INFLUENCE OF MUDARABA AND WADIAH ON FINANCIAL INCLUSION IN KANO METROPOLIS: A STUDY OF JAIZ BANK'S CUSTOMERS

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ABSTRACT

This study attempts to investigate the influence of Islamic banking on financial inclusion in Kano State. The study uses a cross sectional survey with a sample of 378 customers of Jaiz bank in Kano. 378 copies of questionnaire were administered to solicit the perceptions of customers on the influence of Islamic banking on financial inclusion. The scales used for measuring mudaraba, wadiah, and financial inclusion were adapted from multiple sources. The data collected were analyzed Using SPSS version 20. It was found that Mudarabah, and Wadiah, had significant influence on financial inclusion. It was therefore recommended that Jaiz bank should improve the training of its staff in Shariah aspect of its product, it is also recommended that Jaiz bank should improve its financial infrastructures and creates more awareness on its modes of operations and products as this will help promote financial inclusion.

Key Words: Financial Inclusion, Islamic banking, financial exclusion, theory of reasoned action and theory of change

1. INTRODUCTION

Islamic banking is an alternative financial service offering, which is open to all irrespective of race or religion. It is based on the ethical principles of fairness, transparency and objectivity. Non-interest banking offers almost all the services of conventional banks, the differences is that non-interest Islamic Banks do not give or received interest, nor finance anything that is harmful to society like alcohol, tobacco, gambling (Akinsuline, 2013) Islamic banking is a profitable growing global phenomena practiced in nearly 70 countries across the world including the United Kingdom, Canada, the United States of America, the United Arab Emirate, Malaysia, China, Singapore, South Africa, Kenya through global banks like, Citibank, Barclay Bank (Muhammad & Gulani, 2013). Currently, about 41% of Nigeria's total population of 183 million is craving for such Non-Interest banking services (Jaiz, 2015). These people are desirous of ethical banking services which provide for socially responsible investment outlets. In a nutshell, Non-Interest banking is a profit and loss sharing arrangement where the mode of financing is mostly on mark-up, leasing and partnership basis.

Similarly, several attempts to establish Islamic Bank in Nigeria in the past met resistance from religious groups most of it based on ignorance or fear of unknown or both. Since Jaiz Bank started operation it has witnessed phenomenal growth in customer base, assets and branch network (Jaiz, 2015) this confidence is accentuated due to the fact that the bank opens its door to both Muslim and non-Muslim (allying the fear that Islamic Banking is for Muslim only). It is on record that first and third persons to access financing from the bank were of Christian faith (Jaiz, 2015). Furthermore, Hesket, (2009) observed that an economy cannot prosper on a fraction of its citizens while excluding the others. In many developing countries economic development is skewed towards a few rich people and regions while the larger population and regions are left out. With a huge rural population, that is economically challenged, financial inclusion is indispensable to sustainable growth. In an economy where, Islamic Finance does not have a presence, it is usually observed that a substantial proportion of its population especially the Muslim population would refrain from using the conventional banking facilities in order to avoid dealing with usury or interest (Riba) due to religious principles (Sain, Rahman & Khanam, 2013). Moreover, empirical studies provide strong evidence globally that the Muslim population using financial service is less than their non-Muslim counterparts (EL-Hawary, & Grais, 2005). Hence, there has been a substantial increase toward Islamic finance as a possible tool to increase financial inclusion among the Muslim population (Moheildin, 2011). According to CBN, (2009) about 83.9% of the money in circulation in Nigeria is still outside the banking system, banks will therefore, need to come up with innovative ways of tapping into those market segments to mobilize the huge pool of funds that are there.

Furthermore, Studies in the areas, such as; the work of Aamaeshi, Kenneth, Ezeola, Adi, and Nwafu, (2006), only considered the financial exclusion of rural dwellers and the low-income household, although researchers, such as Yewande (2011), and Abdullahi (2011) recommended that further researches be conducted on the barriers to financial inclusion faced by Nigerians. Therefore, this study will explore the perceived influence of Islamic banking as a tool on financial inclusion.

Objectives of the Study

The main objective of this study is to examine the influence of Islamic modes of financing on financial inclusions in Kano State, Nigeria. The specific objectives include:

i. Assess the influence of Mudaraba products on financial inclusion.

ii. Evaluate the influence of Wadiah products on financial inclusion.

