A Survey Of Customers' Intention To Adopt Islamic Banking Services In Nigeria: Evidence From Jaiz Bank Plc, Abuja

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ABSTRACT

This study attempts to examine the major factors that affect banking customers' intention to adopt Islamic banking services in Nigeria. The study is premised on quantitative analysis. Four hundred (400) questionnaires were administered on JAIZ Bank customers and three hundred and eighty (380) questionnaires were retrieved from respondents, representing 95% return rate. The study uses multiple regressions to test the research hypotheses through SPSS 22 version. The findings revealed that awareness and perceived compatibility has significant effect on customers' intention to adopt Islamic banking services in Nigeria; while religiosity and relative advantage has no significant effect on customers' intention to adopt Islamic banking services in Nigeria. More so, the study found out that the level of banking customers' awareness of Islamic banking services in Nigeria is low. The study therefore, recommends that each Islamic bank in the country should engage in massive public awareness and enlightenment campaigns on the Islamic financial products and services they offer and their relative advantage over conventional banking products and services.

Keywords: Islamic Banking, Adoption, Awareness, Religiosity, Relative Advantage

Introduction

Islamic banking, also known as Islamic finance or Sharia-compliant finance, continues to operate under the core principle of adhering to Islamic law (Sharia), with a key focus on avoiding riba (usury or interest). The industry is experiencing global significant growth, with projections estimating it to reach $3.5 trillion by 2024 (Global Finance Magazine, 2023). Islamic banking operation in Nigeria is a growing segment with market share of 0.7% in 3Q20 and has total assets of about USD 732 million. Islamic banks contribute about 2% to GDP in 2021 and estimated to contribute about 2.8% in 2022 (Bashir & Saif, 2022). This expansion is accom-panied by a rise in technological adoption, allowing Islamic banks to offer Sharia-compliant financial products and services more efficiently (Mambu, 2024). Notably, there is a growing interest in ethical investments, particularly among younger generations, and Islamic banking aligns well with this focus on ethical finance (Mambu, 2024). In essence, while the core definition of Islamic banking remains stable, the industry is actively adapting to meet the demands of a growing and increasingly tech-savvy customer base.

One of the major pillars that drive the economic growth and development of any country in the world is the banking sector. Banking sector serves as intermediary between those that have surplus and those who need fund to finance their engagements. Conventional banks perform the role of intermediary with consideration of interest. Apart from the prohibition of interest, Islamic banks do not partake in transactions that involve uncertainty (Gharar) and financing of things that are prohibited in Islam – gambling, prostitution, alcoholic etc. They only engage in things that are Halal (permissible) in Islam. In Islam, an individual's social, economic and religious activities have strong ties with one another and as such, should be in line with the Islamic rulings (Qur'an 6:162).

According to Ahmad as cited in Jibril, Ibrahim and Umar (2019) Islamic banks are financial institutions whose Sharia rules and procedures clearly state commitment to principles governing Islamic Sharia law, which bans payment or receipt of interest on its operations. Money in Islam is not considered as asset but as a medium of exchange. Islamic banking is an emerging phenomenon in the West African region of African continent (Bananuka, Kaawaase, Kasera & Nalukenge, 2019). Majority of countries in the West Africa are secular states and are very conscious about their religious diversity. Islamic banking segment of the banking sector in Nigeria has remained underdeveloped considering the verse potential customers it can exploit. It is still a niche market and its penetration is still low in many African countries (Kaabachi & Obeid, 2016). The banking sector in Nigeria has been dominated by the conventional banks despite the potential huge market share Islamic banks have since its introduction in 2012. The capacity of the Islamic banks in Nigeria to gain substantial market share is challenged with inadequate information at the disposal of potential customers largely because of poor marketing strategies aim at creating awareness in banking customers.

Furthermore, Islamic banking, which is an extract of Islamic Sharia law, is often seen as a way of Islamization agenda by non - Muslims in Nigeria. This belief has made the adoption of Islamic banking services onerous despite its contributions in other climes that are not Islamic states like the USA, the UK, Russia, Australia, India, Germany, South Africa etc. This study therefore, intends to fill this gap by way of evaluating the significant variables that influence adoption of Islamic banking in Nigeria through a clear understanding of potential customers' behaviour, attitudes and perceptions as they relate to adoption of Islamic banking.

Research Hypotheses

The study intends to test the following null hypotheses.

Ho_1: Awareness has no significant effect on customers' intention to adopt Islamic banking services in Nigeria.

Ho_2: Religiosity has no significant effect on customers' intention to adopt Islamic banking services in Nigeria.

Ho_3: Relative advantage has no significant effect on customers' intention to adopt Islamic banking services in Nigeria.

Ho_4: Perceived compatibility has no significant effect on customers' intention to adopt Islamic banking services in Nigeria.

Literature Review

Concept of Islamic Finance

The term Islamic finance or Sharia compliant finance is a financial model that involves banking or financing activity that complies with Islamic rules and regulations. Islamic finance, a modern form of Sharia-compliant banking, has evolved from a niche market to a more mainstream and competitive form of financial intermediation, attracting significant interest from Muslim-majority countries worldwide (International Monetary Fund, 2020).

