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Addis Ababa University
College of Business and Economics
Department of Business Administration

**Operational Challenges and Opportunities of Interest Free Banking in
Ethiopia: The Case of Commercial Bank of Ethiopia**

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A Thesis submitted to Addis Ababa University College of Business and
Economics in partial fulfillment of the requirement for the degree of Masters
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Addis Ababa

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Declaration

I, the undersigned, declare that this research is my original work and has not been presented for award of degree in any other University. Furthermore, as required by academic rules and ethical conduct, I have fully cited and referenced all material

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Certification

This is to certify that Mulushewa Kibret has carried out this research work on the topic entitled “*Operational Challenges and Opportunities of Interest Free Banking in Ethiopia: a case of Commercial Bank of Ethiopia*” under my supervision. This work is original in nature and all the sources of materials used for the research project paper had been duly acknowledged.

Advisor Abebe Yitayew (PHD)

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Date _____

Place: Addis Ababa University

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Abstract

The main objective of the study is examining the operational challenges and opportunities of Interest Free Banking in Ethiopia, particularly, in Commercial Bank of Ethiopia empirically. To accomplish the intended purpose of this study, survey method of descriptive research design was used to gather data. Primary data was collected through interviews and questionnaires to answer the research questions. In addition secondary data extracted from internal reports and survey of the bank. Respondents were sampled from IFB employees of Commercial Bank of Ethiopia to achieve the objectives of the study. Data was collected through questionnaire by using random sampling from a sample of 155 IFB staffs 135 were properly filled and returned the questionnaires. The data collected from the questionnaire were analyzed using SPSS statistical tools such as percentages and frequency. The result indicate that legal and regulation framework, low level of awareness of practitioners, lack of commitment, taxation related issues, lack of trust by customer about segregation of funds, wrong perception of Interest Free Banking or wrongly associated with religion and weak shari'ah experts functionality are the major challenges of IFB operation in Ethiopia. Further the finding of the study showed that interest free banking creates opportunity to the bank to mobilize the idle resource which was out of bank system through enhancing customer base and it is helpful to the economy as well. Thus, the National Bank of Ethiopia as a regulatory body, the government and banks should give more emphasis for the challenges that they face on the operation to have those mentioned opportunities and inclusive growths.

Key words: Interest free banking, Islamic Banking, Operational challenges of IFB, Opportunities of IFB

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Interest Free Banking (IFB) is a relatively recent incident in the international banking and financial system. The IFB may be seen as a 20th century phenomenon in the global banking industry. According to H.Saduman (2005), because of the prohibition of receipt or payment of interest in Islam, Interest Free Banking emerged as a concept.

Modern Islamic finance emerged to provide alternative Shari'ah-compliant financial services and products for the Muslim societies who do not want to access conventional financial services due to religious rationale (Sadiq M. and Ibrahim B 2020). This is because interest or 'Ribba' is prohibited by Shari'ah (Islamic Law) and banks involve interest in their intermediation role for both deposit and financing products. Thus the Muslim society were remained unbanked not because banking is forbidden in Islam but due to the association of interest in conventional banking service.

Islamic banking in its modern form was started with pioneering experiments in the early 1960s in Egypt. The Mit-Ghamr Islamic Saving Associations (MGISA) mobilized the savings of Muslim investors, providing them with returns that did not disobey the laws of the Shari'ah. In the mid 1960s was the trial of IFB started, which showed that Islamic banking were applied and become relevant for a banking system, though with some improvement. Banking activity is acceptable in Muslim society, what is not acceptable is that interest is being linked while saving and lending activities of the bank is performed and involvement of business activities which are prohibited by Shari'ah (Islamic-Law). (Mumtaz H., Asghar S., and Rima T., 2015)

Interest Free/Islamic Banking is emerging industry in Muslim as well as non-Muslim countries all over the world. Nowadays, in many countries including Ethiopia, Islamic Banks are operating along with conventional banks at dedicated window level, at dedicated branch level and full-fledged banks level. (Garas, 2007 as cited in Irfan, Majeed & Zaman 2014).

1.2 STATEMENT OF THE PROBLEM

As I mentioned earlier the Muslim population has strong reservation on conventional banking system since the service based interest in saving as well as lending activities of the bank. Thus alternative banking system was needed to serve this group of society since their number is significant in the world.

The issuance of directive in 2008 by NBE was the first step which only allow to deposit without interest called special demand deposit in CBE. The directive does not address the financing part it only give safekeeping service to depositors. After the issuance of the directive by National Bank of Ethiopia (SBB/51/2011) to authorize interest free banking business, Commercial Bank of Ethiopia starts Interest Free Banking at a dedicated window level since 2013 and currently the bank gives the service additionally on dedicated branches level in which the branches give service for Interest Free Banking customers only. The issuance of NBE directive in 2019 gives way to the full-fledged Interest Free Banks to become operational in Ethiopia which will have big impact on IFB Service.

To summarize the results of some of the researches which are related to my topic, Mohammed (2012), Debebe (2015), Tsion (2017), Kerima (2016), Nasir (2018) Wondwosen (2018), Suadiq, M. and Ibrahim, B. (2020) were the studies done on the Opportunities and Challenges of Islamic Banking in Ethiopia.

The above mentioned studies showed that lack of support and link institutions, Lack of awareness, regulatory and supervisory challenges, Poor commitment of the bank, lack of Shari'ah advisor, taxation issues, Lack of Standardization and Misunderstanding of IFB Concept, a gap in Islamic studies research and development, shortage of skilled man power and association of IFB wrongly with specific religion as the major challenges that the interest free banking service faced.

Recently more researches have been conducted on Interest Free Banking service in Ethiopia from different aspects of it. However due to IFB service is newest practice in Ethiopia it needs to be well researched and still few literatures available (Hadji 2021).

Besides after the full-fledged Interest Free Banking becomes operational as to the researcher knowledge there is only one research done. Thus this study tries to contribute in filling the gap in research on Interest Free Banking by examining the operational challenges and opportunities of Interest Free Banking in Ethiopia.

Commercial Bank of Ethiopia is believed to represent the banks in Ethiopia with its various branch network throughout the country. According to internal report for the month ended Feb 2022 there are 487 branches who gives IFB service at dedicated window and dedicated branches level in Addis Ababa districts only.

1.3 RESEARCH QUESTIONS

The study was carried on to get response on the questions listed below.

- To what extent the legal and regulatory system becomes operational challenge of Interest Free Banking in Commercial Bank of Ethiopia?
- Is the awareness level of practitioners of IFB low in Commercial bank of Ethiopia?
- What are the types of challenges, if any, faced by employees in Commercial Bank of Ethiopia?
- Are there enough Shari'ah experts available in Commercial Bank of Ethiopia?
- What benefits obtained from IFB in Ethiopia?

1.4 OBJECTIVE OF THE STUDY

1.4.1. General Objectives of the study

Examining the operational challenges and opportunities of Interest Free Banking in Ethiopia, particularly, in Commercial Bank of Ethiopia, was the main objective of this research.

1.4.2. Specific Objective of the study

- To examine the extent of the legal and regulatory system on operational challenge of Interest Free Banking in commercial bank of Ethiopia?

- To assess the awareness level of practitioners of IFB in Commercial bank of Ethiopia?
- To identify the challenges faced by the employees of IFB dedicated window and dedicated branch service in Commercial Bank of Ethiopia?
- To examine the availability of Shari'ah expert in Commercial Bank of Ethiopia
- To assess the benefits obtained from IFB in Ethiopia

1.5 SIGNIFICANCE OF THE STUDY

The findings of the study, as the researcher hopes, will have practical and theoretical contributions. Theoretically, the result of the study will fill a gap to the current body of the literatures and instigate other concerned researchers as a starting point to carry out more extensive studies in the area. On the other hand practically, the study is expected to help researchers, decision and policy makers to get knowledge and practical experience; and to identify and understand the operational challenges of Interest free banking and its opportunities.

1.6 SCOPE OF THE STUDY

The main focus of the research work is to find out operational challenges of IFB and its opportunities in Ethiopia and Commercial Bank of Ethiopia is taken as a case study. Therefore the scope of the study is restricted on identifying the stated operational challenges and opportunities of IFB on Commercial Bank of Ethiopia as a service provider.

1.7 LIMITATIONS OF THE STUDY

In area wise, the study was limited to Addis Ababa and surroundings districts of Commercial Bank of Ethiopia because of time and money limitation. In addition the study included interest free banking employees of CBE only. The other limitation is, since IFB is recent incident in our country, to generalize the observation and existing knowledge gap as well as awareness problem might need more time. In addition shortage of appropriate and inclusive researches related to the subject was also the limitation of the study.

1.8 ORGANIZATION OF THE STUDY

This paper is organized into five chapters. The first chapter deals with presenting the background and the statement of the problem followed by the research question, general and specific objectives of the study, significance of the study, scope of the study and limitations of the study. The second chapter presents the reviewed literature related with interest free banking'. Chapter three presents the methodology of the study. Chapter four presents the results of the analysis and discussion followed by chapter five which presents the conclusion and recommendations drawn from the findings.

CHAPTER TWO

REVIEW OF LITERATURE

This section explores the existing literature on the challenges and opportunities of Islamic/interest free banking. In this chapter theoretical and empirical literature on different type of challenges and opportunities has been conducted.

