



FACTORS AFFECTING CUSTOMER CHOICE TO USE INTEREST FREE BANKING IN ETHIOPIA: THE CASE OF COMMERCIAL BANK OF ETHIOPIA

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ATHESIS SUBMITTED TO THE DEPARTMENT OF ACCOUNTING AND FINANCE COLLEGE OF BUSINESS AND ECONOMICS, IN PARTIAL FULFILLMENT OF THE REQUIREMENT OF MASTER OF SCIENCE (MSc) IN ACCOUNTING

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DECLARATION

I, Mohammed Seid Mohammed, hereby declare that this thesis entitled; “Identifying of factors Affecting customer choice to use interest free banking in Ethiopia: the case of commercial bank of Ethiopia, submitted by me for the award of the degree of Master of Science in Accounting and Finance, is my original work and that all sources of materials used for the study have been duly acknowledged.

I also confirm that the thesis prepared, in the case of commercial bank of Ethiopia, by taking the awareness of customer, perceived risk, perceived financial cost and religious belief as a yard stick and on the same topic earlier has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree or Diploma.

Declared by: Mohammed Seid Mohammed

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Statement of Certification

The Thesis prepared by Mohammed Seid entitled “Identifying factors affecting customer choice to use interest free banking in Ethiopia: The case of commercial bank of Ethiopia” has been submitted for examination with my approval as an advisor.

Degefa Duressa (PhD)

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June, 2021

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
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APPROVED BY BORD OF EXAMINER

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List of abbreviations and acronyms

CBE: Commercial Bank of Ethiopia

CBD: Commercial Bank Deposit

NBE: National Bank of Ethiopia

IFB: Interest Free Banking

PLS: Profit Loss Sharing

IFBWS: Interest Free Banking Window Service

IES: Islamic Economic Growth

MIS: Management Information System

WFS: Western Financial System

GDP: Gross Domestic Product

SPSS: Statistical Package for the Social Sciences

IFSB: The International Financial Services Board

Abstract

The capacity of Interest Free Banks to increase extensive market share in a challenging financial environment, mainly in a dual-banking system use similar Ethiopia, will primarily hinge in the ability of interest free banking to formulate and implement effective marketing strategy. This requires a pure understanding of factors affecting the customer awareness on interest free banking practices. To address the stated problems, this research identifying factors affecting of customer choice to use interest free banking product and services the case of Commercial Bank of Ethiopia. An explanatory approach used to investigate the factors affecting customer's choice to use Interest free banking by using variable; awareness of customer, perceived risk, perceived financial cost and religious belief. Both probability and non-probability sampling were used in the sampling technique. A total of 399 respondents from different branches in Addis Ababa districts are selected for the purposes of this study. Out of these 369 respondents properly respond the questioner. And the data analysed through descriptive and inferential statistics using linear regression. By the findings, out of the proposed four factors in affecting customer choice interest free banking the case of commercial bank of Ethiopia, the three factors namely; awareness of customer, perceived risk and religious belief were found to be statistically significant but perceived financial cost has insignificant impact on customer choice on interest free banking. Furthermore, on the basis of the research findings appropriate recommendations along with implications for further studies have been forwarded.

Key words: Interest free banking, awareness' of customer, perceived risk, perceived financial cost, and religious belief

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

A broader concept about Islamic banking industry is that, it is growing significantly worldwide. Its ethical banking practice and theory has associated with its broader appeal. Islamic banking strictly follows Sharia compliance and prohibits interest (riba). Its involvement is not only restricted to giving and take interest, but also forbids other activities such as liquor, speculation and gambling which are considered as unethical under Islamic laws. Globally, Malaysia is a country which is considered as an international Islamic financial hub where government support is fully strengthening the dual banking system (Amin et.al, 2011). Malaysian Islamic banks provide various types of Islamic products in order to fulfil the financial needs of their customers. In Malaysia, the most popular Islamic product is Islamic personal financing, which provides financial assistance to their customers so that they can purchase durable and non-durable goods.

According to the 2007 national census the population of Muslim population covers 33.9% of total population in Ethiopia offers the opportunity for substantial customers that would patronize Islamic banking products. Hence, Ethiopia having a significant Muslim population provides huge Potential that needs interest free banking because of religious restriction. In addition to his the interest free available for all Muslims and non-Muslim population.

Interest free banking started by IFB widows model Oromia international bank by taking licence from national bank of Ethiopia as per issuance working directive on September 16, 2013. Consequently commercial bank of Ethiopia granted the licence on September 17, 2013. Therefore commercial bank of Ethiopia using its 23 branches and Oromia international bank s.c using it 24 branches launched the interest free banking operation on October 24, 2013 and December 16, 2013 respectively. Then, Hibret bank s.c followed providing the interest free banking on May 01, 2014. Recently, almost all banks have joined the IFB business by giving depository and financing products. Now, Zemez bank, Zad bank, Hijira Bank and NejashiBank process to give full-fledged IFB banking services in Ethiopia as per the National bank permission (Ibrahim 2020).

1.2 Statement of the Problem

A great deal of literatures has pointed out that since its emergence onto the financial scene in the 1970s; Islamic banking has gained prominence, becoming one of the most important players in the banking service industry today. Moreover, its ability to overcome the financial crisis gave it the opportunity to realize a triumph, to take advantage over conventional banking and to get more attention from politicians, investors, bankers, theoreticians and researchers (Echchabi and Azouzi, 2014). On the other hand, Islamic finance is not yet significant in most Sub-Saharan African countries, though several features make its instruments relevant to the region (IMF, 2014). In Ethiopia, the introduction of Interest Free Banking Window alongside with conventional operations generated a new dimension in banking sector of the country. From the outset, many commercial banks anticipated much demand from the side of the target customers. After its three years of implementation, however, IFB products attract the attention of few customers.

At international level, academic researchers such as Erol and El-Bdour (1989) have initiated and published their pioneering study in order to understand the nature of customers' attitude toward Islamic banking. Thus, it became apparently clear right from its infancy; Islamic banking adoption among some customers was motivated by religious zeal (Bley& Kuehn, 2004; Metawaand Almosawi, 1998), while other customers considered adoption as a means to harvest additional economic benefits (Dusuki& Abdullah, 2007; Erol and El-Bdour, 1989). Similarly, studies have documented that pricing can affect one's decision regarding which bank to utilize and which banking services to give their patronage (Amin, 2008). Moreover, Haron and Ahmad (2002) have emphasized that nearly 65% of banking customers stated that they had very limited knowledge of interest free banking.

In Ethiopia, studies were conducted on Interest Free banking. Among these studies, Mohammed (2012) had studied the Prospects, Opportunities and Challenges of Islamic Banking in Ethiopia and the researcher work has identified the potential challenges as: lack of awareness, regulatory and supervisory challenges, institutional challenges, and lack of support and link institutions, gap in research. Further, Debebe (2015) has conducted a study on Factors Affecting Customers to Use Interest Free Banking. The result showed that perceived relative advantage, perceived compatibility, customers' awareness and subjective norm have a significant positive effect on the attitude towards interest free banking in commercial bank of Ethiopia. Finally, Abraham (2017) conducted study the Determinants of

customer's intention to use interest free Banking Products by considering the effects of attitude; social influence; religious belief; pricing and knowledge of IFB products in the context of Commercial Bank of Ethiopia and the researcher conclude Attitude, Social Influence, Perceived Financial Cost and Religious Belief have significant effect on IFB use intention.

Finally, the banks are trying to deliver the Interest Free products to customers in Ethiopia. But experience shows the customer that use Interest free banking product is limited. And previous researchers in Ethiopia do not include the customers risk behaviour on interest free banking products.

Accordingly, in examining the above points, the researcher wants to identify factors affecting customers' choice to use interest free banking in Ethiopia: The case of commercial bank of Ethiopia.

1.3. Objectives of the study

1.3.1. General Objectives

The main objective of the study was to identify factors affecting customers' choice to use the IFB products in Ethiopia: In case of commercial bank of Ethiopia.

1.3.2 Specific Objectives

The specific objectives of the study were

1. To evaluate the impact of awareness about IFB products of customer on the Interest free products.
2. To examine impact of the customer perceived risk on customer uses Interest free products.
3. To examine impact of the financial cost of Interest free banking products.
4. To evaluate impact of religious belief of customer affects customers to uses the IFB products.

1.4.Hypothesis Development

The following hypothesis was proposed based on the review of the respective literature on “Factors affecting customer choice to use interest free banking products”.

H1: The awareness of customer on the IFB products has positive impact on the use of IFB.

H2: The perceived risk on IFB products has negative impact on customer uses Interest free products.

H3: Perceived Financial Cost has negative influences on the use of IFB products.

H4: The religious belief of customer has positive effect on uses the IFB products.

1.5. Significance of the Study

The findings of the study will be useful to the management of the bank will add value on the factors affecting customers choice to use interest free banking products in order to develop effective marketing strategies to attract customers.

The other important benefit that the findings of this study will have contribution to knowledge building and academic research by helping other researchers to undertake a further detailed investigation on the subject and providing relevant empirical evidences for future studies.

1.6. Scope and Limitation of Study

1.6.1 Scope of the Study

The study was confined to the “Factors affecting Customers’ choice to use Interest Free Banking Products in Ethiopia on the limited area of four Addis Ababa city districts of the Commercial Bank of Ethiopia due to time and money constraint. Further, the study included customers of interest free banking business only and the data was collected on the fiscal period of 2019/20.

1.6.2 Limitation of the Study

This study findings were based on entirely upon the research has conducted in the Addis Ababa city and hence conclusions drawn need to be used with caution due to differences in population distribution and dominance of faith in different parts of the country. Sample drawn from the all regions of the country with representative and proportional numbers might give a better insight; however, the researcher believes that Addis is also an approximate representation of the country due to its population and religious mix as a capital city. Despite the possible limitation, the findings of this study provide important insights into

factors that affect the choice of customers to use IFB products in Ethiopian interest free banking business.

1.7. Organization of the study

This study organized in to five chapters. Hence, introduction part is described in chapter one, literature review theories and empirical evidence contained in chapter two,chapter three contained research design and methodology of the study. Chapter four concentrated on the data analysis and result presentation. Finally, summary of major findings, conclusions, recommendations on result presents the chapter five.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter focuses on the review of relevant literature on factors that affect customers to use Interest free banking and other core aspects of the topic under study. Areas such as definition of related concepts, key features of interest free, importance of interest free banking and the type of interest free banking service are covered.

2.2. Concepts and definition of Interest free Banking

The term “Interest Free/Islamic banking” has no single definition. Many scholars“ gives various meaning to this term interest free banking. It described a banking of system or activity of banking that is consistent with the Islamic Shari'ah principles and its practical application through the Islamic economics of development.

