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RESEARCH ARTICLE

AN APPRAISAL OF JAIZ BANK ON THE FINANCIAL PERFORMANCE OF NON-INTEREST BANKING IN NIGERIA (2012-2016).

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Abstract

This study analysed the financial performance of JAIZ Bank PLC in Nigeria banking system. It examines the financial performance of the bank in terms of profitability, liquidity, and leverage. The data that were used in the analysis was generated from annual financial statements of JAIZ bank over a period of five years (2012-2016).The Time series data collected were analysed by way of Gray Comparative Index. The study revealed positive relationship between profitability, liquidity and leverage ratios and financial performance. The study recommends that the management of JAIZ bank should improve profitability by increasing return on equity, return on asset and earnings per share, they should maintain and improve on their current level of leverage,create aggressive awareness and enlightening the public about the products and services of the bank, while Government should create favourable environment for Islamic banks by licensing more Islamic banks and establishment of takaful i.e insurance company that can insure Islamic finance funds.

1.0 Introduction:-

Banking is one of the pillars that sustain the economy of a country. It plays a very important role by providing a mechnism for mobilising savings from surplus economic unit to decifit economic units where they can be used productively. Banks act as a financial intermediary of a society that access funds to communities in need of funds, influence the distribution of income, level of economic activity and even the level of cost in a country positively (Sutrisno, 2016). According to Bhatti, Zafarullah, Awan and Bukhari,(2011) the Islamic banking industry is considered as one of the fastest growing sectors in the world of finance that received recognition by both Muslims and non-Muslims alike. Moreso, Islamic banking is not merely of interest to Muslim customers, but non-Muslim customers see benefits from such a system (Amin and Isa, 2008).

An Islamic bank is similar to a conventional bank in a particular way because, it is a full-service financial intermediation. Invariably, most of Islamic bank's transactions includes financial products such as mudaraba, musharaka, which are equity-like contracts, and the debt-like contracts of murabaha, ijara and istisna. Islamic banks are also engaged in trade finance investment, leasing projects, private banking, investment in real estate and financial engineering. (Ciptono and Soviyanti, 2007).

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However, Echekoba and Ezu, 2013) stressed that its lending principle is based on the belief that providers of capital and the users of capital should equally share the risk of business ventures. Translated into banking, the depositor, the bank and the borrower should all share the risks and the rewards of financing business ventures. Interestingly, the flexible nature of Islamic finance provides enormous opportunities. It has positive and far-reaching implications for the Nigerian economy. The interest-free banking principle in Islam allows only one kind of loan and that is benevolence loan whereby the lender (the bank) also shares in the profits or losses arising out of the enterprise which the money was lent. Islam encourages the economy of wealth redistribution; customers are encouraged to invest their money and to become partners in order to share profits and risks in the business. This is unlike the interest-based commercial banking system, where all the pressure is on the borrower. He must pay back his loan, with the agreed interest, regardless of the success or failure of his venture.

The concept of profitability is very important both for the non-financial institutions as well as financial institutions, while commercial banks are considered to be the major constituents of the financial institutions. The success and growth of banks is mainly dependent on the competitive marketing strategy that their marketing department adopts to help them compete with others in the market (Swarnapali, 2014). Over the last decade, it is clear from banking literature that the performance of banks is one research area that has been of main concern to management, experts, investors, and economic analysts across the entire world and a lot of researchers have focused on the factors that influence their performance (Sufian and Chong, 2008).

As profitability is important to banks for their continous survival, liquidity also matters and banks must strike a balance between the two because if profitability is pursued at the expense of liquidity, the bank will run out of operation. Liquidity is the ability of a bank to meets its short term obligations and also to be able to advance loans to customers with viable investment portfolio. Because for bank to make profit there must be liquid resources available to be advanced to customers from which profit therefrom will be shared between the bank and the customer.

1.1 Statement of the Problem:-

Islamic banking principles are the backbone to the Islamic banks' products and services developments. However, there has been changing market dynamics within the Islamic banking sector, as a result, reports have indicated declining growth rates and profitability with suggestions for Islamic banks to revisit their strategies being put forth (Kearney, 2014).

Liquidity has been among the challenges facing Islamic bank in Nigeria. According to Yahaya and Lamidi (2015), Islamic bank in Nigeria does not have the ability to meet financing commitments which may hinder their ability to compete with conventional banks.