2.1 THEORETICAL LITERATURE

2.1.1. Evolution of IFB

Islamic banking started with pioneering experiments in the early 1960s in Egypt in its modern form. The practices of Islamic banking are usually traced back to business people in the Middle East who started engaging in financial transactions with their European counterparts during the medieval era. At first, they used the same financial principles as the Europeans. However, over time, as trading systems developed and European countries started establishing local branches of their banks in the Middle East, some of these banks adopted the local customs of the region where they were newly established, primarily no-interest financial systems that worked on a profit-and-loss sharing method. By adopting these practices, these European banks could also serve the needs of local business people who were Muslim. (Mumtaz H., Asghar S., and Rima T., 2015, Evan Tarver, 2022)

Beginning in the 1960s, Islamic banking resurfaced in the modern world, and since 1975 following the establishment of Islamic Development Bank, many new interest-free banks have opened. Though the majority of these institutions were founded in Muslim countries, Islamic banks also opened in Western Europe during the early 1980s. In addition, national interest-free banking systems have been developed by the governments of Iran, Sudan, and (to a lesser extent) Pakistan. (Evan Tarver, 2022)

2.1.2. Forms/Types of Islamic banking

Currently four forms for operations of IFB could be identified. According to Sole (2007) these four forms discussed as follows:

IFB Window

As the simplest form to provide IFB services, a conventional bank can set up an IFB window that allow banks customers to conduct business utilizing only Sharia-compatible instruments, including deposits and Islamic financing products. A number of South East Asian and Western countries have opted for this vehicle to introduce Islamic services into their countries.

Dedicated Branch Model

In the branch model the IFB services are delivered in dedicated branch of the bank and conventional banking services are not availed in this branch. All the IFB services of the bank including hawalla, foreign exchange and financing services are delivered in the branch.

Subsidiary Branch Model

A subsidiary is usually a superior alternative as the parent bank may continue its conventional banking activities, while the subsidiary develops its Islamic banking business which clearly distinguished from the conventional unit of the bank (Sole, 2007).

Islamic (full-fledged) Banking

A full-fledged Islamic bank might be more focus to engage in Islamic investment banking activities. In addition, it might be better equipped to manage its own treasury and money market operations. A full-fledged conventional banking conversion would signal the bank's firm commitment to operate under Sharia principles.

2.1.3. International Institutions of IFB

Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI)

As presented in its website, AAOIFI was established in 1991 and based in Bahrain. It is the leading international not-for-profit organization primarily responsible for development and issuance of standards for the global Islamic finance industry. AAOIFI has issued a total of 100 standards in the areas of Shari'ah, accounting, auditing, ethics and governance for international Islamic finance. It is upheld by various institutional members, which includes central banks and regulatory authorities, financial institutions, accounting, auditing and legal firms, from over 45 countries. Its standards are currently followed by all the leading Islamic financial institutions across the world and have introduced a progressive degree of harmonization of international Islamic finance practices (AAOIFI n.d.).

Islamic Financial Services Board (IFSB)

As stated in its website, The Islamic Financial Services Board (IFSB), which was publicly inaugurated on 3rd November 2002 and started functioning on 10th March 2003 is based in Kuala Lumpur. IFSB vested concern in ensuring the soundness and steadiness of the Islamic financial services industry and serves as an international standard-setting body of regulatory and supervisory agencies, which is defined broadly to include banking, capital market and insurance. In advancing this mission, with the announcement of new, or adapting existing global standards consistent with Sharī'ah principles, and endorse them for adoption, the IFSB encourages the development of a prudent and transparent Islamic Financial Services Industry. (IFSB 2013).

International Islamic Finance Market (IIFM)

As it is stated in its website, IIFM is an international standard-setting institution of the Islamic Financial Services Industry (IFSI) engaging on standardization of Shari'ah-compliant pecuniary agreements and product template. (IIFM n.d.)

Furthermore as depicted in its website, IIFM is presented by the Central Bank of Bahrain (CBB) and was established under Royal Decree No (23) Year 2002 of the Kingdom of Bahrain as a neutral and non-profit international Islamic infrastructure development institution, by the collective efforts of the CBB (formerly Bahrain Monetary Agency), Islamic Development Bank, Bank Indonesia, Bank Negara Malaysia (delegated to Labuan Financial Services Authority), Central Bank of Sudan and Brunei Darussalam Central Bank (formerly Autoriti Monetari Brunei Darussalam).

Besides the Founding and Permanent Members, IIFM Board of Directors consist of Islamic and international banks namely Kuwait Finance House, Dubai Islamic Bank, National Commercial Bank, Bank ABC Islamic, Gulf Finance House, Standard Chartered, Credit Agricole CIB and National Bank of Kuwait.

IIFM is also supported by certain regulatory and government bodies such as State Bank of Pakistan, National Bank of Kazakhstan and DIFC Authority as well as by a number of international and regional financial institutions and other market players active in Islamic finance. (IIFM n.d.)

The International Islamic Liquidity Management Corporation (the IILM)

As represented in its website, The International Islamic Liquidity Management Corporation (the IILM) is a global institute commenced by central banks and a multilateral organization to create and issue Shari'ah-compliant financial instruments to facilitate effective cross-border Islamic Liquidity Management (IILM n.d).

Established on 25 October 2010, the IILM aims to enhance cross-border investment flows, international linkages and financial stability by creating more liquid Shari'ah-compliant financial instruments for institutions offering Islamic financial services (IILM n.d).

2.1.4. IFB/Islamic and conventional banking

Although IFB/Islamic commercial banks have many products similar to those offered by conventional banks, the two entities differ conceptually. One key difference is that

conventional banks earn their income by charging interest and fees for services, whereas IFB/Islamic banks earn their income by profit and loss sharing, trading, leasing, charging fees for services rendered, and using other shari'ah contracts of exchange. (Mohammed A. Ansif & Jazib Azeem 2020)

According to Mohammed A. Ansif & Jazib Azeem, (2020) the following are four key ways that conventional and Islamic commercial banks differ. (The Financial Pandora 2020)

The Oversight of A Shari'ah Board

A *shari'ah board* consists of Islamic scholars who are qualified to give opinions on Islamic business contracts. The board is also involved in supervising bank operations to make sure they comply with shari'ah principles in commercial banks.

If the basic distinction between conventional and IFB/Islamic banking hinges on interest can't IFB/Islamic banks satisfy the requirement by just making sure none of their transactions involves charging interest.

IFB/Islamic banks and other financial institutions must comply with a variety of principles besides avoiding interest. IFB/Islamic finance is based on four core principles: prohibiting usury, avoiding speculation, avoiding gambling, investing ethically

Making sure that IFB/Islamic banks comply with shari'ah isn't easy — hence the necessity of the shari'ah supervisory board is high. This board is the backbone of an IFB/Islamic bank; it plays a vital role in establishing and operating the bank.

Concepts of Money and the Basis of Transactions

Conventional banks are profit-making organizations that generally aren't based on religious principles. That said, earning money is also a primary function of an IFB/Islamic commercial bank. Although the bank has a specific religious purpose, it can't serve that purpose unless it also meets the objective of earning money.

Islamic banks operate based on Islamic business law (called *fiqh-u-muamalat*) for their basic transactions, and they also follow the financial laws and regulations of the countries in which they operate. Likewise, conventional banks operate based on a country's financial laws and regulations; but they don't have contact with any religious body.

Relationships with Clients or Customers

The relationship of a depositor with a conventional bank is one of a creditor to a debtor; the bank has a responsibility to pay back the money with or without interest according to the account contract. Similarly, the roles reverse when the bank provides a loan.

The relationship between a customer and an IFB/Islamic bank is completely different; the debtor and creditor relationship do exist at times in Islamic banking. To understand the relationship between the customer and the Islamic bank, the contract that relationship is based on must be known.

Investments in the Bank

Investments in conventional commercial banks are based on guaranteed principal and earning a fixed amount of income. In Islamic banking, the concept of investment is different. Although a customer deposits the money to earn extra income for their savings, the principal and returns aren't guaranteed. Suppose the Islamic bank loses money because of unexpected business failure, the bank isn't liable to pay the money to its customer.

2.1.5. IFB products

Deposit Products of IFB

According to Ziauddin (1994), Hassen& Lewis (2007) and Kettll (2011), Kerima (2016), the source of deposit mobilization of IFB products are shown as follows:

Unrestricted Investment Deposits (Unrestricted Mudaraba)

This is a type of deposit account in which, the bank acts as the Mudarib (manager) collects fund from the depositor and invests it without restriction and intervention of the capital provider in any Sharia compliant businesses. The profit gained from the investment will be shared as per the agreement on the contract and loss incurred will be shared by the depositor (capital provider). The bank has preference to take part in the investment. The bank can use the money for its daily business activities of Islamic Banking.

Restricted Investment Deposit (Restricted Mudaraba)

This is an earning deposit account in which the bank (Mudarib) could only invest the fund in restricted investment based on active involvement of the depositor (capital provider) and the bank supplemented professional advice in the investment. The profit gained from the investment will be shared as per the agreement on the contract and loss incurred will be shared by the depositor (capital provider).

