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MARKETABILITY OF ISLAMIC BANKING PRODUCTS IN NIGERIA: A CASE STUDY OF JAIZ BANK PLC

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Abstract

The marketability of Islamic financial products is a goal which requires painstaking efforts and strategies on the part of the banks. This goal has however come under serious scrutiny in Nigeria as only a small portion of the Nigerian financial market has been attracted for the products. This study therefore analysed the marketability of Islamic banking products in Nigeria with the objective of assessing the relationship between marketing activities, staff training and Islamic banking products in Nigeria. Data were collected from annual reports of Jaiz Bank Nigeria PLC for ten years (2012-2021). The data were analysed via with Pearson correlation technique. The result indicates that Murabaha (0.64), and Musharakah (0.66) had strong positive relationship with marketing activities while Istisna (0.83) had positive relationship with staff training. The relationships (p-value- 0.046, 0.038, 0.003) were found to be significant at 5% level of significance. The study concluded that marketability of Islamic banking products in Nigeria is generally related to marketing activities and the level of knowledge and skills that employees acquired by staff through training and seminars. The study therefore recommended that Jaiz Bank Nigeria PLC should engage in aggressive marketing to boost customers patronage of its products. Increase in the percentage of staff cost allocated to training is also necessary to enhance employees' skills and knowledge for improved market share for the banks' products.

Keywords: Financing, Islamic Banking, Istisna', Marketability, Murabaha, Musharakah, Nigeria.

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Introduction

The growth of banking segment of the Islamic financial market has been remarkable in recent years (Smith, 2019; Celebi, Hassan & Zirek, 2015). The growth is premised on the innovative ideas of developing series of financial products to serve the market and promote financial inclusion. The financial innovation brought about a multitude of financial services with which Islamic banks operate in the private sector and compete with traditional banks (Khan & Hussain, 2020). As a matter of fact, the functions of Islamic banks are essentially similar to those of conventional banks particularly in the area of financial intermediation except that the activities of Islamic banks must always comply with the rules and principles of Islamic law (Iqbal & Mirakhor, 2004). Surviving the intermediation competition with conventional banks depends on how the banks are able to create market for the developed products. Attracting markets for the product tends be easier in developed countries for the level of market development. Similar story may be told for many of the Asian countries due to the size of Muslim population in such countries. However, for other economies like Nigeria where acceptability of Islamic banking system had once been given religious colouration, marketability of Islamic financial products requires serious efforts and strategies on the part of the banks to ensure that certain portion of the market is occupied by each of the adopted products.

The marketability of Islamic banking products in Nigeria has come under serious scrutiny by researchers and analysts as only a small portion of the market has been attracted for a number of financing products. This is evidenced in the operation of Jaiz bank, as a pioneering full-fledged Islamic bank which has been in operation since 2012. The bank has a number of products (financing) such as *Murabaha*, *Musharakah*, *Istisna*, and *Ijarah* financing contracts. The bank is expected to navigate the market and attract customers to the shariah-compliant products in its bid to compete with conventional banks by providing financial services and boost financial intermediation. However, the bank (JAIZ) has not been able to market all the products to have sizeable share of the market so as to enhance the profitability of the bank. For instance, *Murabaha* transactions account for about 60% of the total financing of the bank over the 10 years period (2012-2021) of operation. Other products like *Musharaka*, *Ijarah* and *Istisna* and other financing models share the remaining 40%. It was observed from the annual reports of the bank that while *Ijarah* finance covers for occupies an average of 34% out the remaining 40% of the bank's financing contracts, *musharakah* and *Istisna* have not been able to attract customers that can boost financial performance of the bank. The two products could hardly account for an average of less than 5% of the total financing over the 10 years period of the bank's operation in Nigeria.

