



ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE PROGRAM
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT

**THE MODERATING EFFECT OF RELIGIOUS BELIEF ON THE
FACTORS AFFECTING ADOPTION OF IFB IN ETHIOPIA: EVIDENCE
FROM SELECTED PRIVATE COMMERCIAL BANKS.**

By: Abdulhadi Muzemil

**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF
ADDIS ABABA UNIVERSITY IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTERS OF SCIENCE
INTERNATIONAL BUSINESS, IMPORT EXPORT MANAGEMENT**

Advisor: Lakew Alemu (PhD)

**Addis Ababa
June-2023**

CERTIFICATE

This is to certify that the thesis entitled “the moderating effect of religious beliefs on the factors affecting adoption of IFB in Ethiopia: evidence from selected private commercial banks.”, submitted to Addis Ababa University for the award of the degree of masters of science international business, import export management and is a record of genuine research work carried out by Abdulhadi Muzemil under my guidance and supervision. Therefore, I hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

Advisor’s Name

Signature

Date

Lakew Alemu (PhD)

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I hereby declare that this thesis entitled “The moderating effect of religious beliefs on the factors affecting adoption of IFB in Ethiopia: evidence from selected private commercial banks.” has been carried out by me under the guidance and supervision of **Lakew Alemu (Ph.D.)**.

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institution.

Researcher’s Name

Signature

Date

Abdulhadi Muzemil

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Approved by Board of Examiners

Lakew Alemu (PhD) -----	-----	-----
Advisor	Signature	Date
----- (PhD)	-----	-----
Internal examiner	Signature	Date
Taye A. ----- (PhD)	 -----	-----
External examiner	Signature	Date

ABSTRACT

The main objective of this study was to examine the moderating effect of religious beliefs on the factors affecting the adoption of Interest-Free Banking (IFB) in selected private banks in Ethiopia: Bank of Abyssinia, Oromia Bank, and Zamzam Bank. The study followed an explanatory research design and utilized a quantitative approach. The population consisted of customers of IFB, experts involved in policy-making, individuals providing support to the business, consultants, and members of the Sharia'h advisory committee in the country. Purposive sampling was used to select samples from each bank, resulting in a sample size of 210 participants. A close-ended questionnaire with a five-point Likert scale was employed to collect data, and both descriptive and inferential statistics were used for analysis. The findings of the study indicated that Sharia'h compliance, customers' awareness of IFB products and services, perceived relative advantage, and networking exhibited a positive and strong relationship with the adoption of IFB. However, the accessibility of IFB services showed a negative relationship with the adoption of IFB. The moderating variable was found moderate the relationship between Sharia'h compliance and accessibility of IFB services, but it did not moderate the relationships between networking, customers' awareness, and perceived relative advantage with the adoption of IFB. Based on the results, the researcher recommends that the respective banks focus on improving the accessibility and convenience of IFB services while maintaining Sharia'h compliance to achieve their organizational and financial goal despite having religious components. Additionally, it is suggested that future research should include a larger number of respondents and encompass a broader range of banks adopting IFB across all generations. In conclusion, this study provides insights into the moderating effect of religious beliefs on the adoption of IFB in selected private banks in Ethiopia. The findings contribute to the understanding of the factors influencing the adoption of IFB and offer practical recommendations for banks to enhance their IFB services.

Key words: - IFB, dependent and independent variables, moderating variables

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Acronyms/Abbreviations

BoA	Bank of Abyssinia
IFB	IFB
IB	Islamic Bank
NBE	National Bank of Ethiopia
IMF	International Monetary Fund
CBE	Commercial Bank of Ethiopia
SCOM	Sharia'h compliance
CARSP	customers' awareness regarding products and service
PRA	Perceived relative advantage
AIFBS	Accessibility of the IFB services
NET	Networking
RBL	Religious beliefs
IIFB	Adoption of IFB

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Islamic banking is defined as banking system which is in consonance with the spirit, ethos and value system of Islam and governed by the principles laid down by Islamic Sharia'h (Imran Ahmad and Ghulam Shabbir, 2008). Consequently, it is crucial to remember that understanding interest-free banking services and products is critical while discussing or thinking about Islamic banks. The national bank of Ethiopia's (first replacement) directive to license and permit IFB operations Number SBB/72/2019 defines an interest free bank as a bank that has been granted a license by the national bank to fully engage in IFB operations. According to Hassan and Ahmed (2002), an "Interest Free Bank," often referred to as "Islamic Bank," is a financial organization whose objectives, practices, and guiding principles must all be in line with Islamic Sharia'h.

Prior to the Ethiopian government's recent decision to provide interest-free banking services, Muslims in Ethiopia had long been denied access to the benefits of financial services because of religious prohibitions. Although the majority of Ethiopian Muslims have long participated in deposit mobilization activities of interest-free banking services, however, they have been unable to use the money from financing once it becomes necessary for them to engage in economic activity.

Following the additional announcement of banking business proclamation number 592/2008 article 22 sub article 2 in 2008 authorizing National Bank of Ethiopia (NBE) to incorporate the Islamic economy in Ethiopia; ten years ago, some highbrows began undertakings to launch Interest-free banking in Ethiopia named Zamzam Bank. After collecting more than 6,800 shareholders, more than 137 million Birr in paid-up capital, and more than 337 million Birr in subscribed capitals, the organizers of Zamzam Bank called a general meeting in April 2011 and chose the board members. The National Bank then instructed the organizers to wait until they obtained their approval before beginning the operation. Teklewold Atanafu, a former governor of the National Bank of Ethiopia, said in a meeting with the organizers that Islamic banking services in Ethiopia might only continue at the window basis. A year later, in October 2011, the central bank issued order SBB/51/2011 allowing the implementation of interest-free banking operations as a window service alongside traditional banking. More over 38 million Muslims are thought to reside in Ethiopia.

In 2011, Ethiopia adopted Islamic banking through an interest-free banking window program, and by the end of 2019, it will have fully implemented interest-free banking. The outcome suggests that Ethiopia presents a sizable prospective for Islamic finance. Huge numbers of unbanked clients, soaring demand, and the profitability of IFB windows suggest promising futures. The main obstacles to the sector are identified as negative perceptions of Islamic finance, legal framework issues such as the exclusivity of banking business activity, restrictions on bank investments, the tax system, the lack of a controlling mechanism, and last but not least a lack of experts and skilled resources (Saudiq Mehammed Hailu and Ibrahim Bushera, 2020). The aforementioned events represented Ethiopia's initial attempts to establish a formal Islamic economy. As a result, numerous existing private and public commercial banks have entered the market and are fostering industry growth by making very restricted offers to their target customers at the window level. Prior to H.E. Prime Minister Abiy Ahmed's (Ph.D.) speech at the grand Ramadan fast-breaking (Iftar) to allow full-fledged interest-free banking at Millennium Hall on May 22, 2019, directive no. SBB / 72/2019, with a more liberalized approach, was announced following the declaration of proclamation number 1159/2019.

Numerous banks have been established in reaction to the issuance of the proclamation and the directive, and current window-level commercial banks are escalating the competition by opening specialized interest-free branches and improving their services. As of right now, Zamzam and Hijra Banks (merged Nejashi Bank was under formation) have successfully met the requirements of capital entered the market as a pioneer full-fledged Interest Free banks in Ethiopia successively. Following proclamation numbers 1163/2019 and STB/01/2020 allowing Takaful operators (Islamic Insurance) at the window level, Global Insurance S.C. increased its efforts and introduced Islamic insurance at the window level.

Even though the aforementioned activities are assumed to be taking place at the institutional level in Ethiopia, some aspects of the Islamic economic system have been widely applied as social custom. For instance, it is typical practice in our nation for people who invest in various stores to collaborate and create a profit-sharing agreement with the store owners, which is essentially the fundamental legal maxim for interest-free banking firms. Additionally, a number of community organizations have been raising money for emergencies, and more recently, donation managers have been investing the funds in addition to emergency relief in the form of shares among donor contributors, which appears to be similar to the Islamic insurance (Takaful) principle.

The adoption of Islamic banking (interest-free banking services and products), as mentioned/stated by many research, has a significant impact in the economy of a country. As a result, numerous commercial banks in Ethiopia, including Bank of Abyssinia, Oromia Bank, and Zamzam Banks, implement the products and services. The majority of the banks in the country and around the world will nevertheless benefit in some way from the study's conclusions. The bank must comprehend the factors influencing adoption if it is to enhance its offerings or build on present success.

The study will investigate the connections between variables (the independent variables; Sharia'h compliance, customer awareness, perceived comparative advantage of the service, accessibility of IFB services in the bank, and networking) and adoption of IFB and will further identify the variables that have a significant impact on adoption. Additionally, the moderating factor between the independent variables and the dependent variable/adoption of IFB that the researcher chose was religious convictions. The findings of this study could contribute to the creation of effective, contemporary, and islamically appropriate banking goods and services for the respective Muslim communities.

1.2. Statement of the Problem

El-Bassiouny (2014) puts the number of Muslims as being somewhere in the range of 1.57 billion. Due to the obvious rise in Muslims around the world, the Islamic banking industry has a chance to prosper. Customers from all across the world are increasingly seeking out Islamic financial solutions. Businesses operate in a challenging and competitive environment, especially the banking sector (Agbolade, 2011). Despite playing a critical role in the economy, banks are battling for survival in the current cutthroat market. Additionally, they should make use of the needs, perceptions, and challenges of their target market in order to fulfil their mission and achieve their goals.

Empirical research shows that interest-free banking is gaining popularity across the globe. Some elements that seem to be connected to the dispersion of IFB include the risk-sharing principles that support financing, the growth of oil-rich economies, the presence of Muslims in the population, a supportive legal environment, economic integration with Middle Eastern countries, or proximity to Islamic financial centers (Alam, 2011). The proportion of Muslims in a given country—not only in Muslim countries, but everywhere there is a substantial Muslim population increases the possibility

that Islamic banking may develop in that country. In less than three years, nearly half of Ethiopia's seventeen banks have implemented interest-free banking services, and several additional banks have indicated that they intend to follow suit Guluma (2017). The introduction of comprehensive services like IFB (IFB) in addition to conventional banking in an effort to please consumers, outperform rivals, and enlarge the market is a sign that a banking service is successful. To do this, the elements that influence the use of IFB services are recognized and addressed.

Even though operational banks have made tremendous progress in IFBs in recent years and there are many opportunities, studies show that there is still potential for growth in terms of customer base, accessibility, and IFB awareness. There have only been a few studies on the variables impacting IFB adoption in Ethiopia, despite a few similar studies being conducted by diverse scholars in different regions of the world. In one of these studies, *The Prospects, Opportunities, and Challenges of Islamic Banking in Ethiopia*, conducted by Mohamed (2012), it is shown that there is a lack of knowledge, regulatory and supervisory difficulties, organizational barriers, a lack of institutional support, a gap in Islamic studies research and development, a shortage of qualified human resources, incorrect full associations with particular religions, and international terrorism. Debebe's (2015) study, factors affecting customers to use IFB, has as its main objective examining user propensity to use interest-free banking. The research done by Teferi (2015) on how the IFB affected Ethiopia's economic growth shows the IFB's broad macro level effect; it does not indicate any specific problems with the bank. The study by Kerima (2016), "Challenges of IFB service in Ethiopia," was based on the government bank (CBE), which is distinct from private banks. There is a hole in the study as a result, which might be exploited to determine what influences people's interest in utilizing IFB. Guluma (2017) investigated the elements influencing Ethiopian consumers' behavioural intentions to embrace IFB. This research, however, falls short of establishing the precise practical factors that affect IFB adoption because it is predicated on a widely accepted notion of behavioural analysis.

As was mentioned above, several studies have been done on problems and opportunities but not on the elements influencing the adoption of IFB, particularly in the Ethiopian context. The majority of studies conducted in Ethiopia and some around the world employ a qualitative and descriptive research methodology. These techniques might not accurately reflect the impact's full scope on IFB. Therefore, a research approach that demonstrates the magnitude of the factors influencing the adoption of IFB is needed. As a result, the researcher's search for empirical studies centered on this

situation turned up insufficient study. As banks spend time and money on implementation, it is crucial to comprehend the importance of adopting IFB. Due to the lack of prior research on Bank of Abyssinia, Oromia Bank, and Zamzam Banks, the researcher attempted to investigate and demonstrate how Sharia'h compliance, customer awareness, perceived relative benefit of the service, accessibility of IFB services in the bank, and networking affects adoption of IFB. In general, the researcher aimed to fill the aforementioned gaps in the literature. In order to fill in the gaps, the researcher will look at the variables influencing the adoption of IFB in the data of a few private commercial banks.

The following will be included as independent variables in this process: networking, Sharia'h compliance, customer awareness, perceived relative advantage of the service, accessibility of IFB services in the bank. Additionally, the moderating factor between the independent variables and the dependent variable/adoption of IFB that the researcher chose was religious convictions. Therefore, the purpose of this study is to investigate the moderating role of religious conviction on the factors influencing the adoption of interest-free banking in three private banks, namely the Oromia Bank, the Bank of Abyssinia, and the Zamzam Bank, which are considered to be the first generation, second generation, and third generation, respectively, based on the year of their establishment and generation.

1.3. Objectives of the study

1.3.1. General Objective

This study's main goal was to determine whether religiosity had any influence on the variables influencing the adoption of interest-free banking in a sample of private banks, (the Oromia, the Bank of Abyssinia, and the Zazam Bank).

1.3.2. Specific Objectives

The specific objectives of this study were:

- To examine the effect of Sharia'h compliance on the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).
- To explore the influence of networking on the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).

- To identify whether perceived relative advantage of the services and products affect the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).
- To recognize if accessibility of IFB services and products affect the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).
- To study whether customers' awareness regarding products and service has a significant effect on the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).
- To determine the moderating effect of religious beliefs on the factors affecting the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).

1.4. Research hypotheses

The researcher constructed five alternate hypotheses as depicted below:

H₁: Sharia'h compliance statistically has a significant effect on adoption of IFB in the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).

H₂: customers' awareness regarding products and service affects significantly the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).

H₃: Perceived relative advantage significantly affects the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).

H₄: Accessibility of IFB services significantly affects the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).

H₅: Networking significantly affects the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).

H₆: Religious beliefs have a moderating effect on the factors affecting the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and zamzam bank).

1.5 Significance of the Study

The significance of this study is that it provides valuable insights into the factors that influence the adoption of interest-free banking in certain banks in Ethiopia. As the banking, industry in Ethiopia continues to grow and expand its product offerings, understanding the factors that influence the adoption of interest-free banking is essential for improving the efficiency and performance of the banking sector. The study's findings can assist industry participants, policymakers, and the public in raising awareness, paying close attention, and understanding the elements that influence the use of interest-free banking services and products. This understanding can lead to the development of strategies that can promote the adoption of interest-free banking and improve financial inclusion. Moreover, this study contributes to the knowledge on the roles and benefits of an inclusive financial system in eradicating poverty, promoting economic growth, and integrating non-bankable society into the formal economy. The study's findings can also be used as reference material for future research on the subject. The study is valuable not only for gaining an in-depth understanding of the current factors influencing the adoption of interest-free banking but also for highlighting the need for further research in this area. Overall, the study provides significant insights that can inform policy and improve the financial and economic well-being of Ethiopia.

1.6 Scope of the Study

The study was carried out in three private commercial banks operating in Ethiopia, which were chosen based on generation year (clustering) even though the adoption of IFB has not yet reached the point where all banks must use it. The study's subsequent focus was on the elements influencing the acceptance of interest-free banking at three private banks (Bank of Abyssinia, Oromia Bank, and Zamzam Bank) based on the first, second, and third generations of each generation. Additionally, the analysis excludes other financial sectors like Microfinance institutions that provide their clients with Islamic financing options and Islamic Insurance (Takaful), which was observed below an early milestone. The study used an explanatory research design and a quantitative analytic approach in terms of methodology. The study also concentrated particularly on Muslims because they are anticipated to gain from the service and primary business sectors of service providers.

1.7. Limitation of the Study

Although researching the factors influencing the adoption of interest-free banking is a crucial issue for all banks in Ethiopia, this research only focuses on three private banks (Bank of Abyssinia, Oromia Bank, and Zamzam Bank), categorizing them according to their generation as first generation, second generation, and third generation due to time constraints, financial limitations, and the difficulty of covering all commercial banks due to their geographic distance.

1.8. Operational definitions of terms

It is evident that Ethiopian financial sectors and industry participants are aware of the growing trend of Islamic banking or interest-free banking. In order to make this work easier to grasp, the researcher has provided some important essential terminology and topics that will be utilized in the research according to their meanings and contexts.

Adoption: - The process by which an individual or group accepts and utilizes a new product, idea, or technology. Rogers, E. M. (2003). Diffusion of innovations. New York: Free Press.

