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COLLEGE OF BUSINESS AND ECONOMICS DEPARTMENT OF ACCOUNTING AND FINANCE

Factors affecting Customer Satisfaction in Interest-Free Banking Services Offered by Private Banks: A Case Study of Dashen Bank in Ethiopia

A Thesis Submitted to the Graduate Department of Accounting and finance, Addis Ababa University Partial Fulfillment of the Requirements for the Award of Master of science in accounting and finance (MSC).

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
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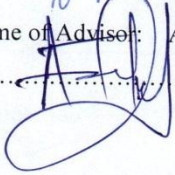
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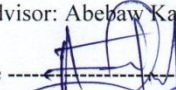
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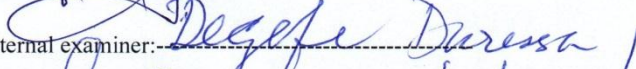
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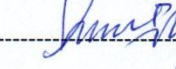
**APPROVAL**

The undersigned certify that they have read and hereby recommend to the Addis Ababa University, six kilo Campus to accept the thesis submitted by Alemu Fithanegest, and entitled "Factors affecting Customer Satisfaction in interest free banking Services Offered by Private Banks: A Case Study of Dashen Bank in Ethiopia" in partial fulfillment of the requirements for the degree masters of art in accounting and finance (MSC)


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## Abstracts

*This study aims to examine the factors that influence customer satisfaction with interest-free banking (IFB) services offered by private banks in Ethiopia, with a specific focus on Dashen Bank. The study employed a quantitative research design and collected data through a survey questionnaire administered to Dashen Bank customers who have utilized IFB products and services. The study utilized both primary and secondary data, with the questionnaire designed to gather relevant information. The findings revealed that all respondents (100%) reported being knowledgeable about Wadiah Amanah, Mudarabah Saving Account, and Qard. For Financing (Loan) Products, the majority (90.2%) indicated being knowledgeable, while a smaller proportion (9.8%) reported not being knowledgeable about this product. The correlation analysis reveals strong positive associations between respondents' attitudes, perceptions, service quality, trust, and effective communication with their overall satisfaction. The multiple linear regression model indicated that approximately 65.8% of the variance in the dependent variable is explained by the independent variables ( $R^2=0.658$ ). The ANOVA results demonstrate that the regression model is statistically significant, as indicated by a highly significant F-statistic ( $F = 58.733, p < 0.001$ ). Age exhibited a negative and statistically significant relationship with satisfaction ( $\beta = -0.078, p = 0.014$ ), indicating that as Age increases, satisfaction decreases ( $\beta = 0.026, p = 0.407$ ). Sex and occupation status, income and education level did not show statistically significant effects on satisfaction ( $\beta = 0.033, p = 0.341, \beta = -0.007, p = 0.822, \text{ and } \beta = 0.057, p = 0.107$ ) respectively.*

**Key Words:** *Ethiopia, Dashen Bank, Islamic banking, Private Banks, Customer satisfaction.*

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### **List of Abbreviations/ Acronyms**

ANOVA - Analysis of Variance

SPSS - Statistical Package for Social Science

DB - Dashen Bank

NBE - National Bank of Ethiopia

OIB - Oromiya International Bank

CBE - Commercial Bank of Ethiopia

IFB - Interest Free Banking

IB - Islamic Banking

IBS - Islamic Banking Service

## **CHAPTER ONE: INTRODUCTION**

Interest free banking system has been introduced in Ethiopia after the performing of Directive SBB/51/ 2011 by the NBE to do banking business according to Islamic principle. The researcher has intended to conduct a study factors affecting customers of Interest Free Banking in Dashen Bank considering the level of knowledge of customers about the IFB products, Attitude of customers about IFB products and the perception of customers about IFB products and satisfaction of customers about dashen bank service. This chapter has been organized into seven parts, the first and the second part has dealt with background of the study and problem statement respectively, the third and fourth part dealt with research question and objective of the study respectively and the fifth and the last unit has incorporated significance of the study, scope of the study and hypothesis of the study respectively.

### **1.1 Background of the study**

Service are economic activity that create value and provide benefit for customer at specific time and place in order to bring a desired change in the receipt of the service. and currently the trend of world market has changed noticeably from agricultural and manufacturing to service markets. All of the service businesses are trying their best to improve their service quality in order to make customers satisfied with their services, and the bank industry is one of them.

Service quality has been identified as a crucial success factor for organization to build their commutative advantage and increase their competitiveness. Service quality has been defined as an attitude resulting from the comparison of expected level of service with perceived performance Cronin and Taylor, (1992). Gronroos, (1982) was the first to define service quality has been defined as the outcome of evaluation process where the consumer compares his expectations with the service he perceived.

Modern management sciences philosophy considers customer satisfaction as a base line standard of performance and possible standards of excellence for any business organization Gerson, (1993). To reinforce customer orientation on a day to day basis, a growing number of company's choose customer satisfaction as theirs main performance indicator Miheliset.al (2001). Customer satisfaction is a personal feeling of either pleasure or disappointment resulting from the evaluation of service provided by an organization to an individual in

relation to expectations (Oliver, 1998). Satisfaction of the customer s can also been in the feeling of joy or resentment, after obtaining the service, resulting from the comparison between the actual and expected performance for the customer Altai, Kodadah, (2008).

One of the world's major religions Abou-Youssef et al. (2015), Islam is growing rapidly, with about 1.57 billion adherents worldwide El-Bassiouny, (2014). The Islamic banking industry is also growing at a similar pace Al-Salem, 2008; Abou-Youssef et al. (2015). There are approximately 420 Islamic financial institutions in 75 Muslim and non-Muslim countries across the world Souiden and Rani, (2015). Islamic banking and finance (IBF) serve up financial services or products that are designed to comply with the main tenets of Sharia, or Islamic law.

The Sharia derives its authority from various sources, including the Holy Quran, Hadith (the deeds and sayings of Prophet Muhammad), Sunna (the habitual practices of Prophet Muhammad during his lifetime), Ijma (consensus among religious scholars on issues not touched upon in either the Holy Quran or the Sunna), Qiyas (providing an opinion on a case not covered in either the Quran or the Sunna by using an analogous case referred to in either of the two), and Ijtihad (a jurist's independent reasoning relating to the applicability of Sharia to cases not mentioned in either the Quran or the Sunna) Gait & Worthington, (2008).

Although there are various viewpoints on when and where IBF began, it is generally believed that the first Islamic Bank was established in 1963 in the form of the Mit Ghamr Savings Bank in rural Egypt, offering interest-free banking for the very first time Karim, (2012).Islamic banking system not only prohibits usury, but also the association in activities such as uncertainty, liquor, gambling, involving trade relations and insurance products that are considered unethical (Amin, Abdul Rahman, Hwa, & Sondoh Jr, 2011). Islamic banking is more like a trade that fundamentally seeks to maximize client's value and meet their fiscal security needs. It is not considered as a commercial body established only to meet the religious compulsions of the Muslim society Henry & Wilson, (2004).

The International Monetary Fund (IMF) released a report which stated that Islamic Banking is the one of the fastest growing segments in the financial industry with a tracking of 10-15 percent growth over the past decade, and globally, Islamic banking assets are estimated to grow around 15 percent a year of \$1 trillion by 2016. More than 180 Islamic banks and

financial institutions are operating more than 8000 branches in different countries in Asia, Africa, the Middle East, Europe and North America.

The Islamic banking system (IBS) had been introduced due to the reason that there was the need of financial service for Muslim customers to satisfy the needs and demands of Muslims, because the conventional banking industry is entirely based on the interest-based system and that is prohibited in the Islamic sharia rules. So, the Muslims need such institute which provides them the Islamic platform for their financial transactions

Islamic banking based on certain principles laid by Islamic shariyah, core pillar of which is avoiding riba (interest), Gharrar (uncertainty) and maysir (gambling). Principles of Islamic banking are based on risk sharing and embarked earning without risk sharing as unjust. Today, Islamic banking industry worth reached milestone of US\$4.5trillion (Siddiqui, 2001).

Furthermore, Ahmad et al (2011) further emphasized that measuring the customers' and satisfaction is significant challenges in the banking marketing dimension, particularly Islamic banking in Malaysia. Meanwhile, several previous studies have probed customers' attitudes towards Islamic banking. Some studies mentioned attitude of customer, religiosity, awareness and pricing as the significant determinants that influencing a customer satisfaction in Islamic banking Kaakeh et al., (2018).

Ethiopia issued a national proclamation in 2018 that permits full-fledged interest-free banks to operate in the country. ZamZam Bank was the first bank to receive a full-fledged, interest-free banking license from the National Bank of Ethiopia after the announcement. Since then, ZamZam has committed to implementing a customer-focused strategy that advances its banking technology and financial solutions to provide full-fledged interest-free banking to society Ray, (2023).

Subsequent to the issuance of the working directive, SBB/51/2011, the NBE has granted the IFB service license to Oromia International Bank S.C (OIB) on September 16, 2013. Same license is granted to the Commercial Bank of Ethiopia (CBE) on September 17, 2013. Accordingly, CBE using its 23 pilot branches and OIB using its 24 branch offices launched IFB operation on October 24, 2013 and December 16, 2013 respectively. On May 1, 2014, United Bank S.C. began providing IFB service and recently, Cooperative Bank of Oromia, Nib International Bank, Abay Bank and Wegagen Bank have joined the IFB business by

giving depository products for their customers Abreham Redi, (2017). Dashen Bank is also embarked on interest-free banking (IFB) services after getting approval from the National Bank of Ethiopia (NBE) on October 25, 2017.

Dashen Bank is registering encouraging strides in the Interest-free Banking business. In the reporting period, the Bank became member of the global Accounting and Auditing Organization for Islamic Finance Institutions (AAOIFI). Dashen is the first bank to join AAOIFI from Ethiopia. Dashen Bank recognizes the opportunity Interest Free Banking (IFB) presents, and has embarked on a journey to leverage this potential to the fullest. Aimed at withering competitive challenges from conventional and full-fledged banks by aligning with broader industry trends and evolving customer needs, the Bank has been expanding its IFB branches footprint. As a result, the full-fledged IFB branch network has reached 67 with the addition of 23 new branches. This represents a year-on-year increase of 52.3%, which is in line with the overall impressive expansion the Bank achieved during the reporting period Dashen Bank Annual Report, (2023).

Banks must develop strong marketing programmers to attract large number of customers and specific strategy to meet the customer need to increase their satisfaction in the services. Therefore, researches that assess the knowledge, attitude, perception (KAP) of the customers and identify the factors that affect the customers satisfaction helps to achieve the objective of the banks to address the need of their customers. Based on above phenomena, this study assessed the KAP of the customers and explored the variables that influence customers' satisfaction in Islamic banking services in Dashen bank of Ethiopia.

## **1.2 Statement of the Problem**

The Muslim population in Ethiopia comprises a significant portion of the total population, as reported by the Central Statistical Agency (CSA) (2018), with 33.9%. However, this population has remained unbanked for decades due to their belief and the secular nature of the financial industry. They have strong reservations against conventional banks whose functions are based on interest, thus Ethiopian Muslim societies have been excluded from the banking sector.

According to Iravani et al, (2012) Banking system is one of the most important economic sectors and strongest financial intermediaries in the economies that plays a key role in economic development in societies through receiving the deposits of depositors and instead

pay loans and facilities to applicants and give interest. Due to their belief and the secular nature of the financial industry, they have been disadvantaged to modern finance. They have strong reservations against conventional banks whose functions are based on interest, thus Ethiopian Muslim societies have been excluded from banking sector. They need banking system that best suits their need and at the same time in line with their religion. In October 2011 NBE directive allows banks to offer interest free banking service alongside the conventional operation. However there was no alternative banking systems for those have problem with existing banking system until September 2013, that launched by OIB and CBE. This is due to Lack of supportive regulatory and policy regimes in Ethiopia that facilitate the establishment of Islamic financial institutions.

According to Debebe, (2015) the introduction of Islamic banking Window alongside with conventional operations in 2013 has generated new dimension and phenomenal in banking sector in Ethiopia. Moreover, interest- free banking is a new system in Ethiopia which needs a lot of effort and resources to increase customer intention toward adoption of the products and services.

Due to the early stages of the interest free banking industry, there have been very few Studies on IFB in Ethiopia. Among few studies, Mohammed (2012) has identified the potential challenges of IFB before commencement of the service. This study was undertaken before the practical introduction of the IFB in the country. Therefore, it was not based on actual observation of facts on the ground and research has been limited to the Prospect and challenges of introducing Interest free Banking in Ethiopia. While, Teferi (2015) has identified that introduction of IFB does not only create inclusive financial system for the Muslim population but also has a potential to influence and enhance the economic development of the country through resource mobilization and employment creation by encouraging people to use the banking system. These study was only limited to IFB's contribution and prospects. On the other hand, there was a work on Customer's Intention (Debebe A., 2015), (Akmel, 2015; Kerima, 2016; & Abraham, 2017; Guluma, 2017; Nobel, 2019), has conducted a study on factors affecting Customers to Use Interest Free Banking Products and service. Their work has identified the potential challenges as: lack of awareness, regulatory and supervisory challenges, institutional challenges, and lack of support and link institutions as well as wrongful association with specific religion.

Since customer satisfaction plays a major role in any business firm, it is essential that service giving companies' measure and monitor service quality and customer satisfaction on a continual basis to guarantee their survival. Providing quality service is a major issue for all businesses and especially for service providers. Consequently, in order to be competitive in the marketplace, service providers need to satisfy their customers. The concept of customer satisfaction occupies a central position in marketing thought and practice. Many companies today are aiming for Total Customer Satisfaction. Although a variety of alternative definitions exist, the most popular definition of customer satisfaction is given by K. Douglas & John E.G (2008) who define customer satisfaction as a comparison of customer's expectations to their perceptions regarding the actual service encounters.

The introduction of interest-free banking in Ethiopia has generated a new dimension and phenomenon in the banking sector, as highlighted by Debebe (2015). Despite the growing popularity of interest-free banking services in many countries, there is a significant research gap in understanding customer satisfaction with these services. Previous research has focused primarily on customer satisfaction with conventional banking systems, neglecting the unique features of interest-free banking. This gap in research is particularly evident in Ethiopia, where there is a lack of studies examining customer satisfaction with interest-free banking services provided by private banks such as Dashen Bank.

Furthermore, previous studies have mainly focused on measuring customer satisfaction from the service provider (bank) side, overlooking the critical factors such as knowledge, attitude, and perception that are from the customer side. This research gap highlights the need for a comprehensive study that examines customer satisfaction with interest-free banking services provided by private banks in Ethiopia, with a specific focus on Dashen Bank.

### **1.3. Research Questions**

This study was conducted to answer the following questions pertain the customer's satisfaction in interest free banking in Dashen Bank.

1. What is the level of knowledge, attitude, and perception (KAP) among Dashen Bank customers regarding Interest-Free Banking (IFB) products and services?
2. What is the relationship between customer satisfaction and factors such as service quality, convenience, trust, and communication in IFB services provided by Dashen Bank?

3. How do demographic and KAP factors influence customer satisfaction with Interest-Free Banking (IFB) products and services?

## **1.4 Objectives of the Study**

### **1.4.1 General objective**

To examine the factors that influence customer's satisfaction in interest-free banking in private banks in Ethiopia, with a focus on Dashen Bank.

### **1.4.2 Specific Objectives**

1. To assess the level of knowledge, attitude, and perception (KAP) among Dashen Bank customers regarding Interest-Free Banking (IFB) products and services.
2. To investigate the relationship between customer satisfaction and factors such as service quality, convenience, trust, and communication in IFB services provided by Dashen Bank.
3. To examine how demographic and KAP factors influence customer satisfaction with Interest-Free Banking (IFB) products and services.

## **1.5 Hypothesis**

### **1.5.1 To assess the level of knowledge, attitude, and perception (KAP) among Dashen Bank customers regarding Interest-Free Banking (IFB) products and services.**

Based on previous studies, older customers may exhibit lower levels of knowledge regarding interest-free banking products and services compared to younger customers, as they are less likely to adopt new and innovative financial solutions. Furthermore, customers who follow Islam may have a higher level of knowledge regarding interest-free banking products and services due to the principles of Islamic finance that promote risk-sharing and ethical transactions. Previous studies have also found that religion is a significant factor that influences the adoption of interest-free banking in different countries.

A study by Bushan and Yajulu (2013) suggests that individuals with higher levels of education have a better understanding of financial literacy, which is consistent with previous studies that found a positive correlation between educational level and knowledge of interest-free banking in different countries. Additionally, studies have found significant differences in awareness and satisfaction among customers with different demographic characteristics such as age, gender, education, income, and occupation.

The studies conducted on Islamic banking customers in Penang found that knowledge and service quality have a significant influence on the compliance behavior of Islamic banking products and services. Furthermore, age is identified as one of the demographic factors that influence the adoption of Islamic banking products and services, with younger customers being more likely to adopt such products and services than older customers. Religion is also identified as a significant factor that influences the adoption of Islamic banking products and services, with more religious customers being more likely to adopt such products and services.

According to a study by Muhammad Ali Jinnah University (2018), educational level, occupation status, and income level are among the significant factors that influence the adoption of Islamic banking products and services. Based on these backgrounds, the following hypothesis is stated.

#### **H1 for Objective 1:**

There is a significant relationship between the level of knowledge, attitude, and perception among Dashen Bank customers regarding Interest-Free Banking (IFB) products and services and their satisfaction with IFB services.

#### **1.5.2 To evaluate the relationship between customer satisfaction and various factors such as service quality, convenience, trust, and communication in IFB services provided by Dashen Bank.**

A study conducted by Safi and Alagha (2020), found that there is a significant relationship between service quality and customer satisfaction in the private telecom sector in India. Another study by Boonlertvanich (2019), found that customer-perceived service quality directly and indirectly affects, via satisfaction and trust, attitudinal and behavioural loyalty. These studies suggest that there is a positive relationship between service quality, trust, and customer satisfaction in the banking industry. While these studies do not specifically address the relationship between customer satisfaction and factors such as convenience and communication, they do provide some perception into the relationship between customer satisfaction and service quality and trust. Based on these backgrounds, the following hypotheses are stated.

#### **H1 for Objective 2**

There is a significant relationship between factors such as service quality, convenience, trust, and communication in IFB services provided by Dashen Bank and customer satisfaction with IFB services.

### **1.5.3. To investigate the influence of demographic and KAP factors on customer satisfaction with Interest-Free Banking (IFB) products and services.**

The previous study by Debebe (2020), explored customer awareness, satisfaction, and the role of IFB on economic development in Ethiopia. Another recent study by Tesema and Wodaje (2020), investigated the effect of quality service on satisfaction of interest-free banking users in Awash International Bank. These studies suggest that there is a positive relationship between service quality and customer satisfaction in the context of IFB. Specifically, the studies indicate that factors such as quality of service, customer awareness, and economic development play a significant role in determining customer satisfaction with IFB products and services Debebe (2020), and Tesema and Wodaje (2020). Therefore, it is reasonable to hypothesize those demographic factors such as age, religion, and education, as well as KAP factors, may also have a significant influence on customer satisfaction with IFB products and services provided by Dashen Bank. Based on this background information, the following alternative hypothesis is developed.

### **H1 for Objective 3**

There is a significant influence of demographic and knowledge, attitude, and perception (KAP) factors on customer satisfaction with Interest-Free Banking (IFB) products and services provided by Dashen Bank.

### **1.6 Significance of the Study**

The study on factors that influence customer satisfaction in interest-free banking services provided by private banks in Ethiopia with a specific focus on Dashen Bank holds significant contributions. Firstly, the study aims to assess the level of knowledge, attitude, and perception among Dashen Bank customers regarding IFB products and services. The findings of this study will provide valuable insights into the level of understanding and awareness among customers regarding IFB products and services. This information can be used to identify gaps in customer awareness and develop targeted educational initiatives to increase understanding and promote the benefits of IFB.

Secondly, the study aims to evaluate the relationship between customer satisfaction and various factors such as service quality, convenience, trust, and communication in IFB services provided by Dashen Bank. The findings of this study will enable Dashen Bank to identify the key drivers of customer satisfaction and tailor its IFB offerings to better meet customer needs and expectations.

Thirdly, the study aims to investigate the influence of demographic and knowledge, attitude, and perception (KAP) factors on customer satisfaction with IFB products and services. The findings of this study will provide valuable information on the factors that influence customer satisfaction with IFB products and services. This information can be used to formulate supportive policies and regulations to foster the growth of Islamic banking in Ethiopia.