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

In addition to this, Lewis and Algaoud, (2001) and Ahmed (2008) Interest free banking provides services to their customers from free of interest, as the giving and taking of in all transactions interest is prohibited relatively provides returns or awards on the basis of Interest free banking performance through profit-and-loss sharing as well as gift calling hibah. An Interest free bank is a financial institution whose objectives and operations as well as practices conform to in the Islamic Shari“a principles of (Hassan and Ahmed, 2002).

According to Kamarulzaman and Madun (2013) defined Islamic banking is a system of banking or banking activity that is consistent with the Principles of Islamic Law (Sharia). Sharia prohibits interest charged on loans, the trend of accepting or giving additional money from money that borrowed and the business involved directly or indirectly in alcoholic drinks, gambling-related business, or any type of business that is considered harmful or that could cause disruption to the welfare of the society. The general secretariat of the Organization of the Islamic Conference, defines an “Interest free bank as a financial institution whose rules, statutes, and procedures implemented within the Islamic sharia

principle and to the prohibiting of the payment and receipt of interest on any circumstance of their operation” (Ali and Sarkar 1995).

In Accordance with NBE’s Directive SBB/51/2011 “Interest Free Banking Business” mentions a banking business in which all mobilizing or the advancing of funds taken in a manner consistent with Principles of Islamic Finance and mode of operation that avoids receiving or paying interests.

2.3. The Principles of Interest free banking

The interest free banking principle is based on Islamic law (sharia). The principles are states as follows:

2.3.1. Interest (riba)

Riba cannot be received or paid on the transactions at any circumstance where money is exchange for money, because does not have any value by itself unless employed in business according to Islam (Imeson, 2007).

2.3.2. Prohibition of interest (riba)

According to Muslim scholars and some western thoughts believe and still considering that just IFB is as an Islamic banking. Actually interest is fully prohibited in Islam that is proved in Qur’an and sunnah. “The interest that you give in order to increase the wealth of the people, does not increase in the sight of God; and the zakat that you pay in order to win God’s approval, its payers do indeed increase their wealth” (Surah Al-Rome no. 39).Hence, from above statement concluded there is no room for interest in Islam.

2.3.3. Gharar and Maysir

According to Imeson (2007) transactions must avoid uncertainty or Gharar, speculation or Maysir or whatever that could lead to the unfair development or unjust exploitation of one of the parties to a contract. Industrialists and big investors can turn in the economic financial system toward to their personal benefits in case of speculation.

2.3.4. Unethical businesses

According to Imeson (2007) transaction cannot be made with involvement of prohibited activities or products; such as illicit drugs, alcohol and tobacco because Islam wants to develop for the society friendly and an ethical environment.

Summary sharia'a Islamic investment principles

A good illustration of the application of the Sharia'a is to look at Islamic investment prohibitions. It is forbidden for any Islamic institution or investment fund to deal in the following goods:

1. Alcoholic drinks and related activities;
2. Pork, ham, bacon and related by-products;
3. Dead animals (or those not slaughtered according to the rules of the *Sharia 'a*);
4. Products associated with gambling such as gambling machines;
5. Tobacco and other drugs;
6. Activities associated with pornography;
7. Gold and silver except for spot cash;
8. Armaments and destructive weapons.

2.4. Interest free banking models

Interest free window service

According to Sanusi (2011) defines interest free banking or Islamic banking window like a business model with in conventional banks offer interest free banking products and services from their existing branch network. In short, interest free banking window refers to a situation whereby a conventional banking system provides some of the interest free banking products or services. In other words, it can be seen as a banking system that meets up only the profit, loss, and risk sharing principle of interest free banking for some of its products. (Audu and Mikailu, 2014)

Subsidiary/branch Interest free banking service

The commercial banking unit, which offers shari'ah compliant products and services only in the specific branch. It is a semi-independent office of a bank doing activities of the bank like making loans at facilities or accepting deposits away from the bank's head office. This subsidiary or branch banking established when the main bank feels there is a potential of concentrated customers are found in the area want to serve these customers.

Full-fledged Interest free banking service

Once a conventional bank has operated an Interest free window for some time and has gathered a sizeable customer base for its Interest free banking service activities, it may decide to establish an Interest free subsidiary, or even fully convert into a full-fledged Interest free bank. By following either of these two routes, the bank may benefit from economies of scope and concentration of knowledge and expertise. The bank will be able to offer a wider range of Shariah-compliant banking products than through the Islamic window alone. For example, it may be better equipped to fully engage in Islamic investment banking activities, such as underwriting sukuk (bond) issuances or managing Shariah-compliant investment and hedge funds, or to manage its own treasury and money market operations (Sole, 2007).

2.5. Sources of Funds for Interest free banks

Interest free banking institutions utilize various mechanisms for mobilizing funds from the general public, depending on the institution's organization, geographic location, market strategy, capital resources and charter. (Delwin A. Roy, 1991:438) Interest free banks are deposit-taking institutions but do not pay interest on deposits. Their sources of funds classified as either include shareholder investments, savings accounts, current accounts, and investment accounts. The source of funds in Interest free banks can be used for borrowing by corporate investors to fund specific project (Bala et.al (2009: 24)

Shareholder Funds

An Interest free bank may raise an initial equity funds by following the principles of musharaka (equity participation) under this principle, the capital owners enter in to a partnership with the bank by contributing equity in return for a share of banks profit or loss on the basis of predetermined ratio (Bala et.al (2009: 23).

Wadiah saving accounts

Interest free banks offer saving account with an aim of drawing in and persuading depositors to enjoy this safe keeping facility. Bank customers normally choose saving accounts because of fulfilling precautionary motives (Haron& Wan-Azmi, 2008).

The investment accounts operate fully under the PLS scheme capital is not guaranteed, neither is there any pre-fixed return. Under the savings account the nominal value of the deposit is guaranteed, but they receive no further guaranteed returns. Banks may consider funds under the savings accounts too as part of their resources and use it to create assets

(Abdul-Gafoor, 1995:14). This is theory in practice; however, the banks prefer, encourage and emphasize the investment accounts. This is because since their assets operate under the PLS scheme they might incur losses on these assets which losses they cannot pass onto the savings accounts depositors on account of the capital guarantee on these accounts. In the process the first aim of the depositor is pushed aside and the basic rule of commercial banking capital guarantee is broken (Abdul-Gafoor, 1995:14).

Current Accounts

The current account is a deposit account that can be used for business or personal purpose and like a saving account. Account holders are not guaranteed and return for keeping their funds with the bank, but they may be rewarded a gift. The primary distinction between current account and saving account is that the minimum balance limits and withdrawals are more flexible for current accounts (Bala et.al (2009: 25). In addition to this according to Haron& Wan-Azmi, (2008) current accounts also known as checking accounts, meaning cheque is used to make several types of payments.

Investment account deposits

According to Tabir, (2007:81) investment deposits account represent the case when owner swilling to spare their funds for a specified period as per the agreement and seek a return on their funds. In general, these accounts are linked to special investment opportunities identified by the bank. These opportunities have a specific size and maturity and result from the bank's participation in a pool of investment, private equity, joint venture or a fund (Iqbal and Mirkahor, 2011:154).

Investment deposits can have various deposit arrangement options:

(a) Investment deposit under Mudarabah Option

A mudarabah transaction requires that the contract be explicit on the following matters: goal or purpose of the mudarabah, its tenure, role function of the concerned parties, profit-sharing ratio, principle for sharing losses, the extent to which indebtedness can be created in the name of the mudarabah and the principle for final settlement There can be more than one line of mudarabah deposits in order to address diverse goals and concerns of the depositors. Each such line of deposits can be for a distinct purpose, and has separate starting and maturity dates. (Sayeed, 2007:87)

(b) Investment deposit under Musharakah deposit option

Investment accounts operate on the principles of (profit sharing). With this option the banks accepting deposits from investors for either a fixed or unlimited period of time. The accounts are also known as profit and loss sharing accounts. Musharakah option can be construed as sharing in both capital and effort (Bala et.al, 2009).

(c) Investment deposit under Ijara Option

According to this option, ownership of funds always remains with the depositors, and is at no stage shared with the banks (as opposed to the case of mudarabah or musharakah) or transferred to them (as in the case of a loan). The banks come in the picture as manager of depositors to administer the funds. Under these circumstances, owner of the funds and, hence, all profits belong to the depositors. The banks would be entitled to a fee.

2.6. Uses of financial resources in Interest free Banking

Financial intermediation is the major function of modern banking system. Financial intermediation means taking funds from people who have more than they need at this juncture in time and providing those funds to persons who need them for their economic transactions and activities. (Hassen and Lewis, 2007:279)

According to Yahiya Abdurahman, (2010) Interest free banking pays close attention as to whom and what to finance. Interest free banks (IFB) do not finance for example alcohol and gambling related businesses, such as liquor stores or gambling casinos. It also does not finance environmentally irresponsible companies and businesses that are not fair to their employees. IFB does not finance speculative activities that are focused on making money out of money, based on speculations in the different financial, commodities, and real estate markets. It is community banking at heart. It believes in community development. It considers its role to be a qualified professional entity that is sound, safe, responsible, and trustworthy to attract the deposits and savings of the community. (Abdulrahman, 2010:198). Offer a broad spectrum of financial structures ranging from simple sharia complaint retail products such as saving and current accounts to leasing trust finances and large scale infrastructure financing. (Bala et. al, (2009: 26)

Murabah Financing

Murabah financing is a popular method used by interest free banks to meet short term trade financing needs for its customers. It is often referred to us cost Plus-financing or mark up

financing. In this type of financing the bank agrees to fund the purchase of specific asset or goods from a supplier at the request of customers up on acquiring the asset, the bank sells it to the customer at the predetermined mark up. Murabah financing is the back bone of contemporary interest free banking (Balaet.al, (2009: 30). An advantage of murabah is that an interest free bank is usually rigorous financially than its customers, so it can obtain discounts on purchases for its clients. When goods are purchased for several clients at one time, the discount may be larger, this controls costs for clients and contributes to the overall success of murabah(Roy, 1991:434).

Musharakah Financing

Musharakah is a type of partnership financing in which one of the partners is an interest free bank. Profits and losses are shared on predetermined formula. Profit sharing need not be based on the proportion of the shares owned, but liability of loss is limited to the contributions of the shareholders. In other words, investors cannot be liable for more than the amount of capital they invest in the partnership. (Shanmugan and Gupta, 2007) Musharakah is an Arabic word which means sharing, and relates to the sharing of profits or losses resulting from joint ventures or partnerships. In the business environment musharakah is a partnership contract based upon equity participation, by which partners provide capital under joint venture. The sharing of profits and losses resulting from such partnerships is predetermined and partners may co-manage the enterprise. The bank may act as a passive partner while the customer manages the venture (South Africa art; 281:35)

Mudarabah Financing

It is a commercial activity in which an Islamic bank entrusts funds to an entrepreneur. Which is also known as trust financing? The arrangement enables the entrepreneur to carry out business projects. Profits are distrusted between the bank and entrepreneur on predetermined ratio. All losses are born by the supplier of the fund (bank) as long as there has been negligence on the part of the entrepreneur (Bala et.al (2009: 34).

