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MICROFINANCE AND SUSTAINABLE DEVELOPMENT IN POVERTY ALLEVIATION INSIGHTS JAIZ BANK CUSTOMERS IN SOKOTO STATE, NIGERIA

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Abstract

The purpose of this paper is to explore and examine Islamic microfinance on sustainable development and poverty alleviation in Nigeria, insight customers of Jaiz bank. The paper adopts a qualitative approach using the customers of Jaiz bank with semi-structured interviews and purposive sampling method for the substantial of Islamic microfinance and poverty alleviation in Nigeria. Islamic microfinance is analytically applied in capacity building and entrepreneurial development of the poor in the society. Apparently, this will go a long way in reducing the rate of unemployment which is in higher rate, by creating and empowering potential of the rural communities and low-income segment in the Society. The paper differs from previous studies on poverty alleviation and sustainable development in Nigerian sub-Saharan African countries for which research in Islamic microfinance and sustainable development is sparse. The paper is unique in analysing how Islamic microfinance emerged as a tool of poverty alleviation. The study concludes that adapting this procedure of financing will go a long way to solve the challenges of poverty facing by so many households, and enhancing the economic growth and Sustainable development in the society.

Keywords: *Poverty, Alleviation, Microfinance, Sustainable, Development.*

INTRODUCTION

Poverty is one of the challenges facing all countries. Eliminating poverty is an ideal that humanity constantly pursues. The international community has never stopped to alleviate or eliminate poverty. It has become generally accepted worldwide that the measurement of poverty has gradually changed from one-dimensional measurement of income or consumption poverty to multidimensional measurement of education, health and standard of living (Şanal & Zare, 2015).

There are many perspectives of poverty it depends on the geographical and environmental situation. and has been defined in various ways. Most frequently, generally people want to escape from this plague. So, poverty is a call to act for the deprived and well-to-do to change the world. Poverty it occurs everywhere in the world, and seems to be the biggest moral challenge globally (Obaidullah, 2008).

Poverty is a global phenomenon that coercions the human existence with the complex exhibition in social, economic and political stability. This vitally concerns most countries in the developing and less developing countries experience as one of the greatest challenges facing the world. According to global monitory report (Şanal & Zare, 2015).

Poverty refers to the proportion of the population that lives on less than U.S $1.25 a day based on purchasing power disparity of price. Despite the fact (Masron & Subramaniam, 2019) set the poverty line to be less than $1.90 dollars per person. Poverty is an indicator for the measurement of the level of basic needs in different countries. This will indicate which level the livelihood of the people can be considered as, based on the categories of their needs (Muhammad, 2017)

Poverty reduction here refers to general poverty reduction in the community or society. In other words, the poverty we talk about includes not only income poverty, but also multidimensional poverty covering education, public health, drinking water, and sanitation facilities. Based on generalized poverty reduction, we can sort out the Post-2015 Development Agenda and SDGs proposed by UN High-level Panel of Eminent Persons. A New Global Partnership to Eradicate Poverty and Transform Economies through Sustainable Development, that SDGs should include 12 universal goals.

Corresponding to the SDGs proposed by UN High-level Panel of Eminent Persons on the Post-2015 Development Agenda, the SDGs, which have been under discussion, include a total of 17 major goals (Liu, etel. 2015). Based on the concept of generalized poverty reduction, the goals proposed can be divided into three categories: multidimensional poverty reduction goals, sustainable development goals, and global partnership goals.

Ending extreme poverty and achieving sustainable development by 2030 is the summary of the SDGs, reflecting the significance of poverty reduction in the issue of development. Among them, the first goal is to end poverty.

LITERATURE REVIEW

Poverty Alleviation In Nigeria

Nigeria is a country with abundance of resources, bountiful abundant land, oil, and plentiful water and large forest, tillage land for farming, vast of human resources and man power, in addition to other endowment. However, is one of the most poorest countries in Africa, the seventh world-wide with an estimated population of over 250 million with different tribe and religious background (Batalova, Shymonyak, & Mittelstadt, 2008).

