THE EFFECT OF ISLAMIC MICROFINANCE PRODUCTS ON PERFROMAMNCE OF ISLAMIC SMALL AND MEDIUM ENTERPRISES IN NAIROBI COUNTY, KENYA

BY

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DECLARATION

My study is completely unique and has not been submitted for review at any other academic institution.

Signature: ………………………… Date…15th November 2022

Abdulkhan Adam Ibrahim

D61/36434/2020

This research project has been handed in for evaluation, and I, in my capacity as a supervisor at the University, have given my permission.

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DEDICATION

I would want to thank my family for their unwavering support during my time spent pursuing higher education.

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LIST OF ABBREVIATIONS AND ACRONYMS

AMFI –	Association of Micro Finance Institutions
IFS -	Islamic Financial System
IMFIs –	Islamic Micro Finance Institutions
ISMEs -	Small and Medium Enterprises
MFIs –	Micro Finance Institutions
MSEA -	Micro and Small Enterprises Authority
NGO –	Non Government Organization
SMEs -	Small and Medium Enterprises

ABSTRACT

By bringing previously unreached groups into the realm of formal financial activity, Islamic microfinance is well positioned to boost the total market share of Islamic banking and finance. Due to the various political, religious, economic, and legal settings in which Islamic microfinance products operate, these products each have a unique goal as well as a unique set of goods and services to provide their customers. To further the cause of social justice within Islam, each incorporates a set of guiding principles (whose ways of interpretation and application may be found throughout a spectrum). Risk sharing, mutual help, and asset- or equity-backed rather than debt-backed transactions are all encouraged, as well as the ban of riba and the reduction or elimination of undue uncertainty and gambling. Further, contracts based on mutual understanding are deemed crucial by these guidelines. This study's goal is to analyze the effect that Islamic microfinance products have on the growth of Islamic SMEs in Nairobi County. The study was organized as a descriptive survey from start to finish. The statements of Islamic financial institutions were mined for secondary data including specific information on Islamic financing throughout the course of a five-year period, covering the years 2017-2022 specifically. The SPSS computer software analysis tool was used in order to do data analysis, which resulted in the generation of both inferential and descriptive statistics. The data was then presented using averages, variances, percentages, and tables. We utilized the F test to establish overall model significance, and the T tests to check whether or not each coefficient was statistically significant. To do so, a comparative examination of financial performance shifts across the study period was carried out. Study results showed a positive correlation between using Islamic microfinance products and the growth of Islamic SMEs (ISMEs). The performance of Islamic microfinance products was analyzed and explored using a regression model. The study's results suggest that those who use microfinance programs grounded on Islamic principles have higher rates of economic success. The independent variables that were investigated accounted for a significant 57.4% of the variance in financial performance, while other factors that were not taken into account for the research accounted for the remaining 42.6% of the variance. The research suggests that Kenyan Islamic banking should be developed further, which would be beneficial to the economy of Kenya. In addition, the report recommends a legal framework be established to enhance the industry's regulations. This indicates that both the Banking Act and the Central Bank Act need to be changed in order to combine Islamic banking ideas.

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Islamic Microfinance Institutions (IMFIs) have been identified as a vital tool for increasing the productivity of the economically disadvantaged and fostering economic development. However, many low-income Muslims do not have access to standard microfinance contracts since interest is forbidden by their faith. It has been established that microfinance is a very useful instrument for enhancing the level of productivity among the economically disadvantaged and for contributing to economic growth (Jessica 2016). According to Jaffar and Musa (2014), however, participation in these programs is restricted since microfinance often requires the payment of interest. This is the reason why participation is limited. Some estimates put the number of Muslims living in poverty across the globe at over a third (CIA World Factbook 2010 and Economist 2008). As a result, many of these people are unable to benefit from the interest-based microfinance programs that are currently on the market (Karim 2018). CGAP conducted a global research in 19 Muslim countries in 2007. Twenty percent to forty percent of those who filled out the poll said they did not utilize conventional microloans because of moral or ethical concerns. Microfinance's reach might be expanded and the economic development of underprivileged Muslim communities and nations with a sizable Muslim population could be aided by the creation and distribution of microfinance products that are consistent with Islamic law. Karlan and Morduch (2019) emphasize how important it is to pay attention to the manner in which microfinance options are presented, and they argue that these considerations may matter more than the underlying economics of the available options when it comes to the percentage of people who opt to use those options.

There have been many different theoretical models presented to describe how business models differ from country to country, and a good number of these theories have been experimentally tested in the actual world of business. However, the vast majority of this study has been focused on conventional business models, which has led to alternative models being ignored as a result. The organization that Mohammed Yunus created in Bangladesh with the intention of assisting the impoverished served as the inspiration for the Grameen Model. It is possible to get funding from an Islamic bank by using the Bank Guarantees Model (Bashir 2020). Because of its focus on the society as a whole, the Community Banking Model distributes microfinance via both informal and official institutions. In addition to the importance of Islamic finance to the Muslim faithful, the Profit and Loss Sharing theory is guiding this study. The research was based in part on this notion.

IMFIs have been a game-changer in terms of both the theory and practice of eradicating poverty, as well as being key enablers of economic empowerment and inclusive development. However, microfinance is still an unfinished business in several nations due to the magnitude of the economic forces at play, the absence of appropriate institutional structures (such as enabling laws and regulations), and the dearth of financial contributors. In recent years, both internal and external demands have been rising on microfinance institutions to reduce their reliance on subsidized or grant financing. This trend is expected to continue. This indicates that microfinance institutions need to pursue external financing as a model for their businesses (Omar, 2018). Ryan et al (2014) pointed out SMEs' inhibited access to external funds with financial establishments constraining financing to them relative to outsized businesses. Shaban, Duygun and Fry (2015). ascertained that detrimental policies of the government impinged adversely on SMEs performance with declining provision of overall lending by commercial as well as commercial financial corporations to SMEs.

1.1.1 Islamic Microfinance Products

IMFIs are responsible for providing low-income consumers and customers who are self-employed with financial services that are referred to as Islamic Microfinance Products. Those who cannot use the standard monetary system are the typical buyers of such products. The term "Islamic Microfinance Products" refers to a variety of financial services that are geared at those with lower incomes. These services include financing, savings, micro-Takful, and capital for the growth of small businesses. These services may be provided by NGOs, cooperatives, or other non-bank financial intermediaries, or they may be included as a part of a larger Islamic banking product. As a step forward in both the theory and practice of eradicating poverty, as well as a catalyst for economic empowerment and inclusive development, IMFIs have emerged as a game-changer in recent years. However, in many nations, microfinance remains an unfinished agenda owing to severe economic constraints, a lack of institutional frameworks including enabling laws and regulations, and a dearth of financial backers.

According to Obaidullah (2008), IMFIs all over the world use a range of Sharia-compliant mechanisms, including as Musharaka, Mudaraba, Murabaha, and Injara, all of which provide debt financing. These are all examples of sharia-compliant processes. The International Monetary Fund often utilizes the Musharaka (Profit Sharing) and Bay bi-Thaman jil types of financing, in addition to the Profit and Loss Sharing (PLS) financing plan. As a "delayed payment sale," Bay bi-Thaman jil operates similarly to a murabaha contract; however, payments are often paid on a deferred basis. It's a popular kind of Islamic financing used all over the world and might be seen as a substitute for a conventional finance lease. Customers spend their money over time to acquire high-value assets that will provide them with a steady stream of income in the future. During the course of this agreement, the Customer shall acquire title to the Asset; provided, however, that the Customer shall remain obligated to make all payments due hereunder in accordance with the provisions of this agreement. It is the responsibility of the client who purchases the asset to make the profit payment to the financial institution.

1.1.2 Islamic Microfinance Institutions

In the last two decades, IMFIs have seen tremendous development; nonetheless, this development has been slower than that of typical microfinance organizations. Islamic microfinance institutions have grown in number, and so has research on related topics. International microfinance institutions (IMFIs) provide a means for small enterprises and startups without access to conventional banking services to get the capital they need to launch (Bishar 2018). Those in the business world may either use the traditional, relationship-based banking model to receive loans and other financial services, or they can form groups to take advantage of the more modern, cooperative group-based banking model. Financial and non-financial services are made accessible to small firms that do not have collateral but whose operations are tied to revenue-generating endeavors via the practice of "IMFI." Loans and savings accounts, among other traditional financial services, are provided as part of microfinance, which is the term for the provision of these to people with low incomes. The International Microfinance Institute (IMFI) developed as a strategy for economic development with the goal of helping women and men with low incomes. The provision of financial services to customers with modest incomes, particularly those who work for themselves, is what is meant by the word. Most microfinance institutions focus on savings and loans, but some also provide payment and insurance options (Ledgerwood, 1998).

IMFIs has offered the chance to not only tap into an underserved market or gap, but also to integrate the notion of caring for the less fortunate, which is a fundamental tenet of Islamic social beliefs. Conventional microfinance and Islamic microfinance are distinct from one another due to the fact that Islamic microfinance must adhere to the same standards as Islamic finance. It is essential to keep in mind that the structure is not geared just for Muslim clients but rather all customers. The principles that are prohibited by Shariah law are adhered to by Islamic microfinance institutions. These rules include interest (riba), uncertainty, and dishonesty (gharar). If the MFI is to remain operational for an extended period of time, the financial instruments have been fashioned in such a way as to supply funds in a way that sidesteps the need to make interest payments while simultaneously taking into account the requirement to pay for overhead costs and the cost of financing. Additionally, the MFI either halves the risk of the investment between the financier and the receiver or takes it all on themselves as the only party responsible. One of the most significant criticisms leveled at traditional microfinance is the excessively high interest rates attached to loans; the absence of interest in Islamic microfinance may help to mitigate this issue (Parmar and Raza, 2019).

Because zakat, waqf, infaq, and shadaq may be used by IMFIs as a source of funding rather than traditional banking, they have an advantage over Islamic banks. In addition, Islamic law permits additional socially questionable means of gaining wealth. Among the several tools available to IMFIs for accumulating money are the General Saving Deposit, the General and Special Investment Deposit, the Islamic Charitable Purpose Fund, and the Qardhul Hassan Investment Deposit. Product substitutions might include: Microfinancing based on the Islamic tenet of zakat (charity) has seen fast expansion since its start, providing millions of the poor in Muslim nations and abroad with access to financial services. This market has become a rapidly rising sector. Microfinance organizations that adhere to Islamic principles do not engage in activities that violate Islamic law, often known as sharia, such as offering or accepting any kind of predefined, fixed rate of return on financial dealings. As contrast to the worth of money, profits and returns are determined by a company's actual assets or its distinct, distinguishable services.