## **1.7 Scope and Limitations of the Study**

### **1.7.1 Scope of the Study**

The study will focus on customers of Dashen Bank in Ethiopia who are using or have used Interest-Free Banking (IFB) products and services. The study area is limited to Dashen Bank branches that exist in the Gullele sub-city of Addis Ababa City Administration, including Rufael, Shegole, Delber, and Sheger Menafesha branches. The study will investigate various variables that influence customers' satisfaction in interest-free banking products and services. These variables include but are not limited to customer demographics, KAP and service delivering status of interest-free banking products and services.

### **1.7.2 Limitation of the Study**

When conducting the study the researcher limit the scope only the factors affecting customers satisfaction interest-free banking, thus, the results may not show others financial products and services of the banks. The study will be focus only on Dashen Bank in city Government Administration of Addis Ababa Gullele sub city Rufael, Shegole, Sheger Menafesha and Delber branches. Thus the results from this case may not be generalized to other banks with conventional services and customers of banks. The finding of this study is limit to Interest free account holder customers of the banks, thus It may not be include the generalization of the result for analysis of others account holders, firms and institutions. One of the limitations to this study is the use of cross-sectional design for survey research is feasible due to time and money constraint to understand how customers' behavior toward use of Interest free banking change over time.

## **1.8 The Study Structure**

The study organized into five chapters, the first chapter consists of background of the study, problem statement, objectives of the study, research hypothesis significance of the study, limitation of the study and the scope of the study. Chapter two presents the theoretical, empirical related literature and depicts the conceptual framework. Chapter three provides research methodology. Chapter four outlines data presentation, analysis and discussion and finally chapter five will provide summary, conclusion, and recommendation suggestion for future research.

## **CHAPTER TWO: REVIEW OF LITERATURES**

### **2.1 Introduction**

This chapter includes the review of relevant articles or journals that are associated to customers' knowledge, attitude and perceptions of Islamic banking products and services. Moreover, the above stated points, it also includes review of journals which related to demographic factors that influencing the knowledge, attitude and perceptions of Islamic banking products and services. Then, this chapter would review the relevant theoretical models and propose conceptual model for this study.

### **2.2. Theoretical Literature**

#### **2.2.1. Principle of Interest Free Banking**

The principles of Islamic Banking come from the sources of the Holy Quran, Hadith, Sunnah, Ijma (Consensus of the Ummah), Qayas (Analogy) and Ijtihad. One of the principles of Islamic banking is the prohibition of Riba. Riba is an Arabic word which stands for excess, increase, expansion or growth. Islamic banking is known as Interest free transaction in banks based upon the clear and transparent systems of Islamic Banks.

Any predetermined payment over and below the actual amount of principle which is Riba is strongly prohibited by the Quran and the Sunnah. The meaning of Riba has been clarified in the following verses of Quran: "O those who believe; fear Allah and give up what still remains of the Riba if you are believers, But if you do not do so, then be warned of war from Allah and His Messenger. If you repent even now, you have the right of the return of your principal; neither will you do wrong nor will you be changed" Riba is not allowed because it creates accumulation of wealth in hand of few which consequently diminishes human beings to concern their fellow men. Moreover, Islam also disliked gain from financial activity unless the principle is also subject to the risk of potential loss.

The second principle by Islamic banking is the prohibition of Gharar which is generally defined as uncertainty or risk hazard. The prohibition of gharar is designed to prevent the weak from being exploited. Gambling and derivatives such as futures and options is believed to be violating the Gharar. Islam not only prohibits dealing in interest but also in liquor, pork, gambling, pornography and anything else, which the Shari-ah (Islamic Law) deems Haraam

(unlawful). Islamic banking is an instrument for the development of an Islamic economic order.

The third principle is prohibition of Maysir. Maysir is a speculative element in a contract where expected gains are not clearly defined at the initiation of the contract. Iqbal and Molyneux state the reason behind prohibition of Maysir is that gambling and game of chance can lead to greater financial and social problem and ultimately it seems to be unnecessary for the society because they do not provide any surplus to the societal wealth.

The next Principle is profit and loss sharing (PLS) principle. It is a contractual agreement between two or more parties which allow pooling their sources to invest in a project and share profits and loss ratio according to their capital, effort but there is no guarantee for allocation of capital because the return on capital depends on the viability of project which therefore, promotes greater market discipline in Islamic banks. The business and investment done under the light of Islamic laws must be based on Halal activities such as Zakat must be given for social welfare.

The Islamic commercial law is actually based on four basic principles. The first principle of Islamic business is based on profit and loss sharing and the second one is based on fixed service fees and charges and the third is based on free of cost and no charges. The other principles are changing with the situation of the business and its operation Bellalah & Ellouz, (2004). The main and important models of Islamic banking system are as follows:

Mudarabah - is a contract between a capital provider (rabbul-mal) and the bank (mudharib) under which the rabbul-mal provides capital to be managed by the mudharib and any profit generated from the capital is shared between the rabbul-mal and the mudharib according to a mutually agreed profit sharing ratio (PSR) whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudharib's misconduct, negligence or breach of specified terms. Mudarabah is categorized into two types:

- a. Unrestricted Mudaraba: An unrestricted mudarabah is a contract in which the rabbul mal permits the mudharib to manage the mudarabah capital without any specific restriction.
- b. Restricted Mudarabah: A restricted mudarabah is a contract in which the rabbul-mal imposes specific restrictions on the mudarabah terms. The rabbul-mal may specify conditions

restricting the mudharib such as the determination of location, period for investment, type of project and commingling of funds.

Ijara wa Iqtina is similar to real estate leasing. Islamic banks handle loans for vehicles in a similar way like selling the vehicle at a higher-than-market price to the debtor and then retaining ownership of the vehicle until the loan is paid. In Ijarah, the bank /lessor/ provides benefits (the right to use) of asset or service to the customer /lessee/ in return for an agreed-upon price or rent. After the completion of the lease period, the bank may transfer ownership to the lessee as per their agreement.

Istisna financing is a contract for the acquisition of goods manufactured on order whereby the bank places an order to a manufacturer or a contractor to manufacture, assemble or construct a specific commodity for a purchaser. The agreed price will be set on the initial contracts.

Musharakah is a partnership between the bank and one or more parties to conduct investment or trade. It is a joint enterprise or partnership structure with profit and loss sharing instead of interest-bearing loans. It allows each party to involve in a business to share in the profits and risks. In Musharakah Profit will be distributed according to the pre- agreed terms while losses are shared strictly in the proportion of investment of partners. Instead of charging interest as a creditor, the financier will achieve a return in the form of a portion of the actual profits earned, according to a predetermined ratio.

Murabahah is a contract of sale between a customer and a bank in which a bank purchases the goods needed by a customer and sells the goods to the customer on a cost-plus markup basis. The profit (mark-up), Expenses and the time of payment including the schedule are specified in an initial contract. The bank will own the goods before it sells it to the customer. The bank requires collateral from the customers to secure finance.

Mariah is safekeeping of a deposit. A bank is deemed as a keeper and trustee of funds. A person deposits funds in the bank and the bank guarantees refund of the entire amount of the deposit, or any part of the outstanding amount, when the depositor demands it Sudipta Roy, June (2014) (based on Al-Ajmi et al., 2009): Wadi'ah (safekeeping contract): Wadi`ah refers to a contract by which an owned asset is placed with another party based on trusteeship (Amanah) for safekeeping purposes.

IFB Bank Guarantees (Kafalah): The Bank avails all types of Bank Guarantees parallel with the to find out conventional Banking and these are: Bid Bond Kafalah, Performance Kafalah, Advance Payment Kafalah, Customs Bond Kafalah...etc.

Qard is a financing in which the bank gives the customer cash that will be paid in the same amount in an agreed future date. Under this type of financing the bank currently is providing the following products:

Qard Pre-shipment: is a financing product that the bank avails to exporters.

It is a pre-shipment facility where the bank finances and accepts the same amount of money i.e. there is no profit to be charged here while the export proceeds will be channeled through the bank.

Qard-Employment Agency: is a financing product provided for individuals and companies engaged in employment agencies to obtain a trade license as per the requirement of the Ministry of Labor & Social Affairs i.e. USD 100,000 equivalent in Birr.

Salam: This is a financing service of sale where the price paid in full at the contract's execution and delivery is deferred to a future date. This is a product for working capital purposes to customers engaged in the agricultural sector as per the contract between the Bank and the Customer. It is a sales arrangement whereby the customer shall deliver the type of product she/he produces in accordance with the type, quality, quantity, and given period to the bank. The bank requires collateral from the customers to secure finance.

### **2.2.2. The difference between Islamic and conventional banking**

Islamic banking is operating in the same society where conventional banks are operating and perform all those functions which are expected from a financial institution. However, the philosophy and operations are different. The basic principles underlying Islamic financial transactions are that the purpose of financing should not involve an activity prohibited by Shariah.

Islamic banking and finance (IBF) is an ideological discipline that draws on Shariah principles to expunge interest and other exploitative elements from the economic and financial spheres of human society (Khan & Bhatti 2008). The main difference between Islamic and conventional banks is the use of money. In conventional banks, money is used as a commodity that is bought and sold through the interest's usage (Pasha 2014). Just like conventional, Islamic banks are dependents on their depositors' money as a major source of funds, with the exception that they are not allowed guaranteeing any rate of return on the basis of interest? Moreover, the nominal value of some deposits accounts cannot even be guaranteed, because they are reliant upon the profit- and loss-sharing scheme.

While the conventional banks guarantee the capital and rate of return, the Islamic banking system, based on the principle of profit and loss sharing, cannot, by definition, guarantee any fixed rate of return on deposits. In some cases the capital is not guaranteed either, because if there is a loss it has to be deducted from the capital (Mounira 2008). Although profit sharing and interest-based lending may seem alike, the differences are clearly more than semantic ones. The yield is not guaranteed in the profit-sharing mode. In addition, in interest-based lending the loan is not contingent on the profit or loss outcome, and is usually secured, so that the debtor has to repay the borrowed capital plus the fixed (or predetermined) interest amount regardless of the resulting yield of the capital.

### **2.2.3. Consumer behavior Theory**

Consumer behavior refers to the buying behavior of final consumers. It is the behavior that consumers display when searching for, when purchasing, using, evaluating, disposing the product or the idea that they have for the commodity and if it will satisfy their need. The study of Consumer behavior therefore seeks to understand how the consumers make decisions on how to spend their available resources regarding purchase (Kotler, 2006). Consumers make many buying decisions every day. Most large companies research consumer buying decisions deeply with an aim to find answers to questions such as what consumers

buy, where they buy, how and how much they buy, when they buy, and why they buy and how they dispose what they have bought and don't need. The central question for marketers is: How do consumers respond to various marketing efforts the bank might use? The starting point is the stimulus-response model of buyer behavior (Kotler, 2006). The proponents of this classical theory considered that the consumer seeks to maximize the utility in his choice or making his decision of buying. This utility varies from consumer to other and from time to time based on several factors that affect the level of the motivated benefit to the choice of the goods or service and the decision to buy it by the consumer. (Alshamry, 2016)

#### 2.3.4. Review of Relevant Theoretical Model

The main theory for this research is KAP theory which stands for Knowledge, attitude and perception. “KAP” studies are carried out for finding the knowledge level of a phenomenon and its practice in a community (Kaliyaperumal, 2004). It can also identify an intervention for bringing more awareness and increasing the practice of the phenomenon. A knowledge, Attitude and Practice (KAP) survey conducted by Mehtab, Zaheer, & Ali (2015) showed that knowledge has a strong relationship with practices of Islamic banking. KAP theory says when someone acquires knowledge about a phenomenon; he thinks about it with his existing knowledge and develops an attitude accordingly. The developed attitude may be positive or negative about the phenomenon. If it is positive and the person starts thinking differently about the phenomenon, perhaps, the belief has changed. This change in belief results in different practice. People receiving knowledge of economics, when join banking, they also bring their beliefs regarding business.

#### **2.2.3.1. Variables**

##### **2.2.3.1.1 Customers Knowledge on Islamic Banking products and services:**

According to Cheung et al. (2009), prior knowledge is one of the most critical factors affecting an individual's ability to process information about products and services. This information is related to facts, procedures, concepts, interpretations, ideas, observations, and judgments in an individual's mind about a product or service. Husin and Abdu Rahman (2016) stated that awareness and knowledge influence the decision to deal with sharia insurance. Clients' knowledge can be categorized into many four different classifications, precisely objective, subjective, specific, and general. Objective Knowledge is the degree of accurate knowledge a client has regarding an item, their attributes, and linkages between different product attributes and their relationship to performance. Subjective Knowledge is

clients' perceptions about how much they assume they know regarding an item. Specific Knowledge includes an in-depth type of knowledge than basic knowledge.

There was various research conducted worldwide in the past on level of awareness and knowledge on Islamic Banking and Finance among its Muslim and Non-Muslim clients. Research conducted in Malaysia has proven that generally, clients in Malaysia have a low level of knowledge of Islamic banking and finance models (Gait & Worthington, 2008). A possible reason for lacking awareness is the usage of Arabic terminology which becomes like jargon terms for many clients. A study conducted in the UAE proved that Muslim students were more knowledgeable and fascinated about Islamic Banking than non-Muslim students (Bley & Kuehn, 2004). This result was supported by a similar study in Malaysia, which has found out that Islamic banks have not made enough efforts to educate its clients; more than 65% of the respondents had an inadequate understanding on Islamic Banking system (Ahmad & Haron, 2002).

#### **2.2.3.1.2 Customers Attitude towards Islamic banking**

According to, Wahyuni (2012) a positive attitude positively impacts the intention to use Islamic banking products. Therefore, it can be understood that when someone believes that an Islamic bank can meet their needs and expectations, it is very likely that the person will have a positive attitude towards an Islamic bank, which will also have an impact in increasing the possibility of that person to use an Islamic bank. Attitude of the public has become a main concern considered by the experts of socio-economic including players of financial industry.

Actually, attitude is related to behavioral intention of individuals considering the fact that they shape their intentions to do a specific behavior in the direction of which they have positive outcome (Tan & Teo, 2000). There is a tendency to think that Interest free banking is reserved for people of Islamic religion. But, Islamic institutions and instruments have developed in countries where Muslims are minority like United States. Countries with a significant proportion of Muslims have largely adopted Islamic Banking, Malaysia and Pakistan is common example. Attitude of consumers regarding a specific service is able to influence the adoption decision of users to adopt the service or idea. In many studies in numerous contexts the significant positive influence of attitude toward usage and adoption of new innovation, product or services has been pointed.

### **2.2.3.1.3 Customers Perception of Interest Free Banking products and Services**

Perception of customer is identified through the satisfaction level about any product or service and satisfaction level usually measured by the offering services by the institution. Consumer perceptions are important in business industry. Familiarity of consumers with the distinctive features and usefulness of products or services drive their decision to buy or adopt. Perception is defined by Hanna, et al. (2013). Moreover, perceptions play role for in marketing strategy of firm to attract new customers and keep their existing patrons. According to Hanna, et al. (2013), there are three important concepts related to perceptions. There are exposure, attention, and sensation. Exposure occurs when individual comes to contact with environmental stimuli. Attention is the allocation of individual's mental capacity to a stimulus, and Sensation refers to the responses of our sensory receptors. In this context of Islamic banking, awareness of the Islamic banking products and services refers to the understanding and knowledge of the existing Islamic bank and its products/services and principles through various ways.

There have been many studies done in the past examining the perceptions among the consumers on the Islamic banking industry in a different part of the world. Another study has concluded that Islamic banking is only meant for clients who identify themselves with Islamic faith and due to lacking many facilities compared to conventional banks it lacks popularity among overall clients (Karim & Affif, 2005) study conducted by (LING, LING, PEY, & HUI, 2012) upon 280 non-Muslim respondents have concluded that perception among the clients varies significantly upon the different demographic group; however, the level of education has the most significant relationship with all the variables namely awareness, understanding and perceptions.

Islamic banking is a change from the conventional way of banking in that it needs to conform to Shariah Law. The fact that it is also labeled as a religious offering leads to the perception that the product is only for Muslims. Islamic banks need to continuously create awareness through internal marketing, by ensuring the frontline sales staff has sufficient education and knowledge on the products and services

Islamic banking system has a great potential in Pakistan rather than the conventional banking system. But, Islamic banking is not providing their services to their potential customers due to lack of knowledge in the customers about Islamic banking. They don't provide information to the customers and not facilitate their customers about Islamic banking products and

services (Tyler and Stanley 1999). In Malaysia, according to Loo (2010), with her objectives to investigate the perceptions of Muslims and non-Muslims towards Islamic banking, the results show that there is a significant difference between X-Gen Muslims and X-Gen non-Muslims and similarly between Baby Boomer Muslims and Baby Boomer non-Muslims in how they perceive of Islamic banking. In short, non-Muslims view Islamic banking with a disadvantage more significantly than Muslims.

### **2.2.3.2. Demographic Factor**

#### **2.2.3.2.1 Age**

In a study conducted in Pakistan by Khattak and Rehman (2010), it shows that awareness of the Islamic banking products are varied among different age group people, such as in the current account system and letter of credit. Majority of the customer that aware of Islamic banking are between the ages of 21 to 40 years. However a study conducted in Borneo has suggested a different finding from Khattak and Rehman (2010), which is Islamic banks manager may assume that consumers are homogeneous in terms of their awareness and usage as substantiated by age.

According to Khan et al. (2008), it has been found that the majority of the Islamic banking customers in Bangladesh (58%) are ranged between 25 to 35 years of age. The reason for high concentration in the 25 to 35 years" category might be due to the relatively short history of Islamic banking in Bangladesh which started in 1983. A statistics in the UK show almost half of the UK Muslim population to be below the age of 21. This would suggest that the future customers of Islamic banking are more technologically adept than the older generation (Karbhari, Naser and Shahin, 2004).

#### **2.2.3.1.2 Religions**

Selection of Islamic banking over conventional banking is mainly on the basis of religious belief. Since growing Islamic banking competition within similar kind of banks and through windows of conventional banks, it has become quite difficult for customers to select an Islamic bank for their core bank dealings (Hamid & Masood, 2011) (Ghauri & Qambar, 2012). Anything that has a religious label attached to it becomes hallowed and gains its legitimacy because of the reluctance of the scholars and academicians to question the legitimacy of those truths. Despite the legitimacy provided to Islamic banking by the Shariah

advisors, the reality is that the general public in Pakistan has doubts about the legitimacy vis-à-vis Shariah compliance of Islamic banking products and services (Khalidi and Amanullah, 2010). Islamic banks benefit from Clientele with more inelastic demand, coming from the religious principles. Therefore, religious clients are more captive to Islamic banks following their will to respect shariah than non-religious clients to all categories of banks. This claim was empirically supported, whereby some of the previous studies found that the religious motivation was the main factor for Islamic banks' selection. (Abdelghani Echchabi and Hassanuddeen Abd. Aziz) The religion was the most influential factor in the selection of Islamic banking system not the return on their investment. Islamic banking and finance witnessed a rapid expansion over the last few decades and it is still expanding. For Islamic banking to continue this expansion and succeed in any other setting, it has to be accepted and positively perceived by the potential customers. In this regards, many studies have been conducted to examine the factors that lead the customers to have a positive attitude and/or opt for a given bank. The main factors identified by the previous studies include religious motivation, fast and efficient service, the bank's reputation and image, confidentiality, third party recommendation, pricing policy, quality of the services, convenience. (Abdelghani Echchabi and Hassanuddeen AbdAziz), A study was conducted in (1989) by Erol and El-Bdour on Jordan customers. They tried to find the attitude of Jordanian people towards interest free banking. Religious conviction is a logical key determinant for the use of Islamic financial service, it is often not the only concern, with most consumers also identifying the organization's reputation, service quality and pricing as being of relevance in determining their patronage of a particular financial institution (Gait A and Worthington A, 2007).

#### **2.2.3.1.3 Level of Education**

In a study conducted in Pakistan, it is found that there is significant relationship between the academic qualification and the awareness of different products (Khattak and Rehman, 2010). Their study also shows that most of the customers of the IBS have high educational level. This result was also supported by the study done in Borneo which also shows that significant relationship with educational level (Amin, 2007). According to Run and Yeo (n.d.) in a survey done in Sarawak, Malaysia, higher education has a significantly different level of understanding of Islamic Financing. However, there is no significant relationship between level of education and overall perception towards Islamic bank. This is supported by Haque

et al. (2009) where in their studies show that Malaysians with different educational level did not have too many differences in their perceptions towards Islamic Banks.