Wadiah (Safekeeping) Deposit

It is a non-earning IFB deposit that operates under the contract of WadiahYadDhamanah (guaranteed custody). Wadiah is a deposits mobilized from customers who are looking for safe custody and convenience. To utilize the funds for investment purposes promoting transparency, the bank requests endorsement from the depositor. The customers could withdraw their balances at any time partially or fully. Profit gained by investing the customer's funds belongs to the bank. However, the bank may at its complete choice rewards the customers by declaring profits to them. The custodian i.e. the Bank is not permitted to state or to promise any return on the deposit received, under Wadiah contract. Any rewards or return could not be claim by the owner/depositors also from their Bank on their savings.

Demand Deposit (Amana Current Accounts)

The depositors are guaranteed repayment or withdrawal of their funds on demand in the case of Amana Current accounts which are non-earning deposits that work based on the principle of alwadhiah. Since the guaranteed funds will not be used for profit and loss schemes, the depositor does not receive any reward for depositing funds in amana current account.

Financing Products of IFB

As mentioned above, the receipt and payment of interest is not allowed under Shari'ah. Therefore, when Islamic banks provide finance they must earn their profits by other means. This can be through a profit-share relating to the assets in which the finance is invested, or can be via a fee earned by the bank for services provided. The essential feature of Shari'ah is that when commercial loans are made, the lender must share in the risk. If this is not so then any amount received over the principal of the loan will be regarded as interest (Ken Garrett n.d)

According to Ken Garrett, the financing products of IFB is discussed as follows:

Murabaha (Cost Plus Sales Contract)

Murabaha is a form of trade credit for asset acquisition that avoids the payment of interest. Instead, the bank buys the item and then sells it on to the customer on a deferred basis at a price that includes an agreed mark-up for profit. The mark-up is fixed in advance and cannot be increased, even if the client does not take the goods within the time agreed in the contract. Payment can be made by installments. The bank is thus exposed to business risk because if its customer does not take the goods, no increase in the mark- up is allowed and the goods, belonging to the bank, might fall in value.

Ijara (Lease)

Ijara is a lease finance agreement whereby the bank purchases an item for a customer in order to lease it back over for a specific period at an agreed amount. Ownership of the

asset remains with the lessor bank, which will aim to salvage the capital cost of the equipment plus a profit margin out of the rentals payable.

Mudaraba

Mudaraba is essentially like equity finance in which the bank and the customer share any profits. The bank will provide the capital, and the borrower, using their expertise and knowledge, will invest the capital. Profits will be shared according to the finance agreement, but as with equity finance there is no certainty that there will ever be any profits, nor is there certainty that the capital will ever be recovered. This exposes the bank to considerable investment risk. In practice, most Islamic banks use this as a form of investment product on the liability side of their statement of financial position, whereby the investor or customer (as provider of capital) deposits funds with the bank, and it is the bank that acts as an investment manager (managing the funds).

Musharaka

Musharaka is a joint venture or investment partnership between two parties. Both parties provide capital towards the financing of projects and both parties share the profits in agreed proportions. This allows both parties to be rewarded for their supply of capital and managerial skills. Losses would normally be shared on the basis of the equity originally contributed to the venture. Because both parties are closely involved with the ongoing project management, banks do not often use Musharaka transactions as they prefer to be more 'hands off'.

Sukuk (Islamic Bond)

Sukuk is debt finance. A conventional, non-Islamic loan note is a simple debt, and the debt holder's return for providing capital to the bond issuer takes the form of interest. Islamic bonds, or *sukuk*, cannot bear interest. So that the *sukuk* are Shariah-compliant, the *sukuk* holders must have a proprietary interest in the assets which are being financed. The *sukuk* holders' return for providing finance is a share of the income generated by the assets. Most *sukuk*, are 'asset-based', not 'asset-backed', giving investors ownership of

the cash flows but not of the assets themselves. Asset-based is obviously more risky than asset backed in the event of a default.

Salam (Forward Trade Contract)

In Salam (Forward Trade Contract) Islamic bank agrees to deliver some precise commodities to the buyer (its client) at a specific future date in substitute of an advanced full spot payment to the bank. That is, the client pays the full amount at the spot and the delivery of the commodity by the Islamic bank to the client is made in specific future date.

Istisna (contract of manufacture)

It is a contract that includes the description of the product, delivery date, price and payment date in which a party orders another to manufacture and deliver a commodity. It is exercised by Islamic banks, and consists of two different Istisna contracts.

2.1.6. Operational Challenges and Opportunities faced by IFB

Interest Free Banking is in early stage in Ethiopia therefore there is a need to analyze some of the potential operational challenges of it to make Islamic banking performing well in each segment of the economy and the society as well. Islamic banking has been facing so many challenges since its origin. Islamic banking industries have always go through with the issue of different opinions of Islamic scholars, suppose a product or practice may be accepted by one Scholar, could be considered un-Islamic by another scholar (Khaf, 2007).

Legal and Regulatory Challenges

Islamic banking in western countries is facing the challenge of legal system as a result of Islamic banking is not yet sufficiently regulated as a consequence of this there is possibility to engender tension between Islamic banking and regulatory institution (Karbhari, Naser and Shahin, 2004).

International Regulating Bodies

As mentioned earlier under International Institutions of IFB sub topic, there are various international regulating bodies which are based in different countries to address the issue of lack of regulations, standards and procedures as a regulatory institutions or a financial institution to establish the best practices in Islamic banking and finance.

The legal and regulatory frameworks of Islamic Banking are still quite complex and un-standardized because it is a recent phenomenon in banking systems. Therefore they tend to follow different accounting and other practices with no commonly recognized standards. Some of them follow Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI), others adopt International Financial Services Board (IFSB), whereas some obeys their local markets accounting standards (Khalid and Amjad, 2012).

Shortage of trained human resource and Shari'ah expert

Various studies showed that shortage of Shariah expert and well trained managers in IFB/Islamic Banking industry is a big challenge in the industry. It is unfortunate that Islamic financial practices could not be practiced by the managers since they are not well trained. (Iqbal, Ahmad and Khan, 1998).

Lack of Standardization and Misunderstanding of IFB Concept

One of the major reasons that causing the concept of Islamic financial system become ambiguous is because of the inconsistent point of view among different scholars. The scholars of Islamic Finance have different view about same product or practice, it could be accepted by one scholar and seen as un-Islam by another scholar (Kahf and Khan, 2007).

2.1.7. Opportunities of Interest Free Banking

Generally, IFB offer opportunities for flow of cross border capital, financial market deepening, financial inclusion in both Muslim minority and majority countries, enhancing product offering, promotion of monetary policy effectiveness, employment opportunities,

etc. Many countries stands to benefit from flow of cross border of financial resources from oil-rich Middle East – home to vast investment resources, and Asian countries – with Malaysia as the global hub of Islamic finance. According to IMF staff discussion note (April 2015), Islamic finance has the potential to contribute to higher and more inclusive economic growth and it may also help promote macroeconomic and financial stability.

2.2. EMPIRICAL LITERATURE

2.2.1. General Empirical Literatures

Various studies have been conducted related to challenges and opportunities of Interest Free Banking internationally. The research conducted on challenges and opportunities of IFB at international level identified challenges and opportunities which vary in the respective countries. Though there are common challenges and opportunities to these countries.

M. IQBAL, A. AHMAD and T. KHAN (1998), the challenges discusses by the authors are: lack of proper institutional framework; Increased Competition; absence Bridges and Strategic Alliances with other Islamic banks and conventional banks that are interested to do Banking in Islamic principle; Small Size of Islamic Banks; sophistication of Financial Engineering; acute shortage of scholars with dual specialization or at least working knowledge of modern finance and shari'ah at the same time; lack of Teaching, Training, Research and Development; pre dominance of Fixed over Variable Return Modes of Finance; absence Equity Institutions; inadequate legal framework, supervisory policies and procedures; and poor supervisory framework.

According to N. A. Zainordin, M. Selvaraja, N. Y. Man and L. S. Hoong (2016) the major challenges of Islamic banking in Malaysia are “Misunderstanding and Lack of Standardization of Islamic Financial Concept”, “Legal Challenges”. “Limited Market-Based Financial Intermediations and Products” and “Concentrated Banking: Limited Risk Management Functionality”.

According to Bello & Abubakar (2014) the challenges of interest free banking in Nigeria are: inadequate institutional, legal and supervisory framework, lack of equity institutions, inconsistency in accounting standard, lack of secondary financial markets, lack of short-term financial instruments and institutions, religious and cultural differences, lack of novelties in financial products, lack of profit sharing finance, Shari'ah related issues, inadequate human resource with the essential knowledge, lack of awareness and competition.

Lack of skilled manpower and rivalry from the conventional banks was identified as the main challenge in a study conducted about problems, challenges and opportunities of Islamic banking in United Kingdom has identified. The study concluded that the e-banking can play vital role for the accomplishment of Islamic banking. In addition recruiting professional individuals who have the knowledge about the Islamic banking is also needed. (Karbhari, Naser & Shahin, 2004).

The study conducted by Ibrahim (2012) shows that lack of suitable legal frame work, lack of knowledgeable manpower, competition from conventional banks, financial literacy, religion and moral hazard create significant limitations on the operation of the interest-free window.

2.2.2. Empirical Literature review in Ethiopian Context

The research conducted about IFB is very few since it is a recent phenomenon in Ethiopia. As mentioned earlier, IFB becomes operational after the issuance of directive by NBE in 2011. After Interest free banking and Full-fledged Islamic banking become operational in Ethiopia, there have been few studies concerning it.

