VOL. 3, NO. 2 DECEMBER, 2023
ISSN 2756-4444
E-ISSN 2756-4452

RISKS MANAGEMENT IN THE INTEREST-FREE BANKING IN NIGERIA: MODALITIES AND TECHNIQUES

BY

[1]Saad Jamiu Abdulazeez, [2]Kumuyi Francis Oladimeji & [3]Olarewaju, Eunice Foluke
[1]Department of Islamic Studies, Kwara State College of Education, Oro, Kwara State, Nigeria.
[2&3]Department of Christian Religious Studies, Kwara State College of Education, Oro, Kwara State, Nigeria.

Abstract
This paper examines modalities and techniques of risks management in the Interest-free banking. The paper also aimed at assessing the basic concepts of risk management, evolution of the Interest-free banking in Nigeria, its mode of operation and some of its unique features. Types of risks peculiar to the interest-free banking and modalities and techniques of their management are also given consideration in the paper. The methodology adopted in this paper is descriptive research based on documents analysis on relevant articles and literatures on the subject matter. The materials used include articles, books, conference papers, journals as well as internet resources. The paper concludes with the suggestions that there should be adequate awareness and orientation on the aim and objectives of risk management in Interest-free banking has giving assurance to the public that their transactions with the banks are saved and protected. Nigerian government should endeavour to give the bank enabling environment to thrive so as to revitalize the nation's economy from its instability.
Keywords: Risk, Management, Interest-free banking, Modalities, Techniques.

Introduction

In recent years, the landscape of banking and finance in Nigeria has witnessed a significant transformation with the emergence and growth of interest-free banking, aligning itself with Islamic financial principles. As a response to the needs of a substantial Muslim population seeking Sharia-compliant financial services, interest-free banking institutions in Nigeria have gained prominence (Adeyemi, Olamide, & Adetunji, 2019). However, the distinctive nature of interest-free banking introduces complexities in risk management that differ from conventional banking practices. This study aims to provide a comprehensive exploration of risk management in the context of interest-free banking in Nigeria, focusing on the modalities and techniques employed to ensure financial stability and compliance with Islamic principles. Credit risk, as defined, is the potential that a borrower or counterparty may not fulfill its repayment obligations as outlined in the contractual agreement. In the event of non-repayment, the creditor faces a loss, presenting a risk for financial institutions, such as banks. Notably, interest-free banking could exhibit reduced credit risk when juxtaposed with conventional banks. This potential diminution may be attributed to the religiosity of clients, fostering increased loyalty and diminishing the likelihood of defaults. Additionally, the unique relationship Islamic banks maintain with their depositors may further contribute to this decreased credit risk (Neifar, Malika, 2020).

Risk refers to the potential occurrence of adverse events, encompassing the inherent uncertainty surrounding the impact of an activity on aspects valued by humans. The international standard definition of risk is "effect of uncertainty on objectives" (Brilliant Math & Science Wiki, 2023, February 25) An important element of risk management is understanding the risk–return trade-off of different assets and investors. Investors can expect a higher rate of return only by increasing their exposure to risks. As the objective of financial institutions is to create value for the shareholders by acquiring assets in multiples of shareholder-owned funds, managing the resulting risks faced by the equity becomes an important function of these institutions (Merriam-Webster, 2023, August 28).

Interest-free banking is a new concept, and the risks associated with it are not yet fully understood. It faces unique risks due to Sharia compliance and Islamic financial law, with limited risk mitigation instruments (Akram & Rahman, 2018). The significance of this research lies in its potential to contribute to the knowledge base surrounding Islamic banking practices in Nigeria. It addresses the critical need for comprehensive risk management frameworks tailored to the unique characteristics of interest-free banking. As the interest-free banking sector continues to expand and

integrate into the broader financial system, understanding the modalities and techniques for risk management becomes imperative for both practitioners and policymakers. It concludes with some suggestions which if are given consideration shall assist the Interest-free banking to progress into the highest level.