Wadiah (Safekeeping) Deposit: - It is an unusual IFB deposit does not pay interest and is run by Wadiah Yad Dhamanah (guaranteed custody). (<https://www.pathsolutions.com/>)

Demand Deposit (Amana Current Accounts) non-earning deposits that work because of the alwadiah principle, which ensures that the depositors will receive their money back or can withdraw it whenever they want. (<https://www.pathsolutions.com/>)

Mudaraba (Silent Partnership). This type of contract is used in specific bank accounts known as restricted investment accounts (RIAs), where the bank acts as an agent for the investor(s) simply by acting upon their instructions. (<https://www.pathsolutions.com/>)

Murabaha (Cost-Plus Sales Contract). Murabahah contract refers to a cost plus mark-up transaction between parties. (<https://www.pathsolutions.com/>)

Ijara (Lease) the Islamic equivalent of a lease contract. (<https://www.pathsolutions.com/>)

Riba – interest or usury (<https://www.pathsolutions.com/>)

Musharaka (Equity Partnership) A contract known as a musharaka allows two or more people to pool their financial resources to launch a certain business venture, with the understanding that each

partner has the option of participating in the enterprise's management or not.
(<https://www.pathsolutions.com/>)

Salam (Forward Trade Contract). This is a contract of sale whereby an Islamic bank promises to provide a certain set of commodities to the buyer (its client) at a predetermined future date in return for an upfront full spot payment to the bank (<https://www.path-solutions.com/>)

Istisna. It is an agreement where one party instructs the other to produce and deliver a good; the terms of the agreement outline the details of the product, its cost, and the timing of payment.
(<https://www.pathsolutions.com/>)

Halal – acceptable and lawful (<https://www.pathsolutions.com/>)

Madhhab – schools of Islamic law (<https://www.pathsolutions.com/>)

Wakalah - is a legal agreement between a principal and an agent. This agreement permits the agent to provide services and receive compensation (Ujrah).(<https://www.wonder.legal/au/>)

1.9. Organization of the study

The five chapters that make up this study proposal. The first chapter introduces the study and includes its history, problem statement, research aims, hypotheses, scope, importance, limitations, and organizational structure. The literature on factors influencing the adoption of interest-free banking was reviewed in Chapter 2. It includes an introduction, a theoretical review, an empirical review, a discussion of any gaps in the study, and a conceptual framework. The methodology section was covered in Chapter 3, and it included an introduction, the research design, the research approach, the sample design, the population, the sampling frame, the sampling unit, the sampling technique, the sample size, the sample, the sources of the data, the data analysis and interpretation, the specification of the model, the validity and reliability, and ethical considerations. Chapter four represents results and discussion. It discussed the response rate, the socio-demographic characteristics of respondents and the factors affecting the adoption of IFB. The last chapter, chapter five, will present the summary of findings, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature review on Islamic banks or interest-free banking is presented in this chapter along with the factors influencing the use of these services and goods. It is structured as follows: first, a theoretical review is addressed that thoroughly discusses an overview of the Islamic banking services and products that the researcher has chosen (Sharia'h compliance, customer awareness, perceived relative advantage of the service, accessibility of IFB services in the bank, and networking in the bank), followed by empirical studies of interest-free banking and factors influencing the adoption of those services and products, and finally the researcher's recommendations.

2.2. Theoretical literature Review

2.2.1. The concept of Islamic banking/IFB

Interest-free banking, also known as Islamic finance, has grown rapidly over the past 10 years, and its banking sector has grown to be quite significant for many countries in a range of fields, according to literature on the subject (Tsion, 2017). Islamic finance is anticipated to continue expanding in response to economic growth in countries with sizeable Muslim populations that are mainly unbanked, according to the International Monetary Fund (2015). The large sums of money that many oil-exporting countries have saved up and are eager to invest in financial products that follow Shari'ah have also served as a catalyst. According to Aziz (2009), the Islamic financial sector has gained great respect and recognition, which has allowed it to expand beyond the conventional confines of the Muslim-based economies and into the major industrial economies.

Islamic banking is a no-interest service and product that calls for a contract outlining the notions of profit and loss sharing between the bank and the people/customers who deposit their money in the bank. Profit and loss sharing refers to an agreement to commit significant resources (such as assets, equipment, staff, effort, and the like) to a project in exchange for a stake in profits and losses. In contrast, traditional banking provides a fixed rate of interest in return for the investments made by depositors. Additionally, during the past 30 years, particularly in Islamic countries, Islamic financial institutions have been growing much more swiftly than the standard banking system due to the

increase in demand for Sharia'h-based products. In more than 70 nations around the world, there are over 200 Islamic banks providing banking services that adhere to Sharia'h.

These can be found in both western and Islamic countries (Ramazan et al., 2012). According to Teferi (2015), the adoption of IFB has the potential to influence and promote the economic development of the country by luring resources and producing job opportunities. It also creates an inclusive financial system for the Muslim population. Numerous research studies have demonstrated how Islamic banking principles can promote economic growth in a number of different countries around the world. For instance, Tabashi & Dhankar (2014) have demonstrated in their research that integrating Islamic finance ideas and tools into all nations' financial frameworks will result in the creation of jobs, economic growth, and a socially just distribution of wealth. Due to Islamic banking's continual positive development rate and advancement as well as the potential that it would be recognized as an alternative financial system to the established one, many policy leaders in various countries, especially those from multiracial and multireligious backgrounds, are interested in it.

Another study also discussed/expressed interest in Islamic banking as well as free banking services and goods. According to Ibrahim's (2012) study, "Islamic Banking" and "IFB" are words that are used interchangeably in Islamic Economics literature as a substitute for the interest-based traditional banking practice. Despite the fact that the phrases are occasionally used interchangeably, an Islamic bank and an interest-free bank differ from one another. Islamic banking abstains from any other practices that are forbidden by Islam in addition to avoiding interest in all of its manifestations. However, there is no reason to think that all of the other activities in interest-free financial systems will be conducted strictly in line with "Sharia'h" or Islamic law. They do not charge interest. Thus, upholding the fundamentals of the Prophet Mohammed's teachings and the laws of Allah is the main objective of Islamic banking, often known as interest-free banking. Since Islamic law is a representation of God's commands and regulates every aspect of a Muslim's life, it is closely tied to spiritual values and social justice (Nedal, 2017). In a similar vein, it has been defined as a financial institution that openly states in its status, rules, and procedures that it adheres to the principles of Islamic Shari'ah Jurisprudence and forbids the acceptance and payment of interest on any of its transactions (Mohamed, 2013).

The central premise that Islam forbids interest but permits profit and trade has served as the foundation for all theoretical studies on Islamic banking. Islamic banking functions in this way, whereas traditional banking mainly relies on interest rates as a crucial instrument for managing its finances.

To eliminate interest from the financial and economic systems, the Islamic banking model largely uses the joint venture and equity participation tools Mudarabah and Musharakah. Other interest-free products, such as bai Istisna (project engagement), bai Salam (advance payment), and murabahah (delayed payment sale), are also employed to increase the practical application, diversity, and risk management capacities of the Islamic banking system. In accordance with the Ethiopian national bank, it is crucial to solidify the theoretical evaluation of interest-free or Islamic banking. Thus, Islamic banking is defined by the National Bank of Ethiopia's most recent directive, SBB/72/2019, as a banking activity in which money are mobilized or advanced in accordance with Islamic law or Sharia'h principles and mode of operation that avoids receiving or paying interests.

The term "adoption" refers to a user's ability to use a product or service effectively and their propensity to use it again in the future. According to Tara et al. (2014), Islamic banking is the practice of financial organizations operating their banking activities in a manner that respects Islamic principles. As a result, the study tends to pinpoint or look into the variables that influence the use of interest-free banking services and goods.

2.2.2. Principles of IFB

The fundamental tenets of Islamic banks are the forbidding of interest (Riba) in all transactions and business and trade activities based on just and lawful profit. Furthermore, Islamic banking activities are built on the profit and loss sharing (PLS) basis. An Islamic bank participates in the yield that results from the use of money rather than charging interest. The bank also distributes a percentage of its income to its depositors in accordance with a predetermined ratio. Mirakhor, from 2000. As a manager of depositors' resources put to useful purposes, the Islamic bank acts as a partnership between its depositors on the one hand and its investment customers on the other. The complexity of Islamic banking is exacerbated by the variety (and nomenclature) of the instruments utilized and the understanding of the underlying principles of Islamic law (Kettell, 2011).

Any form of transaction that is against Islamic law is prohibited by the unique financial system known as Islamic banking. Because of this, any bank's operations must go by the following key

criteria in order for it to be deemed an Islamic bank (Samad, 2004; Bello & Abubakar, 2014). The Islamic system is based on profit and loss sharing, contracts are sacred, Zakat is implemented as the mandatory Islamic tax, and all transactions are transparent. Predetermined loan repayments as interest (Riba) are prohibited, speculation is not permitted, only contracts that have been approved by the Sharia'h are valid, and the Islamic system is profit and loss sharing. These fundamental concepts are then used to the numerous specific transactions, including partnerships, waqf foundations (religious or charitable organizations), pledge, deposit, and guarantee, agency, assignment, and land tenancy. A specific term used to describe a number of financial products or services that do not charge interest is "interest-free banking."

2.2.3. Major IFB products

Institutions now have new avenues to access underserved consumer and business markets thanks to Islamic financial solutions. A sizeable segment of the market that would not engage with interest-based financial products recognized a rising need and asked that Islamic financial products be made available globally. Islamic banks aim to satisfy the needs of emerging market segments by creating a variety of permitted products that are compliant with Islamic law. However, because of the need for Sharia'h compliance and the complexity of regulatory requirements, manufacturing these products creates significant challenges. Marketing such products poses a further challenge as a result of competition from traditional banks and the demand for innovative solutions (Hassan & Lewis 2007).

According to Islamic financial law, all transactions in interest-free/Islamic banking, including the non-receipt and payment of interest, must adhere to Sharia'h. Its main strategy includes loss-/risk-sharing according to investment between banks and clients as well as profit-sharing according to contract. It uses a number of platforms to sell a range of products. Contracts, not a commercial orientation, are utilized to establish how the products are recognized. (2010). Kettell (2011). Al-Sultan (1999) reports that Islamic banks have created and are still creating new goods and technologies to assist them in achieving their objectives in accordance with Islamic law.

2.2.4. Islamic Banking Deposit Products

According to Kettell (2011), shareholders' funds, current accounts, investment accounts, and savings accounts are the four main ways that Islamic banks raise capital. The bank and the owners of investment deposits divide the realized profit in accordance with the ratio determined by the parties at the time of the contract. Current account deposits don't give account holders any yield because they are seen as loans from customers to the bank.

However, the bank 16 16 guarantees their principle because they are loans to the bank. According to Ziauddin (1994), Hassen & Lewis (2007), Kettell (2011), and Ali Kerima (2016), the source of deposit mobilization for IFB products is as follows.

2.2.5. Unrestricted Investment Deposits (Unrestricted Mudaraba)

According to Introduction to Kabir Hassan and Rasem N. Kayed was first published (2007) this type of deposit is an earning deposit that is mobilized with the understanding that the bank would act as the Mudarib (manager) and invest the money in any manner compliant with Sharia'h, free from interference or limitations from the capital provider. The investment's profit and loss will be divided in accordance with the contract, with the depositor (capital provider) bearing a percentage of each. The bank may decide whether to make an investment. The money can be pooled by the bank for use in its ongoing IFB business operations.

2.2.6. Restricted Investment Deposit (Restricted Mudaraba)

An IFB deposit of this kind is a type of earning deposit that is mobilized with the understanding that the bank would function as the Mudarib (manager) and invest the money in restricted investments based on the active engagement of the capital provider and knowledgeable guidance from the bank side. The investment's profit and loss will be divided in accordance with the contract, with the

depositor (capital provider) bearing a percentage of each Kabir Hassan and Rasem N. Kayed was first published (2007).

2.2.6.1. Wadiah (Safekeeping) Deposit

It is an unusual IFB deposit that is managed by Wadiah Yad Dhamanah (guaranteed custody) and doesn't pay interest. The bank accepts deposits from customers looking for convenience and safety, and requests authorization to use the customers' funds for investments that support transparency. Access to customer balances is unrestricted. The bank is the owner of the earnings from using the clients' money Kabir Hassan and Rasem N. Kayed was first published (2007). The bank may, solely at its discretion, declare earnings for customers as compensation. The Bank, the custodian, is prohibited from announcing or promising any rewards for approved deposits under the terms of the Wadiah contract. Owners/depositors are not permitted to request any advantages or returns on their savings from their bank.

2.2.6.2. Demand Deposit (Amana Current Accounts)

Amana The alwadiah concept, which ensures that depositors will receive their money back or can withdraw it whenever they wish, underlies current accounts, which are non-earning deposits. Additionally, the depositor doesn't get paid for putting money in a current account because the guaranteed funds won't be used for gain-or-loss activities as per Mirakhor, Abbas and Iqbal, Zamir (2012).

2.2.6.3. Islamic Banking Financing Products

Islamic finance typically comprises making investments and/or getting things like goods, services, and assets. Islamic banks give financing in a minimum of two different ways. The first depends on profit and loss sharing, whereas the second involves the sale of goods and services on credit and increases the debt of the individual making the purchase Jarhi and Iqbal Al- (2001). Islamic financial instruments have been developed to streamline everyday banking operations by enabling halal (Sharia'h-compliant) means to lend or borrow money while yet providing some tolerable returns for investors.

Theoretically, there are further IFB financing choices in addition to the items listed here. In actuality, banks do not provide all IFB products. As a result, this study also illustrates the IFB financing choices that are frequently employed and are deemed crucial by a later researcher. According to

Hassan & Lewis (2007), Al-Jarhi and Iqbal (2001), Kettell (2011), and Bello & Abubakar (2014), the following are some of the popular Islamic financial products that Islamic banks promote internationally.

2.2.6.4. Mudaraba (Silent Partnership)

Based on Mirakhor, Abbas and Iqbal, Zamir (2012) is a type of Islamic financial contract where one party (Rabbul Mal) provides the capital and the other party (Mudarib) provides the management expertise or labor. The profits generated through the Mudarabah contract are shared between the two parties according to a pre-agreed ratio, while any losses are borne only by the Rabbul Mal (i.e., the capital provider) unless negligencies evidenced by the Mudarib. The Mudarabah contract is commonly used in Islamic banking and finance for various activities, such as investment financing or trade financing. It is also used for raising capital for businesses and projects that meet the ethical requirements of Shari'ah.

2.2.6.5. Murabaha (Cost-Plus Sales Contract)

This form of contract is typically used in the acquisition of equipment. It is a sales agreement with a predetermined profit margin between an Islamic bank and its client. The Islamic bank will take on the risk of purchasing the commodity on the client's behalf at cost plus mark-up, which the client may pay in full up front, in instalments, over the course of a set period of time, or all at once. The client will supply the Islamic bank with all of the commodity's specifications.

2.2.6.6 Ijara (Lease)

The Islamic counterpart of a leasing agreement is an Ijarah. It is a contract whereby an Islamic bank purchases property and leases it to a customer on the condition that the customer will pay the Islamic bank a fixed sum for a predetermined period of time, usually monthly. At the end of the contract, the client may also have the option of purchasing the asset from the bank.

2.2.6.7 Musharaka (Equity Partnership)

With the understanding that each partner has the choice to take part in the management of the firm or not, two or more people can pool their financial resources to start a specific business venture under the terms of a contract known as a musharaka. But partners are free to decide if they want to be a sleeping or an active partner. Profits are dispersed in this sort of Islamic banking transaction in accordance with an agreed-upon ratio, which need not match each party's individual capital

contribution. Losses, however, are rigidly apportioned in accordance with each party's capital contribution. The Islamic bank will therefore act as a partner in this scenario in order to contribute to capital formation and to share in profits and losses.

2.2.6.8 Salam (Forward Trade Contract)

In exchange for an upfront full spot payment to the bank, an Islamic bank agrees to provide a certain set of commodities to the buyer (its client) at a specified future date. To put it another way, users pay the whole amount, and the Islamic bank gives the client the product at a predetermined later date.

2.2.6.9 Istisna (contract of manufacture)

It is a contract in which one party gives the other the go-ahead to create and deliver a good, and in which the terms of the contract include the good's description, price, and due date. It is used by Islamic banks and consists of two unique Istisna contracts.

2.3. Factors which affect the adoption of IFB.

2.3.1. The effect of awareness on the adoption of IFB

The researcher will examine users' familiarity with products and services as well as their knowledge of Islamic financial teachings in this article. The impact of awareness on products and services is supported by data from past studies. Although there was interest in Islamic banking products, Rammal and Zurbruegg (2007) concluded that the biggest hurdle in the Australian market was a lack of awareness about these products. Customers are more knowledgeable with interest-free banking products when it comes to some of the more well-known products, such as current accounts and time deposit accounts. However, according to Khatak and Rehman (2010), the majority of clientele are unaware with Islamic financial models like Murabaha and Ijara. Few individuals are aware of the benefits of interest-free banking products and services, despite the fact that they have been available for more than 30 years.

The second most important factor in determining the relevance of factors contributing to the low share of Islamic banking is a lack of knowledge about the products and services offered by Islamic banks (Adnan et al., 2011). Wahyuni (2012) investigated the association between knowledge and the intention to use an Islamic bank and found a strong positive association between the two. Furthermore, Wahyuni (2012) found that Muslim Umma with more knowledge are more likely to

adopt Islamic banking. Furthermore, Muslim Umma with better knowledge has greater inclination to use Islamic banking, according to Wahyuni (2012). The results of the study conducted by Hareem et al. (2012) have shown that Pakistanis are converting from conventional banking to Islamic banking because they have a positive attitude toward it and are sufficiently informed of it. Previous studies have shown that the acceptance of Islamic banking is influenced by people's awareness of Islamic financial teachings. According to Marimuthu (2010)'s survey, 57.6% of respondents were ignorant of basic Islamic banking concepts. While there was a high level of awareness of Islamic banking (the financial teaching of Islam), Hamid and Nordin (2001) found that there was insufficient knowledge of specific Islamic banking products, including little knowledge of the distinction between Islamic and conventional banks. Additionally, they asserted that better customer education will contribute to greater public knowledge of Islamic banking services and goods.

2.3.2. The effect of Sharia'h Compliance on Adoption of IFB

While a non-Islamic bank's financial stability may be sufficient to maintain its clients' trust, Sharia'h compliance is equally significant in the case of an Islamic bank. Both financial circumspection and inconsistency to the Sharia'h could cause an Islamic bank to fail. Al-Jarhi and Iqbal advise making sure that all of an Islamic bank's operations adhere to Sharia'h law (2001). According to Kettell (2011), religious Supervisory boards are required for Islamic banks in order to guarantee that financial activities are consistent with the Sharia'h law. The Sharia'h Supervisory Board (SSB), also known as the Sharia'h Supervisory Committee, inspects agreements, transactions, and dealings to ensure that Islamic principles are being followed. The board verifies and ensures the halal status of financial activities (acceptable).

