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Stakeholders’ Perception on Islamic FinTech Viability in Nigeria

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Abstract
The study explored the viability of Islamic FinTech in Nigeria. The study employed qualitative methodology to extract information using (18) stakeholders that cut across regulators, Shari’ah Board members, and non-interest banks using semi structured interviews. The findings show that, CBN and SEC both play important roles in regulating Islamic FinTech, although they have not released any regulations that specifically address FinTech operation. Moreover, FinTech is being deployed by both Islamic and non-Islamic financial institutions in Nigeria. Highlighting its viable in Nigeria to be the first country to embrace Islamic FinTech in the region. Shari’ah scholars are of the view that there is no different between Islamic FinTech platform, and conventional FinTech; if it does not infringe on the sharia guidelines, while others are of the opinion that FinTech must certified the requirements of Islamic principles. However, ineffectiveness in the contribution of Islamic FinTech is caused by the small number of Islamic banks that have adopted Islamic FinTech and regulators in Nigeria are reluctant to come up with regulation viable for Islamic FinTech, thus prone to illegal FinTech operation in the country. This brings to light the imperative for mitigating Shari’ah non-compliance risks associated with FinTech, necessitating Shari’ah-based FinTech regulations.
Keywords: Islamic Bank, Islamic FinTech, Regulation, Shari’ah Board, Nigeria

Introduction

In recent years Financial Technology (FinTech), like most new technologies are changing the world of finance. Including Islamic finance, sprouting among both Islamic and non-Islamic states (Sa’id, 2020). FinTech refers to the use of technology platform in providing seamless financial services through driven software such as, Software as a Service (SaaS), and Platform as a Service (PaaS) (Upadhyay, 2020), thus simplifying and automating the delivery of financial services to a wide range of users. FinTech technology comprises of Artificial Intelligent (AI), Big Data, Blockchain, and Cryptographic algorithm; serve as components of FinTech aiding the delivery of services across financial institutions. FinTech startups have used technology driven algorithm platforms to keep a steady flow of funding consistent with Islamic banking practices (Abdulkadir et al., 2022). Islamic FinTech is another field of venture that FinTech assists in developing countries through peer to peer lending, and crowdfunding (Rabbani, 2022). A viable platform that can be used to boost economy (Irfan & Rusmita, 2023). Although, FinTech is still in its early stage, with early application primarily in the financial sector, the fact that a futuristic analysis has shown that large Muslim population countries have massive potential to elevate the economic growth by utilizing FinTech Platforms (Muryanto et al., 2022). Fintech platform related studies is on the increase (Rabbani, 2022; Atif et al., 2021; Shaikh et al., 2020). Peer-to-peer (P2P) lending, Insure-Tech, finance agents, and project financing are among the services offered by a number of Islamic FinTech businesses (Hassan et al., 2022; Alshater et al., 2022; Muryanto, 2023). Islamic FinTech businesses have potential to improve economic growth. However, Islamic FinTech footprint is less visible compared to its conventional counterpart in most economies (Baber, 2020). This is connected to the requirement for the adherence to Shari'ah principles or guidelines in establishing technology Shari'ah based product and/or service (Rani et al., 2021). As a result, the adoption of Islamic FinTech is not a straightforward matter. The concern that FinTech platforms adheres to Shari'ah principles and laws, can be complicated, thus, requires follow up and monitoring (Oseni & Ali, 2019). Highlighting the need for a more research to explore its potentials, particularly in developing countries were Islamic FinTech is just sprouting, such as Nigeria, a secular state.

Despite the potential of adopting Islamic FinTech in the country, viability of Islamic FinTech in Nigeria remains unanswered question. This raises a question as to why Islamic FinTech literature particularly on regulator aspect is limited in country like Nigeria. Therefore, to bridge this gap this study set to answer the following research questions, what are the regulator perception on the viability of Islamic FinTech in Nigeria financial sector? Addressing this question is necessary for the study to explore the viability of Islamic FinTech amidst concerns of the lack of specific legal law and policy makers' participation in Islamic FinTech regulation across the world. This is the fact that Islamic FinTech providers are behind in terms of regulation, low of operational rules compared to its conventional counterpart (Nurhasanah & Rahmatullah, 2020; Alshater et al., 2022). It is imperative to underscore the position of operators in the provision of FinTech products and services in the financial sector. Thus, drive us to the second research question. What is the operators' perspective on the viability of Islamic FinTech in Nigeria financial sector? Addressing this research question will underpin a clear insight of the state of the art of Islamic FinTech viability in the FinTech industry in Nigeria, and potential for underbanked citizens to play their role in the economy. This study is on the view that Islamic FinTech adoption through Islamic banks will mitigate the number of underbanked and underserved population in Nigeria. The role of regulation, supervision, and Shari'ah compliance may underpinned the growth and development of Islamic FinTech in the country. The development of Islamic FinTech rests on the policy makers' participation and scholars' contributions in the body of literature. As literature on Islamic FinTech is scant particularly in African region. This study can be considered a pioneering work in reviewing Islamic FinTech regulators and operators' perspective on the viability of Islamic FinTech adoption in Nigeria, thereby, bridging conventional and Islamic FinTech research gap in the body of knowledge.

