

EFFECTIVE MARKET SEGMENTATION AND VIABILITY OF ISLAMIC BANKING IN NIGERIA**Mohammed Abubakar Mawoli**sabel120@yahoo.com

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ABSTRACT

Islamic banking has become a global phenomenon as both Islamic and western countries have embraced it. However, the move by the Central Bank of Nigeria (CBN) to introduce Islamic Banking in Nigeria was met with many criticisms, especially from the Non-Muslims. As a divorce from subjective criticisms typical of religious opponents' discussions, the study examined the viability of Islamic banking in Nigeria using market segmentation criteria. Being a library research, secondary data was obtained from various secondary sources and analyzed descriptively. The study found that, the targeted Muslim segment is substantial, identifiable, measurable, accessible and reliable. Hence, the study concludes that the introduction of Islamic banking in Nigeria is worthwhile and the future of Islamic banks in the country is bright and prosperous. The study, therefore, recommends that though Islamic banking has come to stay, Muslims and non-Muslims should support its establishment as all citizens irrespective of religious affiliation are likely to benefit from it.

Keywords: Segmentation, Viability, Islamic Banking, Nigeria.**INTRODUCTION**

The existence of unsatisfied consumer needs represent a business opportunity. Due to stiff competition and companies' limited resources, a business opportunity is often approached with a carefully designed marketing strategy. One of the first marketing strategies for a newly discovered market is *market segmentation*. Market segmentation is the process of dividing a market into smaller groups of buyers with distinct needs, characteristics, or behaviours who might require separate product or marketing mixes (Kotler and Armstrong, 2006). However, the task before companies is not just in discovering a market opportunity and imbibing market segmentation strategy, but in ensuring that market segmentation is appropriately planned and effectively implemented.

The Central Bank of Nigeria (CBN) introduced Islamic Banking in Nigeria in 2010/2011 to meet the financial needs of predominantly Muslim segment. Being a multi-religious and multi-ethnic society, the policy was highly criticized by the non-Muslim as imposition of Islamic religion on Nigerians and misuse of national resources to favor a particular religion, Islam. Though it appears the policy has come to stay, there is still great concern about the creation as well as viability of Islamic banking system in Nigeria. It is for these reasons that an attempt is made in this study to re-analyze the practicability of Islamic banking in Nigeria. However, unlike the religious and political debates that assume subjectivism, sentimentalism, bigotry and jingoism, this study examines the viability of Islamic Banking in Nigeria via effective market segmentation criteria. A segment market that is attractive and deserved to be served is one that is identifiable, measurable, accessible, substantial, stable, differential and actionable (see for example: Mawoli, 2011; Onaoplajo, Salami and Oyedokun, 2011; Kotler and Keller, 2006; and Schiffman and Kanuk, 2000).

Thus, the study seeks to address the following questions:

1. Is the segment market for Islamic banking in Nigeria easily *identifiable*?
2. Does the segment market contain *measurable* variables?
3. Will the segment market be *accessible or reachable*?
4. Is the segment market *substantial*?
5. Will the segment market's demand remain *stable and reliable* for a long time?

6. Will the segment market respond differently to *separate marketing mix* or offer?
7. Can companies deploy their *limited resources* to meet the needs of the segment market?