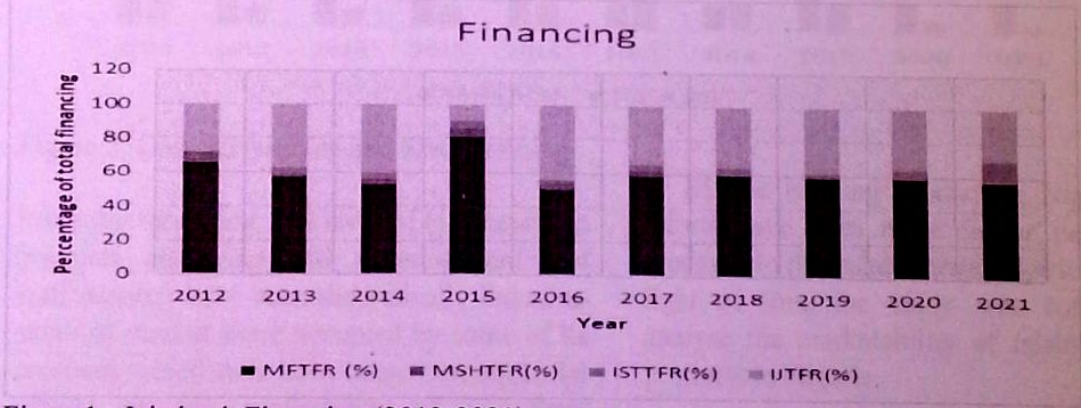


Figure1 : Jaiz bank Financing (2012-2021)

The inability of the bank to attract many customers for some of its products could also be observed from the profit realized by the products. In other words, the trend of low marketability or market performance of the products could also be observed from profit realized from various financing contracts. Average Profit from Murabaha financing 56% while that of Ijarah was 39% over the period of operation between 2012 and 2021.

Having identified the low marketability of some products and consequential low level of profitability attributable to the products, it is important to assess the possible factors that could be responsible for low performance of the financing transactions particularly musharakah and Istisna. These remain questions of empirical investigation. It is however opined that the products could have been more marketable and attractive to customer if the bank had engaged in aggressive marketing of the product. Apart from that, the low patronage and small market share for musharakah and istisna could also be traced to the low level of knowledge of the bank staff about the shariah-compliant products of such nature which could inhibit the marketing and introduction of the products to the customers.

Regarding the marketing of the products, available data indicates that the total expenditure incurred on advertising and marketing was as low as 16% in 2012 and declines over the years to as low as 4% of operating expenses in 2021. On average, advertising and marketing as percentage of total operating expenses was just about 8% for over the 10 years of the study. This low level of advert and marketing cost could be linked to the low patronage that the bank has recorded for some of its products especially musharakah and istisna, which has eventually affected the bank performance in terms of the profit generated from the two financing models.

Similar assertion could be made in the case of staff exposure to the requisite knowledge and skills required for the marketing and introduction of the products to various customers. This could only be achieved through staff training and series of seminar which are aimed at keeping them abreast of the contemporary products and issues in the market of Islamic banking and finance. It is however observed that since the inception of its banking business, Jaiz bank has never committed more than 4% of its staff cost to training and seminar for its staff. In fact, the average cost incurred was just about 3% for the whole of its 10 years of operation.

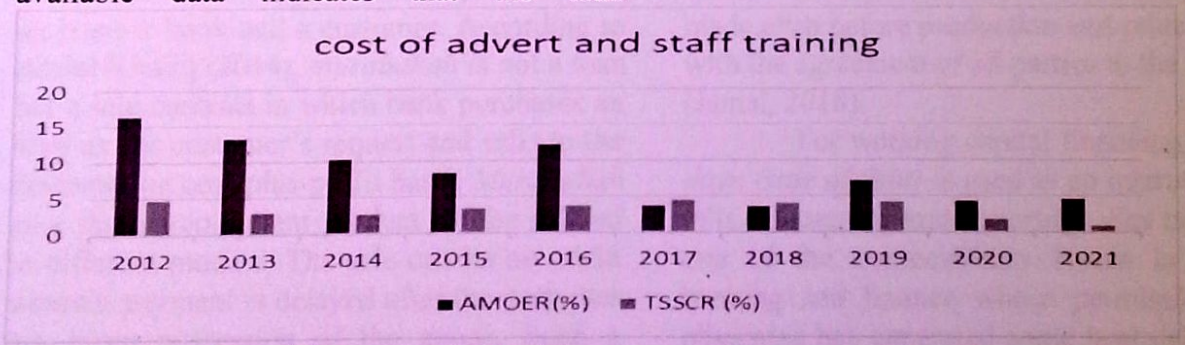


Figure 2: Cost Advertising and Staff Training

From the foregoing, low level of investment in products marketing and advertisement and staff training have been theoretically linked to small of market share occupied by some of its products which may have some consequential effects on the profitability of the firm. Although, these two important factors have been theoretically linked to the marketability of Islamic banking product in Nigeria, little efforts have been made in the past to give credence to this relationship empirically. In the light of this, the study was conducted to analyse the marketability of Islamic banking products in Nigeria.

