Effect of Islamic Banking Products on Customer's Patronage of Jaiz Bank in Kaduna Metropolis, Nigeria.

By

ASHIRU SANI
(SPS/13/MMN/00031)

Being a Research Dissertation Submitted to the Department of Business Administration and Entrepreneurship.

Faculty of Social and Management Sciences, Bayero University, Kano

In Partial Fulfillment for the Award of Degree of Master of Science (M.Sc.) in Management.

April, 2019.

TABLE OF CONTENT

iii

DECLARATION

I **Ashiru Sani** of Department of Business Administration and Entrepreneurship, Faculty of Social and Management Sciences, Bayero University, Kano with registration number **SPS/13/MNM/00031** has satisfactory completed the requirement of **Degree of Master of Science (M.Sc.) in Management** and here by certify that the work conducted in the dissertation which has been duly acknowledged is original and has not been to any other individual in award of any degree. All work submitted in the course of writing the dissertation has been duly acknowledged

_____   _____

        Ashiru Sani   **Date**

     (SPS/13/MMN/00031)

CERTIFICATION

This is to certify that this dissertation titled: "**Effect of Islamic Banking Products on Customer's Patronage of Jaiz Bank in Kaduna Metropolis, Nigeria.**" by Ashiru Sani, SPS/13/MNM/00031 was carried out under my supervision.

_____   _____
    Professor Garba Bala Bello   **Date**
            Supervisor

APPROVAL PAGE

This dissertation titled "**Effect of Islamic Banking Products on Customer's Patronage of Jaiz Bank in Kaduna Metropolis, Nigeria.**" has been examined and approved for the award of thedegree of Master of Science (M.Sc.) in Management.

_____   _____30/04/2019_____
Professor Ayuba. A. Aminu   **Date**
External Examiner

_____   _____30/04/2019_____
Dr. Shukurat M. Bello   **Date**
Internal Examiner

_____   _____30/04/2019_____
Professor GarbaBala Bello   **Date**
Supervisor

_____   _____30/04/2019_____
Dr Ahmed AuduMaiyaki   **Date**
M.Sc Coordinator

_____   _____30/04/2019_____
Dr. Talatu M. Barwa   **Date**
Head of Department

_____   _____
Dr. Shukurat M. Bello   **Date**
Representative of the Postgraduate School.

ACKNOWLEDGEMENTS

DEDICATION

This research work is dedicated to my entire family.

ABSTRACT

The major objective of this study was to test the effect of Islamic banking products (mudarabah, wadia, ijara, and murabaha) on customer patronage of Jaiz bank in Kaduna metropolis.The methodology employed was a quantitative approach using a questionnaire as a tool for the collection of data. The respondents for this study were customers of Jaiz bank in Kaduna metropolis. A convenience sampling technique was adopted to select the sample from the population (customers) of the Jaiz bank in Kaduna metropolis. The population of the study was 25,135 while sample size was 379. The data analysis was made using statistical Package for Social Sciences (SPSS) version 20. The findings showed that Islamic banking products (mudarabah, wadia, ijara, and murabaha) significantly influence customer's patronage of Jaiz bank in Kaduna metropolis. This result would serve as a signal to service providers in knowing what type of the products customers enjoyed using, and which of the products needed improvement so as to provide customers with what they want most, in order for the bank to keep the existing customers intact and lure more potential customers. This study therefore recommended that management of Jaiz bank should continue to sustain and maintain these significant variables (mudarabah, wadia, ijara, and murabaha) because they are good predictors of customer patronage.

CHAPTER ONE

INTRODUCTION

1.1   Background to the Study

Islamic banking is a type of banking systems that is practiced in accordance with the Islamic law of Shari'ahand also has its background in Islamic development economics (Oloso, 2011). The central focus of the Islamic banking system is the non-payment of *riba* also known as usury because Shari'ah law forbids that an individual that lends another individual certain amount of money adds any form of interest to the said amount as interest (Oloso, 2011). Islamic banking is an offshoot of a broad-based Islamic finance. Islamic finance comprises financial institutions, products and services designed to comply with the central tenets of Sharia (or Islamic law) (Khan, Bhatti, Wilson and Natt, 2008) and offer alternative vehicle for mobilization of funds for development among other benefits.