Conceptual clarifications

Risk: Risk entails the probability of experiencing a loss or facing perils related to the subject matter covered by an insurance contract. Additionally, it can represent a specific individual or object identified as a potential hazard for an insurer., an insurance hazard from a specified cause or source, or the chance that an investment (such as a stock or commodity) will lose value. (Merriam-Webster, 2023, August 28). It is also defined as the possibility that something bad or dangerous will happen. It can be used as a noun or a verb. As a noun, it means the possibility of something bad happening. As a verb, it means to expose to the chance of injury or loss (Dictionary.com, n.d.). Thus, Risk is the lack of certainty regarding the potential outcomes of an activity on elements that hold value for humans, including aspects like health, well-being, wealth, property, or the environment.

Management: Management refers to the process of planning, organizing, staffing, leading, motivating, and making decisions to achieve organizational objectives (Management Note. (2021, November 29). It is a multidisciplinary field that draws from various areas such as psychology, sociology, economics, and engineering (Economics Discussion, n.d.). Management involves coordinating the efforts of people to achieve the goals and objectives of an organization (OpenStax, 2022, December 12). It is both a science and an art and is considered a profession (Coursera, 2023, June 16). Thus, management is the process of directing and managing the efforts of individuals to achieve the goals and objectives of an organization

Risk management: Risk management is the process of identifying, assessing, and controlling risks to an organization's capital, earnings, and strategic goals (Investopedia, 2023, June 14). This process encompasses the establishment of strong internal controls, policies, and procedures designed to recognize, evaluate, and mitigate potential risks. (Reciprocity. (2023, June 16). Risk management is a comprehensive term that covers the entire endeavor of recognizing, evaluating, and addressing risks throughout an organization or project (TechTarget, 2023, January 17). Conversely, risk control pertains to the actions taken to alleviate or diminish the risks connected with a specific activity or circumstance. (Reciprocity, 2023, June 16). The risk management process involves five basic steps: identifying risks, analyzing risks, prioritizing risks, implementing solutions, and monitoring risks (360Factors, 2023, January 25). Risk management in healthcare is intricate framework comprising clinical and administrative systems, processes, procedures, and reporting structures. Its primary objective is to identify, monitor, assess, mitigate, and prevent risks to patients within healthcare organizations. (StatPearls Publishing, 2023, February 6). The risk management process comprises five fundamental steps: identifying, analyzing, prioritizing, implementing solutions, and monitoring risks.

Interest-free banking: Interest-free banking is a banking system where interests are prohibited (IGI Global,2023). It is a narrow concept within the Islamic banking system that denotes a number of banking operations that avoid interest (IMF eLibrary, n.d.). Under Islamic law, a Muslim is prohibited from paying and accepting interest on a predetermined rate (IMF eLibrary, n.d.). Interest-free banking evolved as a result of Islamic views about money that it should not be priced as it is done by Western or conventional banks operating around the world (The Indian Express, 2022). The adoption of interest-free banking remains a relatively new concept in numerous countries, Nigeria included. (The Indian Express, 2022).

Objectives of Interest-Free Banking

1. To provide financial services that are compliant with Islamic law: Interest-free banking aims to offer financial services in line with Islamic law, avoiding interest rates and utilizing equity participation systems instead (Hussain, Shahmoradi, & Turk, 2015).
2. Interest-free banking encourages risk-sharing between banks and customers through equity participation systems, where the bank and customer share the profit or loss of an investment (IMF eLibrary. (n.d.).

VOL. 3, NO. 2 DECEMBER, 2023
ISSN 2756-4444
E-ISSN 2756-4452

3. Interest-free banking promotes ethical and socially responsible banking practices by avoiding investments in harmful industries like gambling, alcohol, and tobacco (The Indian Express, 2022).
4. Interest-free banking aims to enhance financial inclusion by offering financial services to individuals and businesses who may not have access to conventional banking, including microfinance (The Indian Express, 2022).
5. Interest-free banking aims to maintain economic stability by offering financial services with less reliance on economic fluctuations through equity participation systems based on profit and risk-sharing (JSTOR, n.d.).