1.1.3 Firm Performance

Firm performance determines an organization success or failure, survival or demise, prosperity or decline and its rate of performance or nonperformance. Poor performance processes, associated with such attributes as low investments, innovation, expansion, sales turnover, poor performance and high costs of operations, do not portend well for any organization and would drastically reduce its performance and competitiveness. On the other hand, superior growth opportunities and prospects remains the priority of today’s business organizations

(Ledgerwood, 1998). In emerging nations, small enterprises are often recognized as the primary engine behind economic expansion, the generation of new employment opportunities, and the alleviation of poverty. They have been the key to achieving increased economic development and quickening the pace of modernization (Koech, 2011).

The concept of performance remains critical and significant to all organizations in the world, be they small, medium or large organizations. There is a lot of evidence linking business performance to factors like longevity, expansion, and survival (Johansson, 2009). A company's performance is the most acceptable indicator of growth for thriving small enterprises, and it has been utilized as a clear technique of measuring a company's success in the business world (Storey, 2009). (Brush & Vanderwerf, 1992). The term "performance" refers to a gain in the volume of production, as well as sales and exports. In addition to this, performance is a stage in the evolution of the whole firm (Johnson, et al 2008). Historical precedent places high value on performance because of its importance in a company's capacity to survive and thrive in a competitive market (Rodriguez, 2003). Increased throughput in the company's business system contributes to improved firm performance. Visually, the acceleration clockwise around the business triangle represents company expansion. This quickening is in line with a rise in the output, sales volume, and service volume of goods and services (Storey,2000). It also represents the importance of migration and the commercial period to one's existence.

Firm performance assesses the level to which an enterprise makes revenues from the production factors: management, labor as well as capital. As such, it takes into account the proportion of revenue to capital invested as well as the relationship between income and expenditures. ROA, ROE, operational profit margin, and net enterprise revenue are the four primary indicators of business profitability. More often than not, the ROA is used as a stand-in for overall profitability, with higher values indicating more profitability. ROA is determined by totaling the return on an organization's assets. The return on equity (ROE) quantifies the profit generated by the company's shareholders. The capacity of a business to make a profit from its use of borrowed money may be gauged, in part, by comparing its ROE to its ROA (Zenios et al., 1999).

1.1.4 Islamic Small and Medium Enterprises in Nairobi County

The term “small businesses” varies in its definition across the globe. Various aspects or factors can be used to describe the Small Business. The definition differs from country to country as well in different industries that carry out businesses. The majority of the time, small firms are sole proprietorships, partnerships, or corporations that are privately held. It varies from nation to country and sector to industry as to which types of companies are considered "small" for purposes of government assistance and tax policy. With regards to the country, Kenya, small business can be defined as that which has 1 to 50 workers in the enterprise. In the provided census data, Nairobi County is shown to be the smallest of Kenya's 47 counties, despite having the highest population. Its name comes from the county seat, which is also the capital of Kenya and the largest city in the country, Nairobi.

Islamic SMEs in Nairobi County serve most of East and Central Africa with traders and customers coming from as far as Tanzania, Ghana, Burundi and Rwanda. It's estimated that businesses make over $100 million dollars a month and contributes close to 25% of tax revenue collected by Nairobi County government is because of the large number of Islamic SMEs operating in it. Wehliye (2014), the director of Crisis Group's Horn of Africa Project, claims that Islamic-owned SMEs in Nairobi County provide an estimated $780 million in annual foreign currency to Kenya's treasury.

1.2 Research Problem

The inability of low-income people to get financial services is one possible indicator of market failures inside the financial system. This is also a factor in Islamic banking, which has contributed to the rise of alternative financial systems. International Monetary Funds are among the groups that try to hide the flaws in financial systems. The establishment of IMFs, on the other hand, has not been successful in reducing poverty, and their conduct is not much different from that of other banks. The underrepresentation of the world's poorest women in formal economic institutions is one obstacle SMEs must overcome in their quest to reduce poverty. For the reason that women have higher rates of poverty than men, this is a serious issue. By using Islamic Financial Products, thus, it is possible to diversify the families' income sources, as well as their physical and social assets. Because of high operational expenses and limited access to funding, Islamic SMEs have been unable to realize their enormous potential for expansion. The high interest rates have also hindered the ability of financial institutions to serve potential customers who come from lower socioeconomic brackets as well as Islamic SMEs. With the socioeconomic worth of SMEs, their significance as well as influence are not proportionately met with backing systems as well as networks that would foster the progression of present SMEs, and the setting up of new ones, and which would enhance their socioeconomic worth even more.

Unfortunately, many of the world's impoverished do not have access to credit, and those who do sometimes have to resort to loan sharks because they have nowhere else to turn. This not only keeps them from getting out from under their ever-increasing debts brought on by the astronomical interest rates, but it also keeps their already-small businesses from growing. Having access to financial services like loans, savings accounts, and insurance policies would increase their likelihood of being financially independent, which would be beneficial to their families and communities. SMEs worldwide particularly in emerging economies encounter problems that are, to a great level, identical and comprise restricted financial access, huge transaction costs, as well as inadequate capable personnel, detrimental legal as well as regulatory situations, inadequate technological as well as markets access. According to the findings of Hove, Sibanda, and Pooe (2014), Islamic banking has a favorable and considerable effect on the business drive and corporate competitiveness in South Africa. According to the findings of the research, using Islamic banking. Tuitoek (2012) found that supplying goods that adhere to sharia law led to an improvement in the financial performance of Kenyan commercial banks. According to Salim (2014), Islamic banking makes use of a variety of financing mechanisms, some of which are decreasing Musharaka, Ijara, and Murababa. The process of starting a small company and running it involves both the prospect of success and the chance of failure. A straightforward managerial oversight is likely to result in the certain demise of a tiny business, meaning that there is little possibility for the business to gain insight from its previous errors on account of its size. Inadequate planning, inadequate funding, and inept management are all factors that have been blamed for the demise of small businesses (Longenecker, et al., 2006). Small and medium-sized enterprises struggle to grow due, in large part, to a deficiency of cash (Oketch, 2000; Tomecko et al., 1992; Kiiru, 1991).

Islamic microfinance has progressed significantly since its inception by those who want to see a political and social system based on Islamic ideals succeed economically. There are conceptual similarities to the way Muslims have historically dealt with commerce, real estate, and banking. To combat global poverty and encourage financial independence among the world's poor, microfinance is founded on Islamic values including equality, entrepreneurship, risk sharing, no-collateral loans, and community engagement.

Microfinance, according to Dhumale and Sapcanin (1999), has many characteristics with the ultimate aim of Islamic banking. This is something that may be said about a lot of microfinance. Microfinance and traditional finance share a number of goals, one of the most fundamental of which is the provision, under certain circumstances, of loans that do not need collateral. Seibel contributed to the strengthening of this argument (2005). According to him, both Islamic finance and microfinance have a "fashionable aura" in Muslim-majority countries. NGOs, MFIs, and conventional financial institutions are engaged in reducing poverty. Microfinance is a highly adjustable instrument, he added, with replicable methods that must be modified to local socioeconomic and cultural situations, which is why Islamic microfinance is popular. He reasoned that this was so because microfinance is a very adaptable kind of funding. There is a large unmet need for tailored microfinance services even in Muslim-majority countries.

The global expansion of Islamic banks has outpaced that of Islamic microfinance. Due to their failure to advance the social and economic justice that is fundamental to Islamic economics, Islamic banks have earned the disdain of Muslim scholars. Supporting the growth of microfinance inside the Islamic world is warranted because of the sector's dual functions as a financial and development institution. And there are still millions of Muslims throughout the world who are poor and in need of assistance to get themselves out of poverty. Because of the growing interest among Muslims in obtaining microfinance services that are in line with sharia law, a new industry has developed: Islamic microfinance (Karim, Tarazi, & Reille, 2008). They continued by claiming that Islamic microfinance might lead to a surge in Islamic funding unseen in the past. Various issues, such as a lack of cash and a skill pool, lead to the failure of 70–80% of African SMEs (Brian Cant & Ligthelm, 2003). Most SMEs can not meet the present lending criteria of risk-averse banks because they lack the business expertise, track record, and collateral required (World Bank, 2000). SMEs in Kenya and throughout Africa have been impeded by uneven access to funding (Opiyo, 2001).

Several academic studies have looked at the benefits of microfinance for Kenya's SMEs. Kimora's (2011) study of how access to microfinance services has changed the lives of women showed that modern women have more independence than ever before. Koech's study on the financial barriers that are preventing the growth of SMEs found that issues like access to financing, the cost of capital, collateral requirements, capital management, and the cost of registration all effect growth (2011). Based on research conducted by Coopper (2012), it is clear that microfinance services in Nairobi contribute to the expansion of SMEs businesses. Mutuko (2010) found that microfinance institutions in Kenya significantly impacted the growth of employment possibilities and poverty reduction via their work with SMEs. Microfinance services and their impact on SMEs’ bottom lines were the subject of research conducted by

Mbugua (2010) in Kenya. He found that these businesses had an increase in their financial performance after receiving microfinance services. Ngugi (2009), Kioko (2009), and Makena (2011) conducted research on the financial difficulties faced by SMEs and found that inadequate access to financial resources is a major hurdle to the development of SMEs. Kameo analyzed the relationship between the availability of microfinancing services and the prosperity of small and medium-sized businesses (2011). The data shows that loans from MFIs contribute to the growth of SMEs. With that in mind, the study's stated question is: how have Islamic microfinance products impacted the success of small and medium-sized enterprises (SMEs) in Nairobi County?

1.3 Research Objective

The objective of the study is to determine the effect of Islamic microfinance products on the performance of Islamic SMEs in Nairobi County.

1.4 Value of Study

This study sought to investigate the effects of Islamic finance products on the performance of Islamic SMEs in Nairobi County. This study was of tremendous significance to a number of institutions and entities or individuals including, Universities and Colleges, Parastatals and other government departments, business consultancy and research organizations among others. The universities and colleges found the study very important in their lectures, tutorials and teachings. Additionally the information contained in the study formed a strong base as reference materials and further research.

The government departments and Parastatals found the study very critical in developing policies, rules and procedures for dealing with the microfinance institutions. The information was used by the government departments changing their business mindsets from dealing with large and established banks to dealing with agents and attaining high growth and development prospects by focusing on the small businesses in the county.

The business consulting firms and research agencies greatly benefited from the study. The information contained in the study was very relevant, current, correct and up to date in both business and financing activities. The study provided materials of utmost significance to the clients needing business and research information more so in matters relating to business growth and performance and how effective microfinance is in its aim to eradicate poverty and uplift the small businesses.

The manufacturing sector in Nairobi and other regions in Kenya found the study very important in their decisions on the financial and other banking services dealings. The study contained the information that helped organizations to regulate their banking and business dealings with specialized and large banks. The Small businesses benefited as the study contained the information that guides the operations of the small entities in seeking for financial assistances, account notification the provision of micro financing and its benefits to the new entrepreneurs and small business owners.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

The literature review covered topics like the business model for Islamic MFIs, the state of small and medium-sized enterprises (SMEs) in Kenya, and an empirical analysis of the impact of different microfinance services on SMEs' ability to expand. The chapter also discussed the connections among the theoretical elements that underpin the research.