Literature Review

This study reviewed literature on Islamic banking products. Theory of persuasion knowledge and Resource-based view (RBV) upon which the study is based, were also reviewed. Related empirical works of researchers which aid in identifying the research gap were also reviewed in this section.

Islamic banking products

According to Jimoh, Attah and Abdul (2021), Islamic banking products are usually of short term, medium term and long term based on some specific characteristics. Hassan, Kayed and Oseni (2013) grouped the products into exchanged-based, service-based, equity-based and supporting contracts. Murabahah (cost-plus transaction), istisna' (manufacturing contract), salam (forward sale), Bay al-dayn (sale of debt) and bay al-inah (sale with immediate repurchase) are classified as exchange-based contracts. Service-based contacts features ijarah (leasing), Ujrah (fees), Ju'alah (reward) while equity-based contracts includes mudarabah and musharaka. The last set of contracts are supporting contacts featuring Hawalah (debt transfer), Rahn (pledge), Kafalah (guarantee), wakalah (agency), and wadi'ah (Hassan, *et al*., 2013).

Murabahah is cost-plus transaction between an Islamic bank and a customer. According to Abdul-Khaliq (2014), *murabahah i*s not a loan but a sale contract in which bank purchases an item as per customer's request and sells to the customer on cost-plus-profit basis. *Murabahah* as a shariah-compliant product can be offered in different modes. The sale can be on credit wherein payment is delayed after the customer has taken possession of the goods. Such a murabahah contract is called *bai-muajjal*. Another mode of murabahah contract is where the sale is made and payment comes in structured installments (Ahmed, 2014). In all of these modes, the seller discloses the cost of the commodity and adds a certain amount as profit. The operation of *murabaha*h in Islamic banks is such that the bank will purchase some specified goods from a supplier and sells same to the customer who has made a prior request for the goods, the bank makes full payment to the supplier and takes both ownership and possession of the goods. The goods are then sold to the customer at cost plus an agreed margin of profit using one the identified modes (Zandi, Ariffin & Shahabi, 2012).

Salam (deferred-delivery sale) is another exchange-based contract that is offered by Islamic banks in different countries. *Salam*, according to Bank Negara Malaysia (2016) is the immediate payment for purchase of a commodity where delivery of the commodity is to be deferred to a future date. It is an agreement to sell a specified goods with known attributes like quantity and price which is expected to be paid for at the time of the contract but delivered at a future date (IFSB, 2018). In this financing arrangement, the bank undertakes to supply some goods to the customer at a future date in exchange for immediate payment in advance of full price by the customer. Hisham and Jaffar (2017) states that the contract of *salam* is legitimate as long as the price, quantity and maturity are clearly defined at the beginning of the contract. One product that is closely related to *salam* is istisna which was defined by Abdul-Kaliq (2014) as a contract between two parties for the production of a specific good in an agreed specification at an agreed price to meet a future delivery date. In this contract, sale is made even before production and price is fixed with the agreement of all parties to the contract (Jamal, 2018).

For working capital financing, *bay al-dayn (sale of debt)* is used as an instrument for bills discounting and factoring. *Bay al-dayn* is one of the contemporary issues in Islamic banking and finance whose permissibility or otherwise has generated some heat debates. In fact, the product or service has not been adopted by many Islamic banks till date (Jamal, 2018). The basis of argument lies in the two variants of the product. If the debt is sold to the debtor in a set-off arrangement, some scholars see no wrong in it as no *gharar* is involved. But if is sold to a third party, it is not allowed in shariah (Najeeb, 2014).

Bay al-inah is also an exchange-based contract in which an asset is sold to a bank for

cash and the buyer repurchase it immediately at a higher price to be paid in future usually in installments. The financing arrangement is currently in use in personal financing as well as credit card facilities (Shamsudin, Salamon, & Abu-Hussin, 2014). According to Sulong and Asni (2017), the contract of bay inah, is characteristically a lending in form of selling arrangement due to the sole aim of getting cash rather than doing business of selling. The acceptability of the product is still under criticism. Although the product is in practice in Islamic banks in countries in Asia, it is being phased out gradually in Malaysia.

Ijarah (Leasing) is an agreement to transfer the right to use an asset for a specified period of time to the user in return for rental payments to the owner of the asset (Afkar, 2015). In the basic *ijarah* contract, the asset is returned to the lessor upon completion of the lease period and ownership is never transferred to the user (lessee). Ownership transfer requires a special *ijarah* contract called *Ijarah muntahiyah bittamlik*. In this type of *ijarah*, lease and sale agreements are signed such that at the end of the lease period, ownership right is transferred to the lessee (Afkar, 2015). So, in *ijarah*, Islamic bank as the lessor obtains the asset or property based on the customer request, from the producer or vendor. The property is then leased to the customer using either of the two variants (*Ijarah* or *Ijarah muntahiyah bittamlik)*.

