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Assessment Of Financial Inclusion Dimensions And The Future Of Islamic Banking In Nigeria

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Abstract:** In a bid to foster an egalitarian and equitable financial intermediation was the emergence of Islamic Banking in Nigeria. Certain dimensions from the demand-side financial inclusion pose a serious threat to the actual usage and preference of financial service among Muslims and non-Muslims, these factors are disguised in a cycle of illiteracy, religious Obligations and poverty. This study therefore assessed financial inclusion dimensions and its effect on the future of Islamic banking in Nigeria. The study adopted Survey research design, data was collected by administering structural and illustrated questionnaires to customers of four (4) selected jaiz bank branches in Jos, Bauchi, Gombe and Kaduna metropolis. Data were analysed using descriptive statistics such as mean, percentage and frequency, while the inferential statistics include analysis of variance (ANOVA) was carried out at 5% level of significance using statistical package for social sciences (SPSS). The study revealed that illiteracy, income level and religious dimensions positively Influences the future of Islamic banking in Nigeria especially in Muslims dominated states. The study recommended that Islamic banks should re-tailor their products and services so as to accommodate not only low-income Muslims and non Muslims, but also to meet the future needs of banking populace; Policymakers and financial Service providers must continue to sensitize its customers on the nature of its services. There is also need for institutional re-arrangement and deployment of more bank Branch, this Adjustment will afford the banks better opportunity to remain competitive, relevant and financially successfully.

***Keywords:** Financial Inclusion, Dimensions, Islamic Banking.*

I. INTRODUCTION

Islamic banking in Nigeria is witnessing a significant downturn in consumer patronage due to certain dimensions surmised to be critical to financial inclusion. No doubt the quest for adequate financial inclusion has become the dominant theme in global economic issues. The reason is not far-fetched because most of the adverse wrought of inadequate financial inclusion are direct fallout to poverty, unemployment and low level of growth and development. Beyond the non-robustness and inefficiencies of Islamic banks which pose a threat to future patronage of Islamic banking, a more fundamental issue of sub-optimal macroeconomic environment from the demand side dimension of financial inclusion is in the form of income capacity, majority of Nigerians are living in abject poverty with an estimated daily income of less than USD 2 per day (World Bank 2015). They are normally not in a position to repay credits and their exposure to both personal and community level economic shock is extremely high. Income has influenced the usage and preference of Islamic bank services and has negatively impacted the economic condition of the people as well as economic health of the country. They role income plays as a dimension of financial inclusion can never be overemphasized as income determines how much the individuals and household can save and what risks they can bear. With low income, individuals would not demand much of Islamic bank services in the future, as they will lack the reasons to do so.

Furthermore, despite readiness and enthusiasm of the excluded to be included, the poor rural dwellers are not carried

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along as illiteracy pose a serious obstacle. In fact, sub-optimal outcome from attempts to increase customer awareness is reflected in the lack of appreciable progress in financial literacy. Muslims and non Muslims in Nigeria lack understanding about Islamic bank principles and products, this can be ascribed to low level of education or no education at all. Thus, given the complexity of Islamic bank products and services, education becomes a critical factor influencing household future decision to use and not to use financial services. Lack of proper information also limits their knowledge of what products best suit their needs and thus affects their demand for financial products. This has remained a major impediment to the progress and sustainability of Islamic banking.

Also, despite the presentation of microfinance bank in rural and urban settings to address the issue of inadequate financial inclusion, the system ended up being relentless with the problem of low patronage or participation particularly in the northern part of the country. The rejection may be owing to conventional interest based financial institution; its non-compliance with Islamic principles, especially the paying and receipt of Riba, which is strongly prohibited under Islamic sharia'h law (Aliyu, 2012). Similarly, (Sun et al., 2012) concur showing that customers with little religious commitment are less consistent in their religious behaviour and easily influenced by externalities. Muslims cannot patronize conventional bank services especially credits due to interest-led transactions, which is prohibited according to Islamic law, Beck, Demirguc-Kunt & Merrouche, (2013).