Consequently, numerous empirical studies abound on profitability and liquidity in conventional banks but not much have been done with regards to Islamic banks.

Based on these backdrops, the study therefore intends to investigate the financial performance of JAIZ bank in Nigeria to find out whether the bank will survive and grow in a competitive banking industry.

1.2 Objectives of the Study:-

The major objective of the study is to assess the financial performance of Islamic banking in Nigeria. To achieve this, the following specific objectives would be pursued to:

(i) Determine whether profitability and financial performance are positively related.
(ii) Determine whether liquidity and financial performance are positively related.
(iii) Examine whether leverage and financial performance are positively related.

1.3 Research Questions

(i) At what level does profitability positively affect on financial performance?
(ii) What is the extent of effect of liquidity on financial performance?
(iii) Is there any positive effect of leverage on financial performance?

1.4 Research Hypothesis

The following null hypotheses shall be tested.

$H0_1$: Profitability and financial performance are not positively related

$H0_2$: Liquidity and financial performance are not positively related

$H0_3$: Leverage and financial performance are not positively related

1.5 Scope and Delimitation of the Study

Financial performance varies from one organization to another. However, the study is limited to three factors namely: profitability, liquidity and leverage which can influence financial performance of Islamic banking in Nigeria, a case study of Jaiz Bank from (2012-2016).

2.0 Literature Review:-

Conceptual and Theoretical Framework

The concept of Islamic banking is relatively new in the academic literature particularly in Nigeria. The emergence of Islamic banking in the Muslim world has remained the most inspiring financial and economic phenomenon of the 20th century. (Mustapha, Ibrahim and Adewale, 2011).Hence, countries like Pakistan, Iran and Sudan adopted the Islamic financial system as the mainstream for their banking and economic activities (Bashir, (2000). It is based on the ethical principles of fairness, transparency and objectivity. Non-Interest Banking offers almost all the services of conventional banks (Yahaya and Lamidi,2015).In addition, Islamic banking refers to a system of banking or banking activity that is consistent with Islamic law 'Shariah' principles and guided by Islamic economics. (Nasib,2008).

According to Sanusi, (2011) Islamic banking is an alternative form of financial intermediation that is based on the profit motive. It is market driven but with a moral dimension based on the Islamic value system. It is not the only type of profit and loss sharing banking based on non-interest principles, but it is the most developed form that has international acceptance and appeal.Although based on a religious law, it is nevertheless, not a religious product or service i.e the exclusive preserve of people of a particular faith or religion. It is universally accessible to and enjoyed by people of diverse religious persuasions or ethical beliefs across the globe.

Financial Performance

Financial performance can be defined as the process of measuring the results of a firm's policies and operations in monetary terms (Trivedi, 2010).

A financial performance measure indicates whether the company's strategy, implementation, and execution are contributing to bottom-line improvement. Typical financial goals have to do with profitability.

Profitability

This is the measure of economic success achieved by an organisation in relation to the capital invested in it. The economic success is determined by the magnitude of the net profit accounting (Pimentel and Nova, 2005).