Evolution of Free Interest Banking in Nigeria

According to "Interest-Free Banking in Nigeria: The Way Forward" (n.d.), interest-free banking, also known as non-interest banking or Islamic banking, is a relatively recent concept in Nigeria. The practice of interest-free banking is rooted in the Islamic perspective that money should not be priced, contrasting with the practices of Western or conventional banks worldwide. The theoretical discourse on interest-free banking initiated in Pakistan in the 1940s, preceding the Middle Eastern oil boom by decades (Saad,2021). In the pre-interest-free banking era, banking in Islamic communities worldwide operated on a capital economic system, involving interest payments on loans and deposits, leaning towards profit-oriented objectives (Saad, 2021). Money lenders were consequently exploiting the economically vulnerable by imposing various interest rates (Saad, 2021). The evolution and practice of non-interest or Islamic banking in Nigeria is aimed at promoting financial inclusion and sustainable economic development (Understanding Monetary Policy Series No 16 Non-Interest (Islamic) Banking, (n.d.). The Nigerian Islamic finance industry is nascent but has growth potential and is growing swiftly from a low base on the back of strong financing (Nigerian Islamic Finance Industry to Continue Growth on Policy Push, 2023, January 25).

Features of Interest-free banking Features/Principle of interest free bank

1. Prohibition of interest: Interest-free banking prohibits the charging or payment of interest on loans and deposits (Central Bank of Nigeria, n.d.).
2. Risk-sharing: Interest-free banking involves sharing risks between the bank and the customer. The bank and the customer share the risks and profits of the investment (Saad, 2021).
3. Asset-based financing: Interest-free banking is based on asset-based financing, where the bank buys assets and sells them to the customer at a profit (ARCN Journals, n.d.).
4. Ethical investments: Interest-free banking promotes ethical investments that are socially responsible and do not harm the environment or society (ResearchGate. (n.d.).
5. Profit and loss sharing: Interest-free banking involves sharing profits and losses between the bank and the customer. The bank and the customer share the profits and losses of the investment
6. No speculation: Interest-free banking prohibits speculation and gambling, which are considered unethical in Islamic finance

Modes of Operations of Interest-Free Banking

1. Mudarabah: This is a profit-sharing agreement between the bank and the customer, where the bank provides the capital and the customer provides the labour (Saad, 2021).
2. Musharakah: This is a partnership agreement between the bank and the customer, where both parties contribute capital and share profits and losses (Saad, 2021)
3. Murabahah: This is a cost-plus financing agreement, where the bank buys an asset and sells it to the customer at a profit (ResearchGate, n.d.).
4. Ijarah: This is a leasing agreement, where the bank buys an asset and leases it to the customer for a fee (Saad, 2021).
5. Istisna: This is a contract for the manufacture or construction of an asset, where the bank pays the manufacturer or contractor in installments and sells the asset to the customer at a profit (ResearchGate, n.d.)

Notable Risks of Interest-free Banking

Risk Management in Islamic Banking (2018) observes that there are three major types of risks faced by Interest-free banking. These include:

VOL. 3, NO. 2 DECEMBER, 2023
ISSN 2756-4444
E-ISSN 2756-4452

General Risks in Conventional and Islamic Banking:

General risks are inherent in both conventional and Islamic banking systems, reflecting common challenges faced by financial institutions. These risks necessitate robust risk management strategies to ensure the stability and resilience of the banks. The following risks are shared between both banking models:

1. **Financing Risk (Credit Risk):** Financing risk, commonly known as credit risk, prevails in both conventional and Islamic banks. It revolves around the potential default by borrowers, leading to financial losses for the bank. The risk of non-repayment is a universal concern, and both types of banks need to employ effective credit risk management practices to assess, monitor, and mitigate this risk (Mondaq, 2020, October 20).

2. **Market Risks / Interest Rate Risks:** Both conventional and Islamic banks are exposed to market risks, particularly those associated with fluctuations in interest rates and changes in exchange rates. Interest rate risk can impact the profitability of banks, affecting income from lending and investment activities. The management of these risks involves strategies to hedge against adverse market conditions and to adapt to changing economic environments (ResearchGate, n.d.).

3. **Liquidity Risks:** Liquidity risk is a shared concern for both banking models. This risk arises from the possibility of not being able to meet financial obligations promptly. It could result from unexpected withdrawals, changes in market conditions, or mismatches in the maturity of assets and liabilities. Effective liquidity management is essential for both conventional and Islamic banks to ensure ongoing operations and financial stability (Mondaq, 2020, October 20).