2.2 Theoretical Framework

Given the variety of elements that go into deciding why some businesses expand at a faster rate than others, it is necessary for researchers to combine multiple different theoretical viewpoints into a single holistic model. Taking a more holistic approach to the investigation of the phenomena, rather than isolating individual variables or groups of variables, is represented by the use of such a methodology (Baum et al., 2001). In the following sections, we will examine the theoretical foundations for the influence that Islamic microfinance products have on the performance of Islamic SMEs in Nairobi County. The Grameen Model, the Profit and Loss Sharing Theory, and the Islamic Banking Theory serve as the foundation for this investigation.

2.2.1 Grameen Model

In Bangladesh, Professor Mohammed Yunus laid the groundwork for what would later become the Grameen Bank. In the context of microcredit, this strategy often takes the shape of the following method: An region of between 15 to 22 villages is covered by a Field Manager and a team of bank employees operating as a single unit. The management and employees kick off their tenure at the bank by visiting nearby communities to get a feel for the area, meet prospective clients, and explain the bank's mission, services, and procedures to the locals. Grameen Bank is a non-bank financial institution that promotes microfinancing via the use of social capital (Yunus, 1999). To qualify for a standard loan amount, borrowers form groups of five to seven unrelated people. Grameen Bank offers these individuals a brief training session where they may learn the basics of lending and how banks work. After the training is through, the group will be granted a small initial cash that any individual may borrow against with the consent of the others. The group will get together once a week, and whomever has been given a loan is responsible for making payments on it. The organization gets extra principal to add to the basic loan pool in proportion to the number of loans that are successfully repaid. After each missed payment, the organization loses its eligibility to receive a new loan (Yunus, 1999).

According to Yahaya (2011), the structural underpinning of the Grameen model does not substantially violate the Shariah principles essentially. This is the conclusion drawn from the author's research. Islamic microfinance institutions have the ability to adapt and adhere to the framework, but they must exercise caution in regard to the procedural methodology, conditions, and paperwork. Importantly, the contractual arrangement and the process for joining groups shouldn't impose any unnecessary financial obligations or responsibilities on the members of the group, since this might end up causing them harm.

2.2.2 Profit and Loss Sharing Theory

The notion is based on the importance of Islamic funding to the Muslim community's desire for equitable distribution of scarce resources (Nazari, 2008). One of the cornerstones of Islamic banking is the profit-and-loss sharing concept (also known as masharaka and mudaraba). The mudaraka system largely welcome deposits by various stakeholders referred to as depositors in risk sharing agreements. Islamic financial ventures distribute proceeds equally on mudaraba establishments with the depositors. In the regulations of Shariah, Hamza and Jedida (2014) found that participants are discouraged from making claims without incurring any investment risks. The equitable distribution of resources that results from profit sharing in Islam is widely recognized as a key factor in the religion's ability to foster economic growth and development.

On the contrary, the musharaka financing approach requires clients to indulge in managing the duties of Musharaka business (Iqbal, 2013). Islamic banking institutions and their clients elusively share losses and profits as proceeds of their investments. It was essential to keep in mind, however, that this model in the Islamic context has been extensively criticized and flogged for lacking proper procedures in monitoring processes, particularly in situations in which Mudaraba fails to put laws in place for financiers. According to Saleh (1986), financiers operate under certain laws and responsibilities. Financiers should first that the borrowers comply with Islamic banking regulations such as sharing profits and losses and complying to terms of contract. This measure primarily seeks to ensure effective handling of Mudaraba capital. Similarly, Saleh (1986) argues that borrowers also have rights that demand attention. It is worth noting, however, that other researchers, like Idrizi and Shingjergji (2014), believe that other more basic factors may affect how profit and loss are distributed.

2.2.3 The Theory of Islamic Banking

What may be called the IB idea did not really take shape until the late 1970s, when it became an argument for profit sharing rather than interest on bank loans. Due to this development, investors and financial intermediaries were able to share the risks of the firm with the individuals utilizing the money, resulting in a new kind of financial intermediation. The consideration of justice was the primary focus of the early works. It was seen unfair to the financiers and the bank to enable the entrepreneur to take on all of the business risks while simultaneously granting them the right to the expected profit. Hasan (2005) argues that because of the lack of an exceptional return under which productive attempts were made, there was no motive for financial capital to pursue a good return regardless of the outcomes of those efforts.

According to Mauudi (1961), the most fundamental problems with capitalism are deeply rooted in the practice of financing loans via interest. Inflation, unemployment, and hardship in the face of growing inequality were some of the problems that were caused by these difficulties, as well as recurring economic cycles. The removal of interest and its replacement with a share of the profits earned might be one approach to resolving these difficulties. Islamic economists were not able to substantiate these arguments via more precise economic breakdown until the decade that followed, notably within the realm of macroeconomics. At this point, people were debating the pros and cons of interest-bearing banking and whether or not it was possible to set up interest-free banking that would actually be good for saving and investing. There were some people who argued that getting rid of interest would lead to more investments, which would then result in increased output (Mannan, 1999).

The introduction and widespread use of cost-plus financing was the most important significant change that took place in the late nineteenth century. The company's owner wanted to put the Islamic bank at his disposal, so he could acquire everything related to this deal at his whim, with the understanding that he would eventually buy everything back from the bank for more than he paid for it (Archer & Karim, 2002). Every murabaha deal resulted in the creation of a debt. The capitals that were invested in murabahah transactions were safe, in comparison to the finances that were supplied based on a profit-sharing model. After its foundation in the late 1970s, murabahah dominated the scene of Islamic finance for many years, during which it was responsible for the transfer of mudarabah (Hassan, 2005).

2.3 Determinants of performance of Islamic SMEs

Performance is a multi-faceted phenomena that is determined by the interaction of a number of different elements. In order to explore this phenomena, Davidsson and Wiklund (2000) contend that it is preferable to integrate a number of different factors.

2.3.1 Islamic Values (Shari'ah)

Most scholars of Islamic law have come to the consensus that, when investigating a novel situation that does not seem to be governed by any precedent, one must go to the requirements of Islamic law's foundational texts. The Quran and Sunnah are the two most revered books in Islam, and they include the teachings, examples, and tacit approval of Muhammad (peace be upon him). Gait and Worthington (2007) report that Islamic legal scholars commonly resort to secondary or dependent sources of law when these two incontestable sources of law fail to provide an equivalent norm. The Ijma (common consent), the Qiyas (argument by analogy), the Maslahamursalah (Istislah) (argument from public interest), the Istihsan (preference), and the Urf (customs) are all examples of secondary or dependent sources of law (blocking the means). As a result, a jurist who is interested in the current standing of a particular topic or problem or the applicable legal rule must, in accordance with the sequence in which the sources are presented, start with the primary sources. In the event that he was unable to locate the applicable legal rule or the appropriate response to the problem at hand, he may next consult the secondary sources, whatever ones are pertinent.

The Sharia is the foundation of the Islamic Financial System (IFS), which was developed in accordance with Islamic principles and tenets. In keeping with its Islamic roots, IFS regards mortal man as God's representative on Earth. To paraphrase Loqman (1999), a man does not really own the money he earns; rather, it is a trust from God that he keeps in trust. Therefore, for-profit activities are permitted under Sharia in IFS, along with the freedom to conduct business and make financial choices in accordance with Islamic standards that do not prohibit profit making as the purpose, so long as the public and national interests are protected (Loqman, 1999).

Since all Islamic banks consult with a sharia board or advisor(s), all products and services offered by Islamic financial institutions are permitted by sharia law. Nonetheless, several aspects of Islamic banking have been criticized in recent years. To revive Islamic banking and finance, Dusuki and Abozaid (2007) argued that it is necessary to have a precise understanding of the maqasid of sharia and to apply them in practice. This call was in response to the authors' frustration with the current state of Islamic banking and finance institutions. According to Wilson (1995), Islamic banks, which are defined as commercial companies that work toward the fulfillment of religious responsibilities, are required to compete with other types of banks in order to gain clients. As a result, Islamic banks are required to achieve two goals: provide investors with lucrative operations, and fulfill the religious requirements of its customers. Musa (2007) argues that it is crucial for Kenyan Muslims to have access to banking options that respect their religious principles. This is the case in Kenya. The manner in which Islamic banks run their operations may encourage customers to choose a financial institution that bases all of its offerings on the precepts outlined in Islamic sharia (Wilson, 1997).

2.3.2. Innovative Product Portfolio

The expansion of the Islamic financial sector is impossible to accomplish without a product that is both feasible and appealing in order to entice the various market participants. Islamic financial institutions are tasked with coming up with goods that adhere to Sharia law while also being appealing to customers and competitive in the market. They'll need to use their creativity for this. More than forty different types of Islamic financial goods and services are available in Malaysia, as stated by Laldin (2011), Islamic financial institutions. Mudharabah, Musyarakah, Murabahah, Bai' BithamanAjil (Bai' Muajjal), Ijarah, Qardhul Hasan, Istisna', and IjarahThumma Al-Bai' are some of the Islamic financial ideas that might be used by banks to provide these goods and services. In addition, Islamic financial institutions. These enable the banks to accommodate and fulfill the requirements of a diverse group of consumers.

The three primary categories of retail financing products that are consistent with Shariah all employ distinct contracts between the bank and the consumer. These contracts vary about who owns the items, the manner in which payments are made, and how profit and loss are distributed. Instead of charging interest, banks generate revenue via the collection of administrative and management fees, which allow them to recoup their expenses while still maintaining a profit margin (Nawawi, 1999). According to Hunt (2007), all three kinds of contracts may be used for the purpose of house finance; however, the ijara and musharaka contract forms are the ones that are utilized the most often. According to Nawawi (1999), the majority of Islamic banks provide two distinct forms of funding to people that are free of interest and profits. All practicing Muslims who are able and financially stable are obligated to perform the Hajj, the yearly religious pilgrimage to Mecca, at least once in their lifetime. Hajj finance is offered to those who desire to take part in the Hajj. Hajj is the Arabic word for "pilgrimage," and it refers to the annual religious journey to the holy city of Mecca (Nawawi, 1999). The qardalhasan (or qardhasan) is the second product that is exclusive to Islamic banking. It is a kind of financing that does not generate a profit for the bank and is awarded to applicants who are in a difficult financial situation or have a charity need. According to Hunt (2007), the ethical function of Islamic banks is shown in the funding of the Hajj and the Qardhasan.

2.3.3 Islamic Banking Law

According to Mahmood (2005), this process would not be complete without the establishment of a legal framework for Islamic banking. It's possible that current banking regulation may need to be amended in order to make it possible for conventional banks that provide Islamic banking products to engage in trade-related operations and other multifaceted tasks. These financial institutions may benefit from a change in government investment policy that would make it feasible for them to issue Islamic investment instruments (Musa, 2007). Equally important is a body of lawyers who are well-versed in both Sharia and civil law. Included in this category are laws enacted by the government that ensure conventional and Islamic banking products are treated equally for tax purposes (Mahmood, 2005).

