

Factors Affecting Customers' to Use Interest Free Banking in Ethiopia



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Declaration

I, the undersigned, declare that this study entitled: *Factors affecting customers' to Use Interest free Banking in Ethiopia with specific reference to commercial bank of Ethiopia* is my original work and has not been presented for a degree in any other university and that all sources of materials used for the study have been duly acknowledged.

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Statement of Certification

This is to certify that the thesis prepared by Debebe Alemu, entitled: *Factors affecting customers to Use Interest free Banking in Ethiopia with specific reference to commercial bank of Ethiopia* and submitted in partial fulfillment of the requirements for the Degree of Master of Business Administration in Finance complies with the regulations of the university and meets the accepted standards with respect to originality and quality.

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“All praise and thanks be to GOD”, the Lord of existence, the most Gracious, and Merciful”

I also would like to express my deepest indebtedness to my parents, as always they were there, right beside me in my sorrow and joy, and may GOD reward them all with his highest blessings.

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Abstract

The emergence of Interest free financial system has created a new dimension to the current economic models and financial developments. Hence, use of such innovations is highly appreciated even if its implementations depends on the customers intentions. Therefore, this study is concerned with examining the willingness of the Ethiopian customers to use interest free banking and the factors that may influence their decision; because, customers are the ultimate users of the products to be adopted. The results showed that perceived relative advantage, perceived compatibility, customers' level of awareness and subjective norm have a significant positive impact on the attitude towards interest free banking in commercial bank of Ethiopia. Likewise, valued group opinion was also found to have a significant positive influence on subjective norm. In addition, self efficacy was found to have a significant positive influence on perceived behavioral control and finally Attitude, Subjective norm and Perceived behavioral control were found to have a significant Positive impact on the customers' intention. However, perceived complexity does not have any significant influence on attitude and perceived trust have a negative influence, Media have negative significant influence on subjective norm, and facilitating conditions have negative significant influence on perceived behavioral control as well. The results have also shown that the type of window and account customers associated with influenced customers' intention. In addition the result indicates as 100% of Interest free banking account holders are Muslim. Customers of the bank are less Aware, Trust and Complicated with Interest free banking offered by bank, while, perceive as better, compatible, initiative to know and use; and well influenced by social pressure and internal and external constraint to use Interest free banking. This study is one of the earliest to be conducted on customers' intention and willingness to use interest free banking in Commercial bank of Ethiopia at the institution level and Ethiopia in general. The study also extends the decomposed theory of planned behavior to a different setting and also to a different area of study.

Keywords: *Commercial bank of Ethiopia, Decomposed theory of planned behavior and Interest free banking.*

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List of Acronyms

- CBE Commercial Bank of Ethiopia
- DTPB Decomposed Theory of Planned Behavior
- IFB Interest free Banking
- IFPS Interest free Product and Services
- NBE National Bank of Ethiopia
- KMO Keiser-Meyer- Olkin
- SPSS Statistical Package for Social Science

Chapter One: Introduction

1.1 Background of the Study

One of the most emerging trends in the global economies is the idea of Interest free banking and Finance (Ahmad, 2000), that emerged in the global landscape as an alternative banking system which is in line with values and ethos of Islam, and governed by the principles of Sharia Law that requires not charge interest and avoid any unethical practices in achieving its goals and objectives (Gait and Worthington, 2008). This form of interest-free banking has developed over a long period of time in Egypt in 1963 with the introduction of new products in the industry.

According to Fakhrul-Ahsan (1998) and Usman (2003), the role and functions of Islamic banking within the banking system in a modern economy are very important, and in fact, it is at the heart of every robust economy. Hence, Islamic banking is growing at an average rate of 15 per cent a year in size and number, which makes it the fastest-growing sector in the financial markets of the contemporary world (Saidi, 2007; Chong & Liu, 2008). While, the global Islamic banking and finance industry assets worth at over USD1.3 trillion in 2012 and expected to reach USD 2 trillion in next three to five years. However, despite the growth in Islamic banking, there are concerns that development of Islamic banking remains somewhat limited and that the industry may be suffering from a lack of innovation (Khan and Bhatti, 2008) and lack of initiatives in convincing customers that they are really offering Shariah compliant products and not dressing up conventional banking practices (Karbhari et al., 2004).

The current status of Islamic finance in Sub Saharan Africa is remains small, although it has potential given the region's demographic structure and potential for financial deepening (IMF, 2012).

Despite the growth of Islamic banking worldwide, as the others African countries Ethiopian banking industry was continued to conduct most of their banking transactions using traditional banking system because of lack of supportive regulatory and policy regimes that facilitate the establishment of Islamic financial institutions is the most important worth of mentioning. Since, Muslims believe that banking with the conventional banks is against their religious faith; large numbers of potential Muslim customers are not banking with the existing conventional banks available in the country. To satisfy the community that have problem with the current

banking system and to provide alternative banking system the National Bank of Ethiopia (NBE) was expected to approve a directive that paves the way for the establishment of what was called as the first Islamic bank in Ethiopia. A circulated draft form of the NBE's directive has allowed Ethiopian nationals to establish a bank exclusively engaged in interest-free banking," however, that hope was short living one as the finally issued draft does not allow the establishment of full-fledged Islamic financial institution. However, the directive has only opened the door for "existing commercial banks" to create an interest-free banking window alongside of their operations. This Come in to force in October 2011, but interest-free banking in Ethiopia started only in September 2013, when the Oromia International Bank S.C launched the service. The Commercial Bank of Ethiopia joined the market at the end of October, followed by United bank S.C, which began providing the service on May 1, 2014. The introduction of interest-free banking in Ethiopian banking industry is important for being a world class bank, and in addition to provide options for the customers. As the document of Commercial Bank of Ethiopia (June, 2014) indicates that the interest-free financial products and services offered under separate windows are Wadiya Amanah account, Qard account, Mudaraba account, Ba'i – Salam mode of financing, Istisna mode of financing, Ijarah mode of financing, Musharakah, Mudarabah, Qard al Hassen and Kafala.

Interest free (Islamic) banking and finance witnessed a rapid expansion over the last few decades and it is still currently expanding (El-Hawari et al., 2004). For Interest free (Islamic) banking to continue this expansion and succeed in any other setting, it has to be accepted and positively perceived by the potential customers. These makes Customers' perception has become an enduring research topic in banking (Holliday, 1996). Due to higher demand, research should be conducted to check updates on customer's perception and satisfaction of Interest free (Islamic) banking product and services. Factors affecting customers' to use interest-free banking have been at the forefront of several research works in the developed and some developing world. Nevertheless, there is very much limited published works that investigate the factors influencing the use of interest-free banking from the viewpoint of customers in the context of developing countries like Ethiopia. To date there have been very few such studies, a remarkable exception to this is the study conducted by Mohamed Muhumed, (2012) who studied Islamic banking prospect, opportunities and challenges in Ethiopia, Shaik Abdul Majeed , (2014) that studied the

Role and Progress of Islamic Banking in India, Ethiopia and Rest of the World and The Potentiality of Islamic banking in Ethiopia by S.Sankaramuthukumar & A.Devamohan ,(2008).

In Ethiopia, understanding customers' perception toward interest-free banking is far more crucial, mainly because interest-free banks have to compete with the long-established conventional banks in a dual-banking system. The survey research on factors affecting of customers' to use interest-free banking services is timely and very important.

This study is tried to identify the factors affecting of customers' to use interest-free banking in Ethiopian dual banking system in Addis Ababa city.

1.2 Statement of the Problem

Banking system is one of the most important economic sectors and strongest financial intermediaries in the economy that plays a key role in economic development in societies through receiving the deposits of depositors and instead pay loans and facilities to applicants and give interest(Iravani et al, 2012) . So it is difficult to conceptualize how an economy would operate and survive without the crucial services offered by banks.

Business organizations and especially the banking sector are operating in an environment characterized by a complex and competitive climate (Agbolade, 2011). In today's competitive world, banks are striving to endure survival, in spite of their vital role playing in the economy. Therefore the banks need to consider several criteria such as bank's image and performance, speed of transaction, channel of delivery system, banking convenience and product diversity to attract customers to continuously do banking business with them and also changing banking product and service they provided. In addition, to achieve their mission and objectives, they will have to understand their customers' perceptions (Metawa, 1998; Dusuki & Abdullah, 2007).

Such scenario had also led to the changes in the customer's taste and demand for better and high quality banking services. So, banks are indebted to apply the financial innovation to respond to such customers' needs because Innovation is very important to allocate scarce resources for sustainable growth of any industry. Interest free banking product and services (Islamic banking), are no exception because financial innovation is typically associated with the production of a new financial product or instrument; it may also involve an entirely new financial intermediary system. This is because, from a functional perspective, financial intermediation pools and

optimally allocates scarce financial resources in an uncertain economic environment (Merton, 1995).

Lack of supportive regulatory and policy regimes in Ethiopia that facilitate the establishment of Islamic financial institutions there was no alternative banking systems for those have problem with existing banking system until the NBE's directive has allowed Ethiopian nationals to establish a bank exclusively engaged in interest-free banking which come in to force in October 2011, but started in September 2013. The introduction of Islamic banking Window alongside with conventional operations in 2013 has generated new dimension and phenomenal in banking sector in Ethiopia.

Moreover, interest-free banking is a new system in Ethiopia which needs a lot of effort and resources to increase the knowledge of its adopters for proper awareness and better perceive about interest-free banking products and to publicize of the products and services in the banking industry for privileged investment and encouraging other banks from opening up the separate window.

Consequently, some bank still providing Deposit service and not yet financing as the result of the ability of banks in giving out loans depends very much on their ability of attracting deposits from their customers, since the principle does not allow them to finance Murabaha projects from the bank's conventional deposits and other banks does not show initiation to open separate window except some of them. To collect significant interest-free banking deposits banks have to attract customers because its achievement depends on customers perceptions towards the banks product and services. For competitive survival, understanding and adapting the innovations to customer motivation and behavior is not an option but an absolute necessity (Owusu, 1999).

However, the study undertaken in Ethiopia regarding Islamic banking by Mohamed M. (2012), Shaik Abdul Majeed, (2014) and S. Sankaramuthukumar & A.Devamohan, (2008) not covers regarding Factors affecting customers' perceptions towards adoption of interest-free financial products and services at bank level.

Consequently, it is significantly important to realize and figure out the potential factors that influence usage of interest-free banking among account holders of banking.

Accordingly, this study aims to examine the important potential factors that may have an impact on the usage of interest-free banking in context of Ethiopia.

1.3 Objectives of the Study

1.3.1 General objective

The general objective of study is to identify the factors affecting of customers'' to use interest-free banking in Ethiopian Dual Banking system with specific reference to Commercial bank of Ethiopia.

1.3.2 Specific objectives

- ✚ To assess the current status of interest-free financial products and services in Commercial bank of Ethiopia.
- ✚ To identify factors that influences the attitude of the customers towards use of interest free banking.
- ✚ To identify the referent groups that influence the customers'' intention to use of interest free banking.
- ✚ To explore the factors that influence customers perceived behavioral control to use of interest free banking.
- ✚ To identify the factors that has most impact on customers'' intention to use of interest free banking.

1.4 Research Questions

This study was an attempt to answer mainly the following research questions to achieve the intended objectives of the study and to address the research problem properly in accordance to Decomposed Theory of Planned Behavior.

1. What is the current status of interest-free financial products and services seems like in commercial bank of Ethiopia, is it going as planned and what is future expectation of it?
2. What factors influence the customers'' attitude of Ethiopian dual banking towards use of interest-free banking?
3. Who influences the customers'' intention to use interest-free banking?
4. Do perceived behavioral control factors influencing the customers'' to use interest-free banking?

5. What is the causal relationship among these factors and customers' intention towards use of interest-free banking?
6. Which factors has most impact on customers' intention while using interest-free banking?

1.5 Research Hypothesis

In order to find out the relationship and effect of customers' intention on customers' usage of interest-free banking this study incorporates consumer behavior concepts derived from intention towards interest-free banking literatures to examine factors identified by Decomposed Theory of Planned Behavior model, which may influence the use of interest-free banking in Ethiopian dual banking system specifically in commercial bank of Ethiopia. Base on Decomposed Theory of Planned Behavior model and previous research question the following hypotheses are formulated for this study and were tested.

H1: Customers' Awareness has positive influence on their attitude towards interest-free banking.

H2: Customers' perceived Relative advantage from the interest-free banking has positive influence on their attitude towards use.

H3: Customers' perceived compatibility of the interest-free banking has positive influence on their attitude towards use.

H4: Customers' Perceived Complexity of the interest-free banking has negative influence on their attitude towards use.

H5: Perceived trust of customers' on the bank has positive influence on the customers' attitude towards use of interest-free banking.

H6: Attitude has positive influence on the customers' behavioral intention to use interest-free banking.

H7: Valued group influence has a positive impact on Subjective Norm of customers' to use interest-free banking.

H8: Media influence has positive influence on Subjective Norm of customers' to use interest-free banking.

H9: Subjective norm has positive influence on the attitude towards use of interest-free banking.

H10: Subjective norm has positive influence on the customers' behavioral intention to use interest-free banking.

H11: Facilitating conditions have positive influence on the perceived behavioral control to use interest-free banking.

H12: Self efficacy has positive influence on the perceived behavioral control to use interest-free banking.

H13: Perceived behavioral control has positive influence on the customers' behavioral intention to use of interest-free banking.

1.6 Significance of the Study

The study has a contribution practically and theoretically. Theoretically the Research add to the pool of knowledge and as a basis for further research in the field of interest free banking.

While, practically the Ethiopian commercial bankers will use the findings from this study to enhance their knowledge on the Ethiopian banking users and the profiles of Ethiopian potential customers. This study also can assist the bankers in formulating different strategies and policies to attract more banking users by knowing the customers level of intention towards use of interest-free banking.

Help for the Commercial Banks that do not offer interest-free banking and would like to adapt to offering these products and services.

Help for consumers in terms of knowledge of the products, the more knowledgeable the person is about the product, the more likely he or she will utilize the facilities. Therefore, in order to capture greater market share, consumers must be well informed of the products as well as the interest-free banking system itself. Not only does this study will contribute to the theory, it is also intended to have practical value as well.

1.7 Scope and Limitations of the Study

1.7.1 Scope of the Study

The study would be bounded by both area coverage and problem addressed. There are many financial product and services provided by banks, and the researcher emphasized on the interest-free financial products and services.

In Ethiopia there are 18 banks that provide conventional services but from this dual banking system are provided by Commercial Banks of Ethiopia, Oromia International Bank S.C and United Bank S.C till December, 2014. The researcher conducted the study in dual banking systems because the study focused on interest-free banking and the study area is limited to Commercial Bank of Ethiopia branches that exist in Addis Ababa city due to time and money constraint. In addition the study included Interest free account holder customers, staffs of separated window and branch manager of selected branches of Commercial bank of Ethiopia located in Addis Ababa districts.

1.7.2 Limitation of the Study

The study is subject to several shortcomings that limit interpretation of findings. When conducting the study the researcher limited the scope only the factors affecting customers' intention toward use of interest-free banking, thus, the results may not show others financial products and services of the banks.

The study was focused only on Commercial Bank of Ethiopia in Addis Ababa city among the banks with dual services and thus the results from this case might not be generalized to other banks with conventional services and customers of banks in rural areas.

The finding of this study is limited to Interest free account holders' customers of the banks, thus the generalization of the result for analysis of others account holders', firms and institutions must be made with caution.

One of the limitations to this study is the use of cross-sectional design for survey research is feasible due to time and money constraint to understand how customers' perception, customers' attitudes and customers' behavior toward use of Interest free banking change over time.

1.8 The Study Structure

The study itself comprises five chapters.

Chapter-1 presented the Background of the study, Statement of the problem, Objective of the study, Research questions and hypothesis, Significance of the study, and Scope and limitation of the study.

Chapter-2 presents overview of relevant conceptual issues, theoretical framework, and empirical studies and finally and knowledge gap of related to the topic of the study.

Chapter-3 presents the methodology used in this thesis. The chapter includes the research approach as well as describes the data collecting and analysis methods that will be used.

Chapter-4 Analyses and Presents the research findings obtained through the methodology by showing how the research objective has attained and findings together contribute to the main purpose of the study.

Chapter-5 ends the thesis with Conclusion, Implication of the study, and suggestion for future study.

Chapter Two Review of Related Literatures

2.1 Definition of Basic Concepts

Interest free (Islamic) finance is defined as a financial service or product that is consistent or principally implemented to comply with the principles of Islamic law (Gait and Worthington, 2008).

An Interest free (Islamic) bank is a financial and social institution whose objectives and operations as well as principles and practices must conform to the principles of Islamic Shari'a (Hassan and Ahmed, 2002). Interest free (Islamic) banking provides services to its customers free of interest, as the giving and taking of interest is prohibited in all transactions rather it provides awards or returns on the basis of Interest free (Islamic) banking performance through profit-and-loss sharing (PLS) as well as hibah or gift (Lewis and Algaoud, 2001 and Ahmed, 2008).

The customer perception refers to the extent to which a customer's assessment influences his decision to choose from alternatives observed with respect to the occurrence of an event and the relative probabilities of these alternatives (Rogers, 2003). Perception is the act of discerning, realizing, and becoming aware of through the senses (Albrecht, 2003). Customers' perception is often identified by their level of satisfaction toward particular products or services. Other important indicators determining customers' positive or negative perception is on their patronage criteria toward the service provider.

2.2 Differences between Islamic Banking and Conventional Banks

The concept of financing in Islam differs with conventional or "Western finance". The distinction between interest-free financial systems with the conventional system is indicated in the following table.

Table 2.1 Differences between Islamic banking and conventional banks

| Conventional banking system | Islamic banking system |
|--|--|
| Charge interest on loans. | Do not charge interest. Riba (interest) is an unjust return, interest or usury. The term applies to any financial gain by the lender as a condition of a loan and in a commodity trade. It also applies to any disparity in quantity or time of delivery; as such transactions are illegal under Islamic law (Martins, 1997; Chong & Liu, 2008). Zero-return loans. Prohibits the charging or receiving of interest. A unique feature of Islamic banking is its profit-and-loss sharing paradigm, which is based mainly on the mudarabah (profit-sharing) and Musyaraka (joint venture) concepts of Islamic contracting (Chong & Liu, 2008) |
| Principal stakeholders are Shareholders. | The principal stakeholder is God. The aim is to serve God, while the stakeholders are the clients and the general public. Clients are partners and the decisions are in the interest of society. |
| Support arms industries and industries that pollute the environment and exploit children | Shariah law places restrictions on business activities. The law further prohibits trading in alcohol, tobacco, products that contain pork, defense and weapon production and certain entertainment activities like gambling and pornography (Chong & Liu, 2008) |
| Gives loans to whoever has a guarantor or collateral. | Gives loans to those who need loans. Do not need collateral to get a loan. |
| Decisions are made in the interest of shareholders. | Islamic principles advocate for an economic system in which all forms of exploitation are eliminated. The other principle is Mudaraba (trust Financing), a profit-sharing agreement between two parties in which one Provides the finance and the other provides entrepreneurial and management skills. |
| Designed for those who have money and who do not care what it is used for. Consumers have no opportunity to choose where money is invested. Provides no information about what it does with depositors' money. | Islamic banks have an interest in how the money borrowed is used. The Islamic banks have a stake in the financial activities so that money is not used for economic activities that are injurious to society. Those who lend to the Islamic banks expect the banks not to invest their money in business activities that are not Shariah-compliant. Islamic banks invest only in business activities that are Shariah-compliant. |
| Its investment rewards companies even if they act irresponsibly. | Islamic banks share profits and losses. Murabaha (cost-plus financing) is a contract sale between the bank and its client for the sale of goods at a price that includes a profit margin for both parties. |
| Seeks to satisfy demand. Conventional banks open branches in those areas that have sufficient demand but not needs. | Seeks to satisfy need |

Source: adapted from Saidi (2007)

2.3 Evolution of Modern Interest-Free Banking

Islamic banking has a recent origin as compared to its conventional counterparts. Although scholars have discussed and analyzed issues with regards to a system of banking that is interest free based much earlier, much exclusive attention to the subject matter is a 20th century phenomenon (Bala, 2004). As Bala (2004) the history of interest free banking could be divided into two parts. First, when it still remained an ideal; second when it became a reality by private initiative in some countries and by law in others.