Nigeria enthusiastic and a country with the largest exporter of crude oil in the world as the major revenue generated sector in the country with many other resources of income from different part. Nigerian economy ranks in 2018 as low country on human development index, which 39.1% of her population living below income poverty line of US$1.90 a day notwithstanding enormous resources, this is far below other sub-Saharan African countries like Rwanda (60%), Zambia (64.4%) and Mozambique (68.7%) (Lind, 2019).

June report of 2018 world poverty report indicated that 86.9 million people in Nigeria spend less than 1.90 USD per day which is below poverty line. While by February 2019, according to the report there was an addition of over 3 million people that glided into poverty level due to the low income which resulted to over 91 million Nigerians (people) live in abject poverty due to artificial unemployment and starvation been created in the country.

Table 1: Statistics indicating highest level of poverty in African continents

S/NO	African countries	PERCENTAGE (%)
1	Rwanda	60 %
2	Zambia	64.4%
3	Mozambique	68.7%
4	Nigeria	86.9 %

Unlike other African countries, Nigeria has skills, unskilled, and semi-skilled workers as the largest amount of people living in extreme poverty due to the poor payment in the country. unlike Tanzania, Kenya, South Africa and Zambia have about 19.9 million, 14.7 million, 13.8 million and 9.5 million people respectively living in extreme poverty level in their countries (Slater, 2018).

Nigeria been mentioned as one of the poorest countries in the world above India Bangladesh, Republic of Congo, China, and Indonesia. before independence in Nigeria (1960), the close of poverty was really low. Yet, 60 years after gaining independence of the country, Nigeria move from a low poverty level to become one of the highest rate of poverty level in the world today. (Aderounmu et al., 2021).

Nigeria as one of the poorest countries in the world did not achieve the Millennium Development Goals (MDGs) poverty targets by 2015 in spite of the measures initiated by successive administration since independence to reduce poverty in 1980. No matter how hard successive governments both military and democratic have tried to reduce poverty, it has been to no avail as a result of corruption and other unworkable policy by different administration in the country.

However, poverty is a major obstacle to Nigeria's socio-economic growth and development which hindered and has been persisted for a long period of time despite various interventions and economic policy which has been implemented by the government and failed because of poor strategy (Danaan, 2018).

However, Measures are been taking by different government since 1970s where the abundant resources have a significant amount of the people living in abject poverty due to the poor economic and financial planning of alleviating poverty in the country but it failed and unsuccessful (Adah etel 2018). One of the most tasks facing Nigeria today is inability to provide quality life to its citizenry and improving their standard of living compare to developed world that provide social amenities to their people and increasing standard living for betterment of its citizens.

The failure of Millennium Development Goals of helping poor by 2015 led to UN higher prominent summit that brought about the Sustainable Development Goals where the issue of poverty alleviation set to be first goal to alleviate by the UN (Amoo, etel. 2019).

Microfinance in Nigerian Economic System

Nigeria as one of the uppermost populations in Africa which began modern microfinance as non-profit institutions initiated with strategy to address the global issue of poverty and other difficulties face by the low-income earners in the country. Several numbers of NGOs Over the years been operated with different government agencies partnership in microfinance programme of alleviating poverty by adopting the extension of microcredit as part of their mandates in the country in other to increase the standard living of people in the country and enhancing the income of active poor in the society.

The Country Women Association of Nigeria (COWAN) established a combination of traditional thrift for reducing poverty amongst the woman. The African Traditional Responsive Bank (ATRB) introduced another programme to reduce the poverty in the local community and country at large. Nsukka United Self-Help Organization (NUSHO) offered association in the early 1980s through its savings and credit arrangement, organized training/workshop and programmes on credit management for beneficiaries and staff on a yearly basis for the benefit to the poor.