Not just in Muslim-majority countries but also across the rest of the globe, Islamic financial institutions are expanding at a rapid rate (The Banker, 2008). Benaissa, Jopart, and Tanrikulu have pointed out that new rules are being implemented to provide a middle ground between religious observance and the practical economic realities presented by these Islamic organizations (2007). This regulatory framework is being bolstered by the potential and growing assets of Islamic institutions. Both Islamic and non-Islamic countries are enacting forward-thinking laws to encourage the development of Islamic financial institutions and the subsequent attraction of the industry's enormous resources. Numerous nations are already making significant adjustments to the banking laws and statutes that govern their institutions in preparation for the eventual incorporation of Islamic banking into their national financial infrastructures (Hisham, Samaun, and Rohani, 2008). Italy, France, and Australia, which had previously passed laws prohibiting Islamic financial institutions from operating on their territory, have recently passed legislation permitting such institutions to do so. The United States of America is a part of the group. Despite having long resisted establishing new laws promoting Islamic banking, the United States hinted in 2009 that it was contemplating embracing Islamic banking as a tool to tackle the global economic crisis. According to reports, U.S. Treasury Secretary Robert Kimmitt made the statement (Nasser, 2009).

2.3.4 Government Regulation on Islamic Banking

Kenya's Central Bank and government must open the market and update the Banking Act and Prudential Guidelines to reflect this new reality, just as regulators in South Africa, Europe, the United States, Canada, the Middle East, Asia, and Australia have done. These countries have all recently made these reforms (Hemed, 2009). Kenya has the potential to develop into a financial hub for the area like Bahrain, which is known for its Islamic banking. To make this a reality, it is essential to have the participation of organizations like as the Islamic Development Bank, the PTA Bank, the IFC, and other Islamic institutions and investors in the Middle East. This kind of banking is welcomed by Muslims as well as non-Muslims since it is transparent, offers a caring relationship, and is free from the worry of interest rate changes, all of which contribute to the enormous size of the regional market. (Central Bank of Kenya, 2009).

Islamic banks have a hard time competing in many nations that aren't mostly Muslim due to a number of legal and tax restrictions. This makes it harder for Islamic banking to compete with mainstream banking in these countries. For instance, in many places, transfer duty is charged on the acquisition of real estate at the same time that Islamic real estate finance utilizing the decreasing musharaka technique is used, leading to a double taxation situation (Khan and Bhatti, 2006). In addition, Islamic banks must deal with the difficulty of making their products stand out from the offerings of other Islamic financial institutions while yet covering the same ground as traditional banks. The difficulty traditional banks encounter is not limited to providing products with the same breadth as those provided by conventional banks. In this context, the possession of a product development competence that has been well tuned is of the utmost importance (Dusuki and Abdullah, 2007).

2.4 Empirical Review

Zauro et al. (2020) argue that a merger between waqf and microfinance organizations might help expand access to banking services, spur economic growth, and advance Nigeria's social

and economic development, particularly in the country's northern regions. The cash waqf integration approach with Islamic microfinance institutions (IWIMM) is shown to be effective in alleviating poverty in Bangladesh by Haneef et al. (2015). To help refugees who are financially capable of running their own businesses but are otherwise excluded from mainstream financial institutions, Kachkar (2017) suggested the Cash Waqf Refugee Microfinance Fund (CWRMF). According to Shaikh et al. (2017), waqf has regulatory flexibility that allows it to be dispersed either directly to recipients or indirectly via Islamic microfinance institutions.
Yahaya and Lamidi (2015) examined the operational results of islamic banks in Nigeria. During the course of the study, which spanned a period of two years, researchers looked at Jaiz Bank Plc, which has the distinction of being Nigeria's first Islamic bank to be granted a license to do business there (2013 – 2014). The bank managers are in the best position to take steps to increase the financial viability of the bank by making use of leverage and increasing their banks, and they should do so (Yahaya & Lamidi, 2015).

Due to the direct relation that it has with the human-centered development that is envisioned by the Islamic Moral Economy, microfinance has been considered to be an integral component of Islamic banking and finance (Asutay, 2010). There are connections to be discovered between the theoretical underpinnings of Islamic civilisation and its most basic behaviors, which include social collateral, shared responsibility, and communal lending (Dusuki, 2006). However, Islamic microfinance cannot be based on a social ethos or charity principles in terms of day-to-day operations. To take existing initiatives to other countries and areas, a more businesslike approach is required. This change is necessary because current initiatives need to be expanded into new countries and areas. To gain understanding of such crucial elements, it is necessary to either modify current frameworks used more often in strategic business growth and marketing, or to create new techniques that are specifically suited to the Islamic microfinance industry's requirements.

There have been several efforts made to investigate the impact that microfinance institutions' lending to small and medium-sized businesses has had on that sector's expansion and development in Kenya. Financial statements from Islamic banks for the years 2009-2018 were analyzed to compile the data on Islamic funding. Islamic funding has been shown to boost financial results, as shown by Barre (2019). The independent variables included in this study could only account for 21.55 percent of the variance in financial performance; the remaining

74.5 percent was attributable to other factors. The study's results suggest that Kenya should put an emphasis on expanding its Islamic banking sector and working to boost its economy.

Due to the fact that financial institutions' credit policies were primarily geared toward catering to large corporations, small and medium-sized businesses were unable to get access to credit facilities. Omar (2018) conducted research to explore the impact that Islamic banking products have on the success of SMEs. This study looked at how SMEs in Nairobi County fared financially between 2013 and 2017 in relation to their adoption of Islamic banking products. The study's results suggest a strong link between the goods provided by Islamic banks and the economic success of SME in Nairobi County. In addition, Maina (2012) discovered that MFIs have formed to fill the shortfall in SME financing. Higher interest rates for SMEs are a result of a lack of collateral and an insufficient legal and regulatory environment that does not recognize creative lending tactics by MFIs with restricted access to credit and financial services.

Yasmin (2017) explored the impact of Islamic banking on profits over a 5-year period to draw conclusions about the sector. Data analysis was aided in this study using the statistical program SPSSv21, which helped verify the existence of a causal link between the investigated factors. Considering that the F value from the ANOVA is 3.776 and the P value from the same test is less than 0.05, we may infer that the whole regression model for the control variables is significant. As a consequence of this, there is a significant connection tying ROA to a variety of different funding strategies. It can be shown from the fact that the p-value for the confidence interval of 95 percent is less than 0.05 that the factors collectively affect the performance of Islamic banks. An extremely positive correlation was found between the present Islamic commodities supplied by CBs in Kenya and ROA, indicating that the expansion and creation of new funding mechanisms will improve the effectiveness of CBs offering Islamic financial services.

An increasing number of people want the kinds of services that Islamic banks can provide, and that trend is forecast to continue, as stated by Abdulkadir (2016). Kenya Commercial Bank (KCB) has just lately begun providing Islamic banking services in an attempt to address the growing demand for Islamic banking and finance products in Kenya and across East Africa. The practice of Islamic banking has a tendency to include the provision of various goods to various levels of enterprises and to various clients according to the latter's capacity for repayment, and thus tends to make things more comfortable for company owners. They have access to a wide range of opportunities that may assist them in the development and expansion of their company.

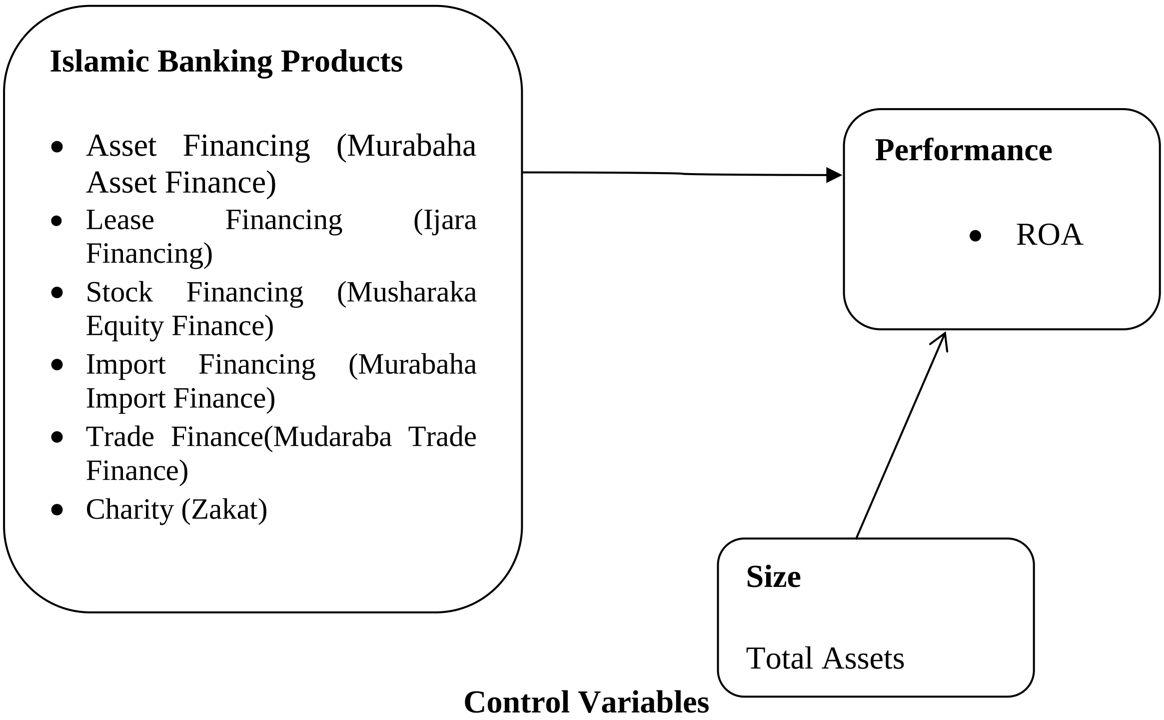
According to Osoro and Muturi's (2013) research, "bank financing has a positive impact on the financial performance of SMEs." This is based on a case study of micro financial institutions in Kisii County, Kenya. The larger the availability of financing options for SMEs, the more prosperous they will be. However, the study also shows that it is difficult for financial institutions to evaluate SMEs because of the rules and requirements that must be met before credit can be given. When a company is able to get bank financing, it may boost its financial performance and grow. Islamic banking and its effects on the financial performance of SMEs have been the subject of a number of studies across a range of contexts.