2.3.1 Interest Free Banking as an Idea

Bala (2004) indicated as the earliest reference to the reorganization of banking on the basis of profit sharing was written by Anwar Qureshi (1946), Naiem Siddiq(1948) and Mohamed Ahmed (1952). They have all recognized the need of commercial banks that use profit and loss sharing mechanism and have proposed a banking system based on concept of Mudarab(h profit and loss sharing). In 1960th interest free banking attracted more attention because of emergency of young Muslim economists. The first idea emerged in that of Muhammed vzair (1955). Another set of idea emerged in the late sixties and early seventieth, Abdullahal-araby(1967), Nejatullah siddigi(1961,1969), Al Najjar (1971), Baqir al-sadr(1961,1974) were the main contributors.

2.3.2 Interest Free Banking as practice

The institutional and governmental involvement led to the application of theory to practice and resulted in the establishing of interest free banking. The practice of modern Islamic banking formally began in 1963 with a pioneering experiment in Egypt which established in the town of Mit-Ghamr, which lasted only for 4 years until 1967 due to a variety of political factors, the movement was short lived when the banks were unable to attract the required substantial numbers of small depositors. Ariff, (1988) noted that prior to Mit-Ghamr's experiment of 1963, a small scale or limited scope interest free banks had been tried before, one in Malaysia in mid 40s and the other in Pakistan in the late 1950s, neither of these two survived. It was the work of December 1970 conference that caused the establishment of Nasr social Bank in Egypt in 1971, the Philippine Amanah Bank in 1973 and the Dubai Islamic Bank in 1975 were established. Several others like the Faisal Islamic of Sudan and Faisal Islamic bank of Egypt were established in 1977 (Bala, 2004). Since then, there has been a steady expansion of Islamic banks in the 80sand 90s. In many Muslim countries especially in the Middle East, Islamic banks are rapidly gaining market shares in their domestic economies (Hassan and Bashir,

2003). By some estimates, Islamic banking has been growing at 10% worldwide and about 15% in the Gulf which is much higher than the growth rate of conventional banking (Schoon et al, 2003). At the present most Muslim countries have some type of Islamic banking although the degrees of practice conformance vary between countries. Lewis and Algaourd (2001) identified two basic forms of expansion of modern Islamic banking. The first involves the process of converting the entire financial intermediation of a country from a conventional system to a full-fledged Islamic system. The countries that had adopted such an approach are Pakistan, Iran and Sudan. The majority of other countries followed the second approach. In the second form, there are deliberate attempts by both the regulator and the market participants to establish Islamic banks to compete with conventional banks but essentially they maintain a mixed system where conventional banks and Islamic banks co-exist. Interest free banking seems to be of very recent origin in Ethiopia.

2.4 Status of Interest-Free Banking Finance in Sub-Saharan Africa

The financial sector in some Sub Saharan Africa countries has been growing rapidly in the past two decades. New products have been introduced and financial institutions are playing an increasing role in financial intermediation, including cross-border financial flows. However, Islamic finance in Sub Saharan Africa remains small, although it has potential given the region's demographic structure and potential for financial expanding. As of end-2012, about 38 Islamic finance institutions comprising commercial banks, investment banks, and takaful (insurance) operators were operating in Africa (Dow Jones, 2012). As Estimates based on Bank scope and Zawya, April 18, 2012 out of this, 21 operated in North Africa, Mauritania and Sudan, and 17 in Sub-Saharan Africa. Botswana, Kenya, Gambia, Guinea, Liberia, Niger, Nigeria, South Africa, Mauritius, Senegal and Tanzania have Islamic banking activities.

There is also scope for development in Zambia, Uganda, Malawi, Ghana and Ethiopia as all but Zambia have relatively large Muslim populations Zambia is interested in using Islamic finance instruments to fund investment in the mining sector. In Uganda, the central bank has started the process of amending its banking regulations to allow for the establishment of Islamic banks and three Islamic banks have applied for a license. In particular, four countries have considerable potential for becoming a regional hub of Islamic finance activities such as South Africa, Nigeria, Kenya and Mauritius.

2.5 Interest-Free Finance in Ethiopia

Over the last 22 years, the Ethiopian economy has demonstrated sustained growth. The Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) led government has designed the right economic policies for the development of the country. Despite the crisis in the world economy, the sound monetary and fiscal policies of the government have more or less shielded the economy from the global crisis. Ethiopia is in progress to put in place sufficient public infrastructure to lead to the take-off of the economy in the near future.

The Ethiopian banking sector has expanded in the few past decades and benefit only some part of the community so that introducing interest-free banks which is the way to improve the poor and the disadvantaged segments of the society is a logical next step. As far as Potential for interest free banking (Islamic bank) is concerned, the government facilitated the necessary legal framework about 8 years ago. The potential benefits of allowing Islamic banking include; decreased economic disparity between the rich and poor, better integration, and consequently accelerated economic growth (Mohamed Muhumed, 2012).

Government of Ethiopia can leap a step closer towards the fulfillment of the much appreciated dream of „Middle Income Country “ by reforming its banking sector and allowing the establishment of Islamic Banks. Even if the developments of Islamic finance in the Ethiopia have taken place since the first individual and group initiatives surfaced in early 2008 years it is at developing stage. The past legal framework in Ethiopia does not permit full-fledged Islamic Banking which offers the owners of capital to share the profits made by the entrepreneur who comes up with investment projects, rather the National Bank of Ethiopia (NBE) issued a directive to banks allowing them to provide interest-free banking (Islamic banking) service using a separate window along with their other banking services to suit society's diverse financial needs. The National Bank of Ethiopia's directive came into force in October 2011 about first Islamic Financial Institution in Ethiopia, However, the implementation of this banking system was started only in 2013 by few commercial banks like Oromia international bank S.C, Commercial Bank of Ethiopia and united bank S.C. Customers who are interested in the interest free banking are assured that they will obtain all those services that they would get from a fully-fledged interest free banking. However, the implementation part is not as speedy as the business persons would prefer, who would like to move immediately and get financing for their projects

as quickly as possible because the newly established interest free banking must first collect enough deposits, since the principle does not allow them to finance Murabaha projects from the bank's conventional deposits. So, currently at Oromia international bank S.C out of above birr 5 billion deposit mobilized during the financial year 2013/2014 under review, 3% or Birr 175 million from total accounts of 8,819 maintained in 76 branches was mobilized through newly introduced bank product, Interest Free Bank Service.

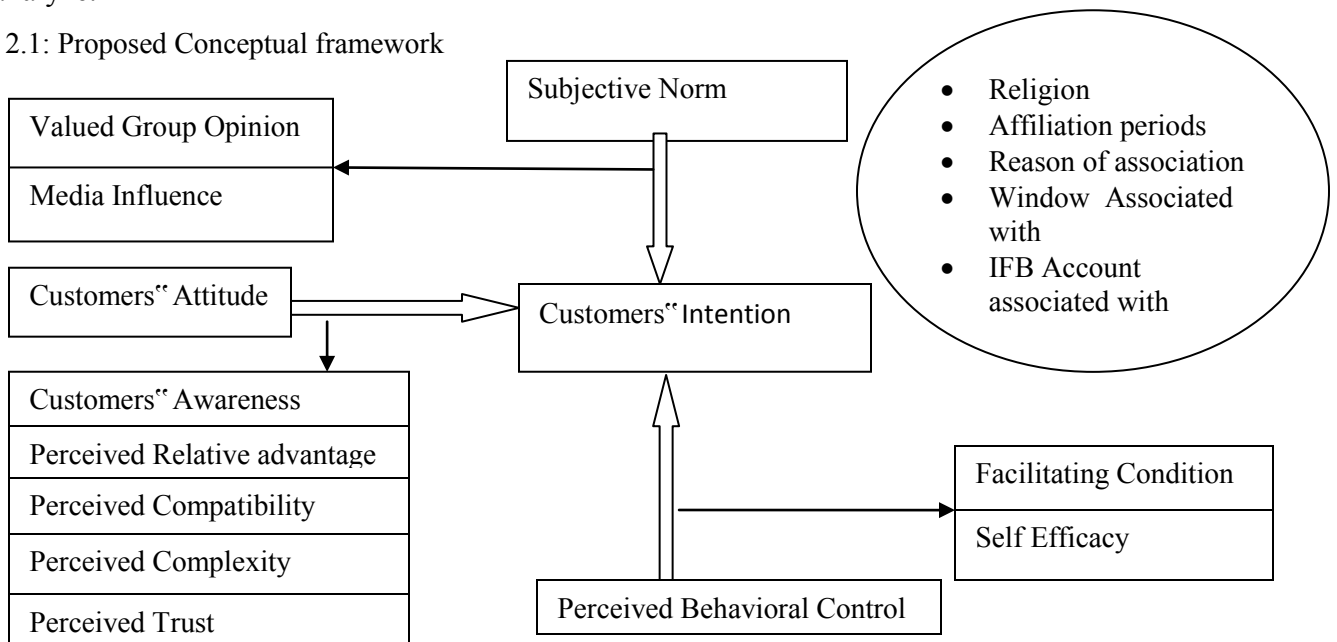
The Interest Free Bank Window was commenced operation in mid of December 2013 which has contributed and promised a potential of differently mobilizing resources ahead of the Bank's time, the service being commenced on a limited number of branches only (Oromia international bank S.C Annual report 2013/14). In addition the commercial bank of Ethiopia starting launching interest free banking services at the end of October, 2013 and has attained 6,000 customers for its interest free banking service, with 100 million Br in savings from 23 interest free banking clients by the first week of May. Currently as the Commercial Bank of Ethiopia interest free banking performance document indicated at October 29, 2014 the total deposit of 364 million from each Wadiya Amanah, Qard, Mudaraba saving accounts are 282 million, 46 million and 36 million respectively from the 145 bank branches and 23,686 customers. It also indicated as 92 million approved for finance granted by the bank (Fortune report, May 18, 2014).

2.6 Theoretical Framework

This study would be focused on the factors that determine adoption of Interest free financial products and services by customers. As Ajzen, 1991 three factors that determine the adoption of products and services as the psychometric theory of planned behavior are attitude towards the behavior, the control over the behavior (perceived behavioral control), as well as the influence of a set referent groups (subjective norm). Taylor and Todd (1995) indicated that a better understanding of the relationships between the belief structures and antecedents of intention requires the decomposition of attitudinal beliefs and showed that the Decomposed model of the theory of planned behavior has better explanatory power than the pure Theory of planned behavior and Theory of Reasoned Action models. They consider that treating these beliefs as monolithic will obscure the true influence of each of them. This has subsequently given birth to the decomposed theory of planned behavior, which is the extension of theory of planned behavior.

Taylor and Todd (1995b) initially suggest that the behavioral belief should be decomposed based on the innovation diffusion theory (Rogers, 1983) and Technology Acceptance Model (Davis, 1989), including only three main dimensions, namely, Perceived relative advantage, perceived compatibility and perceived complexity. Nevertheless, the subsequent studies proved that some of the other dimensions of innovation diffusion theory as well as other dimensions have also a significant influence on the attitude towards behavior, including Awareness (Rammal & R. Zurbruegg, 2007), subjective norm (Abduh, M.,2012) and perceived trust(Gholami et al., 2010). Hence the belief structure will be decomposed into six main dimensions i.e Perceived relative advantage, Perceived compatibility, Perceived complexity, Perceived Trust, Customers Awareness, and subjective norms. On the other hand, the control belief structure is decomposed into two main constructs. The first is of internal control order i.e. self efficacy, while the second is external in nature i.e. facilitating conditions (Taylor and Todd, 1995a). Finally, for the structure of normative belief, some studies have found support for the decomposition of Subjective norm structures (Ajzen and Fishbein ,1980). So, Subjective norm is composed of two normative beliefs: Valued person opinion influences and mass media influences. Hence, based on the proposed model adopted from Taylor and Todd (1995) DTPB that entire study are going to analyze.

Fig 2.1: Proposed Conceptual framework



Source- Adapted from Taylor and Todd (1995) DTPB model

So, the study would be interest-free banking that is a technological innovation and thus the Decomposed theory of planned behavior model gives a more satisfactory explanation of adoption intention and it is composed with:-

2.6.1 Customers Attitude

According to Fishbein and Ajzen (1991) attitude is defined as evaluative effect of individuals' negative or positive feelings in a specific behavior performing. Actually, attitude is related to behavioral intention of individuals considering the fact that they shape their intentions to do a specific behavior in the direction of which they have positive outcome (Tan & Teo, 2000). Likewise, Attitude toward behavior is the degree to which an individual has unfavorable or favorable appraisal or evaluation of behavior in the question (Ajzen & Fishbein, 1991). There is a tendency to think that Interest free banking is reserved for people of Islamic religion. But, Islamic institutions and instruments have developed in countries where Muslims are minority like United States. Countries with a significant proportion of Muslims have largely adopted Islamic Banking, Malaysia and Pakistan is common example.

Attitude of consumers regarding a specific service is able to influence the adoption decision of users to adopt the service or idea. In many studies in numerous contexts the significant positive influence of attitude toward usage and adoption of new innovation, product or services has been pointed. In this regard, Attitude has been used in context of using Islamic personal financing (Amin et al., 2011), the usage intention of Islamic diminishing home partnership financing (Taib et al., 2008), mobile banking adoption (Puschel et al., 2010), the usage intention of Face book (Suki et al., 2012). The attitude towards the behavior is determined by the sum of accessible behavioral beliefs, which refers to the subjective probability that the behavior will achieve expected outcomes positively or negatively. As a result the current study would aim to consider the potential effect of customers' attitude in adoption and usage of Interest free financial products and services from six perceived attributes of attitudinal belief toward an innovation i.e. Awareness, Perceived relative advantage, Perceived compatibility, Perceived complexity, perceived Trust and Perceived behavioral opinion of referent groups (Subjective norm) which may influence customers' perception to adopt Interest free financial products and services.

2.6.1.1 Customers Awareness

A new idea does not go beyond the knowledge function, if sufficient knowledge is not obtained to become adequately informed so that, persuasion can take place (Kotler & Armstrong, 2001; Rogers, 2003). On the other hand, in an age of information and “innovation overload” (Herbig & Kramer, 2004) in which bank new products are continuously being introduced, many new products providers are extremely conscious of the need to provide consumers with as much information as possible about their product to make customers aware because new products require effective communication. Consumer awareness have been tested as one of the key variable and positively influence customers attitude in numerous studies specifically in the area of on-line banking, internet-banking and self- services technology adoption (Gerad et al., 2003; Gholami et al., 2010; Daud et al., 2011; Hanafizadeh & Khedmatgozar, 2012; Agarwal et al., 2009). However, limited studies have investigated on consumer awareness in the area of Islamic banking adoption. Most of these studies, include Metawa & Almosawi (1998); Okumus (2005); Bley & Kuehn (2004); Hamid & Nordin (2001); Naser, et al., (1999); Haron, et al., (1994); Khattak & Rehman (2010); Saini et al. (2011); Ahmad & Haron(2002 indicates that consumers are aware of existence of Islamic banks. However, they are unaware regarding the use of specific Islamic method of finance or low usage rate and could not differentiate between Islamic and conventional banks“ financial products and services because of Islamic banks have not done enough in educating their customers and promoting products and services appropriately.

Adoption is the acceptance and continued use of a product, service or idea. Therefore, in this study the intention is not only to know to what extent customers are aware of IFB products and services but also to predict whether consumer awareness on IFB attributes affects the adoption of IFB.

2.6.1.2 Perceived Relative Advantage

Relative advantage has been designed to reflect perceptions of customers which all or certain qualities of the proposed innovation can offer incremental value to its potential adopter comparing with present available options (Rogers, 2003; Flight et al., 2011). Rogers (1995, 2003) have indicated that relative advantage can be explained as economic profitability, discomfort decreasing, saving in time and effort, low initial cost, social prestige, and/or other potential benefits that possible user would receive by applying the current innovation.

Potential adopters want to know, if the new idea is better than an existing one. Besides, several scholars have found relative advantage to be one of the best predictors of an innovation's rate of adoption (Brown et al., 2003; Tan and Teo, 2000; Hsu et al., 2007; Tung & Rieck, 2005; Thambiah et al., 2011b; Gerrard and Cunningham, 2003). Roger, 2003 and Gerard, 2003 argued that adopters invariably perceived relative advantage in terms of the economic benefits and the costs resulting from the adoption of an innovation and improvements that are afforded to their social status. In addition to these, economic profitability, discomfort decreasing, saving in time and effort, low initial cost, social prestige, the immediacy of the reward and/or other potential benefits that possible user would receive by applying the current innovation, have been described as the sub-dimensions of relative advantage.

The present study therefore intend to examine relative advantage within the dimension of economic benefits (profits earnings, reduce the burden of interest, reduce risk, profit and loss sharing benefits) and fairness (in the conduct of profit sharing, ethical banking system, equal distribution of wealth).

2.6.1.3 Perceived Complexity

The degree to which a product, idea or innovation seems to be difficult to understand as well as use is main concept of complexity (Rogers, 2003). Actually, complexity explain required level of physical or mental efforts which is needed by individuals for adopting and continues usage of a particular innovation (Nor et al., 2010). An innovation with substantial complexity requires more technical skills and needs greater implementation and operational efforts to increase its chances of adoption(Wang et al.,2007).

In addition, it has been hypothesized and proved as complexities have a negative connection with rate of adoption (Rogers, 1995; Ndubisi and Sinti (2006) ; Lee et al., 2011; Corrigan, 2012) due to the fact that complexity of an innovation, idea or product can act as an inhibitor for its implementation in successful way (Wang et al., 2010). In contrast, a study by Tan and Teo (2000) in Singapore confirmed that complexity as one of perceived attributes of innovation characteristics does not have any noteworthy impact on adoption of internet banking.

In this study perceived complexity of Interest free financial products and services is observed from whether it requires mental efforts which is needed by individuals for understanding and adopting it and whether the terms and concepts the bank used is difficult for adopting.

2.6.1.4 Perceived Compatibility

Compatibility refers to the degree to which an innovation, idea or product is known to be consistent with past related experience, current values (religious and ethical values basis) and different needs of potential adopters (Rogers, 2003). An innovation is more likely to be adopted when it is compatible with social system norms as well as values (Tornatzky & Klein, 1982; Anuar et al., 2012b). Furthermore, previous studies widely have indicated that compatibility positively influencing adoption and as one of perceived attributes of innovation characteristics in concept of beliefs and past experiences as well as values affect innovation adoption in multiple different context (Tung et al., 2008; Norazah, 2006; Beiglo and Zare, 2011; Wu et al., 2007; Hernandez and Mazzon, 2007; Arts et al., 2011; Giovanis et al., 2012; Papiés and Clement 2008; Elahi and Hassanzadeh, 2009). As such, in regards to banking experiences and practices, the Ethiopian banking consumers have already possess banking habits from the long operating conventional banks and Interest free banking functions and operations are new to them. Therefore, this study seeks to examine compatibility concerning IFB in the context of consumers' felt need for banking based on their religious and ethical values.