According to Suadiq (2020) in a study entitled 'Interest Free Banking in Ethiopia: Prospects and Challenges' identifies, the challenge of full-fledged Islamic banks in Ethiopia are identified as: negative Perception towards IFB, legal framework, lack of experts and qualified man power who have knowledge about conventional as well as Islamic banking. This study was focus only on full-fledged Islamic banks.

Mohammed (2012) in a study entitled: ‘Islamic Banking: prospects, opportunities and challenges in Ethiopia’; Lack of awareness, regulatory, supervisory and institutional challenges, lack of support and link institutions, Islamic studies gap in research and development, lack of qualified manpower and wrongful connotation with specific religion and the global terrorism movements were identified as challenges of IFB. The study was not done based on actual observation since it was performed before IFB is functional in Ethiopia.

According to a study by Debebe (2015) entitled as Factors Affecting Customers’ to Use Interest Free Banking in Ethiopia indicates that perceived relative advantage and compatibility, customers’ level of awareness and subjective rule have a substantial positive impact on the stance towards interest free banking in commercial bank of Ethiopia.

Teferi (2015), in his study entitled as Contribution of IFB to economic development and its prospects in Ethiopia. The result shows that IFB plays an important role in mobilizing and allocating of idle monetary resource, attracting to use banking system, creating employment opportunity, supporting GDP growth and supporting in calming crisis and arresting inflation. Moreover, IFB is also believed to play an essential role in Ethiopia in enhancing the economic development subject to sufficient awareness creation about its central principles, obedience with prohibitions, familiarity with operating philosophies, knowledge capacity building of employees, sharing experience from pioneering countries of Islamic banking, and inventing enabling regulatory atmosphere.

As per a study done by Kerima (2016), entitled Challenges on Interest Free Banking Services: The Case of Commercial Bank of Ethiopia finds out that Lack of commitment of the bank, Shari’ah advisor and supportive regulatory directives, challenge related to Ethiopian Commodity Exchange (ECX) law, lack of facility to deliver IFB product at full range, lack of customer awareness, trust and confidence, insufficient marketing and promotion, double taxation, nature of IFB products, absence of IFB products in all branches and the IFB service being rendered in a Window level as the major challenges for the operation of IFB.

The study conducted by Tsion (2017) entitled “Challenges and opportunities of interest free banking in Ethiopia” the finding of the study are lack of customer awareness, lack of institutions, aspiration for special regulations and lack of qualified manpower.

Nasir (2018) in a study which entitled ‘Practices and Challenges of Interest Free Banking Windows of Commercial Banks in Ethiopia’ the result shows that Doubt of the clients, Lack of supervision, Lack of legal support skilled manpower were identified as the challenge of Interest free Banking.

The study done by Wondwosen (2018) entitled: Operational Challenges and Opportunities of Interest Free Banking in Ethiopia shows that the challenges of Interest free banking are Misunderstanding and Lack of Standardization of IFB Concept, Proper Legal and Regulatory frame work, Lack of *Shari'ah* experts and *Man power* and Limited Market-Based Financial Intermediations and Products.

Since the concept of Islamic windows and dedicated branch by conventional banking is novel, there is shortage of literature especially in the case of Ethiopia. Identifying challenges could contribute for the development of IFB service in the banking industry. Hence, this study is intended to contribute for the development of Islamic windows in Ethiopia.

2.3. SUMMARY AND GAP IN EXISTING LITERATURE

It becomes very important to examine operational challenges and opportunities of Interest free Banking in Ethiopia since different results are expected to conclude in this regard. There are few survey studies conducted to assess the challenges and opportunities of interest free banking. However, most of the studies have been carried out on the overall opportunities and challenges and its competitiveness with conventional banks. Even if IFB seems to be familiar and highly demanded in Ethiopia, there are few empirical studies that examine the operational challenges and its opportunities in particular. Besides most of the studies were done before full-fledged IFB becomes operational in Ethiopia. Therefore, this study will make an attempt to bridge this gap by investigating the operational challenges and opportunities faced by practitioners of IFB in Ethiopia particularly in Commercial Bank of Ethiopia.

CHAPTER THREE

METHODOLOGY

This chapter depicts methodology and design of the research. The chapter comprises the research design, study area, population, study participants, methods of data collection, sampling method & sampling size and data analysis technique.

3.1. THE STUDY DESIGN

To accomplish the intended purpose of this study, survey method of descriptive research design was used to gather data on challenges and opportunities of IFB. Qualitative as well as quantitative data were collected for the intended purpose of the study. In addition internal documents of the bank like surveys, reports, policy and procedures, etc. were used.

3.2. STUDY AREA AND POPULATION

The study was executed on Commercial Bank of Ethiopia in dedicated window and dedicated branches under Addis Ababa districts and head office of IFB.

The study population is employees of CBE work at IFB head office, dedicated windows and dedicated branches. Addis Ababa has eight districts while outline districts include 22 districts. From the 30 districts of the bank, Addis Ababa districts which have eight districts were selected for this research. The reason for selecting Addis Ababa districts is that, almost all branches gives service at window level and there are more dedicated branches which gives IFB service from other districts. According to the internal report for the month end of February 2022, there are 32 dedicated branches under Addis Ababa District from the total 104 dedicated branches though out the country.

Staffs of CBE who worked at IFB in Addis Ababa districts were the participant of analysis for the research.

3.3. SAMPLING METHODS AND SAMPLE SIZE

3.3.1. Sampling Methods

In order to make the interpretations resulting from the sample can be generalized back to the population of interest, it is important to choose a sample that represents the population. Sampling has been done to select representative sample from branches and staff population by using right sampling methods which best fits the aim of the study. To reach at the specific respondents this study adopted probability and non-probability sampling and the district were selected on a purposive base which considered as divisions. Thus, in this study there are eight divisions.

3.3.2. Sample Size Determination

Deciding sample size should be done with due care since samples that are too small may lead to incorrect results and samples that are too large may waste time, resources and money. From eight districts which have 487 branches 50 Sample branches were selected and 155 respondents have been determined using the following techniques and the detail is presented as follows.

Branch sample Size

The branch sample size has been determined using a method developed by Carvalho (1984). This sampling technique has been used by Jemal (2018), Kerima (2016) and Debebe (2015). To obtain the total branches in the district, the researcher has used bank's February 2022 report and as of this date there were 487 branches in Addis Ababa districts that have dedicated IFB windows and dedicated branches.

Table 3.1: Sample Size Determination

N	51-90	91-150	151-280	281-500	501-1200	1201-3200	3201-10000	10001-35000	35001-150000
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 Carvalho sample size determination method the researcher has selected a medium sample size which is 50 branches of CBE with IFB windows and dedicated branches in Addis Ababa. Thus, the numbers of branches from the respective districts have been calculated as follows.

Table 3.2: Number of Selected branches from Districts of Addis Ababa

District	Branch	Proportion	Total number of branches from respective district
Arada	64	13%	7
Bole	55	11%	5
Kirkos	53	11%	5
Kolfe	71	15%	8
Megenagna	57	12%	6
Merkato	60	12%	6
Nifas Silk	74	15%	8
Yeka	53	11%	5
Total	487	100%	50

After determining the right number of sample branches from districts, 50 branches were sampled with simple random sampling technique to collect data from participants.

Staff sample size

Additionally, to determine sample size of IFB staff from the available staff population, similar sample determination technique has been adopted. The sample selected from the population of 215 IFB staffs was 155(130 from branch and 25 from credit and operation employees at the head office) and Questionnaire were spread with equal number of 2 questionnaires for each sampled dedicated IFB window branches and 3 questionnaires for each dedicated IFB branches.

Generally, the above sampling techniques were used for the purpose of this study and 155 IFB staffs have been sampled and hence data were collected.

Table 3.3: Summary of Sampling Component, Sample Size Determination and Sampling Techniques

Sampling Component	Sample size determination	Sampling techniques
Commercial bank of Ethiopia		Purposive
Addis Ababa District		Purposive
Number of Branches	Carvalho (1984)	
Branches in each district		Simple random sampling
IFB Staff		Purposive

3.4. METHODS OF DATA COLLECTION

3.4.1. Primary Data

The primary data was collected from respondent who works at officers, senior officers and management level at CBE. They are from Addis Ababa districts who have been working at head office, dedicated IFB windows and dedicated branches. The collected data is quantitative and qualitative in nature.

3.4.2. Secondary Data

Secondary data is collected from the bank internal reports in addition to primary data.

3.5. DATA ANALYSIS TECHNIQUE

Statistical Package for Social Science- SPSS 24 version software was used to assist the analysis of data collected through quantitative tools and presented using tables that show the frequencies, percentages and mean values. Simultaneously, the qualitative data were summarized and presented, to answer the research questions and also to triangulate some of the response obtained.

3.5.1. Reliability and validity

Cronbach's alpha was used to assess the reliability or internal consistency in SPSS software. Chronbach's Alpha is a measure used to asses or test. According to Goforth (2015), many methodologists recommend a minimum alpha coefficient between 0.65 and 0.8 (or higher in many cases), alpha coefficients that less than 0.5 are usually unacceptable.

3.5.1.1. Pilot Test

The following measures had been used by the researcher, to increase the reliability of this study. In order to improve the soundness of the data collected, qualitative as well as quantitative techniques were used. The population data base was taken from reliable sources and report of the bank.