Ijarah wa itqna (Hire purchase) is another service-based product of Islamic banks which is similar to the conventional hire purchase agreement. Kansila (2018) views it as a co-ownership arrangement between the bank and a customer where by the bank has joint ownership of the asset with the customer. The customer will then lease bank's share of ownership with the option of purchase after the lease period. At the expiration of the lease, the customer who would have paid the bank's share in full then takes ownership of the entire asset.

In the category of service-based contracts is *Ujrah* (fee-charging services). *Ujrah* refers to services that are being provided by Islamic banks to various customers for fees charges. Abdul-Jalil and Rahman (2010) described the concept of *Ujrah* as a service providing contract between the bank and the customer in which a mutual agreement is reached that the bank will provide certain services for the customer and be paid by the customer for the service provided. For example, a bank may provide credit card facility to one of its customers and then charges some ujrah (fees) for using the credit card services (Noor & Azli, 2009). The contract must at all times be clear about the nature of the services being provided (Abdul-Jalil & Rahman, 2010).

One major equity-based product is *Mudarabah* which means a contract between two parties in which the bank as the provider of fund (rabbulmal) supplies the financial resources and customer, the entrepreneur, supplies the skills and expertise to manage the business or investment project, and profit, if any is shared according to a predetermined profit-sharing ratio. In the event of loss however, the bank loses its investment while the customer loses only his effort and time (Sapuan, 2016). It should however be noted that negligence or mismanagement of the business by the entrepreneur may make him liable financially (Khir, Gupta, & Shanmugam, 2008).

Musharakah is also an equity-based Islamic banking product. According to Usmani (2002), *musharakah* means a joint venture business in which all profits and losses are shared by all the partners. Bilal and Rahim (2014) see musharakah as a joint enterprise of two or more individuals or organizations who carry on a business and share profits and losses based on terms of agreement and conditions of the joint venture. The contract of musharakah can therefore be viewed as a partnership contract in which the partners contribute capital, have right to participate in the management, share profit as agreed but bear losses in proportion to their equity participation (Hussain, Shahmorandi & Turk, 2015).

Apart from the main products (contracts) being provided by Islamic banks, other supporting services include *Al-wadi'ah*

(safekeeping/deposit), *Hawalah* (Transfer of Debt), *Kafalah* (Guarantee), and *Wakalah* (Agency). According to Qaed (2014), *al-wadi'ah* is an arrangement which involves keeping money and other valuables with a bank for either safekeeping or in form of deposit. This implies that customers deposit money in the banks for two purposes-safekeeping and deposit for other reasons. It is in this light that the term Al-wadi'ah is sub-divided into two namely; safe custody based on trust (*wadia'h yad Amanah*) and guaranteed safe custody (*wadia'h yad Damanah*).

Saleem (2012) defines *hawalah* as a contract through which the liability for the settlement of a financial obligation is shifted from a principal debtor (*muheel*) to a third party transferee (*muhalalaihi*). It is the transfer of debt from one debtor to another, the effect of which discharges the original debtor of his financial liability (Kureshi & Hayat, 2014). In effect, the principal debtor is free and the liability is transferred to the transferee who then moved to the position of being liable to the creditor. *Hawalah* contract may be classified in two unrestricted and restricted contracts. In the unrestricted *hawalah*, the debt is transferred to the transferee without linking it to any debt which the transferee owes the original debtor. The debt is linked to an amount being owed by the transferee to the original debtor in the restricted *hawalah* contract. Majority of *shariah* scholars stand against the legitimacy of the former (Saleem, 2012). In Islamic banking, *hawalah* is commonly used for transactions involving bills of exchange, promissory note, issuance of cheques among others (Kureshi & Hayat, 2014).

Accounting and Auditing Organization for Islamic Finance Institutions (AAOIFI) (2010) views *Kafalah* as agreement in which one party undertakes to secure some debt obligations and protect amount of debts, from the risk of bad debt or any other forms of default. It is a contract by which someone hold himself responsible for and liable to the debt obligation of a debtor in case the debtor fails or unable to settle his bill as and when due (Suhaimi, *et al*., 2016). For the contract of *Kafalah* to be valid, Badr and Boûheraoua (2014) identified conditions like the sanity of the guarantor, legal capacity and consent to guarantee the debtor, existence of the creditor, and the subject matter at the time of the contract. These and some other conditions must be fulfilled for the contract to remain valid (Abu-Hasnat & Alom , 2017).