However, one could argue that all the above problems are beyond the control of the individual institution and the end result of poor financial inclusion is not confined to the excluded alone, but has far more detrimental on the future success of Islamic banks. Several researchers (Demirguc-Kunt et al, 2013; Abdu et al, 2018; Kassim, 2016) unravel financial inclusion and Islamic banking, none of this studies uncovered financial inclusion dimensions as it influenced the future of Islamic banking. Therefore, it will be logical to treat dimension to financial inclusion as a public policy issue. It is against this background that this paper adopts income level, illiteracy and religious obligations as dimensions to financial inclusion and savings, account ownership and borrowing as parameters of Islamic banking. This study will be a practical guideline for policy makers in making decisions as regard to funding and steering the business development drive of the future of Islamic banking. It is the hope of the author that this study will fill the inherent gap noticed in the literature. A more complete understanding of these concepts can help Islamic finance industry leaders better expand their outreach to not only Muslim but also non-Muslim, and aid policymakers in more clearly defining their role in deepening financial inclusion.

The general objective of this study is to assess empirically, dimensions to financial inclusion and the future of Islamic banking in Nigeria with a particular attention to Jaiz bank customers in Jos, Bauchi, Kaduna and Gombe metropolis. The research work will cover the period between 2016 -2020. The choice of this period is based on the fact that most of the reforms initiated by the Federal Government of Nigeria through the instrumentality of the apex bank (The Central Bank of Nigeria) in the Nigeria Islamic banking system took place during this era and also Islamic bank witness tremendous growth within this period, especially with the introduction of the Islamic microfinance bank to spur inclusion. Specific objectives are, thus;

- ✓ To investigate the effect of income dimension on the future of Islamic banking in Nigeria.
- ✓ To investigate the effect of illiteracy dimension on the future of Islamic banking in Nigeria.
- ✓ To investigate the effect of religious dimension on the future of Islamic banking in Nigeria.

The following sub questions are intended to sharpen the focus of the problem and are deduced from the above objectives:

- ✓ What effect does income dimension have on the future of Islamic banking in Nigeria?
- ✓ What effect does illiteracy dimension have on the future of Islamic banking in Nigeria?
- ✓ What effect does religious dimension have on the future of Islamic banking in Nigeria?

RESEARCH HYPOTHESIS

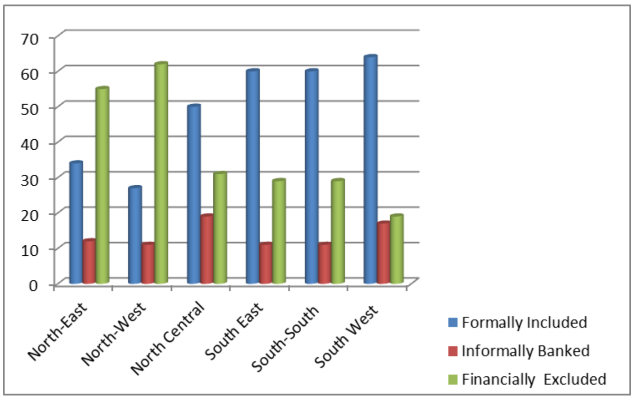
This study tested the following research hypothesis stated in null form:

H_{O1}: There is no significant effect of financial inclusion dimensions on the future of Islamic banking in Nigeria.

II. LITERATURE REVIEW

CONCEPTUAL FRAMEWORK

Financial inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low-income groups at an affordable cost" (Ibeachu, 2010). More recently, financial inclusion has been defined by the (World Bank 2015), as the absence of price and non-price barriers in the use of financial services, Income, religion and illiteracy dimensions are often the primary cause of financial exclusion on both supply and demand sides. Nigeria is the most populated country in Africa which consists of about 180 million citizens living in the country with an adult population (18 years and above) of about 99.6 million, of this adult population: 63.1million (63.3%) are based in rural areas, 49.9million (50.1%) are women, 56.7million (56.9%) are 35 years and younger, 20.2million (20.4%) have no formal education, 5.2 average household size, 1.6million average income earners per household (EFInA survey (2018). Nigeria is divided geographically into the six geo-political zones and current status of their respective regions based on the financial status.



EFInA survey (2018)

Figure 1: State of financial inclusion in Nigeria

Figure 1 indicates that North-East formally included 34 percent, informally banked 12 percent and financially excluded 55 percent. In the North-West, 27 percent are financial included, 11 percent informally, and 62 percent are financially excluded. However, North Central the current percentage of formally included 50 percent whiles informally 19 percent and its hold the financially excluded 31 percent. For the South East, 60 percent are financially included, 11 percent are informally, and 29 percent is financially excluded Meanwhile in the South-South having 60 percent inclusion 11 percent informal inclusion and exclusion 29 percent financially excluded. Lastly South West 64 percent formally included, 17 percent are informally, and 19 percent are financially excluded from the financial mainstream (EFInA survey (2018).