Literature Review

Islamic Bank in FinTech Ecosystem

In the 1970s, Islamic banks gained international recognition, growing spontaneously across Islamic countries (Sa'id, 2020). However, the emergence of Fintech has disrupted the financial ecosystem and Islamic financial institutions (Baber, 2020). The disruption propel consumers to seek and accept banks and financial institutions that offer the fastest, most reliable, practical, and efficient services (Rabbani, 2022). Islamic banks have always struggled to reduce costs because of the nature of their services, but Fintech has provided them with a way out. Marzuki and Nurdin (2020) investigates the factors that influence customers to use Islamic FinTech services in Indonesia and discovers that Shari'ah compliance is the primary driver in embracing Islamic FinTech. Baber, (2020) explores the effect of FinTech applications and crowdfunding on retention of consumers in Islamic banking in the UAE that FinTech finance applications do not have significant effects on customer satisfaction. Customer satisfaction is the key element influencing customer behavior. Asif et al., (2023) conducted a study on Middle Eastern countries and discovered that the analysis using independent variables shown in the Unified Theory of Acceptance and Used of Technology (UTAUT) model have significant effects on the behavior to adopt Islamic financial technology, implying that people are willing to use Islamic financial technology when conducting online transactions. In particular, (Shaikh et al., 2020) discovered that perceived ease of use and usefulness influence user intention. Similarly, (Baber, 2020) argued that app design has significantly increased customer satisfaction with Islamic FinTech. Furthermore, (Ali et al., 2021) stated that secure Islamic FinTech apps and operations boost customer trust in using Islamic FinTech. Therefore, within the lens of UTAUT in the emerging economies where Islamic banks are just emerging, this study aims to explore the viability of Islamic FinTech adoption in Nigeria. UTAUT can be deployed to highlight the viability of Islamic FinTech adoption in a country with emergent Islamic banks and high number of Muslim populations such as Nigeria.

Nigeria is a secular state with more than 200 million people living in the country (Sa'id, 2020). That the financial system is mostly conventional and the number of conventional banks operating in the country outnumbered the Islamic banks footprints in the country. The number of conventional banks currently operating in Nigeria are more than 23 in number. However, its counterpart Islamic banks represent less than 15% of the total banks in Nigeria. These banks include Ja'iz bank that was established in 2012, followed by Taj bank in 2019, Lotus banks in 2021 and Alternate bank a subsidiary of Sterling bank Nigeria. In addition to number of Islamic banks in Nigeria, SunTrust Bank Nigeria received its final license to run the Non-Interest Banking in February 18, 2019, and set out to establish its FinTech Non-Interest Banking Window in 2022. On the other hand, the number of conventional FinTech operators in Nigeria financial ecosystem are up to forty, albeit, with no visibility of Islamic FinTech product or services, this can be attributed to lack of regulatory framework that fits with Shari'ah guidelines. As such Islamic banks investment in FinTech has not yet been effective (Nastiti & Kasri, 2019). Thus, there are grey areas that requires improvement. Wang et al. (2021) conducted research in Sri Lanka, Pakistan, and Bangladesh and contends that Islamic banking has underinvested in FinTech, though, investing in FinTech provides no significant benefits to Islamic banking in terms of intellectual capital or competitive edge. Thus, Islamic banks need to become more agile and incorporate Fintech in their operations to not only reduce costs but to give customers a convenient and easy form of banking (Mohd et al, 2019). This will help them fully enhance their ability to adopt Shari'ah compliant FinTech services

(Altwijry et al., 2022). Despite its Shari'ah compliance intricacy, it is indisputable that Non-Muslim nations like the United States and the United Kingdom are embracing Islamic FinTech. signifying that Islamic FinTech has bright futures in many Islamic and Non-Muslim countries (Rani et al., 2021) such as Nigeria. FinTech business are increasingly competing with banks for customers in Nigeria, as some banks offer new digital banking services, that incorporate digital payments, microfinance and robo-advisor services into current bank account (Statista, 2021).