#### **2.2.3.1.4. Occupation**

According to Khattak and Rehman (2010), occupation and reasons of dealing with Islamic banking has a significant relationship. In Bangladesh, most of the Islamic banks customers are executives and professionals both in the private and public sector (Khan et al., 2008). In Malaysia, a study also revealed that there is no significant relationship with overall perception towards Islamic bank (Haque et al., 2009). This shows that occupation will be influencing the awareness and usage of Islamic banking products and services but it will not affect the perceptions of Malaysians with different occupation towards the Islamic Banks. In Malaysia, it was found that an employment in the government have a significantly different level of understanding of Islamic Financing.

#### **2.2.3.1.5. Level of Income**

According to Khan et al. (2008), about half of the customers under study fall in the income category of BDT10, 000-20,000. Customers' high concentration in this income category is consistent with the findings of age category since entry and mid-level executives and professionals both in the private and public sector of the age category 25-35 years tend to have a similar level of basic monthly income. According to Amin (2007), income will affect the awareness and usage of Islamic financing in Borneo. According to Khattak and Rehman (2010), perception or reasons behind dealing with Islamic banking are varied among the different income group people as there is significant difference in almost all reasons accepted services charges and confidentiality. Most of the Islamic bank customers are of the middle-income level.

#### **2.2.4. Factors of Customer Satisfaction**

The key factors that influence customers' bank selection include the range of services, the rates, and the fees and prices charged (Cauruan A, 2002). It is apparent that, to satisfy customers, superior service, alone, is not sufficient. Prices are essential, if not more important than service; relationship quality is also important. Furthermore, service excellence, meeting client needs, and providing innovative products are essential to success in the banking industry. Most private banks claim that creating and maintaining customer relationships is important to them and that they are aware of the positive value relationships provide

(Colgate, Stewart & Kinsella, 2004). Customers in Islamic banks seriously consider whether the bank complies with Shari'ah principles in all its banking activities (Ahmad & Haron, 2002; Metawa & Almosawi, 1998). Some researchers have placed emphasis on customer satisfaction in the Islamic banks and stated that Islamic banking is no longer a business entity serving the religious obligations of the Muslim community. Rather, customers of Islamic banks include a wide array of people across various cultures and religions (Mohamed Sharif, 2005). Customer satisfaction has been increasingly recognized as an important component of contemporary marketing thought, particularly in the case of service industries. It is generally argued that if customers are satisfied with the product received after the use of them, then it is likely that they would engage in a repeat purchase and try line extension. A satisfied customer will also convey positive messages about it to others. Dissatisfied customer, on the other hand, is likely to switch to a substitute product or/and service the next time when she/he recognizes the same need. The same customer will also engage in a negative word of mouth, causing a serious damaging effect on the business. This "market damage" can be subtle but extensive, undermining the best intentions and the strongest marketing campaigns (Bielski, 2004). According to modern marketing understanding, business can survive as long as they can meet their customers need and enable customer satisfaction. The assumption is that, with customer satisfaction in place, loyalty, retention and profitability will automatically follow. As such, like any other business operating in the service sector, the banks operating in compliance with Islamic principles must also gain their customer satisfaction and their loyalty, leading to a higher rate of return. To achieve this, it is essential for these banks to understand their customers' need, interest and concern. In intensifying competitive business environment, their survival lies on finding consumer priorities device and means of satisfying consumers (Naveed Azeem Khaltak and Kashif-ur-Rehman, 2010).

### **2.2.5 Service quality and customer satisfaction**

The quality perceptions do not require experience with the service and its dimensions are specific while the concept satisfaction judgments require experience with the service or provider and also can result from any dimension, not even related to quality. The measurement of service quality has been identified as a crucial factor responsible for influence customer satisfaction or dissatisfaction, being considered the most critical determinant of satisfaction (Bolton & Drew, 1991; Tripathi, 2013; Joukes, et al., 2013), and had been pointed with strong positive correlation between those constructs, and also can result in a positive word of mouth and loyalty intention (Vanpariya & Ganguly, 2010), it means, the

service quality and customer satisfaction has direct positive effect on customer retention intentions and has being recognized as strong predictor for retention (Gopalakrishnan, et al., 2011). According by the relationship between service quality and customer satisfaction, researchers have found empirical evidences that customer satisfaction is a result of service quality, being an antecedent of that (Oliver, 1993; Anderson & Sullivan, 1993). Definitely, the service quality and customer satisfaction have present relationship in many empirical studies and its constructs are somewhat correlated, in terms of cause and effect (Iacobucci&Ostrom, 1995).The reflection of service quality is based on customer's perception about the dimensions of service quality, empathy, reliability, assurance, responsiveness and tangibility, and as cause-effect, the customer satisfaction appears as a result of customer's perception faced service quality (Zeithaml, et al., 1996; Zeithaml et al. 2006; Ngan, 2013).

#### **2.2.6. Trust and Commitment of Customers**

Customers trust and their commitment is an important factor that has strong impact on the organizational performance. Bank's good image is essential to hold its market position. It helps to develop and maintain trust between customers and their banks (Flavian et al, 2005). When customers realize that Islamic banks operate their functions under Islamic principle then their desire to switch to the conventional banks reduces. It shows customers trust towards Islamic banks. There is a positive response from people for Islamic credit cards facility. People show their trust and commitment in Islamic banking system because of its advantages. Islamic banks provide credit card facility not only to the rich people but also to the mediocre and it is different from conventional banking system that provides credit card facility to the rich people. Trust plays a vital role to increase the customer's loyalty. Muslim depositors enjoy profit. On the other hand they believe that their saving is free of interest which is prohibited in Shari'ah. Number of researchers support trust factor in determining customer loyalty towards Islamic banks (Cauruan A, 2002). On the other hand negative image of the banks change the customer point of view and reduce their trust and commitment (Kang and James, 2004). Due to lack of trust the relationship between bank and its customers reduces. To build up trust it is important that one party has confidence on the honesty and credibility of the other party (Morgan and Hunt, 2008). All organizations have their rules and regulations. In the light of those rules they make their policies and strategies. Islamic banks avoid all the transactions that are prohibited in Islam and follow Islamic principles (Al Musari, 2011). Islam is against the business in which interest is involved. Islam motivates the

people to do business on profit sharing ratio rather than to take interest. Islam prevents to make investment in the trade that involves narcotic and betting (Robinson, 2007). So Islamic banks have to realize that they do not involve in any type of activity that is prohibited in Islamic principles (Ahmad, 2000). It helps to build up trust on Islamic banking system. In this way customers will remain loyal and committed to their banks (M.Taimoor Hassan, 2012).

### **2.3. Empirical Literature**

#### **2. 3.1. Empirical Review of literature at the International level**

Islamic banking system has been introduced in the last quarter of the twentieth century, while the concept of Islamic banking system is old. The Islamic banking system (IBS) had been introduced due to the reason that there was the need of financial service for Muslim customers to satisfy the needs and demands of Muslims, because the conventional banking industry is entirely based on the interest based system and that is prohibited in the Islamic shari'ah rules. So the Muslims need such institute which provides them the Islamic platform for their financial transactions. The Islamic finance is defined as a financial service or product principally implemented to comply with the main tenets of Shari'ah (or Islamic law). In turn, the main sources of Shari'ah are the Holy Quran, Hadith, Sunna, Ijma, Qiyas and Ijtihad (Gait and Worthington, 2008). Islamic banking based on certain principles laid by Islamic sharia, core pillar of which is avoiding riba (interest), Gharrar (uncertainty) and maysir (gambling). Principles of Islamic banking are based on risk sharing and embarked earning without risk sharing as unjust. Today, Islamic banking industry worth reached milestone of US\$4.5trillion (Siddiqui, 2001).

According to Kaakeh et al (2018) studied the behavior of Muslims in Spain in dealing with Islamic banks. The results pointed that the most important factors influencing the customers to prefer Islamic banking are Attitude, religiosity and awareness. Another study conducted by Amin et al (2011) the customers' motive of two fully fledged Islamic banks in Malaysia, namely Bank Islam Malaysia Berhad and Bank Muammalat Malaysia Berhad. Where they found that the most influent factors are attitude, pricing of Islamic personal pricing and social influence.

According to, Gait and Worthington (2008) examined that the factors which are important for choosing the Islamic banking are service quality, bank reputation, religious and pricing aspects. Among the consumer the idea of Islamic banking is new and they having less

knowledge about Islamic finance, Islamic banks must develop innovative and strong marketing program so that customer should aware about new Islamic products and services. According to, Ahmad et al. (2011) concluded that the customer perception of Islamic banks is greater than conventional banks. Their study show that there is a difference of perception of male and female customer of Islamic banks but customers of conventional banks have same perception of service quality. Manager must take initiative steps by focusing the demographic aspects of customer while improving the quality of products. Bankers must develop strong marketing programmers to attract large number of customers and specific strategy to meet the customer needs. Islamic banking while developing a new product and services based on Sharia principles must give awareness to customer about its product and services in order to compete in the long run with conventional banking.

The studies that have been undertaken in different countries shows that even though there are some factors common to many countries, some factors were not commonly influencing adoption of IFB product for all countries; this is due to their different social, cultural, economic, technological, political and religion. Therefore, the study undertaken in other countries such as on Muslim-dominated Countries could be difficult to implement their policy recommendations directly to Ethiopia since there is socio-economic; political and religion difference. Consequently, it is significantly important to realize and figure out the potential factors that influence usage of interest-free banking among Bank customers. In the case of the attitudes towards Islamic banks, there were many differences in attitudes between Muslims and non-Muslims in the country with the majority of Muslims...” A study conducted by Ling, Ling, Pey, & Hui (2012) upon 280 non-Muslim respondents found out that awareness among non-Muslims on IBF products and services can be considered high however understanding is still at a moderate level.

The following provides insight into the popular transactions that one may expect at any Islamic bank. Islamic banking offers a wide range of financial products. Interest rates, which are called Riba, cannot be stipulated at a fixed amount during financial transaction, rather, profit-loss risk agreements (Vawda, 2013). Common terms which can be seen in Islamic financial transactions are Musharaka, Mudarabah, Murabaha. Bley and Kuehn (2004) describe the terms as follows: Musharaka is an investment partnership in which profit sharing is agreed upon prior to the commencement of the transaction. The equivalent at conventional banks is private equity. Mudarabah is also an investment partnership whereby the bank

provides capital while a third party manages the business. Murabaha, a form of credit, does not require individuals to take out interest bearing loan.

A survey that was conducted by Lorienc in (2003) showed that most bank customers use the face to face interaction with tellers or other bank staff while in the transaction. Their survey found that about 87% customers used to visit cashier, 83% visit ATM, 3% uses e-mail banking. This survey suggested that if the banks want to have best competition with their rivals then they must have to keep their management staff highly trained and professional, because they have to attract and satisfy their customer with direct interaction (Naveed Azeem Khaltak and Kashif-ur-Rehman). A study was conducted in (2003) by Naser K., Jamal A. & al-Khatib,K on Jordan customers. They tried to find the attitude of Jordanian people towards interest free banking. Ultimately they got that religion is not the main factor for the selection of financial institution, but in fact there are some other factors too which are influencing the decision criteria of the customers and in this regard the main factor is the level of profitability, that is, returns on their investment (Naser K., Jamal A. & al-Khatib,K, 2003). Saduman, H.O (2005) conducted a study on Turrkey customers. They determined the main factors that customers considered very important while selecting the financial institution. They found that there are three most essential criteria in the bank selection for Muslims, these are:

1. The provision of fast and efficient services.
2. The speed of the transaction.
3. The reputation and image of the bank.

Saduman, H.O (2005). In 2010 a study was conducted by Metawa and Almosawi on the Bahrain customer's perception and they found that “most of the Islamic bank customers are satisfied with Islamic banks' services. The factor with which the customers have shown dissatisfaction is the high cost of the services that has been charged by the Islamic banks. The religion was the most 18 influential factor in the selection of Islamic banking system not the return on their investment. Most of the customers were aware from the fundamental products of Islamic banks but have no knowledge about the complex Islamic financial system (Metawa and Almosawi 2010)

### **2.3.2. Empirical Review of Interest Free Banking in Ethiopia**

Interest free banking system has been introduced in Ethiopia after the enactment of Directive SBB/51/ 2011 by the NBE to do banking business according to Islamic principle. The researcher has intended to conduct a study factors affecting customers of Interest Free Banking in Dashen Bank considering the level of knowledge of customers about the IFB products, attitude of customers about IFB products and the perception of customers about IFB products.

The history of interest-free banking services in Ethiopia dates back to 2010, during the initiation of the unrealized bank, Zenzem. Three years later, following the introduction of a new directive to govern the IFB, Commercial Bank of Ethiopia (CBE) pioneered to provide such services- having a customer base of close to half a million so far. CBE was followed by Oromia International Bank that has 135,000 IFB service users. The banking sector then added Islamic banking scheme at a separate window. Oromia International Bank is the pioneer of introducing the Islamic financial business followed by the state owned Commercial Bank of Ethiopia, which is now leading the deposits in the non interest banking sector. Experts in the financial industry and religious scholars claimed that the government misunderstood the concept of Islamic banking that is why it is very poor in Ethiopia. Such kind of financial business is common and popular not only the Islamic world but other countries. Experts argued that the sector is better at project financing besides several unique services, but the country has not tapped the sector properly.

In Ethiopia, IFB is a recent phenomenon. As a result, there is little empirical literature on the area. The studies conducted so far include the following: Mohammed (2012) has conducted research on Islamic Banking: Prospects, Opportunities and Challenges in Ethiopia”, research work conducted by Teferi (2015) was on Contribution of IFB to economic Development and its Prospect in Ethiopia”, on the other hand, study conducted by Debebe (2015) is on Factors Affecting Customers to Use Interest Free Banking in Ethiopia. And finally a research conducted by Kerima (2016) on Challenges on Interest Free Banking Services. Accordingly, their findings in brief and the gap there is presented as follows. Mohammed (2012) has studied the Prospects, Opportunities and Challenges of Islamic Banking in Ethiopia and his work has identified the potential challenges as: lack of awareness, regulatory and supervisory challenges, institutional challenges, lack of support and link institutions, gap in research and development in Islamic studies, lack of qualified human resource as well as wrongful

association with specific religion and the global terrorism. On the other hand, Teferi (2015) studied about the Contribution of IFB to economic Development and its Prospect in Ethiopia. He assessed the contribution of the inclusion of the Muslim population in the banking (financial system) to the economic development and GDP growth. Debebe (2015) has conducted a study on Factors Affecting Customers to Use Interest Free Banking in Ethiopia. His study has centered on willingness on patronage of interest free banking services. The results showed that perceived relative advantage, perceived compatibility, and customers' level of awareness have a significant positive impact towards the acceptance of interest free banking in Ethiopia. Finally, a research conducted by Kerima (2016) finds out the following challenges: lack of capacity to deliver IFB product at full range, lack of awareness of customer about IFB products, lack of trust and confidence of customers, inadequate marketing and promotion, double taxation, nature of IFB products, unavailability of IFB products in all of its branches and the IFB being delivered in a Window model. Accordingly, the following recommendations were forwarded by her aggressive promotion and marketing campaign about IFB products, provide sustainable and continuous training to build the capacity of the manpower, the bank shall increase accessibility of its products with the expected services attached to the products, the bank has to have Sharia' Advisor, give the required attention and focus for the business and the bank has to be transparent in its IFB business undertaking, in addition to these NBE directives, tax and ECX law shall include exceptions for IFB business (Abreham Redi, 2017).

Shaik Abdul Majeeb, (2014) that studied the Role and Progress of Islamic Banking in India, Ethiopia and Rest of the World and the studies result Ethiopia of economic development, largest population and well growing condition of financial markets and infrastructure areas the National Bank of Ethiopia (NBE) directive allowed banks to provide interest-free banking service using a separate window along with their other banking services to serve the public and Oromia International Bank, a private financial institution, becomes the first to implement interest-free banking [Islamic banking] in Ethiopia and serving more than 4000 customer base and daily deposits are around two to two and half million birr per day on an average. S. Sankaramuthukumar & A.Devamohan, (2008), which studied the Potentiality of Islamic banking in Ethiopia and the result from the study revealed as the Ethiopian Muslims are vibrant and they establish their identity in spite of that fact that Ethiopia is a Christian dominated country. Ethiopian Christians have no way affected or influenced the Ethiopian

Muslims. Of course, this is good from society's point of view, since both the communities (Christians and Muslims) live in peace and harmony. This indicates the potentiality for the establishment of an Islamic bank for Ethiopian Muslims.

### **2.3.2.1. Review of Interest Free Banking in Dashen Bank**

Dashen Bank is also embark on interest-free banking (IFB) services after getting approval from the National Bank of Ethiopia (NBE) on October 25, 2017. The bank decision to start this new service is based on the rationale to retain the existing IFB targeted customers, to attract new customers who will seek Islamic services and to apply financial inclusion for those who are marginalized in the financial sector due to their religion by doing this the bank has an intention of maximizing its benefit. By providing this service the bank has also planned to mobilize more resources and to give financing to the targeted customers based on Islamic principle and eventually to expand its income base. Enhancing financial services through continuous product development efforts and diversification forms a vital component of successful commercial banking. Dashen bank suitably understands the imperative to strongly engage in eliciting customer needs and nurturing it by as much innovative solutions as possible in terms of developing new products and services. In line with this general understanding, the bank has been striving to take advantage of all opportunities made available by the central bank as well as policy provision and directions of the government. An area of action for commercial banks in this regard offered by the central bank, among a few other provisions, is the directives which allow banks to provide interest free banking products and services.

The service involves payments without interest and will be available on separate counters at the bank's branches. It aims to grab the attention of individuals, companies, enterprises and non-governmental institutions. IFB service is an option similar to conventional banking systems except differing on the concepts of interest rates and exclusion of businesses engaged in gambling, sales or production of pork and alcohol.

The branches have also been providing Wadiah (deposit) and Qard (interest-free loan) products and are ready to launch Mudarabah (an arrangement to share the profit and loss with venture capital and skill) soon. "Dashen's IFB customer base has reached over 166,000 and the deposit in the scheme hit over 2.6 billion Birr during the end of August 2020. The bank would consolidate its engagement in supporting projects that have been running in accordance with Sharia law.

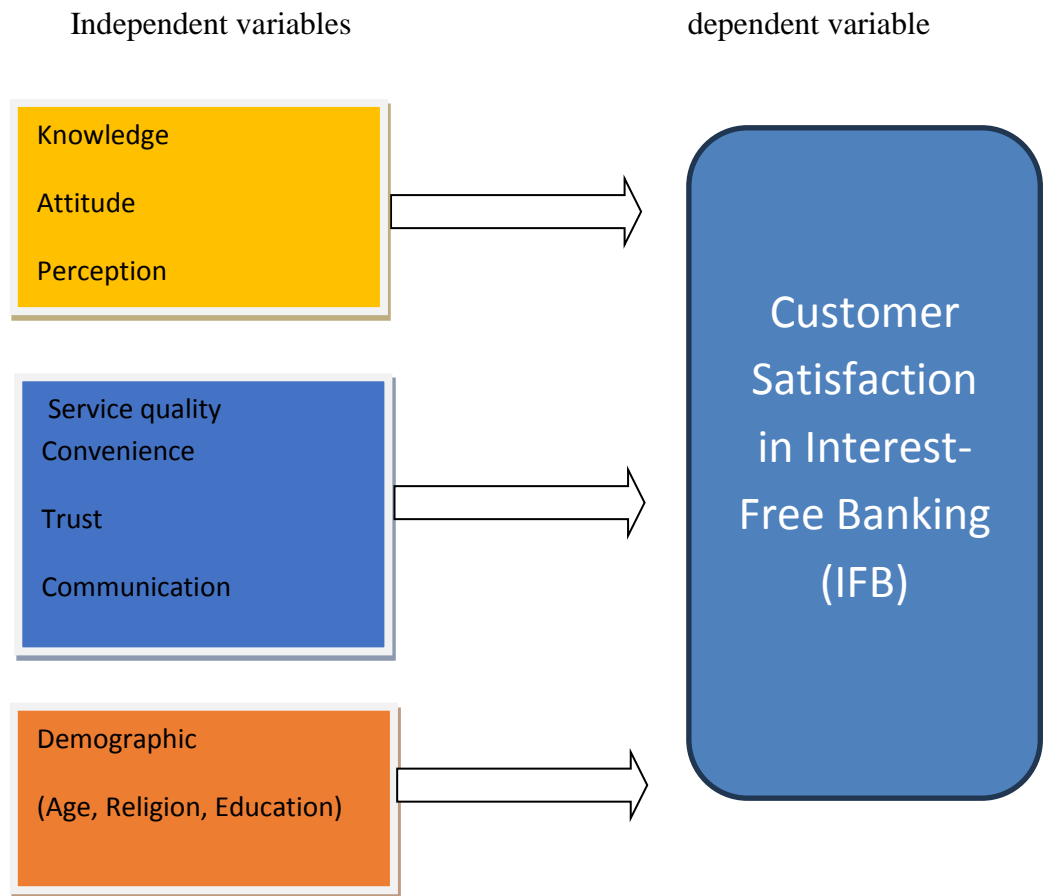
The bank has also introduced ATM cards called Sharik for all non interest free banking users and an Annissa card that is exclusive for women. At the event held on Sunday April 21 Dashen also introduced an Islamic gift card, Hibah. The bank has become pioneer by introducing Islamic cards in the country. On the day the committee and bank officials explained the activity of the Islamic banks of its customers. According to Asfaw, such kinds of activities are being held throughout Ethiopia and internationally. The president stated that in the past almost year the bank focused on deposit mobilization. “Currently we are receiving proposals to finance projects in Islamic business,” he explained. About a decade ago, the government allowed the formation of Islamic banking in the country followed by the formation process of Zemzem Bank.