2.6.1.5 Perceived Trust

Trust has been described as interest of people to be vulnerable linked to another people or part actions (Mayer et al., 1995). To some extent the success of acceptance of Innovative products and services depends on the customer as well as vendor's trust, therefore it would be able to enhance different groups of bank customers to apply it in their daily banking activities as well as purchase transaction (Singh, Srivastava, & Srivastav, 2010).

Actually, trust is identified as extensively accepted predictor of adoption in different studies and scholars constantly have indicated that trust positively influence adoption of different type of innovation, products and services therefore, it should be taken into consideration by the Service providers; if consumers do not feel secure they will be reluctant to use the services (Gefen, 2000, Gholami et al., 2010; Sohail and Shanmugham, 2003; Suh and Han, 2003; George, 2002; Liu and Wu, 2007; Kim et al., 2009). As Cerf (2010) asserted, trust is essential to most human transactions so banking should show trustworthiness by keeping their promise to determine how well-intentioned and truthful banking is. Farah & Higby (2001); Sipior et al. (2004) also indicated as the success of Innovative products and services adoption is highly related to Consumer's trust;

Nitin Nayak et al., 2014 specified as Trust between the customers and the service provider is very Important to deal with in better way.

This paper also intend to investigate the role of trust in context of Interest free financial products and services from customers" point of view relating to whether performance of the bank is properly Shariah based service.

2.6.2 Subjective norm

Subjective norm can simply be defined as the individual perception of the likelihood of significant others to approve or disapprove behavior and the motivation to comply with those perceptions (Ajzen, 1991; Ajzen and Fishbein, 1977). To elaborate more differently, subjective norm is the social pressure to act in a particular manner taking into cognizance the positive or negative consequences emanating from people that can exert their influence on someone"s action.

Subjective norm is determined by the sum of normative beliefs which reflects the perceived behavioral expectation or opinions of important referents individuals or groups.

In this study subjective norm is composed of two normative beliefs:

2.6.2.1 Valued person opinion influences

Valued person opinion influences is defined as a group consisting of parents and siblings; from parents a person acquires an orientation toward religion, politics and economics, and a sense of personal ambition, self worth, and love. It emphasizes on relationship between the people under the family control (Rouibah, 2008). The opinion of a reference group is an important factor influencing the adoption of Banking product (Du, 2002, p.4). According to Jermun and Eugence (1998), greater response occurs when opinion leaders are adopting an innovation.

Thus, this study intends to investigate the extent of influence by recommendations by Family, Friends, religious persons, religious institutions and bankers towards Interest free banking adoption.

2.6.2.2 Mass media influences

Mass media influences is defined as non-personal communication channel consisting of print media (newspapers and magazines); broadcast media (radio and televisions); and network media (telephone, cable, satellite, wireless) (Kotler, 2006). Promotional efforts can be a mix of promotions such as advertisements, personal selling, sales campaigns, public relations, and direct

marketing. Therefore, the key factor in change agent's success is the amount of effort spent in promoting the product and services to the customer, so that the product reaches the customer eventually and promotional efforts increase the adoption rate (Thambiah et al., 2011b). Past studies shows as Islamic banks have so far not used the media appropriately for example, even Muslims are not very much aware that the Islamic banking is being practiced in the world (Bley and Kuehn, 2004). However, limited studies have examined the influence of promotional efforts in the area of Islamic banking adoption and most of these studies are confined to only mass-media advertisements (Erol et al, 1990; Kader, 1993; Kader, 1995; Gerrard and Cunningham, 1997; Othman and Oven, 2002).

Thus, this study intends to investigate the extent of influence by TV and Radio advertisements, bank pamphlet or brochures and bank website towards Interest free banking adoption.

Subjective norms have been found to be more important in the early stages of innovation implementation when users have limited direct experience from which to develop attitudes (Taylor & Todd, 1995). Adopter's Parents, spouse, peers, Media, religious institutions are groups that potentially positively influence customers' attitudes toward adoption as the most frequent examples cited by researchers (Kalafatis, Pollard, East, and Tsogas, 1999; Rahim & Amin, 2011).

Subjective norm is one of the important construct that influence behavioral intention and it has been explored in various fields including, Islamic home financing (Alam et al., 2012; Amin et al., 2012), Islamic personal financing (Amin et al., 2011), Islamic Insurance (Rahim and Amin, 2011), Islamic Pawn Shops (Amin and Chong, 2011) and enrolling in Islamic accounting course (Amin et al., 2009). The result from this study indicates that the individuals' behavior intention is positively influenced by their family, friends, relatives, religious organization and media.

This paper also intend to investigate the role of family, friends, religious person, religious organization, bankers and media have on customers attitude and behavioral intention on adopting Interest free financial products and services.

2.6.3 Perceived behavioral control

Perceived behavioral control is simply defined as people's perceptions of their ability to perform a given behavior or factors that may impede the performance of the behavior (Ajzen, 1991, 2011). It measures the degree to which a person has control over his behavior and how confident

he feels about being able to perform or not to perform the behavior. Perceived behavioral control is determined by the sum of accessible control beliefs which refers to the perceived presence of requisite resources and opportunity to perform a given behavior (Ajzen, I., 1991). This is in terms of the resources and opportunities with which a person utilizes to achieve a desired behavior such as access to money, time and other resources and the individual's self-confidence and ability to perform the behavior. This definition encompasses two components:-

2.6.3.1 Self-efficacy

Self- efficacy is defined as an individual's self-confidence in his or her ability to perform a behavior. It predicts intentions to use a wide range of technologically advanced products. Self efficacy indicated in various study as it is positively influencing behavioral control of adopter (Sharma and Bock, 2005; Teo and Pok, 2003; Nor, K.M., 2005; Taylor and Todd, 1995a; Ndubisi, N.O., 2004; Püschel, et al., 2010 and To, et al., 2008). Thus, this study intends to investigate the extent influence of knowledge and confidence of customers on their behavioral control towards Interest free banking adoption.

2.6.3.2 Facilitating conditions

It reflects the availability of resources needed to engage in the behavior. It refers to the easy access of technological resources and infrastructure. The government can play an intervention and leadership role in the diffusion of innovation and as supporting technological infrastructures become easily and readily available. Facilitating conditions is identified as accepted predictor of adoption in different studies and scholars indicated that it positively influence adoption of different type of innovation, products and services (Nor, 2005; To, et al., 2008; Sharma and Bock, 2005; Taylor and Todd, 1995b; Echchabi and Aziz, 2012). Thus, this study intends to investigate the extent of behavioral control of customers influenced by access of technological resources and government intervention and leadership role towards Interest free banking adoption.

The concept of perceived behavioral control has been investigated empirically and findings demonstrate that it positively predicted intention (Alam et al., 2012; Alam and Sayuti, 2011; Amin, Ab Rahman, and Abdul Razak, 2012; Amin et al., 2012; Chou, Chen, and Wang, 2012; Echchabi and Aziz, 2012; Golnaz et al., 2010; Wang, Chen, Chang, and Yang, 2007, Echchabi and Aziz ,2012). Which means that people's ability in terms of money and resources have a significant effect on customer's intention and behavior.

This paper also intend to investigate the role of knowledge, confidence of customers, access of technological resources and government intervention have on customers behavioral intention on adopting Interest free financial products and services.

2.7 Variable Specification

As mentioned in the theoretical framework of this study, the essential variables that are determined as the components of the proposed theoretical framework for this research in accordance of Taylor and Todd (1995) DTPB framework are:

1. Independent variables: are variables that explain other variables. The independent variables that would be used in this proposal are: Attitude, Subjective Norm and Perceived Behavioral Control.
2. Moderating variables: are those that influence the relationship between independent and dependent variables. These shows as the effect of independent variables have on dependent variable is depends on the moderating variable. The moderating variables used in these study were Awareness, Relative advantage, Complexity, Compatibility, Trust, Valued groups opinion, Mass-media influences, self -efficacy and Facilitating conditions.
3. Controller variables: are other extraneous variables that are not pertinent to explaining a given dependent variable, but may have some impact on the dependent variable. For this study there are also five controller variables (Religion, Affiliation period, Reason of association, Window with associated and IFB Account associated with), using to analyze the influencing to the dependent variable.
4. Dependent variable: is that are explained by other variables. Customers'' intention is used as dependent variables to test the effect of independent variables have on customers'' intention on use of interest-free banking.

All the variables would be integrated to develop the general research model of this study

2.8 Empirical Review Study on Customers' Perception towards IFPS

2.8.1 Empirical Review at International Level

There are many studies undertaken relating to the attitude and perception of customers toward Islamic banking among that Erol and El-Bdour (1989) ; Naser et al. (1999); Ahmad and Haron (2002); Ramdhony, (2013); Echchabi and Abdul-Aziz, (2012); Islam, (2012); Turnbull and Gibbs (1989); Laroche et al. (1986) ; Zineldin (1996) revealed that apart from religious feeling,

other factors, such as perceived relative advantage, perceived trust, Awareness, perceived compatibility, Valued group opinion influence, and facilitating conditions are important in choosing products and services in Islamic bank.

While, Karim and Affif, (2004) indicated as Islamic banks are meant for Islamic consumers only, limited facilities provided compared to conventional banks, do not have a huge customer base and not sure of increasing popularity of Islamic banking products among non-Muslims.

In addition Sharofiddin & Bin-Yousoff, (2013) investigated the challenges of conventional banking practice and prospects of introducing an Islamic bank to Tajikistan. The findings of this study show that relative advantage and awareness have a significant impact on the adoption of Islamic banking system in Tajikistan. Also, the other three independent variables such as self efficacy (product knowledge), trust and social norm have an insignificant relationship with the adoption of Islamic banking in Tajikistan.

Ahmad and Haron (2002); Fada, et al., (2012); Gerrard and Cunningham (1997) studied Perception towards Islamic Banking and found that as knowledge of Islamic banking was limited, misconception of the subject matter and a general lack of awareness of the culture of Islamic banking in both Islamic and non-Islamic communities, the providers of Islamic Banking products & services have not done enough in educating customers and marketing their products that resulting unpopularity of product and service among the customers.

Similarly Malhotra et al., (2005) reported on his study customers' perception of service quality in developing countries as there is significantly different from the perception of bank customers in developed countries like the USA. Not only between countries that even if within countries the study conducted by Thambiah et.al, (2011) show that perception of urban banking customers in comparison with rural customers seemed to vary in terms of perceived complexity, Awareness, self efficacy, Media influence and perceived trust.

Noman et al., (2007); Guyo & Adan (2013), studied the banking behavior of Islamic bank customers in Bangladesh and Kenya and the findings show that the religious principles remained at the heart of people's preference for Islamic banks. This indicated that the banks should remain highly dedicated to Islamic principles. In addition the study of Abdul Ghafoor Awan & Maliha

Azhar, 2014 find out relationship among demographic variables (religion, high profit & low service charges, influence of friends & family, service quality, responsive attitude of staff, mass media & bank image) and consumer behavior toward Islamic banking in Pakistan. The findings show positive and significant relationship among all variables of demographic profile on behavior of customers towards adoption of Islamic banking.

2.8.2 Empirical Review at National level

To date there have been very few studies conducted regarding the Interest free banking in Ethiopia. Among few Mohamed Muhumed, (2012) who studied Islamic banking prospect, opportunities and challenges in Ethiopia and concluded as even if there is more than 30 million Ethiopian Muslims everywhere want Islamic Banking and offers huge opportunities to exploit that Islamic banking face the challenge of lack of awareness and understanding ,legal, supervisory, regulatory and/or institutional challenge , negative attitude of people towards Islamic banking (wrong association with religion), lack of trained human resource, capital resource constraints and lack of suitable banking policies.

Shaik Abdul Majeed, (2014) that studied the Role and Progress of Islamic Banking in India, Ethiopia and Rest of the World and the studies result Ethiopia of economic development, largest population and well growing condition of financial markets and infrastructure areas the National Bank of Ethiopia (NBE) directive allowed banks to provide interest-free banking service using a separate window along with their other banking services to serve the public and Oromia International Bank, a private financial institution, becomes the first to implement interest-free banking [Islamic banking] in Ethiopia and serving more than 4000 customer base and daily deposits are around two to two and half million birr per day on an average.

S. Sankaramuthukumar & A.Devamohan, (2008), which studied the Potentiality of Islamic banking in Ethiopia and the result from the study revealed as the Ethiopian Muslims are vibrant and they establish their identity in spite of that fact that Ethiopia is a Christian dominated country. Ethiopian Christians have no way affected or influenced the Ethiopian Muslims. Of course, this is good from society's point of view, since both the communities (Christians and Muslims) live in peace and harmony. This indicates the potentiality for the establishment of an Islamic bank for Ethiopian Muslims.

2.9 Research Gap

From the above empirical review at international level most of studies were emphasized on countries with large number of Muslim culture and community than those are Christian dominated country like Ethiopia which both the communities (Christians and Muslims) live in peace and harmony.

Even if some study conducted regarding Islamic banking in Ethiopia by only emphasizing in Muslim community like Jijiga and Jimma. Till January, 2015 there is no research undertaken in Ethiopia regarding customers' perception towards adoption of interest-free financial product and services. This study was emphasized on Interest free financial products and services to determine their perception toward interest-free financial product and services at bank levels.

The purpose of the study was to explore the behavior of customers towards interest-free banking by using Customers Attitude (perceived relative advantage, perceived complexity, perceived compatibility, perceived Trust and level of awareness); Referent group (Valued group opinion and media influence) and perceived behavioral control (self efficacy and facilitating condition) as well as mainly to find out which variables mainly influence customers adoption of interest-free financial product and services in the context of Ethiopia.

Chapter Three: Methodology

3.1 Research Approach

According to Kothari (2004) there are two basic approaches to research, viz., quantitative approach and the qualitative approach. The former involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis and it sub-classified into inferential, experimental and simulation approaches to research. The purpose of inferential approach to research is to form a data base from which to infer characteristics or relationships of population. This usually means survey research where a sample of population is studied (questioned or observed) to determine its characteristics, and it is then inferred that the population has the same characteristics. While, qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior; and it generates results either in non-quantitative form or in the form which are not subjected to rigorous quantitative analysis through focus group interviews, projective techniques and depth interviews.

Keeping in view of the purpose of this study the researcher would be adopting both quantitative and qualitative approach. Using both research approaches should be used when the contingency suggest that it is likely to provide better answers to a research question or set of research questions in a series of study that investigate the same underlying phenomenon (Colin et al, 2006). Onwuegbuzie & Leech argued that conducting mixed methods research involves collecting, analyzing, and interpreting quantitative and qualitative data in a single study or in a series of studies that investigate the same underlying phenomenon (as cited in Seyed Javadin et al.,2014).

3.2 Source of Data

For the purpose of the study primary data would be used. The primary data source was IFB account holder, staffs of separated windows and branch managers of selected Commercial bank of Ethiopia branches in Addis Ababa city.

3.3 Sample Size and Sampling Techniques

As the December, 2014 report of Commercial bank of Ethiopia indicates in Addis Ababa city there are 61 branches with 76 staff of separate windows that offering interest free banking

service which is 15 of them in East with 15, 14 of them in South district with 20 staff respectively, 10 in North with 14 staff and 22 in west Addis Ababa district with 27 staff. Also as the March, 2015 report of Commercial bank of Ethiopia indicates in Addis Ababa city in 61 branches the number IFB account holder in East Addis Ababa is 439, in South 837, in North 1123 and 7697 numbers of IFB account holders in West of Addis Ababa district and 10,096 total IFB account holders in 61 Commercial Bank of Ethiopia in Addis Ababa city.

The target populations were the banks' IFB account holder customers, staffs of separate window, as well as the banks' branch managers of the selected banks.

Customers are targeted so as to know their perceptions towards the interest free financial products and services; because they are the main stakeholders for which the service is to be adopted; therefore IFB account holder of bank clients in Addis Ababa city would be considered as sample frame of current research although, the front-line employees and branch manager of the banks also targeted to know the intentions of customers towards use of interest free banking; because they are one that participating on implementing and promoting the products and services provided by the bank to its customers. Therefore, while implementing the products and services they have direct interaction with retail customers, hence are the most likely to perceive their changing needs (De Brentani, 2001).

As Kothari (2004) if the total area of interest happens to be a big one, a convenient way in which a sample can be taken is to divide the area into a number of smaller non-overlapping areas and when the cluster sampling units do not have the same number or approximately the same number of elements, it is considered appropriate to use a random selection process where the probability of each cluster being included in the sample is proportional to the size of the cluster.

Therefore the researcher was used cluster sampling by dividing branches of Commercial bank of Ethiopia that offering IFB service into four districts which are North, South, East and West district but there is homogenous relationship among districts. In this context banks districts are taken as a clusters which means there are four clusters. Because the number of branch in each cluster is not the same number that the researcher was used the sample with probability proportional to the size of each cluster.

Malhortra and Peterson (2006) stated that, larger the sampling size of a research, the more accurate the data generated but the sample size would be different due to different situation. Due to time and financial limitations and the nature of the population sample determination method developed by Carvalho (1984), that applied to determine a sample size was:

Table3.1 Sample size determination

| N | 51-90 | 91-150 | 151-280 | 281-500 | 501-1200 | 1201-3200 | 3201-10000 | 10,001-35,000 | 35001-150,000 |
|--------|-------|--------|---------|---------|----------|-----------|------------|---------------|---------------|
| Small | 5 | 8 | 13 | 20 | 32 | 50 | 80 | 125 | 200 |
| Medium | 13 | 20 | 32 | 50 | 80 | 125 | 200 | 315 | 500 |
| Large | 20 | 32 | 50 | 80 | 125 | 200 | 315 | 500 | 800 |

Source : Carvalho (1984)

Therefore, based on carvalhio (1984) sample size determination method the researcher was select a large sample size which is 20 branches of CBE in Addis Ababa city out of total bank branches (61) to increase the accuracy of the data and In the clusters themselves, systematic sampling was used to select district bank branches such that every alphabetically third listed in the bank.

According to Hair, F. et al. (1998) a sample size between 200 and 400 is usually acceptable as critical sample size for attitudes studies. As Kothari (2004) for finite population the formula for calculating the minimum sample size is $n = z^2 \cdot p(1-p) \cdot N / e^2 (N-1) + z^2 \cdot p(1-p)$ where n is sample size, N is total population size, p is estimated variability in the population, z is standard error associated with chosen level of confidence and e is the acceptable errors.

The sample size of IFB account holder customers is determined in accordance with the following assumptions: proportion (p) equals to 50%, this is the safest possible assumption, the confidence level of 95% which corresponds to Z -value of 1.96 and an error or precision (e) of 5% and N is 10,096 from 61 Commercial bank of Ethiopia branches. Given the above assumption, the sample size is estimated by: $n = z^2 \cdot p(1-p) \cdot N / e^2 (N-1) + z^2 \cdot p(1-p) = 1.96^2(0.5)(1-0.5)(10,096) / (0.05)^2(10,096-1) + 1.96^2(0.5)(1-0.5) = 370$ Therefore, minimum sample size for this research should be 370. Proportion of customers size to sample of branch selected is $370/20=18$ which means 18 of customers to be selected per branch selected (while for 10 branches 19 of customers be selected

per branch) are using systematic sampling technique such that a questionnaire was given to every second customer come into branch separate window premises for all district of bank branch.

Furthermore, the researcher would use a complete enumeration technique to select branch staff of separate window and managers since there are few of them in number.