Islamic FinTech and Regulation

FinTech revolution has penetrated developing countries as non-banking system offering multiple financial services to customers. Despite the fact that FinTech is a non-banking system, its operation in sub Saharan Africa grew spontaneously (Mazambani & Mutambara, 2020). Primarily due to easy access to financial services it offers seamlessly to a wide variety of users (Mahmud et al., 2023). And a wide acceptance and use of technology gadget such as mobile phones (Sampat et al., 2023). However significant attention has been paid to Islamic finance by academicians, practitioners and policy makers (Sa'id, 2020). Weak regulation, inefficient permit procedure and high rate of illegal FinTech practices are some of the challenges of Islamic FinTech development (Muryanto et al., 2022). The lack of clarity of Islamic FinTech legal law has resulted in poor data security and an increase in the number of illegal FinTech (Tajudin et al., 2020). Thus, Islamic FinTech providers are behind in terms of regulation, law and operational rules compared with its conventional counterpart (Nurhasanah & Rahmatullah, 2020). Nurhasanah & Rahmatullah, (2020) added that the uncertainty of the legal law of Islamic FinTech in Indonesia has resulted into weak security of customer data and increased number of illegal FinTech. Moreover, (Alshater et al., 2022) identified lack of specific legal law from policy makers as one of the biggest obstacles in Islamic FinTech development. FinTech development in Nigeria is hampered by a shortage of qualified developers and the brain drain of talented developers (Sampat et al., 2023). Therefore, policy makers such as regulators are responsible to come up with policies that are in line with Shari'ah principles to enable wider exploration of FinTech opportunities in various domains.

Wider exploration of Islamic FinTech is directly connected to regulators commitment, and involvement of Shari'ah board. Islamic banks have a role to play as well, in providing wide range of products and services that are in line with Shari'ah guidelines. However, regulators are reluctant to address the issue of regulating Islamic FinTech to enable Islamic banks to fully participate in the FinTech ecosystem (Nastiti & Kasri, 2019)**.** Islamic banks participation in the FinTech ecosystem is an opportunity for underserved and underbanked citizens to participate fully in the new regime**.** Thus, policy makers are responsible to establish a strong and supportive enabling environment for Islamic banks to flourish in the FinTech space (Muryanto et al., 2022). Therefore, the objective of this study is to examine regulators position on regulating Islamic FinTech as well as its viability through Islamic banks in Nigeria.

Islamic FinTech Development

Government regulation and policy immensely support the development of FinTech in any nation (Rabbani, Khan, & Thalassinos, 2020). However, government regulation and supervision has been identified as the major obstacle, hindering the development of Islamic FinTech in various ecosystems (Rabbani et al., 2020). Underscoring the necessity to examining its development in other countries such as Nigeria. Nigeria the giant of Africa, ranked 5th in the world in terms of the number of Muslim population (World Atlas, 2018), and was ranked 17th out of 64 countries in the 2021 GIFT Index, conducive for the development of Islamic FinTech in the region, also ranked 3rd among the developed financial markets in Africa (Ezeh & Nkamnebe, 2021). Highlighting the viability of Islamic FinTech development in the country. However, a few studies have conducted in the areas of Islamic Fintech in Nigeria, in the like of (Umara & Umar, 2022; Babajide et al., 2020; Bardai & Kiyawa, 2020). These few studies ignored to explore the viability of Islamic FinTech in Nigeria. Thus, highlighting the need for more research to capture the perspective of stakeholders in the country. Study in the area of Islamic FinTech will bridge the gap between conventional FinTech and Islamic FinTech literature, and perhaps add to the body of knowledge. As studies in the areas of conventional FinTech in Nigeria were numerous (Sampat et al., 2023), whereas Islamic FinTech literature is scant. Moreover, the case of Nigeria with predominantly Muslim majority, is unique as the country is pointed a secular state (EFInA, 2023), thus, prone to consuming riba by the Muslim inadvertently or deliberately. Albeit, (Haniffa & Hudaib 2010), as cited in (Sa'id, 2020) document that the intention to establish Islamic finance to help Muslim avoid consuming riba can be affected by secular goals as a result of political and socio economic events and the interaction of Islamic finance with conventional finance in developing countries.