Even though it is only an advisory body, the bank entrusts the Sharia'h advisory board with questions regarding the legality of its actions, giving it an authoritative and respected role. Islamic/interest-free banking and financial activities fall under the purview of Islamic economic activity and are as a result governed by Sharia'h law. Three sources serve as the foundation for Islamic financial activities' compliance with Sharia'h. The first is the Quran (the main source of Sharia'h), followed by Sunnah (the prophet's example), Ijma (consensus), as well as Qias and Ijtihad (The reasoning of a group of renowned scholars, which is aimed at adapting Islamic rules to the contemporary world). The Bank of Malaysia's Islamic Banking Handbook (2010). Due to the absence of supportive regulatory and policy frameworks that facilitate the establishment of Islamic financial institutions,

Ethiopian banking industry has continued to conduct the majority of its banking transactions using traditional banking systems, despite the expansion of Islamic banking across the globe and in other African nations. This is particularly significant and deserving of mention. Numerous potential Muslim consumers avoid using the regular banks that are currently operating in the nation because they believe doing so is against their religious beliefs; Debebe Alemu (2015).

In the context of Ethiopia, the IFB convention is implemented as IFBWs (IFB windows), which are not fully functional and have their own delaying effects on the convention's standard as well as its ability to drive the ED and support the banking sector. Additionally, as an emerging phenomenon, it appears as though it might encounter knowledge and, to a certain extent, perception or misperception challenges as a norm that adds value to the banking sector and the economy as a whole (Teferi, 2015)

2.3.3. The effect of perceived relative advantage of the service on adoption of IFB

Relative advantage has been created to indicate customer perceptions that all or some aspects of the proposed innovation can provide added value to its potential user when compared with already accessible options, according to a study by Guluma Abdisa (2017). Rogers (2003). Economic profitability, discomfort reduction, time and effort savings, low initial cost, social prestige, and/or other potential benefits that a potential user can experience by utilizing the present innovation can all be used to explain relative advantage Gerard (2003). The major point here is if the new concept is superior to the existing one, potential adopters always want to know the difference and perceive the better one.

Additionally, a number of researchers have discovered that relative advantage is among the best indicators of how quickly an innovation will be adopted (Brown et al., 2003; Tan and Teo, 2000;

Hsu et al., 2007; Tung & Rieck, 2005; Thambiah et al., 2011b; Gerrard and Cunningham, 2003). According to Roger and Gerard (2003), adopters regularly perceived relative advantage in terms of the financial advantages and costs associated with adopting an innovation, as well as the advantages that come with improvements to their social standing. Additional factors that have been listed as sub dimensions of relative advantage include economic profitability, discomfort reduction, time and effort savings, low initial cost, social prestige, the promptness of the reward, and/or other potential advantages that a potential user might experience by implementing the current innovation. The goal

of the current study is to analyse relative advantage in terms of economic benefits (profits, reduced interest costs, reduced risk, and benefits from profit-sharing)

(In the conduct of profit sharing, ethical banking system, and equal distribution of wealth).

2.3.4. The effect of networking on adoption of IFB

One of the crucial factors in establishing the acceptance standards of Islamic banks is networking. In order to provide access to its clients, a certain organization may have a large number of geographically dispersed branches. According to SBP (2010), Islamic banking's market share climbed to 6.4 percent during the quarter due to a 3.2% gain in assets as opposed to a fall in the asset base of conventional banks. The number of branches for Islamic banking was increased by 5.4 percent. According to Haron et al., 1994, convenience significantly influences the selection criterion for IBs. He conceptualizes convenience as a large branch network, location that is close to one's home or place of employment, convenient ATM operating hours, and bank location.

One of the causes contributing to the low growth of Islamic banking is the small network of branches. As a result, Islamic Banks should aim to expand their customer base by opening additional branches, which will undoubtedly boost public trust in them Adnan et al (2010). If the Islamic banking sector expands its network with customer-demanded services and products, there is a strong chance that it will succeed (Khattak and Rehman, 2010). A study from Jordan, however, came to a different conclusion, concluding that the establishment of additional branches does not significantly affect Islamic banks (Erol et al, 1989).

From the above justification it possible to understand that accessibility of the services and products of IFB affects the adoption of IFB.

2.3.5. The effect of Accessibility of IFB services on adoption of IFB

One of the decisive factors in deciding the acceptability standards of Islamic banks is accessibility. In order to provide access to its clients, a certain organization may have a large number of geographically dispersed branches. According to Haron et al. (1994), convenience was a key determining factor in the choosing of IFB. He defined convenience as having a large branch network, being close to one's residence or place of employment, having an ATM open during convenient hours, and having a bank nearby. One of the causes contributing to the low growth of Islamic banking is the small network of branches. As a result, Islamic Banks should aim to expand their

customer base by opening additional branches, which will undoubtedly boost public trust in them Adnan (2011).

2.3.6. The moderating effect of religious beliefs

Religion was defined by Kirkpatrick (2005) as a psychological connection and the primary emotional relationship to objects. Religion is a cause, a precept, or a set of rituals that people fervently and firmly adhere to. Regarding interest-free transactions and risk sharing, Islamic banks adhere to the spirit and philosophy of Islam. Metawa and Almosawi (1998) discovered that, rather than the return on their investment, religion was the primary influence on customers' perceptions when choosing an Islamic banking system. Additionally, he discovered that profitability is the second-highest factor influencing selection criteria, behind religiosity. The amount that Muslims deposit in Islamic financial institutions in the UK is mostly influenced by religious considerations (Omer, 1992). Othmen and Owen (2001), Walkhid and Afrita (2007), and Haron et al (1994) all support the same conclusion that religion is a major determining factor in IB acceptance. In contrast, a Jordanian study indicated that while profit-driven criteria were a key consideration when choosing a bank, religion did not significantly influence the decision to embrace an Islamic bank (Erol, C. and El.B. Radi, 1989). Regarding the selection criteria for Islamic banking, the majority of customers have adopted Islamic banking for religious reasons, but there are some other factors that encourage customers to adopt the Islamic banking system, such as bank transaction efficiency, customer confidentiality, operating hours, etc (Khattak and Rehman (2010). Studies conducted on Egypt by Hegazy (1995), Jordan by Naser et al. (1999), Indonesia by Kareem and Afiff (2006), Malaysia by Dusuki and Abdullah (2007), and Egypt by Hegazy (1995) all corroborate the conclusion that support for Islamic banks is not primarily motivated by religion. Marimuthu et al. (2010) found that the cost-benefit analysis, service quality, convenience, and the influence of friends are more significant factors in selection criteria than religion when using Muslims and non-Muslims as sample populations. Religious motivations are the second most influencing construct when customers choose Islamic banks, according to Hasan et al. (2012). As a result, it was decided that the current study would look into how it affected the implementation of Islamic bank products and services as both an independent variable and a potential moderating variable between the attributes (Relative advantage, compatibility, complexity

observability, and perceived risk) and the implementation of interest-free banking products and services.

Thambiah, et al (2013) study looked at how religious beliefs affected the intention to use Islamic Retail Banking (IRB) goods and services. Eight independent variables make up their study: customer knowledge of IRB, relative advantage, compatibility, complexity, uncertainty, observability, promotional activities, and perceived information quality. Their findings show that, to some extent, religious considerations continue to play a significant role in determining consumers' intentions to utilize IRB goods and services. Based on the results, it is clear that there is some interaction between customers' perceived relative advantages, compatibility, complexity, and willingness to use IRB products and services, even though religion does not significantly impact all the parameters.

2.3.6.1. The Moderating Effects of Religious Belief

The intention of religious leaders to use Islamic banking services was examined by Janah, Nasitotul, Fahmi Medias, and Eko Kurniasih Pratiwi (2020). They found that religiosity significantly influenced the relationship between attitude, community influence, religious obligation, and subject norm to use Islamic banking.

The study by Seethaletchumy et al., 2013, examined the moderating of religious ideas and disagreements against the intention to utilize Islamic Banking (IB) products and services in Malaysia. Customer knowledge of IFB, relative advantage, compatibility, complexity, ambiguity, observability, promotional activities, and perceived information quality are the eight independent factors that make up the study. According to their findings, customers' intentions to use IFB products and services are still significantly influenced by religious factors in some cases. Therefore, a banking system based on Islamic values may have contributed to the perception of IFB products and services as being fair and advantageous among Muslim banking clients in particular. In contrast, because IFB products and services are new, they are seen as being difficult by non-Muslims. As a result, it influences their decision to use IFB products and services. In order to better understand how religious beliefs affect awareness, perceived relative advantage, adherence to Sharia'h law, accessibility, networking, and IFB acceptance, the researcher set out to conduct a study.

2.4. Empirical review

In comparison with conventional banking, the IFB industry is still in its infancy. It is seeking to build its own institutional, operational, and regulatory infrastructures in order to grow and be successful (Khan and Bhatti, 2008). Numerous international studies on the limitations of Islamic/interest-free banking have been conducted.

These studies (Iqbal et al., 1998; Bello, 2014; Njamike, 2010, Ibrahim, 2012; Kinyanjui, 2013; Jabr, 2003) have shown that both Muslim and non-Muslim countries have had issues with Islamic banking. Therefore, Ethiopia is not an exception. To the best of the researcher's knowledge, there hasn't been much research done on the topic under study in the Ethiopian context, and she reasoned that this would allow her study to bridge the knowledge gap and advance the area. Although alternative banking practices are popular and commonplace everywhere in the world, it is obvious that interest-free banking is a relatively new development in Ethiopia. There are either no or very few empirical literatures on the subject, given the topic and scope the researcher is pursuing. The literature evaluation on IFB in the Ethiopian context that has been published to far essentially backs the possibility of introducing IFB in Ethiopia.

Sankaramu's studies and surveys are thus among those that have already been done on the subject in the Ethiopian context (2009). The current problem had nothing to do with the informed or knowledge-based operation of IFB. More importantly, the question was whether to declare IFB a nation. The researcher suggested thinking about the significance of introducing the IFB into Ethiopia by taking advantage of the cordial relations between Christians and Muslims as an opportunity, given its enormous and untapped merits in filling the gap left by conventional banking in general and various microeconomic benefits in particular (Teferi, 2015; Akmel (2015).

Although Ethiopia has made the majority of its advancements in Islamic banking in the last four years, it is still unknown whether the nation's financial sector currently conducts transactions that comply with Sharia'h. In his study on the elements impacting consumers' desire to use interest-free banking, Debebe (2015) evaluated the preparedness of Ethiopian customers to utilize interest-free banking as well as the variables that could influence their decision. The results showed that attitudes toward interest-free banking in Ethiopian commercial banks were significantly influenced by customer awareness, perceived compatibility, perceived relative benefit, and subjective custom.

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comply with Sharia'h. In his study on the elements impacting consumers' desire to use interest-free banking, Debebe (2015) evaluated the preparedness of Ethiopian customers to utilize interest-free banking as well as the variables that could influence their decision. The results showed that attitudes toward interest-free banking in Ethiopian commercial banks were significantly influenced by customer awareness, perceived compatibility, perceived relative benefit, and subjective custom.

Challenges on Interest-Free Banking Services in Ethiopia with Special Reference to the Commercial Bank of Ethiopia, a study by Kerima (2016), claims that the bank lacks commitment, a Sharia'h advisor, supportive regulatory directives, a problem with the law governing the Ethiopian Commodity Exchange (ECX), the capacity to deliver IFB products to the full range, customer lack of trust and confidence, and a lack of availability of IFB products in all of its branches.

The focus of this study was on private commercial banks, as opposed to privately owned banks. As a result, it is deficient in information on private banks that have just started to offer interest-free banking as well as in original structural perspectives on the factors that affect its adoption. In Guluma's (2017) study on the variables impacting consumers' behavioural intents to choose interest-free banking in Ethiopia, the case of Oromia International Bank S.C. was analysed. This study was built on the broad framework of behavioural intention to embrace interest-free banking, which displays perceived behavioural control, subjective norm, relative advantage, compatibility, valued people's opinion, and media impact. As a result, it is a general behavioural study that is deficient in data regarding the specific real-world problems that influence IFB adoption. A few banks began to offer simple products like Special Non-Interest Savings Accounts (i.e., Special Demand Deposits issued by the Commercial Bank of Ethiopia (CBE)) in order to give the Muslim Community some degree of option flexibility. The greater Muslim consumer base, however, was not served by this. Although these items' structures are quite straightforward, the bulk of consumers cannot afford them, hence they did not attract a lot of customers or transactions. These products differed from their traditional counterparts in a number of ways, including their overall lack of competition in the market and the negative real rate of return they provide.

The growth of Islamic Financial services has been static for nearly five years since the original individual and group initiatives emerged in early 2008. Little has altered since then. No commercial bank publicly traded or privately owned, using a "Special Window" or a subsidiary has yet declared its intention to offer Islamic financial products. Despite multiple well-publicized initiatives, not a

single "Full-fledged" Islamic institution has yet to be founded in Ethiopia, despite this being the country where the first Islamic financial institution was meant to be created.

According to Kerima Ali (2016), the appropriate authorities have not yet announced any government plans or projects. According to Madiha et al. (2014), their study titled "Factors Influencing Adoption of Islamic Banking: A Study from Pakistan" examined how networking affects the successful adoption of interest-free banking. Furthermore, evidence from recent studies demonstrates that acceptance of IB and the number of Islamic bank branches or interest-free banking accounts are significantly correlated. Because the p-value is less than 0.05 and beta (β) is equivalent to 0.165, the study's hypothesis that "the acceptance of IB is significantly influenced by networking" is accepted.

According to the study, networking has an impact on IB or IFB adoption insofar as branches are easily accessible to consumers (potential/current). In their 2013 study, Thambiah, et al. examined the impact of religious convictions on consumers' intentions to utilize Islamic Retail Banking (IRB) products and services. Their research is based on eight independent variables: customer awareness of the IRB, relative advantage, compatibility, complexity, uncertainty, observability, promotional actions, and perceived information quality. Their research demonstrates that customers' inclinations to use IRB products and services are, in part, still influenced by religious factors. Although religion does not significantly affect any one of the categories, it is evident from the results that there is considerable interaction between customers' perceived relative advantages, compatibility, complexity, and willingness to use IRB products and services.

2.5. Research gaps

Numerous elements that are regarded to be significant in influencing customers' perceptions and encouraging them to accept interest-free banking (IFB) products and services have been shown and examined by various studies. These studies have demonstrated that while some determinants are common to many nations, others are unique to each nation due to social, cultural, economic, technological, political, religious, and other aspects. Additionally, as was already mentioned, some studies have been done on problems and opportunities but not on the elements influencing the adoption of IFB, particularly in the Ethiopian context. In addition, despite the researcher's efforts to locate empirical studies related to this situation, not enough of them have been done. In order to fill the gaps in the literature, the researcher attempted to investigate how Sharia'h compliance, customer

awareness, perceived relative benefit of the service, accessibility of IFB services in the bank, and networking affects adoption of IFB.

As there haven't been any previous studies on these banks in this title, the researcher focused on selected private commercial banks. By investigating the variables influencing the adoption of IFB in Bank of Abyssinia, Oromia Bank, and Zamzam Bank, the researcher attempted to close the gaps. Therefore, the purpose of this study was to investigate the moderating impact of religious convictions on the variables influencing interest-free banking at Bank of Abyssinia, Oromia Bank, and Zamzam Bank.

2.6. Conceptual framework

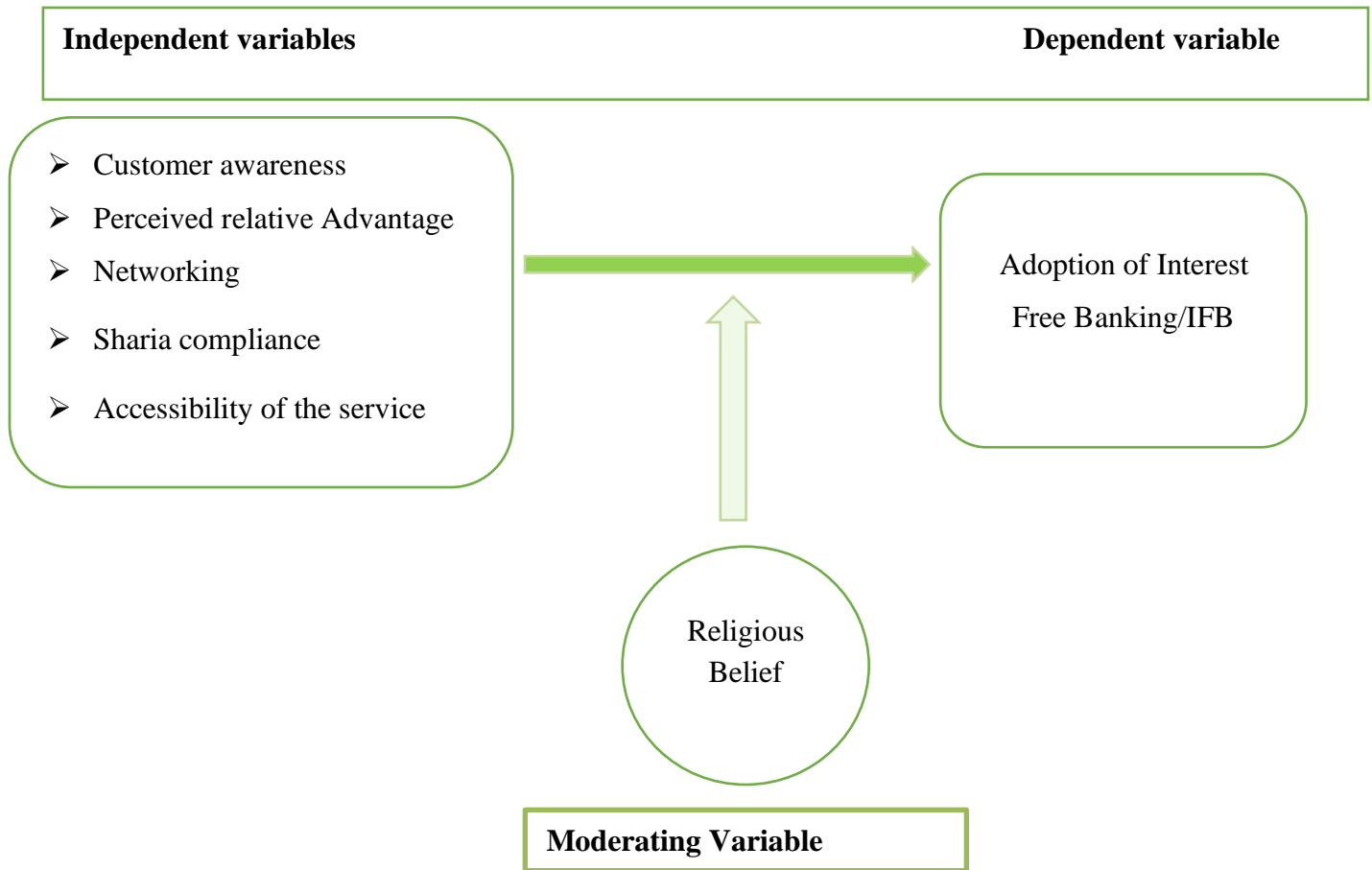


Fig 2.1: conceptual framework.

