

# Assessment of E-Commerce in Nigeria in The Light of Maliki Jurisprudence

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## Abstract

*Prior to the introduction of paper money and modern banking, bartering in the context of directly trading goods and services was used. This barter system was incredibly effective, which may explain why it was used for centuries without obvious need to be replaced. However, as more advanced mode of production and rapidly expanding markets have emerged, it becomes increasingly ineffective. As a result, alternative means of exchange were invented, resulting in the development of paper money issued by the government and banks, making financial transactions more transparent and controlled. Central banks started printing paper in different denominations. Today, the vast majority of national currencies are non-convertible fiat. With the advent of knowledge and communication technologies in the twenty first century, many countries shifted to the online business activities. The method employed in this paper historical and analytical. Historically, the paper tends to unravel the historical event that are pertinent to the topic while analytical methods is meant to analyze the finds from the historical events, it ends with conclusion and recommendations. The researcher relies on journals, textbooks, magazines, internet materials*

**Keywords:** E-commerce, Islamic, law, Yoruba and traders

## Introduction

Transacting or facilitating business on the internet is called e-commerce. E-commerce is short for electronic "commerce". E-commerce is the trading in products or services using computer networks, such as the internet. Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems automated data collection systems. (Adelman M; 2021, 204)

The emergence of Information and Communication Technology (ICT) has helped in major ways in shaping today's business world thereby contributing to the success of electronic commerce. (e-commerce). Since the Internet became commercialized, almost everything is now being done electronically through the Internet including business transactions. To make an online business a success, companies involved need to have access to the internet, have a website, understand who their customers are, be able to attract these customers to shop on the website, process and make delivery as quick as possible, and provide a secure payment method to receive payments for the goods and services rendered. (Agboniforh O; 2007, 39)

E-commerce involves any online transaction including the purchase and sale of products and services. Among the advantages, e-commerce provides convenience, borderless transactions and scalability. (Agwu M; 2011, 193) E-commerce offers a level playing ground for large businesses, as well as small and medium-scale enterprises (SMEs) to operate in the

global marketplace, and for regional businesses and communities to participate in social, economic and cultural networks seamlessly across international boundaries. (Mary A; 1998, 31) However, with the paradigm shift in the mode of operation occasioned by the advent of the internet, global corporations now operate with much consistency and at a reduced cost of transactions as if the entire world were a single entity.

In Nigeria, the Internet business is taking on a serious dimension in the country, especially within the more commercial states of the nation. A lot of start-ups are springing up within the cyber space and each one is targeting the over 40 million internet users in the country. At present, Jumia and Konga are the "Best" of e-commerce in Nigeria. (Chinadu J; 2011, 21).

### Literature Review

The current experience in the global economy in the last three decades is highly fascinating. More interestingly, the recent economic meltdown or in other words the global financial crisis that has come of age has prompted scholars and researchers to delve into and write extensively on various aspects of Islamic economics. Besides, classical works are in abundance on the concept. All these have made any attempt to go into details of the Islamic Economic Literatures in their thousands an unaccomplishable task.

Anwar Ahmad Quadri in *Islamic Jurisprudence in the Modern World* explains the fundamental principles of the Muslim financial theory that, there is no place for accumulation of Wealth in a few hands, no hoarding and no profiteering. He discusses different sources of income to the Islamic government and expenditure. (Anwar A; 2007, 301) A critical look at the book shows that Islam wants to reduce the gap between the rich and the poor in the society. The book is very useful, however, it did not link its discussions with Yorubaland which is the focus of the work at hand.

Abdul Rahman Doi on *Sharicah: The Islamic Law* comments that the trade should be such that in the process there should be an exchange of benefits as profits without exercising any unlawful pressure or fraud on the other party. He emphasizes that there should be no bribery or usury in trade. (Abdur-Rahman I.D; 1983, 351) Despite, its explication on lawful trade, the work did not link its discussion with Yorubaland which is the attention of this work.

Omar Zowk in "Brief Sense on Islamic Business Practices" sheds light on the concept of Riba (Usury) that, it is a very serious economic issue in the Islamic world. Not only Islam, but also Christianity and Judaism have prohibited, restricted, disliked or degraded riba in one way or the other since the inception of human interactions. Islam, Christianity and Judaism have condemned riba. (Omar Z; 2011, 5) A critical look at the book, shows that all Abrahamic faiths condemned riba (usury). Meanwhile, this present work wants to discuss the lawful business in Islam and with a view to relate it to Yorubaland which is the focus of the present work.