Ijara

Ijara means to give something on a lent. Under the ijara arrangement the bank purchases a tangible asset based on the clients' specification and leases it to the client. The bank gives the right to use the asset to lessee as well as physical position of the asset. In return the lessee makes rental payments based on the agreed schedule. Up on the expiration of the lease the

lessee returns the asset to the bank (lessor). Ijara is typically used for high cost assets with long life span (Bala et.al (2009: 32). According to Delwin A. Roy, (1991:434) Ijara is a source of short or medium-term finance that is used by businesses in fields such as construction, for the financing of heavy machinery or other equipment. The bank purchases goods such as construction equipment and then leases them to the client on a specified sum, fixed-period basis. Monthly payments by the client are fixed at rates which cover all or most of the original purchase price of the item over the period of the contract. A contract can incorporate both Murabaha and Ijara if the eventual sale to the client is agreed upon at the time the original contract is made.

Bai' bithman Ajil (BBA)

Bala et.al (2009: 28) defines bai' bithmanajil is the sale of goods by the bank to a customer on a deferred payment basis over a specified period at a price that included a markup or profit margin agreed to by both parties. Bai' bitmanajil plan is commonly used for financing the purchase of real property, vehicle or consumer goods.

Al-Ijarathumna al bai (AITAB)

Financing on this modality essentially an ijara (leasing) contract combined with bai-purchase contract. Under the first contract, the purchaser (customer) leases the goods from the owner (the Bank) at an agreed rental price for specified period. Upon expiration of the leasing, the purchaser enters into a second contract to purchase the goods from the owner at an agreed price (Bala et al (2009: 34).

Istisna

In istisna financing, a commodity is purchased or sold before it comes in to existence, which is an exception to the sharia principle requiring that an underling asset be present in order for a financial transaction to be taken (Bala et al (2009: 34),

Tawaruk

In this structure the bank directly or indirectly buys an asset and immediately sells it to a customer on a differed payment basis. The customer then sales the same asset to a third party for immediate delivery of and payment (Bala et al (2009: 34).

Bai Salam

Financing is a forward financing transaction frequently used in the agriculture industry. In this structure, the bank purchases specified asset in advance of a predetermined delivery date. Typically the bank receives a discount for the advance payment plus a profit margin (Bala et al (2009: 34).

QardHassen

This refers a gratuitous, or charitable, contract in which the borrower is required to repay only the amount borrowed with no profit (mark up) to the lender. It is a form of benevolent financing extended on a good will basis. Quad hassen literally mean good loan (Bala et al (2009: 34).

2.7. Islamic banking as an alternative approach

One might wonder whether Islamic banking and finance is an alternative approach to conventional banking or may be the most modern generation of banking.

In an attempt to answer this question we have to notice that the banking business is no more than a possible means to satisfy the needs of society according to the prevailing conditions and circumstances. Those needs should always govern the means, not be their subject.

The most important function of modern banking is the art of mobilizing funds for investment. Islamic banking is a system that mobilizes savings on the basis of profit/loss sharing which we think is fairer and more conducive to investment and development although it is for Muslims a matter of faith.

Economists have argued that the wider is the freedom of choice the higher is the level of social welfare. A wider choice implies greater respect of human rights. When an alternative concept such as Islamic banking is introduced, a new choice is open to the market, with obvious economic and social benefits.

Introducing Islamic banking as a new choice has also further benefits related to the advantages it provides to many fund users. (MonzerKahf, 2005)

Commodity and service producers would certainly appreciate equal opportunities for obtaining capital based on the merits of their businesses rather than on their personal creditworthiness alone. Those entrepreneurs who prefer to be self-employed need ways to obtain financing other than borrowing. Islamic banking gives those pioneers such an opportunity on the basis of profit/loss sharing.

In general, Islamic banking/finance places more weight on the merits of the business to be financed than on the wealth of the fund user. As a result under this new banking alternative, a better distribution of credit may be achieved (MonzerKahf 2005).

2.8. Factors that affect the customer choice to use of interest free banking service

2.8.1 Awareness

In this study, Awareness was viewed as an attempt to explore how the customers established the knowledge of the products or services of the Islamic bank and to what extent they lacked the information about it. The first stage of adoption of any product or service is the awareness (Rogers, 1963, 2003). It is therefore inconceivable for the implementation of any product to occur without the individual becoming first aware of that product. Hence awareness is indispensable in the adoption process. In fact, awareness is the foundation of usage of the Islamic banking products and services as it paves the way for arousing the customers' curiosity about Islamic banking and consequently leads to the adoption of the products and services. Without the awareness there would be no initiative from the customer to use the products and the services of an Islamic bank. Lai (1991) identified awareness as a strong factor that guided customer's assessment toward the acceptance or rejection of a particular product. Accordingly, Kotler and Amstrong (2001) opined that creating awareness among the consumers about the product or service remained a key factor in its adoption. Literature reports the linked between variables awareness and customers' acceptance and or adoption of a particular product, services or idea. Some of the studies that established a relationship between awareness and adoption include (Lai, 1991; Naser, Jamal, & AlKhatib, 1999; Rammal & Zurbruegg, 2007). In addition Noble (2019) Proposed that awareness has a positive effect on implementation of interest free banking service.

2.8.2. Perceived Risk

The perceived risk barrier acts as a big barrier to use and adoption process; consumers are fearful of purchase, usage and consumption of innovative offerings, and thereby continue to patronize the existing alternatives, rather than adopt new ones (for fear of making a wrong decision).

Risk and uncertainty were used synonymously even though variation between the two exists (Peter & Ryan, 1976). Whereas risk connotes known probability, uncertainty does not have a known probability of occurrence (Knight, 2012). In Conventional banking, risk is wholly transferred to other while in Islamic banking risk is shared among bank, lender and borrower.

The predictive power of risk on the consumer behaviour could be better understood through examining the various categories of risks and how they relate to the particular product and or service intended by a consumer. Low perceive risk increases the chance of customers' acceptance of a particular product and service while high perceive risk reduces the chance of the acceptance and this formed the rational of established link between the perceive risk and adoption of a product or service (Srivastava & Sharma, 2011). In addition to this Noble (2019) perceived risk has negative effects on implementation of IFB service.

According to Visser (2009), the major difference between Islamic and conventional banking lies in the prohibition of Gharar (excessive uncertainty), prohibition of Maysir (gambling) and the prohibition of riba (interest).

Iqbal, Ahmed and Khan (1998) added that risk sharing, emphasis on productivity rather than credit worthiness as well as the moral dimensions of Islamic banking are distinctive features of latter. And this is supported by Zaher and Hassan (2001).

These features that make Islamic banking different than the conventional, subsequently dictated that the studies on customers' behaviour in general and patronization behaviour in particular should be undertaken differently, by taking into account other dimensions that reflect the specificity and features of interest free banking.

2.8.3. Perceived financial cost (price)

A study by Ramayah et al. (2006) provides an evident verdict pertaining to the inclusion of perceived financial cost in explaining behavioural intention, and at the same time supports Amin's et al. (2013) study on the importance of perceived financial cost in Islamic banking transaction. It is found that perceived financial cost has inverse relationship with the intention to choose Islamic credit cards. In fact, past studies by Amin (2008), Abdullah and Dusuki (2006), Rahman (2005) advocate pricing as the key predictor of the Islamic bank patronage on intention to use a banking product. The same conclusion can be apparently drawn from the studies by Yu (2012), Luarn and Lin (2005). This explains that the greater the perceived financial cost is, the more likely that one's intention is inhibited from choosing Islamic banking products. The findings provide useful insights to bankers in order to develop a proper pricing strategy on the products. It thus justifies the need to look into this matter in the present study in the context of emerging market.

2.8.4. Religious belief

Religiosity is found to be tri-dimensional (Souiden and Rani, 2015). Their study shows that the more an individual fear of divine punishment, the more he will develop a favourable perception towards Islamic banks. In addition, the more he believes in Islamic law, the more he is in favour of Islamic banking products. However, religious obligation is found to be insignificant when assessing its effect on the intention to use Islamic personal financing product (Amin et al., 2011). Contradicting from the study by Amin et al. (2011), Alam et al. (2012) found religiosity is an important element as it is capable of influencing an individual cognitively and behaviourally. Religion contributes to the base of knowledge that justifies and controls the attitude and behaviour of an individual (Foxall and Goldsmith, 1994). Such assertion is also advocated by Weaver and Agle (2002), adding that there is consistency in religious influence in subscribing to an Islamic bank's services, though some religious people tend to question the compatibility of Islamic banks with Islamic principles. As such, it is necessary to assess its relationship with factors to use Islamic banking products in the study.

2.9. Empirical Review

2.9.1. Empirical Review at International Level

Many studies undertaken relating to the factors and customers of perception toward interest free banking among that; Laroche et al. (1986), Erol and El-Bdour (1989), Turnbull and Gibbs (1989), Zineldin (1996), Ahmad and Haron (2002), Islam, (2012), Echchabi and Abdul-Aziz, (2012), Ramdhony, (2013) discovered that factors, such as religious feeling, perceived relative advantage, perceived trust, perceived relative advantage, perceived compatibility, Valued group opinion influence, Awareness, and facilitating conditions are essential in use products and services of interest free bank.

According to Abdul Ghafoor Awan and Maliha Azhar(2014) find out relationship among demographic variables (religion, high profit & low service charges, influence of friends & family, service quality, responsive attitude of staff, mass media & bank image) and consumer behaviour toward interest free banking in Pakistan. Hence, the findings show significant and positive relationship among all variables of demographic profile on behaviour of customers towards adoption of interest free banking.

2.9.2. Empirical Review at National level

Interest free banking is an infant stage in Ethiopia banking industry is not a well-studied area, through; few studies were conducted on the attributes of IFB. From these Mohammed (2012) were studied the on “Prospects, Opportunities and Challenges of Islamic Banking in Ethiopia” and finding identified the possible challenges as: lack of regulatory and supervisory challenges, lack of support and link institutions, institutional challenges, awareness gap in research.

Another study by Teferi’s (2015) studied about on the “Contribution of interest free banking to economic development and its prospect in Ethiopia”. The researcher concludes the contribution of the Muslim population inclusion in the banking system to GDP growth and the economic development.

On the other hand Debebe (2015) study conducted on “Factors Affecting Customers to Use Interest Free Banking in Ethiopia”. The study is centred on “customer” intention and willingness to use interest free banking”. The result showed that perceived relative advantage, subjective norm perceived compatibility, and customers’ awareness have a positive and significant effect on the attitude towards IFB in CBE.

According to Kerima (2016) find out the succeeding challenges: lack of customer awareness about interest free products, lack of capacity to deliver products of interest free banking, double taxation, lack of trust and confidence of customers, inadequate marketing and promotion, lack of availability of interest free products in all of the branches.