Research Hypotheses

H_{01}: There is no significant relationship between Mudaraba Products and financial inclusion

Ho_2: There is no significant relationship between Wadiah Products and financial inclusion

2. LITERATURE REVIEW

The Concept of Financial Inclusion

Enhancing financial Innovation and Access (EFinA) (2013) defines financial inclusion as the provision of a broad range of high quality financial product such as savings, credits, insurance, payments and pensions, which are relevant, appropriate and affordable for the entire adult's populations especially the low-income segments of the economy. While Centre for Financial Inclusion CFI (2013) asserts that financial inclusion is a state in which all people who can use financial services have access to a complement of quality financial services, provided at affordable prices, in a conventional manner and with dignity for the clients. Moreover, Hariharan and Maktanner (2012) opines that “financial inclusion is a huge prerequisite for economic growth and development base on its ability to enhance capital creation, financial sector savings and intermediation and by implication investment”. Furthermore, World Bank (2012) sees financial inclusion as the range, quality and availability of financial services to the underserved and financially excluded. While United Nation Development Program UNDP (2015) defined financial inclusion as an inclusive financial system that services all clients reaching out to poor and low-income people and providing them with affordable financial services customized to their needs. According to Ibeachu (2010) opines that “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 section and low-income groups at an affordable cost”. Additionally, consultative Group for Assisting the Poor, CGAP (2008) opines that “financial inclusion means that households must be provided responsibly and sustainably, in a well-regulated environment”.

The Concept of Islamic Banking

Interest-Free Banking, Profit and Loss Sharing Banking, now practiced in many countries, in all continents of the world is named as “Islamic Banking”. Interest, was prohibited by most major religious like Islam; Judaism and Christianity had both condemned interest. There are specific chapter in the Bible that has categorically forbids the taking of interest, exodus 22:25, “If you lend money to any of my people who are poor among you, you shall not be like a money lender to him; you shall not charge him interest”.

Therefore, the instruments offered by Islamic bank have strong historical roots and have been applied throughout history in various Muslim communities. Islamic Banking offers a rich set of instruments and unconventional approaches if implemented in a true spirit and can lead to reduced poverty and inequality in Nigeria and elsewhere. Therefore, the policy makers in Nigeria who are serious about enhancing access to finance or “financial inclusion” should exploit the potential of Islamic instruments to achieve this goal (Mohieldin, Iqbal, Ahmed, &Xiaochen, 2011).

Principles of Islamic Banking

In an Islamic system, trade transactions may be financed either on credit or on participatory basis. Credit involves the deferment of the price or of the delivery of the purchased commodities. Credit

May be extended either by business firm or by banks and financial intermediaries. While participatory finance involves the participation of the financier in the profit and loss brought in by the means of either reselling the financed goods or incorporating them into an income generating production process. According to Ahmad and Shabbir, (2000) the following are the principles of Islamic system;

Uncertainty and speculation (Gharar): this is forbidden in Islam. Therefore, any transaction the bank enters should have a well-known outcome that is all contracting parties must have perfect knowledge of it. The profit and loss sharing scheme is considered extremely vital in Islamic Banking. Chapra and Ahmed (2012) assert that Islamic banks promote risk sharing between providers of funds (investors) and users of fund (entrepreneurs), while their counterpart conventional banks assures the investors predetermined rate of interest and pass all the risks to the entrepreneur. According to Shariah, this kind of unjust risk distribution is prohibited.

Prohibition of interest (Riba) as revealed in the Quran (AL-Baqarah, 2:275) "Allah has permitted trade and has forbidden riba". Moreover, Geelani (2005) asserts that Riba refers to any predetermined payment above the actual amount of the loan principal; this is contrary to conventional bank that charge fixed interest rates on both deposits and loans. While Ahmad (1994) argues that elimination of interest does not mean zero –return on capital. Rather, Islam forbids a fixed predetermined return for a certain factor of production i.e. One party having assured return and the whole risk of an entrepreneurship to be shared by others.

Prohibition of investing in unlawful business: Islamic law prohibits investing in unlawful businesses such as businesses that involved in selling alcohol or pork; or business that produce media for instance, gossip columns or pornography; or gambling industry.