Mustafa (2013) investigated how the presence of Islamic banks influences the growth of financial institutions for Muslims in Kenya. This study, which used a descriptive research method, had 384 Muslim participants. Research questionnaires were used to compile the information for this research. Causal relationships between the variables were determined with the help of the regression model. According to the study, Islamic banking was hampered due to a deficiency of financial information services. There was evidence that both technological development and legislative oversight aided in the expansion of financial institutions. The study also found that consumers had problems saving money, getting a hold of cash, and being approved for loans. The researchers concluded that there is a requirement for increased support for knowledge visits to boost the information flow, and they suggested that the government should establish policies on businesspersons' training.

Availability of better conducive credit terms influences the uptake of loans among SMEs in Kenya and this positively affects their growth and financial performance. Most SMEs tend to greatly benefit from the Islamic banking system since the credit terms are conducive and convenient. This is due to the fact that Islamic banks are only permitted to collect an amount equal to the borrowed principle amount (Aburime & Alio, 2009), therefore rendering the credit interest free to the borrower.

2.5 Conceptual Framework

Independent Variable **Dependent Variable**



2.6 Summary of Literature Review

According to the analyzed works, policymakers, practitioners, and academics have all been interested in the expansion of the entrepreneurial sector. While many factors contributing to business expansion have been examined over the last 50 years, the impact of Islamic microfinance products on the performance of ISMEs in Nairobi County remains mostly unexplored. Majority of the literature emphasizes on the fact that Microfinance institutions services are instrumental in the growth of small businesses (Kolawo, 2020).

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

Methods for studying the impact of Islamic microfinance products on the prosperity of SMEs in Nairobi County are outlined in this section. This chapter details the study's research methodology, including the research design, population, sampling strategy, sample size, data gathering methods, and data analysis procedures.

3.2 Research Design

A research design is a plan for conducting a study in which as few variables as possible are manipulated as to ensure the reliability of the findings. One definition comes from Parahoo (1997), while another comes from Burns and Grove (2003).

In this particular research project, a descriptive research approach was used. According to Burns and Grove (2003), the purpose of descriptive research is to provide a picture of an event as it occurs in a natural setting. It is also possible to utilize it to make judgments and build hypotheses, in addition to being used to defend existing practices. This study set out to utilize descriptive methods to describe how microfinance has contributed to the expansion of small companies in Nairobi. Descriptive data were gathered from a statistically significant subset of the population of interest. The design worked because it accounted for factors crucial to the complexity of the investigation.

3.3 Target Population

The term "population" is used to refer to the total number of units that are the subject of a research study. These units may be anything like humans, objects, events, or organizations (Parahoo, 1997). Consequently, a population is comprised of all of the instances or persons that are suitable for the role of becoming providers of the data that are necessary for resolving the study challenge. The group to whom the findings of the study are intended to be generalized is referred to as the target population. Researchers took samples from a population that was easily available and that reflected a population that was controllable. The Islamic financial companies Tijaara Finance, First Community Bank, and Gulf African Bank provided the samples. The population for this study will be 4,600 registered small businesses in Nairobi County **(**Nairobi County Single Business Register, 2021**)** and also from Micro and Small Enterprises Authority (MSEA, 2021).

3.4 Sampling

The researcher chose the members of the sample using stratified sampling from among the small companies that had either applied for or been awarded microfinance loans and services.. The sample consists of 360 individuals who responded to the survey and was chosen at random from a list of ISMEs that bank with Tijaara Finance, First Community Bank, and Gulf African Bank as well as registered small enterprises in Nairobi County. According to Mugenda and Mugenda (2003), a simple technique for computing sample size for a population of less than 10,000 is as follows;

$$n = \frac{N}{1 + N(e)^2}$$

Where;

Sample Size for ISMEs will be calculated as under

$n = 4600 / [1+ 4600(0.05^2)]$

$= 368 \simeq 360$ ISMEs

When the degree of confidence is 90%, the amount of room for mistake is 10%. The formula developed by Yamane was used by the researcher so that they could achieve a sample size that was proportionally appropriate to the objectives of the investigation. In order to conduct the analysis and meet the precise goals set out for the research, a sample size of 360 participants will be employed.

Table 3.1 Target Population and Sampling Size

Institutions	Population	Size
Tijaara Finance	900	70
First Community Bank	1560	123
Gulf African Bank	2140	167
	4600	**360**

3.5 Data Collection

Researchers used both primary and secondary sources, mostly in the form of questionnaires sent to the target population, to compile the data used in the study. In order to learn more about the problem at hand and provide concrete solutions to the concerns that prompted the development of a research project, researchers use a variety of data-gathering equipment.

Both open-ended and closed-ended questions have been included in the questionnaires. Questions that give respondents with a choice of possible responses are referred to be open ended or unstructured, while questions that are closed ended or structured do not provide respondents with any possible responses. The questionnaire was handled by the researcher, who then distributed it to various locations so that it could be completed by the target respondents.

3.5.1 Validity of Instruments

The term "validity" refers to the degree to which the findings of one body of study may be correctly understood and applied to the findings of another group. It refers to the degree to which the study instruments measure what it was that they were designed to measure. It is reasonable to conclude that a questionnaire is legitimate if it has been put to use in previous research and if it includes questions designed to evaluate both the independent variable and the dependent variable (Oso & Onen, 2008).

3.5.2 Reliability of Instruments

The dependability of an instrument is defined as the accuracy with which it produces consistent measurement findings (Kothari, 2008). Reliability, as defined by Mugenda and Mugenda (1999), is the degree to which the same findings or data are produced by a research instrument when it is used on many times. For an instrument to be reliable, it must be able to measure a variable accurately and provide consistent findings across time. In the vast majority of instances involving research in the social sciences, it is acceptable to have a reliability coefficient of 0.7 or higher (George & Malley, 2003). The replies from the respondents were put through Cronbach's Alpha, a reliability test, using SPSS software, and the generated coefficient was compared to the minimum acceptable level of reliability, which was set at 0.7.

3.6 Data Analysis

In the context of this investigation, the acquired data were put through not just descriptive but also inferential analysis. After all of the data had been gathered, it was revised to ensure that it was accurate, consistent, and comprehensive. According to Saunders (2007), this made it possible for the researchers to make broad assertions about the observed characteristics, which led to the conceptualization of the phenomenon.

3.6.1 Diagnostic Tests

Tests for normality, multicollinearity, homogeneity, and autocorrelation will all be performed to determine the model's suitability for application. According to the normality assumption, the dependent variable's residual should follow a normal distribution with a mean and variance. Either the Shapiro-Wilk or the Kolmogorov-Smirnov test will be used for this purpose. One of the variables may need to have its value adjusted using the logarithmic adjustment method if its distribution is not normal. The autocorrelation coefficient is a statistical tool for gauging the degree to which a time series retraces its own delayed value relative to future times. Results will be analyzed using the Durbin-Watson statistic. If the assumption turns out to be false, the model will rely on the substantial standard error(Khan, 2008).

Multicollinearity describes the situation in which multiple independent variables are perfectly or nearly linearly correlated with one another. Variance Inflation Factors (VIFs) and tolerance levels will be implemented. Every multicolinear variable will be disposed of, and in its place, a new measurement will take the place of the variable that exhibits co-linearity. It is possible to ascribe the error variance in a regression to the independent variables by performing a statistical test called homoskedasticity. The Levene test will be performed to check for this, and robust standard errors will be used in the case that the data does not satisfy the homogeneity of variances assumption (Burns & Burns, 2008).

3.6.2 Analytical Model

Regression analysis was performed using an econometric model below.

Where; Y= Return on assets the measurement Financial performance (Net Income/Total Assets)

α= constant term (The Y intercept.)

Beta (β) = Beta coefficients

ε= Error term.

X_1 = Asset financing to be measured as the natural log of total annual asset financing (Murabaha Asset Financing)

X_2 = Lease financing to be measured as the natural log of total lease amount (Ijara Finance)

X_3 = Import financing to be measured as the natural log of total annual amount imports (Murabaha Import Finance)

X_4 = Charity to be measured as the natural log of total annual amount towards charity (Zakat)

X_5 = Trade Finance to be measured as the natural log of total of trade finance received (Mudaraba Trade Finance)

X_6 = Total Assets to be measured as the natural log of total amount (Control Variable)

3.6.3 Test of Significance

The coefficient of determination is denoted by this numerical value. The R2 value can be used to assess the model's explanatory power and the degree to which the data fit the statistical model. The F statistic is analyzed for significance when deciding whether or not the models are statistically significant as a whole. In the process of analyzing the results of an experiment, analysis of variance (ANOVA) tests are used to determine whether variables are statistically significant.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The study' overall aim was to determine the effect of Islamic microfinance products on the performance of Islamic SMEs in Nairobi County. The outcomes of the research were summarized under the sub-sections: data analysis, descriptive statistics, correlation analysis, regression analysis, results and discussion. Percentages, frequency distributions, mean, standard deviations and correlation values were utilized in presenting the findings.

4.2 Data presentation

4.2.1 Response rate

The research aimed to collect data from three hundred and sixty independent small and medium-sized enterprises (ISMEs) located in Nairobi County. A total of 198 individuals from the target group participated in the survey, and their responses were collected and processed for data. According to the findings of the study, more than fifty percent of the respondents were able to complete the data collecting form in accordance with the requirements, making it suitable for reporting (Mugenda & Mugenda, 1999). The data completion rates is the percentage of the sample that took part as anticipated in the entire research process. In the study, out of 198 questionnaires administered 110(56%) filled in and returned, this return rate was considered sufficient for the research.

4.2.2 The Demographic Information

Table 4.1: Gender

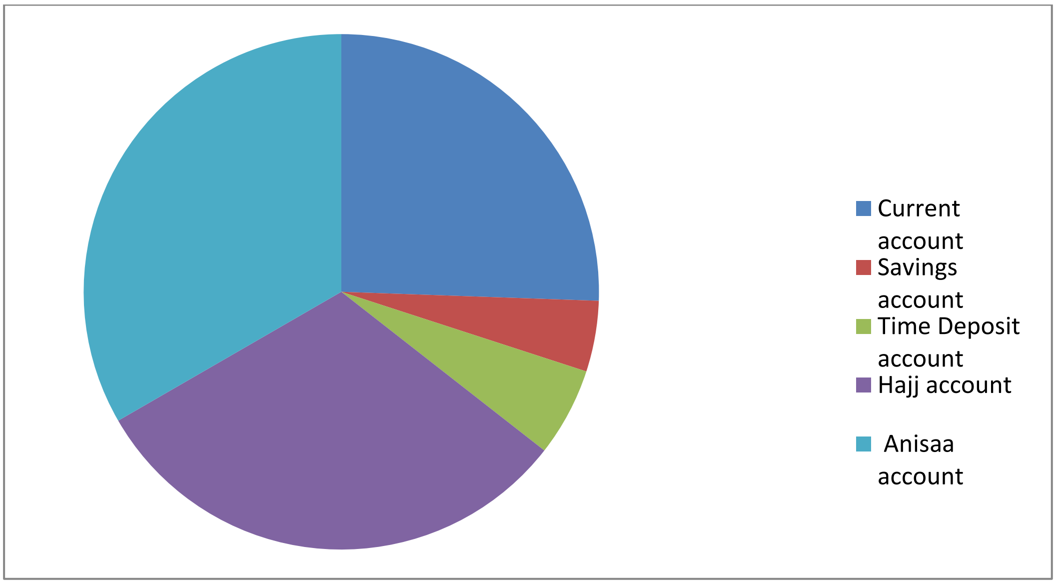
FACTOR	FREQUENCY	PERCENTAGE
Male	66	60

Female	44	40
TOTAL	**110**	**100**

Source: Research Findings (2022)

The figure 4.1 points out the highest number of respondents were male with 66(60%) while 44(40%) were female respondents. The results pointed out that bulk of the respondents constituted male respondents.