REVIEW OF RELATED LITERATURE

Islamic Banking: History, Concept, Features and Core Products

Islamic banking has now become global phenomenon (Aliyu, 2011). It originated from Islam during Prophet Muhammad's era and was widely practiced predominantly in the Muslim world throughout the middle ages (Zeher and Hassan, 2002). However, Islamic Banking is regaining gradual acceptance in most countries of the world due to failure of conventional banking practices. For example, Iran, Sudan and Pakistan operate a full-Islamic banking and financial systems, while countries like Algeria, Bahrain, Egypt, Malaysia and Saudi Arabia operate a dual banking system (e.g. conventional and Islamic Banking Systems) (see Daud, Yussof and Abideen, 2011; Hearn, Piesse and Strange, 2010; and Zaher and Hassan, 2002). Also, Sudan and Iran have developed fully-compliant Islamic stock market (Hearn, Piece and Strange, 2010). Due to high growth rate of the Islamic Banks in terms of sales, market share, deposits, profit and size (see for example, Bank of Sudan Annual Report, 2006; Zaher and Hassan, 2002; Kazarian, 1993; and Babai, 1995), non-Muslim countries especially in Europe and America have introduced Islamic Banks and/or Islamic Banking products that is non-interest based. Brooks (1999) affirms that non-Muslims countries are also participating in Islamic Banking because they consider it to be commercially sound. Zaher and Hassan (2002) identified the western banks that have expanded their products to cover Islamic Banking as Citibank, Bank of America, Commerzbank, Deutsche Bank, Merrill Lynch, ABN AMRO, BNP Paribas, Pictet and Cie, UBS, Standard Chartered, Barclays, HSBC, Royal Bank of Canada, American Express, Goldman Sachs, Kleinwort Benson, ANZ Grindlays and Flemings. Approximately, there are over 250 Islamic banks in the world as at 2001 (see: Zaher and Hassan, 2002). However, the operation of non-interest banking in Nigeria is not more than two decades as the law permitting non-interest banking in Nigeria was promulgated in 1991 under Bank and Other Financial Institutions Decrees (BOFID) 24 and 25 of 1991. Throughout that period, only former Habib Nigerian Bank PLC (later Bank PHB and now Keystone Bank) offered non-interest financial products (see: Usman, 2003). Again, in 2010 the CBN enacted new provisions for the effective establishment, operation and supervision of Islamic Banks in Nigeria.

According to Wikipedia (2011), Islamic banking is banking or banking activity that is consistent with the principles of Islamic law (*Sharia*) and its practical application through the development of Islamic economics. Sharia prohibits the fixed or floating payment or acceptance of specific interest or fees (known as *Riba* or usury) for loans of money. Investing in businesses that provide goods or services considered contrary to Islamic principles is also Haraam (forbidden). Ahmed and Shabbir (2009) define Islamic Banking as a banking system which is consonance with the spirit, ethos and value system of Islam and governed by the principle laid down by Islamic *Sharia*. They argue that free interest banking often used as synonym to Islamic banking is a misconception and misconstruction and only denotes a number of banking instruments or operations which avoid interest. Thus, Islamic Banking can be generally defined as any banking system that avoid interest-based transactions and as well as un-ethical and un-social practices prohibited by Islamic *Sharia*.

Islamic Banking is characterized with certain features. First, it holds that all property acquired by man are owned by God (*Allah*) and man is only a trustee. Second, man is expected to use property under his trustee according to the dictates of *Allah* which are enshrined in the *Qur'an* and *Hadith*. Third, payment, receipt and documentation of *riba* are prohibited (see: Wikipedia, 2011; Hearn, Piece and Strange, 2010; Zaher and Hassan, 2002; and El-Gamel, 2000). Fourth, financing alcohol, assassination, prostitution, and other non-permissible businesses in Islam are forbidden (Ahmed and Shabbir, 2009). Fifth, encouragement of investment that yield legitimate profit and add to social value. That is, it supports partnership, risk sharing, individual's right and duties, property rights and sanctity of contract (Zaher and Hassan, 2002).

The common products of Islamic banking are *mudaraba*, *musharaka*, *murabaha*, *ijara* and *Qard al-hassan*. *Mudaraba* is a form of partnership involving two parties, the investor (e.g. Islamic institution usually called *rabu-al-mal*) and entrepreneur (*mudarib*), and the former provides the capital which is invested by the later and profits from the business is shared according to a predetermined ratio while loss is borne by the financier or *rabu-al-mal* only. *Mudaraba* is equivalent to common equity in western financial markets (Mannan, 1993). Zaher and Hassan (2002) argues that *Mudaraba* agreement is akin to Western-style limited partnership, with one party contributing capital while the other run the business and profit is distributed based on a negotiated percentage of ownership. *Musharaka* is another type of partnership in which two or more parties (e.g. Islamic Bank and a customer) contribute business capital in the same or different proportion and may jointly participate in the management of the invested fund. Profit sharing is subject to free negotiation between the partners while losses are tie to individual's capital contribution (Ahmed and Shabbir, 2009). Zaher and Hassan (2002) stress that *Musharaka* financing is closer to a traditional equity stake with rights of control. In *Murabaha*, the Islamic