Financial Transaction must be Asset Backed; meaning that making money out of money is prohibited. Khan and Bhatti (2008), and Al-Janabi (2012) all confirm that money in Islam is considered medium of exchange that represents the purchasing power of individuals and has no value on itself. Hence, it only becomes capital generating when it is invested in a productive business. This is contrary to conventional; banking systems that regularly use tools such as; Currency derivatives, future and forward contracts that involve non-assets backed transactions.

Products of Islamic Banks

According to Usmani, (2002), Kahf (2007), Siddiqi (2008), Hailey (2009) and Kettel (2011) the following are the financial products offered by Islamic banks.

Profit sharing (Mudarabah): Islamic banks offer savings and time deposits in the form of investment accounts. Under the system of Mudarabah the depositors of such accounts share profits and/or losses of the institutions under an agreed-upon formula. The depositors in mudarabah accounts are the suppliers of capitals (rabb al-mal), who entrust their fund to the bank (mudarib), in the tradition of western style investment banking, subject to dealings with only non-interest-bearing instruments. The mudarib, acting as money manager or agent, invests the money and then distributes the profits and/or losses on the basis of the agreed-upon contract.

Conditions:

First, profit is shared according to agreement while loss is born by capital provider only. Second, under this scheme of financing Islamic banks provide capital to financially weak but skillful people to do the business and share outcome with Islamic bank. This scheme is also used in deposit collection. Third, Mudarabah contract can be restricted or unrestricted. No one can claim a lump sum amount of profit it must be based on actual outcome.

Amanah/Wadia (Current/Trust Account)

Wadia, is a trust account where the money is held and is guaranteed to be returned in its entirety upon request. Furthermore, many Islamic Banks offer a return on clients' money by requesting permission to invest it on the clients' behalf. Some institutions even go so far as to offer a gift, or hiba, in return for placing deposit with them, although many Islamic scholars feel that this is dangerously close to the idea of an interest-bearing account (Hailey, 2009).

Conditions:

First and foremost, bank is deemed as a keeper and trustee of the funds. Similarly, a person deposits funds in the bank and the bank guarantees refund of the entire amount of the deposit, or any part of the outstanding amount, when the depositor demands it and permits the bank to use the depositor's money. Finally, no return is paid to depositors, however, at the bank discretion, may be rewarded with "Hibah" which is a form of appreciation for the use of funds by the bank.

Benefits of Islamic Banking

According to Ahmed (2008) Islamic Banking provide lots of benefits to the Muslim Community and the country at large namely;

Inclusive Economic Growth: Islamic Banking in Nigeria will throw open fresh avenues of inclusive economic growth, not only for the Muslim community, but also other fellow countrymen through novel instruments of finance based on equity and not interest. This might also help improve the poor socio-economic status of the Muslim community.

Growth of Foreign Direct Investment (FDI): Islamic bank offer customer with Sharia compliant mode of financing and investment, and motivate not only retail investors, but also beneficiaries of various shariah-complaint schemes. Doors are opened to foreign direct investment (FDI) and foreign investment, particularly from OIC members.

Availability of fund for business: while shariah-compliant, equity-based microfinance organizations at the grassroots and apex levels will be able to provide much needed financial inputs by way of tools, equipment and machineries under the ijarawaiktina (lease-cum-purchase), the murahabah (cost-plus financing) instruments of Islamic finance can be used to provide funds for trading and raw material purchases for manufacturers.

Free from exploitation: Renowned scholar and senior adviser to the Islamic Research Institute of the Islamic Development Bank, Saudi Arabia, Chapra (2012) stressed the need for implementing Islamic banking and economy system for setting up a true welfare state. Chapra views that by adopting true Islamic system of economy and banking a welfare society could be created where People are saved from exploitation and their basic needs are met.

Financial inclusion: a large number of Muslim in the country that had steered away from the organized conventional financial services due to their aversion to interest and interests-based products will be integrated in the formal economic sector, which will in turn lead to replacement of informal markets with formal and regulated ones.