Table 3.2: Sampling Unit, Sampling technique and Sample size determination

| Sampling Unit | Sample size determination | Sampling techniques |
|-----------------------------|--|---------------------|
| Commercial Bank of Ethiopia | | Purposive |
| Addis Ababa City | | Purposive |
| Bank districts | | cluster sampling |
| Bank branch sizes | Carvalho(1984) | systematic sampling |
| IFB Account holders | $n = z^2 \cdot p(1-p) \cdot N / e^2(N-1) + z^2 \cdot p(1-p)$ | systematic sampling |

In generally for the purpose of this study the researcher was used Multi stage sampling techniques and 370 number of IFB account holder customers for questionnaire while, 32 number of both branch managers and staff of separate window for interview.

3.4 Data Collection Methods

There are two kinds of data collection sources, primary and secondary sources. Therefore in this study the primary data would be collected through semi structured interviews and close-ended structured questionnaire items through the adaptation and modification of instruments from previous studies in the area of adoption studies and usage of innovations would used to collect information about the importance of different factors that affect customers' perception while adopting the product and services from IFB account holders.

The researcher would be designed questionnaire for IFB account holders using both English and Amharic language. For measuring this information the Likert scale method was used to range of responses: strongly disagree, disagree, Neutral, Agree, and strongly agree, with a numeric value of 1-5, respectively. As Neuman (2003) explained, likert-scale is used to ask many people the same questions and examining their answers research questions. So that the researcher would used cross sectional survey in which independent and dependent variables are measured at the same point in time using a single questionnaire (Anol Bhattacherjee, 2012).

The secondary data would be collected by extracting relevant and supportive data and information from the secondary data sources.

3.5 Data Presentation and Analysis

According to Kothari, 2004 after the data collected it has to be presented and analyzed in accordance with the outline laid down for the purpose at the time of developing the research plan. Considering the study, the primary data that would be collected through questionnaire and interview has been edited and coded and then it has been analyzed.

Descriptive analysis would used to achieve the first specific objectives, primary data that were collected through interviews, demographic characterized of respondents and mean of variables. Correlation analysis also used to determine the relationship of variables before regression taken and then multiple linear regression analysis would be used to determine the potential connection between independent variables of this study and the dependent variable of study (Customers perception). Accordingly, these multiple test would be able to identify potential factors that have a significant impact on adoption of Interest free financial product and services as a new innovation. The collected data were presented and analyzed using SPSS 20 software version.

3.6 Regression Model

As discussed in above conceptual framework is developed based on Decomposed theory of planned behavior (DTPB). Based on the conceptual framework of the study, the following Regression model was developed. Thus, parameters for the following functional relationships are estimated using the Regression model. Regression as opposed to other techniques as it is widely accepted model in many of the studies carried in the innovative product adoption (Alireza et al., 2010 and Alenezi et al., 2010).

Regressing the dependent variable over independent variables help to know the impact of each independent variables on the dependent variable. Moreover, the significance of each of the independent variables will be determined based on their p-values. According to the coefficients of each of the independent variables, perception of customers will be determined as follows. Based on the above information, the Regression model will be:

$$ATT=f(AW,RELAD,CLEX,COMP,PTR,SN)$$

$$ATT = \alpha + \beta_1 AW + \beta_2 RELAD + \beta_3 CLEX + \beta_4 COMP + \beta_5 PTR + \beta_6 SN + \varepsilon$$

$$SN = f(VGI, MI) \text{ or } SN = \alpha + \beta_1 VGI + \beta_2 MI + \varepsilon$$

$$PBC = f(SE, FC) \text{ or } PBC = \alpha + \beta_1 SE + \beta_2 FC + \varepsilon$$

$$CI = f(ATT, SN, PBC) \text{ or } CI = \alpha + \beta_1 ATT + \beta_2 SN + \beta_3 PBC + \varepsilon$$

Where: CI= customers' Intention to use interest free banking, α = the intercept value of the regression surface, RELAD = perceived relative advantage, CLEX = perceived complexity, COMP= perceived compatibility, AW =Awareness, VGI = Valued group opinion influences, MI = Media Influence, SE = Self efficacy, FC= Facilitating condition, ATT= Attitude, SN = Subjective norm, PBC= Perceived Behavioral Control and ε = is the error term for any missing variable in behavior of human account.

3.7 Confirmatory Factor Analysis

Confirmatory Factor analysis is a statistical tool/technique which is used to verify the factor structure of a set of observed variables/constructs. It is also used to tests whether a specified set of constructs is influencing responses in a predicted way (Brown, 2006). Confirmatory Factor analysis will allow us to test that there exist a good relationship between observed variables and their underlying latent constructs. So, to evaluate the construct validity of the factors, confirmatory factor analysis has been performed.

The first pre-test has been done by filling & checking the questionnaire by five commercial bank of Ethiopia employees that related with interest free banking, to improve the questions and replace any confusing & difficult terms. The purpose of first pretest was also to see, if we have overlooked some important dimensions/elements.

Confirmatory Factor analysis is used as a pre-test after collecting empirical data through pre-test questionnaires (full version), to test whether there is significant relationship between the factors to measure and choosing the right variable/questions for measuring an underlying factor. A large sample size has been recommended by different researchers (De Coster, J., 1998) to perform Confirmatory Factor Analysis, where the minimum sample size required is 150 (Hair et al., 2006). Therefore, a total of 150 responses have been collected for performing the Factor

analysis and it done with the help of SPSS 20.0 software, as a second pre-test to verify the conceptualization of the selected constructs/indicators for each factor.

After performing Confirmatory Factor Analysis, unimportant and irrelevant questions have been excluded from the full version questionnaire to get a final version of questionnaire. Results from factor analysis have provided factor loadings for each variable (question) where factor loading above 0.70 and KMO above 0.50 is termed as acceptable so that each factor is explained more by its constructed variable (question) than by error (Hair et al 2006), Fornell & Larcker, (1981). Several variables (see AppendixB.1) have factor loading above than 0.70 and KMO above 0.50 that prove as best measure of the corresponding factor. Following this, variables/questions with factor loading above 0.70 are kept for final questionnaire(see Appendix B.3 and B.4).

3.8 Validity and Reliability

Validity is the degree to which a measure accurately represents what it is supposed to. It is concerned with how well the concept is defined by the measure(s). On the other hand Reliability is concerned with the internal consistency of the items. Hair et al. (2006) defined reliability as the extents to which a variable or a set of variable is consistent in what it is extended to measure. The idea behind reliability is that any significant results must be more than a one-off finding and be inherently repeatable.

According to George and Malley (2003), “Cronbach’s alpha is used as only one criterion for judging instruments or scales. As the current study uses multiple items in all variables, internal consistency analysis was carried out through Cronbach’s alpha reliability tests. Based on the results of the reliability analysis, one can conclude that the items are internal consistent. George and Malley (2003, cited in Matkar) provide the following techniques:

Table3.3: Cronbach’s alpha reliability coefficient

| Cronbach α | $\alpha \geq 0.9$ | $0.8 \leq \alpha < 0.9$ | $0.7 \leq \alpha < 0.8$ | $0.6 \leq \alpha < 0.7$ | $0.5 \leq \alpha < 0.6$ | $\alpha < 0.5$ |
|-------------------|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------|
| consistency | Excellent | Good | Acceptable | Questionable | Poor | Unacceptable |

To find the reliability of the empirical data, consistency analysis has been done using SPSS. Consistency analysis is used to find the internal consistency of the observed data, and ranges from 0 to 1. Although the instruments developed by different researchers to measure the hypothesized factors and consumers' perception, has established good validity and reliability (see Appendix B.2).

However, the factor „Media Influence“ Cronbach's alpha coefficient is 0.529. After delete MI1 item of this factor, then the factor Media Influence Cronbach's alpha coefficient increased to 0.787. Also the factor Subjective Norm Cronbach's Alpha coefficient is 0.720. After delete SN3 item of this factor, then the factor Subjective Norm Cronbach's alpha coefficient increased to 0.828. Other factors exhibit a Cronbach's alpha coefficient from 0.705 to 0.873. Among the factors, the factor customers Awareness about IFB has the highest ranking of Cronbach's alpha of 0.873, followed by the factor perceived Trust with 0.853 and Behavioral Intention with 0.811. The factor Perceived Complexity has the lowest ranking with 0.705. Hence, all variables are retained as the factors are found with good consistency.

Chapter Four: Data Presentation and Analysis

The purpose of this chapter is to present finding which were collected from the actual questionnaire survey and Interview through the descriptive and statistical findings. Beside, the researcher proposed an official assessment of measures and also carried out the analysis to give the accurate answers for the research questions and hypotheses proposed. Each factor is measured by using their mean.

4.1 Respondents' Demographic Characteristics

The personal profile of the respondents is analyzed as per their Religion, Period of customers in the bank, Reason of associations, window associated with, interest free financial products and services associated with. Descriptive statistics was performed on the demographic variables as a means of describing the respondents. Respondents were asked to give their personal information and the results were presented in the following tables 4.1.

Table 4.1 Respondents' Demographic Characteristics

| Background | Distribution | Frequency | Percentage | Mean | Std.dev |
|--------------------------------------|----------------------|-----------|------------|--------|---------|
| Religion | Muslim | 291 | 100 | 1.000 | .0000 |
| | Non Muslim | 0 | 0 | | |
| Affiliation years | Less than 1 year | 122 | 61 | 1.6316 | .76984 |
| | 1-3 years | 50 | 25 | | |
| | 3-5 years | 15 | 7.5 | | |
| | Above 5 years | 13 | 6.5 | | |
| Reason of associations | Saving | 183 | 62.9 | 1.7388 | 1.12058 |
| | Investment | 48 | 16.5 | | |
| | Borrowing & sending | 13 | 4.5 | | |
| | All | 47 | 16.2 | | |
| Types of window associated with | Interest free window | 216 | 74.2 | 1.5189 | .88405 |
| | Conventional window | 0 | 0 | | |
| | Both | 75 | 25.8 | | |
| Types of IFB account associated with | Wadiya Amana | 160 | 55 | 1.9691 | 1.16962 |
| | Qard | 23 | 7.9 | | |
| | Mudarabah | 65 | 22.3 | | |
| | All | 43 | 14.8 | | |

Source: From survey 2015

As the above table 4.1 indicates that almost all of respondents are categorized under Muslim religion that is also supported by some frontline staff of the bank branches that indicates as by any means the procedures followed by bank is not involved non-Muslim to open IFB account that only Muslim customers are participating to use interest free banking, however, those on managerial position indicated as the products and services are provided for anybody in accordance NBE's Directive No.SBB 51/2011. Majority of respondents (61%) has been less than one year customer of the bank, followed by respondents found within the years of 1 to 3. Most of the respondents are associated with saving account indicating 62.9% and 74.2% of respondents are associated with interest free banking window. Wadiya Amana is the interest free financial products and services that mostly used by respondents indicating 55%.

4.2 The Current status and future prospect of IFB in commercial bank of Ethiopia

According to Interview results, Commercial bank of Ethiopia collected above 364 million deposits from these products and services within a year and the bank serves above 23 thousand customers through bank separate window of 145 branches of the bank which indicates as the bank is on good manner based on one year performance. And also indicated as lack of customers' awareness and misconception regarding the benefit they will get if they use the products and services and for whom it offered, the newness of the products and services for the country, few numbers of bank branches that offer the products and services makes the bank not going as it planned. In addition the request for Interest free banking for long period of time by community and existence of large Potential demand in country reflected as the products and services will be used in future.

4.3 Relationship between variables

Correlations are the measure of the linear relationship between two variables (Brooks, 2008). To find the association of the independent variables with dependent variable, Pearson product moment of correlation coefficient was used.

A correlation coefficient has a value ranging from -1 to 1. Values that are closer to the absolute value of 1 indicate that there is a strong relationship between the variables being correlated and values closer to 0 indicates that there is no linear relationship whereas value closer to -1 indicates that there is a weak relationship between the variables. As described by Andy (2006), the

correlation is a commonly used measure of the size of an effect: values of ± 0.1 represent a small effect, ± 0.3 is a medium effect and ± 0.5 is a large effect.

4.3.1 Relationship between Attitude and predictors

In this section, correlation analysis between Attitude and its predictors is conducted in the light of each research objectives and hypotheses developed.

Table 4.2 Correlation matrix between Attitude and its predictors

| | | ATT | AW | RELAD | COMP | CLEX | PTR | SN |
|-----------|---------------------|--------|--------|---------|---------|---------|--------|--------|
| ATT | Pearson Correlation | 1 | .213** | .235** | .282** | -.045 | -.115* | .119* |
| | Sig. (1-tailed) | | .000 | .000 | .000 | .223 | .025 | .021 |
| AW | Pearson Correlation | .213** | 1 | .109* | -.013 | -.129* | .039 | .040 |
| | Sig. (1-tailed) | .000 | | .032 | .416 | .014 | .252 | .248 |
| RELA D | Pearson Correlation | .235** | .109* | 1 | .703** | -.711** | .015 | -.114* |
| | Sig. (1-tailed) | .000 | .032 | | .000 | .000 | .403 | .026 |
| COMP | Pearson Correlation | .282** | -.013 | .703** | 1 | -.712** | .017 | -.070 |
| | Sig. (1-tailed) | .000 | .416 | .000 | | .000 | .384 | .118 |
| CLEX | Pearson Correlation | -.045 | -.129* | -.711** | -.712** | 1 | -.007 | -.107* |
| | Sig. (1-tailed) | .223 | .014 | .000 | .000 | | .454 | .034 |
| PTR | Pearson Correlation | -.115* | .039 | -.015 | .017 | -.007 | 1 | .673** |
| | Sig. (1-tailed) | .025 | .252 | .403 | .384 | .454 | | .000 |
| SN | Pearson Correlation | .119* | .040 | -.114* | -.070 | -.107* | .673** | 1 |
| | Sig. (1-tailed) | .021 | .248 | .026 | .118 | .034 | .000 | |
| | N | 291 | 291 | 291 | 291 | 291 | 291 | 291 |

** . Correlation is significant at the 0.01 level (1-tailed).

* . Correlation is significant at the 0.05 level (1-tailed).

As shown in the above correlation matrix table 4.2, the correlation coefficient value illustrates as except Perceived complexity and perceived trust all predictors has small positive relationship and statistically significant correlation with Attitude of customers.

As shown in the above correlation matrix table 4.2, the inter-relationship among the predictors:

Awareness of the customers has been found as positively correlated with Relative advantage, perceived trust and subjective norm, while negatively correlated with perceived Complexity and compatibility. These shows as the respondents who are more aware to use interest free banking perceived it as relatively more advantageous, trusted and influenced by externals, while they have express less complex and compatibility.

Relative advantage of the customers has been found as positively correlated with Awareness and compatibility while negatively correlated with perceived Complexity, perceived trust and subjective norm. Respondents, who perceive interest free banking as relatively more advantageous express more compatibility, trusted, while perceiving as less complex and influenced by external.

Compatibility of the customers has been found as positively correlated with Relative advantage and perceived trust, while negatively correlated with Awareness, perceived Complexity and subjective norm. Respondents who perceive interest free banking as relatively more compatible express more trusted, while perceiving as less complex and influenced by external.

From the above correlation matrix table the relationship of all of the predictors with Attitude the customers Perceived compatibility correlates best with the outcome ($r = .282, p < .01$) and so it is likely that this variable will best predict customers attitudes toward use of interest free banking.

4.3.2 Relationship between Subjective Norm and predictors

In this section, correlation analysis between Subjective Norm and its predictors is conducted in the light of each research objectives and hypotheses developed.

Table 4.3 Correlation matrix between Subjective Norm and predictors

| | | SN | VGI | MI |
|-----|---------------------|---------|--------|---------|
| SN | Pearson Correlation | 1 | .604** | -.525** |
| | Sig. (1-tailed) | | .000 | .000 |
| VGI | Pearson Correlation | .604** | 1 | .614** |
| | Sig. (1-tailed) | .000 | | .000 |
| MI | Pearson Correlation | -.525** | .614** | 1 |
| | Sig. (1-tailed) | .000 | .000 | |
| N | | 291 | 291 | 291 |

** . Correlation is significant at the 0.01 level (1-tailed).

As shown in the above correlation matrix table 4.3, the correlation coefficient value shows as Subjective Norm of customers has large positive relationship and statistically significant correlation with Valued Group Influence ($r = .604, p < .01$) and large negative and statistically significant with Media Influence ($r = -.525, p < .01$). From the above correlation matrix the relationship of both of the predictors with Subjective Norm the Valued Group Influence

correlates best with the outcome ($r = .604$, $p < .01$) and so it is likely that this variable will best predict Subjective Norm.

4.3.3 Relationship between Perceived behavioral control and predictors

In this section, correlation analysis between Perceived behavioral control and its predictors is conducted in the light of each research objectives and hypotheses developed.

Table 4.4 Correlations matrix among Perceived behavioral control and its Predictors

| | | PBC | FC | SE |
|-----|---------------------|--------|--------|--------|
| PBC | Pearson Correlation | 1 | -.136* | .290** |
| | Sig. (1-tailed) | | .010 | .000 |
| FC | Pearson Correlation | -.136* | 1 | .026 |
| | Sig. (1-tailed) | .010 | | .332 |
| SE | Pearson Correlation | .290** | .026 | 1 |
| | Sig. (1-tailed) | .000 | .332 | |
| N | | 291 | 291 | 291 |

*. Correlation is significant at the 0.05 level (1-tailed).

**. Correlation is significant at the 0.01 level (1-tailed).

As shown in the above correlation matrix table 4.4, the correlation coefficient value shows as Perceived behavioral control of customers has small negative relationship and statistically significant correlation with Facilitating condition ($r = -.136$, $p < .05$) while a medium positive relationship and statistically significant correlation with Self Efficacy ($r = .290$, $p < .01$). From the above correlation matrix the relationship of both of the predictors with Perceived behavioral control the Self Efficacy best with the outcome ($r = .290$, $p < .01$) and so it is likely that this variable will best predict Perceived behavioral control of customers.

4.3.4 Relationship between behavioral intention and predictors

In this section, correlation analysis between behavioral intention control and its predictors is conducted in the light of each research objectives and hypotheses developed.

Table 4.5 Correlations matrix among behavioral intention and its Explanatory Variables

| | | BI | ATT | SN | PBC |
|-----|---------------------|--------|--------|--------|--------|
| BI | Pearson Correlation | 1 | .542** | .614** | .617** |
| | Sig. (1-tailed) | | .000 | .000 | .000 |
| ATT | Pearson Correlation | .542** | 1 | .119* | -.095 |
| | Sig. (1-tailed) | .000 | | .021 | .052 |
| SN | Pearson Correlation | .614** | .119* | 1 | .037 |
| | Sig. (1-tailed) | .000 | .021 | | .263 |
| PBC | Pearson Correlation | .617** | -.095 | .037 | 1 |
| | Sig. (1-tailed) | .000 | .052 | .263 | |
| N | | 291 | 291 | 291 | 291 |

*. Correlation is significant at the 0.05 level (1-tailed).

**. Correlation is significant at the 0.01 level (1-tailed).

As shown in the above correlation matrix table 4.5, the correlation coefficient value shows as the Customers' Attitude, Subjective Norm and Perceived behavioral control had a large positive relationship and statistically significant correlation with behavioral intention ($r=.542$, $p < .01$), ($r=.614$, $p < .01$), and ($r=.617$, $p < .01$) respectively. The implication from the findings in this study are that when customers have high favorable attitude, high use of it is influenced by referent groups and high behavioral control, they are more likely influenced to use Interest free banking.