Figure 4.1: Age of Business



Source: Research Findings (2022

When they were asked about their age of business the responses were as follows 40(36%) below 3 years, 25(23%) 4-6 years, 18(16%) 7-10 years, 15(14%) 11-15 years, 7(6%) 16-20 years and 5(5%) over 20 years. From the findings there is an indication that bulk of the ISMEs are below 3 years and not many of them are above 20 years.

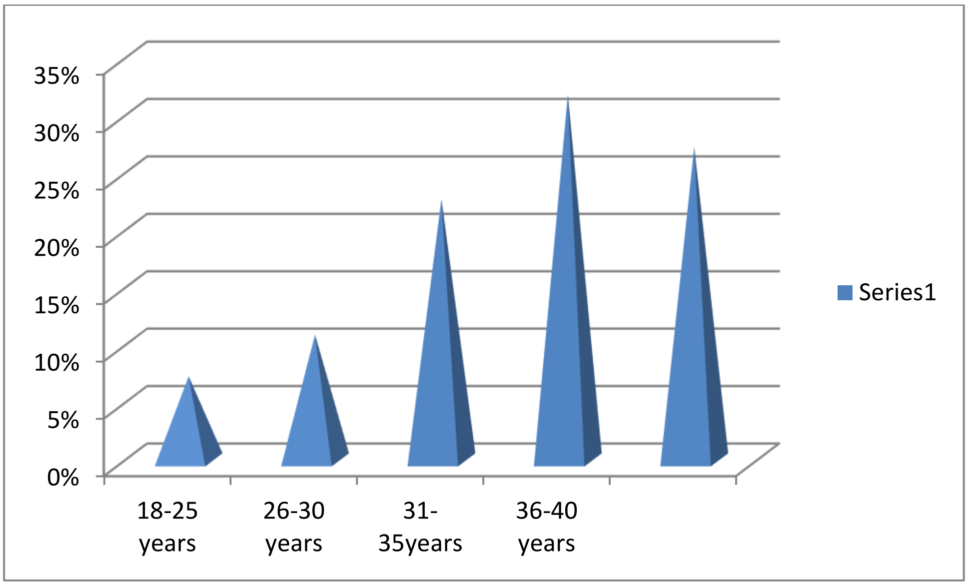
Table 4.2: Age of Respondents

FACTOR	FREQUENCY	PERCENTAGE
18-25 years	8	7%
26-30 years	12	11%
31-35years	25	23%
36-40 years	35	32%
Over 40 years	30	27%
TOTAL	110	100%

Source: Research Findings (2022)

As per table 4.2 above 8(7%) were drawn from the age group of 18 – 25 years while 12(11%) were drawn from 26 -30 years, 25(23%) 31-35 years, 35(32%) 36-40years and 30(27%) were drawn from the age group of 41 years and over. This results indicates that majority of the respondents were drawn from the age group of 36 – 40 years.

Figure 4.2: Age of Respondents



Source: Research Findings (2022)

Figure 4.3: Nature of Business

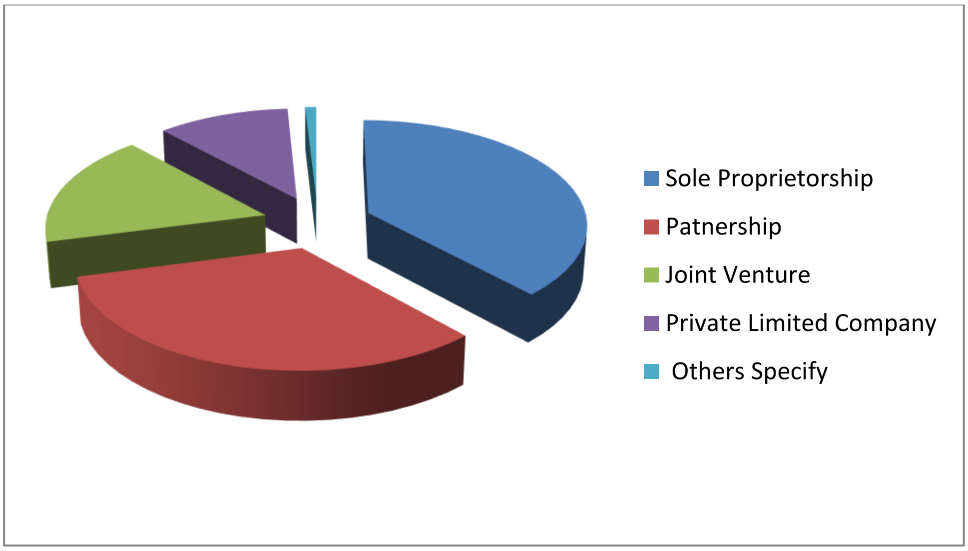


Figure 4.3 indicates that majority of the SMEs are sole proprietors at 38%, followed by partnerships at 33%, joint ventures was 17%, private limited companies was 11%, while others were 1%.

Figure 4.4: Accounts Operated

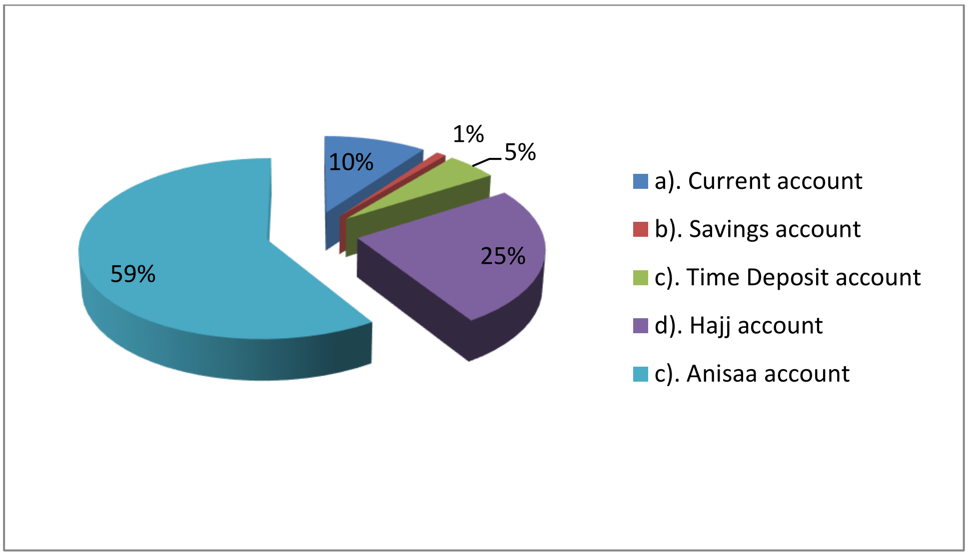


Figure 4.4 indicates that majority of the ISMEs operates Annisaa accounts at 59% where personal and business accounts operated by gender to monitor the growth of the individual and business capacity. By intentionally empowering women, the banks give the accounts holder the ability to determine their investment choices and the power to control their life and to influence economic change, locally and internationally. 258% hold Hajj accounts, 5% time deposit accounts while current accounts where 1%. There was no evidence of holding saving accounts as per the sharia compliance.

4.2.3 Sheria Compliance Indicator

Sharia compliance in Islamic banks refers to the fact that the day-to-day operations of Islamic banks and the goods they provide do not go against the tenets of Islamic law (Rahman & Bukair, 2013). In Islamic banks, sharia compliance is thus reflective of the notion of halal business dealings. Sharia compliance in their economic operations meets a spiritual need by safeguarding their property from forbidden actions. This need may be met since Sharia compliance protects their property. Stakeholders have the right to be guaranteed that the goods and operations of Islamic banks already fulfill sharia principles; thus, Islamic banks are obligated to ensure that their products and operations are consistent with sharia principles because of this right.

Table 4.3: Compliance Indicator

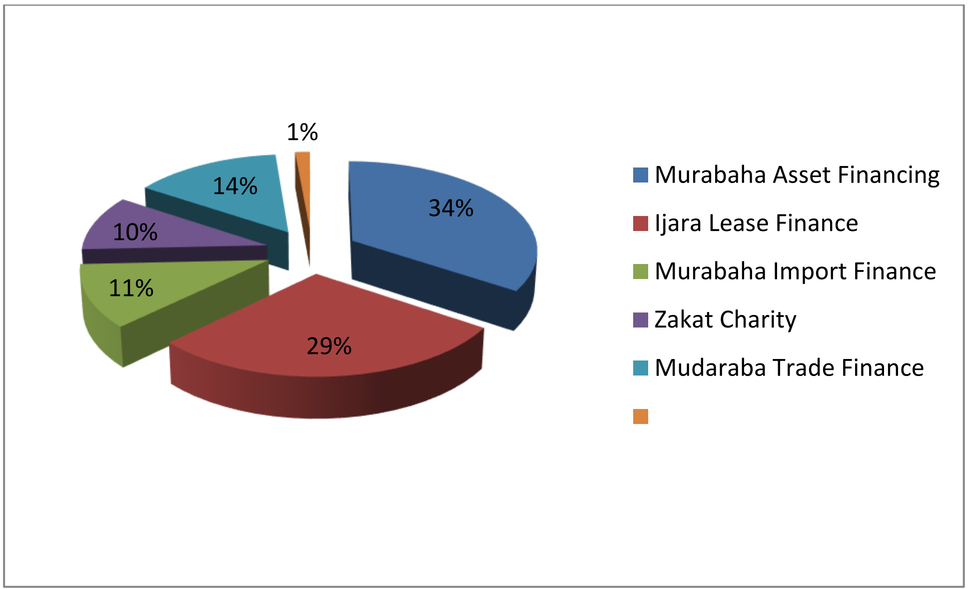
Compliance Indicator	Mean	Std Dev
Are loans taken loan without interest	4.85	0.025
Are unlimited liability accepted	4.52	0.185
Can you share profit and loss	4.65	0.018
Is it possible for you to expose the secrets of your business for monitoring	4.25	1.021
Are proper books of accounts kept	4.50	0.874
To what degree is your business Shariah compliant	5.00	0.015
Is your business dealing in pork, alcoholic drinks and dead animals?	5.00	0.012
Does your company give collateral as a security for a loan	4.56	0.750
Are goods described to customers	4.52	0.820
Are contents of goods identified by the buyers	4.55	1.025
Is the loss shared on the ratio of capital contributed	5.00	0.125
How do you support and make Shariah financial institutions more comfortable	4.80	0655

From the above table there is an indication that most of the ISMEs are sheriah compliance. The highest mean was 5.00 and the lowest mean was 4.25. The highest standard deviation was 1.025 and the lowest standard deviation 0.012.