The advent of non-interest banking is a clear diversion from the practices of traditional banks. Interest based activities are out rightly prohibited in Islam as it is expressly ordered in the holy Qur'an (Olalekan and Aruna, 2020). Specifically, Allah the most high prohibits interest (usury) in Suratul Baqara verse 275 (Q 2:275) which state thus:

Those who devour usury will not stand except as stand one whom the Evil one by his touch Hath driven to madness. That is because they say: "Trade is like usury," but Allah hath permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (The offence) are companions of the Fire: They will abide therein (for ever).

The first interest (usury) to be annulled in Islam was the interest charged by Abbas bn Abdulmuttalib (the Prophet's uncle) in year 10AH (632 AD) during the Hajjatul-Wada (the farewell Pilgrimage) in Makkah when Prophet Muhammad (S.A.W) said " all cases of interest (usury) during the pre-Islamic period of ignorance is annulled and the first interest I annulled is our interest, the interest of Abbas bn Abdulmuttalib, for it is all abolished" (Muslim – Hadith 1218 & Abu Dawud - Hadith 1905). The punishment for giving or receiving interest is so grave that the Prophet said in one Hadith that

"Interest is seventy types (of sins), the least which is equal to one marrying (or having sexual intercourse with) his mother" (Ibn Majah – Hadith 2274). In another Hadith, the prophet was reported saying that "may Allah curse whoever consumes interest, whoever pays it, the two who are witnesses to it, and the scribe who records it" (Ibn Majah – Hadith 2277).

Also, there are about 19 Bible verses that prohibit interest ((Exodus 22:25; Leviticus 25:35-37; Deuteronomy 23:19; Psalm 15:5; Ezekiel 18:8; Ezekiel 18:13; Ezekiel 22:12; Luke 6:30; Proverbs 28:8; Jeremiah 15:10; 1 Timothy 6:9; Deuteronomy 15:8; Psalm 112:5; Luke 6:35; Nehemiah 5:6-11; Deuteronomy 23:20; Deuteronomy 15:1-11; Matthew 25:27; Luke 19:23) some of these verses read thus:

Deuteronomy 23:19
You shall not charge interest to your countrymen: interest on money, food, or anything that may be loaned at interest.

Psalm 15:5
He does not put out his money at interest, Nor does he take a bribe against the innocent. He who does these things will never be shaken.

Ezekiel 18:13
He lends money on interest and takes increase; will he live? He will not live! He has committed all these abominations, he will surely be put to death; his blood will be on his own head.

Luke 6:35
But love your enemies, and do good, and lend, expecting nothing in return; and your reward will be great, and you will be sons of the Most High; for He Himself is kind to ungrateful and evil men.

Nehemiah 5:6
Then I was very angry when I had heard their outcry and these words. I consulted with myself and contended with the nobles and the rulers and said to them, "You are exacting usury, each from his brother!" Therefore, I held a great assembly against them. I said to them, "We according to our ability have redeemed our Jewish brothers who were sold to the nations; now would you even sell your brothers that they may be sold to us?" Then they were silent and could not find a word to say.

Islamic Banking Products and Services

The different products and services offered by Islamic banks are considered to be well-suited to the economic needs of their customers, particularly those seeking Sharia-compliant financial solutions (Iqbal & Molyneux, 2015). These products and services differ fundamentally from conventional banking as they adhere to Islamic law (Sharia) principles, prohibiting activities like interest and promoting profit-sharing mechanisms (Ahmed, Hassan, & Mat Yusoff, 2018). Some of these various Islamic finance products and instruments are available to investors in the money and capital markets, this includes, among others:

i. Murabahah: this is an Islamic contract where a buyer approaches an Islamic bank with a specification of the product (Home, car, equipment, machine etc) that he wants from the bank; the bank then purchases the item and charge cost plus markup. Both buyer and the seller have to agree on payment modalities – instalments or in a lump sum.

ii.Musharakah: This is a joint venture partnership that is base on profit and loss sharing arrangement. Here, each venture contributes capital to the business and share profit and loss on agreed ratio.

iii.Mudaraba: in this type of product, two parties are involved. One party provides money (called Rabbul-mal) for the business and do not take part in the management of the business, while the other party provides expertise and management (called Mudarib). Both the Rabbul-mal and the Mudarib have to agree on profit sharing ratio e.g. 50%:50% or 60%:40%. In the event of loss, the Rabbul-mal loses the investment while Mudarib loses his effort and energy invested in the business.

iv. Ijarah: this typically means contract of renting or leasing. The contract can be hiring of labour or property for a given period of time on an agreed price.

v. Salam: this is a contract where the buyer makes payment in-advance and receives delivery of the goods in the future. Payment for yet to be manufactured goods can be made in-advance, but the time of delivery in the future has to be specified when entering into the agreement.

vi. Sukuk: this simply means Islamic Bond where investors gain partial ownership on an asset. It is an alternative to the conventional bond that is not Sharia compliant.

vii. Takaful: Takaful (Islamic insurance) is a risk sharing scheme based on brotherhood, solidarity and mutual assistance which is provided for financial aid and assistance to the participants mutually agreed to share the risks (Bello, et. al., 2024).