AN OVERVIEW OF ISLAMIC BANKING IN NIGERIA

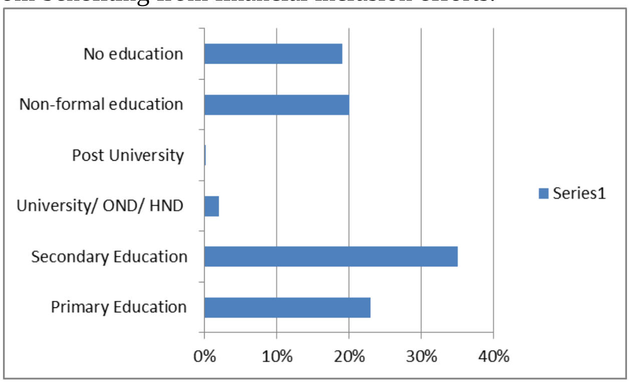
According to Kettell (2010), Islamic banking refers to as Shariah-compliant banking that provides and uses financial products and services that obey the Islamic religious practices and laws. The doctrines which have to emphasize moral and ethical values in all dealings have wide universal appeal. Shariah outlaws the giving or receiving interest charges (Riba) for the loaning and acceptance of money, as well as engaging in trading activities that provide goods and services considered contrary to its principles. Islamic banking refers to a technique of banking that is founded on Islamic law (Shariah), which prohibits 'interest-based banking' and permits only 'profit sharing banking' (Aldoseri & Worthington 2016). The root of the concept originated from both Christian and Islamic scriptures, as stated in the Holy Quran (2:275): "Allah has allowed only legitimate trade and prohibited interest," as well as the Bible in Leviticus (25:36-37), Deuteronomy (23:19) and Ezekiel (8:33): "You shall not lead upon using to your brothers usury of money, usury of victuals, and usury of anything lends upon another (Khan, 2010). It is against interest, as interest is believed to lead to exploitation and unproductive income. Islamic and conventional banking serve the same purpose except that it operates by the rules of Shariah, known as Fiqh al-Muamalat (Islamic rules on transactions). So today, by Islamic banking, one does not mean a mere lending institution extending interest-free loans, but a package of Shariah-compliant (strict adherence to Islamic economic norms) financial services like Islamic mutual funds, Islamic bonds (Sukuk), Islamic insurance (Takaful), Islamic credit cards and other technology driven services like Automated Teller Machines (ATMs) and online banking, all of which have a tremendous market in Nigeria. The basic element of trust and financial partnering are the things that account for the uniqueness of non-interest banking.

FINANCIAL INCLUSION DIMENSIONS AND THE FUTURE OF ISLAMIC BANKING IN NIGERIA

The essence of financial inclusion dimensions and the future of Islamic banking illustrate that a range of obstacles are responsible for the unavailability, usage ability and inaccessibility to Islamic bank services in the future. The following are peculiar dimensions associated with financial inclusion:

ILLITERACY DIMENSION

The inability to read and write or the actual or perceived state of being uneducated could be ascribed to as illiteracy. Thus, given the complexity of shariah complaint products, education becomes a critical factor influencing household future decision to use and not to use financial services. Literacy dimension to financial inclusion influences one's future employment and income generation prospects as a result boost sustainability of Islamic banking. Responsible financial inclusion requires that consumers of financial services should be able to make informed choices and use credit, savings and formal bank account in a manner that enhances their welfare. Lack of some basic level of education has been identified as one of the factors inhibiting financial inclusion. (Arora, 2011) argued that poor human capital development and high illiteracy levels in developing economies might prevent a large section of the population from benefiting from financial inclusion efforts.



(EFInA 2018)

Figure 2: Distribution of illiteracy Reason for Financial exclusion

Recent survey showed that Primary School 23.4%, Secondary School 34.7%, University/ OND/ HND 1.9%, Post University 0.2%, Non-formal education 20.2% and No education 19.4% were financially excluded. These imply that individuals with tertiary education often own and use formal financial services compared to those with primary, secondary and no education. This suggests that some level of education is required for effective use of financial services, given the complex nature and sophistication of Islamic bank financial

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products. (Demirgüç-Kunt & Klapper, 2012) evidenced that Limited knowledge of financial products is one reason for financial exclusion. Without this basic knowledge a large segment of the country’s population have shy away from the financial sector.

