiting risk aversion, prioritizing transactional stability over maximal developmental and social impact.

**Social Instruments (Qard al-Hasan):** The inclusion of *Qard al-Hasan* provides an essential, direct link to SDG 1 (No Poverty). By offering zero-interest loans and leveraging social funds like *Zakat*, non-interest banks establish a systematic social safety net. This function is vital in a nation facing significant poverty burdens, acting as a direct, non-commercial redistributive mechanism. However, these loans are typically small, dependent on charitable funding, and remain peripheral to the banks' core commercial strategies, ultimately limiting their scale and overall macroeconomic impact.

### 3. Critical Implementation Challenges

The realization of the full potential of Islamic finance in Nigeria is constrained by several deep-rooted implementation challenges:

- a. **Financial Literacy and Awareness:** Market penetration and financial inclusion efforts are hampered by low public awareness of non-interest banking products, particularly outside core markets. More concerning is that entrepreneurs often struggle to grasp the complex operational dynamics of risk-sharing contracts like *Musharakah*, preferring the simplicity of fixed-cost models.
- b. **Regulatory Limitations:** Despite the creation of guiding rules by the Central Bank of Nigeria (CBN), the sector lacks a fully evolved, dedicated legal and tax framework optimized for participatory contracts. Consequently, participatory instruments are often treated like conventional debt for regulatory and tax purposes, neutralizing their inherent economic and ethical advantage.
- c. **Capacity Building:** A critical shortage exists in human resources—bankers, lawyers, and auditors—who possess the specialized knowledge required for the complex valuation, risk management, and legal documentation necessary for successful equity-based financial instruments.

### 4. Policy Implications

Based on the critical analysis of the current state of Islamic finance in Nigeria, this study proposes several concrete policy recommendations to maximize its contribution to the 2030 SDGs:

- a. **Regulatory Innovation for Participation:** The Central Bank of Nigeria and tax authorities must urgently review and reform the regulatory and tax framework to explicitly support partnership-based instruments (*Musharakah* and *Mudarabah*). This includes creating a regulatory environment that recognizes shared profit/loss models distinctly from conventional debt, potentially offering tax incentives for instruments tied to long-term SME job creation (SDG 8).
- b. **Human Resource Capacity Building:** Policy should prioritize establishing specialized educational programs and certifications focused on Islamic finance risk management, valuation, and legal documentation. This will equip non-interest banks with the confidence to transition from the safe *Murabaha* model towards the more developmental and impactful *Musharakah* and *Mudarabah* models.
- c. **Expanding Social Finance and Financial Inclusion:** Non-interest banks should be incentivized to increase the scale and scope of social instruments like *Qard al-Hasan* by leveraging government matching funds or creating dedicated, professionally managed microfinance windows. Concurrent national campaigns are needed to enhance financial literacy, specifically explaining the benefits and workings of non-interest banking to the broader public.
- d. **Strengthening Sukuk Issuance:** Continued and diversified issuance of sovereign and sub-sovereign *Sukuk* is crucial for financing large infrastructure projects (SDG 9). Policy should explore mechanisms to integrate smaller, retail *Sukuk* for financing local development projects, thus expanding financial inclusion to smaller investors.

### D. Conclusion

This research systematically examined the role of non-interest banking in promoting poverty reduction and SME growth in Nigeria, specifically within the context of the Sustainable Development Goals (SDGs). The findings confirm that Islamic finance's foundational principles of risk-sharing, asset-backing, and social justice are strongly and inherently aligned with Nigeria's developmental objectives, particularly SDG 1 (No Poverty), SDG 8 (Decent Work), and SDG 9 (Infrastructure).

The study successfully answers its primary research question by establishing that instruments like *Musharakah*, *Mudarabah*, and *Qard al-Hasan* are actively being deployed to support SMEs and alleviate poverty, demonstrating high theoretical potential. However, the study concludes that while the potential is high, the practical impact is currently constrained by low public awareness, persistent regulatory hurdles, and an operational preference for the less-risky, trade-based *Murabaha* model. This finding aligns with previous literature on emerging Islamic finance markets, which similarly reports a tendency towards low-

risk, debt-like contracts in the face of high transaction costs and information asymmetry, effectively delaying the full utilization of participatory, growth-enhancing instruments.

### E. Acknowledgment

The author would like to acknowledge the pioneering work of scholars in the field of Islamic finance in Nigeria, whose research provided the foundation for this paper. Gratitude is also extended to the institutions that make their data and reports publicly available, thereby facilitating academic inquiry into this important area of study.

### F. Author Contribution Statement

JAY was responsible for the conceptualization, methodology, analysis, and writing of the manuscript.

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