Source: self-conceptualized

CHAPTER 3

RESEARCH METHODOLOGY

3.1. Introduction

Measures that the researcher picked to conduct the study are thoroughly covered in this chapter. Introduction, the study design, the research methodology, the sampling unit, the sampling frame, the sampling procedure, the sample size, the data collecting, the reliability and validity, the ethical concerns, the techniques of data analysis, and the methods of data presentation are specifically covered.

3.2. Research Design

In this study, an explanatory design was adopted. According to Saunders, Lewis, and Thornhill (2009), explanatory research entails analyzing a situation or a problem in order to explain the relationship between variables. It tries to explain the associations between two or more elements of a situation or phenomenon. In order to determine and clarify the relationship between the independent variables of Sharia'h compliance, customer awareness, and accessibility, the perceived proportional benefit, and networking, as well as to determine the adoption of IFB, an explanatory study design was used. Additionally, religious belief as a moderating factor between the independent and dependent variables

3.3. Research Approach

Using both qualitative and quantitative approaches, religious beliefs were used as a moderating factor between the independent variables and the adoption of IFB in this quantitative analysis of the relationship between selected factors (Sharia'h compliance, Customer awareness, Perceived relative advantage of the service, Accessibility of IFB services in the bank, and Networking). The implementation will involve a structured questionnaire. The qualitative one was used to characterize information gathered from secondary sources, such the internet, articles, the bank's annual report, and the like.

3.4. Sampling design

The population of the study was based on the establishment/generation of private commercial banks. The banks were divided into three generations (1994-2000, 2000-2010, and 2010-2021), after which samples were chosen from each generation/stratum (Bank of Abyssinia, 1996; Oromia bank, 2008; and Zamzam bank, 2021) using the Purposive sampling method. This study used a non-probability

sampling design because purposive sampling was required to provide a representative sample of the entire population. The phrase "purposive sampling" refers to a variety of sampling methods where participants are purposefully chosen based on personal traits (<https://www.scribbr.com>). Since the study focuses on three private banks from each generation, it includes information on IFB users, IFB experts who are directly involved in the operation, IFB experts who are not directly involved in the operation but are involved in selected working units' support bases, consultants on the business, and members of the local bank's Sharia'h advisory committee. As a result, the study was conducted using the non-probability sampling technique known as judgmental or expert sampling.

3.4.1. Population

According to Sekeran (1990), population refers to entire group of individuals, substances, or measures which satisfy the requirements for research inclusion. Customers of IFB, specialists who do not directly support operations but are involved in supporting infrastructure, business consultants, and members of the bank's Sharia'h advisory committee (i.e., all districts and selected branches) were considered to be the population of the research in this case.

3.4.2. Sampling Structure

The purposeful selection of IFB users while utilizing the service by cooperative staff from the different branches and a list of employees for those who would be chosen from the banks/districts/respective branches served as the sampling frame for this study, from which the sample of the study was derived.

3.4.3. Sampling Unit

A data set is composed of sampling units. The study's sampling unit in this case consisted of IFB clients, customers/consumers, consultants/trainers, and Sharia'h advisors/supervisors.

3.4.4. Sampling Method

According to the discussion above, the study's population was chosen. Therefore, using the purposive/judgmental sampling technique, samples from each group/generation (i.e., IFB users and corresponding bank workers) were chosen. Participants in the study were IFB users, specialists in interest-free banking who are directly involved, experts who are not directly involved in the operation but are involved in its supporting infrastructure, consultants to the business, and members of the Sharia'h advisory council.

3.4.5. Sample size

The study used 210 participants who were purposefully chosen from various sampling units as its sample size. As a result, the sample size was made up of IFB users, specialists in interest-free banking who are directly involved, experts who are not directly involved in the operation but are involved in its supporting infrastructure, consultants to the business, and members of the Sharia'h advisory council.

3.4.6. Sample

In a study, a sample is a subset of data that is chosen by the researcher from a broader population following a predetermined technique of selection. In this case, the researcher chose 210 respondents/samples from the bank as a sample.

3.5. Source of data

Data for the study was gathered through primary and secondary sources.

3.5.1. Primary sources of data

To gather a primary data from the research respondents, the researcher created a five-point Likert scale (strongly disagree, disagree, neither agree nor disagree, agree, and highly agree), a closed-ended questionnaire. The questionnaire was created following a number of reviews of relevant studies, and the questions were standardized in accordance with the research problem. The questionnaire helps the researcher to quickly get a large number of data on the study variables (Ponto, 2015). By not asking respondents to meet with the researcher in person or provide their identities on the questionnaire, questionnaires also ensured respondents' anonymity for the study.

3.5.2. Secondary sources of data

In order to conduct a critical evaluation of connected literature for the subject under consideration, secondary sources of data were gathered from various bank papers in accordance with, articles, books, and other pertinent materials.

3.6. Data analysis and Interpretation

To make it easier to grasp the data's findings, the data was analysed and presented using tools like percent, tables, frequency, standard deviation, and mean, among others. Descriptive and inferential statistical methods utilized to analyse the data. Respondents' responses were presented using descriptive statistics like mean, frequency, percent, and standard deviation. To further analyse the data, version 23.0 of Statistical Product and Service Solution (SPSS), previously Statistical Package for Social Sciences, was used. The direction and strength of the association between the variables were tested using correlation. Multiple regressions were then employed to examine the association between the independent and dependent variables as well as the validity of the hypotheses.

3.7. Reliability and Validity

3.7.1. Reliability

An instrument's capacity to consistently and steadily measure a concept is known as reliability, which also contributes to the evaluation of the measure's usefulness. The researcher can identify which items do not consistently measure the phenomenon under examination by looking at the test's internal consistency. The goal is to eliminate the inconsistent items and increase the test's internal consistency. Cronbach's Alpha was utilized by the researcher to gauge internal consistency. According to Sekaran (2003), Cronbach's Alpha, a reliability coefficient, measures how strongly items in a collection are positively associated with one another. According to Cronbach, reliability

scores between 0.7 and 0.8 are frequently regarded as superb. Normal ranges of Cronbach's Alpha reliability coefficient is from 0 to 1. Cronbach's Alpha coefficient, where k is the number of items taken into account and r is the average of the inter-item correlations, tends to be closer to 1.0 the more internally consistent the scale's items are.

Below:-Table 3.1 is a summary of the reliability test for the five scale items in the survey instrument based on the Cronbach alpha coefficient. According to (Sekaran, 2003), the Cronbach alpha value was discovered to be 0.734 and is hence regarded as acceptable.

Table 3.1.Summary of Reliability Test from Responses on Scale Items

No.	Variables	No. of items	Cronbach 's alpha
1	SCOM (Sharia'h Compliance)	6	.767
2	CARSP (Customers Awareness regarding products and service)	13	.691
3	PRA (Perceived Relative Advantage)	6	.685
4	AIFBS (Accessibility of the IFB services)	5	.692
5	NET (Networking)	4	.803
6	RBL (Religious Beliefs)	3	.707
7	IIFB (Adoption of IFB)	6	.728
	Total	43	0.734

50 study participants that participated in the pilot test of the tool. 43 questions make up the entire questionnaire, as can be seen in the table above.

The outcome showed that the Cronbach's alpha value was 0.734, demonstrating the validity of the instrument (Sekaran, 2003).

3.7.2. Validity

The instruments are regarded to be valid if they accurately measure what they were intended to measure. (Kothari, 2007). According to (Faux, 2010), making sure that participants understand the questionnaire is an efficient and useful method for pre-testing questionnaire instruments. The advisor to the researcher put it to the test. A pilot study was conducted to see if the tools actually measured what they were designed to (Kothari 2007). Before a thorough data collection effort, the questionnaires were piloted to determine the instrument's validity. The goal was to determine whether the tool could accurately assess the desired outcomes from various respondents.

3.8. Ethical considerations

When conducting the study, ethical responsibility was taken into account. The respondents received guarantees that their responses would be kept secretive and exclusively employed for academic and research purposes.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1. Introduction

In this chapter data analysis, interpretation, and findings confers. Respondents' response rate, socio-demographic traits, factors influencing IFB acceptance, and the moderating impact of religious convictions are some of the subjects covered in this study. Finally, results of the multiple regression were utilized to test the research's hypotheses were given.

4.2. Response rate

The survey's target population was 210 participants, hence the same number of questionnaires were delivered. However, 199 questionnaires were received out of this total. The remaining 11 surveys were not returned for a variety of reasons, including the fact that some employees were on annual leave just three days after getting the survey and others for various reasons, giving a response percentage of 94.5%.

4.3. Characteristics of Respondents through Demography

In this part, Respondents' general information are presented. A broad description about respondents' gender, age, duration of service, level of education, and position was requested.

4.3.1. Respondent's analysis by Gender

Table 4.1 respondent's analysis by Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	106	53.3	53.3	53.3
Valid Female	93	46.7	46.7	100.0
Total	199	100.0	100.0	

Source: survey data, 2023

Table 4.1 indicated above, there was roughly equal representation of male (53.7%) and female (46.7%) employees of the chosen banks in the survey, allowing the researcher to understand that both genders compete equally.

4.3.2. Respondent’s analysis by age

Table 4.2. respondent’s analysis by age

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
20-29	36	18.1	18.1	18.1
30-39	93	46.7	46.7	64.8
Valid 40-49	43	21.6	21.6	86.4
50 years and above	27	13.1	13.1	99.5
Total	199	100.0	100.0	

Source: survey data, 2023

The age range displayed in Table 4.2. The age distribution of bank personnel demonstrates that all age groups are represented, with younger and more productive age groups making up the majority (64.8%, 20-39), which helps the banks succeed in delivering services of higher caliber and achieving their objectives. Additionally, there are workers who are old enough to contribute to the bank's organizational goals.

4.3.3. Respondent’s analysis by religion

Table 4.3. Respondent’s analysis by religion

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Muslim	162	81.4	81.4	81.4
Valid Christian	37	18.6	18.6	100.0
Total	199	100.0	100.0	

Source: survey data, 2023

The majority of respondents (81.4%) in table 4.3 were Muslims who used interest-free banking (IFB), however Christians also used the service in some of the chosen institutions.

4.3.4. Respondent’s analysis by language

Table 4.4. Respondent’s analysis by language

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Amharic	47	23.6	23.6	23.6
English	99	49.7	49.7	73.4
Valid Oromifa	37	18.6	18.6	92.0
Somali	16	8.0	8.0	100.0
Total	199	100.0	100.0	

Source: survey data, 2023

As is clear from table 4.4, respondents who speak a variety of the nation's languages filled out the questionnaire. The use of several languages, particularly the respondents' mother tongues, in such a survey allows the participants to express themselves and complete the questionnaire in a clear and professional manner. It can also assist the researcher in coming up with a variety of ideas in an effort to analyze and comprehend the data. In total, 49.7% of research participants filled out the English version of the questionnaire, followed by 23.6% of Amharic speakers, 18.6% of Oromifa speakers, and 8% of those who speak Somali.

4.3.5 Respondent’s analysis by their connection with IFB

4.5. Respondent’s analysis by their connection with IFB

	Frequency	Percentage	Valid Percentage	Cumulative Percentage
Customer/Consumer	121	60.8	60.8	60.8
Valid Sharia’h	18	9.0	9.0	69.8
Advisor/Supervisor	9	4.5	4.5	74.4
Consultant/Trainer	51	25.6	25.6	100.0
Other				
Total	199	100.0	100.0	

Source: survey data, 2023

The relationship between responses and interest-free banking is shown in Table 4.5. As a result, the table reveals that 121 of the respondents (60.8) were identified as customers or consumers. Nine (9, 4.5%) and nine (18, 9%) of the respondents were discovered to be consultants or trainers, respectively, and the remaining 51 respondents were noted as being other respondents not included in the aforementioned categories. This suggests that the study covers a range of stakeholder categories with distinct service-related roles.

4.4. Descriptive Analysis and Interpretation

4.4.1. Sharia'h compliance

Table 4.6 mean and standard deviation of Sharia'h compliance

	N	Mean	Std. Deviation
The Bank has Sharia'h advisory Committee.	199	4.58	.613
IFB service is Sharia'h compliant.	199	4.35	.649
The bank used to keep the funds of IFB services in separate recording.	199	4.22	.764
IFB service is provided fully free of interest.	199	4.23	.845
IFB service is offered under separate governance structure	199	3.87	1.093
The bank split financial recordings and reports as per the standard.	199	3.93	1.083
Valid N (list wise)	199		
Overall mean		4.21	0.841

Source: survey data, 2023

According to Table 4.6, respondents agreed that the statement "The Bank has a Sharia'h advisory Committee" received highest mean score (M=4.58, SD=.613) among the six Sharia'h compliance parameters, making it one of the key considerations for any institution adopting interest-free banking. This demonstrates that the banks' Sharia'h compliance appears to be sound. The factor "Interest-free banking service is Sharia'h compliant" on the other hand, has the second-highest mean (M=4.35, SD=.649). IFB service is provided fully free of Riba scores (M=4.23 and SD=.845) is one of the additional indicators of Sharia'h compliance. The respondents agreed that the individual banks should implement or adopt interest-free banking services, which are entirely offered without charging any interest, as is seen from this result. It is therefore possible to conclude that banks offer interest-free banking services. Regarding the factor the bank used to retain the funds of IFB services in separate book, the respondents believe that respective banks maintain records of the funds of IFB,

distinct manner because the mean score was above 4 and has since dropped to 4.22 with a standard deviation of 0.764.

The statement IFB service is managed with set apart governance arrangement measured the lowest score out of the six Sharia'h compliance elements (M=3.87 and SD=1.093). Because of this low value, the chosen institutions must do extra effort to provide interest-free banking services under different governance structures. According to the six components' combined average mean scores (M=4.21 and SD=0.841), Sharia'h compliance generally affects the business. Al-Jarhi and Iqbal's (2001) recommendation ensure that all of Islamic banks' operations obey Sharia'h law supports the outcome. Kettell (2011) asserts that Supervisory boards are necessary for IFB banks to ensure that each financial transactions adhere to the principle.

4.4.2. Customers Awareness regarding products and service

Table 4.7 Mean and standard deviation of customers' awareness regarding products and service

	N	Mean	Std. Deviation
I know the IFB products that currently provided by the bank	199	4.35	.826
I Know that IFB products are offered to Muslim and non-Muslim users	199	4.40	.797
I know enough about Amanah	199	4.32	.869
I know enough about Mudarabah	199	4.38	.849
I know enough about Murabaha	199	4.40	.834
I know enough about Musharakah	199	4.27	.807
I know enough about Istisna	199	4.15	.903
I know enough about Ijarah	199	3.95	1.125
I know enough about Salam	199	3.98	1.094
I know enough about Takaful	199	3.93	.951
I know enough about Wakallah	199	3.82	1.175
I know enough about kafallah	199	3.81	1.181
Valid N (listwise)	199		
		4.15	0.951

Source: survey data, 2023

To evaluate the impact of customers' awareness regarding products and services offerings, Likert scale with a 5-point employed. Table 4.7 above displays the mean and standard deviation of customers' product and service awareness, with a range of 3.81 to 4.40 and 0.76 to 1.181. The two elements I know enough about Murabaha and Interest-Free Banking Products are presented to

Muslim and Non-Muslim Users" had the identical mean score of 4.40 out of the twelve factors. This finding demonstrates that respondents are aware the whole can be entertained by the business. Respondents agreed that banks are doing a good job of informing their respective bank clients about IFB products that are currently provided by the banks in response to the statement, "I know the IFB products that are currently provided by the bank" (M=4.35 and SD=.826). Specified mean score of respondents' replies on the agreed scales (M=4.38 and SD=0.849), it is possible to infer from the above table that respondents have sufficient knowledge of Mudarabah. Table 4.7 demonstrates that respondents have sufficient knowledge of Musharakah, with a mean score of 4.27.

Majority respondents indicated that they are agreed with the component as the mean score suggests to deduce the situation (M=4.32, SD=.869) when asked if they knew enough about Amanah. "I know enough about kafallah" had the lowest rating (M=3.81 and SD=1.181). This suggests that banks should focus more on kafallah because doing so will increase customer awareness of IFB. Vis-à-vis the general mean of the factors influencing this variable (M=4.15 and SD=.951), the researcher concludes that customers' understanding of products and services has an effect on the adoption of IFB. The literature supports this scenario in several ways. According to Rammal and Zurbruegg's research from 2007, the primary obstacle in the Australian market for these items was consumers' ignorance of them. Furthermore, Wahyuni (2012) found that Muslims with more familiarity are more likely to adopt Islamic banking.

Wahyuni (2012) investigated the connection between awareness and the purpose to utilize an Islamic bank and found a strong positive relationship between the two.