#### **2.4. Research Gaps**

Based on the provided document, the study aims to investigate the factors affecting customer satisfaction with interest-free banking services offered by private banks in Ethiopia, specifically Dashen Bank. The research objectives include evaluating the relationship between customer satisfaction and factors such as service quality, convenience, trust, and communication in interest-free banking services, as well as investigating the influence of demographic and knowledge, attitude, and perception factors on customer satisfaction.

The research gap in this study could be the lack of comprehensive research on the specific factors that influence customer satisfaction with interest-free banking services in Ethiopia, particularly within the context of Dashen Bank. Additionally, there may be limited studies that focus on the relationship between customer satisfaction and various factors such as service quality, convenience, trust, and communication in the context of interest-free banking services. Therefore, this study aims to fill this research gap by providing valuable insights and contributing to the understanding of customer satisfaction in the context of interest-free banking in Ethiopia, specifically Dashen Bank.

## 2.5. Conceptual Framework



**Figure 1 : Conceptual Framework of the study self-extracted from (KAP)**

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter describes the methodology which was used in gathering the data, the population of the study, sample size, and sampling procedure. It also discusses the research design, sources and types of data which were collected at the time of the study, and the type of data analysis that was employed.

### **3.2 Research Design**

The study used a quantitative research design, and data was collected through a survey questionnaire Creswell (2009). The research design for this study utilized both descriptive and explanatory research designs Creswell (2009). The descriptive research design was used to assess the level of knowledge, attitudes, and perceptions among Dashen Bank customers regarding IFB products and services. On the other hand, the explanatory research design was used to investigate the influence of demographic KAP and IFP service-related factors affecting customer satisfaction in IFB products and services among Dashen Bank customers.

### **3.3. Types and Sources of Data**

The study used both primary and secondary data Kothari (2004). Secondary data was obtained from various sources such as academic journals, reports, and publications related to IFB products and services in Ethiopia. The secondary data was used to provide background information on the current state of IFB in Ethiopia, previous studies on IFB adoption, and regulatory frameworks related to IFB in Ethiopia. This information was used to contextualize the study and provide a basis for comparison with other studies.

Primary data was collected through a survey questionnaire administered to Dashen Bank customers who had used or were currently using IFB products and services. The questionnaire was designed by the researcher to gather data on customers' knowledge, attitude, and perception, as well as demographic factors such as age, religion, education, occupation, and income of IFB customers. The objective of this research was to assess the level of knowledge, evaluate the attitudinal level, and determine the perception of customers towards IFB services in Dashen Bank.

To ensure the validity and reliability of the questionnaire, it was evaluated by advisors to confirm its effectiveness in providing full information about the study objectives. The

questionnaire was pre-tested with a sample of IFB account holders to verify its validity and reliability.

### **3.4 Sampling Method and Sample Size Determination**

In this research, the bank branches Rufael, Shegole, Delber, and Sheger Menafesha were randomly selected. Random selection ensured that each bank branch had an equal chance of being included in the research, which helped to increase the representativeness of the sample.

Purposive sampling was employed to select participants for this study. The researcher accessed the bank's customer database or other relevant sources to identify individuals who had utilized interest-free banking services from Dashen Bank. From this pool of IFB users, a systematic random sampling approach was used to select individuals for the study. In this case, the researcher established a sampling interval and then selected participants at regular intervals from the list of identified IFB users. This method ensured that the sample was representative while maintaining some element of randomness.

To determine the sample size, the study adopted a formula from Yemane (1967), which is widely used for sample size calculations in research studies. It is a statistical formula that takes into account the population size, level of confidence, and margin of error. The formula is used to calculate the required sample size ( $n$ ) for a survey or study, given the population size ( $N$ ), desired margin of error ( $e$ ), and design effect (1).

$$n = \frac{N}{1 + N(e)^2}$$

After calculating the sample size using the Yemane formula, the researcher ensured that the sample size was representative of the population and took steps to minimize sampling bias. This involved randomly selecting participants from the population and ensuring that the sample included participants from different demographic groups.

Accordingly, there are 17,627 total interest-free bank users in the sample branches. Assuming error of margin 0.05:

$$n = 17,627 / (1 + 17,627(0.05)^2)$$

$$n = 17,627 / (1 + 44.07)$$

$$n = 17,627 / 45.07$$

n = 391.09

Accordingly, a total of 391 individuals were selected from the study area. The sample size was distributed among the branches in proportion to the number of interest-free users in each branch, and this is shown in the table below.

**Table 1: Number of Sample Customers from each branch**

Number	Name of bank branches	Number of Customers in each bank branch	Proportion in percentage	Number of sample customers(n)in each branch
1	Rufael	9979	57%	223
2	Shegole	3351	19%	74
3	Delber	3215	18%	70
4	Shegr Menafesha	1082	6%	24
Total		17627	100%	391

Source: own computation from the bank's report December 31, 2018.

### **3.5 Method of Data Collection**

A structured questionnaire was developed, consisting of closed-ended questions. Closed-ended questions are a type of question that provides a set of predefined answers for respondents to choose from. The questionnaire for the survey was initially developed in English and then translated into Amharic to ensure that it was easily understood by all respondents. The questions were carefully crafted to ensure that they were clear, concise, and relevant to the study objectives. The questionnaire had various sections.

The demographic information section collected data on customers' age, gender, education level, occupation, income level, and other relevant information. The second section of the

questionnaire consisted of questions related to knowledge, attitude, and perception towards interest-free banking. The questions were designed to assess customers' understanding of interest-free banking, their attitude towards using interest-free banking services, and their perception of the benefits and drawbacks of interest-free banking.

To evaluate the relationship between customer satisfaction and various factors such as service quality, convenience, trust, and communication in IFB services provided by Dashen Bank, the Likert scale was used to measure customers' responses. The questionnaire also included questions related to customer satisfaction with interest-free banking services provided by Dashen Bank.

Cronbach's alpha was used to assess the reliability of the questionnaire used to collect data from Dashen Bank customers who use interest-free banking services. A Cronbach's alpha value of 0.7 or higher was considered as an indicator of reliability. If the calculated Cronbach's alpha value fell below 0.7, necessary revisions were made to enhance the internal consistency and reliability of the questionnaire.

### **3.6. Method of Data Analysis**

The collected data was analyzed using descriptive statistics to summarize the data and provide a general overview of the findings. Measures such as frequency, percentage, mean and standard deviation were calculated to describe the data and identify any trends or patterns.

Inferential statistics were used to test hypotheses and draw conclusions about the population based on the sample data. Statistical tests such as correlation and multiple linear regression analysis were utilized to determine the relationships between variables and to identify significant differences or associations. The regression assumptions were checked to ensure that the data was suitable for analysis. This systematic and organized approach ensured a thorough and reliable data analysis process.

The data was analyzed using statistical software, SPSS version 26. It was cleaned, coded, and entered into the software for analysis. The level of significance was set at 0.05 for all statistical tests. The results of the data analysis were presented in tables, charts, and graphs to facilitate understanding and interpretation. The findings were discussed in relation to the study objectives and research questions.

### 3.6.1 Multiple linear regressions

The equation of linear regression on this study were be generally build around two set of variables, namely dependent variable (customer satisfaction)and independent variable (knowledge, attitude , perception, convenience, trust, service quality, communication and demographic factors). The basic objective of using regression equation on the study was to make the study more effective at describing, understanding and predicting the stated variables. Therefore the form of model is given by:

$$\text{Customer Satisfaction} = \beta_0 + \beta_1 (\text{Service Quality}) + \beta_2 (\text{Convenience}) + \beta_3 (\text{Trust}) + \beta_4 (\text{Communication}) + \beta_5 (\text{Knowledge}) + \beta_6 (\text{Attitude}) + \beta_7 (\text{Perception}) + \beta_8 (\text{Control Variables}) + \varepsilon$$

Where:  $\beta_0$  represents the intercept, constant which would be equal to the mean if all the slope coefficient are 0. The  $\beta_1$  to  $\beta_8$  represent the coefficients for the independent variables, which measure the change in the mean value of the dependent variable, per unit change in their respective independent variables. Accordingly, this statistical technique will be applied to explain the relationships between dependent and independent variables and  $\varepsilon$  represents the error term.

### 3.7. Ethical consideration

As suggested by (Trochim, 2000; Sekaran, 2006), the researcher has ensured the strict adherence of the following ethical conduct.

- ✓ Respondent take part in the research voluntarily and data was collected based on the consent of the individual.
- ✓ The purpose of research was clearly explained to respondents.
- ✓ Information provided by respondents was treated with strict confidentiality and the researcher ensured that participants will remain anonymous throughout the study.
- ✓ There was not misrepresentation distortion of the actual data collected from respondents.

## CHAPTER FOUR: RESULTS AND DISCUSSION

### 4.1 Introduction

This chapter represents the analysis and interpretation and results; data were collected through questionnaire from customer of Dashen bank. Based on the proposed research design a total of 391 questionnaires were distributed. However 379 were returned successfully, whereas 12 were not correctly filled and rejected. Therefore 379 effectively used for analysis that show response rate of 96.9%. According Dusuki,W.A. and Abdullah,I.N.(2007) , above 75% response rate is considered as adequate.

### 4.2 Demographic Information of the Respondents

**Table 2: demographic characteristics of the respondents**

Variable	Response	Frequency	Percent
Age	18-25	43	11.3
	26-35	133	35.1
	36-55	203	53.6
Sex	Male	181	47.8
	Female	198	52.2
	Total	379	100
Occupation status	Business person	180	47.5
	Employee of government	180	47.5
	Employee of private organization	19	5
Educational level	Elementary (1-8)	8	2.1
	Secondary School (9-12)	105	27.7
	Diploma/Degree	253	66.8
	Above Diploma/Degree	13	3.4
Income of respondent	Below 5000	13	3.4
	5001-2000	357	94.2
	20001 -50000	9	2.4
Total		379	100

The result in the table provides above the demographic characteristics of the respondents. The total of 379 respondents were contacted for the purpose of this study, among them (47.8%) of the respondent were male and the rest (52.2%) of them were female respondents. The descriptive statistic indicates the sample incorporate in three age categories. The first age category was 18 to 25years of age, and this category takes (11.3%) of the respondents.

26 to 35 years of age was the second age group which represent (35.1%) of the respondents. The last age group was 36 to 55 and above year of age category represent (53.6%) of the respondents respectively. The majority of the respondents fall within the age range of 26-35, accounting for (35.1%) of the sample, followed by the age range of 36-55, which represents (53.6%) of the respondents. In terms of gender, there is a relatively balanced distribution, with (47.8%) male and (52.2%) female respondents.

Regarding occupation status, (47.5%) of respondents are business persons, (47.5%) of the respondents are employee of government and the remaining (5) of respondents were employee of private organization. An equal percentage of respondents are business persons and employees of the government, each accounting for (47.5%) of the sample, while a smaller proportion (5%) are employees of private organizations.

The educational levels of the respondents were also incorporated on the analysis. Accordingly, (2.1%) of the respondents were elementary level whereas, (27.7%) of respondents were secondary school complete, (66.8%) of respondents were diploma/degree holders and the remaining (3.4%) respondents were above diploma/degree holders. This shows that the majority have obtained a diploma or degree, representing (66.8%) of the sample, followed by those with a secondary school education at (27.7%). A smaller percentage has education levels below secondary school or above a diploma/degree. This might be cause of the more individuals become educated the more will be their access to information towards interest free banking so that information access leads to be a customer of the service.

The income level represents how much income the respondents are generating monthly; accordingly, (3.4%) of respondents had a monthly income of below 5000 birrs; 94.2 percent of the respondents generate a monthly income of between 5001 to 20000 berr and the remaining (2.4) percent of respondents produce income between 20001 to 500000 birrs monthly.

Understanding these demographic factors is very important for adapting services to different age groups, genders, occupational statuses, educational levels, and income brackets.

### 4.3 IFB Products in Use

**Table 3: The survey result of IFB in use**

Variable	Response	Frequency	Percent
Wadiah Amanah (safe Keeping Deposit Account)	Yes	379	100
	No	0	0
Mudarabah (Saving Account)	Yes	379	100
	No	0	0
Qard (Current /Checking/Demand Deposit Account)	Yes	342	90.2
	No	37	9.8
Financing (Loan) Products	Yes	7	1.8
	No	372	98.2
Mudarabah (Fixed Time Deposit Account)	Yes	1	0.3
	No	378	99.7
Murabah financing (Cost plus Profit)	Yes	83	21.9
	No	296	78.1
Ijarah financing (Islamic leasing)	Yes	15	4
	No	364	96
Musharaka (Partnership financing)	Yes	7	1.8
	No	372	98.2
Mudarabah financing (Sleeping Partnership)	Yes	2	0.5
	No	377	99.5
Total		379	100

The survey results show that all participants (100%) use Wadiah Amanah (Safe Keeping Deposit Account) which suggests a high level of trust and preference for this type of account. Possible reasoning could be that individuals prioritize the safety and security of their deposits. and Mudarabah (Saving Account) products also all respondents (100%) indicated having amudarabah saving account. This suggests a widespread adoption of this account, which is based on profit sharing between the bank and account holder. A significant majority (90.2%) also have a Qard (Current/Checking/Demand Deposit Account) with the bank, while (9.8%) of the respondents are not use this type of product or account. this indicates a significant number of responds using the type of account for their current, checking, or demand deposit needs. The relatively low percentage of no response suggests that qard account is widely available and accepted. Only (1.8%) of respondents have chosen Financing (Loan) products, the major volume of respondents (98.2%) didn't.

This could imply that a small portion of the respondents have taken out loan or financing from Islamic financial institution. The possible reasoning could be a lower demand for financing product or stricter eligibility criteria. Mudarabah (fixed time deposit account) only 0.3 percent of respondents having use mudarabah(fixed time deposit) while the major( 99.7%) of respondents didn't use. It suggests fixed time deposit account based on mudarabah principle is not commonly used by the respondents. Murabah financing(cost plus profit) (21.9%) of respondent indicated murabah financing, remaining (78.1%) of respondents didn't use.this indicate the significant portion of respondents have utilize murabah financing, which involves the bank purchase an asset and selling it the customer at expensive price. Ijarah financing (Islamic lease) only (4%) of respondents indicate having ijarah financing, while the majority (96%) didn't use. It suggests that Islamic leasing arrenrgments are not widely utilized by the respondents. The reason could be a lack of specific leasing needs. Musharaka (partnership financing) also only (1.8%) of the respondents indicated having musharaka financing, while the remaining (98.2%) of respondents did not use. This indicates the mass volume of respondents had not used the product. and Mudarabah financing (Sleeping Partnership) at (0.5%) respondents had used mudarabah financing the remaining (99.5%) percent of the respondents didn't use mudarabah financing product.

High utilization rates of Wadiah Amanah and Mudarabah accounts may indicate that customers highly value safety, profit-sharing, and convenience, which could positively influence their satisfaction levels. On the other hand, low utilization rates of certain financing products may indicate areas where the bank needs to improve offerings or communication to better meet customer needs and enhance satisfaction.

#### 4.4. Knowledge, Perception and Attitude about IFB products

##### 4.4.1 Knowledge of IFB products

**Table 4: knowledge of IFB product user responds**

Variable	Response	Frequency	Percent
Wadiah Amanah (safe Keeping Deposit Account)	I am knowledgeable	379	100
	I am not knowledgeable	0	0
Mudarabah Saving Account	I am knowledgeable	379	100
	I am not knowledgeable	0	0
Qard (Current /Checking/Demand Deposit	I am knowledgeable	379	100

Account)	I am not knowledgeable	0	0
Financing (Loan) Products	I am knowledgeable	342	90.2
	I am not knowledgeable	37	9.8
Mudarabah (Fixed Time Deposit Account)	I am knowledgeable	7	1.8
	I am not knowledgeable	372	98.2
Murabah financing (Cost plus Profit)	I am knowledgeable	1	0.3
	I am not knowledgeable	378	99.7
Ijarah financing (Islamic leasing)	I am knowledgeable	83	21.9
	I am not knowledgeable	296	78.1
Musharaka (Partnership financing)	I am knowledgeable	15	4
	I am not knowledgeable	364	96
Mudarabah financing (Sleeping Partnership)	I am knowledgeable	7	1.8
	I am not knowledgeable	372	98.2
Total		379	100

The results regarding the knowledge of Interest-Free Banking (IFB) products among the respondents show that all respondents (100%) reported being knowledgeable about Wadiah Amanah (Safe Keeping Deposit Account), this percentage value tell us the high level of knowledge suggests that customers are well informed about this type of account. It indicates that customers are likely to make informed decision and have a clear understanding of the features, benefit, and risk associated with wadiah amanah. This can support decision making process when choosing safe keeping deposit account. The second IFB product of account was mudarabah saving account, the respondents show that (100%) being knowledgeable about mudarabah saving account. The implication of the data the high level of knowledge indicates that customers are well aware of the mudarabah saving account and its working. This suggests that the customers are likely to have a good understanding profit sharing arrangements and Islamic principle underlines this type of accounts. It can support customers in making informed decision when selecting a mudarabah saving account. Qard (current /checking/demand deposit account) is another IFB product, among the respondents show that all respondents (100%) reported being knowledgeable about Qard (current /checking/demand

deposit account), the high level of knowledge regarding Qard account implies that customers understand the concept of interest free loan and the principles of Qard in Islam finance.

Financing (loan) product is another IFB product of account, among the respondent (90.2%) reported being knowledgeable about financing (loan) product, while (9.8%) respondents are not knowledgeable about financing (loan) product. The majority respondents possess knowledge about financing products. It indicates that customers are aware of the various Islamic financing options available to them. However, the significant percentage of the respondents stating a lack of knowledge highlights the need for further education and awareness campaigns. The result suggests the effect should be made to enhance customer understanding of Islamic financing product to enable them to make informed borrowing decisions. Mudarabah (fixed time deposit account) product is another optional IFB account product, among the respondent only (1.8%) respondents claim to be knowledgeable about mudarabah fixed time deposit accounts, while (98.2%) of respondents not being knowledgeable. It indicates the low level of knowledge regards mudarabah fixed time deposit account suggest that customers may not be familiar with the feature, benefits, and risk associated with this type of account. this lack of awareness may limit customers' ability to consider mudarabah fixed time deposit account as a viable instrument option. Financial institution should prioritize educating or create awareness about this account to insure they can make well-informed investment decisions. Murabah financing (cost plus profit) is another IFB account product, among the respondent only (0.3%) of respondents claim to be knowledgeable about murabah financing account or product, while (99.7%) indicate not being knowledgeable. Extremely low level of knowledge regarding murabah finance indicates that customers have limited awareness of this type of Islamic financing arrangement. This lack of understanding may hinder customers from considering murabah financing as an option when seeking financing solution. Ijarah financing (Islamic leasing) on this IFB account (21.9%) of respondents claim to be knowledgeable about ijarah financing, while (78.1%) of respondents indicate not being knowledgeable about the product. While a significant percentage of respondents are knowledgeable about ijarah financing a substantial portion of customers still lack understanding.

Financial institution should provide more information and resource to enhance customers understanding of ijarah financing product. Musharaka (partnership financing) is the IFB product, only (4%) of respondents indicated being knowledgeable, while the remaining major

proportion (96%) reported not being knowledgeable about this product. The low level of knowledge regarding musharaka financing indicates that customer may lack awareness of this type of partnership account. Mudarabah financing (sleeping partnership) is the last IFB account on the given table below. Only (1.8%) of respondents indicated being knowledgeable, while the remaining (98.2%) respondent being indicated not knowledgeable. The low level of knowledge regarding mudarabah financing (sleeping partnership) suggests that customer may not be familiar with the concept of this type of financing arrangement.