Mainly the survey method was the strategy of the research and Cronbach's alpha should exceed the threshold of 0.65. Cronbach's alpha is a function of the average inter-correlations of items and the number of items in the scale.

To check the reliability, the questionnaires were pretested with 20 sample questionnaires. As a result, Cronbach's alpha showed a satisfying reliability, above 0.65%.

Table 3.4: Reliability Test

Challenges	Cronbach's alpha	NO. of Items
Proper Legal and Regulatory frame work	0.909	5
awareness level of practitioners of IFB	0.839	5
Types of challenges faced by practitioners	0.953	6
Shari'ah experts availability	0.762	5
Opportunities of Interest Free Banking in Ethiopia.	0.823	5

CHAPTER FOUR

DATA ANALYSIS

4.1. INTRODUCTION

The data collected from primary as well as source secondary sources collected through questionnaires and interview has been displayed and analyzed in this section. In this study, 155 questionnaires were distributed to IFB employees of the bank and from the distributed questionnaires 135 were collected. Data was also gathered through interview in addition to the questionnaires. The collected data have been analyzed, and interpreted accordingly.

Table 4.1: Professional Level of Employees

Sample	Distributed		Collected		Not collected	
	Number	Percentage	Number	Percentage	Number	Percentage
Manager	41	27	36	23	5	3
Senior Officer	50	32	43	28	7	5
Officer	64	41	56	36	8	5
Total	155	100%	135	87%	20	13%

Source: own computation from distributed questionnaires, 2022

4.2. CHARACTERISTICS OF RESPONDENTS

The demographic characteristic including age, gender, education background, professional level, religion and experience towards the variables are summarized by descriptive statistics using frequencies and percentages. The demographic items of the respondents has been analyzed and described through the means of descriptive statistics

The questionnaire requested limited amount of information related to personal and professional demographic characteristics of respondents. Accordingly the following variables about respondents were summarized depicted in the subsequent tables.

Table 4.2: Background Information of respondents

Item	Description	Frequency	Percent
Age group in years of respondent	26-35	49	36.3
	36-45	81	60.0
	above 45	5	3.7
	Total	135	100.0
Gender of respondents	female	39	28.9
	male	96	71.1
	Total	135	100.0
Educational background of respondents	BA/BSc degree	40	29.6
	MA/Msc	95	70.4
	Total	135	100.0
Professional level	officer	56	41.5
	senior officer	43	31.8
	management	36	26.7
	Total	135	100.0
Respondents religion	Muslim	96	71.1
	non-Muslim	39	28.9
	Total	135	100.0
Staffs Experience	<1 year	1	0.7
	1-2 year	24	17.8
	2-5 year	98	72.6
	>5 years	12	8.9
	Total	135	100.0

Source: own computation from distributed questionnaires, 2022

Presenting the information of different demographic variables in the above table helps the researcher to see the nature of the demographic variable by obtaining information to analyze how close to the industry they are and their educational background.

Thus from 135 respondent 96 (71.1%) were male and the remaining 39(28.9%) were female, as we observe from the above response the majority of the staff are male which shows they are active participant in the new banking sector.

The age of majority of the employees working in Interest free banking of CBE ranges from 26-35 years old (69, 51.1%), the subsequent range is 36-45 years old (51, 37.8%) and the least percentage among all respondents above 45 years old , only occupied 3.7%

compare to other age group. From the above result the researcher observes IFB sector is well performed by staff under 35years.

Moreover, among the 135 respondents, 95 (70.5%) of the respondents have MA Degree qualification and following by 40 (29.6%) of them have Bachelor degree. From the above response by the respondent most of the IFB staffs are either BA Degree or MA Degree holder, least of them with diploma.

The response of the other background information, professional level indicates that, most of the respondents were at Senior officer level which are 56 (41.5 %), from officer level there are 43 respondent(31.8%) and while the lower respondents are from manager they are 36 (26.7%). This shows that the number of managers and senior level employees are lower than that of officer level.

The result of the last demographic characteristics of respondents, religion, shows that there are 96 respondents (71.1%) from Islam and the remaining 39 (28.9 %) are non-Muslim. As the researcher observes, in Commercial Bank of Ethiopia most of the staffs of IFB are from Muslim religion. The result of the research also confirms that there are more Muslim staffs in IFB.

4.3. DESCRIPTION OF INDEPENDENT VARIABLES

4.3.1. Proper Legal and Regulatory frame work

The result depicted in the below table shows that, most of the respondents 95 (70%) agree that the laws applicable to the banking industry of the country have not been revisited in light of the specific requirements of IFB. The mean value of the sample was also shows 3.88(SD=1.2).This implies that the laws applicable to the banking industry of the country do not incorporate Interest Free Banking. The detail is presented in the table below.

Table 4.3: Response on Proper Legal and Regulatory frame work

	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
The laws applicable to the banking industry of the country have not been revisited in light of the specific requirements of IFB	13	9.6	0	0.0	27	20.0	45	33.3	50	37.0	3.88	1.2
IFB lacks conducive regulatory framework	12	8.9	1	0.7	24	17.8	49	36.3	49	36.3	3.9	1.17
Shari'ah governance framework and functionality is weak.	14	10.4	0	0	35	25.9	63	46.7	23	17.0	3.6	1.1
IFB procedures do not revised on timely bases.	13	9.6	23	17.0	60	44.4	4	3.0	35	25.9	3.19	1.26
There is Lack of Standardized and Harmonized Shari'ah Practice	13	9.6	12	8.9	24	17.8	73	54.1	13	9.6	3.45	1.1

Source: own survey result, 2022

The data as presented in the above table shows that 98 (72%) of the respondents agreed with the statement “IFB lacks conducive regulatory framework”. The mean of the statement is 3.9(SD=1.17).This indicates that lack of conducive regulatory framework to be considered as an operational challenge of IFB.

The above table also present the result of responses on the question “Shari’ah governance framework and functionality is weak” shows that 86 (63%) agreed with the statement. On the basis of mean and SD the result obtained are 3.6and 1.1 respectively which implies agreement of the respondents with the statement. The result indicates that there is a weak Shari’ah governance framework and functionality in IFB.

However about the statement “IFB procedures do not revised on timely bases”, the results in the above table shows that 60(44.4%) respondents were neutral on the question. The

mean and SD score is 3.19 and 1.26. This implies that the respondents are agreeing with the statement.

The response on the last item “There is Lack of Standardized and Harmonized Shari’ah Practice”, the results depicted in the above table shows that 86(63.7%) respondents said they were agreed on that specific statement. The average of the sample shows that 3.45(SD=1.1). This implies that the respondents agreement with the statement.

Thus the finding of the study indicates that there is a challenge in relation to lack of proper legal and regulatory framework in providing IFB product and service.

The findings of this study also supports what has been reported in Islamic banking literature as one of the main problems facing Islamic banking worldwide and also similar with the study by Bello & Abubakar (2014) about the challenges of interest free banking in Nigeria the findings consider the inadequate legal framework and poor supervisory framework as challenges of IFB.

4.3.2. Awareness level of practitioners of IFB

Table 4.4: The Response on Awareness level of practitioners of IFB

	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
I do get enough training about Interest Free Banking	0	0.0	83	61.5	24	17.8	21	15.6	7	5.2	2.64	0.93
I have a clear understanding about Interest Free Banking products	0	0.0	62	45.9	56	41.5	14	10.4	3	2.2	2.69	0.75
I understand the reason why interest is prohibited in Interest Free Banking.	0	0.0	22	16.3	70	51.9	33	24.4	10	7.4	3.23	0.81
I do clearly understand about the shari’ah permissible businesses in Interest Free Banking.	0	0.0	50	37.0	40	26.9	37	27.4	8	5.9	3.02	0.94
I could explain clearly the products and services of Interest Free Banking to customers.	0	0.0	42	31.1	67	49.6	23	17.0	3	2.2	2.90	0.75

Source: own survey result, 2022

The data depicted in the above table about the question “I do get enough training about Interest Free Banking”, shows that 83(61.5%) of respondents disagree. The mean and SD values stood at 2.64 and 0.93 which implies there is a tendency of respondents towards disagreement with the statement. This indicates that most of the respondents do not get enough training about IFB.

The result, as depicted in the above table, in relation to the statement “I have a clear understanding about Interest Free Banking products”, shows that 62(45.9%) respondents disagree, 56(41.5%) respondents were neutral on the question. The mean and SD score is 2.69 and 0.75 which shows that there is tendency of the respondents disagreeing with the statement. This implies that most of the respondents do not have clear understanding about Interest Free Banking products.

70 (51.9%) of respondents were neutral on the statement “I understand the reason why interest is prohibited in Interest Free Banking”. The mean and SD score is 3.23 and 0.81 this indicates a there is uncertainty among the respondents regarding the items.

Respondents response related with item “I do clearly understand about the shari’ah permissible businesses in Interest Free Banking”, the result presented in the above table shows that 50(37%) of respondents disagree and 40(26.9%) of respondents were neutral on the question. The mean and SD score is 3.02 and 0.94. This implies that the respondents have a tendency of agreement the statement.

The data shows that 42 (31.1%) of respondents were disagree and 67 (49.6%) were neutral on the item “I could explain clearly the products and services of Interest Free Banking to customers”. The mean and SD score is 2.9 and 0.75. This indicates that there uncertainty with the statement.