4.4.3. Perceived Relative Advantage

Table 4.8 Mean and Standard deviation of perceived relative advantage

Descriptive Statistics			
	N	Mean	Std. Deviation
Profit and loss sharing between the creditor and the borrower is advantageous to you.	199	4.12	.913
IFB services are cheaper than conventional banking	199	3.49	1.068
Investments are more secure in IFB than conventional banking	199	3.55	1.066
IFB is trustworthy to adopt	199	4.00	.888
IFB Provides interest free loan	199	4.04	.890
Valid N (listwise)	199		
Overall mean		3.84	0.965

Source: survey data, 2023

The respondents' level of agreement with the perceived relative advantage in their respective banks was assessed by the respondents. According to the analysis, the respondents (M=4.12, SD=.913) are satisfied with the statement that "profit - loss sharing between the lender and the borrower is advantageous to you." The average score reveals that respondents are happy with their particular banks' efforts to offer interest-free loans. "IFB Provides Free of Interest Loan" was the other query sent to the responders under this variable.

Based on the data poll, majority of respondents have faith in interest-free banking is a reliable practice to pursue (M=4.00, SD=.888). If investments are more protected in interest-free banking compared to conventional banking, it was the other significant perceived relative advantage consideration that the respondents were given. Therefore, even if the recorded mean score is a little lower than the previous three variables of the variable perceived relative advantage (M=3.55, SD=1.066), the respondents were satisfied with it. Because consumers and responders want secured investments to be more secure than traditional ones in order to have a competitive edge, the result suggests that banks must do more to provide them.

The adoption of IFB with chosen institutions can be inferred from the aforementioned justification because the total mean was determined to be above three, or 3.84. The literature supports this justification or the impact of this variable in numerous ways. Roger and Gerard (2003) found that adopters frequently experienced relative advantage in terms of the monetary loots and costs of adopting an invention, as well as the benefits that come with increases in their social status.

4.4.4. Accessibility of the IFB services

Table 4.9 Mean and Standard deviation of accessibility of the IFB services

	N	Mean	Std. Deviation
Full-fledged IFB services are provided in all branches	199	3.51	1.234
The geographic spreading of the branches are accessible	199	3.77	1.140
Wide electronic communication system are available for IFB services	199	3.59	1.168
ATM and card banking services is available for IFB	199	3.98	1.087
There is Internet banking services for IFB	199	3.84	.896
Valid N (list wise)	199		
Overall mean		3.74	1.105

Source: survey data, 2023

According to Table 4.9, the greatest mean for a factor impacting the accessibility of interest-free banking services was the availability of ATM card banking services (Mean=3.98 and SD=1.087). This suggests that, out of the five criteria affecting the availability of IFB services, the different banks have been doing a good job in terms of offering IFB customers access to ATM card banking services. The criteria internet banking availability (M=3.84 and SD=1.087) had the second-highest mean score. Much though it has the second-highest mean score, the banks must work much harder to secure and establish internet services for IFB services.

The accessibility of the geographical distribution of the branches of the individual banks was a significant question that was posed to the respondents. This component averaged a score of 3.77. Although the mean score was determined to be higher than the usual mean, 3.0, it nevertheless sends a warning to the respective banks to balance branch locations carefully. Another significant aspect in the varying accessibility of the IFB services was the wide availability of electronic communication systems for IFB services. This component received a mean rating of 3.59. This suggests that the banks have been understaffed. Therefore, the different banks must put out a tremendous amount of work to successfully operate the interest-free banking services.

4.4.5. Networking

Table 4.10 Mean and Standard deviation of Networking

	N	Mean	Std. Deviation
The Bank has effective system integration that helps the clients to utilize the IFB services	199	3.81	.849
The technology used by the bank is easy to conduct transactions and user friendly	199	3.94	1.026
Accessing IFB banking services using mobile based device is easy.	199	3.70	1.095
The existing IT standards are strong enough to undertake the IFB banking services	199	3.81	1.142
Valid N (list wise)	199		
Overall mean		3.82	1.028

Source: survey data, 2023

The respondents were questioned about their level of agreement with the statement that the technology utilized by the individual banks was user-friendly and convenient for conducting transactions in relation to the impact of networking on the of interest-free banking services. According to the data analysis, the respondents were happy (M=3.94, SD=1.026). The average score demonstrates that the individual banks have made every effort to embrace user-friendly technologies for interest-free banking services. "The Bank has effective system integration that helps the clients use the IFB services," was the other query put to the responders under this variable.

The data poll shows that the respondents agree with the element about whether the individual banks have implemented effective system integration that enables their clients to access the interest-free services (M=3.81, SD=.849). The respondents were also given the convenience of using a mobile device to access IFB banking services as another networking aspect. Therefore, despite the recorded mean score being a little lower than the previous aspects of the variable networking (M=3.70, SD=1.095), the respondents were satisfied with it.

As a result, the result suggests that banks must take additional action in order to access mobile-based interest-free banking services. The adoption of interest-free banking in chosen institutions can be inferred from the reasoning given above, as the overall mean was found to be above three, at 3.82. Several pieces of literature back up this explanation or the impact of this variable.

As a result, there is a good possibility that the Islamic banking sector will prosper as it grows its network with services and goods that customers want (Khattak and Rehman, 2010). Additionally, Islamic Banks should strive to increase their clientele by building additional branches, since this will definitely increase public confidence in them. (2010) Adnan et al.

4.4.6. Religious beliefs

Table 4.11 Mean and Standard deviation of religious beliefs

	N	Mean	Std. Deviation
I prefer IFB because in my religious philosophy one should engage in transactions interest free financial system	199	4.34	.861
I Prefer IFB products and services because they are Sharia'h-compliant.	199	4.18	.914
In my belief transactions involving with impermissible business activities are prohibited	199	4.24	.791
Valid N (listwise)	199		
Overall mean		4.25	.855

Source: survey data, 2023

The average score suggests that the respondents support interest-free banking because, according to their philosophies, people should transact in interest-free financial transactions. This reason is revealed by the mean score, which was discovered to be 4.34, which is significantly higher than the data set's average mean.

In light of the importance of Islamic banking and interest-free banking services, the different banks are working very little on the issue of fluctuating religious belief. According to the mean score (M=4.24, SD=.791), respondents agreed that transactions involving illegal business practices should be forbidden. They also expressed satisfaction with their bank's efforts to prevent illegal behavior. This indicates that the different banks have done a good job of preventing illegal activity. The preference of the respondents to use IFB products and services for the reason that they are Sharia'h compliant was the third element made available to the study sample. The factor receives an average rating of 4.18. The respondents are satisfied with the factor, as shown in table 4.11, since their individual banks make a concerted effort to persuade their clients to favor IFB services. The study is being backup by a variety of academic works.

The adoption of IFB in selected institutions can be concluded from the aforementioned justification because the total mean was determined to be above three, or 3.84. The literature supports this justification or the impact of this variable in numerous ways. Roger and Gerard (2003) found that adopters frequently experienced relative advantage in terms of the financial benefits and costs of adopting an invention, as well as the benefits that come with increases in their social status. In contrast to the return on their investment, Metawa and Almassawi (1998) found that customers' impressions about Islamic banking system were mostly influenced by their religious beliefs. Religious factors dominate the factors that determine how much Muslims deposit in Islamic financial institutions in the UK (Omer, 1992). All three studies Othmen and Owen (2001), Walkhid and Afrita (2007), and Haron et al. (1994) supported that adoption of interest-free banking is significantly influenced by religion.

4.4.7 Adoption of IFB

Table 4.12 Mean and Standard deviation of Adoption of IFB

	N	Mean	Std. Deviation
IFB system was introduced because Muslims are prohibited from associating themselves with the element of interest practice by conventional banking system.	199	3.93	.987
It is true that the IFB products available in the bank windows are similar to the products of interest based products except that the banks use different business models in highlighting those products.	199	4.08	.971
The bank has gone enough in delivering IFB product to the customer.	199	3.85	.843
IFB must adopt a profit maximization principle in order to survive in the competitive business environment	199	4.25	.601
There is an advantage of using the service of IFB	199	4.17	.853
The bank adopted the IFB services in an expected manner	199	4.28	.881
Valid N (listwise)	199	4.09	0.856
Overall mean			

Source: survey data, 2023

Six criteria relating to the adoption of IFB were set for respondents. The statement "the bank adopted the IFB services in an expected manner" had the highest mean among them, scoring a mean of 4.28 and SD of.881. This suggests that the statement was supported by the majority of

responders. To implement interest-free banking, their various banks have been working hard to get it where it needs to be. The adoption of the profit maximization principle by banks in order to survive in the cutthroat business competition was another crucial antecedent to IFB acceptance. Since most respondents believed that their particular banks have to follow a profit maximization strategy to thrive in the fiercely competitive business climate, this factor had the second highest mean value. Most of the respondents gave their opinions regarding the aspect "there is an advantage to using the service of IFB" in the context of how the banks' adoption of interest-free banking encourages them to receive advantages towards their financial success. The study sample was also asked if the interest-free loans (IFB) products that are displayed in bank windows are comparable to interest-based loans, with the exception that the banks highlight those loans using distinct business models ($M=4.08$ and $SD=.971$).

4.5. Inferential analysis

4.5.1. Correlations

Pearson correlation coefficients utilized to examine the connection between the independent variables/predictors and IFB adoption. A statistical test called Pearson correlation evaluates the strength of the relationship between the two variables of numerical data (Saunders et al., 2009). According to Field (2006, referenced in Eyuel, 2017), the correlation coefficient that falls between -1 and +1 can be the output of the correlation matrix. According to this concept, a correlation coefficient of +1 denotes an ideal positive relationship, a correlation coefficient of -1 denotes an ideal negative relationship, and a coefficient of 0 denotes an ideal non-linear relationship. As a result, Pearson Correlation is used to assess the relationship between independent factors and dependent variables. The purpose of the correlation coefficient is to quantify the magnitude and directional link between the independent, moderator, and dependent variables.

Table 4.13. Relationship of variables Factors affecting adoption of IFB

		Correlations						
		SCOM	CARSP	PRA	AIFBS	NET	RBL	IIFB
SCOM	Pearson Correlation	1	.375**	.155*	.101	.067	.183**	.076
	Sig. (2-tailed)		.000	.028	.155	.345	.010	.284
	N	199	199	199	199	199	199	199
CARSP	Pearson Correlation	.375**	1	.777**	.694**	.015	.649**	.259**
	Sig. (2-tailed)	.000		.000	.000	.838	.000	.000
	N	199	199	199	199	199	199	199
PRA	Pearson Correlation	.155*	.777**	1	.737**	.039	.545**	.299**
	Sig. (2-tailed)	.028	.000		.000	.581	.000	.000
	N	199	199	199	199	199	199	199
AIFBS	Pearson Correlation	.101	.694**	.737**	1	.315**	.537**	.488**
	Sig. (2-tailed)	.155	.000	.000		.000	.000	.000
	N	199	199	199	199	199	199	199
NET	Pearson Correlation	.067	.015	.039	.315**	1	-.028	.396**
	Sig. (2-tailed)	.345	.838	.581	.000		.699	.000
	N	199	199	199	199	199	199	199
RBL	Pearson Correlation	.183**	.649**	.545**	.537**	-.028	1	.200**
	Sig. (2-tailed)	.010	.000	.000	.000	.699		.005
	N	199	199	199	199	199	199	199
IIFB	Pearson Correlation	.076	.259**	.299**	.488**	.396**	.200**	1
	Sig. (2-tailed)	.284	.000	.000	.000	.000	.005	
	N	199	199	199	199	199	199	199

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

* . Correlation is significant at the 0.05 level (2-tailed).

The 199 cases that had scores on both of the constructs used in this analysis and had no missing data on either of these variables were excluded from the analysis, as can be seen from the correlation matrix in the table above. Five independent variables and the moderator variable also showed positive values and a significant relationship with the dependent variable. Towards viewing each parameter:

Adoption of IFB was positively and significantly correlated with adherence to Sharia'h ($r=0.076$). It advocates that the correlation observed between the Sharia Compliance and Adoption of IFB is not strong enough to be considered statistically significant. This implies that the relationship between the variables may have occurred by chance and cannot be generalized to the overall population.

Adoption of IFB was strongly and positively correlated with customer awareness ($r=0.259$, $p < 0.01$). The adoption of interest-free banking services can be successful provided the various banks do their best to raise client knowledge (Amanah, Istisna, Murabah, Musharakah, Mudarabah, and the like). On the other hand, if banks were successful in raising public awareness of their goods and services, people would be more likely to use interest-free banking options.

Additionally, there is a strong correlation ($r=.299$, $P<0.01$) between perceived relative advantage and IFB. Even though magnitude of the link appears modest in comparison to the first two, the outcome implies that if the respective banks work hard to improve their perceived relative advantage, their effort to adopt IFB can be increased, and it can also raise the acceptability of or success with IFB.

Although the IFB's product and service accessibility received a favourable rating, it has the smallest correlation with interest-free banking ($r=.488$, $P<0.01$). Even while there is a connection between the perceived relative advantage and IFB adoption, it is determined to be insufficient. The banks are performing well in another sense based on anticipated comparative advantage, but they didn't perform as planned.

When it comes to networking, the correlation matrix shows a strong association between networking and interest-free banking ($r=.396$; $P<0.01$). Numerous academic works claim that networking is crucial to the performance of financial organizations. In a similar vein, networking shows a significant part in the adoption of interest-free banking. However, the outcome demonstrates that banks haven't been performing as planned.

Finally, the correlation matrix demonstrates that employee adoption of interest-free banking is positively correlated with religious belief ($r=0.200$, $P<0.01$). In this instance, religious belief is

examined to determine how it affects the relationship between the dependent variable and the aforementioned five independent factors.

In general, there is a substantial and positive association between the dependent variable (acceptance of interest-free banking) except Sharia Compliance and those three independent variables (Religious belief, perceived relative advantage, and consumers' awareness of products and service). The independent factors (networking and accessibility of the IFB services) and adoption of interest-free banking do, however, have a positive but somewhat modest association and can be said that relatively there is no linear relationship between these variables and adoption of IFB.

Thus, it is possible to infer that the adoption of interest-free banking is strongly influenced by the independent variables' positive and strong relationships with the dependent variable, which disregards Sharia's compliance.

4.5.2. Regression analysis

Regression model was established to show association between the selected independent variables, moderator variable, and dependent variable. The set of hypotheses were also rejected or accepted using regression analysis.

4.5.2.1. Assumptions of Multiple Regressions

The fundamental model assumption tests must be run prior to performing a regression analysis. To describe the connections between dependent and explanatory variables, this is a necessary prerequisite. Major presumptions such as the normality distribution test, linearity, multicollinearity, homoscedasticity, and autocorrelation must be checked and reasonably well demonstrated to be met. These tests are described below:

4.5.2.1.1. Normality Distribution Test

Normality is defined as how closely the sample data is the standard distribution (Hair et al., 2010). The researcher evaluated the observed items' normality using Skewness and Kurtosis. Skewness is a measure of the abnormality of the probability distribution of a real-valued random variable based on Wikipedia. However, according to Landau and Everitt (2003), kurtosis understood that the peaked or levelness of the distribution relation to the normal distribution.

Values for skewness might be positive, negative, or zero. A distribution with a zero Skewness value is entirely symmetrical, while a positive Skewness value denotes a longer right-side tail and a negative Skewness value denotes a longer left-side tail. While normal distributions is 0 for

Kurtosis, it is negative for level distributions (low kurtosis), positive for peaked distributions (high kurtosis), and zero for normal distributions.

Finally, tests for skewedness and Kurtosis were performed to make ensure the validity of the normalcy test findings. To determine normality of the raw data, these two tests were performed in accordance with earlier studies (Tay, 2006). Additionally, Hair et al. (1998) recommended that Skewness and Kurtosis values should fall between 2.00 and 7.00, and Kline (2010) suggested that they should fall between +/- 3.0 and +/- 10.0. Based on Kline's (2010) guidelines, the current data were thought to be normally distributed because their Skewness and Kurtosis ranged from -1.31 to 4.88 (see Table 4.14).

Table:-4.14 Normality of data distribution

	N	skewness		Kurtosis	
	static	statistic	Std.Error	statistics	Std. Error
Adoption of IFB	199	-1.316	.128	1.982	.254
Sharia'h compliance	199	1.497	.128	4.862	.254
Customers Awareness regarding products and service	199	.063	.128	-.456	.254
Perceived Relative Advantage	199	-1.162	.128	1.282	.254
Accessibility of the IFB services	199	.998	.128	.899	.254
Networking	199	-1.506	.128	3.691	.254
Religious beliefs	199	.918	.128	.517	.254

Source: survey data, 2023

4.5.2.1.2. Multicollinearity test

According to Saunders, Lewis, and Thornhill (2007), multicollinearity is the strong correlation between two or more components in a regression model. The predictors shouldn't be connected to one another in a perfect linear fashion. If there is a high degree of correlation between the independent variables, we have a problem known as multicollinearity (Kothari, 2004; Field, 2006). Utilizing VIF (Variance Inflation Factor) and tolerance statistics, multiple regression process performs a collinearity diagnostic on the variables. The fraction of the specified independent variable's variability that cannot be clarified by the other independent variables in the model is what is referred to as tolerance.

The VIF score further confirmed the non-issue of multicollinearity. VIF values above 10 might be problematic since they indicate multicollinearity, according to Pallant (2010). The tolerance value in this investigation was not less than 0.10 for each independent variable, demonstrating that the

multicollinearity assumption was upheld (see Table 4.15). As demonstrated in the table below, the variance-inflation factor (VIF) has also been verified, and values are less, considerably below the cut-off value of 10. The VIF score provided additional evidence that multicollinearity wasn't a problem. The assumption has therefore been met because, generally speaking, the two tests showed that the predictors do not significantly correlate with one another.

Table: -4.15 Collinearity Test

Model		Tolerance	VIF
1	(Constant)		
	Sharia'h compliance	.597	2.011
	Customers Awareness regarding products and service	.676	1.736
	Perceived Relative Advantage	.778	1.731
	Accessibility of the IFB services	.691	1.610
	Networking	.746	1.831
	Religious beliefs	.608	1.646

Source: survey data, 2023

4.5.2.1.3. Auto-correlation

Autocorrelation, often known as independence of mistakes, is the assumption that errors are unrelated to one another and that constructions respond uniquely. In Stevens (2009). The Durbin-Watson statistic (or uncorrelated) can be used to test if our residuals are independent. This number could fall between 0 and 4. This presumption must be accurate for the Durbin-Watson number to be close to 2 (Field, 2006). Values below 1 and above 3 are those that cause problems or issues. To confirm this presumption, it is important to look at the Model Summary box in the following section.