4.3 Descriptive Statistics

Primary and secondary data on ISMEs was considered in the analysis for the period 2017-2021. Maximum, standard error of estimate, minimum, mean, skewness, and kurtosis were all included in the descriptive approaches. The average value of a set is referred to as the mean, which is a measure of central tendency. As a statistical term, "standard error" describes the degree of accuracy in a data set. When examining a dataset, skewness may be used to identify evenness or the absence thereof. Whether or not the left and right sides of a distribution or data set seem the same when seen from the middle is a good indicator of whether or not it is balanced. The kurtosis value of a normal distribution shows whether the data are peaky or level, as reported by Cooper & Schindler (2008). The following tables provide a summary of the goods offered by Islamic financial institutions, including the items' means and standard deviations.

Figure 4.5 Type of Financing



From the above figure of 45 there is an indication that majority of the ISMEs are opting for trade finance to boost their businesses at 34%. Import finance is at 11%, and Ijara lease finance is at 29%.

Table 4.4: Summary of study variables

	ROA	Murabaha Asset Finance	Ijara Lease Finance	Murabaha Import Finance	Zakat Charity	Muharaba Trade Finance	Total Assets
Mean	0.45	70.25	25.55	53.57	15.9	50.0	255.6
SD	0.125	2.25	0.105	6.55	4.65	2.63	10.54
SV	0.024	30.25	0.226	42.85	15.08	12.10	12.45
Kurtosis	-1.3	-2.25	-1.3	-1.24	0.36	1.36	-2.23
Skewness	1.41	-.036	1.02	0.45	0.48	-0.25	0.781
Range	0.16	35.21	0.15	16.93	15.40	12.45	50.35
Minimum	0.45	5.25	0.25	35.24	13.60	10.65	4.15
Maximum	.072	101.35	0.31	62.15	25.00	108.00	458.12

The results reveal that the ROA of the ISMEs in Nairobi county was 0.45 with S.D of .125. The mean of the annual asset finance was 25.55 million with a S.D of 0.105. The mean of Murahab import finance was 53.57 million with a S.D of 6.55. On average, the amount contributed Zakat charity was 15.9 million with a S.D of 4.65. The amount used in financing Trade finance by the banks was 50.0 million with a S.D of 2.63. From the above table there is an indication that most of the ISMEs have a access to Islamic finance products, the highest mean was 70.25 i.e. Lessening of funding costs, application fees, interest rates, credit insurance premium, legal fees among others has enabled ISMEs to obtain financing. The lowest mean of 15.9 million was for Zahat charity with a S.D 4.65 i.e. Zahat Charity is readily obtainable and existing for utilization to start up an enterprise.

4.4 Correlation Analysis

In statistical analysis, the strength of a linear relationship between two variables is represented by the Pearson product-moment correlation coefficient, sometimes simply indicated by the letter r. The Pearson correlation coefficient, denoted by r, has a range of values that go from plus one to minus one. A figure of 0 indicates that there is no connection between the two variables and draws attention to this fact. If the number is larger than zero, the relationship is positive; specifically, if the value of one variable grows, the value of the other variable also grows. When the value is less than zero, there is a negative correlation between the two variables, meaning that an increase in the value of one variable will lead to a decrease in the value of the other.

The Pearson correlation coefficient is used to evaluate the level of linear association between two variables. This idea is known as Pearson's correlation or the correlation coefficient.

Table 4.5 below explains the correlation matrix.

Table 4.5 Pearson Product Correlation Coefficients

		Murabaha Asset Finance	Ijara Lease Finance	Murabaha Import Finance	Zakat Charity	Muharaba Trade Finance	ROA
Murabaha Asset Finance	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	110					
Ijara Lease Finance	Pearson Correlation	.654**	1				
	Sig. (2-tailed)	.000					
	N	110	110				
Murabaha Import Finance	Pearson Correlation	.704**	.578**	1			
	Sig. (2-tailed)	.000	.000				
	N	110	110	110			
Zakat Charity	Pearson Correlation	.716**	.583**	.875**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	110	110	110	110		
Muharaba Trade Finance	Pearson Correlation	.865**	.545**	.872**	.798**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	110	110	110	110	110	
ROA	Pearson Correlation	.583**	.365	.753**	.252**	.735**	1
	Sig. (2-tailed)	.000	.126	.001	.001	.001	
	N	110	110	110	110	110	110

**. Correlation is substantial at the 0.01 level (2-tailed).

Table 4.5 summarizes research results that establish a favorable correlation between the various factors and the development of SMEs in Nairobi County. The researcher here chose to analyze the relationship between the variables by means of a Pearson correlation. Using correlation variables, researchers in Nairobi County found a strong positive link between the use of Islamic financial products and the growth of SMEs. It similarly determined a positive association between Muharaba Trade Finance and Murabaha Import Finance as pointed out by correlation coefficient of 0.872(P-value < 0.05). Also a positive link existed between Murabaha Asset Finance and Muharaba Trade Finance as pointed out by correlation coefficient of 0.865 (P-value < 0.05).

As indicated in Wong & Hiew (2005) the correlation coefficient estimate (r) variation between 0.10 and 0.29 is deemed weak, between 0.30 and 0.49 is deemed average and between 0.50 and 1.0 is powerful.

4.5 Regression Analysis

The goal of this research was to ascertain the impact that Islamic financial products have on the growth and prosperity of Islamic SMEs in Nairobi County. The significance levels of the multiple regressions employed in the study were calculated using the SPSS. In this research, we utilized the data collection form to collect information about the independent variables and the dependent variable. Below are the findings:

4.5.1 Model Summary

The model summary indicates the summary of the regression analysis as pointed out in the regression model. The outcomes are in the table 4.6 below;

Table 4.6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.715[a]	.574	.392	1.22415

The summary of the model can be seen in Table 4.6, and it shows that there is a significant association between Islamic goods and the performance of ISMEs in Nairobi County. The value of R Square was 0.574, which indicates that 57.4% of the changes in performance are described by the independent variables for the study, which are Murabaha Asset Finance, Ijara Lease Finance, Murabaha Import Finance, Zakat Charity, and Muharaba Trade Finance of the ISMEs. This finding was based on the fact that the value of R Square was 0.574.

Table 4.7: Regression results

Model		Unstandardized coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	Constant	0.434	0.116	0.212	12.62	0.001
	AF	0752	0.132	0.138	11.24	0.001
	LF	0.375	0.267	0.034	8.15	0.002
	IF	0.765	0.162	0.046	9.67	0.005
	ZC	0.278	0.019	0.147	6.14	0.000

	TF	0.461	0.245	0.257	2.14	0.004
	TA	0.205	0.112	0.215	1.14	0.001

The Beta coefficients are what decide the values that are sent into the model for each variable. A high value indicates that a one-unit change in this predictor variable has a significant impact on the variable being measured (the criterion variable). The Regression coefficient value of AF was 0.752, LF was 0.375, IF was 0.765, ZC was 0.278 and TF was 0.461. The p-values were less than .05.

Regression analysis is performed using of an econometric model below.

$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X +_5\beta_6X_6 + \varepsilon$

Where:

Y= ROA (Dependent variable)

α= Constant Term Y-intercept

$\beta_1, \beta_2, \beta_3\ \beta_4, \beta_5\ ,\ \beta_6$ = Beta coefficients

ε= Error term.

X_1= Murabaha Asset Finance (Ln amount of Asset Financing)

X_2= Ijara Financing (Ln amount of Lease Financing)

X_3= Murabaha Import Finance (Ln amount of Import Financing)

X_4= Mudaraba Trade Finance (Ln amount of Trade Financing)

X_5= Zakat Charity (Ln amount of Charity)

X_6= Total assets (Ln Total Assets-Control Variable)

Therefore:

$Y = 0.434+0.752X1 +0375X2+0.765X3 +0.278X4 +0461X5 +0.205X6+ \varepsilon$

4.5.2 Analysis of Variance

The study performed an scrutiny of Variance, so as to measure the influence of Islamic products on the performance of ISMEs in Nairobi County:

Table 4.8: Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	133.018	6	58.049	19.426	.000[a]
	Residual	76.176	103	1.305		
	Total	209.194	109			

a. Predictors: (Constant), AF,LF,IF,ZC,TF,TA

a. Dependent Variable: ROA

The Analysis of Variance (ANOVA) reveals the influence of Islamic products on performance of ISMEs in Nairobi County. The level of significant as pointed out by the P values (0.000) i.e. below 0.05 and F value (19.426).

4.6 Discussion of Research findings

According to a battery of linear regression models, each independent variable has a positive coefficient. There is a positive correlation between the dependent variable (performance) and the independent factors, as shown by the regression results (Islamic products). Conclusions may be drawn about the existence of a strong relationship between the research variables. Murabaha Asset Finance, Ijara Lease Finance, Murabaha Import Finance, Zakat Charity, and Muharaba Trade Finance all have R Square values over 0.574, suggesting that these independent variables adequately explain 57.4% of the variation in performance.

The t statistics enables ascertaining the comparative impact of every model's variable. As a model concerning valuable predictors, we try to find t values well less than -0.5 or over +0.5. Here, the highly significant variable was Islamic products and performance of ISMEs in Nairobi County.

Study results show that novel thinking is crucial to the production of innovative products. These findings provide support to the claim stated by Madrid, Garcia, and Van (2009) that innovation is a key ingredient in achieving a sustainable competitive edge. A small business's ability to sustain a competitive advantage is the single most important factor in ensuring the company's continued existence, growth, and success. Businesses who are unable to finance innovation or explore methods to incorporate innovation in their operation plan run the risk of either coming to a standstill or facing intense market rivalry with very few opportunities to flourish in their respective industries (Madrid, Garcia and Van, 2009).

The results of this study lend credence to the observation made by Al-Mahrouq (2010), according to which the most significant obstacle that SMEs have to overcome is gaining access to financing, whether it be capital for starting a business or capital for growing an existing business. The results provide credence to the conclusion reached by Griffith (2012), which states that an inadequate amount of operating capital is the single most important factor that leads to the collapse of any given organization. There are several distinct scenarios in which a small business's access to finance might be ascribed. SME's are subject to poor returns, which may considerably deplete its funds even the vital one needed to pay staff wages. SME's may also suffer a deficiency in obtaining restocking, which is required to sustain the flow of business. The failure of a company may often be brought about by a combination of these several circumstances.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The study's shortcomings, ideas for further research, and policy recommendations are discussed here. The following factors, conclusions, and suggestions were developed based on the analysis of the collected data. The replies were based on the study's stated purpose, which was to determine whether Islamic financial products have any impact on the financial results of SMEs in Nairobi County.