As shown in the above correlation matrix table 4.5 the relationship between only the predictors (ignore behavioral intention): Attitude is found as positively correlated with Subjective Norm, while Negative correlated with Perceived behavioral control. These shows as the respondents who have favorable attitude toward use of interest free banking express more influenced by external party to use, while less perceived control on their behavior, while, Subjective Norm has been found as positively correlated with Customers Attitude and Perceived behavioral control. These indicates as respondents who beliefs associated with external parties is perceived high influence on use of interest free banking express favorable Attitude and perceived control on their behavior.

From the above correlation matrix the relationship of all of the predictors with behavioral intention the customers Perceived behavioral control correlates best with the outcome ($r = .617$, $p < .01$) and so it is likely that this variable will best predict behavioral intention.

4.4 Test result for linear Regression model Assumptions

The regression analysis was conducted to know by how much the independent variable explains the dependent variable. Before we go to in detail of multiple regression assumption of Variable type, No perfect multicollinearity, independence of errors, equality of variance were first tested and multivariate normal distribution.

Therefore in this study the researcher used a quantitative (that measured at the interval level) for all predictor variables and the outcome variable. So, there is no problem on variable.

According Kleinbaum & Klein (2002) Multicollinearity exists when the independent variables are highly correlated ($r = .7$ and above). But the correlation between independent variables in this study is not highly correlated because $r < .7$ and some them are close to $.7$ (see table 4.3-4.6) and also calculation of both a Tolerance test and Variance Inflation Factor (VIF) can be used, so the results of these analyzes are shows as all predictors VIF is below 10 and none of the Tolerance levels is $<$ or equal to $.1$ (see Appendix of regression results). Multicollinearity was not a concern with this data set as confirmed by the main effect regression models.

According to Andy (2009) the acceptable Durbin – Watson range is between 1.5 and 2.5. In this analysis Durbin – Watson values are ranges from 1.823 to 2.143, which are between the acceptable ranges, show that there was no auto correlation problems in the data used in this research.

This study involves a relatively large sample (370 customers) and therefore, the Central Limit Theorem could be applied and hence there is no question on normality of the data and outlier as the result of large samples. Therefore, regression analysis of Predictors and Dependent variables was conducted and the results of the regression analysis are presented as following section.

4.5 Testing Hypothesis

The hypothesis testing was done through multiple regression analysis. According to Meyers et al., (2006) the multiple regression is a very useful tool that has become very popular in behavioral study. After getting empirical data from the questionnaires (full version & final

version Questionnaires), the regression coefficient and T-value from SPSS result have been used to estimate results for hypothesis testing and answer other research questions. The regression coefficient is interpreted as the rate of change in dependent variable (Behavioral intention) as a function of change in independent variables (factors).

Below table presents findings from the study, where Beta values are the coefficients of regression and t-value are used to decide on the significance. Expectedly, t-value with greater value of regression coefficients is found higher. Following the rule of thumb (George & Mallery, 2003), t-value greater than two ($T > 2$) is considered as significant, and are used for making decisions on the constructed hypotheses.

4.5.1 Test Hypothesis regarding Attitude dimension

Here the attitude dimensions hypothesis test is done to know which hypothesis is accepted and rejected.

Table 4.6: Regression coefficients result from SPSS (Attitude is the dependent variable)

| Factors | Hypothesis | Beta | T-Values | Sig. | Mean | Std. dev |
|----------|------------|--------|----------|--------|--------|----------|
| AW | H1 | +.254 | 4.179 | .000** | 2.323 | .94819 |
| RELAD | H2 | +.286 | 4.389 | .000** | 4.821 | .34093 |
| COMP | H3 | +.268 | 2.638 | .000** | 4.799 | .42746 |
| CLEX | H4 | -.209 | -.377 | .706 | 1.833 | 1.6278 |
| PTR | H5 | -.145 | -2.960 | .000** | 2.083 | 1.5420 |
| SN | H9 | +.107 | 2.183 | .050* | 3.315 | 1.7284 |
| Constant | | +1.130 | | | 4.0596 | .98819 |

*. Statistically significant at the 0.05 level

**. Statistically significant at the 0.01 level

Number of observation = 291, $P = 0.0000$, $R\text{-Squared} = 0.2304$ (see Appendix A.1)

The above table presents the results from the multiple regressions carried out using the six variables: Awareness, Perceived relative advantage, Perceived compatibility; Perceived Complexity; Perceived Trust and Subjective Norm as the independent variables and attitude as the dependent variable. Based on the table above, we can know the goodness-of-fit of the model in general. The p-value of the model is 0.000. This means the probability of variation in the dependant variable to occur by chance (not to be affected by the explained independent variables) is 0.000. This will result in the following null hypotheses.

$H_0: \beta_1 > 0, \beta_2 > 0, \beta_3 > 0, \beta_4 < 0, \beta_5 > 0, \beta_6 > 0$

$H_a: \beta_1 < 0, \beta_2 < 0, \beta_3 < 0, \beta_4 > 0, \beta_5 < 0, \beta_6 < 0$

This shows that the beta coefficients of the independent variables are greater than zero except, H4 and H5. Hence, the model can be used to predict attitude based on the explanatory variables. The table shows R-squared values of 0.2304, that indicates how much of the variation of the dependent variable is explanatory variables. Hence, 23.04% of variation of the dependent variable, attitude, is explained by the independent variables Awareness, Perceived relative advantage, Perceived compatibility, Perceived complexity, Perceived Trust and Subjective Norm; and the rest 76.96% is determined by unexplained factors.

4.5.1.1 Testing Hypothesis One

Hypothesis 1: Customers' Awareness has positive influence on the attitude towards interest-free banking.

Based on the p-value (0.000) customers Awareness was found to have a significant effect on customers' attitude towards using Interest free banking at 1% significance level. Therefore, the null hypothesis is failed to reject and the alternative hypothesis is rejected. Hence, the customers' Awareness of using Interest free banking positively significantly affects the attitude of customers towards using it. This is in line with the proposition of Thambiah, et al., 2011 , which is also in line with the findings of To, et al.,2008, Abdullah and A, 2007 as well as Rammal and Zurbruegg, 2007 and Sharofiddin & Bin-Yousoff , 2013 that indicate as awareness have a significant impact on the use of banking product and services. On the other hand Sathye, 1999; Suganthi & Balachandran, 2001; Yusof, 1999; Gerard et al., 2003 and Rosly, 2007 indicated as the positive significant relationship between personal awareness level and decision to patronize an Islamic bank product.

The Mean of variable is 2.323 which indicates as customers are not properly know the current service offered by the bank, the product and services is difficult to differentiate from conventional, not better marketing their products and services to the public and not believe as IFB is offered to both Muslim and non Muslim. Additionally the interview result suggests as the newness of IFB in Ethiopia will take time for the public to embrace and needs a large awareness creation activity from the bank even if the bank promoting it via TV, Radio, Newspaper, Magazines, Website, Brochures, Banners, decorations, Road Shows or Awareness programs like School visits, Religious Institutions, Edirs, Special events, inviting students to visit branch, corporate visits, use different occasions, etc. and Exhibitions/ Trade events/ Seminars/

Conferences to Aware and lobby remittance customers to open account, shift walking customers to prominent customer.

4.5.1.2 Testing Hypothesis Two

Hypothesis 2: Customers' perceived Relative advantage from the interest-free banking has positive influence on their attitude towards use.

Based on the p-value (0.000), Perceived relative Advantage was found to have a significant effect on customers' attitude towards using Interest free banking at 1% significance level. Therefore, the null hypothesis is failed to reject and the alternative hypothesis is rejected. Hence, the Perceived relative advantage of using Interest free banking positively significantly affects the attitude of customers towards using it. This result is in line with those of Taylor and Todd, 1995b, Tan and Teo, 2000, Teo and Pok, 2003, Shih and Fang, 2004, Nor, 2005, as well as Püschel, 2010. Hence, these are the main dimensions that can determine the superiority of either the banks from the customers' perspective.

The mean of variable is 4.8213 which show that as the respondents perceived that getting products and services via separate windows are proper for activity they deal with than conventional one and beneficial as financing is based on shares profit or loss made out of it than conventional one. Their response shows that the advantages of using Interest free banking have enabled customers to develop positive attitude towards it.

4.5.1.3 Testing Hypothesis Three

Hypothesis 3: Customers' perceived compatibility of the interest-free banking has positive influence on their attitude towards use.

Based on the p-value (0.000), Perceived compatibility was found to have a significant effect on customers' attitude towards using Interest free banking at 1% significance level. Therefore, the null hypothesis is failed to reject and the alternative hypothesis is rejected. Hence, the Perceived compatibility of using Interest free banking positively significantly affects the attitude of customers towards using it. This is in accordance with the findings of Tan and Teo, 2000, Fisher and Chu, 2009, Nor, 2005, Püschel, 2010, and To, etal. 2008. Nevertheless, it contradicts with the findings of Teo and Pok, 2003, Shih and Fang, 2004, and Beiginia, 2011.

The mean of the variable is 4.7990 which indicate as respondents perceived that the products and services provided via separate windows can fit with their banking needs than conventional as it depends on sharia, and good complementary product that fulfill their belief and ways of life. Their response shows that the compatibility of Interest free banking has enabled customers to develop positive attitude towards using it. Means a high perceived compatibility of products and services offered to customers“the high level of adopting it.

4.5.1.4 Testing Hypothesis Four

Hypothesis 4: Customers“ Perceived Complexity of the interest-free banking has negative influence on their attitude towards using.

The complexity of an innovation affects how well customers view it and develops a certain attitude. The result shows as perceived complexity negatively influences the attitude of customers towards Interest free banking. This is similar to the findings of Tan and Teo, 2000, while it contradicts with the findings of Fisher and Chu, 2009, Shih and Fang, 2004, Beiginia, 2011, as well as Taylor and Todd, 1995b. Although perceived complexity negatively influences the attitude of customers towards Interest free banking, it is statistically insignificant even at 10% significance level as shown in the above table that do not significant to support the null hypothesis which says “Customers“ Perceived Complexity of the interest-free banking has negative significance influence on their attitude towards usage. In this case, complexity has been found as un-important.

The mean of the variables is 1.833 which indicates as understanding and using terms and concepts of Interest free banking do not requires a lot of mental effort, and the different name the banks use for these financial products and services from the conventional simple to understand and use. The name Interest free banking communicates and gives enough confidence to the respondents about its usage friendliness, so in turn, most of the respondents indicate as they products is easy to understand and use. This shows that respondents who express ready to adopt Interest free banking do not really think it is complex to use.

4.5.1.5 Testing Hypothesis Five

Hypothesis 5: Perceived trust of customers“ on the bank has positive influence on the customers“ attitude towards use of interest-free banking.

Based on the p-value (0.000), Perceived Trust was found to have a significant negative effect on customers' attitude towards using Interest free banking at 1% significance level. Therefore, the null hypothesis which says Perceived trust of customers on the bank has positive influence on the customers' attitude towards interest-free banking is rejected and the alternative hypothesis is failed to reject. Hence, the Perceived Trust of using Interest free banking negatively significantly affects the attitude of customers towards usage of it. This is consistent with Sharofiddin & Bin-Yousuff, 2013 that conclude as trust have negative significant relationship with the adoption of banking product and services while, contradict with the findings from Palvia, (2009) which indicates trust has a positive significant effect on customers' attitude to use innovation and Holsapple and Sasidharan, 2005 trust is positively influencing consumer behavior and it determines the success of technologies adoption.

The mean value of variables is 2.0825 which indicate the customers are not clear and trust the bank regarding IFB transaction. In addition the information from those are on managerial position in CBE was explained as they follow NBE directive 51/2011 that enforces to segregate the capital of IFB from the conventional bank, while, Some of frontline staffs of the bank pinpoint that as the IFB amount are not as such proper segregated from conventional bank in cash.

4.5.1.6 Testing Hypothesis Nine

Hypothesis 9: Subjective norm has positive influence on the attitude towards use interest-free banking.

Subjective norm has the lowest beta-value; and it is significant at 5% significance level. This shows that customers attitude towards usage of interest-free banking is to some extent affected by the Subjective norm of the customers.

Based on the p-value (0.050), Subjective norm was found to have a significant effect on customers' attitude towards using Interest free banking at 5% significance level. Therefore, the null hypothesis is failed to reject and the alternative hypothesis is rejected. In the same context, the findings indicate that subjective norm has a positive significant influence on the attitude towards banking services. This outcome is similar to that of Taylor and Todd, 1995b, as well as Abduh, M., 2012.

The mean of the variable is 3.351 which indicate as respondents better understand and influenced by information from social pressure. Their response shows that the Subjective norm toward Interest free banking has enabled customers to develop positive attitude towards usage of it.

In summary, five variables are significantly influencing the attitude towards Interest free banking in CBE, out of the six variables taken into account initially. The beta values of variables shown above Table 4.6 indicate that all the independent variables have positive impact on the dependent variable, while, perceived trust have negative influence and perceived complexity have no any influence. Thus the regression equation can be written as follows:

$$ATT=1.130+0.254AW+0.286RELAD+0.268COMP-0.209CLEX-0.145PTR+0.107SN$$

The attitude of customers towards IFB, therefore, calculated based on the derived regression equation. The overall attitude of customers is calculated by taking the mean value of each respondent's attitude values. Therefore here below are the mean responses of respondents for the six attributes AW, RELAD,COMP, CLEX, PTR and SN respectively are 2.3225, 4.8213, 4.7990, 1.8333, 2.0825 and 3.351.

$$\begin{aligned} \text{Then: } ATT &= 1.130 + 0.254AW + 0.286RELAD + 0.268COMP - 0.209CLEX - 0.145PTR + 0.107SN \\ ATT &= 1.130 + 0.254(2.3225) + 0.286(4.8213) + 0.268(4.7990) - 0.209(1.8333) - 0.145(2.0825) + \\ & 0.107(3.351) = 1.130 + 2.929 = 4.059 \end{aligned}$$

The result of 4.059 is indicates that as the customers has positive attitude towards usage of interest free banking.

This shows customers" have positive attitude towards usage of interest free banking even if, the banking financial instrument have no better aware by customers, have good relative advantage compared to the conventional banking system, compatible with the customers" needs, are not somehow complex to understand and use, banks provision of IFB is not trusted by customers and usage of it is influenced by referent groups.

4.5.2 Test Hypothesis regarding Subjective Norm Dimensions

Here the Subjective Norm dimensions hypothesis test is done to know which hypothesis is accepted and rejected.

Table 4.7: Regression coefficients result from SPSS (Subjective Norm is the dependent variable)

| Factors | Hypothesis | Beta | T-Values | p-values | Mean | Std.dev |
|----------|------------|-------|----------|----------|-------|---------|
| VGI | H7 | +452 | 7.846 | .000** | 3.285 | 1.1800 |
| MI | H8 | -.216 | -4.282 | .000** | 2.287 | 1.4613 |
| Constant | | +749 | | | 3.351 | 1.72842 |

** . Statistically significant at the 0.01 level

Number of observation = 291, P=0.0000, R-Squared= 0.403 (See Appendix A.2)

The above table presents the results from the multiple regressions carried out using the two variables: Valued group opinion and Media influence as the independent variables and Subjective Norm as the dependent variable. Based on the table above, we can know the goodness-of-fit of the model in general. The p-value of the model is 0.000. This means the probability of variation in the dependant variable to occur by chance (not to be affected by the explained independent variables) is 0.000. This will result in the following null hypotheses.

H0: $\beta_1 > 0, \beta_2 > 0$

Ha: $\beta_1 < 0, \beta_2 < 0$

Therefore, the null hypothesis 7 and the alternative hypothesis 8 are accepted.

This shows that the beta coefficients of the valued group opinion are greater than zero and Media influence have less than zero. Hence, the model can be used to predict Subjective Norm based on the explanatory variables.

The table shows R-squared values of 0.403, that indicates how much of the variation of the dependent variable is explanatory variables. Hence, 40.3% of variation of the dependent variable, Subjective Norm, is explained by the independent variables valued group opinion and Media influence; and the rest 59.7% is determined by unexplained factors.

4.5.2.1 Testing Hypothesis Seven

Hypothesis 7: Valued group influence has a positive impact on Subjective Norm of customers'' to usage of interest-free banking.

Based on the p-value (0.000), valued group opinion influence was found to have a significant effect on customers'' subjective norm towards using Interest free banking at 1% significance level. Therefore, the null hypothesis is failed to reject and the alternative

hypothesis is rejected. Hence, the valued group opinion influence on using Interest free banking positively significantly affects the subjective norm of customers towards usage of it. This outcome is similar to that of Erol et al, 1990; Kader, 1993; Sudin Haron, 1994; Kader, 1995; Gerrard and Cunningham, 1997; Othman and Oven, 2002) which conclude as opinion leaders has a significance influence of on adoption of Islamic banking.

The mean of the variable is 3.285 which indicate as respondents have better influenced by family, friends, religious person and religious institutions as the main referent groups. Their response shows that the valued group opinion toward Interest free banking has enabled customers to develop positive Subjective norm towards using it.

The result asserts that Valued group opinion influence emphasizes the relationship between these referent group have a significant control over decisions to use IFB because as the culture of Ethiopia there is a respect among groups, therefore as the result of these referent group influence externally on others to use or not to use that the bank should focus on them.

4.5.2.2 Testing Hypothesis Eight

Hypothesis 8: Media influence has positive influence on Subjective Norm of customers“ to use of interest-free banking.

Based on the p-value (0.000), media influence was found to have a significant effect on customers“ subjective norm towards using Interest free banking at 1% significance level, it is negative influence on subjective norm as shown on table above. Hence, the null hypothesis which says “Media influence has positive significant influence on Subjective Norm of customers“ to use interest-free banking” is rejected and alternative hypothesis is accepted. Therefore the finding result also shows as Media influence have a negative influence on subjective norm. This result is compatible with those of Ng & Rahim, 2005; Fogelgren-Pedersen, Andersen & Srinivasan, 2003; Woon & Kankanhalli, 2007.

The mean of variable is 2.2869 which shows as the extent of the promotional efforts the bank used through TV and Radio advertisement, leaflet and brochures are less influential or attractive to adopt Interest free financial products and services or the bank does not play an important role though media in attracting, informing and influencing customers to adopt Interest free financial products and services.

From the two variables that were expected to influence Subjective Norm the beta values of variables shown above Table 4.7 indicate that, valued group influence has positive and Media influence have negative impact on the dependent variable. Thus, the regression equation can be written as follows:

$$SN = 0.794 + 0.452VGI - .216MI$$

The Subjective norm of customers towards IFB, therefore, calculated based on the derived regression equation. The overall Subjective norm of customers is calculated by taking the mean value of each respondent's Subjective norm values. Therefore here below are the mean responses of respondents for the two attributes VGI and MIA are 3.8591 and 2.2869 respectively. Then:

$$SN = 0.794 + 0.452VGI - .216MI$$

$$SN = 0.794 + (0.452 * 3.28591) - (.216 * 2.2869) = 1.785$$

The result of 1.785 indicates that as the Subjective norm has positive influence towards usage of interest free banking.

This shows customers are influenced positively by Subjective norm in that banking financial instrument have more influenced by opinion of valued group and somehow by media on usage of interest free banking.

4.5.3 Test Hypothesis regarding Perceived Behavioral Control Dimensions

Here the Perceived Behavioral Control dimensions hypothesis test is done to know which hypothesis is accepted and rejected.