institution is requested by a customer to purchase a tangible asset and re-sell to the customer at a mark-up price and the mode of payment by the customer is 'deferred payment'. The mark-up covers the administrative expenses incurred as well as the bank's profit. Thus, *murabaha* qualifies as a sale of commodity or asset at a profit and not a loan. In practice, the entrepreneur makes an application to the bank or investment partner to finance the purchase of raw materials for production. Invoices for the materials accompany the application and the bank then buys the materials before reselling them back to the entrepreneur at their purchase price plus an agreed margin that includes administrative costs incurred and a profit margin for the bank (see: Hearn, Piesse and Strange, 2010). *Ijara* or leasing refers to transferring the usufruct (legal right to use) of an asset but not its ownership. Under Islamic banking, the bank transfers the usufruct to another person for an agreed period at an agreed consideration (Ahmed and Shabbir, 2009). The asset under *Ijarah* should be valuable, non-perishable, non-consumable, identified and quantified. Zaher and Hassan (2002) submit that the maintenance and insurance of the leased asset is the lessor or bank's responsibility. *Qard-Hassan* is a charitable loan granted to individual customers or organization by Islamic Banks. Zaher and Hassan (2002) describe Qard-Hassan as a zero return loans that the Quran exhorts muslims to make to "those who need them". This type of loan does not carry an interest charges or mark-up. Zaher and Hassan (2002) clarify that banks are allowed to charge the borrowers a service fee to cover the administrative expenses of handling the loan, provided that the fee is not related to the amount or maturity of the loan. Other types of Islamic Banking products are Bai-Muajjal, Bai-Salam, Musawamah, Istisna, Ijara-wa-Iqtina, Wakalah, Kafalah and Rahn.

Market Segmentation: Concept, Levels and Bases

According to Kotler and Armstrong (2006), market segmentation is the process of dividing a market into smaller groups of buyers with distinct needs, characteristics, or behaviours who might require separate product or marketing mixes. Schiffman and Kanuk (2000) regard market segmentation as the process of dividing a market into distinct subset of consumers with common needs or characteristics and selecting one or more segments to target with a distinct marketing mix. Marketers do not create a segment because segments are natural phenomenal. Through segmentation research, a marketer identifies the segments and selects one or more segments to target and satisfy.

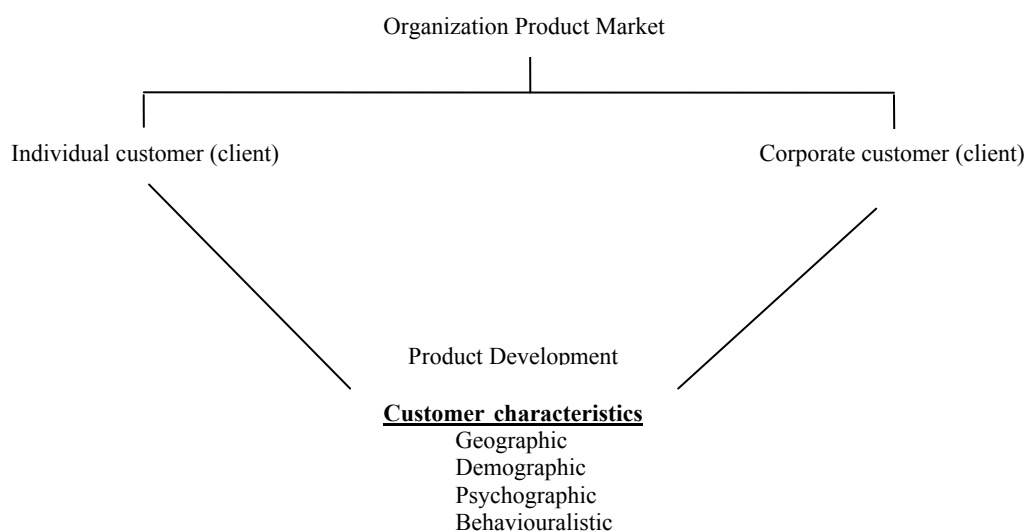
Market segmentation is in four different levels: segment, niche, local and one-to-one markets (see Kotler and Keller, 2006; and Kotler and Armstrong, 2006). When a total market is divided into broad consumer groups with common or homogeneous needs, it is called segment market. A broad segment market can further be divided into groups of consumers with distinct needs, called niche market. Local Marketing involves tailoring brands and promotions to the needs and wants of local customer groups – cities, neighborhoods, or even specific stores (Kotler and Keller, 2006). One-to-one marketing, otherwise called *personalization or customization*, is the lowest level of segmentation in which a company tailors its marketing activities to meet the needs of just one individual customer (Mawoli, 2011).