The work of Mansur, I. Sa'id titled: *An Introduction to Islamic Law of Contract* reveals how an individual acquires a property in a legal manner and the property becomes associated to him exclusively. He may use that property or deal in it, as long as there is no legal impediment to such dealings. Moreover, the exclusive nature of ownership forbids others using the property or dealing in it without a legal authorization from the owner such as guardianship or agency. (Mansur I.S; 2012, 8) Though, the work analyses legal means of acquiring a property in Islam but does not link its discussion with Yorubaland which is the vacuum that this work is aimed to fill.

Muhammad Taqi Usmani in *An Introduction to Islamic Finance* explains that in the economic field, the biggest challenge for Muslims is to reform their financial institutions to bring them in harmony with the dictates of Sharicah. In an environment where the entire financial system was based on interest, it was a formidable task to structure the financial institutions on an interest free basis. (Muhammad T.U; 1999, 9) Analysis in the book were generalized, that is, not peculiar to certain region or country. This present work intends to narrow its discussion down to Yorubaland which is the vacuum to be filled by this work.

Garba Bala Bello in his book titled *Islamic Economics: A Book of Readings* explains that *ijarah* is a contract whereby the owner of an asset transfers its benefits to another person for an agreed period and at an agreed consideration. (Garba B.B; 2012, 149) The work did not discuss various forms of business transactions in Islam and it did not relate its submission to the Yorubaland which is the focus of this work.

Muhammad Akram Khan in his book titled: *An Introduction to Islamic Economics* explains that Islam treats money as a medium of exchange and a store of value but not as a commodity, since money itself cannot perform any function. It becomes useful only when it is exchanged into a real asset or when it is used to buy a service. (Muhammad A.K; 1994, 13) A critical look at the book shows that Islamic economics kicks against capitalism. In this book, discussions were generalized but the present work aimed to narrow the discussion down to Yorubaland which is the vacuum to be filled in this paper.

### Research Method

The Method employed in this paper is historical and analytical. Historically, the paper tends to unravel the historical events that are pertinent to the topic while analytical methods, is meant to analyze the finds from the historical events.

### Result and Discussion

From the results of the oral interview conducted by the researcher show that some practices of online business are in line with Māliki Law. How? The buyer will identify the commodities, he/she intends to buy and make payment and the goods or commodities will be delivered to him while some are not e.g. gambling, online loan application and Usury etc.

The Interview shows that the majority of buyers and sellers in the Market are ignorant of Islamic ethics in the business. Most of them did not know that hoarding (*Ibtikar*), Usury (*Ribā*) which are totally prohibited in Islam, some even seen it as part of Market activities.

The widely spread online business in Nigeria is Jumia Konga, Online Business Application.

Since the privatization of the telecommunication industry and banking consolidation in 2000, followed by the implementation of the cashless policy in 2013, the chances of adopting e-commerce by businesses in Nigeria and by extension e-marketing have increased. (CBN; 2023, 20) There has been a steady growth of internet users in Nigeria since 2013. The Nigeria Communication Commission (NCC) in its 2018 report revealed that internet users increased from about 50 million users to 93 million. Although the internet in Nigeria is widespread, its utilization resulting from e-commerce is not well documented. (NCC; 2023, 35) However, the government policy actions on achieving a cashless society can be considered as a major boost to e-commerce in Nigeria.

The adoption of e-commerce in Nigeria has been found to improve firm performance. (Shekh I; 2008, 118) E-commerce provides a lot of economic benefits as an

alternative channel for businesses to reach a wider audience. This is because e-commerce has placed a whole new set of capabilities in the hands of businesses and customers. It enables a firm to create new services, expand its market, increase visibility and responsiveness to customers and strengthen business relationships. (Coviello B; 2014, 885) It gives businesses of any type and size-specific benefits which include.

1. **Global reach:** Information Technology offers a whole range of new technologies to increase marketing activities on a global basis. For example, a website can reach anyone in the world who has internet access. This allows a business to find new markets and compete globally. It expands the marketplace from local to national and international markets. By creating and maintaining a website, the business can list its products, services and other information on the internet which customers can access globally and thereby promote their business and product Worldwide. (El-Gohary H; 2010, 215)
2. **Lower cost:** A properly planned and effectively targeted e-commerce can reach the right customers at a much lower cost than traditional marketing methods. It offers cost savings, particularly in the areas of traditional costs, customer services, digital media channels, print and distribution. (Hadidi R; 2003, 5)
3. **24-hour marketing:** With e-commerce, customers can obtain information on products and make purchases even if the firm does not have physical premises of a firm and closed or if it does not have physical premises at all. It is the expectation of customers that a firm's offering should be available 24 hours a day without interruption.
4. **Personalization:** E-marketing enables a firm to collect and store information about its customers and identify them on an individual level. If the customer database is linked to the website, then whenever they visit the site, the firm can greet them with targeted offers. The more they buy, the firm can refine their profile and market to them effectively. (Hadidi R; 2003, 5)
5. **One-to-one marketing:** E-commerce allows firms to relate and react to individual customer demands and to reach their customers who want to know about their products and services instantly. It also enables customers to talk directly to the firm. (Ifenodo, P; 2008, 8)