Here, members contribute money into a pool to guarantee each other against damage or loss. It is a kind of co-operative system to safeguard against loss. In Takaful, the policyholders are joint investors with the insurance company who manages the funds on behalf of the policyholders. Profits and losses are share between the policyholder and the insurance company (Takaful operator).

viii. Wakala: this is a principal and agent contract. The principal is called the ‘Muwakkil’ who appoints a representative/ agent called ‘Wakil’ to undertake transaction on his behalf.

The Wakala contract can involved other forms of Islamic products such as Musharaka, Mudaraba, Murabaha, Ijarah, Salam etc.

ix. Kafala: simply means surety. The surety is a third party who accepts responsibility of fulfilling existing obligation of someone's liability.

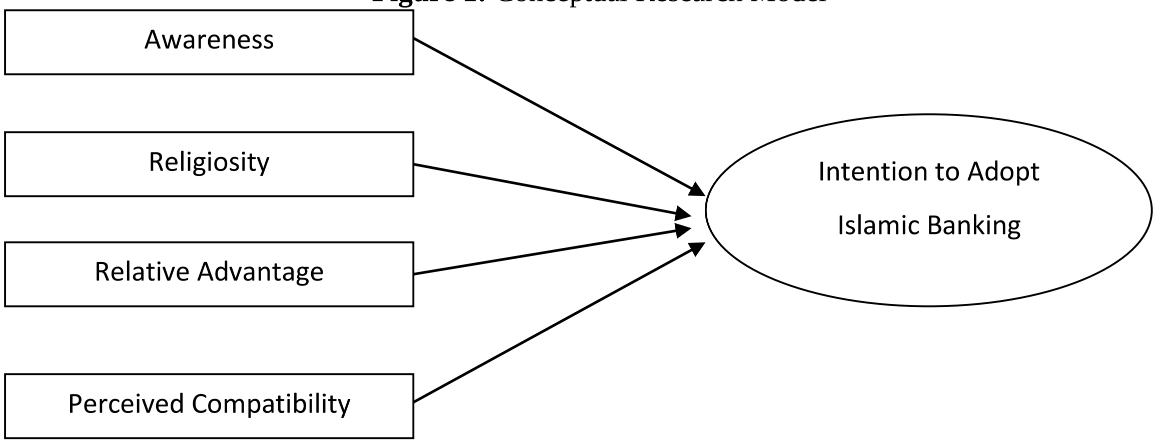
x. Rahn: this product simply means collateral. Rahn is use to serve as security for liability taken by the debtor.

xi. Qardul Hassana: this means benevolent loan which is interest free given to the needy people. Islamic banks may take deposit from customers and may give them gift in consideration of the deposit not on any agreed rate and it is not an obligation of the account/loan agreement (Abdullahi & Chee, 2010).

Conceptual Framework

Islamic banking is an emerging market in the global economy. Many studies by scholars have revealed that factors such as awareness, religiosity, relative advantage, perceived compatibility, pricing policy, quality of service, social influence, uncertainty, normative belief, self-efficacy, attitude, subjective norm, bank reputation, perceived risk and observability play significant influence in customers' intention to adopt Islamic banking products and services (Kaabachi & Obeid, 2016;) Abdelghani & Hassanudden, 2012; Sudarsono et al., 2021; Qaisar & Dayang, 2018; Nurudeen, Safeza, Norhazlina & Syadiyah, 2021; Bananuka et al. 2019). Figure 1 depict research model for the study.

Figure 1: Conceptual Research Model



Source: Researchers' Conceptualization (2024)

Empirical Review

Haruna, Oumbé, and Kountchou (2024) explored the adoption of various Islamic finance products—including murabaha, musharakah, mudarabah, salam, ijara, istisna, and Qard Hassan—by small and medium-sized enterprises (SMEs) in Cameroon, a non-Islamic nation in Sub-Saharan Africa. They gathered primary data from a cross-sectional survey of 1,358 SMEs across eight regions of Cameroon using self-administered structured questionnaires. To streamline analysis and interpretation, these products were grouped into four categories based on specific characteristics. A multivariate probit model was applied to consider the interactions between the different Islamic finance products. The study identified that the desire to adhere to Sharia law, alongside awareness, attitude, and intention, were key determinants in the adoption of Islamic finance products by Cameroonian SMEs. Conversely, factors like perceived behavioural control, subjective norms, enterprise characteristics (size, age, location), and the socio-demographic traits of the entrepreneur (gender, age, marital status) were less impactful. By employing the multivariate approach, the study calculated predicted probabilities, uncovering a synergy effect among the different Islamic finance products. This indicates that Cameroonian SMEs often utilize a mix of Islamic finance products concurrently based on their needs, particularly combining partnership-based products (Musharakah and Mudarabah) with manufacture/rent products (Istisna and Ijara).