According to Child and Youth Finance International (CYFI, 2012), financial literacy is a broad concept, encompassing people’s knowledge and skills to understand their own financial circumstances, coupled with the willingness to make an informed choice. Thus, financial literacy is critical for sustainability of Islamic banking and finance, investment in education contributes to the holistic development of the individual well-being and the society at large. This further raises the prospect and opportunity for Islamic banks to thrive in Nigeria especially among Muslims since it conforms to sharia principles and language. Majority of it services are tailor in Hausa and Arabic language, thereby making it easy for the uneducated to understand the concept and make informed decision.

RELIGIOUS DIMENSION

Religion consists of certain behaviour propelled by faith and conformity to human conduct in accordance with an individual’s religious belief. Religious dimension itself is believed to be a major reason for inadequate access to financial services in some developing countries, including Nigeria, and the effect of religion on people as far as the usage and preference of financial services are concerned is relative. They effectiveness of religion is based on the belief and faith, which is capable of changing one’s attitude to preference and usage of certain financial services. Available literature showed that about 2.7 billion people (70% of the adult population) in emerging markets such as Nigeria still have no access to basic financial services, and a significant part of the them come from countries with predominantly Muslim population (Iqbal, 2014; Mohseni Cheraghlou et al., 2012).

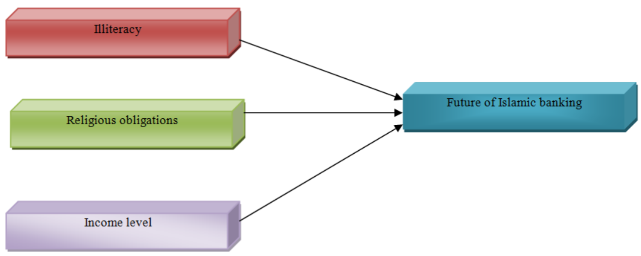
Again, 5 percent of the financially excluded adults cited religious reasons or beliefs as their justification for poor access to financial services and majority of these adults are expected to be Muslims (World Bank, 2015c; Zaher & Hassan, 2001). It is a general consensus among many commentators on the subject of faith-related financial inclusion that lack of Shari’a-compliant products are the major reason behind its poor inclusion which exists among various Muslim communities in many parts of the world, including Nigeria Muslims. According to (Iqbal 2014), only 24% of the worlds Muslims are financially included against their non-Muslims counterpart with 44%. The former had only 14% in Sub-Saharan Africa against the latter with 28%. The high number of Nigerians who out of religious belief choose to keep the money outside the formal banking system has contributed to the high level of cash outside the banking system. This further raises the future hope and prospect for Islamic banks to thrive in Nigeria. In Nigeria, those who were classified as ethnic Muslims are many times more likely to be less financially included than their counterparts in the same category. Wiebe & Fleck (1980) argued that religious commitment is the greatest determinant of religious behaviour as it shapes motivations and behavioural intentions. Similarly, available evidence has shown that consumers with little religious commitment are less consistent in their religious behaviour and easily influenced by externalities (Sun et al., 2012). Previous studies by (Amin et al., 2010; Jaffar & Musa, 2014; Sun et al., 2012) have found positive relationship between religious obligations and Muslims intention to use or accept Islamic financing products. The measures of religion obligation involve perception to comply with the underlying principles of Islamic jurisprudence (Shari’ah). This include perceptions fulfil the social aspect of religious obligation by investing in Qardhul Hassan fund and expecting reward in the hereafter.

INCOME DIMENSION

Low Income Poor category includes all adult with limited purchasing power. This category refers to the extremely poor who receive social assistance, as well as, those segments of the poor who are part of community empowerment programs. In terms of financial capacities, low income poor belonging to this category, usually have little or no capacity to save and have no access to any saving services. They are normally not in a position to repay credits and their exposure to both personal and community level economic shock is extremely high. Their money transfer needs are mainly limited to receiving remittances from family members working abroad or in other provinces. No ability to save at all or just very small amounts but with no access to any formal saving services. Financial inclusion is the delivery of financial services at an affordable cost to the vast sections of disadvantaged and low-income group of people who have been excluded from it (Ibeachu, 2010). Income dimension of financial inclusion has negatively impacted the economic condition of the people as well as economic health of the country.