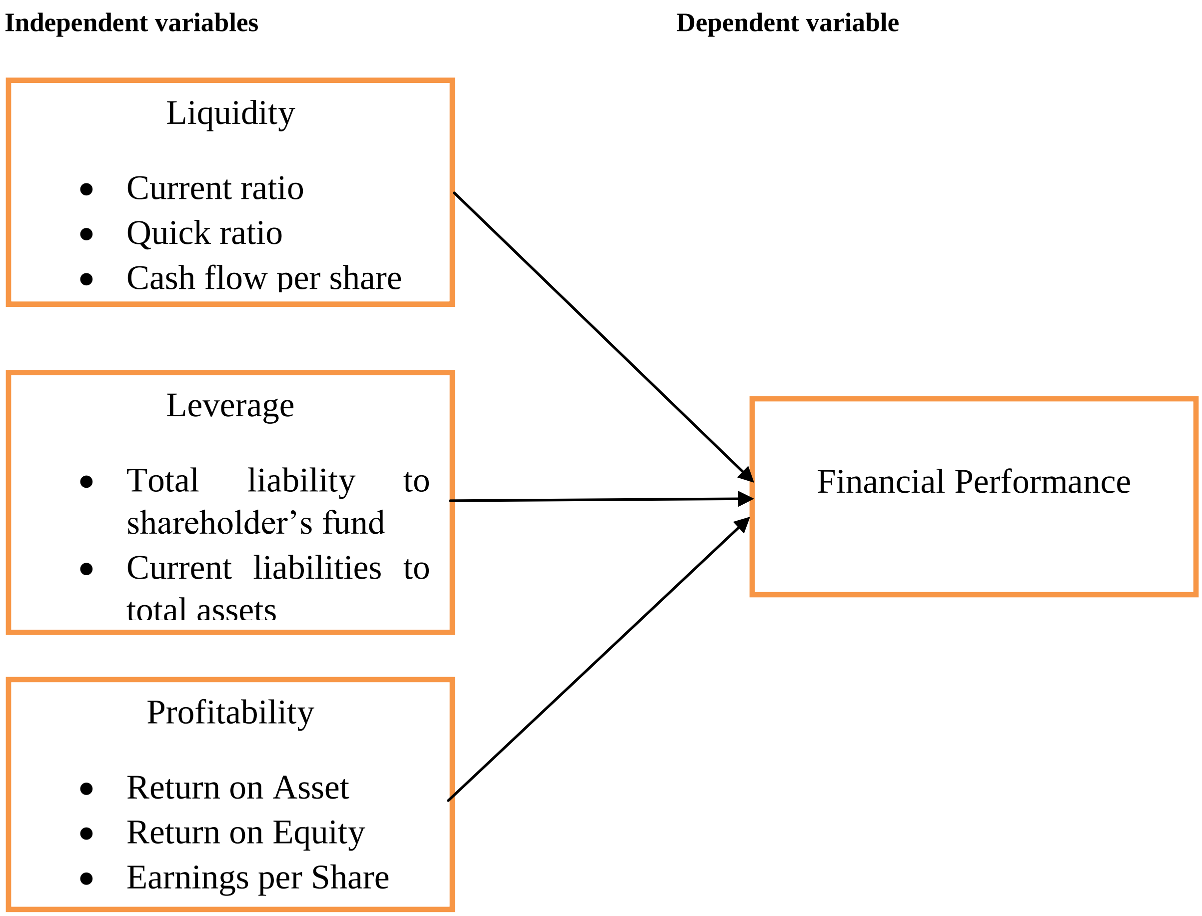
According to Almajali, Alamro, and Al-Soub (2012), the following are determinants of various measures of financial performance: return on asset, return on equity, return on capital employed, and earnings per share.

Liquidity

liquidity is the firm's capacity to liquidate maturing short term debt (within one year) (Shim and Siegel, 2000).It measures the extent to which a firm has cash to meet immediate and short term obligations or assets that can be quickly converted to do this. Accordig to Matz (2011), liquidity is characterized by high level trading activity, in which assets can easily be bought or sold. It denotes the ability of an asset to be converted into cash quickly. Proper management of working capital components helps in reducing the costs of the firm and this highly contributes in reducing the liquidity risk of the firm and thus mitigating any financial losses that might be attributed to lack of finances to take advantage of profitable investments.

Financial Leverage

Financial leverage is the degree to which a company uses fixed-income securities such as debt and preferred equity (Gibson, 2010). It can be aptly described as the extent to which a business is using the borrowed money. Business with high leverage are considered to be at risk of bankruptcy if, in case, they are not able to repay the debts, it might lead to difficulties in getting new lenders in future. According to Gibson, the more debt financing a company uses, the higher its financial leverage. A high degree of financial leverage means high interest payments, which negatively affect the company's bottom-line earnings per share. Financial risk is the risk to the stockholders that is caused by an increase in debt and preferred equities in a company's capital structure. Ketz (2003) indicated that the financing or leverage decision is a significant managerial decision because it influences the shareholdes' return and risk and the market value of the firm. The ratio of debt-equity has implications for the shareholders' dividends and risk, this affect the cost of capital and the market value of the firm that may significantly affects its financial performance (Zenious, 2010).



Source: Conceptualised by the researcher (2017).

(i) Market Power Theory

Applied in banking, the MP hypothesis posits that the performance of bank is influenced by the market structure of the industry. There are two distinct approaches within the MP. According to the SCP approach, the level of concentration in the banking market gives rise to potential market power by banks, which may raise their financial performance. Banks in more concentrated markets are most likely to make "abnormal profits" by their ability to lower deposits rates and to charge higher loan rates as a results of collusive (explicit or tacit) or monopolistic reasons, than firms operating in less concentrated markets, irrespective of their efficiency (Tregenna, 2009). Unlike the SCP, the RMP approach hypothesis posits that bank financial performance is influenced by market share. It assumes that only large banks with differentiated products can influence prices and increase profits. They are able to exercise market power and earn non-competitive profits (Tregenna, 2009).