Wakalah is a contract of appointment of a person or an organization to act on behalf of another in the discharge of certain responsibilities. According to Abdul-jalil and Rahman (2010), it is an agency contract between the principal (*muakkil*) and the agent (*wakil*) wherein the *wakil* is appointed to perform some activities on behalf of the *muakkil* usually for an agreed commission. The *wakil* is required to discharge its duties with diligence and should not act without authority or beyond the scope of his authority, otherwise he will be held responsible for any loss resulting from his ultra-vires acts (Nasir & Hafiz, 2008). Islamic bank can serve in the capacity of a *wakil* (agent) for any customer under a *wakalah* contract and in some other cases; it can appoint a *wakil* to act on its behalf for some business transactions. *Wakalah* is a valid contract in Islamic banking as no riba or gharar is involved (Abdul-jalil & Rahman, 2010). The contract of *wakalah* is usually applied by Islamic banks to almost all business transactions like *murabahah*, *istisna' ijarah*, *salam* and others (Ayub, 2007).

Some of these products are being adopted in Islamic banking in Nigeria while many others are yet to be introduced. Jaiz Bank business for example, has over the years, featured Murabaha, Musharakah, Ijarah, Istisna and Salam transactions among other products.

Theory of Persuasion Knowledge

Persuasion knowledge theory was developed as model by Friestad and Wright (1994) relating how consumer's knowledge of marketers' tactics help the consumers in responding to such tactics. The theory holds that consumers, over time, acquire knowledge of the marketers' objective and tactics for persuading them to buy their products. It

further argued that with such knowledge, consumers adapt and respond to such tactics in such a way that their own aims are achieved. According to the persuasion knowledge model, consumers use their understanding of persuasion to assess the perceived appropriateness and success of the persuasive tactics used by marketers. Customers evaluate persuasive tactics to be effective when they appear to have had a significant psychological impact on their choice to make a purchase. that understanding of persuasion can apply to and have an impact on results that are either anticipated or unexpected by the influencer.

Campbell and Kirmani (2008) explained the theory of persuasion knowledge further that it is a typical assumption in persuasion models that the sender and influencer (marketers) also gain from persuasion in the marketplace, and the persuasion knowledge model contends that the influencer has ulterior and self-serving goals. The capacity of the consumer (recipient) to identify, consider, comprehend, and assess the intents and efforts of influencers rises as their persuasion expertise develops. Recipients who are more knowledgeable about persuasion can comprehend not just their own benefits, but also the benefits of influencers and how they pursue their own benefits (Campbell & Kirmani, 2008). Eisend and Tarrahi (2021) validated the theory in their study in which meta-analysis was used to predict consumer responses to marketers' attempts to convince them based on their knowledge of persuasion.

In relation to Islamic banking products, it is expected that the marketing staff of the banks reach out to potential and existing customers of the bank and create awareness of about the products or financing options available. Advertisement is required here to persuade customers and when adequate knowledge of the banks' products is gained, the customers react appropriately. In essence, advertising tends to result in higher patronage of banks' products. It is therefore expected that higher advertising cost should lead to higher customers' patronage and higher profitability.

Resource-Based Theory (RBT)

Penrose (2009) introduced Resource-Based Theory (RBT) as a framework for the efficient management of organizations' resources, strategies, and productive opportunities. However, Barney (1991) was fundamental to the transformation of the resource-based view into a developed theory known as RBT. According to Barney (1991), businesses aim to make the most of their resource base to gain a distinct competitive edge in the market, which should result in a higher financial return. When a company invests in and uses its resources, it can take advantage of opportunities in the external environment. In other words, a firm may have special resources that, depending on the circumstances, may be better equipped to carry out various tasks and gain a competitive advantage (Utami & Alamanos, 2022).

In relation to human resources, the theory offers a framework for considering human resources as a collection of special abilities, knowledge, skills, and experiences that can be used to gain a sustained competitive advantage (Nkemjika, Kingsley & Osita, 2021). It is in this regard that the study views staff training as an investment in human resources which aimed at equipping the staff with skills and knowledge to boost their productivity and increase organizational performance.