Febriandika, Harun, Hakimi, and Masrizal (2023) investigated the factors influencing Islamic bank customers' willingness to adopt Islamic mobile banking services. They expanded the Technology Acceptance Model (TAM) theoretical framework by incorporating new factors such as internet connection quality, bank reputation, and awareness. An online survey was conducted using a questionnaire, garnering 265 responses from Islamic Mobile Banking users in Indonesia. The data was analyzed using the PLS-SEM method. The findings revealed that perceived utility, internet connection quality, consumer awareness, and bank reputation significantly positively impacted customers' intentions to use Islamic mobile banking services. However, perceived usability did not have a significant positive effect. Understanding these factors can help stakeholders in the Islamic finance sector develop and implement strategies to enhance financial services for both current and potential users.

Nimsith, Rooly, and Ilma (2023) examined the factors affecting the demand for Islamic banking products in Sri Lanka. They collected primary data using questionnaires distributed to 650 customers of Amana Bank PLC across its 33 branches nationwide, utilizing convenience sampling techniques. The data analysis was performed using the Statistical Package for Social Sciences (SPSS), employing statistical methods such as regression analysis, correlation analysis, and a reliability test. The results demonstrated a strong correlation between factors like religiosity, attitude, awareness, and reputation, and the demand for Islamic banking products in Sri Lanka. Regression analysis identified awareness as having the most significant impact on the demand for Islamic banking products, followed by reputation, attitude, and religiosity, in descending order of influence.

Sonko (2020) examines the customers' perceptions on Islamic banking in Gambia. The major aim of the study was to determine the factors that influence customers’ to adopt conventional banks or Islamic banking system.

Customers' religious commitments, knowledge of Islam, awareness of Islamic banking products, are among variables that were examined. The population of the study were four conventional banks and the only Islamic bank {Arab Gambia Islamic Bank (AGIB)} in the country. The study used quantitative research design. Questionnaire instrument was given to 150 respondents that were sample size for the study. 75 respondents each from the conventional banks and AIGB respectively were selected using purposive random sampling technique. The study used descriptive statistics and logistic regression method for data analyses. The findings of the study revealed that the customers of AGIB are more religiously committed compared to the customers of the conventional banks. Also, the customers of AGIB have more knowledge of Islam and Islamic banking compared to their counterparts from the conventional banks. However, the level of awareness and usage of Islamic banking products is very poor among all the categories of the banking customers.

Sudarsono, Tumewang and Kholid (2021) investigated the factors that influence customer intention to adopt Islamic banking services in Indonesia. The study used quantitative design to collect data from respondents through the use of questionnaire. The study used purposive sampling technique to administered 550 questionnaire to the study sampling size. The measuring variables for independent variable consists of bank reputation, perceived complexity, perceived compatibility, perceived risk, relative advantage, religiosity and social influence. Meanwhile, customer intention to adopt Islamic banking services is considered as the dependent variable. The study used partial least Square – structural Equation model technique (PLS-SEM) through Smart PLS Software. The findings of the study revealed that awareness and perceived compatibility have a positive effect on customer intention to adopt Islamic banking services. Religiosity and social influence have positive and significant effect on customer intention to adopt Islamic banks. On the other hand, bank reputation and perceived complexity have no effect on customer intention to adopt Islamic banking services. While perceived risk has a negative and significant effect on customer intention to adopt Islamic banking services in Indonesia.

Qaisar, Hakimah and dayang (2018) conducted a study on empirical investigation of Islamic banking adoption in Brunei. The objective of the study was to explore the understanding level of various Islamic banking concepts and determine the factors that impact the adoption of Islamic banks in Brunei. The study used quantitative design. The data for the study was collected from 245 sample size using questionnaire instrument. The questionnaires were administered to the sample size through convenience non-probability technique. The study used multiple linear regression analysis for data analysis. The findings of the study revealed that customers understanding level of Islamic bank concepts ware below average among banking customer. Furthermore, the multiple regression analysis indicated that all the measurement variables of independent variable have positive effect on the adoption of Islamic banking services.

Bananuka, Kaawaase, Kasera and Nalukenge (2019) studied the determinants of the intention to adopt Islamic banking in a non-Islamic developing country: the case of Uganda. The main aim of the study was to investigate the contribution of attitude, subjective norm and religiosity on the intention to adopt Islamic bank in emerging economy like Uganda. The study used cross-sectional and correlation research designs. The study used hierarchical regression analysis to test the study hypotheses. The findings of the study revealed that attitude and religiosity are significant determinants of customers' intention to adopt Islamic banks. While subjective norm can significantly determine customers intention to adopt Islamic banks when its subsumed in attitude.

Nurudeen, Safeza, Norhazlina and Syadiya (2021) investigated the conceptual framework for the adoption of general Takaful among MSME owner-managers in North-west Nigeria: The role of MSME owner-manager characteristics. The objective of the study was to propose a conceptual framework to study the factors that influence general Takaful adoption among MSMEs owner-managers' in North-west Nigeria. The findings of the study revealed seven conceptual models that can be used to investigate adoption of Takaful thus: relative advantage, compatibility, complexity, uncertainty, awareness, social influence and government support. The study concluded that the conceptual framework proposed are based on Diffusion of Innovation theory (DIT) and the Unified Theory of Acceptance and use of Technology (UTAUT)

Theoretical Framework

This study considered two theories that have relationship with behavioural determination and adoption of new ideas which were applied respectively. Theory of Reason Action (TRA) by Fishbein and Ajzen (1975) was adopted for behaviour determination, while Rogers (1962) Diffusion of Innovation Theory (DIT) was considered for acceptance of new idea. The Theory of Reasoned Action (TRA) originated from Fishbein and Ajzen (1975) as a development over Information Integration Theory. The TRA is a consumer behaviour theory that focuses on the relationship between marketing and pre-existing attitude brought forth to purchasing decisions, in which case consumers exploit on deeds they perceive will bring about certain outcome that may be conversant or otherwise (Hagger, 2019).

