

EFFECTS OF ISLAMIC FINANCE PRINCIPLES ON COOPERATIVE SOCIETIES IN OSUN STATE NIGERIA

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ABSTRACT

The study examines the effects of Islamic finance principles on cooperative societies in Nigeria and its direct impacts among muslim cooperators within various local government areas of Osun State, Nigeria. Conventional finance principles compared to the advancement in both the poor and the rich financial well-being seems retrogressive to the socio-economic status of the populace. A purposive sampling technique was used in selecting 12 Islamic cooperative societies based on the practice of Islamic finance principles in their financial transactions in the study area. Primary data was collected by interview and the respondents' responses were subjected to a descriptive analysis (frequency, percentage, mean and ranking). Secondary data was gotten from Qiyas, Qur'an, Islamic cooperative bye-law, Hadith, Ijmah,, conference paper, magazines and internet. The results of the data analysis revealed that Islamic cooperative societies and their members enjoy a lot of financial opportunities presented by Islamic finance principles without interest dealings. Observation also shows that interest-free loan (Qard hassan), joint venture partnership (Musharakah), trustee partnership (Mudarabah), cost-plus sale (Murabahah) are the mostly practiced Islamic financing contracts at high level while leasing (Ijara), manufacture-sale (Istisna) and deferred-delivery sale (Salam) are the Islamic financing contracts practiced at a low level by the studied Islamic cooperative societies. The main findings of the study show that most of the transaction components of the interviewed Islamic cooperative societies in Osun State, Nigeria are in conformity with the dictates of Islamic finance principles. And the cooperators' financial well-being has being positively impacted through economically viable halal ventures and interest-free loan opportunities. The study recommends more efforts on the practice of Ijara, Istisna and Salam financing contracts by Islamic cooperative societies and urge conventional financial institutions and governments at all levels to adopt and formulate financial policies using Islamic finance principles for a pickup of and a sustainable economic growth amidst the financial setback in many countries caused by global economic meltdown and COVID-19 pandemic.

KEYWORDS: *Cooperative Societies, Islamic Finance and Islamic Principle on Finance*