Various scholars have investigated the development of Islamic FinTech ecosystem. Studies have been conducted in countries, such as Malaysia, the Islamic financial hub (Razak et al., 2021; Rani et al., 2021; Alshater et al., 2022; Haridan, 2023), Saudi Arabia, one of the biggest Islamic FinTech market in the world (Oladapo et al., 2022), Indonesia the fastest growing Islamic FinTech starts-up (Firmansyah & Anwar, 2019), Pakistan (Ali et al., 2021), Bangladesh (Mahmud et al., 2023) and United Kingdom (Muryanto, 2023) among others; demonstrating how regulation, supervision, and Shari'ah compliance have an impact on the growth and development of Islamic FinTech ecosystem. Development and sustenance of Islamic FinTech hub can be significantly aided by government initiative (Chaklader et al., 2023). Islamic and non- Islamic countries such as Malaysia, United Kingdom, Saudi Arabia, Singapore, Indonesia, UAE are recognized by Global Islamic FinTech (GIFT) Index (Standard, 2021), as the most conducive in terms of growth of Islamic FinTech market and ecosystem (Muryanto, 2023) More than 40% of people in Iran, Spain, Germany, and France use FinTech services, whereas FinTech adoption is still relatively low in Jordan, Bangladesh, India, the Philippines, and Nigeria**.** (Baber, 2020). However, (Sampat et al., 2023) argued that Nigeria has potential to become the FinTech hub in Africa with highest number of FinTech starts up in Africa in 2021 (Mogaji, 2023).

Viability of Islamic FinTech in Nigeria

Islamic FinTech is any FinTech catering for the need of Islamic financial institutions and is intended to comply with the principles laid down by Sharia (Rabbani et al., 2020). Islamic banks have been found to be resilient to risks despite religious restrictions because their risk-taking behaviour is governed by Shari'ah guidelines (Hassan et al., 2019). Thus, FinTech innovations only become prohibited if there is conclusive proof from the Shari'ah that they violate the fundamental laws of the Shari'ah (Laldin & Djafri, 2019). However, FinTech guided and practice based on Shari'ah principles has the potential to withstand economic shock that might arise as a result of economic crises as seen in the 2018 economic crises (Rabbani, 2022). Albeit FinTech's penetration into Islamic finance is still in its infancy with a relatively small number of participants, which has become a hype in global finance. Several countries have implemented FinTech in their Islamic finance system, in the like of UK, Malaysia, Bahrain, while Indonesia has launched the world's first Sukuk transaction using Blockchain technology (Dinar Standard, 2021). In Malaysia many Shari'ah Peer 2 Peer lending platforms and Shari'a crowdfunding has also been launched (Muryanto et al., 2022). It is worthy of note that Islamic FinTech can echo the growth of the global FinTech ecosystem and improve the Shari'ah compliant nature of business and consumer financing. Therefore, the future of Islamic FinTech is bright, notably in countries with Muslim majority (Hudaefi, 2020). Nigeria, as one of the countries with a Muslim majority, the largest economy in Africa, stands to benefit the most from new technological innovation. The emergence and adoption of FinTech in Nigeria is gradually transforming the real economy into a new dimension, with the capacity to process 1.2 million transactions in a month (Sulaiman, 2022). However, despite the potentials in transforming the real economy, scholars' contribution on Islamic FinTech is scant compared to other countries in the world as depicted in Figure 3.

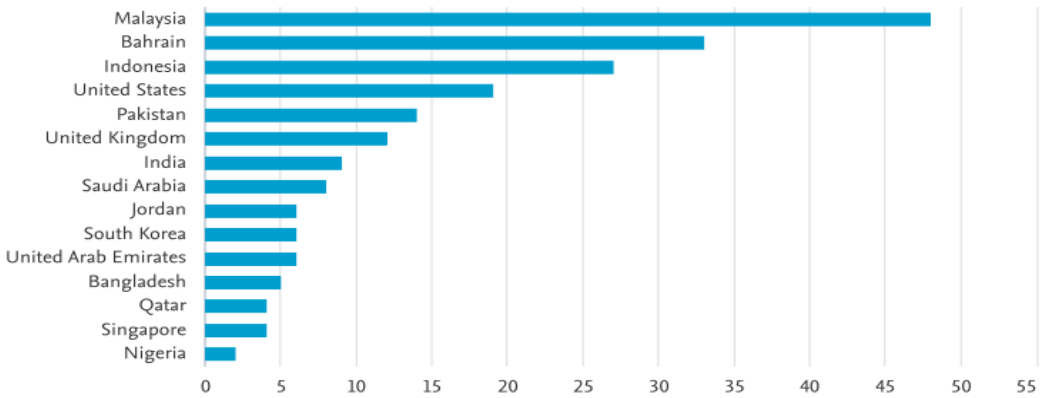

Figure 1. Islamic FinTech Literature Review

Figure 3 shows that Nigeria ranked as one of the least Islamic FinTech literature identified on the Scopus data base as at 2022. Justifying a lack of literature on Islamic FinTech. This is an indication that there is the need for more attention by scholars with regards to Islamic FinTech operation in Nigeria. This needs more contribution to the body of literature in the global ranking to catch up with other countries in the world. Therefore, this study is keen to add to the body of knowledge in the global Islamic FinTech space.