The theory is however premised on the assumption that behavioural intention is confirmed by attitudes and subjective norm: where attitudes are either adverse or helpful evaluation of acting the conduct in future, while subjective norms exhibit perception that several others would prefer them to carry out the behaviour. The theory expresses basis for relationship or otherwise of circumstantial influences to certain behaviour.

Although the theory is limited by reasonable jeopardy of confusion between norms and attitude and also the assumption that one can act limitlessly once having formed the intention to act, TRA is applicable to this study, because it eases the ability to know if customers intention towards Islamic banking

are determined by their attitude and perception or by what significant
others would want them do. Fauzi et al, 2022: Wandan et al 2021: and Resty and Idayat, (2021) applied TRA using attitude factors & subjective norms which revealed significant effect on behavioural intention.

On the other side of the coin, the diffusion of innovation theory was propounded by Evereth M. Rogers (1962) which actually expresses the outline of speediness to which new Ideas, Practices and or Products spreads through a population (Rogers,1962, as cited in Puah et al (2022). DOI theory has interacting elements such as: Innovation, Communication channels, Time factor and social system going through the stages of Awareness, Persuasion, Decision, Implementation and Continuity by the main players such as Innovators, Early adopters, early/Late majority and Laggards (Rogers, 2003:12)

The theory is quite relevant to organizations as well as individuals as it views innovation as an Idea or practice/product while diffusion is seen as a process of communicating innovation to social system for member's acceptance and or rejection (Ezeh & Nnkamnebe, 2018). The DOI theory is to the best of my knowledge widely used by authentic scholars on recent and related studies appearing to be the preference of researchers in adoption of innovation studies despite the limitations of working better for behaviour acceptance than behaviour termination. Puah et al, 2022; Ezeh and Nkamnebe, 2022; Elmallouli and Sassi, 2021; Sudarsono et al, 2021; Jamshidi and Kazemi, 2020; Alim et al, 2019 Modified and applied the theory to suit their work respectively and found that all five attributes of DOI theory are absolutely and significantly associated to customer adoption of Islamic banking and hence making it suitable for this study.

Methodology

Research Design, Population, Sample Size and Sampling Technique

The study employs a survey research design using quantitative research approach. Quantitative research involves the collection and analysis of numerical data to identify patterns, relationships, or trends within a population. This approach is suitable for studies that aim to quantify variables and generalize results from a sample to a larger population. The population of the study are 53,688,528 banking customers in Nigeria as indicated by data from the Nigeria Inter-Bank Settlement System Plc (NIBSS) as of March 20, 2022. The sample size is 400 banking customers, using the sample size estimation formula of Guilford and Fruchter (1973). The sample size was selected using purposive random sampling technique. This technique involves selecting a sample that is most beneficial to the purpose of the study, ensuring that the sample members are chosen with a specific intention.

Data Collection Instrument and Measurement of Variable

The study uses a structured questionnaire to collect primary data from group of respondents. The questionnaire was grouped into two sections. Section 'A' focused on bio-data while section 'B' focused on the study variables build on 5 – point Likert's scale statements.

The independent variable was measured usi ng four measurement variables: awareness, religiosity, relative advantage and perceived compatibility. The awareness scale consists of 6 items adapted from the works of Kaabachi and Obeid, 2016 and Sudarsono, Tumewang, and Kholid, 2021. The second measurement scale – religiosity consist of 7 items adapted from the works of Kaabachi and Obeid, 2016; Bananuka, Kaawaase, Kasera, and Nalukenge, 2019 and Sudarsono et al. 2021. The third measurement scale – relative advantage is made up of 5 items adapted from the works of Faisal, Akhtar, and Rehman, 2014; and Sudarsono et al. 2021. The fourth measurement scale – perceived compatibility consists of 4 items adapted from the works of Kaabachi and Obeid, 2016. The dependent measurement scale – intention to adopt Islamic banking consist of 4 items adapted from the works of Kaabachi and Obeid, 2016; Bananuka et al. 2019 and Sudarsono et al. 2021. Table 1 shows the summary of the study measurement instrument.