Recent evidence from (EFInA 2018) survey showed that adult population with Income Below (N15,000) are 37.2%, (N15000 – N35,000) 26.3%, (N35001 – N55,000) 5.5%, (N55,001 – N75,000) 1.7%, More than 75,000 1.6%, Refused 9.8% and Don’t know 17.9%. For an accelerated growth of the economy it is imperative to point out the pivotal role Islamic bank play as an effective and viable tool to drive financial inclusion through its innovative products and services (Sanusi, 2011). Islamic bank is against interest, this further raises the prospect and opportunity for Islamic banks to thrive in Nigeria where large segment of it population are living in abject poverty with an estimated daily income of less than USD2 per day (World Bank 2015). With the emergence of Islamic banking Muslims can now have access to basic banking services such as savings, credit, e-banking and insurance irrespective of what is been earned.

Financial inclusion dimensions



Source: Researchers Model (2020)

Figure 2: The Conceptual Model of financial inclusion dimensions and it effect on the future of Islamic banking on Nigeria

The proposed model seeks to determine whether income, illiteracy and religious obligations have a significant effect on the future of Islamic banking on Nigeria.

THEORETICAL FRAMEWORK

FREE MARKET MODEL

Free market model is an off shot of classical economic theory which postulate that the nature and structure of market is the main determinant of health condition of any economy. The model argues that a deregulated economy tends to be more 'Pareto optimal' than otherwise, and that any government intervention through policies distorts the market thereby taking the economy off the track that could to lead to Pareto optimum (Musa et al, 2018). In connection, a deregulated financial system tends to enhance financial inclusion as deregulated financial institutions actively engage in any legitimate transactions that could maximize shareholders' wealth (Boyce, 2000; Chavan, 2008 & Philip, 2014). By so doing, they could offer any financial service (including Islamic banking and financial services) that customers demand so much for irrespective of tribal, religious, educational and regional identity of customers. However, a regulated financial system tends to cause financial exclusion as Islamic banks are restricted by government policies and as such; they may not provide a variety of financial products that would meet the banking need of the general public (Musa et al, 2018).

THEORY OF ASYMMETRY OF INFORMATION

The theory of asymmetry of information postulates that the imperfection of information about the characteristics of potential borrowers and lenders could be the rationale of financial exclusion (Musa et al, 2018). Information is imperfect or asymmetric if one party to a transaction has more information than the other party. The persistence of this condition could deleteriously affect the economic transactions and may result in total denial of financial products to certain groups in the economy (Philip, 2014). In connection to this study, Islamic financial services could be available in the economy but due to imperfect information about the availability, accessibility and affordability banking populace may find it difficult to access and use such financial products (Musa et al, 2018). This study anchored on the theory of asymmetry of information reason being that it is the micro-foundation of free market model. It is chosen as it addresses the major problem of Islamic financial system in Nigeria, which is ignorance or lack of awareness of the principles of Islamic banking and finance in the region. For instance, (Al-Jarhi, 2016) used the asymmetric model as a basis to develop an Islamic economic theory for financial regulation, specifically on Islamic debt instruments (which are one of the measures of financial inclusion). (K¨omling, 2014) applied the model to explain profit-and-loss-sharing contract in Islamic finance.

EMPIRICAL REVIEW

(Demirguc-Kunt et al, 2013) investigate the role of Islamic finance on financial inclusion. In a sample of more than 65000 adults from 64 economies (excluding countries where less than 1 percent or more than 99 percent of the sample self-identified as Muslim), The study reveals that adult Muslims are significantly less likely than non-Muslim to own a formal account or save at a formal financial institution after controlling for other individual and country level characteristics. But the analysis finds no evidence that Muslims are less likely than non-Muslims to report formal or informal borrowings.

Similarly, (Musa Abdu et al, 2018) conducted a study on the effect of IBF on financial inclusion in sub-Saharan Africa (SSA) using the Probit, Tobit and Juhn-Murphy-Pierce decomposition method. The findings suggest that introducing IBF in the Organization of Islamic Cooperation (OIC) countries in SSA enhanced financial inclusion.