4.5.2.1.4. Variance explained

Table 4.16. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.581 ^a	.338	.299	.33565

Source: survey data, 2023

The result indicates that the regression model is very good at establishing the relationship between the dependent (adoption of IFB) and independent (Sharia'h compliance, customers' awareness of products and services, networking, accessibility of the IFB services, and perceived relative advantage) variables. The result is presented in the table above under the summary of the regression model. The regression correlation coefficient, which summarizes the relationship between the independent variables and use of interest-free banking, is $R=0.581$.

The R square indicates the percentage of the dependent variable's variance that can be accounted for by the independent variables (0.581). Adjusted square ($R=0.338$) indicates that the variables (Sharia'h compliance, consumer awareness of products and services, networking, accessibility of the IFB services, and perceived relative advantage) account for 29.9% of the variation in the adoption of IFB. Other alternative factors explain the remaining 71.1% of variations in interest-free banking adoption, indicating that this model does not account for all of the factors that may affect adoption. With a Durbin-Watson value of 1.848, table 4.14, above, also shows that mistakes are responding independently and autocorrelation is not a problem. We can therefore conclude that the autocorrelation test has been satisfied.

4.5.2.2 Regression Coefficient

Table 4.18. Regression Coefficient

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.888	1.785		2.739	.007
SCOM (Sharia)	-.723	.347	-1.169	-2.081	.039
CARSP (Cust. Awareness)	.667	.467	1.161	1.430	.154
PRA(Perceived Relative Advantage)	.301	.602	.373	.500	.618
AIFBS (Accessibility)	-.880	.545	-1.321	-1.614	.108
1 NET (Networking)	.387	.241	.770	1.605	.110
RBL (Religious Belief)	-.523	.418	-.773	-1.251	.213
INTERACTIONTERM1	.169	.078	1.731	2.183	.030
INTERACTIONTERM2	-.168	.108	-2.034	-1.556	.121
INTERACTIONTERM3	-.065	.138	-.619	-.474	.636
INTERACTIONTERM4	.273	.126	2.831	2.167	.031
INTERACTIONTERM5	-.061	.056	-.621	-1.083	.280

Source: survey data, 2023

From these results it possible to deduce that Sharia'h compliance ($p=.039$) shows the evidence of relationship between predictor and dependent variable. However, customers' awareness regarding products and service ($p =.154$), Perceived relative advantage ($p =.618$), accessibility of the Networking ($P =.108$) and IFB services ($P = .110$) found that not stastically significant. After all remaining independent variables are supposed constant; table 4.15 can be used to forecast the average value of the dependent variable based on a single part alteration in an independent variable. According to this information, the chart, for instance, indicates that the introduction of IFB letdowns Sharia'h compliance by -1.169 for every unit increase. Similar to adoption of interest-free banking decrease by -1.321 in response to a one-unit change in accessibility of products and services while holding all other independent variables constant. Additionally, while holding all other variables fixed, the adoption of interest-free banking decreases by -.773 with every unit increase in religious belief. In other hand, interest-free banking adoption increases by 1.161 in response to a one-unit change in customer awareness regarding IFB products and services. Similarly, adoption of interest-free banking increases by .373 inresponse to one unit of change in perceived relative advantage. In the end, the adoption of interest-free banking declines by .770 in one unit change in networking.

To determine the effects of Sharia'h compliance, consumer awareness, perceived relative advantage, accessibility, and networking on the adoption of IFB, a regression analysis was generally conducted. At $p 0.05$, the regression model was statistically significant. The model accounted for 70.1% of the variation in interest-free banking. Possibility of exhibiting the adoption of interest-free banking is more likely to increase with increased Sharia'h compliance, customer awareness of products and services, perceived relative advantage, and networking, but the likelihood is less likely with increased accessibility of the IFB services.

Based on the results of the regression model, the final multiple regression equation is thus presented as follows:-

$$Y=4.888+(-0.723)X_1+0.667X_2 +.301X_3 + (-0.880) X_4+ .387X_5+(-.523)X_6+.169(X_1.X_6) +(-.168)(X_2.X_6) +(-.065)(X_3.X_6) +.273(X_4.X_6) + (-.061) (X_5.X_6) +e$$

Where: Y = adoption of IFB

β_0 = Constant

$\beta_1 - \beta_5$ = Coefficient of Independent variables

β_6 = Coefficient of moderating variable

X_1 =Sharia'h compliance

X_2 =Awareness of customers' regarding products and services

X_3 =Perceived relative advantage

X_4 =Accessibility of IFB services

X_5 = Networking

X_6 = Religious belief

$X_1.X_6$ = interaction_term1

$X_2.X_6$ = interaction_term2

$X_3.X_6$ = interaction_term3

$X_4.X_6$ = interaction_term4

$X_5.X_6$ = interaction_term5

e =Error term (Residual)

4.5.3. Analysis of ANOVA

Table 4.17 Analysis of ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.737	11	.976	8.664	.000 ^b
	Residual	21.067	187	.113		
	Total	31.805	198			

Source: survey data, 2023

The ANOVA table indicated that, the probability value of 0.000 ($p < 0.05$) denotes that the regression relationship was highly significant in predicting how the dependent variable adoption of IFB was affected by Sharia'h compliance, customers' awareness of products and services, networking, accessibility of the IFB services, and perceived relative advantage. The effects also point to that the model as a whole were significant.

4.6. Testing Hypotheses

The impact of the independent factors and the moderating variable on interest-free banking were forecasted using a multiple regression model. The impact of each independent variable on the adoption of interest-free banking is examined in the sections that follow.

4.6.1. The effect of Sharia'h compliance on adoption of IFB

H₁: Sharia'h compliance statistically has a significant effect on adoption of IFB in the selected private banks (Bank of Abyssinia, Oromia bank and Zamzam bank).

From Table 4.15, it implies that there is a strong negative relationship between Sharia'h Compliance and Adoption of Interest Free Banking ($B = -1.169$, $p < 0.05$).

Thus, it is agreed that the implementation of IFB in the chosen private banks (Bank of Abyssinia, Oromia bank, and Zamzam bank) is statistically significantly influenced by Sharia'h compliance. In other words, according to statistics, IFB acceptance in the chosen private banks (Bank of Abyssinia, Oromia Bank, and Zamzam Bank) is significantly influenced by Sharia'h compliance. Even though, financial stability may be enough to keep a non-Islamic bank's clients' faith, an Islamic bank could impliment due to both financial caution and Sharia'h inconsistency.

Even though, according to Kettell (2011), Sharia supervisory boards are necessary for Islamic banks in order to validate activities are compliant with the Sharia'h commandment. Also, Al-Jarhi and Iqbal (2001) advice making sure that all of an Islamic bank's operations follow Sharia'h law. The Sharia'h Supervisory Board also referred to as the Sharia'h supervisory committee reviews contracts and transactions to make sure Islamic rules are being adhered to. Also the board confirms and guarantees that financial activities are Halal (allowed). Sharia compliance, however, and the adoption of interest-free banking are often inversely related in this study, demonstrating that Sharia compliance has no effect on the adoption of interest-free banking.

H₂: customers' awareness regarding products and service affects significantly the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and Zamzam bank).

Another element that significantly influenced the adoption of interest-free banking was customers' awareness of products and services ($B = 1.161$, $P 0.05$). Therefore, the adoption of interest-free banking is significantly influenced by customers' product and service awareness. In light of this, it is agreed that "customers' understanding regarding products and service effects greatly the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank, and Zamzam bank). The conclusion is supported by a variety of literary works.

The impact of awareness on products and services is supported by data from past studies. Although there was interest in Islamic banking products, Rammal and Zurbruegg (2007) concluded that the biggest hurdle in the Australian market was a lack of awareness about these products. Customers are more knowledgeable with interest-free banking products after it arises to some of the more well-known products, such as demand accounts and fixed time deposit. However, according to Khatak and Rehman (2010), the majority of clients are unaware with Islamic financial models like Murabaha and Ijara. Few individuals are cognizant to the benefits products and services offered by IFB, despite the fact that they have been available for more than 30 years.

The second most important factor determining relevance of factors contributing to the minimal portion of Islamic banking is a lack of knowledge about the products and services offered (Adnan et al., 2011). Wahyuni (2012) examined the association between knowledge and the intention to use an Islamic bank and found a strong positive association between the two. Furthermore, Wahyuni (2012) found that Muslim population with more knowledge are more likely to adopt Islamic banking. Study conducted by Hareem et al. (2012) have revealed Pakistan citizens are changing from conventional banking to Islamic banking since they have a positive attitude toward it and are sufficiently informed of it. Thus, it is legitimately conceivable to state that adoption of interest-free banking and customer awareness of products and services are positively associated, meaning that customer awareness of products and services influences adoption of interest-free banking.

H₃: Perceived relative advantage significantly affects adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and Zamzam bank).

One of the five factors examined in the study was perceived relative advantage. According to the study, interest-free banking adoption has a beneficial impact ($B = .373$, $P 0.05$). Thus, this hypothesis will be accepted much like the first two variables. The conclusion is supported by a variety of literary works. In contrast to already available options, Guluma Abdisa (2017) claims that relative advantage has been developed to express customer perceptions that all or some components of the suggested

advancement can bring extra value to its corresponding user. According to Rogers (2003), relative advantage can be explained using economic profitability, discomfort reduction, time and effort savings, low initial cost, social prestige, and/or other prospective benefits that a potential user can experience by adopting the present invention Gerard (2003).

The key idea here is that even if a new idea is improved, potential adopters always want to understand the differences and recognize which idea is superior. Relative advantage is also one of the best predictors of how quickly an innovation will be accepted, according to a number of researchers (Brown et al., 2003; Tan and Teo, 2000; Hsu et al., 2007; Tung & Rieck, 2005; Thambiah et al., 2011b; Gerrard and Cunningham, 2003). Roger and Gerard (2003) found that adopters frequently experienced relative advantage in terms of the financial benefits and costs of adopting an invention, as well as the benefits that come with increases in their social status.

H₄: Accessibility of IFB services significantly affects the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and Zamzam bank).

Another element examined in the study to see if it influences the adoption of interest-free banking is the accessibility of IFB services. This HRM Practice has a detrimental effect, according to the study ($B = -1.321, P > 0.05$). It follows that the claim that "accessibility of IFB services significantly affects the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank, and Zamzam bank)" will be disproved. However, contrary actual studies have shown that interest-free banking acceptance is impacted by the accessibility of IFB services, according to several literatures. In this instance, the survey data reveals the opposite conclusion, indicating that interest-free banking and accessibility of IFB services are mutually exclusive.

H₅: Networking significantly affects the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and Zamzam bank).

The adoption of interest-free banking was also strongly impacted by networking ($B = 0.770, P > 0.05$). As a result, networking plays a big role in the adoption of interest-free banking. Networking influences IFB acceptance in the chosen private banks (Bank of Abyssinia, Oromia bank, and Zamzam bank), according to the recognized hypothesis. The conclusion is supported by a variety of literary works. Haron et al. (1994) found that convenience had a substantial impact on the decision to embrace interest-free banking services. He defines convenience as having a wide branch network, being close to one's residence or place of employment, having convenient ATM operating times, and having a bank location.

The fragile branch network is one of the factors holding back Islamic banking's growth. Because of this, Islamic Banks should strive to increase the number of customers they serve by opening new branches, which would definitely increase public confidence in them. (2010) Adnan et al. There is a slightly good possibility that the Islamic banking industry will be successful if it grows its network with services and goods that customers want (Khattak and Rehman, 2010). As a result, it is reasonable to say in general that networking and interest-free banking are positively connected, indicating that networking influences the of interest-free banking.

4.7. Testing the moderating effect of religious belief on the factors (Sharia'h compliance, networking, perceived relative advantage, accessibility of the IFB services and customers' awareness regarding products and service affecting the adoption of IFB

Business, social science, and other study sectors all use theories of moderating variables. Therefore, researchers in these fields should be able to predict and assess the moderators in their work. The variable that "moderates the effect of an independent variable on the dependent variable" is known as a moderating variable. A moderator is a variable that "interferes" in the relationship between an independent variable and its corresponding dependent variable, according to social science scholars in particular. Let Z serve as the moderator variable in the X-Y relationship as an example. The influence of X on Y is then "changed" by Z acting in a moderating capacity. The influence of independent variable X on its dependent variable Y must be present and significant before including a moderator in the model. As a result, the causal relationship would alter when moderator Z joined the model because of some "interaction" between independent variable X and the newly included moderator Z. The "effect" of X on Y could thus either grow or shrink as a result. To put it another way, the impact of an independent variable on a dependent variable depends on the magnitude of the moderator variable.

We must demonstrate that the nature of this association alters as the values of the moderating variable Z change in order to support the idea that a third variable moderates the association between the two variables X and Y. This is followed by adding an interaction to the model and confirming whether or not it significantly contributes to the explanation of the variation in the response variable. The steps below should be followed, to put it more plainly:

1. The X-Y relationship– can be designate as hypothesis 1.
2. The Z-Y relationship – can be designate as hypothesis 2.

3. The XZ-Y relationship– can be designate as hypothesis 3.

Based on its statistical significance and an examination of the moderating effect it had on the independent-dependent relationship, the model's moderating effect was assessed. B-value with its significancy (P0.05) was used to evaluate statistical significance. By examining the impact of the six independent variables on the adoption of interest-free banking as well as the product/interaction terms (i.e., each independent variable multiplied by religious beliefs), it was possible to determine the moderating function of religious belief.

An optimal interaction effect is indicated by the coefficient for Interactionterm1, which is 0.169. This shows that the cumulative impact of the predictor factors contributing to this interaction term is greater than the sum of each one's individual impacts. The selected banks should concentrate on strengthening the connection between religious convictions and maintaining Sharia Compliance in order to weigh the interaction effect. This could entail putting measures into place that encourage cooperation and coordination amongst various parties or departments. Organizations may be able to raise the adoption of IFB through promoting good relationships.

The coefficient for Interactionterm2 is -0.168, indicating a negative interaction effect. This suggests that the combined effect of the predictor variables involved in this interaction term is less than the sum of their individual effects. To address this negative interaction effect, the selected banks should carefully examine the variables involved and identify any potential conflicts or barriers that may be hindering their positive impact (Accessibility and Religious Belief) on the dependent variable. By addressing these issues and promoting synergy between the variables, organizations can mitigate the negative interaction effect and potentially improve the dependent variable.

The coefficient for Interactionterm3 is -0.065, indicating a negative interaction effect. Similar to Interactionterm2. Bank of Abyssinia, Oromia Bank and Zamzam Banks should investigate the variables involved in this interaction term to identify any conflicts or barriers that may be impeding their positive impact on the dependent variable. By addressing these issues and finding ways to enhance the compatibility and synergy between the variables, organizations can potentially mitigate the negative interaction effect and improve the dependent variable.

The coefficient for Interactionterm4 is 0.273, indicating a positive interaction effect. This suggests that the combined effect of the predictor variables involved in this interaction term is greater than the

sum of their individual effects. To leverage this positive interaction effect, organizations should focus on strengthening the relationship between the variables involved. This could involve implementing strategies that encourage collaboration, knowledge sharing, and joint initiatives. By enhancing the positive interactions between religious belief and accessibility, organizations can potentially increase the dependent variable.

Networking and religious belief have an interaction coefficient of -0.061, which denotes a negative interaction impact. Similarly, to how religious beliefs interact with consumer awareness of IFB's products and services, as well as perceived relative advantage.

By addressing these issues and finding ways to enhance the compatibility and synergy between the variables, the selected banks can potentially mitigate the negative interaction effect and improve the dependent variable. In summary, the endorsements for the interaction terms involve identifying and addressing any conflicts or barriers that may be impeding the positive impact of the predictor variables involved. By fostering positive interactions, enhancing compatibility, and promoting synergy between the variables, organizations can potentially improve the dependent variable. These recommendations can guide organizations in developing strategies and initiatives that leverage the interaction effects to achieve their goals.

The current findings unmistakably suggest that religious beliefs motives continue to play a significant role in persuading the adoption of IFB goods and services to some extent. Based on the results, it is clear that there are some interactions between Sharia'h compliance and IFB service accessibility, even though religious beliefs do not significantly affect any of the components. Therefore, a banking system based on religious principles and a banking customer's religious views may be a contributing element to their access to interest-free financial services and observance of Sharia'h compliance as fair and favorable. This result is consistent with the findings of M. Kabir Hassan and M. Ershad Hussain (2005) and Abdul Karim Aldohni (2016). The findings of Thambiah et al (2014) and Aye Khin (2012) found consistent at some level with this result.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

The goal of the study, important findings, the methodology used, and other various aspects are reviewed. This chapter also includes a summary of the study's primary conclusions and the researcher's recommendations based on the study's findings.

5.2. Summary of Findings

The literature on the topic indicates that interest-free banking, also known as Islamic finance, has expanded quickly over the past ten years and that its banking sector has become fairly substantial for many countries in a variety of industries (Tsion, 2017). According to the International Monetary Fund (2015), Islamic finance is expected to keep growing in response to economic growth in nations with sizable Muslim populations that are primarily unbanked.

This study's main goal was to determine how religious convictions affected the adoption of interest-free banking in a few particular private banks (Bank of Abyssinia, Oromia Bank, and Zamzam Bank). Six more particular objectives were specified in addition to the main one.

These are: -

- To examine the effect of Sharia'h compliance on the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and Zamzam bank),
- To explore the influence of networking on the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and Zamzam bank),
- To identify whether perceived relative advantage of the services and products affect the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and Zamzam bank),
- To recognize if accessibility of IFB services and products affect the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and Zamzam bank),
- To study whether customers' awareness regarding products and service has a significant effect on the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and Zamzam bank),
- To determine the moderating effect of religious beliefs on the factors affecting the adoption of IFB at the selected private banks (Bank of Abyssinia, Oromia bank and Zamzam bank).