Methodology

Research Design

This study intends to investigate whether adopting Islamic FinTech in Nigeria is viable using an exploratory approach to ascertain the state of the art in Islamic FinTech that can support Nigerian financial services. It was considered appropriate to use this method to engage with the FinTech operators, Islamic bank officials and regulators as they are regarded as critical source of information with keen interest linked to the phenomenon under investigations (Bob et al., 2002). An interpretive viewpoint that highlights the technological aspects of the fourth industrial revolution (Industry 4.0), emphasizing how technology is transforming all facets of human existence, was selected. This viewpoint acknowledges that people's perceptions of society and technology in general can be diverse, individualized, and self-constructed (Bob et al.,, 2002).

Population and Sampling

The population of the study comprises Islamic banks operating in Nigeria, and operators who provide FinTech product and services. Sample of the study were driven from staff of the Securities and Exchange Commission (SEC) and Central Bank of Nigeria (CBN). In order to gather their opinions on the viability of Islamic FinTech, interactions with regulators and operators (Islamic bank officials and other non-banking FinTech service providers) are intended for the study. The study used the in-depth interview method, which was appropriate for examining in-depth perspectives and producing comprehensive insight (Sampat et al., 2023). This study uses primary data to provide a better detailed perspective and perception of key players of a subject of this nature. The study used Islamic banks Shari'ah audit and product developments Departments), the CBN (Non Interest Banking, financial regulation Department, and Financial Regulation Advisory Council of Expert), list of FinTech managers available at https://startuplist.africa/industry/FinTech .Purposive sampling is then used in conjunction with the snowball sampling technique to select the ideal study participants. A total sample of 18 participants participated during the interview session at different intervals.

Table 1
Interview Participants and Time Duration

S/N	Category of participants	Specification	Gender	Designation	Duration
M1	Operator	Islamic bank	Male	Head Shari'ah Audit	46 min
M2	Operator	Islamic bank	Male	Head IT	52 min
M3	Operator	Islamic bank	Male	Head IT	58 min
M4	Operator(FinTech)	Non-Bank	Male	CEO	1hr
M5	Regulator	CBN	Male	NIB (FPRD)	1hr
M6	Regulator	CBN	Male	MNI (PSMD)	41min
M7	Regulator	CBN	Male	Islamic Finance	40min
M8	Regulator	SEC	Male	Regulation	48 min
M9	Regulator	SEC	Female	Financial Policy	56min
M10	Regulator	SEC	Female	Monitoring	39min
M11	Regulator	SEC	Male	Risk Based Supervision	43min
M12	Operator	Non-bank	Female	Product developer	40min
M13	Regulator	CBN	Male	FRACE	35min
M14	Shari'ah Board	Islamic bank	Male	Shari'ah Board member	45min
M15	Operator(FinTech)	Non –bank	Male	Developer	51 mins
M16	Operator(FinTech)	Non-bank	Male	CEO	49 mins
M17	Shari'ah board	Islamic bank	Male	Shari'ah board member	48min
M18	Shari'ah board	Islamic bank	Female	Shari'ah board member	49min
	Total	**18**			**Approximately 15 hours**

Source: Author 2024

Data Collection

The study collected qualitative data through semi-structured interviews. This methodology maintains a structure of continuous questions for the participants and provides thorough insights that are amenable to qualitative analysis (Sampat et al., 2023). Pilot study made it possible for the research to better understand and focus on the questions. The following categories of participants were interviewed. The interview took place face to face with CBN officials after a formal request to conduct the interview was granted through a deputy director. Face to face interview was conducted with a member financial regulation advisory council of expert, Face to face interview was conduct with three Islamic banks officials as well. However, one of the Islamic banks interviews was conducted via zoom, the SEC interview and independent FinTech operators were also conducted via zoom due to the nature of their work, some are in Abuja while others are in Lagos; officials serving as a member of Islamic Shari'ah board were also interviewed. All these took place between January and February 2024. Other Islamic banks officials were later not reachable to participate in the interview.

Data Analysis

This exploratory research uses a qualitative data analysis approach to enhance current theory from data (Sattarapu et al., 2024). Kvale (1996) outlines seven steps for conducting in-depth interviews, one of which is thematizing. Thematic analysis was further divided into six phases (Byrne, 2022). This methodology ensures that the research questions are addressed by relevant themes that emerge during analysis (Sampat et al., 2023). As mentioned earlier, the transcript was imported into Nvivo, a qualitative data analysis program, for the thematic analysis. Important themes for inter-coder reliability were found in the data. First coding the overall perspective of the respondent's conversation, then extrapolating unnecessary nodes from the transcripts. Each code was gathered and assigned into a pertinent theme. Using the software's inductive analysis feature, the operators' initial codes indicating the viability of Islamic FinTech were produced followed by regulators. The inter-judge reliability of the results of the analysis was further compiled and found to be above 84%, indicating the study's reliability (Bapat, 2022).