Table 4.8: Regression coefficients result from SPSS (PBC is the dependent variable)

| Factors | Hypothesis | Beta | T-Values | P-values | Mean | Std.dev |
|----------|------------|--------|----------|----------|-------|---------|
| FC | H11 | -.284 | -2.570 | .011* | 2.136 | .46079 |
| SE | H12 | +.426 | 5.268 | .000** | 4.292 | .62882 |
| Constant | | +3.166 | | | 3.109 | .91145 |

*. Statistically significant at the 0.05 level

**. Statistically significant at the 0.01 level

Number of observation = 291, P=0.0000, R-Squared= 0.380 (See Appendix A.3)

The above table presents the results from the multiple regressions carried out using the two variables: Facilitating condition and self efficacy as the independent variables and Perceived behavioral control as the dependent variable. Based on the table above, we can know the

goodness-of-fit of the model in general. The p-value of the model is 0.000. This means the probability of variation in the dependant variable to occur by chance (not to be affected by the explained independent variables) is 0.000. This will result in the following null hypotheses.

H₀: $\beta_1 > 0, \beta_2 > 0$

H_a: $\beta_1 < 0, \beta_2 < 0$

Therefore, the null hypothesis 12 and the alternative hypothesis 11 are accepted.

This shows that the beta coefficients of the self efficacy are greater than zero and facilitating condition has less than zero. Hence, the model can be used to predict Perceived behavioral control based on the explanatory variables.

The table shows R-squared values of 0.380, that indicates how much of the variation of the dependent variable is explanatory variables. Hence, 38% of variation of the dependent variable, Perceived behavioral control, is explained by the independent variables facilitating conditions and Self efficacy; and the rest 62% is determined by unexplained factors.

4.5.3.1 Test Hypothesis Eleven

Hypothesis 11: Facilitating conditions have positive influence on the perceived behavioral control to use of interest-free banking.

Based on the p-value (0.000), Facilitating conditions was found to have a significant effect on customers' control in their behavior towards use of Interest free banking at 1% significance level, it is negatively influencing perceived behavioral control as shown on table above. Hence, the null hypothesis which says "Facilitating conditions have positive significant influence on the perceived behavioral control to use of interest-free banking." is rejected and alternative hypothesis is accepted. Therefore, the result indicates as facilitating conditions has found to have a significant negative influence on the perceived behavioral control. This result is compatible with those of Taylor and Todd, 1995a found that technology facilitating conditions have no impact on perceived behavioral control and Püschel, et al. (2010) found that resource facilitating conditions have no impact on perceived behavioral control, while contradict with Nor (2005), To, et al.(2008), Sharma and Bock(2005) and Taylor and Todd (1995b).

The mean of the variable is 2.136 which indicate as the extent of the laws and policies governing IFB and the bank technologies are less influential and less attractive on facilitating customers to adopt Interest free financial products and services. Therefore these make customers not to

acquire full confidence and control in their behavior i.e. usage of Interest free banking. Additionally, the interview result suggests as the absence of networking between all branches is creating problems to the customers even if, the government is supporting the change and usage of new financial products and services like Interest free banking to serve the unbanked society and those who want choice by following NBE's Directive No.SBB 51/2011.

4.5.3.2 Test Hypothesis Twelve

Hypothesis 12: Self efficacy has positive influence on the perceived behavioral control to usage of interest-free banking.

Based on the p-value (0.000), Self efficacy was found to have a significant effect on customers' perceived behavioral control towards using Interest free banking at 1% significance level. Therefore, the null hypothesis is failed to reject and the alternative hypothesis is rejected. In the same context, the findings indicate that Self efficacy has a positive significant influence on the perceived behavioral control towards banking services. This result is compatible with those of Sharma and Bock, 2005, Teo and Pok, 2003, Nor, K.M., 2005, Taylor and Todd, 1995a, Ndubisi, N.O., 2004, Püschel, et al., 2010 and To, et al. 2008. Nevertheless, it contradicts with the findings of Lin, 2005 and Tan and Teo, 2000. In addition Park & Chen, 2007 that have revealed that self-efficacy shows a substantial affect of "consumers' perceptions of his ability to use the new technological product" on his decision for product adoption, Compeau & Higgins, 1995 has been argued that, without skill, performance is not achievable; without self-efficacy, performance may not be endeavored, Bagozzi & Kyu-Hyun, 1999 Across a wide range of behaviors, self-efficacy has been shown to influence the willingness to act as well as actual action initiation.

The mean of the variable is 4.292 that shows as customers have knowledge to understand and use the products and services provided via separate window. The result shows as good knowledge and readiness of customers to adopt interest free financial products and services allow them to control their corresponding behavior.

From the two variables that were expected to influence perceived behavioral control the beta values of variables shown above Table 4.8 indicate that Facilitating condition have negative and Self efficacy has positive impact on the dependent variable. Thus, the regression equation can be written as follows:

$$\text{PBC} = 3.166 - .284\text{FC} + 0.426\text{SE}$$

The perceived behavioral control of customers towards IFB, therefore, calculated based on the derived regression equation. The overall perceived behavioral control of customers is calculated by taking the mean value of each respondent's perceived behavioral control values. Therefore here below are the mean responses of respondents for the two attributes FC and SE are 2.1364 and 4.2921 respectively.

$$\text{Then: PBC} = 3.166 - .284\text{FC} + 0.426\text{SE}$$

$$\text{PBC} = 3.166 - (.284 * 2.1364) + (0.426 * 4.2921) = 4.388$$

The result of 4.388 indicates that as the perceived behavioral control has positive influence towards usage of interest free banking.

Also it indicates that customers are influenced positively by perceived behavioral control in that banking financial instrument have influenced somehow by Facilitating conditions and more by self efficacy to usage of interest free banking.

4.5.4 Test Hypothesis regarding Behavioral Dimensions

Here the Behavioral intention dimensions hypothesis test is done to know which hypothesis is accepted and rejected.

Table 4.9: Regression coefficients result for Behavioral Intention the dependent variable

| Factors | Hypothesis | Beta | T-Values | P-values | Mean | Std.dev |
|----------|------------|--------|----------|----------|--------|---------|
| ATT | H6 | +0.026 | 2.733 | .000** | 4.0596 | .98819 |
| SN | H10 | +0.036 | 2.065 | .040* | 3.351 | 1.2784 |
| PBC | H13 | +0.037 | 2.521 | .050* | 3.109 | .91145 |
| Constant | | +3.935 | | | 4.8099 | .38322 |

*. Statistically significant at the 0.05 level

**. Statistically significant at the 0.01 level

Number of observation = 291, P=0.0000, R-Squared= 0.517 (See Appendix A.4)

The above table presents the results from the multiple regressions carried out using the three variables: Attitude, Subjective norm and perceived behavioral control as the independent variables and Behavioral Intention as the dependent variable. Based on the table above, we can know the goodness-of-fit of the model in general. The p-value of the model is 0.000. This means the probability of variation in the dependant variable to occur by chance (not to be affected by the explained independent variables) is 0.000. This will result in the following null hypotheses.

H0: $\beta_1 > 0$, $\beta_2 > 0$, $\beta_3 > 0$

Ha: $\beta_1 < 0$, $\beta_2 < 0$, $\beta_3 < 0$

Therefore, the null hypothesis is accepted and the alternative hypothesis is rejected.

This shows that the beta coefficients of the independent variables are greater than zero. Hence, the model can be used to predict Behavioral Intention based on the explanatory variables.

The table shows R-squared values of 0.517, that indicates how much of the variation of the dependent variable is explanatory variables. Hence, 52% of variation of the dependent variable, Behavioral Intention, is explained by the independent variables Attitude, Subjective norm and perceived behavioral control; and the rest 48% is determined by unexplained factors.

4.5.4.1 Test Hypothesis Six

Hypothesis 6: Attitude has positive influence on the customers' behavioral intention to use interest-free banking.

Based on the p-value (0.000), Attitude was found to have a significant effect on customers' behavioral intention towards using Interest free banking at 1% significance level. Therefore, the null hypothesis is failed to reject and the alternative hypothesis is rejected

The mean of the variable is 4.0596 which indicates as the respondents have influenced to use Interest free banking as it is advantageous for both lenders and borrowers believe its Introduction is good idea as it provides solution to those with existing financial problems, and the Arabic name and concept applied to Interest free banking simple to understand and use. The result shows as favorable attitude of customers have toward interest free banking motivated them to adopt it. In the same context, the findings indicate that Attitude has a positive significant influence on the behavioral intention towards these banking services.

4.5.4.2 Test Hypothesis Ten

Hypothesis 10: Subjective norm has positive influence on the customers' behavioral intention to use of interest-free banking.

Based on the p-value (0.040), Subjective norm was found to have a significant effect on customers' motivation towards usage of Interest free banking at 5% significance level. Therefore, the null hypothesis is failed to reject and the alternative hypothesis is rejected. In the same context, the findings indicate that subjective norm has a positive significant influence on the behavioral intention towards these banking services.

It is worth noting that the referent groups that are mostly considered by the respondents are parents, friends, religious person and religious institutions.

The mean of the variable is 3.351 which indicate as respondents better influenced by social pressure.

4.5.4.3 Test Hypothesis Thirteen

Hypothesis 13: Perceived behavioral control has positive influence on the customers' behavioral intention to use interest-free banking.

Based on the p-value (0.050), perceived behavioral control was found to have a significant effect on customers' motivation towards adopting Interest free banking at 5% significance level. Therefore, the null hypothesis is accepted and the alternative hypothesis is rejected. Hence, the findings indicate that perceived behavioral control has a positive significant influence on the behavioral intention towards these banking services. The mean of the variable is 3.109 which indicate as the respondents well influenced by external constraints to use Interest free banking.

Generally as the above table 4.9 shows Attitude, Subjective norm as well as perceived behavioral control have a positive significant influence on the intention to use Interest free banking. This is in line with the findings of Ndubisi, 2004, To, et al., 2008, Taylor and Todd, 1995a and Teo and Pok, 2003. Nevertheless, Taylor and Todd, 1995b, Al-Majali and Nik Mat, 2010 and Püschel, et al., 2010 found that perceived behavioral control has no influence on intention. While Shih and Fang, 2004, Tan and Teo, 2000 and Beiginia, et al. 2011 found that subjective norm has no influence on intention.

In additions the result implies that the extent to which customers' have a positive attitude towards Interest free banking, perceived behavioral expectation or opinions of important referents individuals or groups, and perceived presence of necessary resources and opportunities to perform a given behavior serve as a customers' motivation to use it.

From the three variables that were expected to influence behavioral intention the beta values of variables shown above Table 4.9 indicate that All three independent variables has positive impact on the dependent variable. Thus, the regression equation can be written as follows:

$$\mathbf{BI=3.935+0.026ATT+0.036SN+0.037PBC}$$

The behavioral intention of customers towards IFB, therefore, calculated based on the derived regression equation. The overall behavioral intention of customers is calculated by taking the mean value of each respondent's behavioral intention values. Therefore here below are the mean responses of respondents for the three attributes ATT, SN and PBC are 4.0596, 3.351 and 3.109 respectively.

$$\text{Then: } BI = 3.935 + 0.026ATT + 0.036SN + 0.037PBC$$

$$BI = 3.935 + (0.026 * 4.0596) + (0.036 * 3.351) + (0.037 * 3.109) = 4.064$$

The result of 4.064 indicates that as the customers have intention to use interest free banking. This shows customers' have positive intention towards usage of interest free banking in that banking financial instrument have favorable customer attitude, high perceived behavioral expectation or opinions of important referents individuals or groups, and better perceived presence of necessary resources and opportunities to use.

4.5.5 Testing the Effect of Demographic variables

Here the Demographic factors dimensions are tested to know the effect it on dependent variable.

Table 4.10: Creating and recoding variables

| No | Variable | Label | Group description | Recoding |
|----|----------|-----------------------------|---|------------------|
| 1 | DV1 | Religion | Muslim vs. Non-Muslim | MUS(Muslim) |
| 2 | DV2 | years of relationship | Less than 1, 1-3, 3-5 vs. 5 | LESS1(< 1) |
| 3 | DV3 | Reason of association | Saving, Investment, Send & borrow vs. All | SAV(Saving) |
| 4 | DV4 | Window associated with | IFB window, Conventional window vs. Both | IFBW(IFB window) |
| 5 | DV5 | IFB account associated with | Wadia, Qard, Mudaraba vs. All | WAD(Wadia) |

Results of multi regression analysis (Appendix 5) are shows as, there are difference impacts of demographic variables of Window and IFB account associated with (F change value = .000), while no difference impacts of Years of relationship and Reason of association. Therefore, Based on these result of multiple regression analysis, intention to use interest free banking was influenced by factors including Window and IFB account associated with.

Chapter Five: Conclusions and Implications of Results

5.1 Conclusions

The main objective of the study is to examine the willingness and factors affecting the commercial bank of Ethiopia customers to use Interest free banking. To trace such objectives Multiple Stage sampling were used, 370 observations were comprised through systematic sampling procedure and to identify the variables that may influence the customers" to use of Interest free banking in Ethiopia through Descriptive Analysis, Multiple regressions and one sample t-test. Decomposed Theory of Planned Behavior is chosen as a basis for this study because, the models have been successfully used in several previous researches related to retail bank customers.

The current status of interest free banking in commercial bank of Ethiopia is on good manner based on one year performance.

There is lack of customers" awareness and misconception regarding the benefit they will get if they use the products and services and for whom it offered.

The bank not going as it planned as the result of the newness of the products and services for the country and few numbers of bank branches that offer the products and services makes.

Interest free banking will be used in future as the result of existence of large Potential demand in country and the request of it for long period of time by community.

There is lack of Awareness creation activity in the bank about what and how the Interest free banking service undertaken in the bank.

There is lack of transactions transparency that leading as the bank is poorly trusted by its customers.

The products and services offered by the bank are simple for customers to understand and use.

The products and services is offered by bank are Perceived as it is better and compatible with the customers value and living style.

Customers are better influenced by family, friends, religious person and religious institutions rather than promotional effort the bank has been used.

The extent of the laws and policies governing IFB and the bank technologies are less influential and less attractive on facilitating customers to adopt Interest free banking.

Awareness, perceived relative advantage, perceived compatibility and subjective norm have a significant positive impact on the customers' attitude towards use of Interest free banking in Commercial bank of Ethiopia, while perceived complexity does not have any influence and perceived trust has a negative influence.

The perceived relative advantages and compatibility are the mainly factors influencing customers to use interest free banking.

Valued group opinion was also found to have a significant positive influence on subjective norm, by particular reference to the family, friends, religious person and religious institutions as the main referent groups, while, Media have negative influence.

Self efficacy was found to have a significant positive influence on perceived behavioral control, while, facilitating conditions have negative influence.

The customers' of the bank have favorable attitude, well influenced by social pressure and internal and external constraints toward usage of interest free banking.

Attitude, Subjective norm and Perceived behavioral control were found to have a significant positive impact on the customers' intention and perceived behavioral control are the mainly factors influencing customers intentions to use interest free banking in Commercial bank of Ethiopia.

The Window and IFB account with the customers associated are influencing the customers' intention to use Interest free banking, while years and reasons of association does not influence them. In addition the result indicates as 100% of IFB account holders are Muslims.

There is good level of customers' perception toward use of interest free banking in Commercial bank of Ethiopia based on mean (4.81) of customers' intention.

In general the hypothesized factors in the model of Behavioral intention represented almost 52% variation in Behavioral intention that is caused by customers' attitude, Subjective norm and perceived behavioral control factors, which indicates an acceptable goodness of fit of the model.

5.2 Implications of the Study

5.2.1 Managerial implication of the study:

The current study examines the perception of customers' toward usage of Interest free banking by focusing on the IFB account holder in commercial bank of Ethiopia. Thus, it gives hindsight for the practitioner and stakeholders on the Commercial bank of Ethiopian account holders' behavior and attitude towards Interest free banking and also their decision to utilize the Interest free banking product. Thus, the present study will benefit those who want to establish Interest free bank or to open Interest free window. The overall results of the present study suggest that perception contribute toward the customer's decision to use Interest free bank products. Thus, promoters of Interest free bank should be aware of the prospective customer's level of perception of the product, which should subsequently allow them to formulate and develop policies and regulations to make an adjustment to the Interest free banking industry in Ethiopia and to establish the necessary strategies to attract customers and retain the existing customers.

The bank should improve customer's perception through focusing and continuing the trends of Road Shows or Awareness programs like Religious Institutions, Edirs, use different occasions, Family, Religious persons and making adjustment on the media used on their marketing and promotion strategy to create customers' awareness on the people's perception of Shariah position on business transaction, a concept of profit-and-loss-sharing practice and for whom it offered, teaching regarding the benefit they will get if they use the products and services, design product according to customer's preference, transparency practice in transaction with customers and full compliance of product with Shariah practice, availability of Interest free banking products and government support on Interest free financing structure.

The finding was that almost IFB account holders are Muslims that contradict with the NBE directive 51/2011 that says IFB for anybody regardless of Income, Sex, and Religion etc therefore; there is a need to focus on criteria needed and procedures followed by banks while offering the interest free banking to its customers' .

5.2.2 Theoretical Implications:

The findings of the current study have significant contributions that can be categorized under contribution to the body of knowledge in that the study explored the prospects and add value to the interest free banking industry on testing the possibility that IFB account holders perceptions are related to utilize or adopt the Interest free banking services by investigating the personal level of perception of Interest free banking in another context, that of Ethiopia outside of the Middle East or Southeast Asia, which has not yet been studied in the literature. Thus, this study would extend further the current knowledge of Interest free banking products and services in financial and banking organizations in developing countries generally and Ethiopia in particular. Hence the study filled this gap in the literature. Furthermore, the study extends and tests the decomposed theory of planned behavior in another context and another area i.e. Interest free banking usage.

5.3 Suggestion for Future Study

To overcome the limitations to the study, this research suggests the need for further investigation. In addition, other variables should be added as independent variable or mediating/moderating variables. This is to ascertain the variables influence on the relationship between the Perception of IFB account holder's and their intention to use interest free banking. Moreover, future research should enlarge the scope of the study to erase the negative perception of Interest free banking products and services. Furthermore, future research should consider replicating this study in other institutions, business unit, cultures, states, regions and country. Therefore future research should be conducted on large scale by considering more on conventional bank customers and rural areas dual banking system. Across-cultural comparative analysis would further enhance the perception of Interest free banking products and services.

The present study used IFB account holders" only to investigate the perception of them toward adoption of Interest free banking so; the future should consider other account holders.