Empirical Review of Financial Inclusion in Islamic Finance

Shariah-complaint financial products and instruments can play a significant role in enhancing financial inclusion among Muslim populations about 700 million of the world's poor live in predominantly Muslim-populated countries (Moheildin, 2011). While in recent years, there has been growing interest in Islamic finance as a tool to increase financial inclusion among Muslim population (Moheildin, 2011). The main issue relates to the fact that many Muslim-headed household and micro, small, and medium enterprises may voluntarily exclude themselves from formal financial market because of Sharia requirements. Islamic legal systems among, other characteristics, prohibit predefined interest-bearing loans. They also require financial providers to share in the risks of the business activities for which they provide financial services (profit and loss sharing). Given these requirements, most conventional financial services are not relevant for religiously minded individuals and firms in need of financing (World Bank, 2011).

Theoretical Framework

Mercy Corps' Theory of Change

Mercy Corps' financial inclusion theory of change states that if there are inclusive financial market systems (made up of financial providers, market actors, appropriate technology, and an enabling environment), then target clients will have access to financial products and services that benefit them. If target clients can access, use, and afford a range of appropriate financial services and products on an ongoing basis, then they can better manage, sustain, and grow their economic assets.

Furthermore, mercy corps theory of change considers that access to appropriate financial products and services will allow vulnerable agro pastoralists and low-income groups to secure financial capital, increase investment in new economic opportunities, and better manage financial resources. Similarly, it assists to anticipate risk, enabling households to increase their resiliency to shock and stresses and speed recovery seeks to transform the financial services sector in the region so that it serves the needs of rural agro pastoralists and actively contributes to building resilience resulting n increase food and income security for vulnerable populations.

The Theory of Reasoned Action (TRA)

The theory of reasoned action (TRA) this theory is propounded by Fishbein and Ajzen (1975). The theory assumed that individuals make rational decisions (intention) pertaining to their actions. Therefore, for every behavior, there must be an intention to perform the behavior. And the higher the behavioral intention, the greater will be the probability of performing the behavior in question. For example, one is likely to adopt Islamic banking, if he intends to adopt it, and likely not, if he has not made an intention. According to this theory intention is a product of attitude and subjective norm. Attitude is the positive or negative feelings of an individual hold towards a particular behavior and the motivation to comply with the perceptions. Therefore, the greater the intention to engage in Islamic banking products, the greater the chances the person will eventually perform that behavior.

A lot of empirical investigations adopted the TRA model in several different contexts of Islamic banks.eg Lada (2009) employed this model in halal restaurant. While Amin, Ghazali, and Supinah (2010) used TRA model in Islamic modes of financing another study of Abdul Razak and Abduh (2012) used this in Islamic home financing. Therefore, due to the rich literature support available.

This study will also adopt the TRA model.

The TRA model can be expressed as

B-1= (AB) w1+ (SN) w2-------------equation 1

Where:

B=Behavior

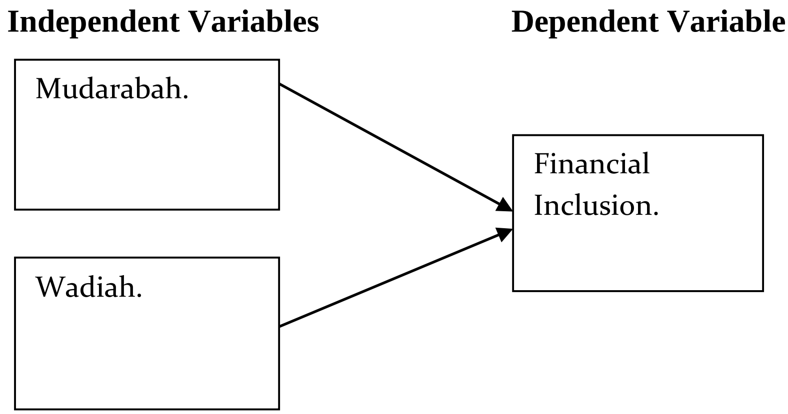
I=Intention to perform behavior B

AB=Attitude toward performing behavior B

SN=Subjective norm W1 and W2=weights

Source: Jahya (2004), Ali and Raza (2015), Gumel, Othman and Yusof (2012).