The major variables used in segmenting a market are demographic, geographic, psychological, socio-cultural and behavioural variables (see Schiffman and Kanuk, 2000; and Kotler and Keller, 2006). *Geographic segmentation* entails dividing a broad market into geographic units such as continents (Africa, America, Europe, Asia, Australia), nations (Nigeria, Ghana, Niger, Mali. etc.), regions (North-West, North-East, North-Central, South-West, South-South, and South-East), cities (Lagos, Ibadan, Porthacourt, Abuja, Kano, Kaduna, Maiduguri, Sokoto, etc.) or neighborhoods. The philosophy behind geographic segmentation is that people who live in the same area are bound to share similar culture and experience the same weather which makes them to acquire similar needs and wants over time (Mawoli, 2011). *Demographic segmentation* is the process of segmenting a consumer market using demographic variables such as age (childhood, adolescence, and adulthood), sex (male and female), marital status (single, married, divorced, widowed), family type/size (nuclear or extended), family life cycle (bachelorhood/spinsterhood, honeymooners, early parenthood, late parenthood, and dissolution), occupation (student, teachers, civil servant, medical doctor, engineer, journalist, or lawyer), etc. [see: Schiffman and Kanuk, 2000; and Kotler and Keller, 2006]. *Psychological segmentation* is the process of segmenting the consumer market using psychological variables such as motivation (physiological needs, safety needs, social needs, esteem need, self-actualization needs), life style (union-oriented, sport-oriented, culture-oriented, religious-oriented, academic-oriented, political-oriented), attitude (positive and negative attitudes), perception (dogmatic or realist) and personality (achievers, ambitious, authoritarian, gregarious). *Socio-cultural segmentation* is the process of segmenting a consumer market using socio-cultural variables such as religion (Islam, Christianity, Buddhism, or Traditional Religion), language (Hausa, Igbo, Yoruba, and Nupe), marriage (polygamy and monogamy), and social class (lower, middle and upper), etc. *Behavioural variables* such as knowledge (what consumers know about a product), attitude (what consumers belief or expect in a product), uses (who are the users and how often do they consume a product), and responses (nature of consumers repurchase behaviour) can be used to segment a market (Mawoli, 2011).

SEGMENTATION STRATEGIES FOR THE BANKING INDUSTRY

Several theoretical frameworks have been developed for the individual banks and the banking industry at large. Authors like Brassington and Petit (2006), Steenkamp and Hofstede (2002), and Pride and Ferrell (1985) are unanimous that an ideal market segmentation for banks should involve two-stages. Thus, Pride and Ferrell (1985) submit that markets can be segmented into industrial and consumer segments, while Brassington and Petit (2006) classified market segments into macro and micro segments. The macro-segment represents the purchasing sectors whose decisions are based largely on micro-units. The micro-segments are individual decision-making units who are usually component members of the macro-unit determining the success of any product developed and subsequently offered to the market (see figure 1 below).

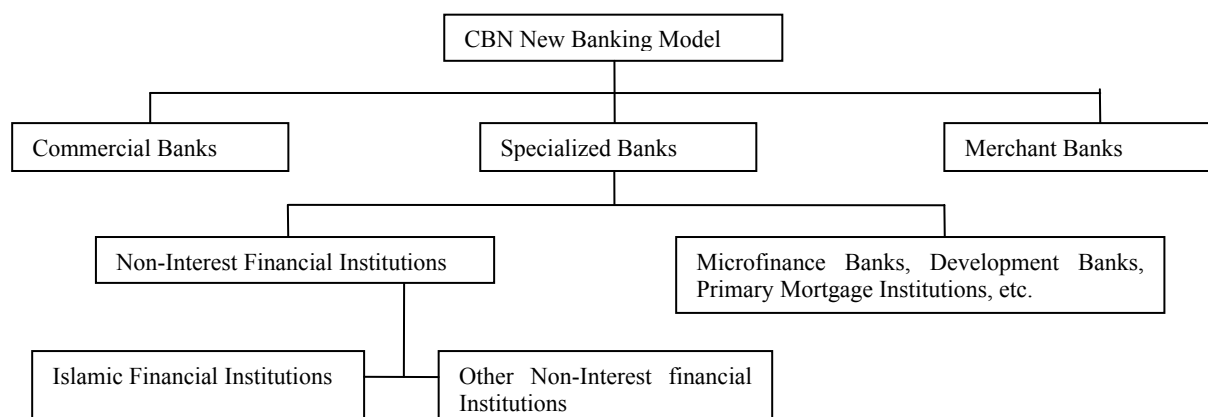
Figure 1: Two-stage segmentation Process



Source: Adapted from Brassington and Petit (2006)

However, the CBN developed a banking model for the Nigeria banking industry, which presents different banking services required by different segment markets in the country (see figure 2).