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APPENDICES

Appendix A: Multiple Regression Results

Appendix A. 1: Multiple Regressions Result of Attitude Dimensions

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .480 ^a | .2304 | .222 | .94993 | .2304 | 14.179 | 6 | 284 | .000 | 1.908 |

a. Predictors:(Constant), SN, AW, COMP, PTR, CLEX, RELAD

b. Dependent Variable: ATT

ANOVA^a

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 65.247 | 6 | 10.875 | 14.179 | .000 ^b |
| | Residual | 217.943 | 284 | .767 | | |
| | Total | 283.190 | 290 | | | |

a. Dependent Variable: ATT

b. Predictors: (Constant), SN, AW, COMP, PTR, CLEX, RELAD

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.130 | .314 | | 3.602 | .000 |
| | AW | .254 | .060 | .244 | 4.179 | .000 |
| | RELAD | .286 | .065 | .280 | 4.389 | .000 |
| | COMP | .268 | .102 | .292 | 2.638 | .000 |
| | CLEX | -.209 | .554 | -.069 | -.377 | .706 |
| | PTR | -.145 | .049 | -.227 | -2.96 | .000 |
| | SN | .107 | .049 | .139 | 2.183 | .050 |

a. Dependent Variable: ATT

Coefficients^a

| Model | | 95%Confidence Interval for B | | Correlations | | | Collinearity Statistics | |
|-------|-----------|------------------------------|-------------|--------------|---------|-------|-------------------------|-------|
| | | Lower Bound | Upper Bound | Zero-order | Partial | Part | Tolerance | VIF |
| 1 | (constan) | 1.406 | 4.793 | | | | | |
| | AW | .134 | .374 | .213 | .241 | .236 | .955 | 1.047 |
| | RELAD | -.2.028 | .316 | .235 | .185 | .181 | .945 | 1.058 |
| | COMP | .175 | 1.183 | .282 | .196 | .189 | .920 | 1.087 |
| | CLEX | -1.299 | -.882 | -.045 | -.022 | -.021 | .998 | 1.002 |
| | PTR | .049 | .242 | -.115 | -.173 | -.167 | .987 | 1.013 |
| | SN | -.010 | .225 | .102 | .116 | .112 | .990 | 1.010 |

a. Dependent Variable: ATT

Appendix A.2: Multiple Regression Result of Subjective Norm Dimensions

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .635 ^a | .403 | .399 | .99095 | .403 | 97.329 | 2 | 288 | .000 | 2.106 |

a. Predictors: (Constant), MI, VGI

b. Dependent Variable: SN

ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 191.151 | 2 | 95.576 | 97.329 | .000 ^b |
| | Residual | 282.812 | 288 | .982 | | |
| | Total | 473.963 | 290 | | | |

a. Dependent Variable : SN

b. Predictors: (Constant), MI, VGI

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .794 | .143 | | 5.549 | .000 |
| | VGI | .452 | .058 | .453 | 7.846 | .000 |
| | MI | -.216 | .050 | -.247 | -4.282 | .000 |

a. Dependent Variable: SN

Coefficients^a

| Model | | 95.0% Confidence Interval for B | | Correlations | | | Collinearity Statistics | |
|-------|------------|---------------------------------|-------------|--------------|---------|-------|-------------------------|-------|
| | | Lower Bound | Upper Bound | Zero-order | Partial | Part | Tolerance | VIF |
| 1 | (constant) | .512 | 1.076 | | | | | |
| | VGI | .339 | .565 | .604 | .420 | .357 | .623 | 1.606 |
| | MI | -.117 | -.315 | -.525 | -.245 | -.195 | .623 | 1.606 |

a. Dependent Variable: SN

Appendix A.3: Multiple Regressions Result of Perceived Behavioral Control Dimensions

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .324 ^a | .105 | .099 | .86539 | .105 | 16.844 | 2 | 288 | .000 | 2.143 |

a. Predictors: (Constant), SE, FC

b. Dependent Variable: PBC

ANOVA^a

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 25.229 | 2 | 12.615 | 16.844 | .000 ^b |
| | Residual | 215.683 | 288 | .749 | | |
| | Total | 240.913 | 290 | | | |

a. Dependent Variable: PBC

b. Predictors: (Constant), SE, FC

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.166 | .595 | | 5.323 | .000 |
| | FC | -.284 | .110 | -.143 | -2.570 | .011 |
| | SE | .426 | .081 | .294 | 5.268 | .000 |

a. Dependent Variable: PBC

Coefficients^a

| Model | | 95.0% Confidence Interval for B | | Correlations | | | Collinearity Statistics | |
|-------|------------|---------------------------------|-------------|--------------|---------|-------|-------------------------|-------|
| | | Lower Bound | Upper Bound | Zero-order | Partial | Part | Tolerance | VIF |
| 1 | (constant) | 1.996 | 4.337 | | | | | |
| | FC | -.501 | -.066 | -.136 | -.150 | -.143 | .999 | 1.001 |
| | SE | .267 | .585 | .290 | .296 | .294 | .999 | 1.001 |

a. Dependent Variable: PBC

Appendix A.4: Multiple Regression Result of Behavioral Intention Dimensions

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .542 ^a | .294 | .287 | .99827 | .294 | 120.394 | 1 | 289 | .000 | 1.823 |

a. Predictors: (Constant), ATT

b. Dependent Variable: BI

ANOVA^a

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 12.521 | 1 | 12.521 | 120.394 | .000 ^b |
| | Residual | 30.069 | 289 | .104 | | |
| | Total | 42.590 | 290 | | | |

a. Dependent Variable: BI

b. Predictors: (Constant), ATT

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .614 ^a | .377 | .369 | .98095 | .377 | 174.52 | 1 | 289 | .000 | 1.898 |

- a. Predictors: (Constant), SN
- b. Dependent Variable: BI

ANOVA^a

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 16.056 | 1 | 16.056 | 174.522 | .000 ^b |
| | Residual | 26.534 | 289 | .092 | | |
| | Total | 42.590 | 291 | | | |

- a. Dependent Variable: BI
- b. Predictors: (Constant), SN

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .617 ^a | .380 | .372 | .98196 | .380 | 175.91 | 1 | 289 | .000 | 1.864 |

- a. Predictors: (Constant), PBC
- b. Dependent Variable: BI

ANOVA^a

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 16.184 | 1 | 16.184 | 175.913 | .000 ^b |
| | Residual | 26.406 | 289 | .092 | | |
| | Total | 42.590 | | | | |

- a. Dependent Variable: BI
- b. Predictors: (Constant), PBC

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .719 ^a | .517 | .505 | .97960 | .517 | 101.94 | 3 | 287 | .000 | 1.866 |

- a. Predictors: (Constant), PBC, SN, ATT
- b. Dependent Variable: BI

ANOVA^a

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 22.019 | 3 | 7.340 | 101.944 | .000 ^b |
| | Residual | 20.571 | 287 | .072 | | |
| | Total | 42.590 | 290 | | | |

- a. Dependent Variable: BI
- b. Predictors: (Constant), PBC, SN, ATT

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.935 | .144 | | 27.326 | .000 |
| | ATT | .026 | .001 | .068 | 2.733 | .000 |
| | SN | .036 | .017 | .120 | 2.065 | .040 |
| | PBC | .037 | .015 | .089 | 2.521 | .050 |

a. Dependent Variable: BI

Coefficients^a

| Model | | 95.0% Confidence Interval for B | | Correlations | | | Collinearity Statistics | |
|-------|------------|---------------------------------|-------------|--------------|---------|------|-------------------------|-------|
| | | Lower Bound | Upper Bound | Zero-order | Partial | Part | Tolerance | VIF |
| 1 | (Constant) | 3.652 | 5.218 | | | | | |
| | ATT | -.018 | .710 | .542 | .690 | .680 | .706 | 1.416 |
| | SN | -.002 | .700 | .614 | .721 | .720 | .623 | 1.605 |
| | PBC | -.011 | .861 | .617 | .890 | .889 | .619 | 1.616 |

a. Dependent Variable: BI

Appendix A. 5: Testing the Effect of Demographic Variables

Model Summary^c

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .719 ^a | .517 | .505 | .97960 | .517 | 101.94 | 3 | 287 | .000 | 1.866 |
| 2 | .170 ^a | .029 | .015 | .37802 | .029 | 2.153 | 4 | 286 | .074 | 1.865 |

a. Predictors: (Constant), PBC, SN, ATT

b. Predictors: (Constant), RY, SN,PBC, ATT

c. Dependent Variable: BI

Model Summary^c

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .719 ^a | .517 | .505 | .97960 | .517 | 101.94 | 3 | 287 | .000 | 1.866 |
| 2 | .170 ^a | .029 | .015 | .38025 | .029 | 2.137 | 4 | 286 | .076 | 1.866 |

a. Predictors: (Constant), PBC, SN, ATT

b. Predictors: (Constant), RA, SN,PBC, ATT

c. Dependent Variable: BI

Model Summary^c

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .719 ^a | .517 | .505 | .97960 | .517 | 101.94 | 3 | 287 | .000 | 1.866 |
| 2 | .759 ^a | .576 | .563 | .95028 | .576 | 97.349 | 4 | 286 | .000 | 1.910 |

- a. Predictors: (Constant), PBC, SN, ATT
- b. Predictors: (Constant), ASW, PBC, ATT, SN
- c. Dependent Variable: BI

Model Summary^c

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .719 ^a | .517 | .505 | .97960 | .517 | 101.94 | 3 | 287 | .000 | 1.866 |
| 2 | .735 ^a | .540 | .535 | .95435 | .540 | 83.333 | 4 | 286 | .000 | 1.878 |

- a. Predictors: (Constant), PBC, SN, ATT
- b. Predictors: (Constant), AA, SN, PBC, ATT
- c. Dependent Variable: BI

Appendix B: Data Collection Instruments

AppendixB.1 Full version questionnaire, Factor Analysis of Pilot Questionnaire and Reliability

| Questionnaires | Factor loading | Item-Total Statistics | | | |
|----------------|----------------|---|--------------------------------|----------------------------------|----------------------------------|
| | | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
| AW1 | .758 | 35.28 | 124.686 | .326 | .875 |
| AW2 | .750 | 36.03 | 128.351 | .010 | .886 |
| AW3 | .711 | 36.87 | 125.247 | .025 | .901 |
| AW4 | .260 | | | | |
| AW5 | .700 | 35.55 | 123.780 | .343 | .874 |
| AW6 | .771 | 35.13 | 124.172 | .361 | .874 |
| AW7 | .768 | 36.22 | 105.736 | .604 | .861 |
| AW8 | .769 | 36.66 | 100.425 | .713 | .853 |
| AW9 | .901 | 37.23 | 96.612 | .892 | .839 |
| AW10 | .890 | 37.50 | 98.934 | .833 | .844 |
| AW11 | .926 | 37.51 | 98.354 | .847 | .843 |
| AW12 | .914 | 37.23 | 96.536 | .887 | .839 |
| AW13 | .930 | 37.36 | 97.674 | .855 | .842 |
| | | Awareness Cronbach's Alpha | | | .873 |
| RELAD1 | .719 | 4.84 | .136 | .583 | |
| RELAD2 | .154 | | | | |
| RELAD3 | .740 | 4.80 | .158 | .583 | |
| | | Perceived Relative Advantage Cronbach's Alpha | | | .736 |
| COMP1 | .788 | 4.81 | .154 | .602 | |
| COMP2 | .788 | 4.79 | .313 | .602 | |
| | | Perceived Compatibility Cronbach's Alpha | | | .722 |
| CLEX1 | .761 | 4.82 | .149 | .546 | |
| CLEX2 | .761 | 4.85 | .129 | .546 | |
| | | Perceived Complexity Cronbach's Alpha | | | .705 |
| PTR1 | .883 | 1.95 | 2.490 | | |
| PTR2 | .883 | 2.22 | 2.963 | | |
| | | Perceived Trust Cronbach's Alpha | | | .853 |
| ATT1 | .562 | | | | |
| ATT2 | .782 | 8.01 | 4.979 | .472 | .685 |
| ATT3 | .642 | | | | |
| ATT4 | .768 | 7.78 | 5.158 | .657 | .539 |
| ATT5 | .701 | 8.57 | 3.280 | .551 | .648 |
| ATT6 | .530 | | | | |
| | | Attitude Cronbach's Alpha | | | .710 |
| VGI1 | .853 | 7.79 | 16.221 | .584 | .770 |
| VGI2 | .829 | 7.81 | 15.899 | .632 | .748 |
| VGI3 | .750 | 9.22 | 14.545 | .663 | .732 |

| | | | | | |
|---|------|-------|--------|------|--------------------|
| VGI4 | .816 | 9.49 | 16.175 | .595 | .765 |
| VGI5 | .593 | | | | |
| Valued Group Influence Cronbach's Alpha | | | | | .804 |
| MI1 | .891 | 4.57 | 8.542 | .011 | .787 |
| MI2 | .532 | | | | |
| MI3 | .750 | 7.00 | 3.621 | .617 | -.132 ^a |
| MI3 | .762 | 6.53 | 3.871 | .479 | .160 |
| Media Influence Cronbach's Alpha | | | | | .529 |
| SN1 | .701 | 8.94 | 10.507 | .470 | .684 |
| SN2 | .883 | 10.33 | 7.823 | .781 | .457 |
| SN3 | .516 | 7.82 | 16.340 | .068 | .828 |
| SN4 | .846 | 10.02 | 8.593 | .754 | .489 |
| Subjective Norm Cronbach's Alpha | | | | | .720 |
| FC1 | .811 | 4.42 | .258 | .610 | |
| FC2 | .146 | | | | |
| FC3 | .700 | 4.45 | .269 | .610 | |
| Facilitating condition Cronbach's Alpha | | | | | .758 |
| SE1 | .103 | | | | |
| SE2 | .770 | 4.35 | .359 | .615 | |
| SE3 | .818 | 4.23 | .635 | .615 | |
| Self Efficacy Cronbach's Alpha | | | | | .743 |
| PBC1 | .853 | 6.87 | 5.180 | .789 | .621 |
| PBC2 | .813 | 8.56 | 1.543 | .717 | .731 |
| PBC3 | .700 | 6.98 | 4.631 | .616 | .616 |
| Perceived Behavioral control Cronbach's Alpha | | | | | .722 |
| BI1 | .756 | 9.63 | .704 | .689 | .725 |
| BI2 | .720 | 9.59 | .753 | .677 | .748 |
| BI3 | .748 | 9.64 | .472 | .968 | .754 |
| Behavioral Intention Cronbach's Alpha | | | | | .811 |

Appendix B.2 Final Questionnaires by English

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

MBA PROGRAM

QUESTIONNAIRES

This questionnaire is prepared by MBA in Finance student of Addis Ababa University to collect information on Interest free financial products and services that provided by commercial bank of Ethiopia under separate window. The information is used in a study that the researcher is covering under the topic,

Factors affecting customers' use of Interest free banking in Ethiopia with specific reference of commercial bank of Ethiopia. Any information gathered will be used only and only for academic purpose. For this reason your contribution on honestly filling this questionnaire is helpful to produce quality paper. So, please you are cordially requested to answer the following question and be informed that there is no right and wrong answer. Thank you in advance for your time and honest response.

If you need contact me by

Phone: +251910705479

Email: debealex2@gmail.com

Important aspects of the questionnaire

1. There is no need to write your name or any other personal identity
2. For all questions, mark or circle the alternative numbers of your choice
3. Select more than one answer, if applicable

Part One- Demographic Information

Please **circle** the alternative numbers

| SN | Questions | Alternatives |
|----|---|---|
| | Which religion you fall in? | Muslim 1 Non-Muslim 2 |
| 2 | For how long have you been the customer of Commercial bank of Ethiopia? | Less than 1 year 1 (1-3) years 2 (3-5) years 3 Above 5 years 4 |
| 3 | Reason(s) for Associating with a Bank | Saving 1 Investment 2 Borrowing/sending 3 All 4 |
| 4 | Which window you are associated with? | Interest free banking window 1 Conventional window 2 Both 3 |
| 5 | With which interest free banking accounts you are associate with? | Wadiya Amana(saving account) 1 Qard(current account) 2 Mudarabah (investment account) 3 All 4 |

Part Two- Factors that Influences the Attitude

This part divided into six sections, in each section there is statements that indicate what determine customers' perception toward adoption of Interest free financial products and services that you intended to fill. In this part as your agreement with the statement circle alternatives as:

“1”for Strongly Disagree“2”for Disagree“3”for Neutral“4”for Agree“5” for strongly agree

Section One: Views Regarding Awareness

| S N | Questions | Alternatives | | | | |
|--------|---|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | I know properly the Interest free banking services currently offered by commercial bank of Ethiopia | 1 | 2 | 3 | 4 | 5 |
| 2 | It is simple to understand the differences between IFB and conventional financing | 1 | 2 | 3 | 4 | 5 |
| 3 | CBE do better on marketing of their IFB products and services to the public. | 1 | 2 | 3 | 4 | 5 |
| 4 | I know as Interest free banking are offered to Muslim and non Muslim. | 1 | 2 | 3 | 4 | 5 |
| 5 | In CBE I know as Wadiya Amana is offered through separate window | 1 | 2 | 3 | 4 | 5 |
| 6 | In CBE I know as Qard is offered through separate window | 1 | 2 | 3 | 4 | 5 |
| 7 | In CBE I know as Mudarabah is offered through separate window | 1 | 2 | 3 | 4 | 5 |
| 8 | In CBE I know as Murabahah is offered through separate window | 1 | 2 | 3 | 4 | 5 |
| 9 | In CBE I know as Ba`i -Salam is offered through separate window | 1 | 2 | 3 | 4 | 5 |
| 10 | In CBE I know as Istisna is offered through separate window | 1 | 2 | 3 | 4 | 5 |
| 11 | In CBE I know as Qard al Hassen is offered through separate window | 1 | 2 | 3 | 4 | 5 |
| 12 | In CBE I know as Kafala is offered through separate window | 1 | 2 | 3 | 4 | 5 |

Section Two- Views Regarding Perceived Relative Advantage

| S N | Questions | Alternatives | | | | |
|--------|--|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | Interest free banking transactions offered under separate window are proper for activity I deal with. | 1 | 2 | 3 | 4 | 5 |
| 2 | Interest free banking that offered separate windows is beneficial as its financing is based on shares profit/ loss made out of it than conventional one. | 1 | 2 | 3 | 4 | 5 |

Section Three- Views Regarding Perceived Compatibility

| S N | Questions | Alternatives | | | | |
|--------|---|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | The features and benefits of Interest free banking offered under separate windows can fit with my banking needs than as it depends on sharia. | 1 | 2 | 3 | 4 | 5 |
| 2 | Interest free banking that offered under separate windows is a good complement to their values as it depends on sharia. | 1 | 2 | 3 | 4 | 5 |

Section Four- Views Regarding Perceived Complexity

| S N | Questions | Alternatives | | | | |
|--------|--|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | Interaction with financial product and services that offered by commercial bank of Ethiopia under interest free banking service require a lot of mental effort to understand | 1 | 2 | 3 | 4 | 5 |
| 2 | The different name the banks use for financial products and services offered under interest free window from the conventional make it difficult to understand and use. | 1 | 2 | 3 | 4 | 5 |

Section Five- Views Regarding Perceived Trust

| S N | Questions | Alternatives | | | | |
|--------|---|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | The money deposited and loaned whether in cash and kind via interest free window is clear while transacted. | 1 | 2 | 3 | 4 | 5 |
| 2 | Commercial Bank of Ethiopia trusted by customers for Interest free banking as it depends on sharia law. | 1 | 2 | 3 | 4 | 5 |

Section Six- Attitudes toward Interest Free Banking Practices

| S N | Questions | Alternatives | | | | |
|--------|---|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | As Interest free banking is advantageous for both lenders and borrowers its establishment in CBE influenced me to adopt it. | 1 | 2 | 3 | 4 | 5 |
| 2 | Introduction of interest free banking service is good idea as it provides solution to those with existing financial problems. | 1 | 2 | 3 | 4 | 5 |
| 3 | The simplicity to understand and use of Arabic name and concept applied to Interest free banking influenced me to use it. | 1 | 2 | 3 | 4 | 5 |

Part Three: Who Influences the Customers' Intentions?