In the late 1980s an institution named Lift Above Poverty Organization (LAPO) was originated, to deliver rural credit plus programmes for the financial inclusion of rural dwellers. Microfinance institutions have grown phenomenally in Nigeria for poverty alleviation and sustainability; the traditional microfinance has played a significant role in poverty alleviation and improving the standard living of Nigerian citizens.

Moreover, the microfinance has increased the informal sector activities and the unwillingness of commercial banks to fund the low -income earners on increasing and developing government policy to support the associations without collateral or requirement, and also simplify and accessing the process of acquiring loan of microfinance from the strict procedure which majority of the poor cannot fulfil within the stipulated period of time.

In response to this, poor households or low-income earners have developed a wide change of informal community whereby a group of people from community comes together with common interest to apply for a loan from the microfinance based on arrangements to meet their financial needs (Okpara, 2010).

Microfinance system in Nigeria was among the old system of saving from the customers used to kept their money for investment or safety, certain group of people or merchant from Italy start the system in seventeenth century as way of saving money and charge a certain amount of money as interest for the safety of kept commodity. This category of people mobilises savings and credit from different associations that include moneylenders, or rich people that provide financial intermediation even before the emergence of semi-formal or formal sources in a very long time.

One of the importance of loans among family and friends is to improve the standard living of household and reduce the difficulties faces by the intimate. The British cooperative expert observed the esusu as a possible basis for modern supportive societies in African culture (Seibel, 2006).

These arrangements by the group of people is called Rotating Savings and Credit Associations among the members of contributors (RoSCA) one of the association is among the Yorubas in Western Nigeria operate under different names: Etoto for the Igbos in the East Nigeria and adashi for the Hausas in Northern Nigeria (Nigeria, 2005). Numerous reworkings and inventions have jumped from the RoSCA to one of the transformations into non rotating savings associations with a permanent loan fund in a formal way (Seibel, 2006).

All members of cooperatives have regular/compulsory savings by members as one of their goals expected to meet, while thrift and credit societies combine regular savings of members with lending. Similarly, credit cooperatives and saving institutions have formal constitutions and a degree of legal position, which are simpler and built on informal considerations among friends and associates in the group.

One of the key structures of informal microfinance schemes are savings and credit components, informality of operations and higher interest rates in relation to the formal traditional bank which charges higher interest in their transaction be an obstacles or bottleneck to the formal banking in the country (Okpara, 2010).

Nevertheless, the modest gains recorded by the microfinance in Nigeria related to the poverty challenges people in the country remains discouraging in a way that many of the low-income and economically active poor remain financially excluded from the scheme, the previous research has shown the important of Islamic microfinance towards poverty alleviation in order to fill the margin of traditional microfinance towards poverty alleviation to the active poor in the country, in particular Sokoto State as study area (Egwuatu, 2008).

Islamic Microfinance and Sustainable Development

Islamic microfinance and Sustainable development in Muslim-majority country such as Indonesia, and Malaysia, that play a vital role of enhancing microfinance as the best model potential for fund mobilization among the poor people because it provides a combination of social intermediation and social capital with added Islamic finance value to the household and poor people (Wulandari & Kassim, 2016).

Social intermediation is a process of financial mediation mixed with capacity building component to the society. The goal of Islamic microfinance is to provide financial services not only to the poor but also to the poorest people among the society, in the informal sector of the economy.

Islamic microfinance is usually being funded using the third economic sector such as charity (infaq and sadaqah) and compulsory Islamic tax (zakah) for the sustainability of Islamic microfinance interest-free mode of finance as it provides funding without the charge of interest so as to comply with the Islamic financing principles of benevolent loan. Islamic microfinance also maximizes social services using zakah, infaq and sadaqah (forms of charity giving to the poor people in order to gain God's blessing and purify one's wealth) to satisfy the poor's financing needs (Hasanah & Yusuf, 2016).