The knowledge of customers about Interest-Free Banking (IFB) services is vital in assessing customer satisfaction. When customers are well-informed about IFB products like Wadiah Amanah, Mudarabah, Qard accounts, and other Islamic banking offerings, they are more likely to make informed decisions that align with their needs and preferences. High levels of knowledge indicate that customers understand the features, benefits, and risks associated with these accounts, enabling them to select products that suit their financial goals.

#### 4.4.2 Attitude about IFB system

**Table 5: The responds attitude about IFB system**

Variable	Response	Frequency	Percent
Islamic banking is the conduct of banking operations according to Sheria Law	strongly disagree	20	5.3
	Disagree	22	5.8
	Neutral	97	25.6
	Agree	141	37.2
	strongly agree	99	26.1
Islamic banking is available for Muslims as well as non- Muslims.	strongly disagree	15	4
	Disagree	40	10.6
	Neutral	92	24.3
	Agree	125	33
	strongly agree	107	28.2
Islamic banking prohibits interest in all forms of transactions.	strongly disagree	29	7.7
	Disagree	43	11.3
	Neutral	112	29.6
	Agree	112	29.6
	strongly agree	83	21.9
Parties in Islamic banking cannot predetermine a guaranteed profit.	strongly disagree	35	9.2
	Disagree	54	14.2
	Neutral	107	28.2

	Agree	110	29
	strongly agree	73	19.3
A return on Islamic banking is based on gift and profit-sharing basis instead of interest.	strongly disagree	41	10.8
	Disagree	55	14.5
	Neutral	100	26.4
	Agree	109	28.8
	strongly agree	74	19.5
Islamic banking prohibits major uncertainty in all form of transactions.	strongly disagree	72	19
	Disagree	100	26.4
	Neutral	66	17.4
	Agree	77	20.3
	strongly agree	64	16.9
Islamic banks only invest in business that are not prohibited by Islam or halal business.	strongly disagree	10	2.6
	Disagree	28	7.4
	Neutral	76	20.1
	Agree	102	26.9
	strongly agree	163	43
Each Islamic bank should have a Sharia Supervisory Board to ensure that all business activities are in line with Sharia requirements	strongly disagree	358	94.5
	Agree	21	5.5
	Total	379	100

In relation to the adherence of banking operations to Sharia Law, a significant proportion of respondents either agreed (37.2%) or strongly agreed (26.1%), reflecting a positive perception of this aspect of Islamic banking. Similarly, a majority either agreed (33%) or strongly agreed (28.2%) that Islamic banking is accessible to both Muslims and non-Muslims. Regarding the prohibition of interest in all forms of transactions, a substantial segment of respondents either agreed (29.6%) or strongly agreed (21.9%), indicating a positive view of this principle of Islamic banking. When it comes to predetermined guaranteed profit, the responses were more diverse, suggesting varied attitudes towards this aspect of Islamic banking.

On the subject of returns being based on a gift and profit-sharing basis instead of interest, a significant percentage either agreed (28.8%) or strongly agreed (19.5%), demonstrating a positive attitude towards this feature of Islamic banking. The findings also show that a sizable percentage of respondents either agreed (20.3%) or strongly agreed (16.9%) that Islamic banks only invest in businesses that are not prohibited by Islam or halal business. However,

when it comes to the requirement of a Sharia Supervisory Board in each Islamic bank, the overwhelming majority strongly disagreed (94.5%) with this stipulation.

The attitude of customers about the Interest-Free Banking (IFB) system plays a significant role in customer satisfaction. Positive attitudes towards aspects of Islamic banking, such as adherence to Sharia Law, accessibility to both Muslims and non-Muslims, prohibition of interest, and returns based on profit-sharing; indicate a favorable perception of Islamic banking principles. Customers who agree or strongly agree with these principles are likely to have a better understanding and appreciation of IFB services, which can positively impact their overall satisfaction with the banking system.

#### 4.5 Perception towards IFB Services

**Table 6 : The respondent's perception towards IFB service**

Variable	Response	Frequency	Percent
Interest free banking system was introduced because Muslims are prohibited from associating themselves with the elements of interest practice by Conventional banking system.	strongly disagree	18	4.7
	disagree	171	45.1
	neutral	97	25.6
	agree	4	1.1
	strongly agree	89	23.5
IFB products available in DB window are similar to the products of interest-based products except that the banks use different names in highlighting those products.	strongly disagree	18	4.7
	disagree	195	51.5
	neutral	105	27.7
	agree	6	1.6
	strongly agree	55	14.5
DB has gone enough in delivering IFB product to you?	strongly disagree	28	7.4
	disagree	177	46.7
	neutral	106	28
	agree	8	2.1
	strongly agree	60	15.8
The profit loss sharing principle is the only principle representing a true spirit of the IFB system	strongly disagree	33	8.7
	disagree	167	44.1
	neutral	125	33
	agree	1	0.3
	strongly	53	14

	agree		
IFB must adopt a profit maximization principle in order to survive in the competitive business environment.	strongly disagree	8	2.1
	disagree	15	4
	neutral	59	15.6
	agree	134	35.4
	strongly agree	163	43
There is an advantage using the service of IFB.	strongly disagree	8	2.1
	disagree	48	12.7
	neutral	33	8.7
	agree	138	36.4
	strongly agree	152	40.1
Total		379	100

A significant percentage either disagreed (45.1%) or strongly disagreed (23.5%) that the interest-free banking system was introduced because Muslims are prohibited from associating themselves with the elements of interest practice by conventional banking system. This indicates a divergence in perception among respondents regarding the introduction of IFB. Regarding the similarity of IFB products available in Dashen Bank window to interest-based products except for different names, a majority either disagreed (51.5%) or strongly disagreed (14.5%), indicating a clear perception that there are differences between the two types of products.

When asked if Dashen Bank has gone far enough in delivering IFB products, a substantial percentage either disagreed (46.7%) or strongly disagreed (15.8%), suggesting that there may be room for improvement in the delivery of IFB products to the respondents. In terms of the profit loss sharing principle representing the true spirit of the IFB system, a significant portion either disagreed (44.1%) or strongly disagreed (14%), indicating varying perceptions regarding this principle.

About the adoption of a profit maximization principle by IFB to survive in the competitive business environment, a majority either agreed (35.4%) or strongly agreed (43%), indicating a positive perception towards this principle. The respondents' perception of the advantage of using the service of IFB was relatively positive, with a majority either agreeing (36.4%) or strongly agreeing (40.1%) that there is an advantage in using IFB services.

The perception of customers towards Interest-Free Banking (IFB) services is a key in evaluating customer satisfaction. Positive perceptions towards principles like profit maximization, profit loss sharing, and the advantages of using IFB services indicate a favorable outlook towards these aspects of Islamic banking.

#### 4.5.1 Service Quality Assessment

**Table 7 : survey result of service quality assessment**

Variable	Response	Frequency	Percent	Mean	Std. Dev.
I am satisfied with the overall service quality of Dashen Bank's IFB services.	strongly disagree	8	2.1	4.06	1.007
	Disagree	22	5.8		
	Neutral	67	17.7		
	Agree	124	32.7		
	strongly agree	158	41.7		
I feel that Dashen Bank's IFB services meet my expectations in terms of service quality	strongly disagree	10	2.6	3.86	1.054
	disagree	28	7.4		
	neutral	97	25.6		
	agree	115	30.3		
	strongly agree	129	34		
The service quality of Dashen Bank's IFB services is consistently high.	strongly disagree	12	3.2	3.67	1.028
	disagree	34	9		
	neutral	109	28.8		
	agree	136	35.9		
	strongly agree	88	23.2		
I believe that Dashen Bank's IFB services are reliable and efficient in terms of service quality	strongly disagree	19	5	3.46	1.11
	disagree	57	15		
	neutral	106	28		
	agree	125	33		
	strongly agree	72	19		
I am dissatisfied with the overall service quality of Dashen Bank's IFB services.	strongly disagree	34	9	3.25	1.222
	disagree	78	20.6		
	neutral	94	24.8		
	agree	106	28		
	strongly agree	67	17.7		

Total	379	100		
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Totally there were five factor variables were identified, the entire variable Likert scale were 1 represented strongly disagree and 5 represented strongly agree. Apart from these mean was used as a measure of central tendency, implies the interpretation were also made using the mean result. The first identified variable was ‘‘ I am satisfied with the overall service quality of Dashen banks IFB service’’. The mean score of 4.06 as shown on the above table, this score falls between agree and strongly agree level, in most case in measure of mean if the mean is greater than 4.2 it is considered as strongly agreed, therefore the analysis indicate that the respondents are inclined to agree that they are satisfied with the overall service quality of Dashen bank’s IFB service. The second identified variable was ‘‘ I feel that Dashen Bank's IFB services meet my expectations in terms of service quality’’.

The mean score of 3.86 as shown in the table below, this score falls between neutral and agree level, on average, the respondents are leaning towards agreement that Dashen bank’s IFB service meet their expectation in terms of service quality. The third variable was ‘‘the service quality of Dashen Bank's IFB services is consistently high’’. The mean score 3.67 indicate that, on average, the respondents leaning towards agreement that the service quality of Dashen bank’s IFB services is consistently high. The fourth variable’’ I believe that Dashen Bank's IFB services are reliable and efficient in terms of service quality. The mean score of 3.46 suggested that, on average, respondents are leaning towards agreement that Dashen bank’s IFB services are reliable and efficient in terms of service quality. Another variable’’ I am dissatisfied with the overall service quality of Dashen Bank's IFB services.’’ The mean score of 3.25 indicate that on average respondents are leaning towards disagreement that they are dissatisfied the overall service quality of Dashen bank’s IFB service.

The positive results indicating satisfaction and agreement with the service quality of Dashen Bank's IFB services could be attributed to several possible reasons. One reason could be that Dashen Bank has consistently maintained high service standards, meeting or exceeding customer expectations. Additionally, Dashen Bank's focus on continuous improvement,

feedback mechanisms, and responsiveness to customer needs might have fostered a positive perception among customers regarding the overall service quality.

#### 4.5.2 Convenience of the IFB services

**Table 8: the survey response convenience of IFB service**

<b>Variable</b>	<b>Response</b>	<b>Frequency</b>	<b>Percent</b>	<b>Mean</b>	<b>Std. Dev.</b>
I find Dashen Bank's IFB services convenient to use for my banking needs	strongly disagree	14	3.7	3.7	0.956
	Disagree	24	6.3		
	Neutral	90	23.7		
	Agree	184	48.5		
	strongly agree	67	17.7		
The convenience of Dashen Bank's IFB services enhances my banking experience.	strongly disagree	15	4	3.59	0.97
	Disagree	24	6.3		
	Neutral	126	33.2		
	Agree	151	39.8		
	strongly agree	63	16.6		
Dashen Bank's IFB services make it easy for me to access and manage my accounts	strongly disagree	16	4.2	3.49	0.938
	Disagree	27	7.1		
	Neutral	134	35.4		
	Agree	158	41.7		
	strongly agree	44	11.6		
I believe that Dashen Bank's IFB services offer a wide range of convenient features and options.	strongly disagree	16	4.2	3.61	0.976
	Disagree	27	7.1		
	Neutral	104	27.4		
	Agree	172	45.4		
	strongly agree	60	15.8		
I find Dashen Bank's IFB services inconvenient and difficult to use.	strongly disagree	13	3.4	3.68	0.943
	Disagree	25	6.6		
	Neutral	94	24.8		
	Agree	184	48.5		
	strongly agree	63	16.6		
<b>Total</b>		<b>379</b>	<b>100</b>		

For the statement "I find Dashen Bank's IFB services convenient to use for my banking needs," a majority either agreed (48.5%) or strongly agreed (17.7%), indicating that a significant portion of respondents find the bank's services convenient for their banking needs. The mean value of 3.7 suggests a generally positive sentiment towards the convenience of the services.

In terms of the convenience enhancing the banking experience, a notable percentage either agreed (39.8%) or strongly agreed (16.6%), indicating that the convenience of Dashen Bank's IFB services enhances the banking experience for a significant portion of respondents. When assessing the ease of access and account management, a substantial percentage either agreed (41.7%) or strongly agreed (11.6%), indicating that respondents find it easy to access and manage their accounts using Dashen Bank's IFB services.

Regarding the perception of offering a wide range of convenient features and options, a majority either agreed (45.4%) or strongly agreed (15.8%), suggesting that respondents believe that Dashen Bank's IFB services offer a wide range of convenient features and options. However, for the statement "I find Dashen Bank's IFB services inconvenient and difficult to use," a majority either disagreed (48.5%) or strongly disagreed (16.6%), suggesting that respondents generally do not find the bank's services inconvenient and difficult to use.

The high percentage of respondents agreeing or strongly agreeing that the services are convenient for their banking needs suggests that the bank has designed its services with customer convenience in mind. The positive feedback on how convenience enhances the overall banking experience indicates that Dashen Bank's IFB services are tailored to meet customer expectations and provide a seamless banking experience. The belief that the bank offers a wide range of convenient features and options further supports the idea that customers value the flexibility and accessibility provided by Dashen Bank.

#### 4.5.3 Trust in IFB services

**Table 9: The survey result of trust in IFB service**

Variable	Response	Frequency	Percent	Mean	Std. Dev.
I trust Dashen Bank's IFB services to protect my personal information and maintain privacy.	strongly disagree	6	1.6	3.61	1.077
	disagree	61	16.1		
	Neutral	103	27.2		
	Agree	114	30.1		
	strongly agree	95	25.1		
I have confidence in the security measures implemented by Dashen Bank's IFB services.	strongly disagree	53	14	2.85	1.196
	disagree	111	29.3		
	Neutral	88	23.2		
	Agree	94	24.8		
	strongly agree	33	8.7		
Dashen Bank's IFB services inspire trust in handling my financial transactions securely	strongly disagree	41	10.8	3.15	1.235
	disagree	74	19.5		
	Neutral	118	31.1		
	Agree	79	20.8		
	strongly agree	67	17.7		
I believe that Dashen Bank's IFB services are transparent and trustworthy in their operations	strongly disagree	36	9.5	2.85	1.157
	disagree	136	35.9		
	Neutral	98	25.9		
	Agree	67	17.7		
	strongly agree	42	11.1		
I do not trust Dashen Bank's IFB services to ensure the security and confidentiality of my information.	strongly disagree	34	9	2.89	1.209
	disagree	149	39.3		
	Neutral	71	18.7		
	Agree	76	20.1		
	strongly agree	49	12.9		
	Total	379	100		

The survey result indicates a considerable level of trust in Dashen Bank's Interest-Free Banking (IFB) services to protect personal information and maintain privacy, with (30.1%) of respondents agreeing and (25.1%) strongly agreeing. However, confidence in the bank's security measures is more varied, with a majority either disagreeing (29.3%) or neutral (23.2%). Trust in the bank's ability to handle financial transactions securely is relatively

balanced, with (31.1%) neutral and (20.8%) agreeing. Yet, when it comes to the perceived transparency and trustworthiness of the bank's operations, a significant percentage either disagreed (35.9%) or were neutral (25.9%).

Furthermore, in terms of trust in the bank's ability to ensure the security and confidentiality of personal information, a majority either disagreed (39.3%) or were neutral (18.7%). These findings suggest that the bank may need to focus on enhancing its security measures and operational transparency to build trust and confidence among its customers and improve satisfaction with its IFB services.

The high level of trust in protecting personal information and maintaining privacy may stem from the bank's demonstrated commitment to data security and privacy protection measures. However, the more varied confidence in the bank's security measures could be due to customers' differing perceptions of the effectiveness of these measures or a need for clearer communication on security protocols. The balanced responses regarding trust in handling financial transactions securely suggest a need for the bank to reinforce its efforts in this area to instill greater confidence among customers. The significant percentage of respondents expressing doubts about the transparency and trustworthiness of the bank's operations shows a potential area for improvement in communication and operational practices to enhance transparency and build trust.

#### 4.5.4 Communication about the IFB Services

**Table 10 survey result of communication about IFB service**

Variable	Response	Frequency	Percentage	Mean	Std. Dev.
I am satisfied with the clarity and effectiveness of communication provided by Dashen Bank's IFB services.	strongly disagree	111	29.3	2.34	1.16
	Disagree	113	29.8		
	Neutral	88	23.2		
	Agree	50	13.2		
	strongly agree	17	4.5		
The communication from Dashen Bank's IFB services is timely and informative.	strongly disagree	52	13.7	2.46	1.062
	Disagree	191	50.4		
	Neutral	72	19		
	Agree	39	10.3		
	strongly agree	25	6.6		
Dashen Bank's IFB services provide clear	strongly	107	28.2	2.34	1.112

and concise communication regarding my banking activities.	disagree				
	Disagree	105	27.7		
	Neutral	111	29.3		
	Agree	42	11.1		
	strongly agree	14	3.7		
I find it easy to reach out to Dashen Bank's IFB services for any communication needs or queries.	strongly disagree	121	31.9	2.18	1.11
	Disagree	138	36.4		
	Neutral	66	17.4		
	Agree	39	10.3		
	strongly agree	15	4		
I am dissatisfied with the availability and quality of communication channels provided by Dashen Bank's IFB services.	strongly disagree	79	20.8	2.36	1.093
	Disagree	166	43.8		
	Neutral	75	19.8		
	Agree	37	9.8		
	strongly agree	22	5.8		
	Total	379	100		

The survey findings shed light on the respondents' level of satisfaction and perceptions concerning the clarity, effectiveness, and promptness of communication offered by Dashen Bank's Interest-Free Banking (IFB) services. A significant proportion of respondents either disagreed (29.8%) or strongly disagreed (29.3%) with the statement "I am satisfied with the clarity and effectiveness of communication provided by Dashen Bank's IFB services," indicating a relatively lower satisfaction level with the clarity and effectiveness of the communication. In response to questions about the timeliness and informativeness of communication, the majority either disagreed (50.4%) or strongly disagreed (13.7%), suggesting a lower satisfaction level with the timeliness and informativeness of the communication provided by the bank's IFB services. When it comes to providing clear and concise communication about banking activities, a considerable proportion either disagreed (27.7%) or strongly disagreed (28.2%), indicating a lower satisfaction level with the clarity and conciseness of the communication.

In terms of the ease of contacting the bank's IFB services for communication needs or inquiries, the majority either disagreed (36.4%) or strongly disagreed (31.9%), suggesting a lower satisfaction level with the accessibility of communication channels. Finally, in response to the statement expressing dissatisfaction with the availability and quality of communication channels, the majority either disagreed (43.8%) or strongly disagreed

(20.8%), underscoring a lower satisfaction level with the availability and quality of communication channels provided by Dashen Bank's IFB services.

The lower satisfaction levels with the clarity, timeliness, informativeness, conciseness, accessibility of communication channels, and availability of communication channels in Dashen Bank's Interest-Free Banking (IFB) services could be influenced by several possible reasons. The discrepancies in satisfaction levels may stem from a lack of clear and effective communication strategies employed by the bank, leading to confusion or misunderstandings among customers. Issues with timeliness and informativeness of communication could indicate a need for improved communication processes and more timely updates on banking activities and services. The dissatisfaction with clarity and conciseness of communication may suggest that customers desire more straightforward and concise information to better understand banking activities. The challenges in contacting the bank for inquiries or communication needs may highlight shortcomings in the accessibility and responsiveness of communication channels, requiring enhancements in customer service and support.

#### 4.5.5 Satisfaction in the IFB Services

**Table 11 : the survey result of satisfaction in the IFB service**

Variable	Response	Frequency	Percent	Mean	Std. Dev
I am satisfied with the overall experience of using Dashen Bank's Interest-Free Banking services.	disagree	7	1.8	4.6	0.68
	neutral	21	5.5		
	agree	89	23.5		
	strongly agree	262	69.1		
The services provided by Dashen Bank's Interest-Free Banking meet my expectations	strongly disagree	15	4	3.63	1.029
	disagree	37	9.8		
	neutral	95	25.1		
	agree	158	41.7		
	strongly agree	74	19.5		
I would recommend Dashen Bank's Interest-Free Banking services to others	strongly disagree	14	3.7	3.6	0.988
	disagree	37	9.8		
	neutral	97	25.6		
	agree	171	45.1		
	strongly agree	60	15.8		
The customer service provided by	strongly	24	6.3	3.52	1.075

Dashen Bank's Interest-Free Banking is responsive and helpful	disagree				
	disagree	36	9.5		
	neutral	102	26.9		
	agree	154	40.6		
	strongly agree	63	16.6		
Dashen Bank's Interest-Free Banking services have positively impacted my financial management.	strongly disagree	28	7.4	3.26	1.04
	disagree	46	12.1		
	neutral	142	37.5		
	agree	125	33		
	strongly agree	38	10		
	Total	379	100		

The survey results reveal that a significant majority of respondents are satisfied with their overall experience of using Dashen Bank's Interest-Free Banking (IFB) services, with (23.5%) agreeing and (69.1%) strongly agreeing. When asked if the bank's IFB services meet their expectations, responses were fairly evenly distributed, with (41.7%) agreeing and (19.5%) strongly agreeing.