Another study made by Abraham (2017) on the “Determinants of customers’ intention to use interest free banks products and factors affecting employees’ product knowledge”. Unstructured questionnaire was used to collect qualitative data on customers’ use intention. The findings of this study have shown that, except for educational level, all other demographic factors found to have an insignificant on IFB adoption intention.

Finally a research conducted by Noble (2019) has studied “Factors Affecting Implementation of Interest Free Banking Services in Ethiopia”. According to this the present findings clearly imply that religious beliefs are still instrumental in influencing the implementation of IFB products and services. In order to properly implement the service and solve religious issues commercial bank of Ethiopia needs to establish a clear set of frame work to control the establishment of the Shari“ah Committee of interest free banking services.

2.10. Research Gap

Based on the foregone review of literature at international level Researchers have identified and investigated several factors considered as relevant in influencing customers to uses of the products and services. These studies have revealed that though there are some determinant factors common to many countries, there are also factors which are unique to each country due to social, cultural, economic, technological, political, religion and other factors. Furthermore, the study environments of the international researches were on Moslem-dominated and or Arab countries; hence, it could be difficult to implement recommendations policy of the respective directly researches in to the context of Ethiopian. Therefore, attempts to fill this gap of research by examining the major factors faced by service users of interest free products.

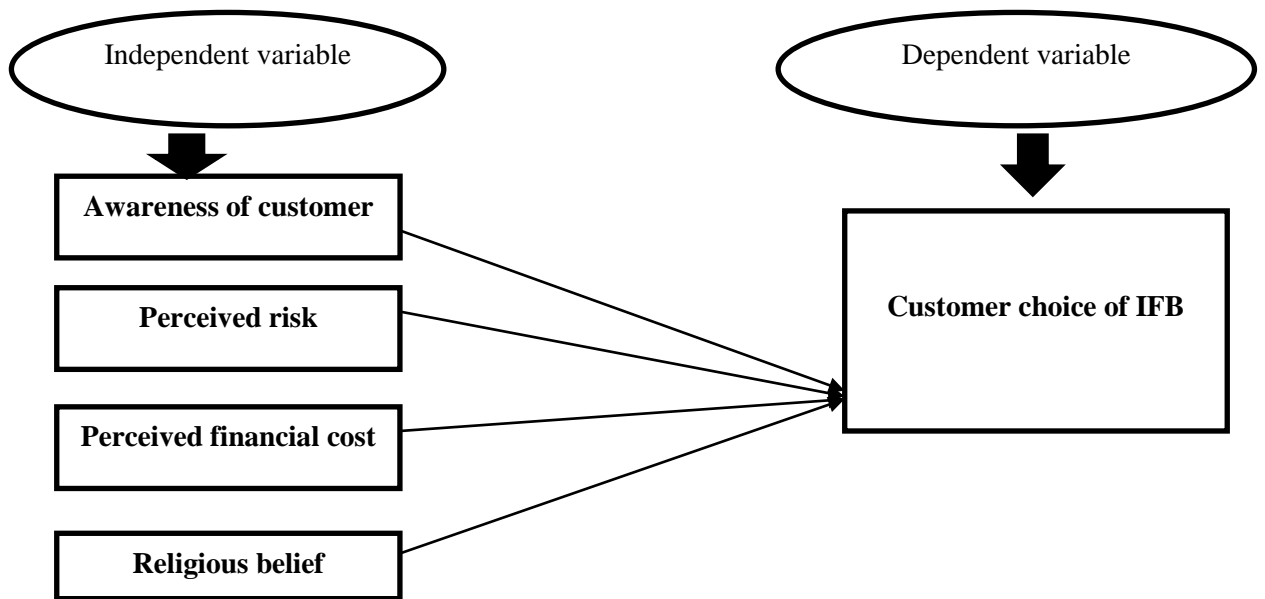
Interest free banking is an infant stage in Ethiopia banking industry is not a well-studied area, through; few studies were conducted on the attributes of interest free banking.

Debebe (2015) a study has conducted on “Factors Affecting Customers to Use Interest Free Banking in Ethiopia”. The study missed main factors to use IFB like Religious, Price and Perceived risk. On the other hand Teferi’s (2015) study on the “Contribution of IFB to economic development and its prospect in Ethiopia”. While researches have been limited to the Prospect and challenges of introducing Interest free Banking in Ethiopia’ (Akmel2015, Mohamed 2012, Kerima, 2016 and Teferi, 2015). In addition Abraham (2017) conducted a study on Determinants of Customers’ Intention to Use IFB Products. Finally, factors Affecting Implementation of IFB Services in Ethiopia conducted by Nobel (2019). Hence, none of the above studies have addressed the factors that affect the uses of Interest free Banking products and service in Ethiopia by using factors; awareness of customer, perceived risk, perceived financial cost and religious belief.

2.11. Conceptual framework

According to the previously related literatures were assessed, and conceptual framework is a diagrammatic representation of the study variables. In other words, the framework outlines how the dependent and independent variables interact.

Figure 2.9.1: Conceptual framework



Source: Compiled by the researcher manly based on Kotler et al (2005)

CHAPTE THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The following different sections were discussed in this chapter. It comprises research approach, research design, target population, sampling methods and sample size determination, type and Source of data, data analysis method, validity and reliability, and ethical consideration.

3.2. Research Approach

When conducting a research, there are different ways of approaching the problem. According to Cresswell (2009) there are three approaches of research; quantitative, qualitative and mixed. The following discussion briefly presents the basic features of the research approaches. Quantitative research is a means for testing objective theories by examining the relationship among variables Cresswell (2009). On the other hand qualitative research approach is a means for exploring and understanding the meaning of individuals or groups ascribe to a social or human problem with the intent of developing a theory or pattern inductively Cresswell (2009). Finally, mixed method approach is an approach in which the researchers emphasized the research problem and use all approaches available to understand the problem Cresswell (2009).

Hence, based on the above discussions of the three research approaches and by considering the research problem and objective, the study used quantitative approach.

3.3. Research Design

The starting point of this research purpose is the research problem, what are the affecting customer choices to use Interest Free Banking, depending on research problem literature review has been conducted in order to specify research questions and construct framework. The research purpose and research question is to reveal the relationship between the independent variable and dependent variables and to predict the relationship.

3.4. Target Population

According to Sekaran (2006), Population refers that the researcher wishes to investigate to the entire group of people, events, or things of interest.

The population of the study is the customers of IFB in Ethiopia. But the target populations of the survey were customers of IFB at Commercial Bank of Ethiopia. The Bank is selected on a purposive basis because the Bank is pioneer in commencing IFB product and Service in Ethiopia and the Bank has wider customer basis that will serves significant number of IFB customers.

Commercial Bank of Ethiopia works on Interest free banking widely on customer base and has much deposit other banks in Ethiopia. For these explanation CBE have 48.72% IFB customer and 55.68% IFB deposit from total number of IFB customer and deposit of Ethiopian commercial banks on end of September 2020 while other banks those commenced Interest free banking has small share. For instance, Cooperative Bank of Oromia have 23.74% and 11.23%, Bank of Abyssinia have 5.06% and 6.66%, Awash Bank have 5.29% and 6.62%, Oromia International Bank 6.73% and 6.16% and Hibret Bank have 1.32% and 1.94% IFB customer and IFB deposit respectively. Hence the researcher, selected CBE's IFB customer as a target population. Furthermore, as the population is expected to homogenous, investigating the problem from large number sample size is adequate for the research representative (Ibrahim 2020).

Commercial bank of Ethiopia in 1942 established as state owned institution and it is the largest commercial bank in the country of Ethiopia. Currently CBE has 1610 branches within 15 districts. Both interest free banking and conventional banks products and services provide to customer starting October 24, 2013. Nowadays it provides these interest free products through branch window and opened full-fledged branches.

The CBE has divided the country in to fifteen district offices; these district offices are responsible for managing the branches of the bank. The division of districts in the CBE is just for the purpose of efficient management; there is no difference among district offices and the branches under their supervision on the type of customer they target or the types of services they provide. It has four districts in Addis Ababa and eleven outlying branches. The researcher to manage the research considered the bank districts in Addis Ababa city. There

are 512 branches in these districts out of this branch 487 interest free window and 23 full-fledged as of June 30, 2020.

3.5. Sampling Methods and Determination of sample size

3.5.1. Sampling Methods

Generally, the basic sampling techniques are two; these are probability and non-probability sampling techniques. The Probability sample is defined as a sample in which every element of the population has an equal chance of being random selection. According to Adams et al. (2007) Probability sampling includes Simple Random, Systematic, Stratified, Cluster and Multistage sampling methods.

Instead of this, if sample units are selected on the basis of personal judgment or non-random selection and elements of the population does not have equal chance of being selected, the sample method is a non-probability sample (Adams et al. 2007) and (Kothari 2004).

Hence, the researcher uses multistage of sampling techniques to reach on specific respondent of the study.

3.5.2. Sample Size Determination

Determining of the sample is very essential issue for the samples size that are too large; it may waste time and resources. While the samples are too small may give incorrect conclusion of the study. The sample size of the respondents determined as follows.

A. Sample Size of branch

A method developed by Carvalho (1984) was used to determine the branch sample size. The researcher used commercial bank of Ethiopia's June 30, 202 report, the interest free windows and full-fledged branches to give the interest free products reached 510.

Table 3.5.2.1 Determination of sample size

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

Source; Carvalho (1984)

Hence, based on the above table the researcher was select a medium sample size which is 80 branches out of 510 commercial bank of Ethiopia with interest free banking windows and full-fledged branches in districts of Addis Ababa.

Beside this, the number of branches in each district is not the same. For this reason the researcher to compute the size of each cluster used proportion. Hence, that the number of branches from each district has been calculated as following table.

Table 3.5.2.2 Number of sample branches from each district in Addis Ababa

No	Name of Districts in Addis Ababa	Number of Branches on each District	Proportion (%)	Number of sample branches in each District
1	East Addis	130	25.49	20
2	North Addis	128	25.10	20
3	South Addis	116	22.75	18
4	West Addis	136	26.67	22
	Total	510	100%	80

Source; Own computed on CBE report June 30, 2020

Subsequently, the appropriate number of sample branches determined from each Addis Ababa district. Then collect the data from the respondents of 80 branches used simple random sampling method. For instance, select 20 branches out of 130 branches in eastern district in Addis Ababa, branches alphabetically arranged and every fifth branches was selected until sample size fully selected from the cluster of 130 branches.

B. Sample size of customers

The important element for any survey research is sample size determination. There are four strategies to sample size determination using; census for small population, using the sample size of similar studies, using published tables like the table of Krejcie and Morgan (1970), or using formulas to calculate a sample size Israel (2009).

According to Krejcie and Morgan (1970), using a formula came up with a table for determination sample size. Hence, for a population greater than 1,000,000 and 95% of confidence level, the sample size should be 384 out of total population.