4. **Operational Risks:** Operational risks, stemming from inadequate or failed internal processes, human error, or external events, are universal in the banking sector. Both conventional and Islamic banks need to establish robust internal controls, invest in technology, and implement risk management practices to mitigate operational vulnerabilities. This includes measures to prevent fraud, errors, and disruptions in day-to-day operations (Mondaq, 2020, October 20).

In essence, shared risks highlight universal challenges across financial institutions, regardless of their banking model. Despite the unique risks introduced by Islamic banking principles, addressing common risks is crucial for the overall stability and success of banks, necessitating continuous monitoring, adherence to best practices, and a proactive risk management approach.

Specific Risks in Islamic Banking:

Islamic banking introduces unique risks associated with its operational and processing functions, reflecting the distinctive nature of Sharia-compliant financial transactions:

1. **Transactional Risks:** Particularly pronounced in Islamic Banking structures, transactions carry immense significance as part of the Aqad (contractual agreement) requirements. The meticulous adherence to Aqad conditions, such as the precise sequencing of a Murabahah transaction, is paramount. Failure to ensure compliance with Aqad may render transactions invalid, potentially resulting in the loss of income or redirecting funds to charitable causes (Risk Management in Islamic Banking, 2018).

2. **Valuation Risks:** Due to the unique nature of certain Islamic Banking contracts, especially those based on equity structures, challenges arise in valuing the portfolio accurately. Fluctuations in valuation pose a tangible risk, as a reduction can result in real financial losses for investors. Therefore, ensuring an accurate and fair valuation process becomes crucial for risk mitigation in Islamic banking (Risk Management in Islamic Banking, 2018).

3. **Displaced Commercial Risks (DCR):** Displaced Commercial Risk occurs when there is a misalignment between fixed obligations to depositors and uncertain returns on financing. This mismatch can lead to income insufficiency, making it challenging to meet obligations. For example, an Islamic Fixed Deposit commitment with a 4% contractual

VOL. 3, NO. 2 DECEMBER, 2023
ISSN 2756-4444
E-ISSN 2756-4452

return requires careful management to prevent a 1% shortage in income from other portfolios, illustrating the potential impact of DCR on financial stability (Risk Management in Islamic Banking, 2018).

Thus, Islamic-specific risks emphasize the necessity for customized risk management strategies in Islamic banking. Due to the intricacies of Sharia-compliant transactions, meticulous attention to transactional adherence, precise valuation methodologies, and effective management of Displaced Commercial Risks are crucial. Islamic banks need to implement robust risk management frameworks to successfully navigate these unique challenges while upholding Sharia finance principles.

Shariah Risks – Non-compliance with Shariah decisions and instructions risks Certainly, let's elaborate further on the Shariah risks highlighted:

1. **Shariah Compliance Risks:** Shariah Compliance Risks in Islamic banking arise when interest-free bank operations are not fully aligned with Shariah principles. If certain departments or activities within the bank are deemed non-compliant, it poses a risk to the overall Shariah compliance of the institution. This risk emphasizes the importance of ensuring that every aspect of the bank's operations adheres strictly to Shariah guidelines to maintain the integrity of Islamic finance practices (Risk Management in Islamic Banking, 2018).

2. **Fiduciary / Ownership Risks:** Fiduciary and ownership risks stem from the unique requirements of Islamic contract structures. Islamic banks are compelled to operate beyond conventional financial intermediaries, engaging in activities like holding property, trading commodities, or leasing assets. This introduces distinctive roles and responsibilities, necessitating a clear definition and implementation of risks associated with ownership and fiduciary duties. Effective risk management in these areas is vital to ensure transparency, ethical conduct, and the proper functioning of Islamic financial transactions (Risk Management in Islamic Banking, 2018).

3. **Regulatory / Reputational Risks:** Regulatory and reputational risks in Islamic banking entail the need for swift adaptation to regulatory changes to uphold the bank's reputation. Rapid shifts in regulatory frameworks, especially those related to Shariah compliance, require proactive adjustments to maintain the institution's standing in the financial sector. Failure to navigate these changes effectively can lead to reputational damage, emphasizing the critical role of regulatory awareness and adaptability in preserving the bank's image and credibility (Risk Management in Islamic Banking, 2018).