In terms of recommending Dashen Bank's IFB services to others, a majority of respondents indicated they would, with (45.1%) agreeing and (15.8%) strongly agreeing. The survey also asked about the responsiveness and helpfulness of the customer service provided by Dashen Bank's IFB. Here, responses were fairly balanced, with (40.6%) agreeing and (16.6%) strongly agreeing that the customer service is responsive and helpful.

When asked about the impact of Dashen Bank's IFB services on their financial management, responses were relatively balanced, with (33%) agreeing and (10%) strongly agreeing that the services have had a positive impact on their financial management.

The strong agreement with the overall experience and satisfaction with the services may indicate that the bank consistently meets customer expectations, providing a positive and fulfilling banking experience. The willingness of a majority of respondents to recommend the IFB services to others suggests a high level of trust and confidence in the bank's offerings. Moreover, the perceived responsiveness and helpfulness of customer service could contribute to overall satisfaction, as effective customer support enhances the overall service experience.

## 4.6 Regression Analysis

### 4.6.1 Assumption test of regression Analysis

#### 4.6.1.1. Multicollinearity

The study checked for multicollinearity among independent variables using SPSS 26 and no multicollinearity problem detected in the data. Tolerance values were close to 1 and VIF values were around 1 and not more than 2.5, indicating no multicollinearity. Table 2 shows all independent variables had Tolerance values greater than 0.4 and VIF values less than 2.5 Confirming the absence of multicollinearity.

Table 12: Collinearity statistics,

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Age	.932	1.072
Sex	.982	1.018
Occupation status	.791	1.265
Educational level	.760	1.315
Income of respondent	.952	1.050
Know_mean	.958	1.044
Att_mean	.440	2.274
Perc_mean	.761	1.315
Sq_mean	.398	2.514
Cov.mean	.527	1.898
trust_mean	.779	1.284
Com_mean	.498	2.008

Source : analysis of survey datausing spss data, 2024

#### 4.6.2.2 Normality of the Error Term Distribution

Normality refers to the shape of a normal distribution of the matrix variable (Roberts & Priest 2007). For variables with normal distribution, the values of skewness and kurtosis are zero, and any value other than zero indicated deviation from normality (Hair, 2010).

Skewness indicates the symmetry of the distribution. A value of zero indicates symmetry, while positive and negative values indicate right and left skew, respectively. Kurtosis measures how much the peak of a distribution differs from a normal distribution. Positive values indicate a more pointed distribution, while negative values indicate a flatter distribution. Table 3 shows that all variables have acceptable skewness statistics for normality (-1.0 to +1.0). The skewness and kurtosis values are between the acceptable ranges. Despite this, the data still meets the assumption of normality for multiple regressions.

**Table 13 Skewness and Kurtosis**

Descriptive Statistics						
	N	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Satsf_mean	379	0.716	-0.636	0.125	0.255	0.25
Know_mean	379	0.06683	-0.693	0.125	1.677	0.25
Att_mean	379	0.68861	-0.587	0.125	0.065	0.25
Perc_mean	379	0.68704	0.441	0.125	0.853	0.25
Sq_mean	379	0.75879	-0.56	0.125	0.039	0.25
Cov.mean	379	0.66112	-0.636	0.125	0.753	0.25
trust_mean	379	0.8264	0.113	0.125	-1.001	0.25
Com_mean	379	0.75179	0.795	0.125	-0.05	0.25

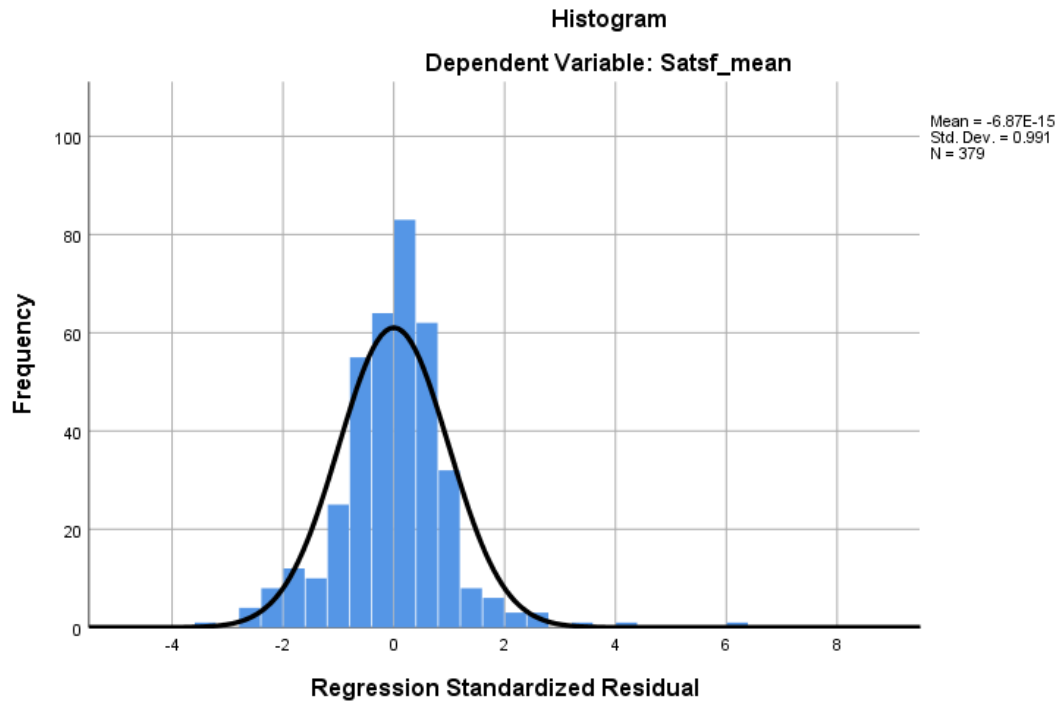
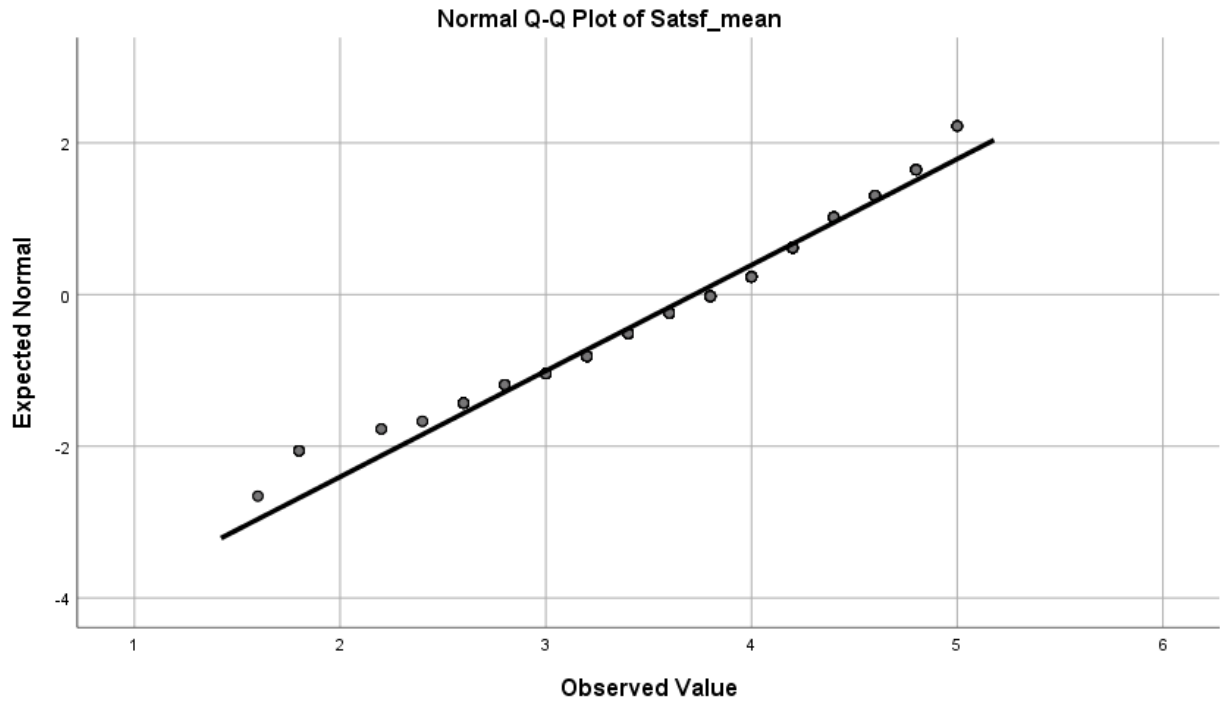


Figure 2 Histogram test for normality

**Source: Survey Data Analysis, 2024**

#### 4.5.2.3. Linearity

Linearity is conducted by a visual examination of the normal probability plots of the residuals. The normality probability plots were plotted to assess normality. The Q-Q plots showed in figure 2, is approximately a straight line instead of a curve.

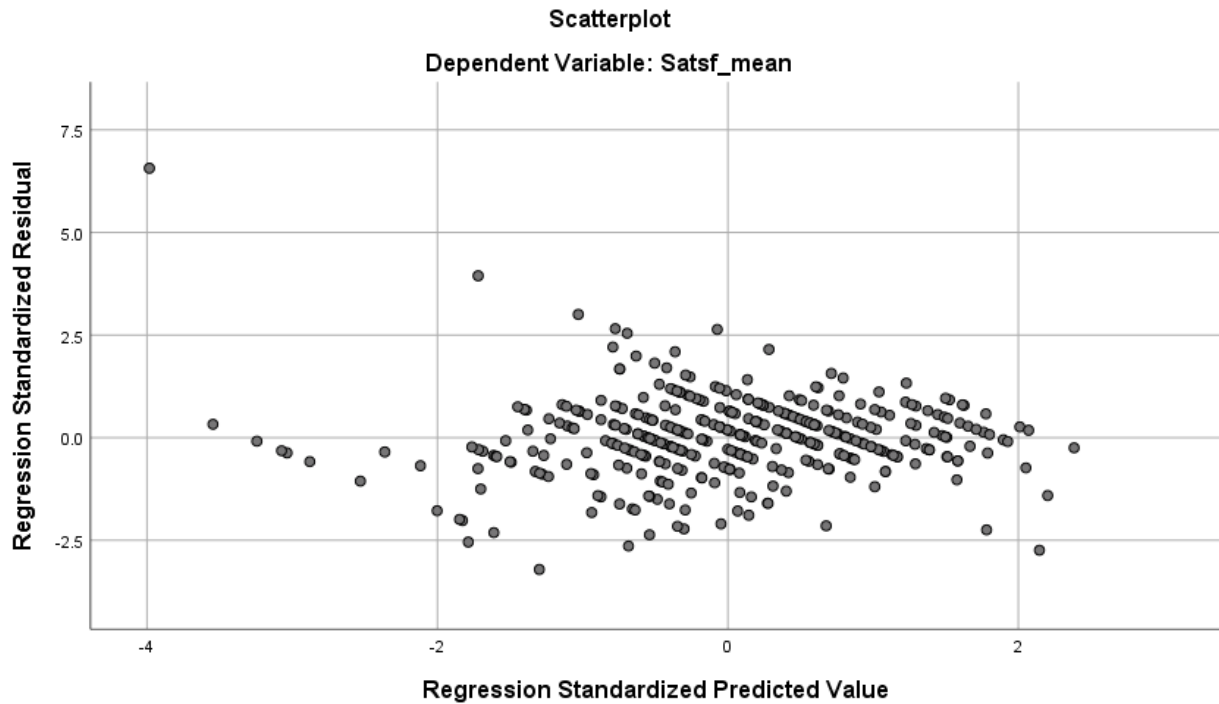


**Figure 4.2: Q-Q plot**

**Source: Survey Data Analysis, 2024**

#### **4.6.2.4. Heteroscedasticity**

The Heteroscedastic assumption can easily be checked using scatter-plots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the independent variable(s) (Hoekstra et al., 2014). The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected from figure 3.



**Figure 3.3: Scatter plot test for Heteroscedasticity**

**Source: Survey Data Analysis, 2024**

#### **4.6.2.5. Auto-correlation**

The Durbin Watson test detects auto-correlation in regression analysis, which occurs when the dependent variable at time  $t$  is related to its value at the previous time period. A value of 2 indicates no auto-correlation, while values 0-2 indicate positive autocorrelation and values 2-4 indicate negative auto-correlation. The acceptable range for no auto-correlation is  $1.5 < DW < 2.5$ . The Durbin-Watson value in this study is 1.761, which falls within the acceptable range, indicating no significant auto-correlation.

### **4.7 Factors Affecting Customer Satisfaction in IFB Services**

#### **4.7.1 Correlation Analysis of the Dependent and Independent Variables**

The correlation analysis reveals several significant findings with statistical values, providing understandings into the relationships between the variables and the satisfaction mean (satsf\_mean). The variable "Att\_mean" (attitude) demonstrates a strong positive correlation with satisfaction, with a Pearson correlation coefficient ( $r = 0.657$ ) ( $p < 0.01$ ), indicating a significant relationship at the 0.01 level. This suggests strong positive association between respondents' attitudes towards the services and their overall satisfaction.

Similarly, "Perc\_mean" (perception) shows a strong positive correlation with satisfaction, with  $r = 0.536$  ( $p < 0.01$ ), signifying a significant relationship at the 0.01 level. This indicates that respondents' perceptions of the services are positively associated with their overall satisfaction.

Also, "Sq\_mean" (service quality) demonstrates a very strong positive correlation with satisfaction ( $r = 0.734$  ( $p < 0.01$ )), indicating a significant relationship at the 0.01 level. This suggests strong positive association between respondents' perceptions of service quality and their overall satisfaction. In addition, "trust\_mean" and "Com\_mean" also show significant positive correlations with satisfaction mean ( $r = 0.154$  ( $p < 0.01$ ) and  $r = 0.101$  ( $p < 0.05$ ) respectively, indicating that trust in the services and effective communication are positively related to overall satisfaction.

Conversely, "Know mean" (knowledge) exhibits a weak negative correlation with satisfaction ( $r = -0.066$  ( $p > 0.05$ ), suggesting a minor negative association between respondents' knowledge and their overall satisfaction

Table 14 Correlation Analysis of the Dependent and Independent Variables

		Satsf_mean
Satsf_mean	Pearson Correlation	1
	Sig. (2-tailed)	
Know_mean	Pearson Correlation	-.066
	Sig. (2-tailed)	.197
Att_mean	Pearson Correlation	.657**
	Sig. (2-tailed)	.000
Perc_mean	Pearson Correlation	.536**
	Sig. (2-tailed)	.000
Sq_mean	Pearson Correlation	.734**
	Sig. (2-tailed)	.000
Cov.mean	Pearson Correlation	-.026
	Sig. (2-tailed)	.619
trust_mean	Pearson Correlation	-.054
	Sig. (2-tailed)	.292
Com_mean	Pearson Correlation	.154**
	Sig. (2-tailed)	.003
	N	379

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

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

#### 4.7.2 Multiple Linear Regression Analysis

The multiple linear regression model summary indicates that approximately 65.8% of the variance in the dependent variable is explained by the independent variables ( $R^2=0.658$ ). The ANOVA results demonstrate that the regression model is statistically significant, as indicated by a highly significant F-statistic ( $F = 58.733, p < 0.001$ ).

Table 15: Multiple Linear Regression Analysis

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.811 <sup>a</sup>	.658	.647	.42541	1.761

a. Predictors: (Constant), Com\_mean, Income of respondent, sex, Age, Sq\_mean, Know\_mean, Occupation status, trust\_mean, Perc\_mean, educational level, Cov.mean, Att\_mean

b. Dependent Variable: Satsf\_mean

Table 16: ANOVA analysis

Model		ANOVA <sup>a</sup>				
		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	127.549	12	10.629	58.733	.000 <sup>b</sup>
	Residual	66.237	366	.181		
	Total	193.785	378			

a. Dependent Variable: Satsf\_mean

b. Predictors: (Constant), Com\_mean, Income of respondent, sex, Age, Sq\_mean, Know\_mean, Occupation status, trust\_mean, Perc\_mean, educational level, Cov.mean, Att\_mean

**Table 17: Regression model coefficient analysis**

Model		Unstandardized Coefficients		Standardized Coefficients	T
		B	Std. Error	Beta	
1	(Constant)	-.777	.660		-1.17
	Age	-.081	.033	-.078	-2.45
	Sex	.037	.044	.026	.83
	Occupation status	.040	.042	.033	.95
	Educational level	.072	.045	.057	1.61
	Income of respondent	-.021	.093	-.007	-.22
	Know_mean	.315	.335	.029	.94
	Att_mean	.311	.048	.299	6.49
	Perc_mean	.273	.037	.262	7.47
	Sq_mean	.385	.046	.408	8.41
	Cov.mean	.096	.046	.089	2.11
	trust_mean	.016	.030	.018	.52
	Com_mean	.104	.041	.109	2.52

Source: survey result 2023/2024

#### **4.7.2.1. The effect of age dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = -0.078$ ) it showing a negative relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.014$ ) which is less than 0.05 which assumed that the probability of occurred these result by chance is less than 0.05. This shows that this variable ( $\beta = -0.078$ ,  $p = 0.014$ ) has statistically significance effect at 5% level of significance. Therefore, when age increased by one year on one average customer satisfaction will decrease by 0.078 units while other variables remain constant this is statistically significant at 5% significance level. The results of this study showed a significant effect of age on customer satisfaction in IFB services. This finding is supported by previous report from Pakistan by Naveed and Kashif (2011).

Therefore, the hypothesis H01: The age dimension of IFB service has no effect on customer satisfaction at 5% significance level is rejected.

#### **4.7.2.2. The effect of sex dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = 0.026$ ) it showing a positive relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.407$ ) which is less than 0.05 which assumed that the probability of occurred these result by chance is less than 0.05. This shows that this variable ( $\beta = 0.026$ ,  $p = 0.407$ ) has statistically significance effect at 5% level of significance. Therefore, when sex increased by female/male customer on one average customer satisfaction will increase by 0.026 units while other variables remain constant this is statistically significant at 5% significance level.

Therefore, the hypothesis H02: The sex dimension of IFB service has no effect on customer satisfaction at 5% significance level is accepted.

#### **4.7.2.3. The effect of occupation status dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = 0.033$ ) it showing a positive relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.341$ ) which is greater than 0.05 which assumed that the probability of occurred these result by chance is greater than 0.05. This shows that this variable ( $\beta = 0.033$ ,  $p = 0.341$ ) has statistically insignificance effect at 5% level of significance. Therefore, when occupation status increased by one unit on one average customer satisfaction will increase by 0.341 units while other variables remain constant this is statistically significant at 5% significance level.

Therefore, the hypothesis H03: The occupation dimension of IFB service has no effect on customer satisfaction at 5% significance level is accepted.

#### **4.6.2.4. The effect of income dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = -0.007$ ) it showing a negative relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.822$ ) which is greater than 0.05 which assumed that the probability of occurred these result by chance is greater than 0.05. This shows that this variable ( $\beta = -0.007$ ,  $p = 0.822$ ) has statistically insignificance effect at 5% level of

significance. Therefore, when income increased by one customer on one average customer satisfaction will decrease by 0.007 units while other variables remain constant this is statistically insignificant at 5% significance level.

The lack of a significant effect of income on overall satisfaction observed in this study contrasts with the findings of Khattak and Rehman (2010), who concluded that income level influences customer satisfaction in Islamic financial banking (IFB) services. Unlike in the study by Khattak and Rehman (2010), where there may have been more diversity in income levels among participants, the respondents in this current study might exhibit a narrower range of income distributions. Consequently, this homogeneity in income levels could decrease the impact of income on overall satisfaction, thus yielding non-significant results.

Therefore, the hypothesis H04: The income dimension of IFB service has no effect on customer satisfaction at 5% significance level is accepted.

#### **4.7.2.5. The effect of education level dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = 0.057$ ) it showing a positive relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.057$ ) which is greater than 0.05 which assumed that the probability of occurred these result by chance is greater than 0.05. This shows that this variable ( $\beta = 0.057$ ,  $p = 0.107$ ) has statistically insignificant effect at 5% level of significance. Therefore, when education level increased by one education grade level on one average customer satisfaction will increase by 0.107 units while other variables remain constant this is statistically insignificant at 5% significance level.