(ii) Efficiency Structure Theory

An alternative hypothesis is the efficiency-structure (ES) that emerges from criticism of the SCP hypothesis (Athanasoglou*et al*, 2006). The efficiency hypothesis postulates that the relationship between market structure and performance of any firm is defined by the efficiency of the firm. Firms with superior management or production technologies have lower costs and therefore higher profits. There are also two distinct approaches within the ES; the

X-efficiency and Scale–efficiency hypothesis (Athanasoglou*et al*, 2006). According to the X-efficiency approach, more efficient firms are more profitable because of their lower costs. Such firms tend to gain larger market shares, which may manifest in higher levels on market concentration, but without any causal relationship from concentration to profitability. (Athanasoglou*et al*, 2006). The scale approach emphasizes economies of scale rather than differences in management or production technology. Larger firms can obtain lower unit cost and higher profits through economies of scale. This enables large firms to acquire market shares, which may manifest in higher concentration and then profitability (Athanasoglou*et al*, 2006).

(iii) Portfolio Theory

The portfolio theory approach is the most relevant and plays an important role in bank performance studies (Nzongang and Atemnkeng, 2011). According to the Portfolio balance model of asset diversification, the optimum holding of each asset in a wealth holder's portfolio is a function of policy decisions determined by a number of factors such as the vector of rates of return on all assets held in the portfolio, a vector of risks associated with the ownership of each financial assets and the size of the portfolio. It implies portfolio diversification and the desired portfolio composition of commercial banks are results of decisions taken by the bank management. Further, the ability to obtain maximum profits depends on the feasible set of assets and liabilities determined by the management and the unit costs incurred by the bank for producing each component of assets (Nzongang and Atemnkeng, 2011).

(iv) Model Specification

The model for this study was presented as follows:

$FP_{it} = \beta_o + \beta_1 PRO_{it} + \beta_2 LIQ_{it} + \beta_3 LEV_{it} + e_{it}$………………. (1)

Equation (1) shall be transformed to capture all the measurement variables as below:

$FP = \beta_o + \beta_1 ROA_{it} + \beta_2 ROE_{it} + \beta_3 EPS_{it} + \beta_4 CR_{it} + \beta_5 QR_{it} + \beta_6 CFPS_{it} + \beta_7 TLSF_{it} + \beta_8 CLTA_{it} + e_{it}$ ……………………………………….…. (2)

Where:

FP_{it} = Financial Performance of firm i in period t measured by the predictor variables.

PRO_{it} = Profitability of firm i in period t measured by Return on Asset (ROA), Return on Equity (ROE), and Earnings per Share (EPS).

LIQ_{it} = Liquidity of firm i in period t measured by Current Ratio (CR), Quick (acid test) Ratio (QR), and Cash Flow Per Share (CFPS).

LEV_{it} = Leverage of firm i in period t measured by Total Liability to Shareholders fund (TLSF), and Current liability to Total Asset (CLTA).

β_o = Constant Parameter.

β_1-β_3= Coefficient.

e_{it} = error term of firm i in period t.

(v) Measurement and Explanation of Variables

In accordance with the conceptual framework of this study, the study used eight (8) financial ratios for bank's financial performance. These ratios are grouped underthree broad categories: Profitability; liquidity and leverage (Samad and Hassan, 2000) as follows:

Table 1.0 Measurement and Explanation of Variables

S/N	Variable	Notation	Measurement
	Profitability	PRO	ROA, ROE, EPS
1	Return on Asset	ROA	Net Income
			Total Asset
2	Return on Equity	ROE	Net Income
			Shareholders fund
3	Earnings per Share	EPS	Profit before tax
			Equity capital
	Liquidity	LIQ	CR, QR, and CLPS
4	Current Ratio	CR	Current Assets
			Current Liabilities
5	Quick Ratio	QR	Cash and Marketable Securities
			Current Liabilities
6	Cash Flow Per Share	CFPS	Cash from Operations

			Equity Shares
7	**Leverage** Total Liability to Shareholders fund	LEV TLSF	TLSF and CLTA Total Liability Shareholders fund
8	Current liability to Total Asset	CLTA	Current liability Total Asset