Figure 2: New Banking Model for Nigeria



Source: CBN (2011_b), Guideline for the Regulation and Supervision of Institutions Offering Non-interest Financial Services in Nigeria

The Nigerian banking industry is made up of the Central Bank of Nigeria which is the apex bank and other three major banks, namely commercial banks, specialized banks and merchant banks. Specialized banks include non-interest banks and microfinance, developmental and mortgage institutions. Non-interest financial institutions is further defined to include Islamic and other financial institutions. That is, Islamic banks in Nigeria are a type of specialized banks.

APPLICATION OF SEGMENTATION CRITERIA TO EVALUATE THE VIABILITY OF ISLAMIC BANKING IN NIGERIA

The essence of dividing a market into segments is to enable a company identify one or few segments that it can target (or serve better) using its available resources. Therefore, to avoid the pitfall that may occurs when heavy resources are committed to design a marketing program for a weak and unprofitable segment market, it is necessary to evaluate the segment before targeting it. Impliedly, the muslim segments for whom Islamic Banking in Nigeria is created and targeted at requires to be systematically evaluated. The criteria used in gauging a segmented market are identification, measurability, accessibility, substantiality, stability, differentiation and action (IMASSDA) (see Mawoli, 2011; Kotler and Keller, 2006; and Schiffman and Kanuk, 2000).

i. Identification Criterion

This suggest that relevant characteristics that are used in segmenting a market should be identifiable. Mawoli (2011) states that most demographic and geographic factors are easily identifiable. He further argued that psychographic and behavioural characteristics such as *benefit sought* and *life style* are difficult to identify.

There are two major religion in Nigeria, Islam and Christianity (Wikipedia, 2011_b; and Pew Forum, 2010). The Muslim population is concentrated in four out of six geo-political zones of the country: North-central, North-West, North-East and South-West. Between 1999 to 2004, twelve states in northern Nigeria became *Sharia* compliant (Ostien, 2006). Thus, dual religion and the concentration if Islamic Religion faithful in one part of the country made it very convenient for CBN to segment Nigeria market on the basis of religion (e.g. Muslim segment and Christian segment) and targeted the Muslim segment with Islamic Banking. Importantly, religion and geographical factors are identifiable variables and to that extent, the identification criterion is largely fulfilled.

- ii. **Measurability Criterion:** This suggests that a segment should be characterized with measurable attributes. Consumer attributes that are easy to identify are also very easy to measure or quantify (Mawoli, 2011). For example, demographic factors like age, sex, income and occupation can be easily identified and measured. However, psychographic variables like motivation and lifestyle are difficult to identify and even measure (Kotler and Keller, 2006).

The population and demography of Muslims and Christians in Nigeria can be identified and quantified. For example, Muslim population in Nigeria is 78, 056,000 constituting 50.4 percent of the country's population and 5 percent of world's Muslim population [see table 1 below] (Pew Report, 2009). However, 56 percent of the Muslim population in Nigeria are adults (Wikipedia, 2011_b), which suggest that a large number of Muslim population fall within the working age. Therefore, it could be argued that a market segment with *prospects* exceeding half of the total market population deserves to be targeted with a distinct marketing mix, such as Islamic Banking.

Table 1: Religion in Nigeria

Religion	Year Reported	Number of Adherents (Based on a 2009 survey)	Percentage of population
Islam	2009	78 056 000	50.4%
Christianity	2009	76 281 000	48.2%
Other	2009	(Not Given)	1.4%

Source: Pew Report, 2009.

Furthermore, the two major religions in Nigeria are unequally sprayed among different regions and states of Nigeria. Wikipedia (2011:1) describes the distribution of Christian and Islamic religions in Nigeria as follows:

In general, however, the country should be seen as having a dominant Muslim north, a mixed Christian and Muslim Southwest and Middle belt, a non-Muslim, primarily Christian South East and South-South, with each as a minority faith in the other's region.