Beside, according to Yamane (1967:886) to calculate the sample size used simplified formula proportion. Assumed, confidence interval of 95%, P = 0.5 and e = 5%.

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

Where N is the population size, n is the sample size, and e is level of precision (error). The populations of the study include all interest free banking customers of all branches. Currently, commercial bank of Ethiopia has 568,591 IFB customers. Therefore, the total target population is 568,591. By using simplified formula proportion we can get a sample size of 399 Yamane (1967:886).

$$n = \frac{568,591}{1+568,591(0.05)^2} = \frac{568,591}{1422.4775} = 399$$

Table 3.5.2.3 Number of customers sample each districts in Addis Ababa

No	Districts Name of in Addis Ababa	Number of Customers in each District	Proportion (%)	Number of customers sample in each district	Number of branches sample in each District
1	East Addis	56,260	10	40	20
2	North Addis	78,108	14	55	20
3	South Addis	60,555	11	42	18
4	West Addis	373,668	66	262	22
	Total	568,591	100	399	80

Source; Source; Own computed on CBE report June 30, 2020

Finally, to collect data from the sample of 399 respondents used convenience sampling method. This sampling technique is a non-probability sampling technique in which a sample is drawn from that part of the population that is close to hand, readily available, or convenient. Hence, on a walk in basis distributed the questionnaire to the customer in the selected branches in the Addis Ababa. For example the sample of selected branch been satisfied the questionnaire distributed to willing customers arrived to get the service.

3.6. Type and Source of data

The study used primary data collection methods. The primary source of data basically focused on questionnaires distribution and collection. The questionnaire is a fast way of obtaining data as compared to other instruments (Mugenda, 2003). Questionnaires give the researcher comprehensive data on a wide range of factors. Questionnaires allow greater uniformity in the way questions are asked, ensuring greater compatibility in the responses. Accordingly, Questionnaires were prepared and distributed to the interest free banking customer of Commercial Bank of Ethiopia.

3.7. Data Analysis Method

The researcher has analyzed the data collected through survey to statistical population concerning the affecting customer choices to use Interest Free Banking. The data was collected via questionnaires and were analysed through descriptive and inferential statistics using linear regression using statistical package for social scientists (SPSS 20). Thus, both the strength of the relationship between variables and the influence and statistical significance with dependant variable assessed.

3.8 Validity

It is concerned with the findings are really about what appears and it defined on the degree to which data collection method and methods correctly measure what they were intended to measure Sounders et.el (2003). There are different steps be taken to make sure the validity of the study;

The collected data is from the reliable sources and respondents randomly selected who had experience in using the interest free banking products.

The survey question is made based on the literature, reference and translated to Amharic for easily understanding of respondent.

3.9 Reliability

According to Bhatacherjeend(2012) is the degree to which the measure of a construct is dependable or consistent. Reliability measurement of scale may be obtained by one of the following methods; internal consistency, alternative forms and test retest. To determine internal consistence cronbach's alpha is the most broadly used measure the reliability. For this study cronbach's alpha coefficient is computed. Cronbach's alpha coefficient is an estimator of internal consistency.

The alpha coefficient value ranges between 0 and 1. The generated scale is high the more internally reliable. According to Pallant (2005) cronbach's alpha coefficient value above 0.7 is held to be acceptable reliability coefficient.

Table 3.9.1.Cronbach's coefficient alpha to all items

Alpha cronbach's	Alpha cronbach's based on standardized items	N of items
0.789	0.815	5

Source; own computed on SPSS 2021

Table 3.9.2.Cronbach's coefficient alpha to each item

Item	Alpha cronbach's if item deleted
Choice of Interest free banking	0.759
Awareness of customer	0.646
Perceived risk	0.824
Perceived financial cost	0.698
Religious belief	0.752

Source; own computed on SPSS 2021

As stated on the above table, it illustrates the value of alpha cronbach's for each and entire of the questionnaire. And the value of cronbach's alpha ranged between 0.646 and 0.824 and that alpha value is acceptable. According to Malhotra et.al (2007) the alpha value of 0.60 is consider as the lower limit of alpha cronbach's acceptability. As stated the table also the overall for five variable reliability statics is 0.789. It required minimum threshold and showed the questionnaire high reliable.

3.10 Ethical consideration

The research was conducted in commercial bank Ethiopia and the purpose is disclosed on questionnaire in introductory part. And to keep the confidentiality of the respondent response, not need to be wrote their name this also to give their opinion up on their consent and without any frustration.

CHAPTER FOUR

ANALYSIS AND PRESENTATION

4.1 Introduction

The primary concern of this study was to investigate factors affecting customer choice to use Interest free banking in Ethiopia in case of Commercial Bank of Ethiopia. The researcher got 369 responses out 399 questionnaires this gives 92.48% response. The researcher uses descriptive and inferential analysis to analyze the demographical information response and investigate the influence of independent variables on dependent variable. The basic assumptions were element of customer choice IFB namely awareness of customer, perceived risk, the perceived financial cost (price), and religious belief influence on customer choice to use IFB. For the study of relationship multiple regression model and for the statistical analysis SPSS 20 software used.

4.2 Descriptive analysis

Descriptive analysis used to demographic and other related factors, the scale typed questionnaire has been entered to the SPSS software version 20.

4.2.1 Demographic profile of the respondents

Demographics are characteristics of a population that are used in research exercise such as the one included in this dissertation (Pennsylvania state university, 2006). The demographic information was included in the questionnaire in order to ensure that valid and useful results were obtained and to ensure that the respondents were fairly representative of stakeholders that is customer base. The response of respondent about the demographic information describe under the table as follows.

Table 4.2.1 Demographic information

No	Demographic profile	Frequency	Percentage (%)	
1	Gender	Male	260	70.5
		Female	109	29.5
		Total	369	100
2	Age (Yr)	Less than 30	177	48
		30-45	145	39.3
		Above 46	47	12.7
		Total	369	100
3	Education level	Primary	36	9.8
		High school	95	25.7
		Diploma	75	20.3
		BA degree	134	36.3
		Master degree	28	7.6
		Other	1	0.3
		Total	369	100
4	Occupation	Government sector	97	26.3
		Private sector	98	26.6
		Self employed	147	39.8
		others	27	7.3
		Total	369	100
5	Monthly Income (Birr)	Under 2,000	39	10.6
		2,000 – 4,999	72	19.5
		5,000 – 9,999	105	28.5
		10,000 – 20,000	110	29.8
		Above 20,000	43	11.7
		Total	369	100

Source; own computed on SPSS 2021

As stated on the above table the distribution of gender covers male 70.5% and female 29.5% from the total respondents. In addition to this from the total respondent which 87.3% covers of the group age between 31- 45 and under 30 from the sample customer.

When come to the occupation large amount of respondents were self-employed which covers 39.8% and private sector and government sector approximately on equal level covers 26.6% and 26.3% from the total respondents.

Finally the respondents on monthly income mostly in the group of Birr 10,000 – 20,000 and 5,000 – 9,999 covers 29.8% and 28.5% from the total respondents respectively.

4.2.2 Mean and standard deviation

The reason for using descriptive statistics is to compare the different factors that affect customer choice to use IFB in the case of commercial bank of Ethiopia by using mean and standard deviation among respondents.

Table 4.2.2 Mean and standard deviation

Variable	N	Mean	Standard deviation
Interest free banking	369	3.9526	0.60662
Awareness of customer	369	4.0081	0.42482
Perceived risk	369	3.4092	0.36746
Perceived financial cost	369	3.9463	0.53094
Religious belief	369	3.8042	0.45532

Source; own computed on SPSS 2021

As stated the above the standard deviation 0.60662 indicate that was the variability is moderate in customer choice to use IFB in the data. Also it indicates that all choice of IFB determinant rated satisfactory. In addition to this the mean value concerned out of determinant; awareness of customer (4.00), perceived risk (3.41), perceived financial cost (3.94), and religious belief (3.80) has moderately major roles on customer choice of IFB. As

shown from the above table, all explanatory variables play a fundamental role for choice of interest free banking.

4.3 Model summary

Table 4.3.1 Model summary

Model 1	R	R square	Adjusted R square	Std error of estimate	Change statistics					Durbin-Watson
					R square change	F change	df1	df2	Sig F change	
1	.858 ^a	.736	.733	.62658	.736	253.930	4	364	0.000	1.703

Source; Own computed on SPSS 2021

As stated on the exposed all independent variables accounted for the R square (73.6%) of the contribution for customer choice to use interest free banking. In addition the adjusted R² is 0.733, means 73.3% of the variation in customer choice of interest free banking can be explained by the four determinant and other factors might be limit contribution of those determinant to the customer choice to use interest free banking which accounts for about 26.7%.

4.4 Multiple regression of testing assumption

In order to maintain validity of data and robustness of regressed result of the study in the multiple regression models, the basic assumption should be fulfilled. For this reason has conducted then test of assumption such as; multi collinearity, linearity, normality, and homoscedasticity.

1. Multi collinearity

It is checked by using the correlations among the variables in the regression model. To checked the variables of collinearity as per procedure of multiple regression completed by using tolerance and variance inflation factor. According to Pallant (2010), tolerance is an indicator of how much the variability of the particular independent is not explained by other independent variable in regression model. If the tolerance value is very small or less than 0.10, indicates the multiple correlation is high among other variables. In addition to this the variance inflation factor (VIF), results of 1 divided by tolerance value gives above ten (10), indicates multi collinearity among the independent variables.

Table 4.4.1 Diagnosis collinearity

Items	Statistics of collinearity	
	Tolerance	Variance inflation factor (VIF)
constant		
Awareness of customer	0.233	4.290
Perceived risk	0.910	1.099
Perceived financial cost	0.282	3.541
Religious belief	0.674	1.484

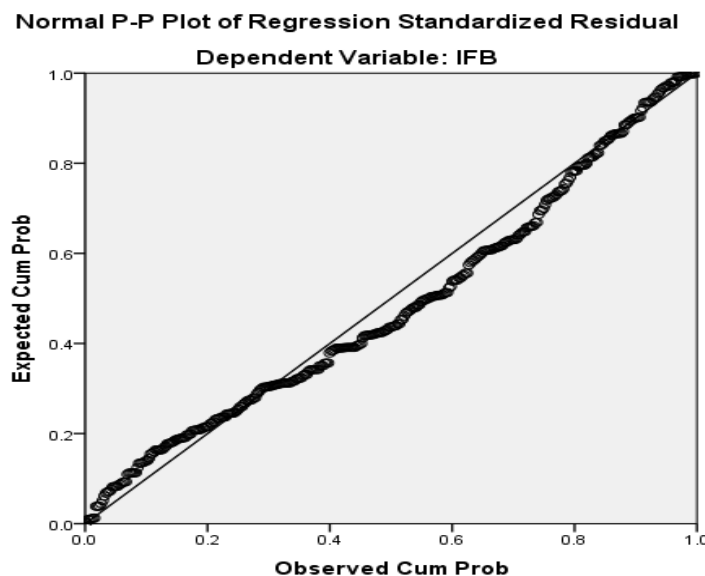
Source; Own computed on SPSS 2021

As stated the above table the tolerance value is 0.233, 0.910, 0.282, and 0.674 for each independent variables not less than 0.10. Hence, the assumption of multi collinearity is not violated. And also the variable inflation factors value 4.290, 1.099, 3.541, and 1.484 which is below 10 shown on the above table indicates the assumption is not violated.