In pursuant of several benefits offered by Islamic Banking, the first Islamic Bank named Jaiz Bank was set up in Nigeria in 2012. The Jaiz bank, headquartered in the Federal Capital territory, has grown from its 3 branches at inception to 30 branches in 2017. One of the bank's branches is in the Kaduna metropolis. Although the Jaiz bank was primarily set up to provide Islamic banking, the consumer segments targeted by the banks include both Muslims and non-Muslims. This is evident in the Bank's business philosophy which reads; "to deliver world class sharia compliant financial services to our clientele irrespective of class, creed, race or religious belief and to contribute to the socio-economic upliftment of humanity".

Although the need to ensure that faithful Muslims are encouraged to participate in the formal credit market is one of the key issues that Islamic banking tries to address, many non-Muslims are also buying into the idea of non-interest banking that the Islamic banking signifies. According to Abdullah, Sidek, & Adnan (2012) the popularity of Islamic banking among non-

1

Muslims in across the world and particularly in Nigeria is growing because it is less affected by global meltdown. Corroborating the Abdullah et al (2012)'s findings, Loo (2010) reported growing popularity among the X-generation non-Muslim Malaysians. Nigeria is a multi-religious country just like Malaysia with substantial population of Muslims and Christians. In Nigeria, Ringim (2014) reported positive perception of Islamic banking products and willingness to patronize the bank's product by Muslim conventional bank account holders in Kano, Nigeria.

To continue to attract the Muslim and non-Muslim potential customers, given the growing popularity among non-Muslims, Islamic banks must look beyond religion and consider other factors that could predispose a potential customer to patronizing the banking service.

This study is intended to gain understanding of whether there is subsisting link between Islamic banking products could influence customer patronage.

Customer Patronage is an act of providing support and approval and simply means the trade obtained by business outfit from its customer. It is in other words the financial support enjoyment received by businesses from their customers.Patronage behavior is considered central and as an essential way to achieve success, sustainability and growth in business. It provides incentives for both customers and firms in favorability and comfort towards a product on one hand and on the other, makes a firm sells its different products and services to different customers thus making higher margins (Ailawadi, Pauwels & Steenkamp, 2008).

It is important to state here that based on the need for Islamic banking in Nigeria and the fact that customers of Islamic bank in Nigeria include Muslims and non-Muslims alike, that this study will seek to understand whether Islamic banking products has a significant effect on their customer patronage of the first full-fledged Islamic bank in Nigeria.

Indeed, there were studies in the past which have established that varying range of factors are determinants of customer patronage.

1.2   Statement of the Problem

Many studies (Razimi, 2016; Ajani, Idowu &Olatubosun, 2013; Lawal, 2012) conducted in Nigeria have affirmed the positive prospects of Islamic banking in Nigeria. However, a level of skepticism and mixed reactions about the operation of the Islamic banking still exists among Muslims but particularly among non-Muslims (Ezeh, Nwankwo &Obiesie, 2015). The prospect of the Islamic banking is not only among Muslims but also among some non-Muslims. This prospect has reinvigorated the Jaiz Bank resolve to target both Muslims and non-Muslim alike. The Jaiz Bank position on its target market is captured in the interview granted by the Managing Director of the bank (Hassan Usman) to Premium Times Nigeria quoted. "One important information we will continue to emphasize is that this product is not a religious product. It is open and available to all, irrespective of their faith or religion. It is a mode of financing that tries to address human needs directly by providing goods and services on a payment basis different from conventional banking that we know" (Udoh, 2017).

The preceding quote suggests that the Jaiz Bank is interested as many as would-be customers irrespective of their religious inclination.   Since the ultimate goal of the Jaiz Bank in Metropolitan Kaduna (which is the focus of this study) is to serve everyone that has attained the legal age to bank, there is the need to look beyond religion and assess other factors for profiling would-be customers. Some of the factors that can influence patronage are the Islamic banking products.

Similarly, various studies were carried out on the effect of Islamic banking products with varying outcomes. For example, studies by (Abubakar, 2017; Fauzi, Muhammad, Mokhtar and Yussof, 2016; Baba, Zabri, and Kaseri, 2018; Abubakar, Sabo, Ringim and dogarawa, 2016; Haque, Osman and Ismail, 2009; Roy, 2014; Yahaya and Junaida, 2017) in different locations, Malaysia, Nigeria, Pakistan, Kenya, Thailand.

Another study was undertaken by Ringim (2012) focuseson perception, awarenessand understanding of Muslim account holders in interest-basedbank toward Islamic banking products.Yamirudeng(2013) examined the factors that influence customers" decision to select with confidence Islamic banking in southern parts of Thailand. The study found religion, reputation, knowledge, attitude, convenience and service as the important determinants of customers" confidence in Thailand. The study,like most previous ones in this area, concentrated on factors that affect choice of bank products without considering the understanding of the products offering by Islamic banking. There are limited knowledge of people regarding Islamic banking products. Roy, (2014).