Again, a study by (Kassim, 2016) Examine the perceived influence of Islamic banking on financial inclusion in Nigeria. Thus, instruments such as content and face validity, reliability and the data normality were also examined base on the on revised version by expert, a few data were analysed using the statistical software SPSS version 16. The result reveals that the instruments are reliable and the data for pilot study show evidence of rational normality.

In summary, it is obvious that there are no literatures pertaining financial inclusion dimensions, with number of studies revealing Islamic banking adoption in Nigeria. Furthermore, none of this study Conducted research with a significant sized Islamic bank and a methodology that is Similar with that of the researches conducted in this area.

III. RESEARCH METHODOLOGY

The survey design was adopted for this study and the primary source of data was for the empirical section of the research. The targeted population includes all customers of the 20 jaiz bank Branches in northern Nigeria. Sampling framework Comprises of 4 selected jaiz bank branches in plateau, Bauchi, kaduna and Gombe Metropolis. For a good representative sample, a convenient sample Size of 127 Customers was selected out of the 4 Jaiz bank Branches across the Northern part of Nigeria. Sample size was determined by applying the formula suggested by *the NEA Research Bulletin*, Vol. 38 (1960). A structural self-administered questionnaire was utilized to gather the required data for this study. The rationale for issue of 127 questionnaires is because questionnaires will be filled by the target population (customers) who are presumed to be very few in each branch of the bank. The use of questionnaires as a source of data collection is justified in that: first, the nature of the research hypotheses demands the collection of data that is not coded already on secondary sources. Secondly, the questionnaire method of data collection has advantage of simplicity, cost effective and time efficient. The bank customers were requested to complete a questionnaire consisting of three sections. The first section (Section A) was designed to gather

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demographical data. The second section (Section B) was designed to gather background information on the critical financial inclusion Dimensions. The third section (Section C) of the questionnaire measured the extent to which each dimension directly affects the future of Islamic banks in Nigeria. All scaled responses were measured on a six-point Likert scale, ranging from strongly disagree (1) to strongly agree (6). Descriptive statistics of percentages and frequencies will be used to first describe the data for further analysis. This will be accompanied by the use of ANOVA test (analysis) at 5% level of significance, using statistical package for social sciences (SPSS).

IV. RESULT AND DISCUSSION

127 questionnaires were administered to participants in various branches of the bank. Thirty (30) questionnaires in Jos, thirty (30) in Bauchi, thirty (30) in Gombe and thirty seven (37) in Kaduna Metropolis. All questionnaires were validly filled and returned.

Attributes	Frequency	Percentage
Gender:		
Male	79	62
Female	48	38
Total	**127**	**100.0**
Religion:		
Christian	40	32
Muslim	80	63
Others	7	6
Total	**127**	**100.0**
Age:		
18-25	20	16
26-35	50	39
36-45	40	32
46 & above	17	13
Total	**127**	**100.0**
Marital Status:		
Married	50	39
Single	63	47
Divorced	2	2
Widowed	7	6
Separated	5	4
Total	**127**	**100.0**
Level of Education:		
Primary six cert.	30	24
Ssce/waec	40	32
Ond/Nd	10	8
Hnd/Bsc	25	20
Masters/PhD	22	17
Total	**127**	**100.0**

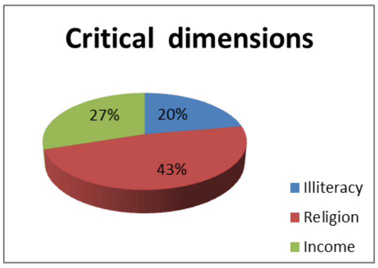
Source: Field survey (2020)

Table 1: Socio-economic Attributes of Respondents

As shown in table 1, 62% of the research participants are male while 38% are female. This depict that there are more males than female. 32% are Christians, 63% are Muslims and 6% fall under other religions. 16% of the participants are within the age range of (18-25), 39% of the participants are within the age range of (26-35), 32% of the participants are within the age gap of (36-45), 13%of participant fall within the age range of 46 & above. Without question, this indicates that there are less participant within the age range of (18-25) and 46 & above than the range of (26-35) and (36-45).

Table 1, further revealed that 39% of participants are married, 47% are single, 2% are divorced, 6% are widows and 4% are separated. It also showed that 24% of participants are primary six certificate holders, 32% of participants are Ssce/ Waec holders, 8% are OnD/ND holders, 20% are HnD/BsC holders and 17% of participants are MsC/PhD holders. Note that the percentages in the table have been rounded off.