2. Linearity test

As the researcher observed in the figure 4.3.1 the points systematically distributed around the diagonal line there is linearity pattern. Therefore, the straight line relationship among predicted dependent variable and residual value score depicted that achieved the linearity.

Figure 4.4.1 Normal P-P plot of the standardized residual

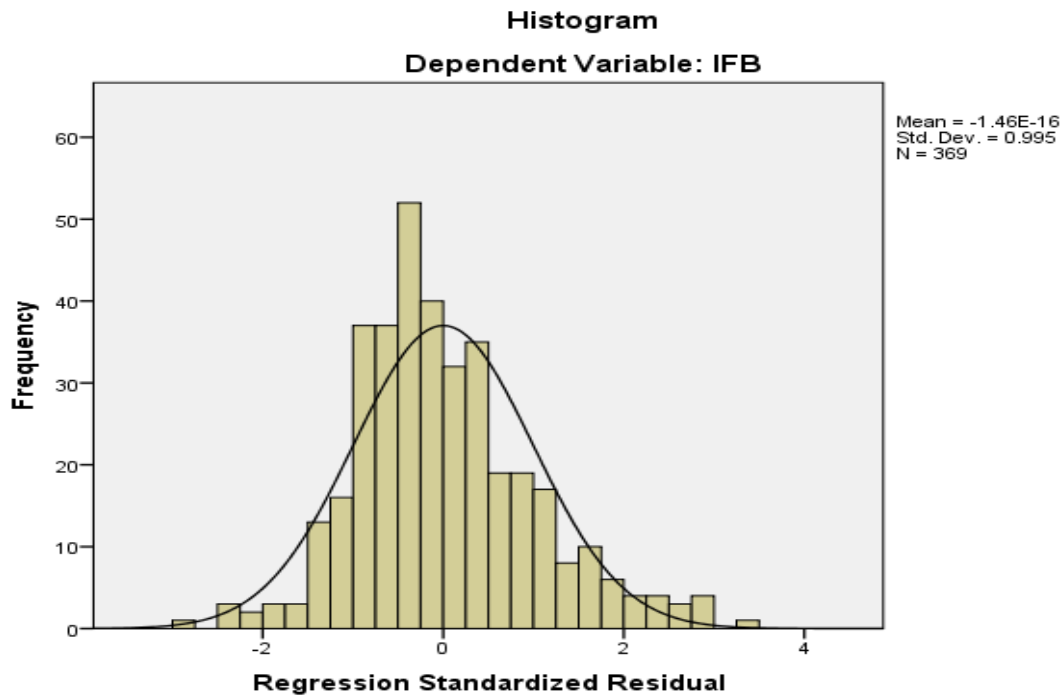


Source; Own computed on SPSS, 2021

3. Normality test

As indicated below the researcher used both graphically normal probability plots and skewness and kurtosis methods. Figure 4.3.2 shows the scores distributed normally.

Figure 4.4.2 frequency distribution of the standardized residual



Source; Own computed on SPSS, 2021

Table 4.4.2 Skewness and Kurtosis

Items	N	skewness		Kurtosis	
		statistic	Statistic	Standard error	Statistic
Interest free banking	369	-0.396	0.127	0.277	0.253
awareness of customer	369	0.065	0.127	-0.617	0.253
Perceived risk	369	-0.103	0.127	-0.195	0.253
Perceived financial cost	369	-0.026	0.127	-0.339	0.253
Religious belief	369	-0.479	0.127	0.554	0.253

Source; Own computed on SPSS, 2021

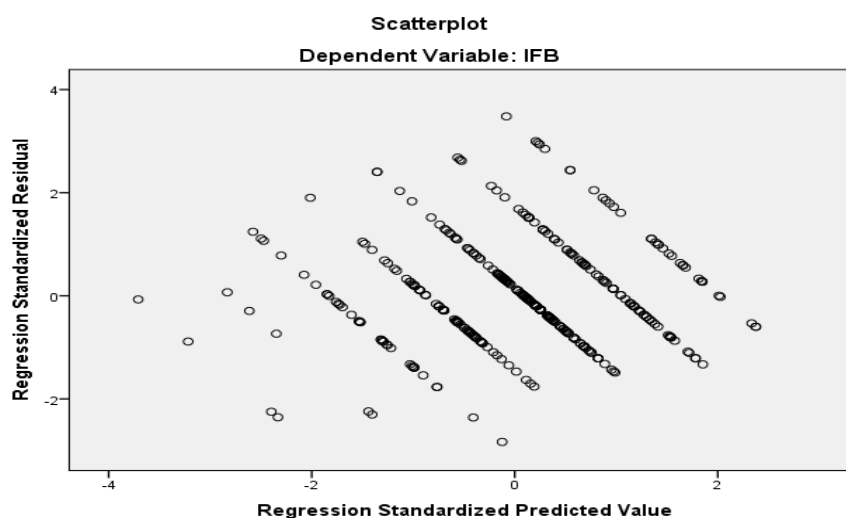
To normality distribute skewness should be between the range of +2 and -2 as a rule of thumb Garson (2012). And also some statisticians to more stringent criterion recommend the range should be within +1 and -1 and it tells the normality is critical normality. According to this the above table shown skewness value is perfectly the range between 0.065 and -0.479. Hence, the study shows distributed normally.

In addition to this kurtosis should be between the range of +2 and -2 when the data normal distribute Garson (2012). And also some statisticians to more stringent criterion recommend the range should be within +1 and -1 and it tells the normality is critical normality. As per the above considerations the table shows the kurtosis value is perfectly the range within 0.277 to -0.617. Hence, this explained the data is normally distributed.

4. Homoscedasticity

According to Sounders, et al (2009) stated homoscedasticity is the extent to which values of data for the independent and dependent variables. As stated Feeld (2009) the predictor variables at each level, the residual term variance should be constant, this means the predictors' residual value at each level should have same variance. In addition Field (2009), recommended to get the result of homoscedasticity, that should plot the error or standardized residuals (ZRESID) at the Y axis and standardized predict values of the dependant variable on the model (ZPRED) at the X axis.

Figure 4.4.3 standardized residual plot



Source; Own computed on SPSS, 2021

As stated on the above figure, the ZRESID and ZPRED graph should look like random display of dots uniformly dispersed and there are no outliers on the cloud of dots which are spaced around zero. This shows the there is no problem on homoscedasticity assumption.

4.5. Inferential analysis

It is a statistical method, uses to test the simple correlation and multiple regression has been employed.

4.5.1 ANOVA test

Table 4.4 Test of ANOVA

Model	Sum of square	df	Mean square	F	Sig.
Regression	99.693	4	24.923	253.930	.000 ^b
Residual	35.727	364	0.098		
Total	135.420	368			

Source; Own computed on SPSS, 2021

According to the above table the significant level shows the combination of variables significantly predicted the dependent variables in the ANOVA test. From the above ANOVA test result F ratio 99.693, which is significant at $P < 0.001$. Hence, the result shows us there is less than 0.01% chance the F ratio is larger would occur by chance alone. Hence, this also tells us the result of regression model in significantly better predictions of customer' choice to use IFB in commercial bank of Ethiopia.

4.6 Analysis of correlation

The personal correlation test was conduct to identify the relationship among the independent variables (awareness' of customer, perceived risk, perceived financial cost, and religious belief) and dependent variable (customer choice of IFB). Based on selected customer filed the questionnaires in commercial bank of Ethiopia, results of the correlation analysis among the variables stated as follows in the below table.

Table 4.6.1 personal correlation analysis

Item		Choice of IFB	Awareness of customer (AW)	Perceived risk (PR)	Perceived financial cost (PFC)	Religious belief (RB)
Choice of IFB	Person correlation	1				
	Sig (2-tailed)					
	N	369				
Awareness of customer (AW)	Person correlation	.658**	1			
	Sig (2-tailed)	0.000				
	N	369	369			
Perceived risk (PR)	Person correlation	.153**	.274**	1		
	Sig (2-tailed)	.003	.000			
	N	369	369	369		
Perceived financial cost (PFC)	Person correlation	.508**	.844**	.218**	1	
	Sig (2-tailed)	.000	.000	.000		
	N	369	369	369	369	
Religious belief (RB)	Person correlation	.815**	.552**	.252**	.408**	1
	Sig (2-tailed)	.000	.000	.000	.000	
	N	369	369	369	369	369

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

Source; Own computed on SPSS, 2021

As stated the above table, the dependent variables i.e awareness of customer, perceived risk, perceived financial cost, and religious belief are significantly and positive correlated with dependent variable (customer choice of IFB); awareness of customer personal correlation is 0.658 ($p < 0.001$), perceived risk personal correlation = 0.153 ($p < 0.005$), perceived financial cost personal correlation = 0.508 ($p < 0.001$), religious belief personal correlation = 0.815 ($p < 0.001$). Hence, the correlation analysis result positively and significantly correlated among dependent variables (customer choice of IFB) at 99% at ($p < 0.001$) confidence level.

4.7. Multiple regression analysis

This model was applied to test far determinants have effect on the customer' choice to use IFB products. The coefficient determinant (R^2) is 0.733, the determined of proportion of the dependent variable variance about its mean that is explained by independent variable or predictor. The R^2 (73.30%) conducted to investigate the effect of independent variables i.e. awareness of customer, perceived risk, perceived financial cost, and religious belief to the dependent variable i.e. choice of IFB identify the relative significance influence. The value of R^2 is high, represents grater explanatory power of regression of model of equation. Hence, by using multiple regression analysis the proposed hypotheses were tested.

Table 4.7.1 Regression model coefficient analysis

Model	Unstandardized coefficients		Standardized coefficients	t	Sig.
	B	Sta. error	Beta		
Constant	-1.348	0.396		-3.403	.001
Awareness of customer	0.126	0.020	0.352	6.318	.000
Perceived risk	-0.067	0.019	-0.102	-3.615	.000
Perceived financial cost	-0.014	0.019	-0.037	-0.733	.464
Religious belief	0.441	0.022	0.661	20.161	.000

Source; Own computed on SPSS, 2021

H1: The awareness of customer on the IFB products has positive impact on the use of IFB.

As stated in the above multiple regression shows that the awareness of customer has influence significantly on customer choice to use IFB ($P < 0.01$). In addition the awareness of customer value of beta ($\beta = 0.352$) explain the positive effect on customer choice of IFB. This indicates that one unit increase in awareness of customers result in 0.352 unit increase in the customer choice to use IFB. Hence, the proposed hypothesis in the above is accepted.