Table 1 Summary of measurement scales

Construct	Measures	Sources
Awareness	1. I have received information about non-interest banking 2. I have generally received enough information about the features of Islamic banking 3. I have received enough information about benefits of using Islamic banking services 4. I have received information that Islamic banks charge cost plus mark-up instead of interest in 'Murabaha' financing scheme 5. I have received information that Islamic banks share profit with customer instead of charging interest in 'Mudarabah' financing scheme 6. I have received information that Islamic banks collect rent instead of interest in 'Ijarah' (equipment leasing) financing scheme	Kaabachi and Obeid, 2016 and Sudarsono, Tumewang, and Kholid, 2021
Religiosity	1. I try to follow the commands of my religion in everything in my life 2. I always try to avoid minor and major sins as my religion teaches 3. I am conversant with the teachings of my religion 4. I have firm belief in all basic ideological dimensions of my religion 5. I feel sadness and dissatisfaction when I do something contrary to my faith 6. I am comfortable with both the Qur'an and Bible verses that speak against charging interest 7. Investing with Islamic banking does not conflict with my religion as USA, UK, Canada, China, India, South Africa etc also practice Islamic banking	Kaabachi and Obeid, 2016; Bananuka, Kaawaase, Kasera, and Nalukenge, 2019 and Sudarsono et al. 2021
Relative advantage	1. Financing on the basis of profit and loss sharing between the lender and borrower will be more beneficial to both parties 2. Islamic banks are more profitable comparing with the interest in conventional banks 3. Islamic banks provide lower cost products and services compared to conventional banking (lower service fees) 4. Islamic banks are not only concern about the customer's ability to bring returns but also ensure that the client business is viable 5. Islamic banks offer attractive products more than conventional banks	Faisal, Akhtar, and Rehman, 2014; and Sudarsono et al. 2021
Relative Compatibility	1. Islamic banking is in line with my value 2. Islamic banking products and services suit my needs 3. Islamic banking well fit to my lifestyle 4. Islamic banking services is very compatible with the way I manage my money	Kaabachi and Obeid, 2016
Intention to Adopt Islamic Banking	1. I intend to use Islamic banking services in the future 2. I predict that I will frequently use Islamic banking products and services in the future 3. I would highly recommend others to use Islamic banking services 4. Islamic banks can be alternative bank for me	Kaabachi and Obeid, 2016; Bananuka et al. 2019 and Sudarsono et al. 2021

Reliability Test

Table 2 presents the outcomes of the Cronbach's alpha reliability test, which assesses the internal consistency of various scales used in the study.

Table 2. Reliability Test

Variable	Number of items	Scale reliability coefficient
Awareness	6	.872
Religiosity	7	.891
Relative advantage	5	.811
Perceived compatibility	4	.899

The result shows that the awareness scale demonstrated a high reliability with a Cronbach's alpha of 87.2%, indicating that the items on this scale consistently measure the awareness construct. The religiosity scale showed an even higher reliability at 89.1%, ensuring the robustness of the measurements related to religious beliefs and practices. The relative advantage scale also exhibited substantial reliability, with a score of 81.1%, reflecting consistent measurement of perceived benefits. The perceived compatibility scale had the highest reliability at 89.9%, underscoring the consistency in measuring how well Islamic banking fits with customers' values and experiences. Lastly, the intention to adopt Islamic banking scale showed strong reliability at 87.7%, indicating that the items effectively capture the customers' propensity to use Islamic banking services. These high reliability scores across all scales confirm the dependability of the measurements used in the study.

Method of Data Analysis and Decision Rule

The study used descriptive statistics (mean, standard deviation) and inferential statistics (ANOVA, correlation and multiple linear regression analysis). Any mean score between 1.00 - 3.00 entails poor level of awareness, 3.01 - 3.49 low level of awareness, 3.50 – 3.99 moderate level of awareness, 4.00 – 5.00 high level of customers' awareness of Islamic banking services. In the aspect of inferential statistics, the study used multiple regressions at 5% level of significance. Any p – value above 0.05 means the model has no significant effect and such, the null hypothesis is accepted or otherwise rejected and alternate hypothesis accepted and vice versa. The data analysis was aided through the use of Statistical Packages for Social Sciences (SPSS 22). The regression model is given below:

$IAIB = \beta_0 + \beta_1 A + \beta_2 R + \beta_3 RA + \beta_4 PC + e$

Where:

IAIB = Intention to adopt Islamic banking; β_0 = constant; β_1 to β_4 - coefficients; A – Awareness; R – Religiosity; RA – Relative advantage; PC – Perceived compatibility; and e – error term.

Data Presentation and Analysis

Characteristics of the Respondents

Table 2 shows the respondent's demographic profile. The result of the study revealed that 250 respondents are males while 130 are females.

The data analysis revealed that the majority of the respondents are between the ages of 26 - 40 years with population of 168 respondents representing 44.2%. Next are 94 respondents in the age bracket of 18 – 25 years representing 24.7%. Follow by 78 respondents aged between 41 – 50 years representing 20.5%. 40 respondents aged between 51 years and above representing 10.5%.

The analysis of highest qualification revealed that majority of the respondents has HND/ Degree qualifications which is 181 respondents representing 47.6%. The next is Diploma/NCE holders who are 110 respondents representing

28.9%. Follow by 45 respondents who have SSCE representing 11.8%. Follow by Master Degree holders with population of 36 respondents representing 9.5%. 8 respondents representing 2.1% have PhDs.

The analysis of place of work indicated that 191 respondents work in government sectors representing 50.3%. 102 respondents work in private sectors representing 26.8%; while 87 respondents are students representing 22.9%.