Figure 1: The Research Framework



3. METHODOLOGY

Research Design and Population

A cross-sectional survey design was employed for this research work. The unit of the survey is customers of Jaiz Bank. The reason for the choice of a cross-sectional survey included time, cost, and quantitative nature of the study (Cresswel, 2004; De Vaus 2002; & McKernan, 1991). Cross-sectional surveys are the most common type of surveys and are more quantitative in approach than qualitative. They provide a structured approach to data collection that allows for the systematic comparison of variables against each other (Greenwood, & Axford, 2004, DeVaus, 2002, McKernan, 1991, Minichiello, & Sullivan 2004).

Moreover, the study covered the Jaiz bank customers in Kano State. Jaiz Bank has three branches in Kano metropolis the first branch is located at Tafawa Balewa way off Murtala Muhammed way, the second branch is located at Bello Road and the third branch is located at Kabuga Gwarzo way. As at the time of study (September, 2015), Tafawa Balewa branch has 9,815 customers while Bello way branch has 10,129 customers and the Kabuga has 3,569 customers. The Jaiz Bank customers' base is increasing on daily basis, the break down given above represent their actual customers' base as at the time of writing this work. Therefore, for the purpose of this study the population consist of all Jaiz bank customers in all the three branches in

Kano metropolis, in totality, Jaiz Bank Kano metropolitan branches has 23,513 customers and this constitute the population size for the study. The study covers all the Jaiz bank branches in Kano metropolis only. The respondents of the population which are of interest to the study are males/females, high/low income earners, people with different religious beliefs and academic qualifications.

Sampling Technique and Procedure

There are two sampling techniques: probability and non-probability methods, (Rabson, 2007). The researchers choose to go for probability sampling, because it gives room to draw statistical inference about the population from the sample (Robson, 2011). The researchers further selected cluster and random sampling which in their opinion believes that it best suits the population, as it involves grouping the population into groups or cluster then randomly selecting from each group (Easton & McColl 1997). The sampling size is determined using Krejcie and Morgan statistical formula for drawing sampling size.

The formula is expressed as: $n=\frac{x^2 * N * P * (1-P)}{(ME^2 * (N-1)+(x^2 * P * (1-P)}$

Where:

n=sample size

$X^{2=}$chi square for the specified confidence level at 1 degree of freedom

N=population size

P=population proportion

ME=desired margin of error

Therefore, using the above formula the researchers determined the sample to be 378 at a confidence level of 95 present; hence, 378 copies of questionnaires were distributed to the customers of Jaiz Bank (respondents). The questionnaires were distributed proportionately among the three branches of Jaiz Bank in Kano metropolis, see table 1.1 below:

Table 1: Sample size of the study

Branches	Population	Calculation	Proportionate sample
Tafawa Balewa	9,815	9,815/23,513*378	158
Bello way	10,129	10,129/23,513*378	163
Kabuga	3,569	3,569/23,513*378	57
Total	23,513		378

Data Collection Instruments

The main data gathering instrument for this study is questionnaire; this is because it is an instrument that allowed the researcher to carry out quantitative approach effectively with the use of statistic for data interpretation. The questionnaire was divided into two parts, the first part is about the bio-data of the respondents; it asks about the socio-demographic characteristic of the respondents e.g. Gender, age, income level, educational qualification, marital status. While the second parts will explore the perceptions of the respondents about the influence of Islamic banking on financial inclusion, this part will further be divided into three sections, the first section measures financial inclusion of the respondents and the second section is about the respondent's perceptions on Mudarabah while the third section measures perceptions on Wudiah,

Moreover, the items in the questionnaire are developed in English language the idea behind it, is because majority of the selected respondents can read, write and understand simple English. There are 19 items on the questionnaire, 7 questions are directed to demographic variable of the respondents, while the remainders measure the respondents' perceptions on the influence of Islamic banking on financial inclusion. All the items in the questionnaire are presented based on five-point likert scale (i.e Agree, strongly agreed, Disagreed, Strongly Disagreed and undecided.) Furthermore, the scale that measures financial inclusion are adopted from Kumar (2000) while those for Mudabaha were adopted from Alsadek (2012), similarly, the scale use for measuring Wadiah are adopted from Bashir (2012).