- To answer main objectives and specific objectives, six hypotheses were set accordingly.

The study was carried out in three private commercial banks operating in Ethiopia, which were chosen based on generation year (clustering) even though the adoption of IFB has not yet reached the point where all banks must use it. The study's subsequent focus was on the elements influencing the adoption of interest-free banking at three private banks (Oromia Bank, Bank of Abyssinia, and Zamzam Bank) depending on their generation as the first generation, second generation, and third generation (1994-2000, 2000-2010, and 2010-2021).

The study used a quantitative research strategy and an explanatory research design. This approach was used to illuminate the connection between the independent, moderating, and dependent variables (interest-free banking adoption). The study used a non-probability sampling technique because purposive sampling was required to provide a representative sample of the entire population. Closed-ended questionnaires with the five-point Likert scale in several national languages were used to collect data for the study. Customers of IFB, specialists who don't directly assist operations but are involved in supporting infrastructure, business consultants, and members of the banks' Sharia'h advisory committees (i.e., all districts and selected branches) were considered the population of the study. 210 people were chosen as the study's sample size. However, 199 questionnaires were received out of this total. The remaining 11 questionnaires had a response rate of 94.5% since they were not returned.

The percentages, means, and standard deviation of descriptive statistics. The total mean scores for the study variables were determined to be low, medium, and high because descriptive analysis was used to interpret data for each item of the relevant elements affecting the adoption of interest-free banking based on mean, percent, and standard deviation. As a result, our analysis demonstrated that Sharia'h compliance had an impact on the adoption of interest-free banking based on the total mean scores of the six criteria ($M=4.21$ and $SD=0.841$).

Based on the overall mean of this variable's factors ($M=4.15$ and $SD=.951$), the researcher deduces that customers' awareness of products and services also showed higher overall mean, implying that this variable has an effect on the adoption of interest-free banking. The magnitude and direction of the association between the independent, moderating variables and the dependent variable were tested using inferential analysis, notably correlation and regression analysis. The direction and magnitude of the association between the independent variables, the moderating impact of religious convictions, and the adoption of interest-free banking were all assessed using the correlation

coefficient. The results of the correlation tests demonstrated a substantial and positive association between the independent variables and the adoption of interest-free banking, albeit networking showed the weakest positive relationship. Customers' knowledge of goods and services, perceived relative advantage, and adherence to Sharia'h, are the factors that have shown a strong link with the dependent variable.

The original ideas were tested using regression analysis. In general, four of the five independent variable hypotheses were accepted, and one was rejected since it had a p-value of larger than seven and had exhibited a negative association with the dependent variable. Additionally, the sixth hypothesis was set to look at the moderating influence of religious convictions on the variables influencing IFB adoption. As a result, Sharia'h compliance, customer awareness of goods and services, and perceived comparative advantage were unaffected by the moderating variable. While religious convictions regulate their relationship with the adoption of IFB in terms of accessibility of the IFB services and networking.

5.3. Conclusion

The researcher's conclusion is mostly based on the findings of an inferential analysis that was used to examine the moderating impact of religious convictions on the factors influencing the adoption of interest-free banking. Major conclusions are mentioned below.

The regression analysis demonstrates that several predictor variables, including Sharia Compliance, Accessibility of Interest Free Banking Products and Services, and Networking, are important in predicting the outcome variable. Further, the significant interaction terms between Religious Belief and Sharia Compliance and accessibility of IFB products and Services suggest that the relationship among some of these predictor variables may be complex and worth exploring in more detail. Additionally, the non-significant effects of some variables, such as Customers Awareness and Perceived Relative Advantage, may indicate that they play a lesser role in predicting the adoption of IFB.

The study offers proof that Sharia'h compliance matters since it significantly affects IFB at the chosen banks because it had a favourable and substantial correlation with the dependent variable. In another sense, the banks are doing well in terms of the recommendations made by the Sharia'h advisory committee, such as making interest-free banking services Sharia'h legal and maintaining separate records for the monies used for IFB services. Sharia'h compliance generally has a substantial impact on the adoption of IFB in sampled banks.

Customers' knowledge of products and services was another element that was discovered to influence IFB at the chosen banks. Similar to how it had a major impact on IFB adoption at the chosen banks, this variable also had a positive and strong link with the dependent variable. As a result, banks have been working diligently to increase customer awareness of their goods and services. For example, banks try to inform their customers and users about IFB options which currently offered. They also try to raise awareness about the options that are available to all religion believers' customers.

One of the four independent variables with a favourable and substantial impact on the adoption of IFB was perceived relative advantage. In another sense, banks make every effort to improve their perceived relative advantage. It can be explained by the following factors: Their attempt to create interest-free banking services is less expensive than traditional banking; Profit and loss sharing between the lender and the borrower is beneficial to the users of the particular bank.

The other element that was discovered to have an impact on IFB at the chosen banks was Sharia Compliance. As a result, the study's findings indicated that Sharia Compliance has a substantial impact on the adoption of interest-free banking because there is a positive and solid association between the two. Accessibility to IFB services was another significant aspect that was included in the analysis as an independent variable. Due to the data's negative correlation, this variable did not appear to have a statistically significant impact on the adoption of interest-free banking.

Religiosity, act as moderating factor between two of the independent factors (Sharia Compliance and accessibility of IFB services) and the use of interest-free banking in the chosen banks. As a result, the moderating variable had no moderating influence on perceived relative advantage, Sharia'h compliance, or customer awareness of products and services. However, when it comes to Sharia Compliance and access to interest-free banking services, religious beliefs act as a barrier.

5.4. Recommendations

Based on the study's findings, it is recommended that institutions offering interest-free banking should focus on addressing the identified problems or gaps to maximize user and customer benefits. To increase the accessibility of IFB services, banks should strive to provide full-fledged services in all branches, distribute branches geographically based on customer demand, ensure the availability of wide electronic communication systems, and increase the number of ATM card banking services according to users' demand. Simplifying the process of using IFB services can also encourage potential adopters to use them. To improve accessibility, IFB institutions should expand their branch networks, offer online platforms, and establish partnerships with non-banking entities. Additionally,

initiatives that cater to the specific needs and sensitivities of individuals with strong religious beliefs should be implemented, such as providing personalized and efficient customer service and developing measures to reduce unfavorable interactions.

To increase Sharia compliance, IFB institutions should emphasize strict adherence to Sharia principles and obtain relevant certifications to assure customers of their compliance. Additionally, awareness campaigns targeting customers with strong religious beliefs should be launched to educate them on the benefits and suitability of IFB products and their compatibility with Islamic principles. Collaborating with religious scholars and leaders can provide accurate information and dispel any misconceptions.

Future studies should include a broader sample size of participants and a wider range of factors affecting interest-free banking. Mixed approaches, consisting of both quantitative and qualitative methods, should be used to gain a more in-depth understanding of the aspects impacting the adoption of IFB. Incorporating open-ended questionnaires and interviews in data gathering can also provide valuable insights.

Overall, addressing the issues of accessibility and Sharia compliance while enhancing positive networking can increase the likelihood of IFB adoption by individuals with strong religious beliefs. It is crucial for the financial success of certain banks, especially to satisfy customers who are not intended to use conventional banks. Further research and efforts in the IFB industry in Ethiopia and around the world are necessary to continue developing and providing accessible and Sharia-compliant banking solutions.

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Appendices
Appendix A
Questionnaire

I. English questionnaire

Dear Respondents,

I am conducting an academic research on the “**Factors affecting the adoption of IFB in Ethiopia: Evidence from selected private banks**”. I humbly request you to spend your precious few minutes in filling this questionnaire. Your contribution to this paper is very essential and highly valued. Any information which you will fill here will not be shared to anyone/anything and maintained as for academic purpose only.

1. Your Name(Optional)_____
2. Gender: Male Female
3. Your Religion
Muslim Christian
Atheist/Secular Other/Please Specify _____
4. Your Age 20-29 30-39 40-49 50 years
5. Your connection with Interest Free Financing in Ethiopia is as
Customer/Consumer Sharia'h Advisor/Supervisor
Organization's Policy Maker Consultant/Trainer
Other/ Please Specify _____
6. Length of service and engagement in this area Below 2 years 2-5 years
5-10 Years Above 10 Years

Thank you for your cooperation!

Abdulahadi.M.

Phone- 0913-992393 or e-mail- abduzizu10@gmail.com

Please select your opinions on the point scales as

- *5 Strongly Agree * 2 Disagree *3 Neutral
*4 Agree *1 Strongly Disagree

S.N	A. Sharia Compliance	1	2	3	4	5
1	The Bank has Sharia advisory Committee.					
2	Interest free banking service is Sharia compliant.					
3	The bank used to keep the funds of IFB services in separate recording.					
4	Interest free banking service is provided completely free of interest.					
5	Interest free banking service is offered under separate governance structure					
6	The bank split financial recordings and reports as per the standard.					

S.N	B. Customers Awareness regarding products and service	1	2	3	4	5
1	You have awareness about the major types of interest free banking products.					
2	I know the Interest free banking products that currently provided by the bank.					
3	I Know that Interest free banking products are offered to Muslim and non-Muslim users.					
4	I know enough about Amanah.					
5	I know enough about Mudarabah.					
6	I know enough about Murabaha					
7	I know enough about Musharaka.					
8	I know enough about Istisna.					
9	I know enough about Ijarah.					
10	I know enough about Salam					
11	I know enough about Takaful					
12	I know enough about Wakalla					
13	I know enough about Kafala					

S.N	D. Accessibility of the IFB services	1	2	3	4	5
1	Full-fledged services are provided in all branches.					
2	The geographical Distribution of the branches are accessible.					
3	Wide electronic communication system are available for IFB services					
4	ATM card banking services is available for IFB.					
5	There is Internet banking services for IFB in all branches.					

S.N	C. Perceived Relative Advantage	1	2	3	4	5
1	Profit - loss-sharing between the lender and the borrower is advantageous to you.					
2	Interest free banking services are cheaper as compared to the conventional banking.					
3	Investments are more secure in interest free banking than conventional one.					
4	Interest free banking is trustworthy to adopt it.					
5	Interest free banking Provides free of interest loan.					
6	In general, interest free banking services are better than the conventional ones.					

S.N	E. Networking	1	2	3	4	5
1	The Bank has effective system integration that helps the clients to utilize the IFB services.					
2	The technology used by the bank is easy to conduct transactions and user friendly.					
3	Accessing IFB banking services using mobile based device is easy.					
4	The existing IT standards are strong enough to undertake the IFB banking services.					

S.N	F. Religious beliefs	1	2	3	4	5
1	I prefer IFB because in my religious philosophy one should engage in transactions interest free financial system.					
2	I Prefer Interest free banking products and services because they are Sharia-compliant.					
3	In my belief transactions involving with impermissible business activities are prohibited					

S.N	G. Adoption of Interest Free Banking	1	2	3	4	5
1	Interest free banking system was introduced because Muslims are prohibited from associating themselves with the element of interest practice by conventional banking system.					
2	It is true that the IFB products available in the bank windows are similar to the products of interest based products except that the banks use different business models in highlighting those products.					
3	The bank has gone enough in delivering IFB product to the customer.					
4	IFB must adopt a profit maximization principle in order to survive in the competitive business environment.					
5	There is an advantage of using the service of IFB.					
6	The bank adopted the interest free banking services in an expected manner.					

II. Amharic questionnaire

ውድ ምላሽ ሰጪዎች

“በኢትዮጵያ ከወለድ ነፃ የባንክ አሰራር ላይ ተጽዕኖ የሚያሳድሩ ምክንያቶች፡ ከተመረጡ የግል ባንኮች የተገኘ ማስረጃ” በሚለው ላይ ትምህርታዊ ጥናት እያደረግሁ ነው። ይህን መጠይቅ በመሙላት ጥቂት ደቂቃዎችን እንዲያሳልፉ በትህትና እጠይቃለሁ። ለዚህ ጥናት ያበረከቱት አስተዋፅኦ በጣም አስፈላጊ እና ከፍተኛ ዋጋ ያለው ነው። እዚህ የሚሞሉት ማንኛውም መረጃዎች ለማንም/ለማንኛውም አይጋራም እና ለአካዳሚክ ዓላማ ጥቅም ላይ ይውላል።

1. ስምዎት (አማራጭ) _____

2. ሀይማኖትዎ ሙስሊም ክርስቲያን አማላጅ/አለማዊ ሌላ/አባክህ ግለጽ _____

3. እድሜዎት 20-29 30-39 40-49 ከ50 ዓመት በላይ

4. በኢትዮጵያ ከወለድ ነፃ ፋይናንስ ጋር ያለዎት ግንኙነት፤

ደንበኛ/አገልግሎት ተጠቃሚ የሽሪዓ አማካሪ/ተቆጣጣሪ የድርጅት ፖሊሲ ሰጭ/አውጪ አማካሪ/አሰልጣኝ
ሌላ/ አባክዎን ይግለጹ _____

5. በዚህ አካባቢ ያለው የአገልግሎት እና የተሳትፎ ቆይታ፤

ከ2 ዓመት በታች ከ2-5 ዓመት ከ5-10 ዓመት በላይ ከ10 ዓመት በላይ

ለትብብርዎ እናመሰግናለን!

አብዱልሃዲ ሙዝሚል.

ስልክ- 0913-992393 ወይም ኢሜል- abduzizu10@gmail.com

ማንኛውም አስተያየቶች እና ምክሮች ካሎት ቀጥሎ በተቀመጠው አድራሻ ቢያገኙኝ ደስተኛ ነኝ።

እባክዎን በነጥብ ሚዛኖች ላይ አስተያየትዎን ይምረጡ		
5 በጣም እስማማለሁ	4 እስማማለሁ *	3 ገለልተኛ
2 አልስማማም	1 በጣም አልስማማም	

ተ.ቁ	ሀ. የሸሪአ ተገዢነት	1	2	3	4	5
1	ባንኩ የሸሪዓ አማካሪ ኮሚቴ አለው።					
2	ከወለድ ነፃ የባንክ አገልግሎት ሸሪዓን ያከብራል።					
3	ባንኩ ከወለድ ነፃ የባንክ አገልግሎት የተገኙ ገንዘቦችን በተለየ ማህደር ውስጥ ይጠብቀዋል።					
4	ከወለድ ነፃ የባንክ አገልግሎት ሙሉ በሙሉ ከወለድ ነፃ ነው።					
5	ከወለድ ነፃ የባንክ አገልግሎት የሚሰጠው በተለየ የአስተዳደር መዋቅር ነው።					
6	ባንኩ የፋይናንስ ምዝገባዎች እና ሪፖርቶችን በተለየ ሁኔታ ከፋይናንሱል።					

ተ.ቁ	ለ. ስለ ምርቶች እና አገልግሎቶች የደንበኞች ግንዛቤ	1	2	3	4	5
1	ስለ ዋና ዋናዎቹ ከወለድ ነፃ የባንክ አገልግሎቶች በቂ ግንዛቤ አለኝ።					
2	በአሁኑ ጊዜ በባንኩ የሚሰጡትን ከወለድ ነፃ የባንክ አገልግሎቶችን አውቃለሁ					
3	ከወለድ ነፃ የባንክ አገልግሎቶች ለሙስሊም እና ሙስሊም ላልሆኑ ተጠቃሚዎች እንደሚቀርቡ አውቃለሁ።					
4	ስለ አማኝ በቂ እውቀት አለኝ።					
5	ስለ ሙደራባህ በቂ እውቀት አለኝ።					
6	ስለ ሙራባህ በቂ እውቀት አለኝ።					
7	ስለ ሙሻራካ በቂ እውቀት አለኝ።					
8	ስለ ኢስቲና በቂ እውቀት አለኝ።					
9	ስለ ኢጃራ በቂ እውቀት አለኝ።					
10	ስለ ሰላም በቂ እውቀት አለኝ					
11	ስለ ታካፊል በቂ እውቀት አለኝ					
12	ስለ ዋካላ በቂ እውቀት አለኝ					
13	ስለ ካፋላ በቂ እውቀት አለኝ					

ተ.ቁ	ሐ. የታዩ አንጻራዊ ጥቅሞች	1	2	3	4	5
1	ትርፍ - በባንኮች እና በተጠቃሚዎች መካከል ያለው ኪሳራ መጋራት በአንጻራነት አዋጭ ነው።					
2	ከወለድ ነፃ የባንክ አገልግሎት ከመደበኛው የባንክ አገልግሎት ጋር ሲነጻጸር ርካሽ ነው።					
3	ኢንቨስትመንቶች ከወለድ ነፃ የባንክ አገልግሎት ከመደበኛው የበለጠ አስተማማኝ ናቸው					
4	ከወለድ ነፃ የባንክ አገልግሎት ጋር መስራት አስተማማኝ ነው።					
5	ከወለድ ነፃ የባንክ አገልግሎት ከወለድ ነፃ የሆነ ብድር ይሰጣል።					
6	በአጠቃላይ ከወለድ ነፃ የባንክ አገልግሎት ከመደበኛው የተሻለ ነው።					

ተ.ቁ	ሠ. ግንኙነቶች	1	2	3	4	5
1	ባንኩ ደንበኞቹ የወለድ ነፃ የባንክ አገልግሎቶችን እንዲጠቀሙ የሚያግዝ ውጤታማ የስርዓት ውህደት አለው።					
2	ባንኩ የሚጠቀምበት ቴክኖሎጂ ግብይቶችን ለማካሄድ ቀላል እና ለተጠቃሚ ምቹ ነው።					
3	ተንቀሳቃሽ መሣሪያን በመጠቀም የወለድ ነፃ የባንክ አገልግሎቶችን ማግኘት ቀላል ነው።					
4	አሁን ያሉት የቴክኖሎጂ መሰረተ ልማት ደረጃዎች የወለድ ነፃ የባንክ አገልግሎቶችን ለማከናወን ጠንካራ ናቸው።					

