

Liquidity Management in Islamic Banks: Challenges and Prospects for Non-Interest Banking in Nigeria

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Abstract : This paper x-rays the liquidity problems exposed to by Islamic banks in terms of challenges in managing surplus as well as deficit liquidity positions and the attendant effects in the contemporary system of Islamic banking. Effective liquidity management is understood to be a cardinal consideration for sustainability of Islamic/non-interest banking in Nigeria and the world over. While a background is laid by considering the general situations at a global scale, a particular attention is devoted to the peculiar circumstances of the non-interest banking in Nigeria. In bring home the points various efforts of major notable supra-national institutions in bridging liquidity management gap in Islamic banks are presented. While it is believed that a good lesson could be learnt from the developmental phases of Malaysian Islamic banking system and the approaches to meeting its liquidity management problems, much emphasis is laid in maintaining that, although in the absence of political will to provide systemic support for non-interest banking in Nigeria, the challenge of liquidity management is not unsurmountable.

Keywords : deficit, liquidity management, non-interest, surplus

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