Adequate training for employees of Islamic banks especially the marketing staff will equip the staff with skills and knowledge of the products to be marketed to various potential customers. This tends to result in higher market share for the banking products. Summarily the theory is used in this study to establish the link between staff training and marketability of Islamic banking products.

Empirical Review

Few works of research have in the past, shown the profitability of Islamic banks depends largely on the banks' modes of financing. Thomi (2012) investigated the effect of Islamic banking products on the financial performance of commercial banks in Kenya between 2009 and 2013. Correlation

and Regression analyses were conducted and the result showed positive and significant relationship between return on asset and, Murabaha, Mudaraba and Tawarruq. It was however reported that the effect of Ijarah finance was though positive, not significant. Mohamed (2018) assessed the relationship between islamic banking products and financial performance of Islamic banks in Kenya. Data were collected from financial statements of the banks and analysed using Person correlation technique. The study reported a positive correlation between financial performance and Islamic financial products of Murabaha, musharakah, Mudarabah and Ijarah.

In the like manner, Belkhaoui, Alsagr and Van Hemmen (2022) investigated the long-run relationship between financing products and financial performance of Islamic banks in Malysia from 2014 to 2018. Data were collected from Islamic Financial Services Board's Prudential and Structural Islamic Financial Indicators (PSIFIs) database. The study estimated the Autoregressive Distributed Lags (ARDL) model. It was found that Bai Bithaman Ajil, Ijarah, Musyarakah, and other Shariah-compliant products have significant long-term impact on performance of the selected banks.

Having identified the relationship between Islamic banking products and financial performance, it is imperative to explore the factors that could be responsible for the low patronage of some of these products. Setyowati (2019) examined the factors that determined financing in Islamic banks in Indonesia. Results of their findings showed a long run cointegrating relationship between the macroeconomic variables (consumer price index, industrial production, interest rate, exchange rate) and financing. Also, Al Arif and Rahmawati (2018) studied the determinants of market share of Islamic banks in Indonesia. The study found that market share was impacted by the default rate, operational efficiency, profit sharing yield and interest rate of conventional commercial banks. Other studies like Kaabachi and Obeid (2016), Sawitri and Febrian (2018) have also reported similar findings on the relationship between bank specific and macroeconomic variables, and islamic banking products.

The summary of the empirical review is that financing variants affect Islamic banking performance and the ability of the banks to market their products depend on different factors. According to Belkhaoui, *et al.* (2022), profitability of Islamic banks increases with more financing models such as Murabahah financing which constitutes the larger proportion of the banks' assets. The implication of this is that Islamic banks become more profitable with more varieties of products (financing modes). Unfortunately, small market share exists for many of Islamic banking products particularly in Nigeria and identifying responsible factors requires empirical investigation. Although, Iweama and Ezeh (2017) attributed the low patronage for Islamic banking proudcts in Nigeria to inadequate human resources, and lack of well-developed marketing strategies, no empirical evidence was provided to support the assertion. Thus, previous research attempts on determinants of Islamic bank performance failed to address the factors that could have been responsible for low patronage of many of the banks' products. This study therefore contributes to the existing body of knowledge by examining the factors responsible for low market share of some financial products while analysing the marketability of Islamic banking products in Nigeria.

Methodology

The study used Pearson Correlation technique to analyse the relationship between Islamic banking products and advertising and staff training in line with theoretical literature. Jaiz Bank Plc was selected for the study as it is the only full-fledged Institution operating non-interest banking in the country during the review period. *Murabaha*, *Musharakah*, *Istisna* and *Ijarah* financing were considered as the main products of Jaiz Bank Nigeria PLC based on the contents of the bank's financial statements. Data were collected on the variables from annual reports of the bank for 10 years from 2012 to 2021. Islamic banking

products variables were measured as the ratio of individual financing to total financing. Advertising was measured by the cost of advertising and marketing as a percentage of total operating cost while staff training was represented training and seminar cost as a percentage to total staff cost.

Results

This section presents the descriptive statistics and the result of Pearson correlation analysis.