The analysis of religion of the respondents showed that 274 respondents are Muslims representing 72.1%. 105 respondents are Christians representing 27.6%; while 1 respondent representing 0.3% practice traditional religion

The table further showed that 263 respondents representing 69.2% has conventional bank account. 39 respondents representing 10.3% has Islamic bank account; while 78 respondents representing 20.5% have both conventional and Islamic bank acccont

Table 3: Demographic Characteristics of Survey Respondents

Variable	Category	Frequency	Percent
Sex	Male	250	65.8
	Female	130	34.2
	Total	380	100.0
Age	18 - 25 years	94	24.7
	26 - 40 years	168	44.2
	41 - 50 years	78	20.5
	51 years & above	40	10.5
	Total	380	100.0
Highest Qualification	Ssce	45	11.8
	Diploma/NCE	110	28.9
	hnd/BSC	181	47.6
	Masters	36	9.5
	PHD	8	2.1
	Total	380	100.0
Occupation	Government Sector	191	50.3
	Private Sector	102	26.8
	Student	87	22.9
	Total	380	100.0
Religion	Islam	274	72.1
	Christianity	105	27.6
	Others	1	.3
	Total	380	100.0
Type of Bank Account	Conventional Bank Account	263	69.2
	Islamic Bank Account	39	10.3
	Both	78	20.5
	Total	380	100.0

Level of awareness of Islamic banking Product and services in Nigeria

Table 4

data analysis showed the mean scores for each of the 6 items/determinant of customers' awareness of Islamic banking services in Nigeria

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Table 4 Respondents view on Awareness of Islamic Banking Services

Statement item	Mean	Std. Dev	Ranking
I have received information about non-interest banking	3.81	1.312	1st
I have generally received enough information about the features of Islamic banking	3.61	1.241	3rd
I have received enough information about benefits of using Islamic banking services	3.69	1.278	2nd
I have received information that Islamic banks charge cost plus mark-up instead of interest in 'Murabaha' financing scheme	3.18	1.311	6th
I have received information that Islamic banks share profit with customer instead of charging interest in 'Mudarabah' financing scheme	3.37	1.357	4th
I have received information that Islamic banks collect rent instead of interest in 'Ijarah' (equipment leasing) financing scheme	3.25	1.329	5th

Grand mean of 3.485

The mean scores for I have received information about non-interest banking is 3.81 (std deviation = 1.321); I have generally received enough information about the features of Islamic banking is 3.61 (std deviation = 1.241); I have received enough information about benefits of using Islamic banking services is 3.69 (std deviation = 1.278); I have received information about 'Murabaha' financing scheme is 3.18 (std deviation = 1.311). I have received information about 'Mudarabah' financing scheme is 3.37 (std deviation = 1.357). I have received information about 'Ijarah' (equipment leasing) financing scheme is 3.25 (std deviation = 1.329). Overall, banking customers' level of awareness of Islamic banking Product and services in Nigeria is low with **Grand mean of 3.485.** This finding is in line with the findings of Ramdhony (2013); Qaisar et al (2018) and Sanko (2020) which indicated that customers' level of awareness of Islamic banking services is below average.

Regression Analysis Result

Table 5 Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.818[a]	.670	.666	1.92599

a. Predictors: (Constant), Perceived Compatibility, Religiosity, Awareness, Relative_Advantage

b. Dependent Variable: Intention to Adopt Islamic Banking

The regression result from model summary[b] table 5 shows a multiple correlation of R = .818, R Square = .670, Adjusted R Square = .666 and Std Error of the estimate = 1.92599. **R value of** 0.818 indicates a good level of prediction. The R Square value of 0.670 shows that the independent variable explains 67% of the variability of the dependent variable – Intention to Adopt Islamic Banking (IAIB). The adjusted R Square indicates that 66.6 % of the variability in Intention to Adopt Islamic Banking (dependent variable) is accounted for by the Perceived Compatibility, Religiosity, Awareness, and Relative Advantage.

Table 6 **ANOVA[a]**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2814.634	4	703.658	189.694	.000[b]
	Residual	1387.329	374	3.709		
	Total	4201.963	378			

a. Dependent Variable: Intention to Adopt Islamic Banking

b. Predictors: (Constant), Perceived Compatibility, Religiosity, Awareness, Relative Advantage

The **ANOVA** table 6 indicated that the model is statistically significant with F value (189.694) and P – value (.000[b]). We can conclude that the four independent variables together predict the changes in the dependent variable (Intention to Adopt Islamic Banking).

4.4 Test of Hypotheses

The results regarding test of research hypotheses are presented in tables 7, 8, 9, 10, 11 and 12 below:

Ho_1:wareness has no significant effect on customers' intention to adopt Islamic banking services in Nigeria.