The result obtained indicates that the awareness level of IFB employees is low. The literature of Islamic banking is also support the result. It is similar with the study conducted by Sadiq (2020) which identifies that there is a shortage of human resources who are qualified in conventional as well as Islamic finance knowledge as one of the challenge of Islamic banking.

4.3.3. Types of Challenges Faced by IFB Practitioners

Table 4.5: Response on Types of Challenges Faced by IFB Practitioners

	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
Interest Free Banking faces Internal challenges related to conventional policy and procedure of the bank.	0	0.0	1	0.7	0	0.0	63	46.7	59	43.7	4.33	0.67
Interest Free Banking faces challenges related to lack of trust by customers about segregation of funds from conventional unit.	0	0.0	1	0.7	12	8.9	70	51.9	52	38.5	4.28	0.65
Interest Free Banking faces taxation related challenges in providing financing products and services	52	38.5	13	9.6	24	17.8	25	18.5	73	54.1	4.17	1.04
There is lack of Shar'ah permissible insurance policy (Takaful) in Ethiopian Banking industry.	0	0.0	24	17.8	26	19.3	48	35.6	37	27.4	3.73	1.04

	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
There is lack of trust by customer to use financing products of Interest Free Banking in Commercial Bank of Ethiopia	0	0.0	0	0.0	24	17.8	108	80.0	3	2.2	3.84	0.42
Interest Free Banking faces a challenge due to there is a wrong perception of Interest Free Banking or wrongly associated with religion	1	0.7	0	0.0	1	0.7	73	54.1	60	44.4	4.41	0.59

Source: own survey result, 2022

As depicted in the above table the responses related with “Interest Free Banking faces Internal challenges related to lack of commitment of the management”, the results shows 122(90.4%) of respondents were agreed on that specific item. The mean and SD score is 4.33 and 0.67 which indicates there is greater tendency of the respondents agreement with the statement. This implies that IFB faces internal challenge related to lack of commitment by the managers of the bank.

The above table shows the responses related with “Interest Free Banking faces challenges related to lack of trust by customers about segregation of funds from conventional unit.”, 122(90.4%) of respondents were agreed on that specific question. The mean and SD value is 4.28 and 0.65 which shows that there is higher tendency of respondents agreeing with the statement. This indicates that lack of trust by customers about segregation of funds from conventional unit is one of the challenges of IFB. The detail is depicted in the above table.

The result related with “Interest Free Banking faces taxation related challenges in providing financing products and services”, the results shows that 98(72%) of respondents said they were agreed on that specific item. The mean and SD value is 4.17 and 1.04 indicates that there is higher tendency of the respondents agreeing with the item. This implies there is taxation related challenge in relation to financing products of IFB.

The responses related with “There is lack of Shar’ah permissible insurance policy (Takaful) in Ethiopian Banking industry”, the results shows that 24(17.8%) respondents disagree, 26(19.3%) respondents were neutral on the question, 85(63%) respondents shows their agreement on that specific statement. The mean and SD value is 3.73 and 1.04. The result indicates that there is tendency of the respondents agreeing with the question. This indicates that lack of Shar’ah permissible insurance policy (Takaful) in Ethiopian Banking industry is one of the challenges of IFB.

The responses as depicted in the above table about the statement “Interest Free Banking faces challenge from competition from fully fledged Islamic Banking”, the results shows that 97(71.8%) respondents were disagree on the question. The mean and SD result is 2.11 and 0.66. This indicates that the respondents are disagreeing with the item.

The data related with the statement “Interest Free Banking faces a challenge due to there is a wrong perception of Interest Free Banking or wrongly associated with religion”, the results shows that 133(98.5%) respondents said they were agreed on that specific question. The mean and SD score is 4.41 and 0.59. This shows that the respondents there have higher tendency of agreement with the statement.

4.3.4. Shari'ah experts availability

Table 4.6: Response on Shari'ah expert availability

	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
Commercial Bank of Ethiopia has Shari'ah advisory committee who review and make sure compliance with Shari'ah requirements of procedures and guidelines issued to guide the business of IFB window.	0	0.0	1	0.7	14	10.4	49	36.3	71	52.6	4.41	0.70
The Shari'ah advisory committee advise the management of the bank on Shari'ah matters and verifies the bank's commitment to the decision and legal opinion (Fatwas) given by them and ensure their proper implementation.	0	0.0	15	11.1	11	8.1	61	45.2	48	35.6	4.05	0.94
The Shari'ah advisory committee validates and endorses relevant documents for new product and services to ensure that they comply with the shari'ah principles and issue compliance certification.	0	0.0	0	0.0	24	17.8	42	31.1	69	51.1	4.33	0.76
The Shari'ah advisory committee endorses Shari'ah compliance manuals of CBE			1	0.7	26	19.3	73	54.1	35	25.9	4.05	0.69
The Shari'ah advisory committee verifies the terms and conditions contained in policies, procedures, contracts, agreements, forms, and the like of IFB service against the precepts of Shari'ah and issue compliance certification			1	0.7	27	20.0	72	53.3	35	25.9	4.04	0.70

Source: own survey result, 2022

As described in the above table the responses related with “Commercial Bank of Ethiopia has Shari’ah advisory committee who review and make sure compliance with Shari’ah requirements of procedures and guidelines issued to guide the business of IFB window”, the results shows that 120(88.9%) respondents said they were agreed on that specific question. The result also shows that the mean and SD as 4.41 and 0.7 which indicates that the respondents are agreeing with the statement.

The above table also shows that the responses related with “The Shari’ah advisory committee advise the management of the bank on Shari’ah matters and verifies the bank’s commitment to the decision and legal opinion (Fatwas) given by them and ensure their proper implementation.”, the results shows that 109(80.8%) respondents said they were agreed on that specific question. The mean and the SD value is 4.05 and 0.94 which shows that the respondents agreement towards the statement is higher.

The responses about “The Shari’ah advisory committee validates and endorses relevant documents for new product and services to ensure that they comply with the shari’ah principles and issue compliance certification”, the results shows that 111(82.2%) respondents said they were agreed on that specific statement. The mean and SD score is 4.33 and 0.67. This implies that the respondents agreeing with the statement.

The responses related with “The Shari’ah advisory committee endorses Shari’ah compliance manuals of CBE”, the results shows that 108(80%) respondents said they were agreed. The mean and SD value is 4.05 and 0.69 which indicates that there is greater tendency of the respondents agreeing towards the statement. The detail result is presented in the table below.

The above table also shows responses related with the statement “The Shari’ah advisory committee verifies the terms and conditions contained in policies, procedures, contracts, agreements, forms, and the like of IFB service against the precepts of Shari’ah and issue compliance certification”, the results shows that 107(79.2%) respondents said they were agreed. The mean and SD is 4.04 and 0.70. This implies that the respondents are highly agreed with the statement.

To summarize the responses most of the respondents agree with the availability of shari’ah advisory board and its functionality in Interest Free Banking of Commercial Bank of Ethiopia. However as respondent’s response on open ended questions they think that the functionality of Shari’ah Advisory Committee is weak and there is no Shari’ah advisory board at NBE which is the regulatory body of IFB too.

4.3.5. Opportunities of Interest Free Banking in Ethiopia

Table 4.7: Response on Opportunities of Interest Free Banking in Ethiopia

	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean	SD
	N	%	N	%	N	%	N	%	N	%		
Interest Free Banking is an alternative banking system which attracts customers who could not using conventional banking service due to their religious beliefs.	1	0.7	2	1.5	0	0.0	38	28.1	94	69.6	4.66	0.59
Interest Free Banking has significant impact in mobilizing funds.	0	0.0	1	0.7			50	37.0	84	62.2	4.61	0.53
Interest Free Banking has a good system to manage the risk well.	0	0.0	14	10.4	72	53.3	36	26.7	13	9.6	3.36	0.80
Interest Free Banking Window service in Commercial Bank of Ethiopia has a regular reporting system regarding risk management for senior officers and management.	0	0.0	0	0.0	77	57.0	35	25.9	23	17.0	3.60	0.76
Interest Free Banking system is helpful for growth of Ethiopian economy	0	0.0	0	0.0	0	0.0	26	19.3	109	80.7	4.81	0.40

Source: own survey result, 2022

The responses, as depicted in the above table, related with “Interest Free Banking is an alternative banking system which attracts customers who could not using conventional

banking service due to their religious beliefs”, the results shows that 132(97.7%) respondents said they were agreed. The mean and SD is 4.66 and 0.59. This indicates that the respondents agreement towards the statement is higher.

The data related with “Interest Free Banking has significant impact in mobilizing funds” shows that 134(99.2%) of respondents said they were agreed on that specific question. The mean and SD value is 4.61 and 0.53. This implies that the respondents agreement towards the statement is greater.

The responses about the statement “Interest Free Banking has a good system to manage the risk well”, the results shows that 14(10.4%) of respondents disagree, 72(53.3%) respondents were neutral on the question, 49(36.3%) of respondents were agreed. The mean and SD score is 3.36 and 0.8. This shows the respondents are more agreeing with the statement. The response result is depicted in the table above.

The responses related with the question “Interest Free Banking Window service in Commercial Bank of Ethiopia has a regular reporting system regarding risk management for senior officers and management.”, the results shows that 77(57%) respondents were neutral on the question, 35(25.9%) respondents said they were agreed on that specific question and 23(17%) of respondents were strongly agree. The mean and SD value is 3.6 and 0.76. This indicates that the respondent’s agreement towards the statement is higher. The detail of the result is presented in the table above.