5.1 Summary

The primary purpose of the research was to examine the impact of Islamic goods on the development of Islamic SMEs in Nairobi County. For this purpose, interviews were conducted with Islamic SMEs in Nairobi County that are now using Islamic goods. After data collection, both descriptive and inferential statistics were applied to the results. A correlational research strategy was used to learn more about the connection between Islamic products and the economic success of Islamic SMEs. According to the descriptive data, murabaha asset financing is the most prevalent kind of Islamic product, despite the fact that other types of Islamic goods, such as murabaha import finance and muharaba trade finance, are becoming more popular. Islamic goods had a small impact on the performance of ISMES in 2017, while Islamic products had a considerable influence on financial performance in the recent year 2021, as represented by a positive return on assets.

The inferential statistics that were utilized, such as correlation coefficients, demonstrated a clear and strong positive association between the overall assets of ISMEs and their financial success. This may lead one to conclude that larger ISMEs have a more significant effect on productivity. A positive correlation was found between the availability of Islamic commodities from Nairobi County's financial institutions and the success of Islamic ISMEs. The research set out to determine how much of an effect SMEs' use of Islamic financial products had on their bottom lines as a whole in Nairobi County. Data from 2017-2021 were used for the study, collected through secondary sources. For these data, a regressive analysis was performed.

The study revealed high variation on financial performance due to changes in Islamic financial products like Murabaha Asset Finance, Ijara Lease Finance, Murabaha Import Finance,Zakat Charity and Muharaba Trade Finance. The investigation pointed out there is a powerful association existed between ROA and Islamic financial products and the products variables were significantly influencing performance among ISMEs in Nairobi County. The study also pointed out that positive link existed between ROA and Islamic financial products.

5.2 Conclusion

The findings indicate that various types of Islamic financing have an effect on the profitability performance of SMEs for an Islamic banking portfolio held by any commercial bank. There is a favorable relationship between every kind of financing that is being looked at and return on income. After factoring in everything that was important, such as the different ways of funding the project, the regression equation came to the following conclusion. The significance of each model variable is calculated using standardized beta coefficients. When this number is high, a little shift in the predictor has a big impact on the dependent variable.

The t and Sig (p) values provide a rough indication of the influence that each predictor variable has on the standard variable. For example, if a predictor variable has a high total t value but a low P value, this indicates that the predictor variable has a significant impact on the standard variable. According to table 4.5, it is abundantly obvious that the various means of Islamic financing have a considerable impact on profitability, given that the P value of the majority of these modes is less than 0.05. In general, this study concludes that firms with effective Islamic financing models likely to have higher performance.

Further conclusions were that a unit upsurge in Islamic financial products will cause an upsurge in ROA, a unit upsurge in Tawarruq will bring about a decline in financial performance, a unit upsurge in Mudaraba will bring about an upsurge in financial performance, a unit upsurge in Musharaka will bring about an upsurge in financial performance.

5.3 Recommendations for Policy

According to the findings of the analysis, a significant connection does exist between the various methods of financing and return on assets. As a result, it is essential for any SME engaged in Islamic economic activity to regularly assess the availability, adoption, and contribution of its various Islamic financing modalities to its earnings. Because all Islamic banks route their loan applications via one of the modes that are the subject of this research, it is clear that the various modes contribute significantly to the profitability of SMEs. In Kenya, many forms of financial assistance have never been made available to the public or used in the country. Both Salam Bai bi-thamin ajil and Istisnaa are included in this category. Sukuk was only ever made available in a single transaction (2008). It is imperative that commercial banks give serious consideration to the implementation of these various financing modes in order to provide customers with a choice of options from which to choose when it comes to financing modes for their respective facilities. The Central Bank of Kenya (CBK) need to take into consideration the possibility of instituting new laws in conjunction with other Shariah and Islamic banking practitioners. These regulations would make it possible for Kenya to issue Sukuks and engage in trading of these securities.

5.4 Limitations of the Study

The fact that some financial institutions exclusively provide Murabaha as an Islamic financing method implies a preference for certain modes, which in turn influenced the study. However, it is hard to collect data for Islamic banking windows since many banks who provide them do not yet use segmented reporting for their Islamic banking portfolios. One of the country's commercial banks started offering Islamic banking in 2013, but it has been steadfast in its refusal to disclose the funding methods it accepts or the outcomes of its Islamic banking window. This throws off the study that was done since there is not enough data available for Islamic banking.

The investigation was restricted to a five year period of 2017 to 2022; however an extended period of the investigation would have considered periods of several economic implications for instance booms as well as downturns. This could have perhaps provided an extended period of investigation hence providing an extensive aspect to the problem.

5.5 Areas for Further Research

For pending investigations, as time passes, when there are lots of Islamic banks for examination and for an extended length, the same inquiry would give greater insight on the performance of Islamic and contribution of each financing style and produce solid proof.

A future investigation may potentially compare the effectiveness of many models by analyzing big data sets. The notion of PLS in Islamic SMEs, as well as Islamic financing tools like Salam Bai bi-thamin ajil and Istisnaa that are not yet widely employed in Kenya, and the development of novel Islamic financing products or modes, would also be subject to research.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

Section One; Background Information

Tick in the box [✓] or write your answer in the spaces provided below the questions.

Section A; Personal information of Islamic Small and Medium Enterprises

1. (a) Gender of the respondent

1. Male [ ]   2. Female [ ]

(b) The age range of the respondent

(a) 18– 25years [ ]   (e) 41 years and above [ ]

(b) 26 – 30years [ ]

(c) 31-35years [ ]

(d) 36 – 40years [ ]

2. Which is your bank? ______________________________________

3. Respondent's highest level of education

(a) Primary school [ ]   (d) College [ ]

(b) Post-primary, vocational [ ]   (e) University [ ]

(c) Secondary, A-level [ ]

(f) None [ ]

4. How long has the business been in operation?

(i) 0 – 3years [ ]   (iv) 11 – 15years [ ]

(ii) 4 – 6years [ ]   (v) 16 – 20years [ ]

(iii) 7 – 10years [ ]   (vi) 21years and above [ ]

5. What is your religion? Please tick (□) in ONE of the check boxes provided below.

Muslim □ Non-Muslim □

Section Two: Shari’ah Compliance Indicator

1. Account you operate: {Please tick (□) ALL boxes that apply}.

a). Current account	
b). Savings account	
c). Time Deposit account	
d). Hajj account	
c). Anisaa account	

2. If you ticked in more than one box in 2, please state the reason why you operate more than one account……………………………………………………………………………………
……………………………………………………………………………………………………

3. How would you rate the services offered by your bank

Excellent □ Good □ OK □ Poor □ Very Poor □

4. You are aware of all the products that your bank is offering to the customers

Strongly Agree □ Agree □ Neutral □ Disagree □ Strongly Disagree □

5. Kindly rate your degree of agreement with the following claims. Indicate by check marking the appropriate spot the right response to each question.

Scale: Strongly Disagree =1; Disagree = 2; Neither =3; Agree = 4; Strongly Agree = 5

Compliance Indicator	1	2	3	4	5
Are loans taken loan without interest					
Are unlimited liability accepted					
Can you share profit and loss					
Is it possible for you to expose the secrets of your business for monitoring					
Are proper books of accounts kept					
To what degree is your business Shariah compliant					
Is your business dealing in pork, alcoholic drinks and dead animals?					
Does your company give collateral as a security for a loan					
Are goods described to customers					
Are contents of goods identified by the buyers					
Is the loss shared on the ratio of capital contributed					
How do you support and make Shariah financial institutions more comfortable					

APPENDIX II: DATA COLLECTION SCHEDULE

1. Name of SMEs…..

2. Year of Establishment…..

ISLAMIC MICROFINANCE PRODUCTS AND PERFROMAMNCE

	2017	2018	2019	2020	2021
Amount of Asset Financing(Murabaha Asset Finance)					
Amount of Lease Financing(Ijara Financing)					
Amount of Stock Financing(Musharaka Equity Finance)					
Amount of Import Financing(Murabaha Import Finance)					
Amount of Trade Finance(Mudaraba Trade Finance)					
Amount of Charity (Zakat)					
Total Assets					
Net Income					
Financial performance in terms of (ROA)					

APPENDIX III: DATA

Year	ROA	Murabaha Asset Finance)	Ijara Financing	Musharaka Equity Finance	Murabaha Import Finance	Mudaraba Trade Finance	Zakat
TIJAARA FINANCE							
2017	0.45	2,545,544.00	1,545,544.00	1,236,435.20	3,3516,250	4,457,654	4,251,458.00
2018	0.51	21,058,521.00	2,158,521.00	1,726,816.80	4,254,256	4,785,897	4,814,504.00
2019	0.05	11,195,632.00	1,563,200.00	1,250,560.00	4,251,458.00	4,879,566	5,516,478.00
2020	0.02	26,586,000.00	2,658,600.00	2,126,880.00	4,814,504.00	5,148,547	6,555,222.00
2021	0.15	20,154,785.00	2,000,000.00	1,600,000.00	5,516,478.00	5,567,588	7,518,945.00
2022	0.75	25,154,212.00	4,000,000.00	3,200,000.00	6,555,222.00	6,875,550	6,589,475.00
FIRST COMMUNITY BANK							
2017	0.10	25,132,100.00	4,000,000.00	3,200,000.00	6,589,475.00	7,555,455	3,458,713.00
2018	0.05	2,051,411.00	800,000.00	592,000.00	8,872,166.00	7,175,554	8,713,329.00
2019	0.06	215,531.00	200,000.00	148,000.00	3,458,713.00	6,587,655	7,821,783.00
2020	0.07	2,155,245.00	200,000.00	148,000.00	8,713,329.00	7,145,720	7,695,482.00
2021	0.08	1,515,545.00	150,000.00	111,000.00	7,821,783.00	7,264,400	8,174,850.00
2022	0.45	511,255.00	100,000.00	74,000.00	7,695,482.00	7,510,250	9,871,194.00
GULF AFRICAN BANK							
2017	0.70	2,555,500.00	150,000.00	111,000.00	9,871,194.00	10,255,250	4,814,504.00
2018	0.25	654,856.00	120,000.00	88,800.00	4,251,458.00	9,870,650	5,516,478.00
2019	0.05	765,955.00	160,000.00	118,400.00	4,814,504.00	9,950,000	6,555,222.00
2020	0.84	5,554,884.00	500,000.00	370,000.00	5,516,478.00	10,250,300	7,518,945.00
2021	0.84	547,854.00	147,000.00	108,780.00	6,457,564	11,145,550	6,589,475.00
2022	0.64	1,455,885.00	210,000.00	155,400.00	6,654,892	12,421,200	8,872,166.00