Descriptive Analysis

Table 1: Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
MRFR	10	53.14	81.18	74.4327	11.26389
MSHR	10	.00	6.16	2.2505	2.28593
ISFR	10	.00	12.51	4.2015	3.30203
IJFR	10	9.05	43.65	33.3785	9.68347
MPR	10	44.37	70.32	56.4952	9.27391
MSPR	10	.00	3.73	1.6585	1.76478
ISPR	10	.00	6.63	3.0692	1.85980
IJPR	10	25.68	49.44	38.7771	7.99272
AMCR	10	3.62	16.45	8.3865	4.53646
STCR	10	.82	4.78	3.2583	1.25627
Valid N (listwise)	10				

Source: Author's computation (2023)

Table 1 presents summary statistics of Islamic banking products, profitability and selected cost variables. From the Table, Murabaha financing ratio (MRFR) showed a mean value of 74.43% indicating that, on average, Murabaha financing represents about 74% of total financing (products). This means that Murabaha is takes largest share of Islamic banking market in Nigeria over the last 10 years of operation of Jaiz bank PLC. The minimum value of 53.14% means that at no particular year did Murabaha financing fall below half (50%) of the total financing of the bank. In fact, the product has been able to move to as high as 81% of the total financing during the periods under consideration as shown by the maximum value in Table 1. In terms of market share, Ijarah financing ranked second with a mean value of 33.37%. That is, Ijarah financing ratio (IJFR) of 34% means that Ijarah transactions represents 34% of total financing on average. The minimum value of about 9% indicates that there has been a period where the product occupied less than 10% of the total financing transactions of the bank. Maximum value of 44.65% showed that the market share of the Ijarah financing is still low as there has not even been a year when the product occupied up to 50% of the total market share of Islamic banking in Nigeria, Jaiz bank as a case study.

However, Istisna' and Musharakah have very low share of the market for Islamic banking in Nigeria. According to Table 1, Istisna' financing ratio (ISFR) has a mean value of 4.20% meaning that on average, Istisna' is less than 5% of total financing of the bank. The maximum value of Istisna' as shown in the Table is 12.51%. This shows that market performance of the product in terms of marketability and customers patronage is very low. In fact, zero patronage was recorded for the product in some of the periods as indicated by the minimum value of 0.00%. Similarly, marketability of Musharakah was very low as the product showed a mean value of just 2.25%. This indicates that Musharakah financing ratio (MSHR) is just about 2% of the total financing. The highest share of the product in total financing of the bank during the period under consideration was around 6%, reported in the Table as the maximum value of MSHR (6.16%). The implication is that the costs incurred on marketing and advertising have been able to improve the marketability of the Istisna' and Musharakah financing in Nigeria.

Correlation Analysis

Table 2: Advertising, Staff Training and Islamic Banking Products

		MRFR	MSHR	ISFR	IJFR	AMCR	STCR
MRFR	Pearson Correlation	1	-.298	.291	-.212	.640*	.020
	Sig. (2-tailed)		.403	.415	.556	.046	.956
	N	10	10	10	10	10	10
MSHR	Pearson Correlation	-.298	1	-.507	-.414	.659*	.496
	Sig. (2-tailed)	.403		.135	.234	.038	.144
	N	10	10	10	10	10	10
ISFR	Pearson Correlation	.291	-.507	1	-.206	.561	.834**
	Sig. (2-tailed)	.415	.135		.568	.091	.003
	N	10	10	10	10	10	10
IJFR	Pearson Correlation	-.212	-.414	-.206	1	.026	.016
	Sig. (2-tailed)	.556	.234	.568		.943	.965
	N	10	10	10	10	10	10
AMCR	Pearson Correlation	.640*	.659*	.561	.026	1	.318
	Sig. (2-tailed)	.046	.038	.091	.943		.371
	N	10	10	10	10	10	10
STCR	Pearson Correlation	.020	.496	.834**	.016	.318	1
	Sig. (2-tailed)	.956	.144	.003	.965	.371	
	N	10	10	10	10	10	10

Source: Author's computation (2023) *Correlation is significant at the 0.05 level (2-tailed); **Correlation is significant at the 0.01 level (2-tailed).

Table 2 presents the result of correlation analysis for each pair of selected variables. From Table 2, a strong positive relationship was found between Murabaha financing ratio (MRFR) and advertising and market cost ratio (AMCR). The coefficient of correlation of 0.64 and p-value of 0.046 means that the relationship is strong and significant at 5% level of significance. The result means that increase in the proportion of operating cost allocated to advertising and marketing tends to increase the customer patronage for Murabaha financing. The relationship between Murabaha financing ratio (MRFR) and staff training cost ratio (STCR) however found to be insignificantly positive. The reported relationship was very weak relationship as indicated in the Table by correlation coefficient of 0.02. P-value of 0.956 also testifies that to the insignificance of the relationship found between MRFR and STCR. Similarly, Musharakah financing ratio (MSHR) was found to be positively and significantly related with AMCR. The strongness of the relationship was supported by the coefficient of 0.659 and a p-value of 0.038 which shows that the relationship that exists between MSHR and AMCR is significant. It follows therefore that the product (Musharakah) gets increased share of the market with increase in advertising cost. However, the relationship between MSHR and STCR was positively weak and not significant. Correlation coefficient of 0.496 and p-value of 0.144 buttressed the finding.