In view of the above, the empirical literature review revealed that most of these studies used different proxies for Islamic banking products such as customer`s religion, customer`s level of education, customer`s products value, expert insight, customer`s contextual information, perceived quality, cost, convenience, compliance, religious belief, influence of economic factors etc.

A common gap in all the aforementioned studies is that they ignored the aspect of Islamic banking products as measured by murabaha(trust finance),Wadia(safe keeping), ijara(leasing), and murabaha(cost plus financing) dimensions, and how these dimensions relate to customer patronage. This is despite the evidence in the literature, of the association that exists between these four dimensions of Islamic banking products and customer patronage. In view of the fact that understanding the journey thus far,requires an empirical examination of how the constructs of Islamic banking products haveinfluenceoncustomer's patronage. This current study seeks to fill the above-mentioned gap that exists in the literature by using different proxies for Islamic banking products.

In the light of the above that the study examined the effect of Islamic Banking products on customer patronage of Jaiz bank in Kaduna metropolis.

1.3 Research Questions

i. To what extent does Mudaraba(trust finance) affect customer's patronage of Jaiz Bank in Kaduna metropolis?

ii. To what extent does Wadi'a(safe keeping) affect customer's patronage of Jaiz Bank in Kaduna metropolis?

iii. To what extent does ijara (leasing) affect customer's patronage of Jaiz Bank in Kaduna metropolis?

iv. To what extent does murabaha(cost plus financing) affect customer's patronage of Jaiz Bank in Kaduna metropolis?

1.4 Objectives of the Study

The broad objective of this work is to determine the effect of Islamic Banking products on customer's patronage of Jaiz bank in Kaduna metropolis. Along with the broad objectives, the following specific objectives of the study are to:

i. To assess the effect of Mudaraba (trust finance) on customer patronage of Jaiz Bank in Kaduna metropolis;

ii. To determine the effect of Wadi'a (safe keeping) on customer patronage of Jaiz Bank in Kaduna metropolis;

iii. To examine the effect of Ijara (leasing) on customer patronage of Jaiz Bank in Kaduna metropolis; and

To ascertain the effect of murabaha(cost plus financing) on customer patronage of Jaiz Bank in Kaduna metropolis.

1.5 Hypotheses of the Study

To accomplish the stated objectives of the study, null hypotheses were formulated for the study:

H_01: Mudaraba (trust finance) does not significantly affect customer patronage of Jaiz Bank in Kaduna metropolis.

H$_0$2: Wadi'a (safe keeping) does not significantly affect customer patronage of Jaiz Bank in Kaduna metropolis.

H$_0$3: Ijara (leasing) does not significantly affect customer patronage of Jaiz Bank in Kaduna metropolis.

H$_0$4: Murabaha (cost plus financing) does not significantly affect customer patronage of Jaiz Bank in Kaduna metropolis.

1.6 Significance of the Study

The study is expected to add to the existing body of knowledge in Islamic banking by determining the effect of Islamic banking products and customer patronage of Jaiz bank in Kaduna metropolis. The research work is also expected to make contribution to present body of knowledge in Islamic banking by examining the linkages between the murabaha (trust finance),Wadia (safe keeping), ijara (leasing), and murabaha(cost plus financing) to customer patronage. Most of the previous studies investigated independently on the dimensions of Islamic banking products. But this study would add to the existing studies on knowledge of Islamic banking products by studying in depth the combined effect of murabaha(trust finance),Wadia (safe keeping), ijara (leasing), and murabaha(cost plus financing) by Jaiz bank customers on their decision to patronize Islamic banking products.

Also, the outcome of this study will enable the currently licensed financial institutions to know the products offering that influence customer patronage.

The central bank will find this study very important as it continuous to effectively play its regulatory role of safeguarding the soundness of the industry through ensuring that banking registered to offer Islamic banking products come up with sharia compliant products that are profitable to the company to safe guard its going concern.

Moreover, the outcome of the study will also highlight the challenges that militate against patronage of the banks by the potential customers. These challenges will be captured from the

customers' viewpoints. When the challenges that militate against the customer patronage of Islamic banking products are known, products can be tailored more effectively to customers' needs. When customers' needs are satisfied, brand loyalty and continuous patronage can be ensured. It will also act as a planning and decision-making template for future purposes in same regards.

The research will also be of help to researchers and academicians in their quest to understand Islamic banking products and their effect on the banks customer patronage.