Sustainability of microfinance in Islam is a prominent area of attention within the academic circle, experts and policy designers give more emphasis on it. The Brundtland report foresees sustainable development as unbending needs of current and future age group related to economic, social and business aspects of life regarding the standard living of people Subsequently, dissimilar studies had been connected to sustainability such as third world standard of living Sustainable transitions.

Global sustainability economic analysis, Sustainability of external and fiscal balances, and sustainability on ethical behaviour of human development (Afonso etel. 2010); see also (Dossa etel 2011). On the other hand, different view on sustainable development on economic, social and business factors that were resulting from Brundtland declaration.

Yet, in a particular context to monetary organizations, other studies have connected the concept of sustainability and microfinance with the functions of monetary institution which the research shows that without doubt. Recent revisions had manifestly deported the two separations of sustainability in microfinance to established and welfarist approach (Bebbington, etel. 2015).

Sustainable Development and Economic Growth

Unsustainability of economic growth is a challenge in (MFIs) which most of them need or still depend on donation, grants and subsidies to survive in particular Islamic microfinance institution. The efforts to encourage independence institution that deals with donors and government subsidies should be enhance in poverty alleviation and improving the standard living of low-income earners in order to sustain the economic growth in the society.

However, some MFIs are still financially dependent not independent due to the lack of sufficient fund to operate as financial institution. Operational sustainability and financial sustainability/financial self-sufficiency (FSS) are interrelated as profitable to the economic policy which is more of growth and development, there are two ways of determining the financial sustainability of an organization.

The first one is indicating the ability and strength of microfinance institution (MFIs) to cover its operational costs using its operational techniques. Whereas, financial self-sufficiency occurs when MFIs can cover both costs; financing cost as well as operating expenses comes together for better economic growth and stability. So, microfinance institution (MFIs) is financially sustainable if they can pay their total costs using their operating income and remain with a surplus.

The advantages of Islamic microfinance adopting sustainability are the increase of customers loyalty and a better reputation among Muslim people in major Muslim countries like Indonesia, and Malaysia. Preferably, Islamic identity will assist Muslims to adopt Islamic microfinance as part of Muslim life to be closer to Shari'ah compliance, otherwise, Islamic microfinance sustainability will decline if moral economy and reputation move closer to conventional microfinance operations.

Evidence indicates that the significance of murabahah is declining due the majority of people still viewing Islamic microfiance as relatively new financial innovations Therefore, it is crucial for Islamic microfiance operations to be fully Islamic (El-Gamal, 2006).

Factors Affecting MFI's Financial Development

Factors affecting financial development has different factor affecting the sustainability development in Islamic financial institution which deals with financial efficiency and other economic growth and development segment.

The Previous studies categorized by different researchers has come out with various types of determinants into groups which include formal factors, that has direct bearing with the life of poor people and less- privilege that consist of capital asset, returns, proficiency, advance, portfolio quality, macroeconomic factors and environmental are business strategy in financial sustainability.

Example of institutional factors includes; the age of microfinance institutions usually uses to determine the financial sustainability, lending procedure by the institution is another factor that determine the financial sustainability of microfinance operation, product type and legal status, on the other hands sustainability of microfinance institution stability play a vital role.

While the capital assets include capital to asset ratio that is more on liquidity, and debt to equity ratio. On the revenue category, it includes profit and interest rate of the financial investment. In case of usefulness, it includes administrative proficiency and cost per borrower.

Growth category comprises the number of debtors, size of microfinance operated by the microfinance institution and gross loan portfolio. writes off Portfolio quality and portfolio at risk has more significant to financial sustainability in microfinance institution which is usually after macroeconomic factor which comprises inflation and lending rate.

Microfinance and Sustainable Development

Sustainability in Islamic financial system create an alternative way of interest free banking system on enhancing standard living of poor people through the microfiance provision to the low-income in earners in the society. Muslim community don't like to operate traditional banking system due to the interest in it. Since interest is strictly prohibited in Islam so, they choose to remain out of traditional banking system.