In essence, the highlighted Shariah risks emphasize the critical need for robust risk management strategies in Islamic banking. Key elements include ensuring Shariah compliance across all operations, effectively defining and managing risks related to fiduciary duties and ownership, and maintaining adaptability to swiftly respond to regulatory changes. These measures are integral to securing the sustained success and reputation of Islamic banks in the dynamic financial landscape.

Modalities and Techniques of Risks Management in the Interest-Free Banking in Nigeria

It is pertinent to note the aim of risk management in interest-free banking is to maintain an institution's interest-rate risk exposure within self-imposed parameters over a range of possible changes in interest rates. (LogicManager, 2020) The objectives of risk management in interest-free banking include identifying and assessing risks, developing risk management strategies, implementing risk management strategies, and monitoring and reviewing risk management strategies (Bank for International Settlements, 2016). Thus, the modalities and techniques of risk management in Interest-Free Banking in Nigeria include:

1. **Develop a risk management objective and strategy:** The banks should develop a clear risk management objective and strategy that aligns with the bank's overall business objectives. This will involve identifying, measuring, and mitigating risks (Mondaq, 2020).

VOL. 3, NO. 2 DECEMBER, 2023
ISSN 2756-4444
E-ISSN 2756-4452

2. **Improve credit risk management:** Banks should improve credit risk management to ensure that the bank's lending practices are sound and that it is not exposed to excessive credit risk. This can be achieved by implementing effective credit risk management policies and procedures (ScholarWorks | Walden University Research, n.d.).

3.. **Ensure compliance with regulatory guidelines:** Banks should ensure that the bank is compliant with regulatory guidelines on non-interest banking. This includes guidelines on corporate governance, product compliance, risk management, and capital adequacy (Mondaq, 2020).

4. **Monitor and review risk management practices:** Banks should monitor and review the bank's risk management practices regularly to ensure that they remain effective. This will involve reviewing risk management policies and procedures, identifying emerging risks, and implementing appropriate risk mitigation measures (MDPI, 2019).
5. **Use risk-sharing techniques:** Interest-free banks should use risk-sharing techniques to manage risks. This includes using equity participation systems, where the bank and the customer share the profit or loss of an investment based on a predetermined ratio (EconJournals.com, n.d.).

6. **Compliance with Shariah law:** Interest-free banking is based on the principles of Islamic finance, which prohibits the charging or payment of interest and promotes ethical investments. Banks that offer interest-free banking services must ensure that their operations comply with Shariah law and the principles of Islamic finance. Compliance with Shariah law can help mitigate legal and regulatory risks and prevent reputational damage (Swartz, 2013).

7. **Robust risk management practices:** Interest-free banking involves sharing risks between the bank and the customer, and the bank must have robust risk management practices to identify, assess, and control risks (El-Gamal, 2006). Good risk management practices can help prevent financial losses, reputational damage, and regulatory sanctions (Al-Tamimi, & Al-Mazrooei, 2007).
7. **Diversification of assets:** Interest-free banking promotes ethical investments that are socially responsible and do not harm the environment or society (Mounira,2012). Diversification of assets can help mitigate risks associated with a particular investment or sector (Mounira, 2012).

8. **Profit and loss sharing:** Interest-free banking involves sharing profits and losses between the bank and the customer. Profit and loss sharing can help align the interests of the bank and the customer and promote responsible risk-taking (Swartz, 2013).

By implementing these modalities and techniques, interest-free banks in Nigeria can effectively manage risks and improve the bank's security.

Conclusion

In summary, the conclusion emphasizes the need for a comprehensive and adaptable approach to risk management in interest-free banking in Nigeria. The discussed modalities, encompassing transactional adherence, accurate valuation, and Shariah compliance, underscore the complex nature of risks in Islamic finance. Fiduciary and ownership risks, coupled with the dynamics of regulatory and reputational challenges, highlight the importance of clear risk definitions and proactive responses to changes. As the interest-free banking sector evolves, continuous monitoring and adherence to best practices become crucial for sustained growth and success. The outlined risk management framework serves as a strategic imperative, ensuring resilience and trust within the unique context of Islamic finance in Nigeria.