In the case of Isisna' financing, ISFR had an insignificantly positive relationship with AMCR with correlation coefficient of 0.561 and a p-value of 0.091 (> 0.05). The result indicates that no serious link could be established between advertising and marketing cost and the low patronage for Istisna' product. Conversely, a very strong, positive and significant relationship was found between ISFR and STCR which means that increase in staff training cost could translate high market performance for Istisna financing. The submission was based on correlation coefficient of 0.834 and p-value of 0.003 as shown in Table 2.

Finally, the relationship between Ijarah financing and each of advertising and staff training cost is also reported in Table 2. According to Table 2, Ijarah financing ratio (IJFR) had no significant relationship with AMCR and STCR. The correlation between IJFR and AMCR was positive but weak as shown in the Table by the coefficient of 0.026. Also, IJFR shows positively weak correlation with STCR as correlation coefficient between the two variables is 0.16. P-values of 0.943 and 0.965 testify to the insignificant of the relationships.

Discussion

From the findings of this study, Murabaha financing is strongly and positively correlated with advertising and marketing. This means that increase in the proportion of operating cost allocated to advertising and marketing tends to increase the customer patronage for Murabaha financing. The implication is that the high market share that is being enjoyed by the product in Islamic banking market in Nigeria, could be traced to the marketing efforts of Jaiz bank. That is, the bank's marketing staff are able to persuade more customers to transact more Murabaha contracts with the bank. The finding is in line with the theoretical explanation provided by the theory of persuasion knowledge. In relation to staff training, no evidence was found from the result to support the assumption that staff training improves marketability of Murabaha financing significantly. This might be an indication that the level of skills already acquired by the staff is sufficient execute contracts relating to Murabaha financing. In the same vein, the study found that Musharakah financing correlated significantly with advertising and marketing cost indicating that more marketing activities can make Musharakah financing to be more marketable in Nigeria. The low marketability of musharakah can therefore be boosted with aggressive marketing.The finding also confirms the theory of persuasion knowledge that the customers would naturally react to tactics of the markets to their own benefit.

While no relationship was found between Istisna' and marketing and advertising, a very strong, positive and significant relationship was found between Istisna' financing and staff training. This implies that training and seminar on Istisna' as a product of Islamic banks could go a long way in equipping the banks' staff with sufficient knowledge and skills required to make such product more marketable. Since Istisna' still has a very low share of the market for Islamic banking in Nigeria, increase in staff training tends to increase the product's market share as suggested by the resource-based theory. Finally, the result shows that Ijarah financing had no significant relationship with advertising and marketing, and staff training. This implies that marketability of Ijarah product of Iaiz bank could not be linked to either advertising efforts or staff training. It could however be related to other factors as identified by Al Arif and Rahmawati (2018), Kaabachi and Obeid (2016), Sawitri and Febrian (2018). The result might also be an indication that the bank has not been showing desired interest in marketing Ijarah and Istisna' to the banking public.

Conclusion and Recommendations

The study assessed the marketability of Islamic products in Nigeria on the observation that some of the Jaiz bank products have low market share despite being in operation for about 10 years. Little efforts have been made empirically on causes of the low customer patronage. In the light of this, the study was conducted to analyse the marketability of Islamic banking products in Nigeria. The study found that Murabaha and Musharakah relate significantly with marketing activities while positive and significant relationship was found between *Istisna'* and staff training. The study therefore concluded that marketability of Islamic banking products in Nigeria is generally related to marketing activities and the level of knowledge and skills that employees acquired via staff training and seminars. Based on the above findings and the conclusion drawn therefrom, it is recommended that Islamic banks in Nigeria should engage in aggressive marketing to boost customers patronage of their products. The banks should also increase the percentage of staff cost allocated to training and seminar as this will go a long way in enhancing the skills and knowledge of the employees especially the marketing staff; which will in turn lead to improved market share for the banks' products. Finally, the bank and other Islamic banks operating in the Country should pay attention to *Ijarah* and *Istisna'* as financing products that can improve their bottom-line if properly marketed.

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