H2: The perceived risk on IFB products positive impact on customer uses Interest free products.

As stated in the above multiple regression shows that the perceived risk has influence significantly on customer choice to use IFB ($P < 0.01$). In addition the perceived risk value of beta ($\beta = -0.102$) explain the negative effect on customer choice of IFB. This indicates that one unit increase in perceived risk result in -0.102 unit decrease in the customer choice to use IFB. Hence, the proposed hypothesis in the above is accepted.

H3: Perceived Financial Cost has negative influences on the Intention of the use of IFB products.

As stated in the above multiple regression shows that the perceived financial cost has influence but insignificant on customer choice to use IFB ($P < 0.01$). In addition the perceived financial cost value of beta ($\beta = -0.037$) explain the negative effect on customer choice of IFB. This indicates that one unit increase in perceived financial cost result in -0.037 unit decrease in the customer choice to use IFB. Hence, the proposed hypothesis in the above is rejected.

H4: The religious belief of customer has positive effect on uses the IFB products.

As stated in the above multiple regression shows that the religious belief has influence significantly on customer choice to use IFB ($P < 0.01$). In addition the religious belief value of beta ($\beta = 0.661$) explain the positive effect on customer choice of IFB. This indicates that one unit increase in religious belief result in 0.661 unit increase in the customer choice to use IFB. Hence, the proposed hypothesis in the above is accepted.

4.8. Finding of the study

Awareness' of customer

In order to the result of multiple regression of awareness' of customer has positive impact with customer choice to use interest free banking in commercial bank of Ethiopia by coefficient estimator 0.352 . Hence, these indicate holding others independent variable constant and when one percent (1%) increase in the awareness of customer, subsequently the customer choice to use interest free banking improve by 35.20% . And also value of P on awareness of customer is $.000$ and it reveals that it is at 1% level of significance statistically significant.

Hence, the prior study of Lai (1991), Kotler and Amstrong (2001), Noble (2019) consistent with the study result that the positive significant effect on the choice of customers to use of interest free banking products.

Perceived risk

In order to the result of multiple regression of perceived risk has negative impact with customer choice to use interest free banking in commercial bank of Ethiopia by coefficient estimator -0.102. Hence, these indicate holding others independent variable constant and when one percent (1%) increases in the perceived financial cost, contrary the customer choice to use interest free banking reduce by 10.20%. And also value of P on perceived risk is .000 and it reveals that it is at 1% level of significance statistically significant.

Hence, the prior study of Srivastava & Sharma (2011), Noble (2019) consistent with the study result that the negative significant effect on the choice of customer to use of interest free banking in commercial bank of Ethiopia.

Perceived financial cost

In order to the result of multiple regression of perceived financial cost has negative relationship with customer choice to use interest free banking in commercial bank of Ethiopia by coefficient estimator -0.037. Hence, these indicate holding others independent variable constant and when one percent (1%) increase in the perceived risk, contrary customer choice to use interest free banking reduce by 3.70%. And also value of P on perceived risk is .464 and it reveals that it is at 1% level of insignificance statistically significant.

Hence, the prior study of Abdullah and Dusuki (2006), Rahman (2005), (2012), Luarn and Lin (2005) consistent with the study result that the negative significant effect on the choice of customer to use of interest free banking in commercial bank of Ethiopia.

Religious belief

In order to the result of multiple regression of religious belief has positive impact with customer choice to use interest free banking in commercial bank of Ethiopia by coefficient estimator 0.661. Hence, these indicate holding others independent variable constant and when one percent (1%) increase in the religious belief, subsequently the customer choice to use interest free banking improve by 35.20%. And also value of P on religious belief is .000 and it reveals that it is at 1% level of significance statistically significant.

Hence, the prior study of Agle (2002), and Alam et al. (2012) consistent with the study result that the positive significant effect on the choice of customers to use of interest free banking products in commercial bank of Ethiopia. In general overall results described in the below table as follows.

Table 4.8.1 Overall summary of the hypotheses result

Hypotheses	Result	Reason
H1: The awareness of customer on the IFB products has positive impact on the use of IFB.	Accepted	$\beta = 0.352$, ($P < 0.01$)
H2: The perceived risk on IFB products negative impact on customer uses Interest free products.	Accepted	$B = -0.102$, ($P < 0.01$)
H3: Perceived Financial Cost has negative influences on the Intention of the use of IFB products.	Rejected	$B = -0.037$, ($P > 0.01$)
H4: The religious belief of customer has positive effect on uses the IFB products.	Accepted	$B = 0.661$, ($P < 0.01$)

Source; Own computed on SPSS, 2021

According to the table, that all hypotheses developed and tested based on the conceptual framework and the research objective. Additionally, the testing assumptions were checked to aiming the validity of the hypothesis. Moreover, by using appropriate statistical procedure, the hypotheses were tested.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The preceding chapter presented the summary, conclusion, recommendations, and future direction based on the study findings.

5.2 Summary of findings

The finding of the questionnaires, to investigate the factors that affect customer choice to use the IFB products in Ethiopia in the case of Commercial bank of Ethiopia related awareness of customer, perceived risk, perceived financial cost and religious belief. For this result of findings the researcher used regression model and the assumption were tested.

According to regression model the result shows that awareness of customer and Religious belief has positive and significant impact, perceived risk and perceived financial cost have negative effect but perceived financial cost have insignificant impact on customer choice of interest free banking. The dependent variable is customer choice to use of interest free banking products and except perceived financial cost, independent variables are (awareness of customer, perceived risk and religious belief) as per these result the objective of the study achieved.

5.3 Conclusion

The study particularly investigates factors that affecting customer choice to use interest free banking in Ethiopia in the case of commercial bank of Ethiopia.

The result indicates positive and significant association between awareness of customer and customer choice of IFB which implies that an increase in awareness consequently enhance customer choice to use of interest free banking due to inform people about the benefits and of existence interest free banking products.

The result indicates negative and significant association between perceived risk and customer choice of IFB which implies that an increase in perceived risk contrary reduce customer choice of IFB. This implies the user is not risk taker and need inform that interest free products are not risky.

Perceived financial cost has negative and insignificant effect on customer choice of IFB. Even if this implies that an increase perceived financial cost, certainly lead to go down in customer choice to use Interest free banking. This implies people have price sensitive.

Religious belief has also positive and significant association with customer choice of IFB. Hence, this indicates that an increase the religious belief, consequently increase on customers' choice of interest free banking. It refers that the people need their business keep with their sharia and need clear about the interest free products implement with religious principle (sharia).

In general, awareness of customer and religious belief have positive and significant, perceived risk and perceived financial cost have negative impact but perceived financial cost insignificant association with customer choice of interest free banking.

5.4 Recommendations

The findings of the study showed that awareness of customer and religious belief has positive and significant, perceived risk and perceived financial cost have negative impact but perceived financial cost insignificant association with customer choice of interest free banking. Therefore, the necessary actions taking to develop on these variables of the probability contain that effect on customers' choice of Interest free banking. According to the regression analysis for the findings, the researcher lists the recommendations as follows.

- As per the result, to create awareness commercial bank of Ethiopia must conduct mass awareness creation programs. Moreover, the bank should implement effective promotional campaigns by targeting specific customer groups to stimulate IFB usage for instance, Awareness creation programs like Religious Institutions, Edirs, use different occasions, Family, Religious persons and etc. This approach is able to introduce one's awareness on interest free products.
- The result disclosed that perceived risk has negative and this needs works on aware that the process, implementation, and usage of interest free banking is not complex and technically similar to conventional banking system except for the underlying fundamentals that are based on sharia principle.
- In order to perceived financial cost the bank should render "a fair and transparent pricing policy practice" Considering a "lower flat rate for fixed IFB financing regime", or allowing a variable profit rate financing policy to promote equity pricing practice in

products of IFB and have to reduce the cost of service fee and markup of financing interest free products.

- To improve the religious belief of customers about the product, the bank should establish/strengthen professional Sharia' advisory board, which will advise the bank on IFB related Sharia' issues. The selected board members should be well known for their competency, religious knowledge, integrity, and should have public respect and acceptance in order to gain the public trust and to avoid suspicion.

Therefore, the bank should be consider the determinants or factors stated above by making additional work on those to get prominent people that chooses the interest free banking products.

5.4. Limitation and Direction for future research

This study has focused on users one bank only Addis Ababa districts of commercial bank of Ethiopia. Hence, the results from these difficult to generalized to CBE customers out of Addis Ababa and other bank customer. Therefore, future study should:

Carried out on sample of all banks and all regions of the country to investigate their proper implementation of such service,

This study includes only the account holder of interest free banking but there may not be used Interest free banking by different reason. For this reason shall include do not have Interest free account,

The approach of this paper can be extended to analyze IFB by including variables such as culture, trust, and reward.

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Appendix

Questionnaire
ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE

Researcher: Mohammed Seid

Contact Address: +251-913-86-99-49

Email: mohammedzein869949@gmail.com

Dear Respondents,

This questionnaire is for evaluating “Factors affecting customer’s to use Interest free banking in Ethiopia”. This research questionnaire is designed to collect data about role of Islamic banking in expanding frontiers in Ethiopia for the partial fulfillment of the requirement for MSC degree in accounting and finance. Confidentiality of your information is kept and the result of this study is intended to serve for academic purpose only. I would like to remind you genuine response is highly valuable and has great contribution for the quality of the research.

Attention

- No need to write your name
- Kindly respond to all questions

Finally, I would like to Thank in advance for your willingness and cooperation.

Part one - Demographic Information

Please provide the appropriate information by placing a (√) in the circle provided to represent your answer.

1. Gender:

i. Male ii. Female

2. Age:

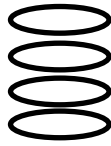
i. less than 30 years
ii. 30 – 45 years
iii. 46 and above

3. Educational qualification /status:

i. Primary school
ii. Secondary school
iii. Diploma & equivalent
iv. BA/BSC
v. Master Degree
vi. Others

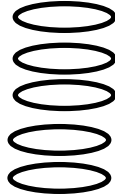
4. Occupation:

- i. Government Sector
- ii. Private Sector
- iii. Self Employed
- iv. Others



5. Monthly Gross Income:

- i. Below Birr 2,000
- ii. Birr 2,000 – Birr 4,999
- iii. Birr 5,000 – Birr 9,999
- iv. Birr 10,000 – Birr 20,000
- v. Above Birr 20,000



Part Two: Respondents opinion investigation on factors affecting customer’s choice to use Interest free banking

1. After reading each statement, Please indicate whether you agree or disagree with each statement by ticking (√) on the spaces that specify your choice from the options that range from “Strongly Agree” to “Strongly Disagree”.