(vi) Relationship between Non-Interest Banking and Financial Performance

Samhan and Al-Khatib (2015) conducted a research on determinants of financial performance of Jordan Islamic bank. This Study examines the determinants of financial performance of Jordan Islamic Bank (JIB) during the period 2000-2012. The financial performance (Dependent variable) was measured by Return on Assets (ROA), Return on Equity (ROE), and Return on Unrestricted Investment Accounts (ROUIA). On the other hand, the Independent variables are divided to two categories which are macroeconomic variables and bank specific factors. Macroeconomic variables are inflation rate, Gross Domestic Product (GDP), and Unemployment rate. Bank specific factors are total income divided by total assets, equity ratio, debt ratio, bank size, and liquidity ratio. Firstly, the researchers found that there was a significance and positive relationship between ROA on one hand. Inflation, equity ratio, and bank size on the other hand. Also, there was no significant but positive relationship between ROA and GDP. On the other hand, there was significance level and negative relationship between ROA and unemployment rate, and Debt ratio. Moreover, there was insignificance level and negative relationship between ROA and total income to total assets, and liquidity ratio.

Secondly, the analysis revealed that there was significance and positive relationship between ROE on one hand. Inflation and bank size on the other hand. Moreover, there was no significance but positive relationship between ROE and GDP, equity ratio, and liquidity ratio. The researchers noticed significance level and negative relationship between ROE and unemployment rate, but ROE has insignificant and negative relationship with total income to total assets, and debt ratio.

Finally, the analysis revealed that there was significance and positive relationship between ROUIA and GDP. Moreover, the researchers noticed that there was insignificance and positive relationship between ROUIA and inflation rate, total income to total assets, equity ratio, and bank size. On the other hand, there was significance but negative relationship between ROUIA and unemployment rate. Also, there was insignificance and negative relationship between ROUIA and debt ratio, and liquidity ratio.

El-Massah and Al-Sayed (2015) carried out a study on banking sector performance: Islamic and conventional banks in UAE. The study made use of panel data for both Islamic and conventional banks in the UAE during the period (2008-2014), to statistically test the performance of 11 conventional banks and 5 Islamic banks. Financial ratios were estimated from annual reports and financial statements to measure performance represented by profitability, liquidity, solvency and credit risk. Findings of the study indicate the superiority of conventional banks over Islamic ones in profitability, credit risk management as well as solvency.

Yahaya and Lamidi (2015) carried out a study to examine the financial performance of Jaiz Bank Plc, the only Islamic bank licensed to operate in Nigeria, over a period of two years (2013 – 2014). It examines the financial performance of the bank in terms of profitability, liquidity, leverage and growth. Time series data were collected and analysed by way of Gray Comparative Index. The study finds positive relationship between profitability, leverage, growth ratios and financial performance. There is sufficient evidence also that showed that the relationship between liquidity and financial performance is negative. The study therefore recommended that bank managers should take measures to improve profitability by taking advantage of leverage and growing the banks.

Ali, Hui, and Ali (2016) conducted a study on efficiency and performance of Islamic banking in Pakistan. The study made use of 4 (four) full-fledged Islamic Banks of Pakistan. The results of Liquidity and Profitability ratios and stochastic frontier approach using data of 2004 to 2011 showed positive patterns with respect to ROE, ROA and NPR.

Sutrisno (2016) carried out a study on risk, efficacy and performance of Islamic banking in Indonesia. Risk consists of the financing risk that was measured by non-performing financing (NPF), capital risk measured by the capital adequacy ratio (CAR) and liquidity risk is measured by financing to deposit ratio (FDR) and the minimum reserve requirement (RR). The efficiency was measured by operating expenses to operating income ratio (OEOI) while Islamic banking performance was measured by Return On Assets (ROA) and Net Profit Margin (NPM). The study involved 8 Islamic banks in Indonesia as the samples with quarterly data and processed using multiple regression analysis. The results showed the significant effect of FDR, CAR, OEOI and size on the performance of Islamic banking in contrast to the RR and NPF that had no significant effect on the performance of Islamic banking.

3.0 Research Methodology

This study used Ex post facto research design for this study to examine the financial performance of JAIZ Bank in Nigeria. The study employed Secondary data. The secondary data was collected from the annual reports of JAIZ Bank PLC.from 2012-2016 covering five years.