Islamic banking and microfinance should be stimulated towards eliminating poverty in the society by the government and corporate with suitable working environment to operate with other financial institution in the banking sector. Islamic banking system is growing at a rate of 15% for the last three decades. Islamic microfinance is a new idea in microcredit that provides needs for the active poor all over the world.

Islamic microfinance is becoming a progressively popular mechanism for alleviating poverty and attractive investment with saving to the household and family, especially, in developing countries like Nigeria. The Islamic banking industry as a whole is continually growing sector due to its ethical principles and prohibition of riba/interest. Since traditional microfinance has failed.

Islamic microfinance is based on interest free principle and favours investing only in those projects that are in compliance with Islamic jurisprudence and benefits to society at large. Funds usually use to rise through religious donations and institutions of Waqaf, Zakat, Sadaqat, Qard-Hasan and other charities and Muslim stakeholders (Aziz & Alam, 2012).

The difference between Islamic microfinance and the conventional counterpart, both have similarities in terms of focused on economic development, sustainable development, and social objective to the society, to achieve a better life for whole people and in particular to the poor people, supporting additional income, promote entrepreneurship, encourage risk sharing, believe that the poor should get involved in entrepreneurship activities, the only disparity between the two concept is interest which usually used to be operated on traditional banking system in low ration but totally been abolished by the Islamic banking sector (Dusuki, 2008).

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

Musharakah Facility

Musharakah mode of finance is one of the financial systems of Islamic partnership in between two or more parties. *Musharakah* is an equity sharing contract which each partner provides capital and management for the business venture. In *musharakah* the *wakalah* in management does not nullify managerial contributions of other partners. Besides, in

Musharakah, partners must share the net profit according to the mutual agreed ration by the two or more parties. while losses are distributed only according to capital shares contribution.

Consequently, the *Musharakah* contract occurs where two more persons jointly donate capital to carry out positive business in agreement with Shariah. It can be real estates, movable assets, permanent or diminishing property (diminishing *Musharakah*) which must be in agreement with the principle of Islam, which can be defined as a profit or loss sharing partnership and the most reliable form of Islamic banking financial product (Tanko, etel, 2021)

Mudarabah Facility

Mudarabah microfinance has become one of the prominent fields of activity in the global banking sector in recent years. Islamic bank accept money from the sluggish money owners through the Islamic savings account and distribute the profits to its partial owners which usually receive from the legitimate business base on agreed mutual ration of the business partners.

Furthermore, *Mudarabah* is a special case of *musharakah* whereby a sleeping partner provides capital but does not participate in the management of the business. Like *musharakah*, net profit is subject to distribution according to the agreement but losses are in proportion to capital that provided by the sleeping partner (Alaro & Alalubosa, 2019). Mudarabah is an agreement where the capital provider or Islamic bank (Rabbul-Mal) and the businessperson (mudarib) become associates to business activities on an agreed mutual arrangement.

The profits from the contract are shared between the capital provider or financier and the businessperson, but any loss incurred will be borne totally to the capital provider and the businessperson's loss is restricted to whatever he has donated of his labour and expertise. This is premised on the fact that a mudarib invests mudarabah capital on a trust basis trust (Amanah).

Hence the charge clause on his part comes alive only when he is found wanting or careless in his duty as an businessperson or found guilty of breaching any or all of the terms agreement of the mudarabah contract, then he will be liable to the loss (Alaro & Alalubosa, 2019).

Murabah *Facility*

Mudarabah is one of the mode of finance used to benefit the capital provider and a intermediary between the parties in the transaction between the bank and its client on a certain agreement of providing a service or goods for sale on a stipulated period of time on Murabah (cost -plus) contract to pay up install mentally (Yousef, 2004). Furthermore, *Murabahah* means purchase ordered is a sale in which the price is equal to the known cost plus or known profit mark-up.