Note: - SA- Strongly Agree A- Agree N- Neutral DA- Disagree SD- Strongly Disagree

Interest free banking (IFB)

S.No.	Statements	Alternatives				
		SA (5)	A (4)	N (3)	DA (2)	SD (1)
1	Interest free banking creates additional income for Commercial Banks.					
2	Interest free banking minimizes inequality among individual and business.					

1. Awareness (AW)

S.No.	Statements	Alternatives				
		SA (5)	A (4)	N (3)	DA (2)	SD (1)
1	I’m aware on Wadiah Amanah (safe Keeping Deposit Account)					
2	I know Mudarabah (Profit loss sharing) Saving Account					
3	I know Qard (Current/checking/Demand Deposit Account)					
4	I’m aware on Mudarabah (Fixed Time Deposit Account)					
5	I have good understand on Murabah financing (cost plus					

	profit)					
6	I have information Ijarah financing (Islamic leasing)					
7	I'm aware on Musharaka (Partnership financing)					
8	I know Mudarabah financing (sleeping partnership)					

2. Perceived Risk (PR)

S.No.	Statements	Alternatives				
		SA (5)	A (4)	N (3)	DA (2)	SD (1)
1	Interest free Banking products and services may not meet my expectation					
2	It is risky to use Interest free banking products and services					
3	I fear of losing much money in case of Interest free Banking business loss					
4	The Interest free Banking products and services outcome were difficult to predict.					
5	There is a chance that there would be something wrong with the choice of the Interest free Banking products and services					

3. Perceived Financial Cost /Pricing (PFC)

S.No.	Statements	Alternatives				
		SA (5)	A (4)	N (3)	DA (2)	SD (1)
1	Service charges of IFB products are higher than the conventional.					
2	Penalty of IFB is higher than the conventional.					
3	Monthly payments of IFB products are higher than the conventional.					
4	Profits charged by IFBs are higher than the conventional.					
5	IFB products produce unjust pricing than the conventional.					
6	IFBs can provide lower cost of products and services compared to conventional banks.					

4. Religious Belief (RB)

S.No.	Statements	Alternatives				
		SA (5)	A (4)	N (3)	DA (2)	SD (1)
1	I believe IFB services are based on the Islamic principle financial implementation.					
2	I prefer IFB because in my religious philosophy one should engage in transactions interest free financial system					
3	I Prefer Interest free banking products and services because they are Shariahcompliant					
4	In my belief transactions involving with impermissible business activities are prohibited					

መጠይቅ

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የአካውንቲንግእናፋይናንስየማስተርስዲግሪ

ከወለድነጻየባንክአገልግሎትተጠቃሚደንበኞችመጠይቅ

ክቡራትናክቡራንደንበኞች

ይህመጠይቅበአዲስአበባዩኒቨርሲቲየአካውንቲንግእናፋይናንስየማስተርስዲግሪተማሪየተዘጋጀሲሆንዎላማውምለመመረቂያዕብራፍማሙያነትበኢትዮጵያንግድባንክስለሚሰጠውከወለድነጻየባንክአገልግሎትመረጃለማሰባሰብይሆናል። መረጃውየሚያገለግለውለጥናቱርዕስከወለድነጻየባንክአገልግሎትንመርጠውለመጠቀምየሚገጥሙተግዳሮቶችለሚለውነው። የሚሰበሰበውመረጃለጥናቱአገልግሎትብቻየሚውልይሆናል። ስለዚህምየእርስዎከ10 እስከ 15 ደቂቃበመውሰድ መጠይቁንበትክክልመሙላትጥራትያለውየጥናትውጤትስለሚያስገኝበትዕግስትየሚከተሉትንጥያቄዎችእንዲመልሱልኝእጠይቃለሁ።

ከዚህመጠየቅምሆነከጥናቱርዕስጋርበተያያዘጥያቄዎችቢኖርዎትከታችበተጠቀሠውአድራሻዬእንዲያሳውቁኝእጠይቃለሁ። በመጨረሻምለፍቃደኝነተወናለትብብርወበቅድሚያአመሰግናለሁ።

ሙሀመድሰይድሙሀመድ

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ኢሜይል: mohammedzein869949@gmail.com

ማሳሰቢያ

- ስምዎትንመጻፍአያስፈልግም፣
- ሁሉንምጥያቄዎችበመመለስይተባበሩ።

ክፍልአንድ፡ የግልመረጃ፡ እባክዎትክክለኛምርጫዎላይይህንምልክት [√] በማስቀመጥይምረጡ።

1. የታ፡
 - ሀ. ወንድሰ
2. ዕድሜ፡
 - ሀ. ከ 30 ዓመትብታች
 - ለ. ከ 30 እስከ 45 ዓመት
 - ሐ. 46 ዓመትበላይ
3. የትምህርትደረጃ፡
 - ሀ. የመጀመሪያደረጃ
 - ለ. ሁለተኛደረጃ
 - ሐ. ድፕሎማ (ተመሳሳይ)
 - መ. ድግሪ
 - ሠ. ማስተርስ
 - ረ. ሌላ
4. ሥራ፡
 - ሀ. የመንግስት
 - ለ. የግልድርጅት
 - ሐ. የግልስራተዳዳሪ
 - መ. ሌላ

5. የወርጥቅልገቢ:

- ሀ. ከ 2,000 በታች
- ለ. ከብር 2,000 — ብር 4,999
- ሐ. ብር 5,000 — ብር 9,999
- መ. ብር 10,000 — ብር 20,000
- ሠ. ከብር20,000 በላይ

ክፍልሁለት: ከወለድነባባንክአገልግሎትንመርጠውለመጠቀምየሚገጥሙትግዳሮቶች

- ይህክፍልበአምስትመደቦችየተከፋፈለሲሆንስለደንበኞችከወለድነባባንክአገልግሎትምርጫጋርየተያያዙዓረፍተነገሮችንአካቷል።ስለዚህየሚስማሙበትንዓረፍተነገርበተቀመጠውአማራጮችመሠረትይህንንምልክት [✓] ያድርጉ።

ከወለድነባባንክንበተመለከተ IFB

ተ.ቁ	ዓርፍተነገሮች	አማራጮች				
		በፍፁምአስማማመለሁ (5)	አስማማመለሁ (4)	ገለልተኛ (3)	አልስማማም (2)	በፍፁምአልስማማም (1)
1	የወለድነባባንክተጨማሪገቢለንግድባንክችይፈጥራልብዬአስባለሁ።					
2	ከወለድነባባንክበግለሰቦችእናድርጅቶችመሃልያለልዩነትንይቀንሳል።					

ሀ. የደንበኞችግንዛቤ (AW)

ተ.ቁ	ዓርፍተነገሮች	አማራጮች				
		በፍፁምአስማማመለሁ (5)	አስማማመለሁ (4)	ገለልተኛ (3)	አልስማማም (2)	በፍፁምአልስማማም (1)
1	ስለአል-ዋድያተቀማጭሂሳብበቂግንዛቤአለኝ።					
2	ስለሙራባሃተቀማጭሂሳብበቂግንዛቤአለኝ።					
3	ስለቀርድ (ተንቀሳቃሽ) ሂሳብበቂግንዛቤአለኝ ።					
4	ስለሙራባሃየተወሰነግዜተቀማጭሂሳብበቂግንዛቤአለኝ ።					
5	ስለሙራባሃየብድርአገልግሎትበቂግንዛቤአለኝ።					
6	ስለኢጃራ (ሊዝ) አገልግሎትበቂግንዛቤአለኝ።					
7	ስለሙሻራካ (የሽርክና) ስራአገልግሎትበቂግንዛቤአለኝ።					
8	ስለሙዳራባኢንቨስትመንትስራአገልግሎትበቂግንዛቤአለኝ።					

ለ. ታሳቢ ሥጋቶች በተመለከተ (PR)

ተ.ቁ	ዓርፍተነገሮች	አማራጮች				
		በፍፁም አስማማመ ለሁ (5)	አስማማመ ለሁ (4)	ገለልተኛ (3)	አልሰማማም (2)	በፍፁም አልሰማማም (1)
1	የወለድ ነፃ ባንክ አገልግሎት ፈላጎት ነጥብ ለማሟላት ማቻል።					
2	የወለድ ነፃ ባንክ አገልግሎት መጠቀም አደጋ አለው ብዬ አስባለሁ።					
3	የወለድ ነፃ ባንክ ብዙ ገዝብ ብቻ ሳይሆን ሌሎችም ሊጠቀሙበት ይችላሉ።					
4	የወለድ ነፃ ባንክ አገልግሎት ወጪ ጠቅላይ ለማሟላት ይጠቅማል።					
5	የወለድ ነፃ ባንክ አገልግሎት ንግድ ለማሰጠት ሊፈጥር ይችላል።					

ለ. የአገልግሎት ክፍያ ገቢ ተመለከተ (PFC)

ተ.ቁ	ዓርፍተነገሮች	አማራጮች				
		በፍፁም አስማማመ ለሁ (5)	አስማማመ ለሁ (4)	ገለልተኛ (3)	አልሰማማም (2)	በፍፁም አልሰማማም (1)
1	የወለድ ነፃ ባንክ አገልግሎት ክፍያ ከመደበኛው ባንክ ክፍያ ያለፈው ነው።					
2	የወለድ ነፃ ባንክ ቅጣት ክፍያ ከመደበኛው ባንክ የበለጠ ነው።					
3	የደንበኞች ወር ላይ የሚከፈልገው ክፍያ ከመደበኛው ባንክ የበለጠ ነው።					
4	ደንበኞች የሚከፈሉት ትርፍ ከመደበኛው ባንክ የበለጠ ነው።					
5	የወለድ ነፃ ባንክ የአገልግሎት ክፍያ ከሌሎች ላይ ነው።					
6	በአጠቃላይ የወለድ ነፃ ባንክ የአገልግሎት ክፍያ ከመደበኛው ባንክ ክፍያ ያልነሰው ነው።					

መ. ሐይማኖታዊ አሥተሳሰብ ገቢ ተመለከተ (RB)

ተ.ቁ	ዓርፍተነገሮች	አማራጮች				
		በፍፁም አስማማመ ለሁ (5)	አስማማመ ለሁ (4)	ገለልተኛ (3)	አልሰማማም (2)	በፍፁም አልሰማማም (1)
1	የወለድ ነፃ ባንክ አገልግሎት በእስልምና ሽሪ ማመሰረት ይተገበራል ብዬ አምናለሁ።					
2	የሃይማኖት ፍልስፍና የወለድ ነፃ ባንክ ለይት ንስሐ ሚያዝከ ወለድ ነፃ ባንክ ንግድ ረጥኑ።					
3	ከወለድ ነፃ ባንክ አገልግሎት ንግድ ረጥኑት በሽሪ ማመሰረት ነው።					
4	በእኔ እምነት ያልተፈቀዱ የንግድ እንቅስቃሴዎች ላይ መሳተፍ አልቻልኩትም።					