For the purpose of this research work, purposive sampling technique was used to select Jaiz Bank because it is the only Islamic Bank licensed to operate in Nigeria since the objective of this study was to investigate the financial performance of non interest bank in Nigeria.

3.1 Method of Data Analysis

The collated secondary data derived from the company's financial statements shall be transformed to percentages and ratios so that comparison and conclusion can be drawn. The following broad ratios were utilised: profitability, liquidity and leverage. The analysis of financial ratios and their interpretations was analysed using Gray Composite Index. The model for this study was presented as follows:

$FP = \beta_o + \beta_1 PRO_{it} + \beta_2 LIQ_{it} + \beta_3 LEV_{it} + e_{it}$………………. (1)

Equation (1) shall be transformed to capture all the measurement variables as below:

$FP = \beta_o + \beta_1 ROA_{it} + \beta_2 ROE_{it} + \beta_3 EPS_{it} + \beta_4 CR_{it} + \beta_5 QR_{it} + \beta_6 CFPS_{it} + \beta_7 TLSF_{it} + \beta_8 CLTA_{it} + e_{it}$ ……………………………………….…. (2)

Where:

FP = Financial Performance measured by the predictor variables.

PRO_{it} = Profitability of firm i in period t measured with Return on Asset (ROA), Return on Equity (ROE), and Earnings per Share (EPS).

LIQ_{it} = Liquidity of firm i in period t measured with Current Ratio (CR), Quick (acid test) Ratio (QR), and Cash Flow Per Share (CFPS).

LEV_{it} = Leverage of firm i in period t measured by Total Liability to Shareholders fund (TLSF), and Current liability to Total Asset (CLTA).

β_o = Constant Parameter.

β_1-β_3= Coefficient.

e_{it} = error term of firm i in period t

Data Analysis and Hypothesis Testing

Profitability Analysis

The profitability of the bank was measured by return on assets, return on equity, and earnings per share. The bank profitability ratios were reported in table 4.1 as follows:

Table 2.0 Profitability Ratios

Variables	Proxy	2012	2013	2014	2015	2016
Return on Asset	ROA	-0.052	-0.022	0.016	0.017	0.004
Return on equity	ROE	-0.072	-0.068	0.062	0.080	0.021
Earnings per share	EPS	-0.090	-0.119	0.011	0.067	0.023

Source: Extract from 2012-2016 Annual Reports and Accounts of Jaiz Bank Plc.

Table 2.0 showed that the bank return on assets in 2012 was (5.2%). This, however, increased to (2.2%) in 2013. In 2014, it increased to 1.6%. It also increased to 1.7% in 2015 and dropped to 0.4% in 2016.

Similarly, the return on equity in 2012 was (7.2%). This, however, increased to (6.8%) in 2013. It increased to 6.2% in 2014, increased to 8% in 2015 and dropped to 2.1% in 2016.

In the same vein, earnings per share in 2012 was (9%), this reduced to (1.2%) in 2013. It increased to 1.1% in 2014, increased to 6.7% in 2015 and reduced to 2.3% in 2016.

Taking the profitability ratios together, the profitability ratio of the bank fell between 2015 and 2016.
Thus, hypothesis one, which stated that there is no positive relationship between profitability and financial performance, was rejected.

Liquidity Analysis
The liquidity of the bank was measured by current ratio, quick ratio, and cash flow per share. The bank liquidity ratios were reported in table 3.0 as follows:

Table 3.0. Liquidity Ratios

Variables	Proxy	2012	2013	2014	2015	2016
Current ratio	CR	3.533	2.600	1.541	1.773	1.535
Quick ratio	QR	0.891	1.670	0.600	1.010	0.795
Cash flow per share	CFPS	0.874	1.642	1.080	1.695	1.560

Source: Extract from 2012-2016 Annual Reports and Accounts of Jaiz Bank Plc.

Table 3.0 showed that the bank current ratio in 2012 was 3.5%. This, however, decreased to 2.6% in 2013. In 2014, it fell to 1.5%. It increased to 1.8% in 2015 and dropped to 1.5% in 2016.

Similarly, the bank quick ratio in 2012 was 0.9%. This, however, increased to 1.7%in 2013. It decreased to 0.6% in 2014, increased to 1.0% in 2015 and dropped to 0.8% in 2016.