This cost and profit are fully disclosed to the customer who made a purchase order. *Murabahah* to the purchase ordered is a combination of a request to buy with a promise to re-buy, a cash-buy by the Islamic bank, and a deferred payment sale contract to the client. It begins with an order to buy from a customer to the bank with a promise that requestee will buy the same from the bank.

Qard- Hasan Facility

Qard- hasan in Islam means help to reduce the difficulties, Islam turns financial loans into charitable tools or soft loans to the less privilege people in the society. Conceivably owing to its charitable nature, *qard hasan* (an Islamic loan or benevolent loan) is regarded by the Qur'an as a loan to God. The concept is different from debt twisted by commercial acclaim sales and leases.

However, there is a strong anticipation that the ensuing debt will be paid back within a nominated time period unless the debtor is in distressed circumstances (Qur'an

2:280 and 2:282). Likewise, according to the practice of Prophet Mohammad, (p.b.u.h.) deferring payment of outstanding debts by the rich is injustice (Bensaid etal. 2013) The practical conduct of *qard* in Islamic bank industry has come with many debates.

Some banks treat their on-demand deposits as Islamic helpful loans (*Qard -hasan*) given by the bank to the client, the bank thus guarantees the repayment. The Qur'an, however, inspires flexibility and kindness by the creditor in such loans, in particularly if the debtor is in difficulty and needs help (Farooq, 2011)

Ijarah Facility

Islamic microfinance in Islamic banking system means leasing, it used as a rental. It is used without interest in the banking activities or banking arrangement. It is usually carried out in accordance with the ideologies of Islamic knowledges (Shariah). It can also be defined as situation where parties enter into arrangement that come into conclusion in sequence, to form a comprehensive lease/buyback transaction.

It can also be measured as transaction between owner of building, equipment, or any other services and the hirer to rent and buy the belongings. The hirer makes repayment costs at the end of each dated as the case may be. The hirer has the rights of ownership of the assets after the regular payment is completed. The contract comes in two forms, The first contract is an Ijarah (leasing) that curse out the terms of lease or rent over a fixed period, and the second contract is a Bai' that causes a sale or purchase once the term of the *Ijarah* is complete

METHODOLOGY

The research examines the microfinance contribution towards poverty alleviation in Jaiz bank, the research applies the semi structured interview, face-face approach, by using purposive sampling techniques and non-participant observer in Jaiz bank plc (As a case study), in poverty alleviation and sustainable development in Sokoto State. The purposive sampling adopted with customers of Jaiz bank (beneficiaries) interviewed and the executives of Jaiz on how the Jaiz bank convey its activities of poverty alleviation from the Islamic microfinance scheme.

Despite all the evidence from studies in Asian countries, there is still lack of on the connection between Islamic microfinance on sustainable development and poverty alleviation in sub-Saharan African countries particularly in Nigeria. Therefore, the following preposition is formulated, that Islamic microfinance on sustainable development significantly affect poverty alleviation in Nigeria, insight customers of Jaiz bank.

The research data collection gathered from the primary and secondary source, analysis of primary data was acquired through interview, and observation of Jaiz bank customers. Consequently, the study was principally carried out by following principles of constant comparative analysis of raw data as enshrined in the case study approach.

This process of data analysis involved the three sequential levels of coding the raw data, thematic analysis, selective coding and qualitative findings, the research used the in-depth citation of the interviewers in both the customers (beneficiaries) and executives of Jaiz bank.

Data Analysis

The data analysed manually and transcribed to suit the study's objectives. The analysis process was conducted in multiple stages to ensure rigour and in-depth analysis. Initially, individual interview sessions were audio-recorded and transcribed into thematic form. These transcripts were then cleaned and organised into manageable segments according to emerging themes relevant to the research objectives.