Conceptual Framework

The need to establish Islamic FinTech hub in Africa is much needed. Figure 2 depicts the conceptual framework for the study to investigate the viability of Islamic FinTech in the era of fourth revolution where technology 4.0 is changing the global financial system.

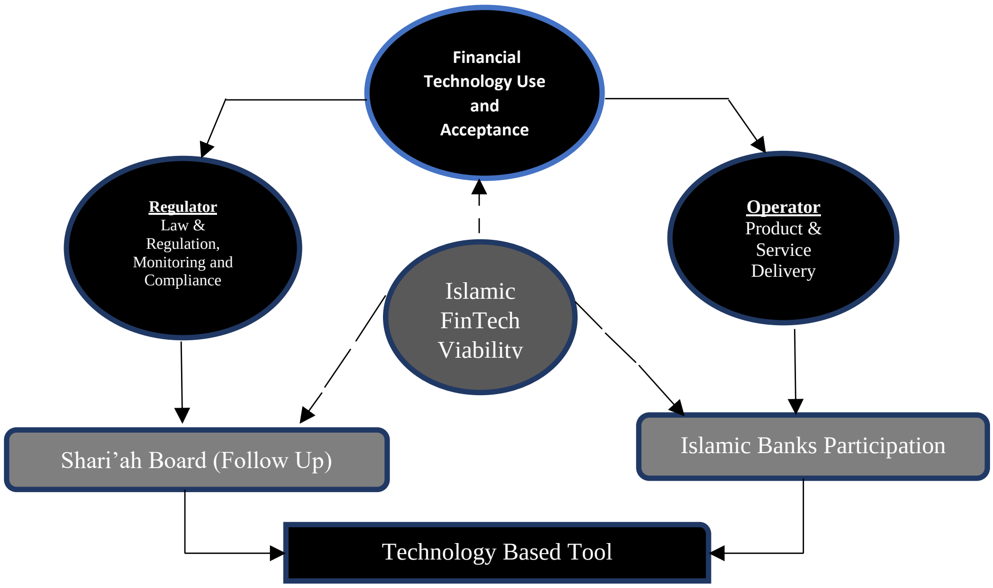

Figure 2. Conceptual Framework
Source: Author(s) own work

This framework is designed to highlight the important of nascent technologies into Islamic finance in Nigeria. The lacuna of Islamic FinTech in the Nigerian banking system is worrisome considering the number of Muslim people who are underbanked in the country. The potential of establishing Islamic FinTech in the Nigerian banking atmosphere is to enable the country to compete with well-established Islamic FinTech countries such as Malaysia, Indonesia and Saudi Arabia, so that Nigeria can become the hub of Islamic FinTech in Africa

Findings

Three main themes emerged from the thematic analysis of the qualitative data, which demonstrated the viability of Islamic FinTech in Nigeria: (1) Wider acceptance in a regulated banking system (2) Promotion of financial inclusion (3) Shari'ah compliant requirement and education. The sub-themes are captured for in-depth understanding of the respondents' views and opinion on the subject matter, (participation of Non-Muslim, and Shari'ah compliance contradiction, and educational requirement. These themes are explored and bolstered by pertinent participant quotes that remain anonymous.

Regulation

This aspect of Islamic FinTech viability highlights the impacts and role that can be played by regulators in establishing strong atmosphere for Islamic FinTech hub. Stakeholders recognized the role of regulators amidst rapid increase and wider acceptance of FinTech in a regulated banking sector, indicating that FinTech has been widely accepted due to the existing regulations making Islamic Fintech viable. However, the acceptance is based on meeting the requirement of the CBN being the regulator. One of our respondents envisaged that:

> ''Islamic FinTech is viable in Nigeria, because CBN stands for Islamic finance, we don't go against any innovation, once a product is in line with our requirement, we will give you license'' (M5).

This indicates that regulators welcome Islamic FinTech innovation within the FinTech space in Nigeria. As the regulators always have a role to play, because all licenses are offered by CBN. A question was asked about, how many Islamic FinTech registered in Nigeria. M15 responded that 'those are the problems that we envisage in the market, as the FinTech market is not regulated, the product may not follow Shari'ah compliance'. Impliedly, his response is highlighting the absent of Islamic FinTech regulation in the country. Question was asked on the viability of Islamic FinTech from regulators perspective and (M5) responded that ''it is viable considering the wider acceptance of FinTech across the country''. On the regulation aspect of Islamic FinTech (M15) stated that ''Islamic FinTech as a standalone business, is not viable. It is very difficult to be viable when there are too few players, they have to use conventional FinTech platform, adopt it, modify it and make it compliant'. Thus, indicating that regulators in Nigeria are reluctant to come up with regulation viable for Islamic FinTech. Similarly, another respondent stated that: ''There is no difference between Islamic FinTech and conventional FinTech, it depends on what you are using FinTech for'' (M2). All Islamic banks are using FinTech, generally banks use technology, therefore they envisage its viability.