In the same vein, cash flow per share in 2012 was 0.9%, this increased to 1.6% in 2013. It dropped to 1.1% in 2014, increased to 1.7% in 2015 and reduced to 1.5% in 2016.

Taking the liquidity ratios together, the liquidity ratios of the bank fell between 2015 and 2016.

Thus, hypothesis two, which stated that there is no positive relationship between liquidity and financial performance, was rejected.

Table 4.0 Leverage Analysis

Variables	Proxy	2012	2013	2014	2015	2016
Total liability to shareholders fund	TLSF	0.318	0.895	1.471	1.576	1.838
Current liabilities to total assets	CLTA	0.228	0.289	0.372	0.342	0.400

Source: Extract from 2012-2016 Annual Reports and Accounts of Jaiz Bank Plc.

Table 4.0 showed that the bank total liability to shareholders fund in 2012 was 0.3%. This, however, increased to 0.8% in 2013. In 2014, it also increased to 1.5%. It increased to 1.6% in 2015 and increased to 1.8% in 2016.

Similarly, the bank current liabilities to total assets in 2012 were 0.2%. This, however, increased to 0.3% in 2013. It increased to 0.4% in 2014, decreased to 0.3% in 2015 and increased to 0.4% in 2016.

Taking the leverage analysis together, the leverage analysis of the bank increased between 2015 and 2016.

Thus, hypothesis three, which stated that there is no positive relationship between leverage and financial performance holds and the null hypothesis was thereby rejected.

Hypotheses	**Result**
H_{01}	Null hypothesis was rejected
H_{02}	Null hypothesis was rejected
H_{03}	Null hypothesis was rejected

4.0 Discussion of Findings:-

This section discusses the findings of the study. The discussion was carefully done based on the data analysis and supported with relevant literature.

This study aimed at appraising the financial performance of Islamic banking in Nigeria using Jaiz bank as a case study from 2012-2016. Secondary data was sourced from 2016 published annual report. Three hypotheses were formulated and tested using data from profitability ratio, liquidity ratio, and leverage analysis.

The result indicated that profitability ratios (ROA, ROE, and EPS) of Jaiz bank reduced in 2016 which indicated a reduction in the amount of income the bank earns per share of stock on the stock market, how much the bank earns from its assets or capital invested, and in the ability to earning money for its investors.

The result of the study was inconsistent with the findings of Sutrisno (2016) and Ajlouni and Omari (2016) which found high profitability for Islamic banks. On the other hand, the result of the study was consistent with the findings of Yahaya and Lamidi (2015) who found a reduction in the profitability of Islamic bank.

The study also sought to find out whether liquidity and financial performance were positively related. However, the findings from the study revealed that liquidity and financial performance were positively related which indicated that Jaiz bank have the capacity to meet withdrawals at any time and fulfilling its financial obligations. The result of the study was not in line with the findings of Yahaya and Lamidi (2015) who found negative relationship between liquidity and financial performance of JAIZ bank.

Similarly, the result of the findings was consistence with the work of Ajlouni and Omari (2016) which found high liquidity for Islamic banks.

Conclusively, this study indicated that leverage and financial performance was positively related which implied that Jaiz bank had been using depositors' money effectively. The finding of the study agree with the findings of Yahaya and Lamidi (2015) and Ajlouni and Omari (2016).On the other hand, the result of the findings was inconsistent with the findings of Odukoya and Odukoya (2013).Therefore, managers of Jaiz bank should make profitable investment decisions about reallocating the funds in order to sustain long term growth and profitability.

Conclusion:-

This study was conducted to appraise the performance of Islamic bank in Nigeria. Islamic bank profitability, liquidity and leverage analysis were used to measure performance. The study has demonstrated that, for JAIZ BANK PLC, profitability, liquidity, leverage and financial performance were positively related between 2015 and 2016.This can be attributed to the increase in awareness of people in Nigeria about the products and services of Jaiz bank which has to be sustained and harnessed.

Recommendations:-

Based on the findings from the study, the following recommendations were made;

1. The management of Jaiz bank should improve profitability by increasing return on equity, return on asset and earnings per share.
2. They should improve liquidity by increasing current ratio, quick ratio and cash flow per share.
3. They should maintain and improve on their current level of leverage.
4. They should create aggressive awareness and enlightening the public about the products and services of the bank
5. Government should create favourable environment for Islamic banks by licensing more Islamic banks and establishment of takaful i.e insurance company that can insure Islamic finance funds, in the country.

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