Measurement and Model specification

Financial inclusion is determined by multiple factors such as the type of financial products, Awareness, financial literacy among others. Financial inclusion can be measured from both loans and savings. Therefore, the study attempts to assess the extent of financial inclusion using Islamic Banking products namely: Wadiah and Mudarabah which constitute the two independent variables in the model. The selected independent variables are being carefully selected based on the various literature and practical issues regarding financial inclusion. To this end, Financial inclusion itself is employed as the dependent variable in the model. On the other hand, Wadiah and Mudarabah, are employed as independent variables.

Regression Equation

Model: $Yi = ui + \beta 1X1i + \beta 2X2i + ei$…… (1)

Yi stands for dependent variable while Xi stands for number of the independent variables

Where:

Yi= financial inclusion

X1i=Mudarabah

X2i=Wadiah

ei=constant value

$\beta 1$=coefficient of variables

Ei=Error term associated with variables

4. RESULTS AND DISCUSSION

Measures of Model Summary

To examine the relationship among the variables used for this study a regression analysis was run, with two predicator variables which include Mudarabah, and Wadiah were examined to see their contribution towards financial inclusion. The table 1.3 below shows that R^2= .804, F=change 477.535, and this indicate that 80.2% of the variability in financial inclusion (department variable) has been explained by the independent variables. Therefore, the result obtained show that independent variables (Mudarabah, and Wadiah) are good predictors of financial inclusion moreover, this explained the high correlation between dependent variables and independent variables which also mean a very significant contribution was made by the independent variables in explaining the variability in the dependent variable. R square ranges between 0 and 1 where R^2=1 indicates that the model exactly explained the variability in Y, on the other hand R^2=0 indicates the model does not explain any variability in Y R^2 value larger than 0.5 is usually considered a significant relationship (Fisher, 1915). It is also argued by William (2007) that low R^2= might well indicate that variables are poorly measured, that important variables have been excluded or that the model has been miss-specified in other ways (that is the effects are non-linear or non-additive). Therefore, having high R^2 is this study means that variables are rightly selected and measured hence the model is not miss-specified.

Table 2: model Summary[b]

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.897[a]	.804	.802	1.19696	.804	477.535	2	233	.000	1.636

a. Predictors: (Constant), WADIAH, MUDARABA

b. Dependent Variable: FININCLUSION

ANOVA Values

ANOVA is used to test the relationship in the mean difference of variables as you can see in table 1.4 below it shows that the model is statistically significant at 0.000. Hence, the model is fit and good for the study.

Table 3: ANOVA[a]

ANOVA[a]

Model		Sum Squares	ofdf	Mean Square	F	Sig.
	Regression	1368.346	2	684.173	477.535	.000[b]
1	Residual	333.823	233	1.433		
	Total	1702.169	235			

a. Dependent Variable: FININCLUSION

b. Predictors: (Constant), WADIAH, MUDARABA

Furthermore, it is argued that if t-value exceeded ±1.645, it means that there is a significant relationship hence the hypothesis would be accepted (Kumar, 2000). Based on this argument it can be seen in table 1.5 that among two predicting variables wadiah is the variable that best predict the dependent variable with (β=.987, t=27.584, p=0.000) based on the suggestion by Cohen (1988) this hypothesis will be rejected since it has t value that exceeds ±1.645. This implies that when all other variables are held constant Wadiah explains 98.7% of the dependent variable. The next variable is Mudarabah, it has the following values (β=-.173, t=-4.837, p=0.000). based on Cohen (1988) this hypothesis will be rejected, since it has t-value that exceeded ±1.645, even though the t value is negative which simply connotes that Mudarabah is negatively related to financial inclusion, the reason for this negative relationship may not be unconnected with the fact that Jaiz bank wrongly named the product as saving account in which their customers sees it as having no different with conventional saving account where the depositors earns interest.

Table 4: Coefficients[a]

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	2.245	.675		3.329	.001	.916	3.574		
	MUDARABA	-.128	.026	-.173	-4.837	.000	-.180	-.076	.658	1.520
	WADIAH	.756	.027	.987	27.584	.000	.702	.810	.658	1.520

a. Dependent Variable: FININCLUSION

Table 5: Result of Hypotheses Testing

Null Hypothesis	*Statements of null Hypothesis*	*Finding*
H1	Mudarabah (partnership) financing has significant influence on Financial Inclusion	**Accepted**
H2	Wadiah (current Account) has significant influence on Financial Inclusion	**Accepted**

From the table above, result of regression analysis shows that, two of the variables hypothesized to have direct relationships with the dependent variable have been tested and found to be statistically significant.