Thus, a majority of Muslim population in Nigerian is concentrated in the north which have embraced *Sharia* in the time past. Using 1952 population census and 2002 World Christian Data Base, Ostien (2006) estimated the population of Muslim in each of the six out of twelve *Sharia* states in northern Nigeria to be above 80 percent, while four *Sharia* states have over 60 percent Muslim population (see: Ostien, 2006). Only two *Sharia* states have Muslim population ranging from 48 to 56 percent. Thus, the *Sharia* states represent a potential target market for privately owned and operated Islamic Banks in Nigeria.

- iii. **Accessibility Criterion:** This entails that a target segment should be reachable and appropriately served by marketers in an efficient manner. Mawoli (2011) argues that a market segment that costs too much to reach and serve may be less profitable.

Islamic banks, like conventional banks, provide *service* goods to customers. The key strategy in distribution service goods to customer is by locating the service organizations (e.g. Islamic Banks) closer to the customers and then using integrated-marketing-communication strategies to *reach* the targeted customers. For example, radio, television telecommunication and other means of mass communication are fully developed in Nigeria. Thus, radio advertising and programmes can be used to reach farmers and small industry operators in the rural areas, and television advertising is accessible to entrepreneurs in the urban and semi-urban areas. The Islamic banks can also take advantage of rapidly growing GSM telecommunication market by *direct-market* their products to customers.

- iv. **Substantiality Criterion:** This requires that a target segment should have sufficient number of consumers. That is, a segment should contain large number of consumers so that companies can enjoy economies of scale from mass production.

As argued under *measurability criterion*, the Muslim population in Nigeria who presumably requires *sharia*-compliant products constitutes more than half of the country's population. Daud *et al.* (2011) argue that the total muslim population in Nigeria equals the muslim population of three African countries, namely Algeria, Morocco and Tunisia where Islamic Banking are also practiced. Haron and Azmi (2005) note that Islamic banks in Malaysian have developed faster and overtaken conventional banks in terms of performance due to the fact that Muslims represent 50 percent of the country's population. Furthermore, the population of muslims in U.S.A. and Britain is 0.8 and 4 percent respectively (see: Pew Report, 2009; and Daught, 2011), yet some forms of Islamic Banking such as non-interest banking has long been embedded in American and British banking system.

- v. **Stability and Growing Criteria:** According to Mawoli (2009), a target segment should be predictable over a long period of time. He stresses that an effective segment market is one whose needs are not likely to change in the short run but one whose needs and tastes are likely to even grow larger in the long run.

Religion as a basis for segmenting a market is enduring. This is because religion is based on faith and belief in the existence and dictates of a supernatural being, which is difficult to alter. To that extent, the muslim population in Nigeria is not likely to decline but rather increase in future time due to polygamous orientation and practices among the Nigerian muslims as well as their apathy to family planning and birth control practices. According to the 2008 Nigerian Demographic and Health Survey, Muslim women in Nigeria marry more than three years earlier on average than non-Muslim women (15.9 years for Muslims, compared with 19.5 years for non-Muslims) (See: Ekanem, 2011). Also, 81.3 per cent of Muslim women say they do not intend to use birth control, compared with 51.2 percent of non-Muslim women (Ekanem, 2011). Furthermore, Pew Forum (2010) reported in Ekanem (2011) projects that Nigeria muslim population will hit 117 million (or 51.5 percent of the country population) in 2030.

- vi. **Differentiation Criterion:** Since no two segments are the same in terms of needs, then each segment is expected to respond differently to the same marketing mix programme (See: Kotler and Keller, 2006; and Schiffman and Kanuk, 2000). Mawoli (2011) comments that when two different market segments respond uniformly to the same marketing offer, then the segmentation is not properly done and the two segments can best be called one segment.

