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Islamic Peer-to-Peer (P2P) Financing as an Alternate Model of MSME Financing in Nigeria
(2024) *Contributions to Management Science*, Part F2529, pp. 27-37.

DOI: 10.1007/978-3-031-48770-5_4

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Abstract

In emerging economies, including Nigeria, the nano, micro, small, and medium enterprises ("NMSMEs") sector are essential actors for socioeconomic development. In recent times, the increasing convergence of technology and financial services (fintech) has transformed financial service delivery and engendered cheap, sustainable, and innovative alternative mechanisms of funding for NMSMEs, prime among which is the peer-to-peer (P2P) financing. This study examines the plausibility of Islamic P2P financing model as a viable option for NMSME funding in Nigeria. The study will utilize both primary and secondary data sourced from official publications, surveys, articles, interviews, working papers, websites, e-books, and online resources to drive its goals. The study finds out that evolution of digital economy, vibrant and demand-driven NMSME ecosystem, the growth of Islamic finance industry, and, importantly, an evolving regulatory regime, among others, are factors that are driving Islamic P2P financing model in Nigeria. The study recommends that for Islamic P2P financing to be effectively leveraged to fund the NMSMEs in Nigeria, the numerous stakeholders must synergize to utilize the opportunities presented by the model. It further recommends the requisite policy advocacy and development of Shari'ah compliance framework by the regulators and appropriate authorities toward assuring investors and practitioners of the integrity of the model. © The Author(s), under exclusive license to Springer Nature Switzerland AG 2024.

Author Keywords

Fintech; Islamic peer-to-peer (P2P) financing; Nano, micro, small and medium enterprise (NMSME) funding; Nigeria

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Publisher: Springer Science and Business Media Deutschland GmbH

ISSN: 14311941

Language of Original Document: English

Abbreviated Source Title: Contrib. Manag. Sci.
2-s2.0-85204291897

Document Type: Book Chapter

Publication Stage: Final

Source: Scopus