Critical dimension to Financial inclusion	*F*
Illiteracy	25
Religion	55
Income	47
Total	127



Source: Field survey (2020).

Table 2: Critical dimensions

Table 2. Presents religion, illiteracy and income as critical dimensions to financial inclusion with 43%, 27% and 20% participants respectively. This depict that religion, income and education are participants obstacles to financial inclusion. Note that the percentages in the table have been rounded off.

STATEMENTS		SA	A	U	D	SD	Mean	S D
Income influence attitude to account ownership?	**Frequency**	39	48	12	16	12	**3.670**	**1.310**
	Percentage (%)	30.7	37.8	9.4	12.6	9.4		
Income influence attitude to borrow?	**Frequency**	38	43	10	17	18	**3.496**	**1.441**
	Percentage (%)	29.9	33.9	7.9	13.4	14.2		
Income influenced attitude sae?	**Frequency**	36	44	15	13	19	**3.503**	**1.408**
	Percentage (%)	28.3	34.6	11.8	10.2	15.0		
Overall mean							**3.556**	

Source: Field survey (2020).

Table 3: Income Dimension and Islamic banking

Table 3 revealed that 39 (30.7%) of the participants strongly agreed, 48 (37.8%) of the participants agreed, 12 (9.4%) undecided, 16 (12.6%) of the participants disagreed, 12 (9.4%) of the participants strongly disagreed that income level influences household account ownership. This result is evident by the mean index of 3.670 and standard deviation of 1.310. This implies that income level does not influence customers account ownership.

Table 3 also indicated that 38 (29.9%) of the participants strongly agreed, 43 (33.9%) of the participants agreed, 10 (7.9%) undecided, 17 (13.4%) of the participants disagreed, 18 (14.2%) of the participants strongly disagreed that income level influences household borrowings. This result is affirmed by the mean index of 3.496 and standard deviation of 1.441. This implies that customers are indifferent that income influences their borrowing ability.

Table 3 further showed that 36 (28.3%) of the participants strongly agreed, 44 (34.6%) of the participants agreed, 15 (11.8%) undecided, 13 (10.2%) of the participants disagreed, 19 (15.0%) of the participants strongly disagreed that income level influences household savings ability. This result is affirmed by the mean index of 3.503 and standard deviation of 1.408. This implies that agreed that income level influences household savings ability.

STATEMENTS		SA	A	U	D	SD	Mean	SD
Illiteracy influence attitude to borrowing	Frequency	34	53	8	16	16	2.367	1.362
	Percentage (%)	26.8	41.7	6.3	12.6	12.6		
Illiteracy influence attitude to savings	Frequency	34	53	8	16	16	2.375	1.258
	Percentage (%)	26.8	41.7	6.3	12.6	12.6		
Illiteracy influence attitude to account ownership	Frequency	37	43	9	18	20	2.349	1.473
	Percentage (%)	29.1	33.9	7.1	14.2	15.7		
Overall mean							2.364	

Source: Field survey (2020).

Table 4: illiteracy dimension and Islamic banking

Table 4 indicated that 34 (26.8%) of the participants strongly agreed, 53 (41.7%) of the participants agreed, 8 (6.3%) undecided, 16 (12.6%) of the participants disagreed, 16 (12.6%) of the participants strongly disagreed that illiteracy influences household borrowing culture. This result is affirmed by the mean index of 2.367 and standard deviation of 1.362 implying that illiteracy does not influences borrowing culture.

Table 4 also revealed that 34 (26.8%) of the participants strongly agreed, 53 (41.7%) of the participants agreed, 8 (6.3%) undecided, 16 (12.6%) of the participants disagreed, 16 (12.6%) of the participants strongly disagreed that illiteracy influence household savings ability. This result is affirmed by the mean index of 2.375 and standard deviation of 1.258 that customers are indifferent that illiteracy influences savings.

Table 4 further indicated that 37(29.1%) of the participants strongly agreed, 43 (33.9%) of the participants agreed, 9 (7.1%) undecided, 18 (14.2%) of the participants disagreed, 20 (15.7%) of the participants strongly disagreed that illiteracy influences household account ownership. This result is affirmed by the mean index of 2.349 and standard deviation of 1.473 that illiteracy influences bank account.