Generally, Islamic banking in theory and practice comprises several investible options. The apex bank has the mandate of specifying the broad investible options for the commercial banks (Islamic and

conventional) in every economy. Daud *et al.* (2011) buttress that Central Banks (CB) are directly responsible for the control, regulations and supervisions of all financial institutions, especially the banking sector. Consequently, the CBN considered it necessary to introduce Islamic banking along with broad banking guidelines (or investible options) in Nigeria. For example, the CBN provision dealing with the establishment of Islamic banks is contained in the Circular Reference No. FPR/DIR/CIR/GEN/01/010, and partly reads:

The Framework for the Regulation and Supervision of Institutions offering Non-Interest Financial Services in Nigeria as well as the following supporting guidelines: i. Guidelines on Shariah Governance for Non-Interest Financial Institutions in Nigeria; and ii. Guidelines on Non-Interest Window and Branch Operations of Conventional Banks and Other Financial Institutions (see: CBN, 2011).

It is, therefore, clear that both Islamic banks and conventional banks are free to operate non-interest banking services. However, non-interest banking offered by Islamic Banks are to be strictly guided by *sharia* injunctions, while non-interest banking services of conventional banks must not necessarily comply with *sharia* injunctions. The implication being that muslims are most likely to patronize Islamic banks while non-muslims interested in non-interest banking can approach the conventional banks. Still, non-muslims who are desirable of Islamic banking products have the option of transacting with Islamic Banks, while *liberal* muslims who wish to patronize non-sharia products of conventional banks are also free to do so. The result of a study by Sudin, Norafifah and Planisek (1994) affirmed that there is no significance difference in bank selection criteria between muslims and non-muslims living in Malaysia. Similarly, a study revealed that both muslim and non-muslim in Nigeria perceived Islamic banking as highly virtuous and beneficial to the economy (Jimoh, 2011). The study further revealed that Islamic banking will have significant positive effect on the fortunes of Small Scale Enterprises in Nigeria.

- vii. **Actionable Criterion:** Mawoli (2011) submits that a target segment should be the type that the company can use its limited resources to design a marketing program for. By so doing, the marketer can attract, serve, satisfy and build lasting relationships with customers in ways that benefit the company and its stakeholders.

The prospective Islamic banks in Nigeria ranging from mortgage, insurance, stock and commercial bank Islamic institutions ought to be financially and technically capable to intermediate between investors with excess or surplus fund on one hand, and investors with insufficient fund but entrepreneurial skill on the other hand. The extent to which Islamic Banks can discharge their intermediary functions amid several challenges of Islamic Banking in Nigeria such as lack of *sharia* governance institutions, and shortage of adequate and qualified manpower depends on their capitalization requirements. The capitalization of banks and other financial institution is prescribed by the CBN, which is 10 billion naira for National Islamic Banks and 5 billion for Regional Islamic Banks. These benchmarks constitute 40 and 20 percents of minimum capital base (which is N25 billion) for commercial banks in Nigeria (see: Komolafe and Nnenna, 2011). By implication, the Islamic Banks will be as much as 40 percent strong in terms of capitalization when compared to their conventional banks counterparts. However, Islamic Banks in Nigeria are categorized under specialized banks which connotes that the range of their activities is less broader when compared to commercial banks, and therefore arguably capable of discharging its investment roles.

A comparison of minimum capitalization for Islamic Banks with other specialized banks such as microfinance banks showcases that the former will have greater capital strength than the later. The minimum capital base for State Micro-finance Banks and Unit Micro-finance banks is N1 billion and N20 Million respectively. Invariably, Islamic banks will be 90% stronger than State Microfinance Banks and 99.8% stronger than Unit Microfinance Banks in terms of capital base.

CONCLUSION

Many factors are used to gauge the effectiveness of a segment market. Thus, the viability of Islamic banking in Nigeria was examined by means of market segmentation criteria, IMASDA. Seven research questions guided the study and were all found to be affirmative. The muslim segment that are primary target of the Islamic banking in Nigeria contained *identifiable* and *measurable* variables. The segment represents the largest religious

segment in the country and it is expected to maintain the lead in decades ahead. Thus, the muslim segment for whom Islamic banking is primarily targeted at is attractively substantial and projectively reliable.

THE CBN has sufficiently considered the needs of the two major religious segments in Nigeria by way of permitting both Islamic and non-bank to operate non-interest banking in the country. By extension, Islamic and conventional banks can design different marketing programmes (e.g. marketing mixes) for different market segments (e.g. muslim traders, farmers, exporters, importers, contractors, stock brokers and civil servants). Hence, the introduction of Islamic Banking in Nigeria by CBN to meet the peculiar needs of the muslim population is a right decision in the right direction and should be supported by both muslims and non-muslims as they all stand to gain from it.

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