In contrast to findings from studies such as Khattak and Rehman (2010) in Pakistan and Amin (2007) in Borneo, which highlight a significant relationship between academic qualification and satisfaction in IFB services, the results of this current study reveal that education level does not significantly affect overall satisfaction with Islamic financial services. However, the finding is consistent with the survey conducted in Malaysia which reports that education has no significant effect on the satisfaction of the customers (Haque et al., 2009).

Therefore, the hypothesis H05: The education level dimension of IFB service has no effect on customer satisfaction at 5% significance level is accepted.

#### **4.7.2.6. The effect of attitude (Att\_mean) dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = 0.299$ ) it showing a positive relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.0001$ ) which is less than 0.05 which assumed that the probability of occurred these result by chance is less than 0.05. This shows that this variable ( $\beta = 0.299$ ,  $p = 0.001$ ) has statistically significance effect at 5% level of significance. Therefore, when attitude (Att\_mean) increased by one unit on one average customer satisfaction will increase by 0.299 units while other variables remain constant this is statistically significant at 5% significance level.

Contrary to previous studies such as Kaakeh et al. (2018) and Amin et al. (2011), where attitude emerged as a significant determinant of customers' satisfaction for Islamic banking, the regression analysis in this current study reveals non-significant effect of attitude on the customer satisfaction.

Therefore, the hypothesis H06: The attitude (Att\_mean) dimension of IFB service has no effect on customer satisfaction at 5% significance level is rejected.

#### **4.7.2.7. The effect of perception (Perc\_mean) dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = 0.262$ ) it showing a positive relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.0001$ ) which is less than 0.05 which assumed that the probability of occurred these result by chance is less than 0.05. This shows that this variable ( $\beta = 0.262$ ,  $p = 0.001$ ) has statistically significance effect at 5% level of significance. Therefore, when perception (Perc\_mean) increased by one unit on one average customer satisfaction will increase by 0.299 units while other variables remain constant this is statistically significant at 5% significance level.

Therefore, the hypothesis H07: The perception (Perc\_mean ) dimension of IFB service has no effect on customer satisfaction at 5% significance level is rejected.

#### **4.7.2.8. The effect of service quality (Sq\_mean) dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = 0.408$ ) it showing a positive relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.0001$ ) which is less than 0.05 which assumed that the probability of occurred these result by chance is less than 0.05. This shows that this variable ( $\beta = 0.408$ ,  $p = 0.001$ ) has statistically significance effect at 5% level of significance. Therefore, when service quality (Sq\_mean) increased by one unit on one average customer satisfaction will increase by 0.299 units while other variables remain constant this is statistically significant at 5% significance level.

The study conducted in the cooperative bank of Oromia, Jimma district indicates that service quality has a positive and significant impact on customer satisfaction (Mekiya et al., 2023). This finding aligns with the results obtained from the current study, which further supports the previous report's conclusion regarding the relationship between service quality dimensions and customer satisfaction. This consistency reinforces the view that high service quality is positively associated with greater levels of customer satisfaction, underscoring the importance of maintaining and enhancing service quality to meet customer expectations and improve overall satisfaction. In addition, research conducted in Palestine also shows a significant effect of service quality and customers trust on IFB services on customer satisfaction (Alfoqahaa, 2012) further supporting the results of the current study.

Therefore, the hypothesis H08: The service quality (Sq\_mean) dimension of IFB service has no effect on customer satisfaction at 5% significance level is rejected.

#### **4.7.2.9. The effect of convenience (Cov\_mean) dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = 0.089$ ) it showing a positive relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.035$ ) which is less than 0.05 which assumed that the probability of occurred these result by chance is less than 0.05. This shows that this variable ( $\beta = 0.089$ ,  $p = 0.035$ ) has statistically significance effect at 5% level of significance. Therefore, when convenience (Cov\_mean) increased by one unit on one average customer satisfaction will increase by 0.089 units while other variables remain constant this is statistically significant at 5% significance level.

Therefore, the hypothesis H09: The convenience (Cov\_mean) dimension of IFB service has no effect on customer satisfaction at 5% significance level is rejected.

#### **4.7.2.10. The effect of communication (Com\_mean) dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = 0.109$ ) it showing a positive relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.035$ ) which is less than 0.05 which assumed that the probability of occurred these result by chance is less than 0.05. This shows that this variable ( $\beta = 0.109$ ,  $p = 0.035$ ) has statistically significance effect at 5% level of significance. Therefore, when communication (Com\_mean) increased by one unit on one average customer satisfaction will increase by 0.109 units while other variables remain constant this is statistically significant at 5% significance level.

According to the research conducted in Jordanian Islamic banking services, communication and associated image of bank have a significant impact on the service quality of the service users (Al (Qaisi and Alrosan, 2020). The findings of this study have also showed a moderate effect of communication on the overall satisfaction of the customers.

Therefore, the hypothesis H010: The communication (Com\_mean) dimension of IFB service has no effect on customer satisfaction at 5% significance level is rejected.

#### **4.6.2.11. The effect of knowledge (Know\_mean) dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = 0.029$ ) it showing a positive relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.348$ ) which is greater than 0.05 which assumed that the probability of occurred these result by chance is greater than 0.05. This shows that this variable ( $\beta = 0.029$ ,  $p = 0.348$ ) has statistically insignificance effect at 5% level of significance. Therefore, when knowledge (Know\_mean) increased by one unit on one average customer satisfaction will increase by 0.029 units while other variables remain constant this is statistically insignificant at 5% significance level.

Therefore, the hypothesis H011: The knowledge (Know\_mean) dimension of IFB service has no effect on customer satisfaction at 5% significance level is accepted.

#### **4.7.2.12. The effect of Trust (Trust\_mean) dimension of IFB service on customer satisfaction**

According to table 17 below the variable has unstandardized coefficient beta value of ( $\beta = 0.018$ ) it showing a positive relationship and effect with the dependent variable. The significance value or p value is ( $p = 0.600$ ) which is greater than 0.05 which assumed that the probability of occurred these result by chance is greater than 0.05. This shows that this variable ( $\beta = 0.018$ ,  $p = 0.600$ ) has statistically insignificance effect at 5% level of significance. Therefore, when trust (Trust\_mean) increased by one unit on one average customer satisfaction will increase by 0.029 units while other variables remain constant this is statistically insignificant at 5% significance level.

Therefore, the hypothesis H012: The Trust (Trust\_mean) dimension of IFB service has no effect on customer satisfaction at 5% significance level is accepted.

On the other hand, attitude (Att\_mean), perception (Perc\_mean), and service quality (Sq\_mean) demonstrated significant positive impacts on overall satisfaction, with standardized coefficients of 0.299, 0.262, and 0.408, respectively, and highly significant p-values ( $p < 0.001$ ). These findings suggest that customers' attitudes, perceptions, and evaluations of service quality strongly influence their overall satisfaction with the bank's services. Additionally, coverage (Cov\_mean) and communication (Com\_mean) also exhibited a significant positive effect, although relatively weaker, with a standardized coefficient of 0.089, 0.109 and a significant p-value ( $p = 0.035, 0.012$ ) respectively. Conversely, knowledge (Know\_mean), trust (Trust\_mean), did not show significant effects on overall satisfaction, as indicated by non-significant p-values ( $p > 0.05$ ).

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 summary

The thesis "Factors affecting Customer Satisfaction in Interest-Free Banking Services Offered by Private Banks: A Case Study of Dashen Bank in Ethiopia" delves into the determinants of customer satisfaction in interest-free banking services, focusing on Dashen Bank in Ethiopia and employing a quantitative research approach.

Based on the results presented in the above sections, respondents had varying levels of knowledge about different IFB products, with widespread awareness of Wadiah Amanah and Mudarabah Saving Accounts, but lower awareness of products like Mudarabah (Fixed Time Deposit Account) and Murabah financing. While many held positive perceptions about IFB operations adhering to Sharia Law and the accessibility of Islamic banking, diverse attitudes were observed towards predetermined guaranteed profit and the necessity of a Sharia Supervisory Board in each Islamic bank.

Respondents had diverse perceptions about the introduction and similarity of IFB products compared to conventional banking products, with suggestions for improvement in service delivery despite acknowledging the advantages of using IFB services. Nevertheless, overall satisfaction with Dashen Bank's IFB services was high, with positive perceptions regarding service quality, reliability, convenience, and ease of access. The survey also revealed a notable level of trust in Dashen Bank's IFB services regarding the protection of personal information and privacy, although there were varied perceptions about the bank's security measures and ability to handle financial transactions securely. Concerns about transparency and trustworthiness of the bank's operations were highlighted, indicating a need to enhance trust and confidence among customers.

The survey indicated lower satisfaction levels with the clarity, effectiveness, timeliness, and informativeness of communication provided by Dashen Bank regarding IFB services. Respondents expressed dissatisfaction with the clarity, conciseness, and accessibility of communication, as well as with the availability and quality of communication channels offered by the bank's IFB services. These findings suggest a need for improvements in communication strategies to meet customer expectations and enhance satisfaction.

The survey findings reveal that a significant majority of respondents are satisfied with their overall experience of using Dashen Bank's IFB services. Most respondents indicated that the services meet their expectations and expressed willingness to recommend them to others. This positive sentiment provides an opportunity for the bank to leverage its strengths and address areas of concern, such as customer service responsiveness and the impact of IFB services on financial management, in order to further enhance the customer experience.

Based on the findings, the thesis concludes that there are strong positive associations between customers' attitudes, perceptions, service quality, trust, effective communication, and their overall satisfaction with interest-free banking services. However, age is found to have a negative relationship with satisfaction, indicating that as age increases, satisfaction decreases. Other demographic factors such as sex, occupation status, income, and education level do not show statistically significant effects on satisfaction.

## **5.2 Conclusion**

The findings of this study provided an important understanding into the utilization of interest-free banking (IFB) products and the knowledge, attitude, and perception (KAP) of Dashen Bank customers towards these products and services. The study revealed that all respondents were utilizing Wadiah Amanah and Mudarabah products, while a substantial majority also had Qard accounts with the bank. However, only a small percentage had opted for financing products, indicating a clear preference for certain types of IFB products among the respondents. The findings regarding knowledge of IFB products showed that while the majority of respondents reported being knowledgeable about certain products, there were respondents who reported having no knowledge across different IFB products.

The results also shed light on the attitudes of respondents towards various aspects of Islamic banking. A substantial percentage demonstrated a positive attitude towards the conduct of banking operations according to Sharia Law and the availability of Islamic banking for both Muslims and non-Muslims. However, there were varying attitudes towards certain principles of Islamic banking, such as predetermined guaranteed profit and the necessity of a Sharia Supervisory Board in each Islamic bank.

Additionally, the study provided information on the perception of respondents towards IFB services offered by Dashen Bank. The findings indicated varying perceptions regarding the

introduction of IFB, the similarity of IFB products to interest-based products, and the delivery of IFB products by Dashen Bank.

Additionally, the study assessed customer satisfaction with IFB services, revealing a high level of satisfaction with the overall service quality of Dashen Bank's IFB services. The findings also indicated positive perceptions towards the convenience, trust, and communication aspects of IFB services, highlighting areas where the bank has been successful in meeting customer expectations. However, there were also areas identified for potential improvement, particularly in terms of communication effectiveness and timeliness.

Finally, the study examined factors affecting customer satisfaction in IFB services through correlation and multiple linear regression analyses. The results showed that attitudes, perceptions, and service quality strongly influenced overall satisfaction with the bank's services. Additionally, coverage and communication exhibited significant positive effects on satisfaction, although relatively weaker.

### **5.3 Recommendations**

Based on the findings of the study, the following recommendations are proposed to enhance the interest-free banking (IFB) offerings and customer satisfaction at Dashen Bank:

- Initiatives suggest undertaken to improve customer knowledge and awareness of less-utilized IFB products. This can be achieved through targeted educational campaigns, seminars, and information sessions to familiarize customers with the benefits and features of these products.
- The bank shall focus on enhancing communication and transparency in the delivery of IFB services. Clear and comprehensive communication regarding the principles, features, and terms of IFB products can help build trust and confidence among customers.
- Dashen Bank shall make continuous efforts to maintain and improve the quality of IFB services, ensuring that they align with customer expectations.
- The bank shall focus on building and reinforcing trust with customers through ethical practices, transparent processes, and consistent delivery of promised benefits.

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## Appendix

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### MSC PROGRAM QUESTIONNAIRES

#### Questionnaire

Dear Respondents: This Semi-structured questionnaire is designed to collect information about Customers knowledge, perception and the influence towards the growth of IFB business in selected branches of DB. Moreover, the research will contribute towards the fulfillment of the researcher's Master's Degree in Accounting and finance (MSC). Your valuable support in responding to the questions raised is very important to the success of this study. Hence, I kindly ask you in all regard to fill the questionnaire carefully at your best knowledge. The accuracy of information you provide determines the ultimate reliability of the study.

Note: Your answers will be strictly confidential and will only be used for academic purposes.

Contact Address:

If you have any query, please don't hesitate to contact me. I am available as per your convenience at – Tele – 0925508873/0908774343

Thank you in advance for your cooperation and timely response!

General information

1. Date \_\_\_\_\_
2. Code of the questionnaire \_\_\_\_\_
3. Name of the branch \_\_\_\_\_

A. Demographic Profile of Respondents

Age

18 - 25

80

26-35

36-55

above 56

Sex

Male

Female

Occupation status

Business person

Employee of government

Employee of private organization

Employee of NGO

Student

If other please specify \_\_\_\_\_

Educational level

Elementary (1-8)

Secondary School (9-12)

Diploma/Degree

Above Diploma/Degree

Income of respondent

Below 5000

5001-2000

20001 -50000

Above 50000

Religion

Muslim

Orthodox

Protestant

Catholic

if other specify \_\_\_\_\_

**Which of the following IFB products do you use?**

	Deposit products	Yes	No
1	Wadiah Amanah (safe Keeping Deposit Account)		
2	Mudarabah Saving Account		
3	Qard (Current /Checking/Demand Deposit Account)		
	Financing (Loan) Products		
4	Mudarabah (Fixed Time Deposit Account)		
5	Murabah financing (Cost plus Profit)		
6	Ijarah financing (Islamic leasing)		
7	Musharaka (Partnership financing)		
8	Mudarabah financing (Sleeping Partnership)		

## B. Knowledge of Interest free (Islamic) Banking Products and Services

1. Which of the following interest free (banking) products and services are you knowledgeable of?

	Deposit products	I am knowledgeable	I am not knowledgeable
1	Wadiah Amanah (safe Keeping Deposit Account)		
2	Mudarabah Saving Account		
3	Qard (Current /Checking/Demand Deposit Account)		
	Financing (Loan) Products		
4	Mudarabah (Fixed Time Deposit Account)		
5	Murabah financing (Cost plus Profit)		
6	Ijarah financing (Islamic leasing)		
7	Musharaka (Partnership financing)		
8	Mudarabah financing (Sleeping Partnership)		

## C. Attitude on IFB system and Operation

no	Statement	Score				
		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)

1	Islamic banking is the conduct of banking operations according to Sheria Law.					
2	Islamic banking is available for Muslims as well as non-Muslims.					
3	Islamic banking prohibits interest in all forms of transactions.					
4	Parties in Islamic banking cannot predetermine a guaranteed profit.					
5	Returns on Islamic banking is based on gift and profit-sharing basis instead of interest.					
6	Islamic banking prohibits major uncertainty in all form of transactions.					
7	Islamic banks only invest in business that are not prohibited by Islam or halal business.					
8	Each Islamic bank should have a Sharia Supervisory Board to ensure that all business activities are in line with Sharia requirements.					

#### D. Perception of Respondent towards IFB

What is your perception towards IFB?

S/no	Statement	Score				
		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
1	Interest free banking system was introduced because Muslims are prohibited from associating themselves with the elements of interest practice by Conventional banking system.					
2	Is it true IFB products available in DB window are similar to the products of interest-based products except that the banks use different names in highlighting those products.					
3	DB has gone enough in delivering IFB product to you?					
4	The profit loss sharing principle is the only principle representing a true spirit of the IFB system.					
5	IFB must adopt a profit maximization principle in order to survive in the competitive business environment.					

6	There is an advantage using the service of IFB.					
7	The Perception you have will impact the growth of IFB business					

### 3 Interest-Free Banking Service-Related Question

#### a. Service Quality

S/no	Statement	Score				
		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
1	I am satisfied with the overall service quality of Dashen Bank's IFB services.					
2	I feel that Dashen Bank's IFB services meet my expectations in terms of service quality.					
3	The service quality of Dashen Bank's IFB services is consistently high.					
4	I believe that Dashen Bank's IFB services are reliable and efficient in terms of service quality.					

5	I am dissatisfied with the overall service quality of Dashen Bank's IFB services.					
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**b. Convenience**

S/no	Statement	Score				
		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
1	I find Dashen Bank's IFB services convenient to use for my banking needs.					
2	The convenience of Dashen Bank's IFB services enhances my banking experience.					
3	Dashen Bank's IFB services make it easy for me to access and manage my accounts.					
4	I believe that Dashen Bank's IFB services offer a wide range of convenient features and options.					
5	I find Dashen Bank's IFB services inconvenient and difficult to use.					

**c. Trust**

S/no	Statement	Score				
		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
1	I trust Dashen Bank's IFB services to protect my personal information and maintain privacy.					
2	I have confidence in the security measures implemented by Dashen Bank's IFB services.					
3	Dashen Bank's IFB services inspire trust in handling my financial transactions securely.					
4	I believe that Dashen Bank's IFB services are transparent and trustworthy in their operations.					
5	I do not trust Dashen Bank's IFB services to ensure the security and confidentiality of my information.					

**d. Communication**

S/no	Statement	Score				
		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
1	I am satisfied with the clarity and effectiveness of communication provided by Dashen Bank's IFB services.					
2	The communication from Dashen Bank's IFB services is timely and informative.					
3	Dashen Bank's IFB services provide clear and concise communication regarding my banking activities.					
4	I find it easy to reach out to Dashen Bank's IFB services for any communication needs or queries.					
5	I am dissatisfied with the availability and quality of communication channels provided by Dashen Bank's IFB services.					

**1. Consumer Satisfaction in IFB products and Services**

S/no	Statement	Score				
		Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
1	I am satisfied with the overall experience of using Dashen Bank's Interest-Free Banking services.					
2	The services provided by Dashen Bank's Interest-Free Banking meet my expectations.					
3	I would recommend Dashen Bank's Interest-Free Banking services to others.					
4	The customer service provided by Dashen Bank's Interest-Free Banking is responsive and helpful.					
5	Dashen Bank's Interest-Free Banking services have positively impacted my financial management.					

**አዲስ አበባ ዩኒቨርሲቲ ቢዝነስ እና ኢኮኖሚክስ ኮላጅ**

**የአካውንቲንግ እና ፋይናንስ ማስተር ፕሮግራም**

**የደንበኞች መጠይቅ**

የደንበኞች መጠይቅ ውድ ምላሽሰጪዎች :-ይህ በከፊል የተዋቀረ መጠይቅ የደንበኞችን እውቀት ፣ ግንዛቤ እና የወለድ ነጻባክ ንግድ በተመረጡ ቅንጫፎች ላይ ያለውን ተጽእኖ መረጃ ለመሰብሰብ ታስቦ የተዘጋጀ ነው። በተጨማሪም ጥናቱ ለተመራማሪው ማስተርስ ዲግሪ በአካውንቲንግ እና ፋይናንስ መሟላት የበኩሉን አስተዋጽኦ ያደርጋል።ለተነሱት ጥያቄዎች ምላሽ ለመሸጠት ያደረጋችሁት ጠቃሚ ድጋፍ ለዚህ ጥናት ስኬት በጣም አስፈላጊ ነው።ስለሆነም በሁሉም ረገድ መጫወትን በተሻለ እውቀት እንድትሞሉ በትህትና እጩቃልሁ።ያቀረቡት መረጃ ትክክለኛነት የጥናቱን የመጨረሻ አስተማማኝነት ይወስናል።

ማስታወሻ: የእርሶ መልሶች በጥብቅ ሚስጥራዊ ይሆናሉእና ለአካዳሚክ አላማዎች ብቻ ጥቅም ላይ የወላሉ።

አድራሻ:-ማንኛውም ጥያቄ ካለዎት እባክዎ እኔን ለማነጋገር አየመንቱ።እንደምቶትዎ በ0925508873/0908774343 ይደውሉ።

ስለትብብርዎ እና ወቅታዊ ምላሽዎ በቅድሚያ አመሰግናለሁ!