STATEMENTS		SA	A	U	D	SD	Mean	SD
Religious obligations influence attitude to Account ownership	Frequency	34	53	8	16	16	2.367	1.362
	Percentage (%)	26.8	41.7	6.3	12.6	12.6		
Religious obligation influence attitude to save?	Frequency	43	53	8	16	16	2.375	1.258
	Percentage (%)	26.8	41.7	6.3	12.6	12.6		
Religious obligations influence attitude to borrow?	Frequency	37	43	9	18	20	2.349	1.473
	Percentage (%)	29.1	33.9	7.1	14.2	15.7		
Overall mean							2.364	

Source: Field survey (2020).

Table 5: Religious dimension and Islamic banking

Table 5 indicated that 34 (26.8%) of the participants strongly agreed, 53 (41.7%) of the participants agreed, 8 (6.3%) undecided, 16 (12.6%) of the participants disagreed, 16 (12.6%) of the participants strongly disagreed that religious obligation influences account ownership. This result is affirmed by the mean index of 2.367 and standard deviation of 1.362 that religious obligations influences account ownership.

Table 5 also revealed that 34 (26.8%) of the participants strongly agreed, 53 (41.7%) of the participants agreed, 8 (6.3%) undecided, 16 (12.6%) of the participants disagreed, 16 (12.6%) of the participants strongly disagreed that religious obligation influences household savings ability. This result is affirmed by the mean index of 2.375 and standard deviation of 1.258 that religious obligation influences household savings ability.

Table 5 further indicated that 37(29.1%) of the participants strongly agreed, 43 (33.9%) of the participants agreed, 9 (7.1%) undecided, 18 (14.2%) of the participants disagreed, 20 (15.7%) of the participants strongly disagreed that religious obligation influences household borrowings. This result is affirmed by the mean index of 2.349 and standard deviation of 1.473 that religious obligation influences household borrowing habit.

Financial inclusion dimensions	Mean	N	Std. Deviation
Illiteracy	2.364	12	1.364
Income	3.556	10	1.386
Religious obligations	2.364	100	1.364
Total	**2.761**	**127**	**1.361**

ANOVA

	Sum of squares	Df	Mean square	F	P
Between groups	13.0898	2	6.5449	3.5096	0.0329
Within groups	231.2460	124	1.8649		
Total	**244.3359**	**126**			

Table 6: Analysis of variance (ANOVA) of the descriptive statistics

The table 6 showed that income dimension influenced Islamic bank with an index of (3.556) followed by religious obligation and illiteracy (2.364). The overall mean score is 2.761. The F value of 3.5096 and P value of 0.0329 in table 6 further shows that from the demand side gap, there is a significant effect of financial inclusion dimensions on the future of Islamic banking in Nigeria.

V. CONCLUSION

The kernel of the Study is to assess dimensions to financial inclusion and the future of Islamic banking in northern Nigeria. This research found on an individual and overall basis that the effect and influence of income, illiteracy and religious obligations on the future of Islamic banking should not be undermined. To achieved an all in one inclusive growth in the financial sector, the role these dimensions play can never be overemphasized, if not properly nip in the bud, would continue to hold back victims of financial exclusion from progress and development; this in turn would have an adversely effects on the future of Islamic banking particularly in the northern part of Nigeria. Finally, empirical analysis evidenced financial inclusion dimensions and the future of Islamic banking in Northern Nigeria to be high because majority of bank customers indicated religious obligation, income and illiteracy as Peculiar dimensions associated with Islamic banking. This was supported with a P value of 0.0329 which is less than 0.05 level of significant.

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VI. RECOMMENDATIONS

Taking cognizance of the problem of the study together with researcher's personal observations, the following Were recommended: Islamic bank products and services should be tailored in such a way that it would accommodate not only low income Muslims excluded but also non Muslims with little or no capacity to save, who could barely feed, not to talk of planning financially for the future. Policymakers of the bank and financial regulators have Herculean task by way of continuous sensitization, mass awareness creation, so as to enlighten the uneducated household on the nature of its services. This will go a long way in changing the misperception of illiterate Muslim and non Muslim households who thinks access and preference of formal financial institution is only for the literate.

Finally, there is need for institutional re-arrangement in the process of deployment of the bank. By this, we mean Islamic financial institutions should be strategically established in various regions of the country where their services are not only in much demand but also farfetched. This Constant readjustment will afford the banks a better opportunity to remain competitive, relevant and financially successful.

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