Discussion of Findings

Two hypotheses were formulated for this study based on the independent variables used for this study; therefore, the information below presents the test of hypotheses and the discussion of the major findings. Moreover, multiple regression was run to test all the hypotheses raised in this work, the result indicate that the two predicting variables were able to explain 80.2% of the model (R^2=.802).

The null hypothesis 1 which says that "Wadiah (Current Account) has no significant influence on financial inclusion". Is rejected because it has made tremendous contribution in explaining the dependent variable, it has the *Beta* and *t* values (β=.987, t=27.584, p=0.000). Therefore, it can be inferred that there is a positive linear relationship between Wadiah and financial inclusion so we reject the null hypothesis this finding is in line with the finding of Jan-Sofi (2012) who stated that there is a positive relationship between Wadiah and financial inclusion, however it differs from the finding of Muda, Ismail, Shahinni&Jamaan (2013) who found that a negative relationship exist between Wadiah and Financial inclusion.

The null hypothesis 2 which says "Mudarabah (partnership) financing has no significant influence on financial inclusion" Is rejected on the basis of having a *Beta* and *t* values of (β=.173, t=-4.837, p=0.000) the test is significant therefore we reject the null hypothesis and accept the alternate hypothesis but in this variable the kind of linear relationship that exist between Mudarabah and Financial inclusion is a negative one, and this relationship may not be unconnected with the fact that Jaiz Bank plc. has wrongly named the product as saving account which their customers sees it as not having different with the conventional saving account where, interest is paid into the customer's account. Moreover, there are many common features between Mudarabah saving account and conventional saving account couple with lack of explanations by the bank staff during the account opening (Zaiden, 2015; Al-Shamrani, 2014). So, in line with this explanation the Bank staff does not take time to explain the features as well as the nature of this type of account during the account opening, as a question of this nature is included in the questionnaire and about 55% of the respondents indicates that the bank staff does not explain the features of Mudarabah account during the account opening therefore such a negative relationship should be expected.

Finally, this finding contradicts the finding of Ben, Barajas, Massara (2015) whose study shows a weaker relationship between Mudarabah and financial inclusion, it also confirmed the finding of Rimsan, Hilmy&Suraiya (2014) whose study found that Mudarabah saving accounts are not acceptable by customers, because they are strongly influenced by the nature of conventional banking saving accounts. Furthermore, Karim (2010) recommended that Islamic banks need to play more active role in educating their customers on the distinct features of Mudarabah and a strong level of understanding of the product characteristics would be able to enhance the rate of acceptability of Mudarabah product among the customers. Based on the above, all the two hypotheses were rejected. Therefore, financial inclusion is significantly influenced by Wadiah and Mudarabah.

5. CONCLUSION AND RECOMMENDATIONS

The study reveals two important findings. First the results of the survey show that Wadiah is significantly related to financial inclusion, in other words the Jaiz bank customers perceived that offering Wadiah will bring about the huge inclusion of those who are financially excluded. Furthermore, it was found that Mudarabah was negatively related to financial inclusion which means that the jaiz bank customers perceived Mudarabah as an interest-based product and this is the reason for the negative relationship.

There is need for Jaiz bank to engage in aggressive campaign, because the level of awareness of Nigerians specifically the rural dwellers about the existence of Shariah complaint financial products is very low and there are also negative perceptions surrounding some of the financial products offered by Jaiz bank. For instance, some Nigerians believed that shariah complaint financial products on offer by Jaiz bank are no different from the one offer by its conventional counterpart this is partially because of the name they give their products, as can be seen in the findings of this research where Mudarabah shows a negative relationship with financial inclusion which mean that the more Jaiz bank offer Mudarabah product to its customers the less financial inclusion it achieved. Therefore, correcting this misconception will help in improving financial inclusion and will increase the bank’s market share.

There is need for Jaiz bank to educate its staff on the shariah principles of its products. Discussion with the Jaiz Bank staff, revealed that a number them worked in conventional banks this implies that they had been trained in conventional banking operations as such they lack the knowledge of Islamic financial system. So, staff development would help in re-orienting the staff to the new banking system.

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