ተ.ቁ	መ. የወለድ ነጻ የባንክ አገልግሎቶች ተደራሽነት	1	2	3	4	5
1	በሁሉም ቅርንጫፎች ውስጥ የተሟላ ከወለድ ነጻ የባንክ አገልግሎት ይሰጣል።					
2	የቅርንጫፎቹ ጂኦግራፊያዊ ስርጭት ተደራሽ ናቸው።					
3	ለወለድ ነጻ የባንክ አገልግሎቶች ሰፊ የኤሌክትሮኒክስ የመገናኛ ዘዴ አለ።					
4	የኤቲኤም ካርድ የባንክ አገልግሎት ከወለድ ነጻ የባንክ አገልግሎት ይገኛል።					
5	በሁሉም ቅርንጫፎች AIFB የኢንተርኔት ባንክ አገልግሎት አለ።					

ተ.ቁ	ረ. ሃይማኖታዊ እምነቶች	1	2	3	4	5
1	የወለድ ነጻ ባንክን እመርጣለሁ ምክንያቱም በሃይማኖታዊ ፍልስፍናዬ አንድ ሰው ከወለድ ነጻ የፋይናንስ ሥርዓት ውስጥ ግብይቶችን ማድረግ አለበት።					
2	ከወለድ ነጻ የባንክ ምርቶች እና አገልግሎቶችን እመርጣለሁ ምክንያቱም የሽሪግ ህግ ያከበረ ነው ።					
3	በእኔ እምነት ከማይፈቀዱ የንግድ እንቅስቃሴዎች ጋር የሚደረጉ ግብይቶች የተከለከሉ ናቸው።					

ተ.ቁ	ሰ. ከወለድ ነጻ የባንክ አገልግሎት መቀበል	1	2	3	4	5
1	ከወለድ ነጻ የባንክ ሥርዓት የተጀመረው ሙስሊሞች በተለመደው የባንክ ሥርዓት ለመጠቀም የወለድ አሠራር በእምነታቸው የተከለከለ ነው።					
2	ባንኮቹ የተለያዩ የንግድ ሞዴሎችን መጠቀማቸው ተመራጭ ያደርጋቸዋል እንጂ ከወለድ ነጻ የባንክ አገልግሎት በመስኮት የሚሰጠው ከሙሉ በሙሉ ከወለድ ነጻ የባንክ አገልግሎት ሰጪዎች ጋር ተመሳሳይ ነው።					
3	ባንኩ ከወለድ ነጻ የባንክ አገልግሎትን በበቂ ደረጃ እያቀረበ ነው።					
4	ባንኩ ከወለድ ነጻ የባንክ አገልግሎት በኩል ተወዳዳሪ ለመሆን ትርፍን የማሳደጊያ መርሆች መከተል አለበት።					
5	ከወለድ ነጻ የባንክ አገልግሎትን መጠቀም ጥቅም አለው።					
6	ባንኩ ከወለድ ነጻ የባንክ አገልግሎት በሚጠበቀው መንገድ ኢዳብሮ አገልግሎቱን እየሰጠ ነው።					

III. Somaligna questionnaire

IV. Jawaab bixiyaasha qaaliga ah

Waxaan samaynayaa cilmi-baadhis tacliimeed oo ku saabsan "Arimaha saameeya qaadashada bangiyada aan ribada lahayn ee Itoobiya: caddaynta bangiyada gaarka loo leeyahay". Waxaan si xushmad leh kaaga codsanayaa inaad daqiiqadahaaga qaaliga ah ku bixiso buuxinta su'aalahaan. Wax ku biirintaada warqadan waa mid lama huraan ah oo aad loo qiimeeyo. Macluumaad kasta oo aad halkan ku buuxin doonto lama wadaagi doono cidna/waxba waxaana loo hayn doonaa ujeeddooyin tacliineed oo keliya

1. Magacaaga (Ikhtiyaar) _____

2. Diintaada

Muslim Cristian

Cilmaani / Cilmaani Wax kale/Fadlan sheeg _____

3. Da'daada 20-29 30-39 40-49 In ka badan 50 sano

4. Xidhiidhka aad la leedahay Maalgelinta Dulsaarka La'aanta ah ee Itoobiya waa sida

Macmiil/Macaamiil La-taliye/Kormeeraha Shareecada

Siyaasadda Ururka La-taliye/Tababare

Mid kale/ Fadlan sheeg _____

5. Muddada adeegga iyo ka-qaybgalka aaggan

Ka hooseeya 2 sano 2-5 Sano 5-10 sano

Wax ka badan 10

Waad ku mahadsan tahay iskaashigaaga!

Abdulahadi.M.

waad ila so xiriri karta wixi talo iyo tusale ah

Mobile number: - 0913-992393 ama email addresskayga: - abduzizu10@gmail.com

Fadlan u dooro ra'yigaaga ku saabsan miisaanka dhibcaha sida

*1 Aad baan u khilaafsanahay * 2 Diidmo *3 Dhexdhexaad

* 4 Waan ku raacsanahay *5 Aad baan u raacsanahay

S.N	A. Ku Dhaqanka Shareecada	1	2	3	4	5
1	Bangigu wuxuu leeyahay guddiga la-talinta shareecada.					
2	Adeegga bangiyada ribada-la'aanta ah waa waafaqsan Waa shareecada.					
3	Bangigu waxa uu kayd in jiray lacagaha adeegyada IFB si gooni ah loo duubo.					
4	Adeeg bangi oo aan dulsaar lahayn ayaa la bixiyaa gabi ahaanba bilaash.					
5	Adeeg bangi oo aan dulsaar lahayn ayaa lagu bixiyaa qaab dhismeed maamul oo gaar ah					
6	Bangigu wuxuu u kala qaybiyay duubista maaliyadeed iyo warbixinnada sida heerka caadiga ah.					
S.N	B. Wacyigelinta Macaamiisha ee ku saabsan alaabta iyo adeegga	1	2	3	4	5
1	Waxaad leedahay wacyigelin ku saabsan noocyada waaweyn ee alaabooyinka bangiyada aan ribada lahayn.					
2	Waan aqaanaa alaabada bangiga ee lacag la'aanta ah ee uu hadda bangigu bixiyo					
3	Waan ogahay in alaabada bangiyada dulsaar la'aanta ah la siiyo isticmaalayaasha Muslimiinta iyo kuwa aan Muslimka ahayn					
4	Waan ogahay in ii gu filan Amanah					
5	Mudarabah waan ogahay in ii gu filan					
6	Murabah waan ogahay in ii gu filan					
7	Waan ogahay wax iigu filan oo ku saabsan Musharaka					
8	Waan ogahay wax iigu filan Istisna.					
9	Ijaraha aqoon igu filan waan u leeyahay					
10	Waan ogahay in ii gu filan Salaam					
11	Waan ogahay in ii gu filan Takaful					
12	Waan ogahay in ii gu filan wakalla					
13	Waan ogahay in ii gu filan kafala					
S.N	C. Faa'iidada Qaraabo ee La Arkay	1	2	3	4	5
1	Faa'iidada - wadaagga khasaaraha ee ka dhexeeya amaah-bixiyuhu iyo dayn-qaaduhu waa kuu faa'iido.					
2	Adeegyada bangiyada ribada la'aanta ah way ka jaban yihiin marka loo eego bangiyada caadiga ah.					
3	Maalgelinta ayaa aad uga ammaan badan bangiyada ribada ah marka loo eego kan caadiga ah.					
4	Bangiyada aan dulsaarka lahayn waa aamin in la qaato.					
5	Bangiyada aan dulsaarka lahayn Waxa ay ku bixiyaan deyn aan ribo lahayn.					
6	Guud ahaan, adeegyada bangiyada aan ribada lahayn ayaa ka wanaagsan kuwa caadiga ah.					
S.N	D. Helitaanka adeegyada IFB	1	2	3	4	5
1	Adeegyada dhamaystiran ayaa laga bixiyaa dhammaan laamaha.					
2	Qaybinta juqraafi ee laamaha waa la heli karaa					
3	Nidaam isgaarsiin elektaroonig ah oo ballaaran ayaa diyaar u ah adeegyada IFB					

4	Adeegyada bangiyada kaarka ATM-ka ayaa diyaar u ah IFB.					
5	Waxaa jira adeegyada bangiyada internetka ee IFB dhammaan laamaha.					
S.N	E. Isku xidhka	1	2	3	4	5
1	Bangigu waxa uu leeyahay nidaam is-dhexgal oo waxtar leh oo ka caawiya macaamiisha inay ka faa'iidaystaan adeegyada IFB.					
2	Tignoolajiyada uu isticmaalo bangigu way fududahay in la sameeyo macaamil ganacsi iyo saaxiibtinimo isticmaale.					
3	Helitaanka adeegyada bangiga IFB iyadoo la isticmaalayo aaladda moobilka ku salaysan waa sahlan tahay.					
4	Heerarka IT-da ee jira waa kuwo ku filan oo lagu fuliyo adeegyada bangiyada IFB.					
S.N	F. Caqiidada diinta	1	2	3	4	5
1	Waxaan doorbidayaa IFB sababtoo ah falsafadayda diineed waa in la sameeyaa hab maaliyadeed oo aan dulsaar lahayn.					
2	Waxaan doorbidayaa badeecadaha iyo adeegyada bangiyada dulsaarka ah sababtoo ah waxay waafaqsan yihiin shareecada.					
3	Sida aan aaminsanahay wax kala iibsiga ku lug leh hawlaha ganacsi ee aan la oggolayn waa mamnuuc					
S.N	G. Qaadashada Bangiyada Dulsaarka ah	1	2	3	4	5
1	Nidaamka bangiyada ribada la'aanta ah ayaa la hirgeliyay sababtoo ah Muslimiinta waxaa ka mamnuuc ah in ay ku biiraan habka ku dhaqanka ribada nidaamka bangiyada caadiga ah.					
2	Waa run in badeecadaha IFB ee laga helayo daaqadaha bangigu ay la mid yihiin badeecadaha badeecadaha ku salaysan ribada marka laga reebo bangiyada ay isticmaalaan noocyo ganacsi oo kala duwan si ay u muujiyaan alaabtaas.					
3	Bangigu wuxuu ku baxay ku filan u gaarsiinta badeecada IFB macaamiisha.					
4	IFB waa in ay qaadato mabda'a sare u qaadida faa'iidada si ay ugu noolaato jawiga ganacsiga ee tartanka ah.					
5	Waxaa jira faa'iido isticmaalka adeegga IFB.					
6	Bangigu wuxuu u qaatay adeegyada bangi ee bilaa ribada ah si la filayo.					

Questionnaire on Afan Oromo

Kabajamtoota Deebii kennitoota,

Itiyoophiyaa keessatti baankii dhala irraa bilisa ta'e fudhachuuf wantoota dhiibbaa geessisan: Ragaa baankota dhuunfaa filatamoo irraa" jedhu irratti qorannoo akaadaamii gaggeessaa jira. Daqiiqaawwan muraasa gatii guddaa qaban gaaffilee kana guutuuf akka dabarsitan gad of qabuun isin gaafadha. Gumaan isin barruu kanaaf gootan baayyee barbaachisaa fi gatii guddaa kan qabuudha. Odeeffannoon asitti guuttan kamiyyuu nama kamiifuu/waan kamiifuu hin qoodamu, akka kaayyoo barnootaa qofaatti hin kunuunfamu.

1. Maqaa Kee (Filannoo) _____
2. Amanta kee
Muslima Kiristiyaana Waaqayyoon hin amanne/Secular
Kan biroo/Maaloo Ifa Godhi _____
3. Umrii kee 20-29 30-39 40-49 waggaa 50 ol
4. Walitti dhufeenya keessan Faayinaansi dhalarraa bilisaa waliin itoopiyaa keessati qabdan
Maamila/Fayyadamaa Gorsaa/Supervaayizara Shari'aa
Qaama Imaammata Dhaabbatichaa Gorsaa/Leenjisa
Kan biroo/Maaloo Ifa Godhi _____
5. Dheerinni tajaajilaa fi hirmaannaa roga kanaan Waggaa 2 gad Waggaa 2-5
Waggaa 5-10 Waggaa 10 ol

Tumsa keessaniif galatoomaa!

Abdulahadi.M

Yaada fi gorsa yoo qabaattan Na qunnamuu dandeessu.

Bilbila- 0913-992393 ykn iimeelii- abduzizu10@gmail.com

Filannoo keessan madaali qabxii irratii hundaawun ka'aa

*5 Cimsee Walii Gala

* 2 Walii hin galu

*4 walii gala

*1 Cimsee walii hin galu

*3 Qaama Bilisa

LAKK	A. Shari'aa Kabajuu	1	2	3	4	5
1	Baankichi Koree gorsaa Shari'aa qaba					
2	Tajaajilli baankii dhala irraa bilisa ta'e Shari'aa kan eegudha					
3	Baankichi duraan maallaqa tajaajila IFB galmee addaa keessa kaa'a ture					
4	Tajaajilli baankii dhala irraa bilisa ta'e guutumaa guututti dhala irraa bilisa ta'ee kennama					
5	Tajaajilli baankii dhala irraa bilisa ta'e caasaa bulchiinsa adda ta'een kennama					
6	Baankichi galmee faayinaansii fi gabaasa akkaataa istaandaardiitiin qooda.					

Lakk	B. Hubannoo Maamiltootaa oomishaa fi tajaajila ilaalchisee	1	2	3	4	5
1	Waa'ee gosoota gurguddoo oomishaalee baankii dhala irraa bilisa ta'an irratti hubannoo qabda.					
2	Oomishaalee baankii Dhala irraa bilisa ta'an kan yeroo ammaa baankichi dhiyeessu nan beeka					
3	Oomishaaleen baankii Dhala irraa bilisa ta'an fayyadamtoota Musliimaa fi Muslima hin taaneef akka dhiyaatan nan beeka					
4	Waa'ee AMAANAH gahaa beeka					
5	Waa'ee MUDARABAHAA gahaa beeka					
6	Waa'ee MURABAHAA gahaa beeka					
7	Waa'ee MUSHAARAKAA gahaa beeka					
8	Waa'ee ISTISNA gahaa beeka					
9	Waa'ee IJARAHAA gahaa beeka					
10	Waa'ee SALAM gahaa beeka					
11	Waa'ee TAKAFUL gahaa beeka					
12	Waa'ee WAKALLA gahaa beeka					
13	Waa'ee KAFALA gahaa beeka					

LAKK	C. Bu'aa fi fayidaan kan hubatamu	1	2	3	4	5
1	Bu'aa - kasaaraa-qooduun liqeessaa fi liqeeftaa gidduutti faayidaa siif qaba.					
2	Tajaajilli baankii dhala irraa bilisa ta'e kan baankii barama waliin wal bira qabamee yoo ilaalamu gatii salphaadha.					
3	Tajaajilli baankii dhala irraa bilisa ta'e kan baankii barama waliin wal bira qabamee yoo ilaalamu gatii salphaadha.					
4	Baankii dhala irraa bilisa ta'e fudhachuun amanamaa dha					
5	Baankii dhala irraa bilisa ta'e Liqii dhala irraa bilisa ta'e ni kenna					
6	Walumaagalatti tajaajilli baankii dhala irraa bilisa ta'e kan barama caalaa gaarii dha.					

LAKK.	D. Dhaqqabummaa tajaajila IFB	1	2	3	4	5
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1	Dameelee hunda keessatti tajaajilli guutuun ni kennama					
2	Raabsiin teessuma lafaa dameelee dhaqqabamaa dha					
3	Tajaajila IFBf sirni qunnamtii elektirooniksii bal'aan ni argama					
4	Tajaajilli baankii kaardii ATM IFBf ni kennama					
5	Dameelee hunda keessatti tajaajilli baankii interneetii IFB ni jira.					

LAKK	E. Neetworkiin hojjechuu	1	2	3	4	5
1	Baankichi walitti makamuu sirna bu'a qabeessa ta'ee fi maamiltoonni tajaajila IFB akka fayyadaman gargaaru qaba					
2	Teeknooloojiin baankichi itti fayyadamu daldala gaggeessuuf salphaa fi fayyadamtootaaf mijaawaa ta'uu ibsameera.					
3	Meeshaa moobaayila irratti hundaa'e fayyadamuun tajaajila baankii IFB argachuun salphaadha.					
4	Istaandardiin IT amma jiru tajaajila baankii IFB fudhachuuf cimaadha.					

LAKK.	F. Amantaa amantii	1	2	3	4	5
1	Ani IFB kanan filadhu falaasama amantii koo keessatti namni tokko sirna faayinaansii dhala irraa bilisa ta'e daldala irratti bobba'uu qaba.					
2	Oomishaalee fi tajaajiloota baankii dhala irraa bilisa ta'an Shari'aa waan ta'aniif nan filadha					
3	Akka amantaa kootti daldalli hojii daldalaa hin hayyamamne waliin walqabatu dhorkaadha					

LAKK.	G. Baankii Dhala Bilisaa Fudhachuu	1	2	3	4	5
1	Sirni baankii dhala irraa bilisa ta'e kan jalqabame Musliimoonni sirna baankii baratameen elementii gocha dhala waliin akka hin walqabsiisne waan dhorkamaniifidha.					
2	Dhugaadha, oomishoonni IFB foddaa baankii keessatti argaman oomishaalee dhala irratti hundaa'an waliin kan walfakkaatu yoo ta'u, baankonni oomishaalee sana calaqqisiisuu keessatti moodeela daldalaa adda addaa fayyadamuu isaanii malee					
3	Baankichi oomisha IFB maamila biraan gahuu keessatti gahaa ta'ee deemee jira					
4	IFBn naannoo daldalaa dorgommii qabu keessatti jiraachuuf seera bu'aa guddisuu (profit maximization principle) fudhachuu qaba.					
5	Tajaajila IFB fayyadamuun faayidaa qaba.					
6	Baankichi tajaajila baankii dhala irraa bilisa ta'e haala eegamuun fudhateera					