**አጠቃላይ ግላዊ መረጃ**

1. ቀን.....
2. የመጠይቅ ሚስጥር ቁጥር.....
3. የቅርንጫፍ ስም.....

**ሀ. የመላሽ ግላዊ መረጃ**

**እድሜ**

- 18 - 25
- 26-35
- 36-55
- 56 እና በላይ
- የታ
- ወንድ

ሴት

የስራ ሁኔታ

ንግድ

የመንግስት ሰራተኛ

የግል ሰራተኛ

የድርጅት ሰራተኛ

ተማሪ

ሌላ ከሆነ እባክዎ ይግለጹ\_\_\_\_\_

የትምህርት ደረጃ

አንደኛ ደረጃ (1-8)

ሁለተኛ ደረጃ (9-12)

ዲፕሎማ/ዲግሪ

ከዲፕሎማ እና ዲግሪ በላይ

የገቢ ሁኔታ

ከ5000 ብር በታች

ከ 5001-2000 ብር

ከ 20001 -50000ብር

ከ 50000 ብር በላይ

የሀይማኖት ሁኔታ

እስላም

ኦርቶዶክስ

ፕሮቴስታንት

ካቶሊክ

ሌላ ካለ \_\_\_\_\_

ለ. የትኛውን ከወለድ ነፃ አማራጭ ይጠቀማሉ?

	የቁጠባ አማራጮች	አዎ	አይ
1	ወዲያህ አማና(የአደራ ተቀማጭ ቁጠባ)		
2	ሙዳረባህ (የቁጠባ ሂሳብ)		
3	ቃርድ(የተቀማጭ ሂሳብ/ተንቀሳቃሽ ሂሳብ)		
4	የፋይናንስ(የብድር አማራጮች)		
5	ሙዳረባህ (ተቀማጭ ሂሳብ)		
6	ሙዳራባህ ፋይናንስ (ወጭ እና ትርፍ)		
7	ኢጃራሂ ፋይናንስ (ኢስላማዊ ክራይ)		
8	ሙሻራካ(ያጋርነት ፋይናንስ)		
9	ሙዳራባህ ድጋፍ(ሽርክና)		

ሐ. ከወለድ ነጻ(ኢስላማዊ) የባንክ ምርቶች እና አገልግሎቶች እውቀት

1. ከወለድ ነጻ ባንክ ምርቶች ዎስጥ የትኛውን ያውቃሉ?

	የተቀማጭ አየነቶች	አውቀዋልሁ	አላውቀዋለሁ
1	ወዲያህ አማና(የአደራ ተቀማጭ ቁጠባ)		
2	ሙዳረባህ (የቁጠባ ሂሳብ)		
3	ቃርድ(የተቀማጭ ሂሳብ/ተንቀሳቃሽ ሂሳብ)		
4	የፋይናንስ(የብድር አማራጮች)		
5	ሙዳረባህ (ተቀማጭ ሂሳብ)		

6	ሙዳራባህ ፋይናንስ (ወጭኛና ትርፍ)		
7	ኢጁራሂ ፋይናንስ (ኢስላማዊ ክራይ)		
8	ሙሻራካ(ያጋርነት ፋይናንስ)		
9	ሙዳራባህ ድጋፍ(ሽርክና)		

**መ. ከወለድ ነጻ የባላክ አስራር ዙሪያ የልዎት ምልክታ**

ተ.ቁ	አገላለጽ	ነጥብ				
		በታም እስማማለ ሁ (5)	እስማማል ሁ (4)	ገለልተ ኛ ነኝ (3)	አልስማማ ም (2)	በታም አልስማማ ም (1)
1	ኢስላሚክ ባንክ በሼሪያህ ህግ የሚመራ ነው።					
2	ኢስልሚክ ባንክ ለሙስሊሞችምሆ ነ ሙስሊም ላለሆኑ ሰዎቻቸው ነው። .					
3	እስላማዊ ባንክ ወለድ ያላቸውን ግብይቶች ሁሉ ዩክለክላል።					
4	በእስላማዊ ባንክ ውስጥ					

	<p>ያለፈገገዎቹ የተረጋገጠ ትርፍ አስቀድመው ሊወሰኑ አየችሉም፡፡</p>					
5	<p>በእስላማዊ የባንክ አገልግሎት የሚሰጠው ገዝብ ከወለድ ይልቅ በስጦታ እና በትርፍ መጋራት ላይ የተመሰረተ ነው፡፡</p>					
6	<p>እስላማዊባንክ በሁሉም የግብይቶች አይነት ላይ እርግጠኛነቱ የተረጋገጠ ነው፡፡</p>					
7	<p>እስላማዊ ባንኮች እንሸስት የሚያደርጉት በሃላፊ ያልተከለከሉ የንግድ ስራዎች ብቻ ነው፡፡</p>					
8	<p>ሁሉም የንግድ እንቅስቃሴዎች</p>					

ከሼሪያመስፈርቶች ጋር የተጣጣሙ መሆናቸውን ለመረጋገጥ እያንዳንዱ የሼሪያህ ባንክ የሼሪያህ ተቆጣጣሪቦርድ ሊኖረው ይገባል።					
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ሠ. ስለ ከወለድ ነጻ የመላሾች አመለካከት

ስለ ከወለድ ነጻ የባንክ ያለዎት አመለካከት ምንደን ነው?

ተ.ቁ.	አገላለጽ	ነጥብ				
		በታም እስማማለሁ (5)	እስማማልሁ (4)	ገለልተኛ ነኝ (3)	አልስማማም (2)	በታም አልስማማም (1)
1	ከወለድ ነጻ የባንክ ስርአት የተጀመረበት ምክንያት ሙሰሊሞች በተለመደው የባንክ ስርአት ራሳቸውን ከወለድ አሰራር ጋር ስለሚከለክሉ ነው።					
2	እውነት ነው መስኮት ላ የሚገኙ ከወለድ ነፃ					

	ምርቶች ባንኮቹ እነዚያን ምርቶች ለማድመቅ የተለያዩ ስሞችን ከመጠቀም በስተቀር ወለድ ላይ ከተመሰረቱ ምርቶች ጋር አነዳይነት ናቸው።					
3	ዳሽን ባንክ የክወለድ ነጻ ምርትን ለርስዎ ለማቅረብ በቂ ነው።					
4	የትርፍ ኪሳራ መጋራት መርህ የክወለድ ነጻ ስርአት እውነተኛ መንፈስን የሚወክል ብቸኛ መርህ ነው።					
5	ክወለድ ነጻ ባንክ በተወዳዳሪ አካባቢ ለመኖር ትርፍ የማሳደጊያ መርህ መከተል አለበት።					
6	ክወለድ ነጻ የባንክ አገልግሎትን መጠቀም ጠቅም አለው።					
7	ክወለድ ነጻ የባንክ አገልግሎት ላይ ያለህ					

	ግንዛቤ እድገት ላይ ተጽእኖ የኖርዋ ::					
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3. ከወለድ ነጻየባንክ አገልግሎት ጋር የተያያዘ ጥያቄ

ሀ. የአገልግሎት ጥራት

ተ.ቁ.	አገላለጽ	Score				
		በታም እስማማለሁ (5)	እስማማለሁ (4)	ገለልተኛ ነኝ (3)	አልስማማም (2)	በታም አልስማማም (1)
1	የዳሽን ባንክ ከወለድ ነጻየባንክ አገልግሎቶች አጠቃላይ የአገልግሎት ጥራት ረክቻለሁ።					
2	የዳሽን ባንክ ከወለድ ነጻየባንክ አገልግሎቶች ከአገልግሎት ጥራት አንጻር የሚተበቀውን እንደሚያሟሉ የሰማኛል።					
3	የዳሽን ባንክ የወለድ ነጻአገልግሎቶች አገልግሎት ጥራት በየጊዜው ከፍተኛ					

	ነው።					
4	የዳሽን ባንክ ከወለድ ነጻ አገልግሎቶች ጥራት አንጻር ዳሽን ባንክ አስተማማኝ እና ቀልጣፋ ነው እላለሁ።.					
5	በዳሽን ባንክ ከወለድ ነጻ አገልግሎቶች አተቃላይ ጥራት ደስተኛ ነኝ።					

ለ.ምቶት

ተ.ቁ.	አገላለጽ	ነጥብ				
		በታም እስማማለሁ (5)	እስማማልሁ (4)	ገለልተኛ ነኝ (3)	አልስማማም (2)	በታም አልስማማም (1)
1	የዳሽን በንክ ከወለድ ነጻ አገልግሎቶች ለባንክ ፍላጎቴ ለመጠቀም ምቹ ሆኖ አግኝቼዋለሁ።					
2	የዳሽን በንክ ከወለድ ነጻ የባንክ አገልግሎቶች መመቻቸት የባንክ					

	ልምዴን ያሳድገዋል።					
3	የዳሽን በንክ ከወለድ ነጻ የባንክ ገልግሎቶች ሂሳቤን በቀላሉ እንዳስተዳድር እና እንዳገኝ ቀላል አድርጎልኛል።.					
4	የዳሽን በንክ ከወለድ ነጻ የባንክ ገልግሎቶች ብዙ ባህሪያትን እና አማራጮችን ይሰጣል ብዬ አስባለሁ።					
5	የዳሽን በንክ ከወለድ ነጻ የባንክ ገልግሎቶች የማይመች እና ለመጠቀም አስቸጋሪ ሆኖ አግኝቶታለሁ።					

ሐ.እምነት

ተ.ቁ.	አገላለጽ	Score				
		በታም እስማማለሁ (5)	እስማማለሁ (4)	ገለልተኛ ነኝ	አልስማማም (2)	በታም አልስማማም (1)

				(3)		
1	<p>የዳሽን ባንክ ከወለድ ነጻ የባንክ አገልግሎት ሰጭዎች የግል መረጃዬን እንደሚጠብቁ እና ግላዊነትን እንደሚጠብቁ አምናለሁ።</p>					
2	<p>በዳሽን ባንክ ከወለድ ነጻ አገልግሎቶች ላይ የተተገበሩ የደህንነት እርምጃዎች ላይ እምነት አለኝ።</p>					
3	<p>በዳሽን ባንክ ከወለድ ነጻ አገልግሎቶች የኔን ፋይናንሺያል ሁኔታ በጠበቀ ሁኔታ ግብይቶቼን በማስተናገድ ላይ እምነት አሳድረውብኛል።</p>					
4	<p>የዳሽን ባንክ ከወለድ ነጻ አገልግሎቶች በአሰራራቸው ግልጽ እና እምነት የሚጣልባቸው</p>					

	ናቸው ብዩ አምናለሁ።					
5	የዳሽን ባንክ ከወለድ ነጻ የባንክ አገልግሎት ሰጭዎች የግል መረጃዬን ደህኒነት እና ሚስጥራዊነት ይጠብቃሉ ብዬ አላምንም።					

ለ. ግንኙነት

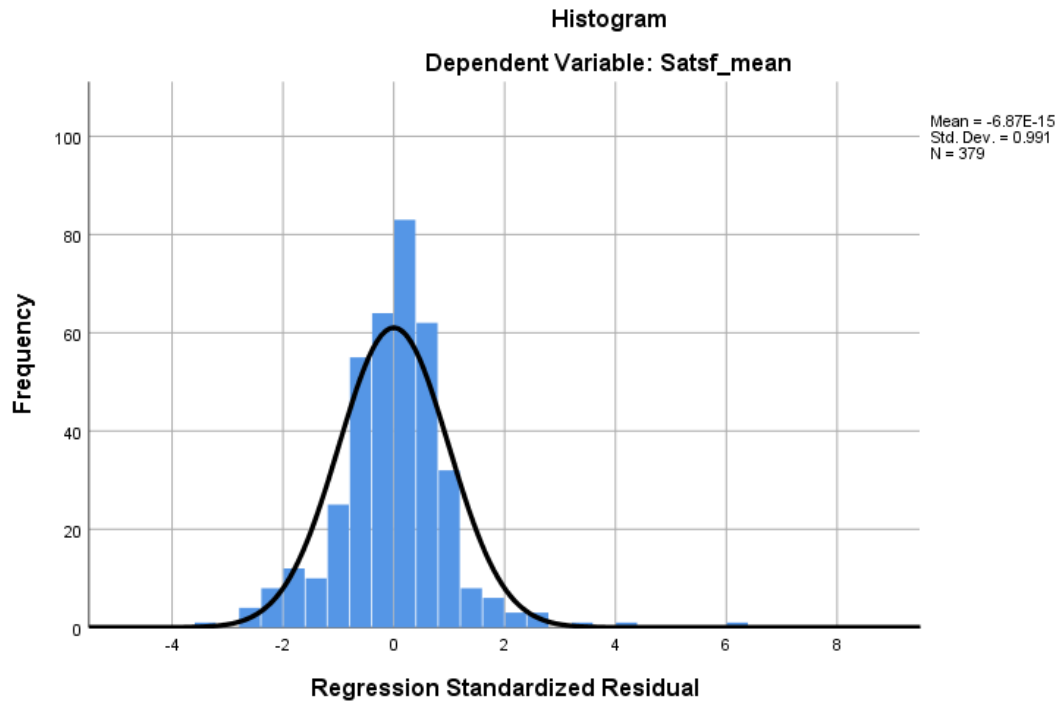
ተ.ቁ.	አገላለጽ	ነጥብ				
		በታም እስማማለሁ (5)	እስማማልሁ (4)	ገለልተኛ ነኝ (3)	አልስማማም (2)	በታም አልስማማም (1)
1	በዳሽን ባንክ ከወለድ ነጻ አገልግሎቶች በሚሰጠው የግንኙነት ግልጽነት እና ውጤታማነት ረክቻለሁ።					
2	ከዳሽን ባንክ ከወለድ ነጻ አገልግሎቶች ጋር ያለው ግንኙነት ወቅታዊ እና መረጃ ሰጪ ነው።					

3	የዳሽን ባንክ ከወለድ ነጻ አገልግሎቶች ግልጽ እና አጭር ገለጻ ይሰጣሉ። የባንክ እንክስካሴውን በተመለከተ።					
4	በማንኛውም ሰዓት የዳሽን ባንክ ከወለድ ነጻ አገልግሎቱን ብቀላሉ ማግኘት ቀላል ሆኖ አግኝቶታለሁ።					
5	በዳሽን ባንክ ከወለድ ነጻ አገልግሎቶች የሚቀርቡ የመገናኛ ቻናሎች መገኘት እና ጠራት ቅር አይለኝም።					

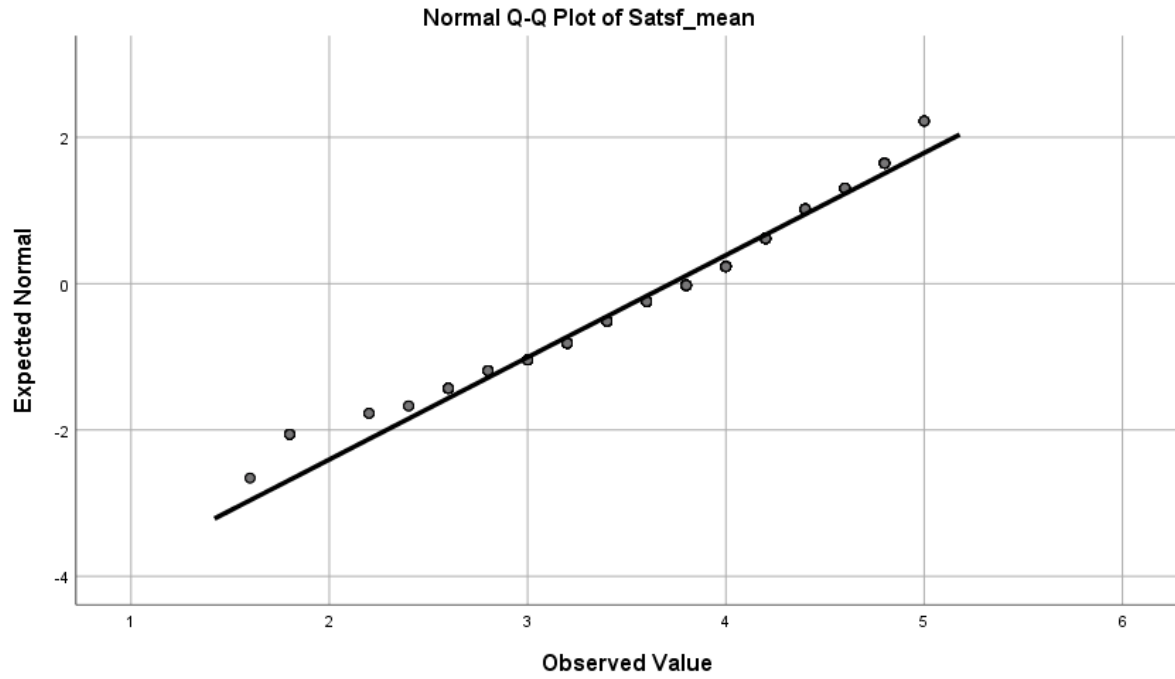
2. በእስላሚክ ባንክ ምርቶች እና አገልግሎቶች ውስጥ የደንበኞች እርካታ

ተ.ቁ.	አገላለጽ	ነጥብ				
		በታም እስማማለሁ (5)	እስማማልሁ (4)	ገለልተኛ ነኝ (3)	አልስማማም (2)	በታም አልስማማም (1)
1	የዳሽን ባንክን ከወለድ ነጻ የባንክ					

	አገልግሎት የመጠቀም ልምድ ረክቻለሁ።					
2	በዳሽን ከወለድ ነጻ የባንክ አገልግሎት የሚጠበቀውን ያሟላል።					
3	የዳሽን ባንክን ከወለድ ነፃ የባንክ አገልግሎት ለሌሎች እመክራልሁ።					
4	በዳሽን ባንክ ከወለድ ነጻ የባንክ አገልግሎት የሚሰጠው የደንበኞች አገልግሎት ምላሽ ሸጪ እና አጋዥ ነው።					
5	የዳሽን ባንክ ከወለድ ነፃ የባንክ አገልግሎት የፋይናንስ አስተዳደር ላይ በጎ ተጽእኖ አሳድሯል።					



	N	Std. Deviation	Skewness		Kurtosis	
			Statistic	Std. Error	Statistic	Std. Error
Satsf_mean	379	0.716	-0.636	0.125	0.255	0.25
Know_mean	379	0.06683	-0.693	0.125	1.677	0.25
Att_mean	379	0.68861	-0.587	0.125	0.065	0.25
Perc_mean	379	0.68704	0.441	0.125	0.853	0.25
Sq_mean	379	0.75879	-0.56	0.125	0.039	0.25
Cov.mean	379	0.66112	-0.636	0.125	0.753	0.25
trust_mean	379	0.8264	0.113	0.125	-1.001	0.25
Com_mean	379	0.75179	0.795	0.125	-0.05	0.25



**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	127.549	12	10.629	58.733	.000 <sup>b</sup>
	Residual	66.237	366	.181		
	Total	193.785	378			

Table 18 Correlation Analysis of the Dependent and Independent Variables

		Satsf_mean
Satsf_mean	Pearson Correlation	1
	Sig. (2-tailed)	
Know_mean	Pearson Correlation	-.066
	Sig. (2-tailed)	.197
Att_mean	Pearson Correlation	.657**
	Sig. (2-tailed)	.000
Perc_mean	Pearson Correlation	.536**
	Sig. (2-tailed)	.000
Sq_mean	Pearson Correlation	.734**
	Sig. (2-tailed)	.000
Cov.mean	Pearson Correlation	-.026
	Sig. (2-tailed)	.619
trust_mean	Pearson Correlation	-.054
	Sig. (2-tailed)	.292
Com_mean	Pearson Correlation	.154**
	Sig. (2-tailed)	.003
	N	379

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

**Table 19: Regression model coefficient analysis**

Model		Unstandardized Coefficients		Standardized Coefficients	T
		B	Std. Error	Beta	
1	(Constant)	-.777	.660		-1.17
	Age	-.081	.033	-.078	-2.45
	Sex	.037	.044	.026	.83
	Occupation status	.040	.042	.033	.95
	Educational level	.072	.045	.057	1.61
	Income of respondent	-.021	.093	-.007	-.22
	Know_mean	.315	.335	.029	.94
	Att_mean	.311	.048	.299	6.49
	Perc_mean	.273	.037	.262	7.47
	Sq_mean	.385	.046	.408	8.41
	Cov.mean	.096	.046	.089	2.11
	trust_mean	.016	.030	.018	.52
	Com_mean	.104	.041	.109	2.52

Source: survey result 2023/2024