Suggestions

- The board of directors should create a strategic risk management plan that aligns with the bank's overall business goals
- The bank should establish guidelines for managing interest rate risk in its banking book to effectively manage its exposure and maintain acceptable limits.
- The bank should enhance credit risk management to maintain sound lending practices and comply with regulatory guidelines on non-interest banking.
- The board of directors should regularly review and monitor the bank's risk management practices to ensure their effectiveness.
- The bank should educate customers about interest-free banking to boost awareness and understanding of its products and services, thereby attracting new customers and retaining existing ones.

- Federal Government of Nigeria should to give the Interest-free banks enabling environment to thrive.

References

Adeyemi, R. A., Olamide, S. O., & Adetunji, I. M. (2019). Risk management and financial performance of Islamic banks: *A meta-analysis. Cogent Economics & Finance, 7(1),* 1604355.

Akram, H., & Rahman, K. U. (2018). Credit risk management: A comparative study of Islamic banks and conventional banks in Pakistan. *ISRA International Journal of Islamic Finance,* 10(2), 185-205.Retrieved July 15, 2023 from *https://doi.org/10.1108/IJIF-09-2017-0030*

Al-Tamimi, H. A. H., & Al-Mazrooei, A. A. (2007). Managing risks and liquidity in an interest- free banking framework: The case of the Islamic banks. *Journal of Risk Finance, 8(4)*, 394– 408. Retrieved July 15, 2023 from *https://www.emerald.com/insight/content/doi/*

ARCN Journals. (n.d.). Free Banking and its Implications on Sustainable Economic Development in Nigeria. Retrieved July 20, 2023 from *https://arcnjournals.org/images/2726452731379.pdf*

Bank for International Settlements. (2016). Interest rate risk in the banking book [PDF file]. Retrieved July 27, 2023 from *https://www.bis.org/publ/bcbs108.pdf*

Brilliant Math & Science Wiki. (2002, February 25). Risk. Retrieved July 15, 2023 from *https://en.wikipedia.org/wiki/Risk*

Central Bank of Nigeria. (n.d.). *Guidelines on the Management of Interest Rate Risk in the Banking Book (IRRBB).* Retrieved July 15, 2023 from https://www.cbn.gov.ng/out/2019/bsd/guidelines%20on%20the%20management%

Central Bank of Nigeria. (n.d.). *Understanding Monetary Policy Series, No 16 Non-Interest (Islamic) Banking*. Retrieved July 6, 2023 from *https://www.cbn.gov.ng/Out/2022/MPD/Series%2016R.pdf*

Coursera. (2023, June 16). What Is Management? Definition, Types, Skills, and Careers | Coursera. Retrieved August 15, 2023 from *https://www.coursera.org/articles/management*

Dictionary.com. (n.d.). Risk. Retrieved July 15, 2023 from *https://www.dictionary.com/browse/ris*

EconJournals.com. (n.d.). Comparison of Risk Management in Non-profit Banks and Financial Institutions versus Other Conventional Banks and Financial institution. Retrieved July 25, 2023 from https://www.econjournals.com/index.php/ijefi/article/download/4425/pdf/11586

Economics Discussion. (n.d.). What is Management: Introduction, Definition, Meaning and Principles. Retrieved July 12, 2023 from *https://www.economicsdiscussion.net/management/management/33781*

El-Gamal, M. A. (2006). Managing risks and liquidity in an interest-free banking framework: The case of the Islamic banks. *Thunderbird International Business Review,* 48(1), 75–91. Retrieved June 10, 2023 from https://www.researchgate.net/publication/

Five Steps of the Risk Management Process (2023, January 25). Five Steps of the Risk Management Process - 360Factors. Retrieved June 20, 2023 from https://www.360factors.com/blog/five-steps-of-risk-management-process/

Hussain, M., Shahmoradi, A., & Turk, R. (2015). An Overview of Islamic Finance. IMF Working Paper, 15 (120). Retrieved June 15, 2023 from *https://www.imf.org/external/pubs/ft/wp/2015/wp15120.pdf*

IGI Global. (2023). What is Interest-Free Banking. Retrieved July 20, 2023 from *https://www.igi-global.com/dictionary/interest-free-banking/58361*