### *Assessment of E-commerce in the Light of Māliki Law*

Islamic businesses must take part in internet development to be at par with all other businesses. However, a lot of studies should be conducted in the e-commerce area to cater for Islamic business needs to ensure that they are in line with *Shariah* compliance. Hurriyah El-Islamy said:

*Three basic things should be considered in Islamic e-commerce contract formation over the Internet the buyer, seller and the product. They are offer, acceptance and consideration. If all these things have been observed and implemented, e-commerce is permissible because the Shariah use ibahah, which is a presumption in Shariah that everything is permissible in the absence of a specific Qur'anic injunction. (Hurriyah E.; 2002, 99)*

The basic principle is that something, that is not forbidden, is deemed to be lawful based on the maxim "lawfulness is a recognized principle in all things". In other words, everything is presumed to be lawful, unless it is prohibited by law. (Hurriyah E.; 2002, 99)

Islam does not prohibit any trade except those which involve injustice, cheating, making exorbitant profits, or the promotion of something which is haram (unlawful). (Yusuf Q; 2023)

The goal of Islamic Business will be twofold. Profit maximization and as well as welfare or falah (success) maximization. The Islamic business will consider the benefit of the whole society as well as other priorities in the Islamic State. (Awwal S.; 1999, 204). Allah said in Qur'an:

*Those who eat Ribā (usury) will not stand (on the Day of Resurrection) except like the standing of a person beaten by Shaitān (Satan) leading him to insanity. That is because they say: "Trading is only like Ribā (usury)" whereas Allah has permitted trading and forbidden Ribā (usury). So whosoever receives an admonition from his Lord and stops eating forbidden Riba (usury) shall not be punished for the past; his case is for Allah (to judge); but whoever returns to Ribā (usury), such are the dwellers of the fire they will abide therein forever}. (Q2:275).*

The Prophet (S.A.W) said:

*Allah has prescribed certain obligations for you, so do not neglect them; he has defined certain limits, so do not transgress them; he has prohibited certain things, so do not do them; and he has kept silent concerning other things out of mercy for you and not because of forgetfulness so do not ask the question concerning them. (Sahih Muslim)*

E-commerce is considered halal (lawful) as long as the transactions and products involved are in compliance with Islamic laws and principles. (Orego Innovation Center) It is important to note that there may be certain products or services that are not considered halal (lawful) and should be avoided.

Traditionally, business was conducted verbally face to face but today the two contracting parties are connected via computer. Islam encourages E-commerce as a new way of conducting business. Based on the Islamic point of view, e-commerce has an understanding that is almost the same as conventional business, several rules in e-commerce must be under the Islamic principles and permitted by Islam. Allah said in Qur'an:

*Then when the (Jumukah) Salāt (prayer) is ended, you may disperse through the land, and seek the bounty of Allah (by working), and remember Allah much: that you may be successful. (62:10)*

In this verse, it is explained that Allah allows His servants to carry out any activity on earth as long as it does not conflict with Islamic principles. So, in principle, the use of E-commerce is permissible as long as it does not violate or conflict with Islamic principles.

According to Sheikh Abdulrasheed Adiyatullah (A Maliki scholar) the rights of buyers must be protected. The right to privacy, consumer data, protection, security rights in transactions, the right to know product details, the right of producers to obtain customer information, the right to set payments when the product is sent to the customer etc. (Abdulrasheed A; 2003). Furthermore, the importance of these rights is also reflected in the Qur'an. Allah said in Qur'an:

*Woe to Al-Mutaffifūn (those who give less in measure and weight). (83:1)*

This is intended so that, there is no fraud in terms of business so that all parties get the right according. Allah said in Qur'an:

*O you who believe! Eat not up your property among yourselves unjustly except it be a trade amongst you, by mutual consent. And do not kill yourselves (nor kill one another). Surely, Allah is most Merciful to you. (Q4:29).*

## Conclusion

This paper examined the practice of E-commerce in Nigeria with an assessment of Māliki Law. The findings show that according to Maliki Law, e-commerce is lawful with the condition that the transactions and the products comply with the *Sharia* rules. Furthermore, all the rights of producers and consumers must also be fully protected based on the principal goal of Islamic teaching of bringing benefit and warding off harms.

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