Finally the responses related with the item “Interest Free Banking system is helpful for growth of Ethiopian economy”, the results shows that 26(19.3%) respondents said they were agreed on that specific question and 109(80.7%) of respondents were strongly agree. The mean and SD score is 4.81 and 0.4. This implies that the respondents strongly agreeing with the statement. The response result is presented in the above table in detail.

The result of the study indicates that IFB has opportunities in mobilizing fund by attracting customer who were not using conventional banking due to their religion. As per internal report of the bank as of February 2022 the deposit of IFB was 61.7 Billion with a total customer base of 4.7 million.

4.4. INTERVIEW ANALYSIS

The main focus of the study is to identify operational challenges of IFB and its opportunities in Ethiopia with particular inference of Commercial Bank of Ethiopia.

Interviews relating to Challenges and opportunities of interest free banking in Ethiopia were conducted as mentioned in the research methodology chapter. Five respondents who are at management position including Director and Managers were interviewed in complying with the objectives of the research and to address issues that might not be answered by the questionnaire. To make the interviewees aware about the Issues raised in the interview, the researcher explained the purpose of the study to them, and then the interviewee were asked about various aspects of Interest free banking. The results and analysis are presented in the following parts, the challenges of Interest free banking with four sub sections and opportunities of interest free banking.

4.4.1. Challenges of IFB

4.4.1.1. Proper Legal and Regulatory frame work

National bank of Ethiopia issued the first directive in 2011 “Directive to Authorize the Business of Interest Free Banking Business No. SBB/51/2011”. This directive indicates terms & conditions for the banks to get license for operating Interest free banking. The scope of the directive is narrow concerning activities of Interest banking within conventional banks. Following this directive, Commercial Bank of Ethiopia starts IFB at dedicated window level at 2013. In addition there is a directive issued on 2019, “Directive to License and Authorize Interest Free Banking Business no. SBB/72/2019”. This directive gives way for the establishment of Interest Free Banks. However there are no inclusive standards which cover all aspects of the Interest free banking activities in those directives or any other directives of NBE. As mentioned by the interviewee National bank of Ethiopia has no separate department or Shari’ah advisory board to supervise the process of the Islamic windows service by commercial banks as well as fully fledged Islamic Banks. Thus the directives and circulars issued by NBE do not incorporate IFB.

The other issue discussed by the interviewee was double taxation in providing financing products. In Murabaha the bank buys the product and resale it to the customer by adding its mark up profit. In this process the bank initially buy the item with tax and charges stamp duty. At present, lack of legal and regulatory framework is one of the challenges of the Interest free banking system and should get attention of policy makers.

4.4.1.2. Awareness level of practitioners of IFB

Commercial bank of Ethiopia tries to train its employees about IFB at least to enable them to give IFB service as the interviewees explain the matter. However due to high turnover internally and externally it is not yet train all staffs who work at IFB window. They also mention that the lack knowledgeable staff in IFB is not the problem of our country banking industry only it is also a problem globally.

4.4.1.3. Types of challenges faced by practitioners

Based on the data obtained through interview the internal challenges like manager's lack of commitment and focus is the biggest challenge to exploit the available market. The managers do not give enough focus for IFB service in dedicated window branches. In addition the legal and regulatory framework is also the biggest challenge for the operations of IFB. Since National Bank of Ethiopia do not have separate department of Shari'ah advisory board the directives issued for commercial banks do not incorporate about IFB.

The other issue raised as challenge by the interviewee was lack of knowledgeable manpower. As mentioned earlier even though the bank gives training for the staff who works at IFB there is high turnover which makes it difficult to address the problem.

In addition the customer of IFB lacks awareness about the products of IFB. This issue becomes worse due to lack of awareness as well as commitment of the bank to address this problem. The lack of trust by the customer arises from this point. The staffs could not explain in detail about product and service of IFB; how it could fulfill their religious concerns; about segregation of funds (which is the biggest doubt of customers) and any other related matters. There is a clear segregation of fund between IFB deposit and conventional deposit which puts them in different pool in the bank. However the

customer has doubt about it due to lack of explanation from the respective IFB practitioners and the bank. This is because some of the staff thinks the customer awareness level is higher than them which is wrong and due to lack of awareness of the staffs as the interviewees explained it.

About takaful insurance currently there are conventional insurance companies which introduce it recently but still there is no separate insurance for IFB apart from conventional insurance companies.

About the competition from fully fledged Islamic Banks the interviewee said that due to the legal and regulatory framework we could not say that there is fully fledged Islamic bank in Ethiopia. The banks give exact same product and services of Interest Free Banking Window. Besides there accessibility is very low due to their capacity is limited compared to the existing conventional banks who give Interest Free Banking Window service. The interviewees' opinion about the fully fledged Islamic Banks is currently they could not be a threat to Commercial Bank of Ethiopia.

The issue that there is wrong perception of IFB associated with religion is also raised as a challenge by the interviewee. Not only is the customer who thinks that it is for Muslim only even some staffs also thinks that way. IFB is an alternative banking system for those of society who could not used conventional banking due to their religion. But it does not exclude others as long as their business is Shari'ah permissible which do not involve in manufacturing and/or distribution of alcoholic products, manufacturing and/or distribution of arms and weapons, producing, packaging, processing or any other activity related to pork or pork products and other non-Halal meat like dead animals' meat, extending loan or borrowing money on interest.

4.4.1.4. Shari'ah experts availability

Commercial Bank of Ethiopia recruits Shari'ah advisory committee with some requirements which helps to identify their knowledge of Shari'ah laws as well as commercial law of the country. Furthermore their professional background and expertise such as the service of consultants who have expertise in the field of business, economics, law, accounting or any other field is one of the requirement. These backgrounds will

assist them in making informed judgment on the Shari'ah compliance of banking and financial products and services functions of banking industry. Besides their integrity, familiarity and acceptable reputation and command of Islamic jurisprudence of transactions is considered.

The interviewees believe that the Shari'ah advisory committee is available with high profile both in Shari'ah as well as banking business knowledge. However the management does not utilize them in a way to improve IFB in all aspects. They believe that their functionality is weak.

4.4.2. Opportunities of Interest Free Banking in Ethiopia

Most of the Muslim society was not using conventional banking service due to the association of interest with the transactions which is prohibited by their religion. The emergence of Interest Free Banking is an alternative banking system then attracts customers who could not using conventional banking service due to their religious beliefs and those who use some products of conventional banking since there was no choice. By attracting customer who was not using banking service IFB able to mobilize fund. Thus the many which was out of the banking system mobilized through IFB would enhance the investment and contributes for growth of economy. Besides it promotes employment to manage the additional mobilized resource of the bank.

The interviewees also raise that IFB system could manage inflation since the bank directly bought the asset for the customer. In addition unlike the interest the profit markup is fixed which also help to reduce inflation.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1. CONCLUSION

The objective of this study was to identify the main operational challenges and opportunities of interest free banking in Ethiopia with particular inference of Commercial Bank of Ethiopia. Conclusions have been drawn from the analysis results in light with the objectives of the study. Based on the above findings and analysis, the result of the study is summarized as follows:

- Lack Proper Legal and Regulatory frame work was identified as a challenge of Interest Free Banking. There are no comprehensive standards which cover all aspects of Interest free banking activities in any directives of NBE. In addition there is double taxation problem faced in providing IFB financing products.
- Lack of trust by customer about segregation of funds was the other challenged obtained from the study. Even though the bank clearly segregate the fund of IFB from conventional by pools the customer has doubt due to lack of information and explanation from the bank side.
- The result obtained from the study indicates that there is lack of commitment and focus by the bank. The managers do not give enough focus for IFB service in dedicated window branches.
- The other challenge obtained from the study was lack of awareness of IFB practitioners. Most of the respondents do not get enough training about IFB and practitioners at dedicated window braches could not explain clearly about the product and service of IFB to customers.
- Wrong perception of IFB is one of the challenges obtained from the study. IFB is an alternative banking system for those of society who could not used conventional banking due to their religion. However there is a view considering IFB as a part of the religion.
- The study identifies that there is Shari'ah advisory board in the bank however their functionality is weak.

- IFB attracts customer who was not using banking service due to their religious beliefs and able to mobilize fund. The many which was out of the banking system mobilized through IFB would enhance the investment and contributes for growth of economy.

5.2. RECOMMENDATIONS

Based on the findings of the research, the following recommendations are outlined:

- NBE as a regulatory body shall consider to review the existing directives of IFB SBB/51/2011 and SBB/72/2019 and include comprehensive standards, which covers all aspects of the Interest free banking activities.
- The bank should have to train its employees and work on maintaining the trained and experienced one so that the issues of low awareness level of employees and lack of trust by customer would have solution. Because well trained experienced employees could explain clearly the product and service of IFB, how IFB is performed in the bank (like segregation of fund) and other questions rose by customer.
- The manager at branch should have to give attention for IFB service and the top management should also give enough attention so that the tone reaches to the branches.
- The bank should have to take the initiation to create different mechanisms which could reverse the negative perception of all parties with the stake holders of IFB.
- The bank should have to work on the enhancement of functionality of the Shari'ah Advisory Board through integration of it with various IFB departments.