M2 is on the opinion that, ineffectiveness in the contribution of Islamic FinTech is caused by the small number of Islamic banks that have adopted Islamic FinTech. However, considering the wider acceptance of FinTech in Nigeria, one of the participants disclosed that ''Banking sector is the most regulated sector in the economy, the regulators are well grounded knowledgeable and are working hard to bring more regulation'' (M9). In addition, (M5) mentioned that ''Nigeria is more regulated than most developed countries, currently Nigeria is competing with Malaysia in term of regulation, this is the fact that Fintech is growing faster than Islamic finance in Nigeria, is growing very quickly more aggressive from last ten years. It puts a lot of people into banking, the KYC is very easy, it is easier to have FinTech account on the FinTech pyramid'. Although many FinTech operate without license, thus potential to prompt risks to individuals, businesses and society as a whole. Therefore, regulation is required on how people use cash, especially those doing crowdfunding requires license. Finally, participant (M15) express his perspective about the volume of activities taken place in the FinTech space: ''I don't know if SEC is aware about it, the market is very aggressive we are ahead of regulators the SEC follow us sometime the market is ahead of the regulation' indicating that regulators are not aware of the number of FinTech operators in the country due to its volatility, thus prone to illegal FinTech''. Highlighting the need for regulators to intensify their efforts in ensuring that all FinTech promoters and developers are duely registered and licensed in the country.

Financial Inclusion

The aspect of financial inclusion emerged from the operators' sides themed as 'Acceptable to all and promote financial inclusion'. Financial exclusion has been acknowledged as one of the major problems affecting customers in the Nigerian financial sector. However, our participant is critical in suggesting that Islamic FinTech can drastically reduce the level of financial exclusion in Nigeria, as FinTech is acceptable to both conventional and Islamic banks. One of the respondents (M12) Express that ''Non-Muslims in Nigeria patronize Islamic FinTech more than the Muslim themselves''. Non-Muslim are majorly from South and West region in Nigeria and are now patronizing FinTech regardless of Islamic term associated with it; once the business will yield profit that is their major concern. This shows that religious differences are not an issue in Nigeria when it comes to technology use and acceptance. M17 concludes that 'FinTech is being embrace by both Islamic and non-Islamic banks, Therefore, Nigeria is potentially the first country in Africa to widely embrace Islamic FinTech in the region''. However, M12 added that ''Muslim are backward because they are skeptical of the feelings of been defraud''. Despite the obstacle (M3) opined that ''Islamic FinTech is viable in Nigeria and will immensely contribute to financial inclusion by carrying the unbanked citizens along''. Participant (M1) stated that ''Islamic FinTech is an area that will encourage financial inclusion in areas where some of the services are yet to reach out to them''. The potential for Islamic FinTech in addressing the issue of financial exclusion is widely recognized by our respondents, highlighting its viability in Nigeria.

Shari'ah Compliant and Education

Finally, Shari'ah requirement has been recognized by our respondents as a viable means for ensuring strong framework for Islamic FinTech. This result to our final theme that emerged from Shari'ah board members as 'Varying FinTech with same purpose, education and Shari'ah compliance requirements' indicating that both conventional and Islamic banks use Fintech in their operation, yet educational and Shari'ah compliance remain essential requirements. One of the participants (M14) mentioned that ''there is no different between Islamic FinTech and conventional FinTech, all what matter most is the purpose it serves for the users'' indicating that both banks employ FinTech; what is important is the purpose of its application. Use of application requires customers to demonstrate a level of understanding of the application which requires certain level of education. As mentioned, that ''we need to improve on our educational level, because if you want people to be financially inclusive through financial technology you need certain level of education' finally'' (M17), another participant (M18) stated that ''technology platform must adhere to Shari'ah guidelines, otherwise in can't be level as Islamic FinTech". She further stated that, ''Most of the staff of Islamic banks are mainly from conventional banks, even at the point of incorporation of Islamic banks, some of the staff are not even Muslims, so till day Islamic finance is facing some challenges and criticism, you hear people say that the profit is just equivalent to the interest''. As such there is no different between Islamic FinTech platforms and conventional FinTech. M14 further stress that ''Islamic FinTech is similar to conventional FinTech taking care of pillars of transaction and the condition attached to each pillar and make sure there is no violation of Shari'ah is important''. Generally, suggesting that, FinTech platform used in Nigerian Islamic banks does not strictly comply with the Shari'ah guidelines.