IMF eLibrary. (n.d.). Islamic Interest-Free Banking. Retrieved July 15, 2023 from *https://www.elibrary.imf.org/downloadpdf/journals/024/1986/001/article-A001-en.pdf*

Interest Free Banking in Nigeria: The Way Forward. (n.d.). *ResearchGate.* Retrieved July 10, 2023 from *https://www.researchgate.net/publication/*

International Monetary Fund. (1986). Islamic Interest-Free Banking. Retrieved July 10, 2023 from https://www.elibrary.imf.org/downloadpdf/

Investopedia. (2023, June 14). What Is Risk Management in Finance, and Why Is It Important? - Investopedia. https://www.investopedia.com/terms/r/riskmanagement.asp JSTOR. (n.d.). Interest Free Banking and Economic Stability. Retrieved July 15, 2023 from *https://www.jstor.org/stable/41259619*.

LogicManager. (2020). Risk Management in Banking [Complete Guide]. Retrieved July 14, 2023 from https://www.logicmanager.com/resources/

Management Note. (2022, November 29). 7 Major Characteristics of Management | Principles of Management. Retrieved July 15, 2023 from *https://www.managementnote.com/*

MDPI. (2019). Developments in Risk Management in Islamic Finance: A Review. Retrieved J uly 15, 2023 from *https://www.mdpi.com/1911-8074/12/1/37*

Merriam-Webster. (2023, August 28). Risk. https://www.merriam-webster.com/

Mondaq. (2020). Non-Interest Banking and Finance in Nigeria - Islamic Finance. Retrieved July 6, 2023 from *https://www.mondaq.com/nigeria/islamic-*

Mounira, B. (2012). Managing risks and liquidity in an interest-free banking framework: The case of the Islamic banks. *International Journal of Business and Management,* 7(2), 3–12. Retrieved July 15, 2023 from *https://ccsenet.org/journal/index*

Neifar, M. (2020). Interest-free versus Conventional banks- A Comparative Study using Linear and Nonlinear Panel Regression: Empirical Evidence from Turkey and 6 MENA countries, IHEC SFAX University Tunisia. Retrieved July 15, 2023 from *https://mpra.ub.uni- muenchen.de/101028/*

Nigerian Islamic Finance Industry to Continue Growth on Policy Push. (2023, January 25). Fitch Ratings. https://www.fitchratings.com

OpenStax. (2022, December 12). References - Principles of Management | OpenStax. https://openstax.org/books/principles-management/pages/referencesReciprocity. (2023, June 16). Risk Control & Risk Management: What's the Difference? - ZenGRC from Reciprocity. https://reciprocity.com/blog/risk-control-risk-management-whats- the-difference/

Risk Management in Islamic Banking (2018). Islamicbankers.me. https://Islamicbankers.me

ScholarWorks Walden University Research. (n.d.). Modelling Risk Management in Banks: Examining Why Banks Fail? Retrieved July 15, 2023 from *https://scholarworks.waldenu.edu/cgi/viewconten*

Saad, A. (2021). Islamic Banking: The Prospect and Challenges, A Seminar Paper Presented at Department of Religions, Kwara State University, Malete
.
StatPearls Publishing. (2023, February 6). Risk Management Event Evaluation and Responsibilities - StatPearls - NCBI Bookshelf. Retrieved July 15, 2023 from *https://www.ncbi.nlm.nih.gov/books/NBK559326/*

VOL. 3, NO. 2 DECEMBER, 2023
ISSN 2756-4444
E-ISSN 2756-4452

Swartz, N. (2013). Risk management in Islamic banking. *Journal of Economics and Behavioral Studies*, *5 (10)*, 680-686. Retrieved July 15, 2023 from *https://academicjournals.org*

Techtarget. (2023, January 17). What is Risk Management and Why is it Important? - Techtarget. Retrieved on June 20, 2023, from *https://www.techtarget.com*.

The Indian Express. (2022). what is interest-free banking, recently given the green-light in Pakistan. Retrieved September 3, 2023, from *https://indianexpress.com/article/explained/explained-global/*

Understanding Monetary Policy Series, No 16 Non-Interest (Islamic) Banking. (n.d.). Central Bank of Nigeria. Retrieved on September 3, 2023, from *https://www.cbn.gov.ng.pdf*.