5.3. FUTURE RESEARCH DIRECTIONS

This study focused on operational challenges of interest free banking and its opportunities future research could be carried out on same issue by adding new independent variables.

In the future research, the recommendation and the limitation of this research will be addressed and overcome. In addition, different research model could be applied to improve the accuracy of the result. The research model can be expanded so that it can fully reflect the operational challenges facing Interest free banking in Ethiopia.

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Acronyms and Abbreviations

CBE: Commercial Bank of Ethiopia

IFB: Interest Free Banking

IMF: International Monetary Fund

NBE: National Bank of Ethiopia

SAC: Shari’ah Advisory Committee

Glossary of Interest Free Banking

Demand Deposit (Amana Current Accounts): are interest bearing deposits that operate based on the principle of al-wadiah, whereby the depositors are guaranteed repayment or withdrawal of their funds on demand.

Halal: Permitted in Islam

Haram: Any business or contract that is unlawful and also prohibited in Islam is known as haram.

Ijarah (Lease): is a contract whereby an Islamic bank purchases an asset and leases it out to its client on the agreement that the client will be paying a fixed amount at regular interval usually monthly for a specified period of time to the Islamic bank.

Interest free banking window: a business model in which conventional banks offer Islamic banking products and services from their existing network.

Interest free banking: Shari'ah complaint banking.

Islamic banking: is banking which provides banking services based on Islamic law (Shariah).

Istisna (contract of manufacture): is a contract that includes the description of the product, delivery date, price and payment date in which a party orders another to manufacture and deliver a commodity. It is exercised by Islamic banks, and consists of two different Istisna contracts.

Mudarabah (Silent Partnership): is essentially like equity finance in which the bank and the customer share any profits. The bank will provide the capital, and the borrower, using their expertise and knowledge, will invest the capital. Profits will be shared according to the finance agreement, but as with equity finance there is no certainty that there will ever be any profits, nor is there certainty that the capital will ever be recovered.

Murabahah (Cost-Plus Sale Contract): is a sale contract between Islamic bank and its client at a fixed profit called mark-up.

Musharaka (Equity Partnership): is a joint venture or investment partnership between two parties. Both parties provide capital towards the financing of projects and both parties share the profits in agreed proportions. This allows both parties to be rewarded for their supply of capital and managerial skills. Losses would normally be shared on the basis of the equity originally contributed to the venture.

Riba: Interest, Usury. In Islamic finance riba refers to interest charges on loan or deposit. Riba is prohibited in religious practice of Islam.

Restricted Investment Deposit (Restricted Mudaraba): is an earning deposit account in which the bank (Mudarib) could only invest the fund in restricted investment based on active involvement of the depositor (capital provider) and the bank supplemented professional advice in the investment. The profit gained from the investment will be shared as per the agreement on the contract and loss incurred will be shared by the depositor (capital provider)

Salam (Forward Trade Contract): In Salam (Forward Trade Contract) Islamic bank agrees to deliver some precise commodities to the buyer (its client) at a specific future date in substitute of an advanced full spot payment to the bank. That is, the client pays the full amount at the spot and the delivery of the commodity by the Islamic bank to the client is made in specific future date.

Shariah: is the religious law of Islam

Unrestricted Investment Deposits (Unrestricted Mudaraba): is a type of deposit account in which, the bank acts as the Mudarib (manager) collects fund from the depositor and invests it without restriction and intervention of the capital provider in any Sharia compliant businesses. The profit gained from the investment will be shared as per the agreement on the contract and loss incurred will be shared by the depositor (capital provider).

Wadiah (Safekeeping) Deposit: is a non-earning IFB deposit that operates under the contract of WadiahYadDhamanah (guaranteed custody)

QUESTIONNAIRE

ADDIS ABABA UNIVERSITY

FACULTY OF BUSINESS AND ECONOMICS

MBA IN FINANCIAL SERVICE

Researcher: MulushewaKibret

Contact Address: +251-933-70-32-99

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Dear Respondent,

I am conducting a study on the operational challenges and opportunities of interest free banking in Ethiopia: The case of Commercial Bank of Ethiopia; A descriptive research method in partial fulfillment of a degree of Masters of Business Administration in Financial Services Banking stream at Addis Ababa University. I, very courteously, request you to fill the questionnaire as per your observation on the operational challenges and opportunities of interest free banking.

Thank you in advance for your genuine response!

Note:-

- Writing your name is unnecessary.
- Put “√” mark as per the questions required in the circle or answer in the space provided.

Part One: Respond the following general question

1. Age

Under 25 26-35 36-45 above 45

2. Gender

Female Male

3. Education qualification

Diploma BA/BSC MA/MSc

4. Professional level

Officer Senior Officer Management

5. Choose one that best suits you:

I am a Muslim I am a Non-Muslim

7. Choose your experience years in IFB

< 1Year 1-2 Years
 2-5 Years >5years

Part Two: Respondents opinion on concerning the information of IFBs operational challenges.

Next, there are listed of items which deal with respondents view on operational challenges facing IFB in Ethiopian Banking industry. These items will explore respondents“assessment of Operational challenges and opportunities of IFB”. So Please tick (√)the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 Strongly Agree)

Scale: Strongly agree (5) Agree (4) Neutral (3) Disagree (2) Strongly Disagree (1)

No	Proper Legal and Regulatory frame work	1	2	3	4	5
1	The laws applicable to the banking industry of the country have not been revisited in light of the specific requirements ofIFB					
2	IFB lacks conduciveregulatory framework					
3	Shari’ah governance framework and functionality is weak.					
4	IFB procedures do not revised on timely bases.					
5	There is Lack of Standardized and Harmonized Shari’ah Practice					

Scale: Strongly agree (5) Agree (4) Neutral (3) Disagree (2) strongly Disagree (1)

NO	awareness level of practitioners of IFB	1	2	3	4	5
1	I do get enough training about IFB/Islamic Banking (both on the job and class room training)					
2	I have a clear understanding on how Islamic banking product works.					
3	I understand the reason why interest is prohibited in Islamic banking.					
4	I do clearly understand about the shari’ah permissible businesses and principles of IFB.					
5	I could explain clearly the products and services of Interest Free Banking to customers.					

Scale: Strongly agree (5) Agree (4) Neutral (3) Disagree (2) Strongly Disagree (1)

No	Types of challenges faced by practitioners	1	2	3	4	5
1	Interest Free Banking faces Internal challenges related to lack of commitment of the management.					
2	Interest Free Banking faces challenge from competition from fully fledged Islamic Banking.					
3	Interest Free Banking faces taxation related challenges in providing financing products and services.					
4	There is lack of Shari'ah permissible insurance policy (Takaful) in Ethiopian Banking industry.					
5	There is lack of trust by customer about segregation of funds of Interest Free Banking in Commercial Bank of Ethiopia					
6	Interest Free Banking faces a challenge due to there is a wrong perception of Interest Free Bankingor wrongly associated with religion					

Scale: Strongly agree (5) Agree (4) Neutral (3) Disagree (2) Strongly Disagree (1)

No	Shari'ah experts availability	1	2	3	4	5
1	Commercial Bank of Ethiopia has Shari'ah advisory committee who review and make sure compliance with Shari'ah requirements of procedures and guidelines issued to guide the business of IFB window.					
2	The Shari'ah advisory committee advise the management of the bank on Shari'ah matters and verifies the bank's commitment to the decision and legal opinion (Fatwas) given by them and ensure their proper implementation.					
3	The Shari'ah advisory committee validates and endorses relevant documents for new product and services to ensure that they comply with the shari'ah principles and issue compliance certification.					
4	The Shari'ah advisory committee endorses Shari'ah compliance manuals of CBE					
5	The Shari'ah advisory committee verifies the terms and conditions contained in policies, procedures, contracts, agreements, forms, and the like of IFB service against the precepts of Shari'ah and issue compliance certification					

Part Three: Opportunities of Interest Free Banking in Ethiopia.

In this section the items with explore the opportunities of IFB in Ethiopian Banking Industry.

Scale: Strongly agree (5) Agree (4) Neutral (3) Disagree (2) strongly Disagree (1)

No	Opportunities of Interest Free Banking in Ethiopia.	1	2	3	4	5
1	Interest Free Banking is an alternative banking system which attracts customers who could not using conventional banking service due to their religious beliefs.					
2	Interest Free Banking has significant impact in mobilizing funds.					
3	Interest Free Banking has a good system to manage the risk well.					
4	Interest Free Banking Window service in Commercial Bank of Ethiopia has a regular reporting system regarding risk management.					
5	Interest Free Banking system is helpful for growth of Ethiopian economy					

1. If you have any other opinion regarding to Islamic banking operational challenges and its opportunities.

Thank You for Your Time

Interview questions

1. Do you think that IFB as an alternative banking system provides all types of services to its customers?
2. Do you think that the operationality of full-fledged Islamic banks shift the customer of CBE to those banks?
3. Do you think that the legal and regulatory framework suitable for IFB?
4. Do you think that employees working at IFB are knowledgeable and getting enough training about IFB?
5. What type of challenge faced by the practitioners of IFB?
6. Do you think that there is wrong perception of IFB or wrongly associated with religion?
7. What do you think about customers' lack of trust on the financing products of IFB and segregation of fund in CBE?
8. Please explain the availability of Shari'ah expert in CBE?
9. How IFB could benefits the economy of Ethiopia?