A thematic analysis approach in qualitative study, was recommended by the study which has identified, analyse, and report patterns (themes) within the qualitative data analysis. This involved familiarisation with the data, generating initial codes, searching for themes, reviewing themes, and finally defining and naming them accordingly. The coding was conducted manually to allow closer interaction with the data and to ensure meaningful interpretation aligned with the conceptual framework of the study.

RESULTS

Findings from the Jaiz bank Customers on microfinance and poverty alleviation in Sokoto State

This section presents the findings of Jaiz bank respondents on Islamic microfinance and poverty alleviation; the customers of the bank answer the research questions on Jaiz bank contribution towards alleviating poverty. This section presents the findings of Jaiz bank customers on knowledgeable about microfinance in Jaiz bank, customers on interest Free-banking, customers on compliance with sharia Principles, customers Standard of living

Customers Knowledgeable about Islamic Microfinance

The interviewees highlighted the contributions of microfinance knowledge to poverty alleviation to the poor people. One of the customers believed that knowledge of Jaiz bank microfinance helps him a lot to apply for the loan where the bank provides soft loan to expand his business, the customer emphasized the knowledge of Jaiz bank to the customers:

"*I know the scheme of microfinance "I applied several times as a businessman I ask the bank to provide me with microfinance facilities where they purchase handsets for me to expand my business, the bank plc bought handset for me, I enjoy and benefit from the soft loan provided to me by the Jaiz bank improving my business and reduced my difficulties*
I'm fully aware of microfinance in Jaiz bank plc, "I applied purchase of medicine which the bank bought for me, I applied so many times which I enjoys, benefited from the microfinance loan been provided to me by the Jaiz bank plc".

"*I am completely aware of microfinance in Jaiz bank plc, I applied purchasing of fridges to the bank which the bank provided me with the facilities I am using for my business centre, which I enjoy, they also provided another fridge for me to use in my house, these two fridges help me in reducing my difficulties*".

Findings from the customers show data over 80 percent of interviewees agreed that they have knowledge of microfinance with Jaiz bank where they show interest in Jaiz bank microfinance. They believed that they welcome the customers and advise them when the need arises. Respondent talked about the interest of banking with Jaiz and how the synergy influences their interaction with the bank.

Customers Interest -free Banking

The respondents stressed that the way Jaiz bank operated in interest- free loan make the customers feel comfortable about microfiance activities. Which influences the financial interaction and creating confidence between customers and bank. The customers operating with Jaiz bank microfinance because they are non interest base bank, which comply with the Shariah jurisprudence, customers feel compatible in banking with the Jaiz bank.

"*The Jaiz bank microfinance system is incomparable, because the conventional microfinance operating on interest bases, while the Islamic microfinance is operating on sharia jurisprudence, that's why we are avoiding the conventional microfinance facility*".

"*Jaiz bank plc is different in terms of their operation, Jaiz bank microfinance operates on interest free banking system provide the commodity not money to the customers*".

"*There is a lot of difficulties in conventional microfinance because its dealing with interest, while the microfinance is very easy interns of its accessibility and it also has no any interest to charge for the loan provided to you as a customer*".

"*Conventional microfinance and Islamic microfinance are not the same, the conventional has higher amount of interest charges, while the Islamic microfinance has no interest in its mode of contract, because it's completely on Shari'ah jurisprudence*".

The data of more than 80 percent of respondents agreed that Jaiz bank interest- free loan encourage their interaction with the bank. The respondents of the interview believed that Jaiz bank is one of the organise Islamic bank in Nigeria. The confidence and reliability inspire customers to operate with the Jaiz bank.

Customers Compliance with Sharia Principles

The customers highlighted the important of Sharia compliance of Islamic microfinance of Jaiz bank, which motivate the customers to operate with the bank. One of the Jaiz bank respondent said the facility of microfinance has no interest in its sharia mode of contract, which is completely has base on Shari'ah jurisprudence that is what has encouraged customer to apply for the loan.