Section One- Views Regarding Valued People Opinion and Media Influence

| S N | Questions | Alternatives | | | | |
|--------|---|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | I heard and understand about Interest free financial products and services offered by commercial bank of Ethiopia under separate windows from my family | 1 | 2 | 3 | 4 | 5 |
| 2 | I heard and understand My friends | 1 | 2 | 3 | 4 | 5 |
| 3 | I heard and understand Religious person | 1 | 2 | 3 | 4 | 5 |
| 4 | I heard and understand Religious Institutions | 1 | 2 | 3 | 4 | 5 |
| 1 | I heard and understand about Interest free financial products and services offered by commercial bank of Ethiopia under separate windows from Website | 1 | 2 | 3 | 4 | 5 |
| 2 | I heard and understand Advertisement on TV or Radio | 1 | 2 | 3 | 4 | 5 |
| 3 | I heard and understand Leaflet and Brochures | 1 | 2 | 3 | 4 | 5 |

Section Two- Views Regarding Subjective Norm

| SN | Questions | Alternatives | | | | |
|----|--|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | Most people whose opinion I value influence me on adopting Interest free financial products and services. | 1 | 2 | 3 | 4 | 5 |
| 2 | Information I get from Religious institutions about banking financial products and service influenced me on using it. | 1 | 2 | 3 | 4 | 5 |
| 3 | The sufficiency and understandability about Interest free financial products and services marketing strategy need adjustment as it influence to adopt these products and services. | 1 | 2 | 3 | 4 | 5 |

Part Four: Factors that Constitutes the Perceived Behavioral Control

Section One-View Regarding Facilitating Conditions

| SN | Questions | Alternatives | | | | |
|----|---|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | The government body is initiative to fulfill the banking need of those without banking yet. | 1 | 2 | 3 | 4 | 5 |
| 2 | There is E-banking for all branches that used to send and borrow the amount saved under interest free banking service in commercial bank of Ethiopia. | 1 | 2 | 3 | 4 | 5 |

Section Two-View Regarding Self-Efficacy

| SN | Questions | Alternatives | | | | |
|----|---|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | I know how and for what to use Interest free financial products and services offered by commercial bank of Ethiopia. | 1 | 2 | 3 | 4 | 5 |
| 2 | I would be able to use Interest free financial products and services offered by commercial bank of Ethiopia under interest free banking, even if I have never used it before because it is similar with conventional products and services. | 1 | 2 | 3 | 4 | 5 |

Section Three- Perceived Behavioral Control

| SN | Questions | Alternatives | | | | |
|----|---|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | The knowledge I have about Interest free financial products and services offered by commercial bank of Ethiopia under separate windows influenced me on adopting of it. | 1 | 2 | 3 | 4 | 5 |
| 2 | Government supports on expanding interest free banking services as alternative to conventional systems is influenced me on adopting of it. | 1 | 2 | 3 | 4 | 5 |
| 3 | The easily transacting Interest free financial products and services in commercial bank of Ethiopia is influenced me on adopting of it. | 1 | 2 | 3 | 4 | 5 |

Part Five -Views Regarding Behavioral Intention

| SN | Questions | Alternatives | | | | |
|----|---|--------------|---|---|---|----|
| | | SD | D | N | A | SA |
| 1 | I predict that I would use Interest free financial products and services offered under interest free banking in the future. | 1 | 2 | 3 | 4 | 5 |
| 2 | I believe it is useful for me to adopt Interest free financial products and services offered under interest free banking. | 1 | 2 | 3 | 4 | 5 |
| 3 | My general intention to use Interest free financial products and services offered under interest free banking is high. | 1 | 2 | 3 | 4 | 5 |

Appendix B.3 Final Questionnaires by Amharic

አዲስ አበባ ዩኒቨርሲቲ

ቢዝነስ እና ኢኮኖሚክስ ኮሌጅ

የቢዝነስ አመራር ማስተር ፕሮግራም

የደንበኞች መጠይቅ

ይህ መጠይቅ የአዲስ አበባ ዩኒቨርሲቲ በቢዝነስ አመራር ማስተር ተማሪ የተዘጋጀ ሲሆን አላማው በኢትዮጵያ ንግድ ባንክ ስለሚሰጠው ከወለድ ነፃ የባንክ አገልግሎት መረጃ ለመሰብሰብ ነው። መረጃው የሚያገለግለው ለጥናቱ ርዕስ “በኢትዮጵያ ንግድ ባንክ የደንበኞች ከወለድ ነፃ የባንክ አገልግሎት የመቀበል አስተሳሰብ ላይ ተፅዕኖ የፈጠሩ ነገሮች” ለሚለው ነው። የሚሰበሰበው መረጃ ለጥናቱ ብቻ የሚውል ነው። ስለዚህ የእናንተ መጠይቁን በትክክል በመሙላት ጥሩ ጥናት እንዲደረግ ይጠቅማል እና እባክዎ የሚከተሉትን ጥያቄዎች በታማኝነት እንድትሞሉልን። ለሰዓቶች እና በታማኝነት ስለሞሉልን እናመሰግናለን።

ቢያስፈልግዎ በዚህ አድራሻ ያግኙኝ

ስልክ: 0910 705479

ኢ-ሜል debealex2@gmail.com

ማሳሰቢያ

1. ስምዎትን መፃፍ አያስፈልግም
2. ለሁሉም መጠይቅ የተሰጡትን አማራጮች አክብቡ
3. በሚያስፈልግበት ቦታ ከአንድ በላይ መልስ መምረጥ ይቻላል

መደብ አንድ: የግል መረጃ

መልስ ይሆናል ብለው ያሰቡትን ቁጥር ያክብቡ

| ተ.ቁ | ጥያቄ | አማራጮች |
|-----|----------------------------------|--|
| 1 | የትኛው የሀይማኖት ክፍል ውስጥ ናት | ሙስሊም 1 ሙስሊም ያልሆነ 2 |
| 2 | የስንት አመት የኢትዮጵያ ንግድ ባንክ ደንበኛ ናት? | ከአንድ አመት በታች 1 ከ1-3 አመት 2 ከ3-5 አመት 3 ከ5 አመት በላይ 4 |
| 3 | ከባንኩ ጋር ያሎት ትስስር | ለቁጠባ 1 ለኢንቨስትመንት 2 ለመቀበል 3 ሁሉንም 4 |
| 4 | ከየትኛው መስኮት ጋር ነው ትስስር? | ከወለድ ነፃ መስኮት 1 ከነባሩ መስኮት 2 |

| | | | |
|---|---------------------------------|----------|---|
| | | ሁለቱንም | 3 |
| 5 | ከየትኛውን ከወለድ ነፃ ሂሳብ ጋር ትስስር አሎት? | የአደራ | 1 |
| | | ተንቀሳቃሽ | 2 |
| | | ኢንቨስትመንት | 3 |
| | | ሁሉንም | 4 |

መደብ ሁለት፡ አስተሳሰብ ላይ ተፅዕኖ የፈጠሩ ነገሮች

ይህ መደብ በአምስት ክፍል የተከፈለ ሆኖ በሁሉም ክፍል ስለ ደንበኞች ከወለድ ነፃ የባንክ አገልግሎት አቀባበል የሚገልፅ ዓ/ነገር ተጠቅሷል። ስለዚህ እንደስምምነታችሁ የተሰጠውን ዓ/ነገር ከታች በቀረቡት አማራጭ መሰረት አክብቡ።

1. በጣም አልስማማም 2. አልስማማም 3. ገለልተኛ 4. እስማማለሁ 5. በጣም እስማማለሁ

ክፍል አንድ፡ ስለግንዛቤ

| ተ.ቁ | ጥያቄ | አማራጮች | | | | |
|-----|---|-------|---|---|----|----|
| | | በአ | አ | ገ | እስ | በእ |
| 1 | በአሁኑ ወቅት የኢትዮጵያ ንግድ ባንክ ከአስልምና የባንክ አገልግሎት ጋር ተመሳሳይ የሆነውን የፋይናንስ አገልግሎት እንደሚሰጥ አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |
| 2 | የነባሩን እና ከወለድ ነፃ የባንክ ፋይናንስ ልዩነት አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |
| 3 | የኢትዮጵያ ንግድ ባንክ ከወለድ ነፃ የባንክ አገልግሎት ላይ በቂ የሆነ ለህዝብ የማሳወቅ ስራ ሰራቶታል። | 1 | 2 | 3 | 4 | 5 |
| 4 | ከወለድ ነፃ የባንክ አገልግሎት ለሁሉም የሀይማኖት አካላት እንደሚሰጥ አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |
| 5 | በኢትዮጵያ ንግድ ባንክ በልዩ መስኮት ዋዲያ አማካኝ እንደሚሰጥ አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |
| 6 | በኢትዮጵያ ንግድ ባንክ በልዩ መስኮት ቀርድ እንደሚሰጥ አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |
| 7 | በኢትዮጵያ ንግድ ባንክ በልዩ መስኮት ሙዳራባ እንደሚሰጥ አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |
| 8 | በኢትዮጵያ ንግድ ባንክ በልዩ መስኮት የሙራባሐ ፋይናንስ አገልግሎት እንደሚሰጥ አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |
| 9 | በኢትዮጵያ ንግድ ባንክ በልዩ መስኮት ሰላም እንደሚሰጥ አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |
| 10 | በኢትዮጵያ ንግድ ባንክ በልዩ መስኮት ኢስቲስና ፋይናንስ አገልግሎት እንደሚሰጥ አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |
| 11 | በኢትዮጵያ ንግድ ባንክ በልዩ መስኮት ቀርድ አልሃስን እንደሚሰጥ አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |
| 12 | በኢትዮጵያ ንግድ ባንክ በልዩ መስኮት ከፋላ እንደሚሰጥ አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |

ክፍል ሁለት፡ ስለ አንፃራዊ ብልጫ

| ተ.ቁ | ጥያቄ | አማራጮች | | | | |
|-----|---|-------|---|---|----|----|
| | | በአ | አ | ገ | እስ | በእ |
| 1 | የኢትዮጵያ ንግድ ባንክ የሚሰጠው ከወለድ ነፃ የባንክ አገልግሎት ለስራዬ ከነባሩ ጠቃሚ ነው። | 1 | 2 | 3 | 4 | 5 |
| 2 | ከወለድ ነፃ የባንክ አገልግሎት ፋይናንስ ትርፍና ኪሳራ መጋራት ላይ የተመሰረተ ስለሆነ ከነባሩ በጣም ጠቃሚ ነው። | 1 | 2 | 3 | 4 | 5 |

ክፍል ስድስት: ስለ ተስማሚነት

| ተ.ቁ | ጥያቄ | አማራጮች | | | | |
|-----|---|-------|---|---|----|----|
| | | በአ | አ | ገ | እስ | በእ |
| 1 | የኢትዮጵያ ንግድ ባንክ የሚሰጠው ከወለድ ነፃ የባንክ አገልግሎት ጥቅም የባንክ ፍላጎቴን ከነበሩ ይሞላልኛል። | 1 | 2 | 3 | 4 | 5 |
| 2 | የኢትዮጵያ ንግድ ባንክ የሚሰጠው ከወለድ ነፃ የባንክ አገልግሎት ነባሩን የባንክ የስራ ሂደት በተገቢው ሁኔታ ይወክላል። | 1 | 2 | 3 | 4 | 5 |

ክፍል አራት: ስለ ውስብስብነት

| ተ.ቁ | ጥያቄ | አማራጮች | | | | |
|-----|--|-------|---|---|----|----|
| | | በአ | አ | ገ | እስ | በእ |
| 1 | ከወለድ ነፃ የባንክ አገልግሎት ለመቀበል ጋር ያለው አድራጎት ምንም የአይምሮ ጥረት አያስፈልግም። | 1 | 2 | 3 | 4 | 5 |
| 2 | ከወለድ ነፃ የባንክ አገልግሎቶች የተለያዩ ስም ባንኮች ከመጠቀማቸው ውጪ ከነባሩ ይመሳሰላል፤ ስለሆነ ለማወቅም ሆነ ለመጠቀም ቀላል ነው። | 1 | 2 | 3 | 4 | 5 |

ክፍል አምስት: ስለ ከወለድ ነፃ ባንክ ምግባር ጋር ያለው ሁኔታ

| ተ.ቁ | ጥያቄ | አማራጮች | | | | |
|-----|--|-------|---|---|----|----|
| | | በአ | አ | ገ | እስ | በእ |
| 1 | ከወለድ ነፃ የባንክ አገልግሎት በኢትዮጵያ ንግድ ባንክ መቋቋሙ ለአባዳሪም ሆነ ለተበዳሪ ይጠቅማል። | 1 | 2 | 3 | 4 | 5 |
| 2 | ከወለድ ነፃ የባንክ አገልግሎት መከፈቱ ነባሩን የደንበኞች የፋይናንስ ቸግር ስለሚፈታ ጥሩ ነው። | 1 | 2 | 3 | 4 | 5 |
| 3 | ከወለድ ነፃ የባንክ አገልግሎት በአርብኛ ስም መሰየማቸው ለመረዳትም ለመጠቀምም እንዲከብሩ አድርጎታል። | 1 | 2 | 3 | 4 | 5 |

መደብ ስድስት : ተጽዕኖ ያሳደረ

ክፍል አንድ: ስለ ክብር የምሰጣቸው ሰዎች አስተያየትና ምድያ ተጽዕኖ

| ተ.ቁ | ጥያቄ | አማራጮች | | | | |
|-----|--|-------|---|---|----|----|
| | | በአ | አ | ገ | እስ | በእ |
| 1 | በኢትዮጵያ ንግድ ባንክ የሚሰጠውን ከወለድ ነፃ የባንክ አገልግሎት የሰማሁትና የተረዳሁት ከቤተሰቦቼ ነው ። | 1 | 2 | 3 | 4 | 5 |
| 2 | የሰማሁትና የተረዳሁት ከጓደኞቼ ነው ። | 1 | 2 | 3 | 4 | 5 |
| 3 | የሰማሁትና የተረዳሁት ከህይማኖት ሰዎች ነው ። | 1 | 2 | 3 | 4 | 5 |
| 4 | የሰማሁትና የተረዳሁት ከህይማኖት ተቋም ነው ። | 1 | 2 | 3 | 4 | 5 |
| 1 | በኢትዮጵያ ንግድ ባንክ የሚሰጠውን ከወለድ ነፃ የባንክ አገልግሎት የሰማሁትና የተረዳሁት ከባንኩ ድህረ ገጽ ነው ። | 1 | 2 | 3 | 4 | 5 |
| 2 | የሰማሁትና የተረዳሁት ከቴሌቪዥንና ከሬዲዮ ማስታወቂያ ነው ። | 1 | 2 | 3 | 4 | 5 |
| 3 | የሰማሁትና የተረዳሁት ከበራሪ ወረቀቶች ነው ። | 1 | 2 | 3 | 4 | 5 |

ክፍል ሁለት፡ ስለ የተለመደ የግል ስመት

| ተ.ቁ | ጥያቄ | አማራጮች | | | | |
|-----|---|-------|---|---|----|----|
| | | በአ | አ | ገ | እስ | በእ |
| 1 | ክብር የምሰጣቸው ሰዎች ከወለድ ነፃ የባንክ አገልግሎት እንድቀበል ተጽዕኖ አሳድረውብኛል። | 1 | 2 | 3 | 4 | 5 |
| 2 | ከሀይማኖት ተቋም ስለ ባንክ አገልግሎት ያገኘሁት መረጃ እንድጠቀማቸው ተፅዕኖ አሳድሮብኛል። | 1 | 2 | 3 | 4 | 5 |
| 3 | በኢትዮጵያ ንግድ ባንክ ስለ ከወለድ ነፃ የባንክ አገልግሎት ላይ የሚያወጣቸው የተለያዩ ማስታወቂያዎች ፣ ጋዜጦች ፣ በራሪ ወረቀቶች፣ በባንኩ ድህረ ገጽ የሚወጡ መረጃዎች ሰፊ እና ግልፅ መሆናቸው አገልግሎቱን እንድጠቀም ተጽዕኖ አሳድሮብኛል። | 1 | 2 | 3 | 4 | 5 |

መደብ አራት፡ የአድራጎት ተቀጣጠር የመሰረተ ነገር

ክፍል አንድ፡ ስለ የረሰ ብቃት

| ተ.ቁ | ጥያቄ | አማራጮች | | | | |
|-----|--|-------|---|---|----|----|
| | | በአ | አ | ገ | እስ | በእ |
| 1 | በኢትዮጵያ ንግድ ባንክ የሚሰጠውን ከወለድ ነፃ የወለድ አገልግሎት እንዴት እና ለምን እንደምጠቀም አውቃለሁ። | 1 | 2 | 3 | 4 | 5 |
| 2 | በኢትዮጵያ ንግድ ባንክ በወለድ ነፃ ባንክ የሚሰጠውን አገልግሎት ከነባሩ ጋር ስለሚመሳሰል መጠቀም እችላለሁ። | 1 | 2 | 3 | 4 | 5 |

ክፍል ሁለት፡ ስለ አመቻች ነገሮች

| ተ.ቁ | ጥያቄ | አማራጮች | | | | |
|-----|--|-------|---|---|----|----|
| | | በአ | አ | ገ | እስ | በእ |
| 1 | ግልፅና ማረኪ የሆኑ የመንግስት ሑጎት ከወለድ ነፃ የባንክ አገልግሎት በሚሰጡ ንግድ ባንኮች ላይ ይገኛል። | 1 | 2 | 3 | 4 | 5 |
| 2 | በወለድ ነፃ የባንክ አገልግሎት ውስጥ ያለኝን ብር ኢ-ባንኪንግ በመጠቀም ማዘዋወር እችላለሁ። | 1 | 2 | 3 | 4 | 5 |

ክፍል ስዕት፡ ስለ የአድራጎት ተቀጣጠር የመሰረተ

| ተ.ቁ | ጥያቄ | አማራጮች | | | | |
|-----|---|-------|---|---|----|----|
| | | በአ | አ | ገ | እስ | በእ |
| 1 | ከወለድ ነፃ የባንክ አገልግሎት ያለኝ እውቀት የሚሰጠውን አገልግሎት እንድጠቀም ገፋፍቶኛል። | 1 | 2 | 3 | 4 | 5 |
| 2 | የመንግስት እርዳታ ከወለድ ነፃ የባንክ አገልግሎትን እንደ አማራ ጭ ለማስፋፋት ላይ ያለው ነገር እንድጠቀም ገፋፍቶኛል። | 1 | 2 | 3 | 4 | 5 |
| 3 | በቀላሉ ከወለድ ነፃ የባንክ አገልግሎት ማዘዋወር መቻሉ እንድጠቀም አድርጎኛል። | 1 | 2 | 3 | 4 | 5 |

መደብ አምስት፡ ስለ የአድራጎት አሳብነት

| ተ.ቁ | ጥያቄ | አማራጮች | | | | |
|-----|---|-------|---|---|----|----|
| | | በአ | አ | ገ | እስ | በእ |
| 1 | ወደፊት ከወለድ ነፃ የባንክ አገልግሎት እጠቀማለሁ። | 1 | 2 | 3 | 4 | 5 |
| 2 | ከወለድ ነፃ የባንክ አገልግሎትን መቀበል ጥሩ ነው ብዬ አምናለሁ። | 1 | 2 | 3 | 4 | 5 |
| 3 | ስለ ከወለድ ነፃ የባንክ አገልግሎት ያለኝ ጠቅላላ እይታዬ ከፍተኛ ነው። | 1 | 2 | 3 | 4 | 5 |

Appendix B.4 Interview Questions

1. What do you think about the current status of interest free banking in Commercial bank of Ethiopia? Is it going as it planned? What do you think about IFB in future?
2. Do you think your bank is going to serve customers in accordance of report that Interest-free banking mainly targets individual and institutional customers that do not want interest on their deposits? Which religious group mostly interested with these services? Does the criteria needed involves non-Muslim properly to use these services?
3. As the IFB is in accordance of sharia law do you believe non-Muslim accept sharia law and adopt these services? Is there non-Muslim customers in your bank those used these services?
4. Do you think as your bank properly undertaking awareness creation activities? What methods mostly used by your bank to aware the customers about IFB?
5. Do you believe as your bank properly customized the existing information technology system to make simple transaction procedures in IFB?
6. What do you think about support from government body on initiation, government regulation, policy and procedures needed on IFB provision and expansion?
7. As your bank keep separate book account and windows in respect of IFB operation, do your bank trusted by customers as there is a proper maintenance of records for all transactions for segregation of funds or activities from conventional one?