Discussion

This study fills in a knowledge gap on the viability of Islamic FinTech. In particular, we have identified the viability of Islamic FinTech to close the gap in financial inclusion. However, the acceptance of Islamic FinTech in Nigeria has been hampered by lax regulations and noncompliance with Shari'ah requirements. Using the study's Nigerian context and qualitative information gathered from interviews with regulators, representatives of Islamic banks, and members of the Shari'ah boards of Islamic banks in Nigeria. The opinion and views of the regulators and operators revealed that the Nigeria financial regulation is above world average, thus conducive for FinTech ecosystem. However, with regards to Islamic FinTech regulation, the findings show that there exists no regulation specifically for its purpose. This is similar to the finding of (Nurhasanah & Rahmatullah, 2020) that the Islamic FinTech regulation in Indonesia is weak, thus prone to illegal FinTech operation. This is also similar to the findings of (Muryanto et al., 2022), that the implementation of Islamic FinTech in countries that are most conducive to the growth of the Islamic FinTech ecosystem continues to face significant challenges due to inadequate supervision, regulation and low Shari'ah compliance. This is an indication that ineffective regulation for Islamic FinTech is a general phenomenon. Thus, the need for strong regulatory framework specific for Islamic FinTech to regulate its activities is immensely important to allow a Shari'ah-adhering framework for regulators' enforcement of Islamic contracts regarding FinTech solutions.

The study further discovered that Islamic FinTech in Nigeria look Shari'ah compliant but in reality, they are not, as such operators have to leverage on reality and consistent capacity building. The adoption of FinTech terrain in Nigeria is growing but for Islamic FinTech, Nigerians are not aware of the opportunities that come with it. Therefore, an ecosystem of Islamic FinTech's requires Shari'ah Supervisory Boards, laws, and policies that support them, as well as standards for Islamic FinTech for administration of Shari'ah law. This is similar to the suggestion of (Rani et al., 2021; Laldin & Djafri, 2019), that Shari'ah scholars and information technology experts need to collaborate in I-FinTech-oriented product and service development and evaluation. Furthermore, this study identify Shari'ah based compliant a major challenge for Islamic FinTech in Nigeria. This is similar to the findings of (Hassan, & Aliyu, 2020).

Finally, this study also documents that, Islamic FinTech has been identified as a spur for fund mobilization, and sustenance for financial inclusion in Nigeria, this will uplifts the country's from ranking as the sixth most unbanked country globally (Ventura, 2021). Nigeria is ranked sixth due to its high financial exclusion, particularly in the north, with predominant Muslim. Highlighting that, Islamic FinTech if properly utilized will serves the need of underbanked and underserved citizens in Nigeria and perhaps helps the CBN achieved its financial inclusion goal.

Conclusion

The concerns and viewpoints of stakeholders regarding Islamic FinTech regulation and the role Islamic banks are playing in providing wide range of financial services in the era of industrial revolution are important topics for academic research. This study has provided qualitative insight into the viability of Islamic FinTech in an emerging economy. Islamic FinTech is recognized as a viable tool that can contribute in ensuring financial inclusion and thus, can reduce the large number of underbanked populaces particularly in the Northern Nigeria. The study document that FinTech must certified the requirements of Islamic principles before it can become a valid tool for transaction under Islamic banks. The adoption of FinTech terrain in Nigeria is growing but for Islamic FinTech, Nigerians are not aware of the opportunities that come with it. The study further recognizes that the low adoption of Islamic FinTech is attributable to few numbers of Islamic banks operation, absent of regulation and infrastructural challenges contribute to illegal FinTech operation. CBN can effectively use Islamic FinTech tool in achieving its 95% financial inclusion goal by 2025. The participation of financially excluded northern Nigerians was supported by this. The banks also realized that, irrespective of the customers' religious background, the adoption of smartphones presents a chance for the swift proliferation of Islamic FinTech in Nigeria.

Recommendation

Future researchers can adapt this study to be conducted in other nations with significantly different institutional environments, as growth for Islamic Fintech ecosystem can be best enhance through proper supervision by regulatory authorities and strong Shari'ah board participation. This study offers new perspectives that legislators and regulatory bodies, particularly those associated with Islamic banks, can utilize to reaffirm their current goals and illustrate how Islamic FinTech can be more viable within the framework of Islamic banking. The government must enact the necessary laws, academic institutions must produce high-caliber research, and skilled labor must be readily available to foster the development of Islamic FinTech in the country. Authorities like the Securities and Exchange Commission, the Central Bank of Nigeria, and Sharia advisors can recommend additional enhancements to Islamic banks so they can appropriately carry out operations in line with Islamic principles.

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