"*Conventional microfinance and Islamic microfinance are not the same, the conventional has higher amount of interest charges, while the Islamic microfinance has no interest in its mode of contract, because it's completely base on Shariah jurisprudence*".

"*Conventional microfinance and Islamic microfinance are not the same, the conventional has higher amount of interest charges, while the Islamic microfinance has no interest in its mode of contract, because it's completely base on Shariah jurisprudence*".

"*One of the different between Islamic microfinance and conventional microfinance Shariah the reason is that Islamic micro finance operating on interest free under Jaiz bank, while the conventional microfinance is operating on interest basis structure*".

The data of more than 80 percent of respondents agreed that Jaiz bank compliance with Shari'ah encourage customers to the banking interaction with Jaiz bank. The respondents of the interview believed that having well-articulated and organise bank motivate the customers to operate with them.

Customers Standard of living

The customers highlighted Islamic microfinance contribution towards poor people which has improved the standard of living of active poor in the State. The customers said the facilities have essentially improved the life of low-income earners and improved their daily standard of living life. The customers are suffering in the hands of conventional bank system on interest charges, but when the scheme come to know standard of living of people has totally improved and the scheme expands the business activities of traders

"Islamic microfinance is very useful if you are doing business, because it helps me a lot in my business, my life has change and improve, my business also expands and my standard of living has progress in this business"

"*The Islamic microfinance it helps me a lot because it reduces difficulties in my life, and it also bring changes in my life, because their charges are affordable to their customers which improve my business*".

"*Islamic microfinance scheme helps many people in reducing their poverty, the facility has made me improved my business, reduce my business difficulties and rise livelihood of my family*".

The customers highlighted that the reliability of Jaiz bank contribute to the business activities. customers of the bank have made mentioned that the microfinance has improve, and create the trade atmosphere to the low-income earners among the society. The Jaiz bank customers life has improved in the business activities.

CONCLUSION

The fundamental objective of this research is to find out effective ways of harnessing the potentials opportunities of Islamic microfinance facilities in alleviating poverty in Sokoto State, Nigeria. critically, the research examined the capacities of two models Qard-hasan and Mudarabah model planned to Islamic microfinance in Jaiz bank for implementation on poverty alleviation under the programme that reduce the poverty level in the State.

Moreover, Islamic microfinance can be systematically applied in capacity building and entrepreneurial development of less privilege and low income in the society. Clearly, this will go a long way in reducing the rate of unemployment and creating job opportunity among the teenage youth in the society by creating and empowering the entrepreneurship to those willing the business ventures for capacity building and sustainability development.

The research proposes tools to investigate financial sustainability in Islamic microfinance across Nigerian predominantly Muslim area where different Islamic microfinance is operating. The results of the research support the previous studies that sustainability of Islamic microfinance is influenced by economic growth and development.

The majority of Islamic microfiance operating in the country studied failed to deliver Islamic microfinance moral and ethics in the operation disbursing the fund to customers which is against the ethics of Islamic microfinance (Mamat, etel, 2025) This strongly indicates that Jaiz bank should focus more on the inclusive finance sector on jurisprudence of Islamic law for better sustainability in the future. The research produced more comprehensive and robust results from the proposed methods of Qard-hasan and mudarabah than the conventional banking system.

This research confirmed the two-model strategy to the most effective way of curbing the spread of poverty in Sokoto State. However, success of the proposed two model of Qard-hasan and Mudarabah model can be realized only if it is accomplished by transparent, honesty, trustworthy, and accountable personnel. For the effective and sustainable operation of the two model, the study suggests regular training and re-training of banking for the efficiency of the banking operation.

The research will not only guarantee the desired success in the operation, but will also engender the confidence of customers (beneficiaries) and stakeholders in the new initiative. Despite the fulfilment of the research objectives, the research has left serious vacuums that required to be academically studied in particular on musharakah modes of finance, Takaful (Islamic Insurance) and Sukuk (Islamic bond) on their significant role in poverty alleviation.

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