Table 7: Coefficients[a]

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	3.676	.623		5.898	.000
Awareness	.072	.021	.132	3.435	.001
Religiosity	-.031	.026	-.049	-1.221	.223
Relative Advantage	.062	.040	.074	1.561	.119
Perceived Compatibility	.686	.040	.714	17.280	.000

a. Dependent Variable: Intention to Adopt Islamic Banking

Table 7 revealed that Awareness has positive and a significant effect on the customers' intention to adopt Islamic banking services in Nigeria. ($\beta_1 = .072$; $t = 3.435$; $p = .001 < \alpha = 0.05$). This indicates that an increase in customers' Awareness by 1 unit will increase customers' intention to adopt Islamic banking services in Nigeria by 0.072 units. With this result, the null hypothesis is therefore rejected and the alternate accepted. This finding is in line with the findings of Abdelghani and Hassanudden (2012); Wahuni and Arifin (2013); Kaabachi and Obied (2016); Sudarsono et al (2021); Haruna *et al.*, (2024); Nimsith *et al.*, (2023); Febriandika *et al.*, (2023). However, the finding is in contrast with the finding of Abd. Aziz, Echchabi, Houssem, Ayedh, Musse, and Azouzi (2015) study revealed that awareness has no significant effect on banking customers' intention to adopt Islamic banking services.

Ho_2: Religiosity has no significant effect on customers' intention to adopt Islamic banking services in Nigeria.

Religiosity has negative and no significant effect on customers' intention to adopt Islamic banking services in Nigeria. (β_2 = -0.031; t = -1.221; p = .223 < α = 0.05). This indicates that an increase in Religiosity by 1 unit will means that the effect will be insignificant to affect customers' intention to adopt Islamic banking services in Nigeria by -0.031 units. With this result, the null hypothesis is therefore accepted and the alternate rejected. This finding is in agreement with the findings of Ezeh and Nkamnebe (2022) and Nimsith *et al.,* (2023) that religiosity has no effect on customers' intention to adopt Islamic banking services in Nigeria. However, the finding is in disagreement with the findings of Souiden and Jabeur (2015); Kaabachi and Obied (2016); Bananuka et al (2019); and Sudarsono et al (2021) that religiosity has significant effect on customers' intention to adopt Islamic banking services.

Ho$_3$: Relative advantage has no significant effect on customers' intention to adopt Islamic banking services in Nigeria.

Similarly, Relative advantage (Relative_ Advantage) has no significant effect on the customers' intention to adopt Islamic banking services in Nigeria. (β_3 = 0.062; t = 1.561; p = .119 < α = 0.05). This indicates that an increase in Relative advantage (Relative_Advantage) will not lead to any increase in Intention to Adopt Islamic Banking by 0.062 units. With this finding, the null hypothesis is therefore accepted and the alternate rejected. This finding is in line with the findings of Abdelghani and Hassanudden (2012); Abd. Aziz, et al (2015); Kaabachi and Obied (2016); Qaisar et al (2018) and Ezeh and Nkamnebe (2022). However, the finding is in contradiction with the findings E of study Echchabi, Olorogun and Azouzi (2014); and Sudarsono et al (2021) revealed that relative advantage has no significant effect on banking customers' intention to adopt Islamic banking services.

Ho$_4$: Perceived compatibility has no significant effect on customers' intention to adopt Islamic banking services in Nigeria.

The study's findings indicate that perceived compatibility has a positive and significant effect on customers' intention to adopt Islamic banking services in Nigeria. Practically, this means that when customers feel that Islamic banking is compatible with their values, beliefs, and existing financial habits, they are more likely to intend to use these services. The statistical result (β4 = .686; t = 17.280; p = .000 < α = 0.05) shows a strong and significant relationship, suggesting that for every unit increase in perceived compatibility, the intention to adopt Islamic banking services increases by 0.686 units. Consequently, the null hypothesis, which posited no significant effect, is rejected in favor of the alternate hypothesis. This finding aligns with previous research by Abdelghani and Hassanudden (2012), Abd. Aziz et al. (2015), Kaabachi and Obied (2016), Qaisar et al. (2018), Sudarsono et al. (2021), and Ezeh and Nkamnebe (2022), all of which also found a positive relationship between perceived compatibility and adoption intention in various contexts.

Conclusion

This study attempts to determine the major factors that affect banking customers' intention to adopt Islamic banking services in Nigeria. The findings revealed that awareness and perceived compatibility has significant effect on customers' intention to adopt Islamic banking services in Nigeria; while religiosity and relative advantage has no significant effect on customers' intention to adopt Islamic banking services in Nigeria. More so, the study found that the level of banking customers' awareness of Islamic banking services in Nigeria is low.

Recommendations

The study therefore recommends that each Islamic bank in the country should initiate extensive public awareness and enlightenment campaigns about the Islamic financial products among potential customers. This strategic approach aims to increase awareness, foster positive attitudes, and ultimately drive the adoption of Islamic banking products and services in the country.

and services they offer. These campaigns should not only educate the public about the availability and benefits of Islamic banking but also emphasize the unique advantages of Islamic financial products over conventional banking products. By highlighting features such as compliance with Sharia law, ethical investment opportunities, profit-sharing models, and the prohibition of interest (riba), Islamic banks can differentiate themselves and attract a broader customer base. Additionally, such campaigns should address common misconceptions and provide clear, accessible information to enhance understanding and trust

Recommendation for Further Study

The major limitation of this study is that it does not exhaustively consider all predictors of Islamic banking adoption variables. It is therefore, recommended that further study be carried out that will include more variables such as social influence, perceived complexity, bank reputation, perceived risk etc.

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