Finally, the outcome of the study seeks to provide valuable research findings that will improve on the research knowledge of Islamic banking given the peculiarity of the Nigerian market as compared to what is obtained globally. The research findings are hoped to be useful to serve as materials that will used for further studies related to the subject matter.

1.6   Scope of the study

The study covers the customers of Jaiz bank branches located in their two branches in Kaduna State. The bank branches are located in11a Ali Akilu Road, and Kano Road, in Kaduna, at the time of questionnaire administration. The choice of Jaiz bank for this study is due to the fact that it is the only bank in Nigeria granted the regional banking license to operate as a full-fledged Islamic bank, having complied with the guidelines for the regulation and supervision of institutions offering non-interest financial services in Nigeria.

The variables of the study are Islamic banking products (murabaha,Wadia, ijara, and murabaha) as the independent variables while customer patronage of Jaiz Islamic bank is the dependent variable of the study. Questionnaires for the study were administered in the period October 2018 to November 2018. The data generated was cross sectional in nature and therefore captured at a specific point in time from customers who were served with questionnaires.

1.7   Limitations of the Study

The major limitation of this study was the inability of the respondents to accept the questionnaire and divulge information that will assist in conducting the research. Also, the sample size of this study is limited because it was carried out in Kaduna metropolis, and finding not generalized on whole population of Nigeria.

1.8   Operational Definition of Terms

(i)**Jaiz Bank:** This is a non-financial institution that offers shariah compliant financial products to their customers.

(ii)**Customer Patronage:** Customer patronage represents the collection of the impulses, desires and subsequent considerations within the consumer or customer which induces the purchase of goods from certain outlets or company. (Ozor, 2002).

(iii)**Mudaraba** (Trust finance). This is a technique endorsed by the Islamic system of banking whereby, there is an act of partnership between two parties, a party provides the capital (financier) for the business while the other serves as an entrepreneur who manages the business. The profit or loss incurred by the business is shared between the two parties at the predetermined agreed-upon ratio.

(iv)**Wadi'a** (Safe-keeping).This is a technique whereby the bank guarantees the safety of the money and other valuables deposited by the clients for safekeeping, the bank charges a little amount for maintenance of items and custody of the funds kept and the client is always at will to withdraw his money or item deposited. This is the same with the savings and current accounts in the conventional banking system.

(v)**Ijara** *(Leasing).* This is a scheme whereby customer can obtain a car (for example), under the principles of leasing (Ijara), in this arrangement, the bank buys the car and lease it to the customer for agreed period, and the client pays a rental fee, and the customer assumes the total ownership of the leased item at the end of the leasing arrangement.

(vi)**Murabaha** (Cost-plus financing)involves the bank buying items based on the customers' order and offer the item to the customer at a value that incorporates a profit, it is a system that shares benefit and loss through (cost-plus financing), which is an agreement deal between the bank and its client.

CHAPTER TWO

LITERATURE REVIEW

2.1   Introduction

This chapter undertakes review of both conceptual and empirical literature on the constructs of Islamic banking products and customer's patronage. The chapter begins with discussion on the concept of customer patronage, concept of Islamic banking. This was followed by a review of empirical studies on the relationship between Islamic banking products and customer patronage. The chapter concludes with discussion on the theories that underpin the study, and conceptual framework of the study.

2.2   Concept of Customer patronage

Customers' patronage attitude is a psychological tendency that evaluates their related entity with some degree of favor or disfavor. It predicts consumption behavior. It is also guided and governed by more over reaching value systems which encompass central dispositions applicable to a wide range of situations, context and behavior. Patronage entails consumption practices of customers. Patronage is synonymous to adoption meaning to accept formally and put into effects. (Tara, Irshad, Khan &Yamin (2014). Clearly, an important consideration for customers in choosing to patronize Islamic products and services includes attitudes, perceptions and their knowledge (Gait & Worthington, 2008).

Patronage factors of bank customers for both conventional and Islamic banks have been variously studied at different times and in different countries. But such exercise is rarely documented particularly with respect to Islamic banking in Nigeria due to its absence until recently. Selamat& Abdul-Kadir (2012) state that bank selection criteria or the reasons on the basis of which customer choose to bank with specific banks significantly differs between different market segments as shown by studies. As mentioned by Nawi, Yazid and Mohammed (2013), surveying the literature will show that there are up to six main reasons which account for

patronage of Islamic banks, which are: understanding of Islamic banking concept, Shari'ah compliance, religious contradiction, quality and attractiveness of offerings, willingness to deal with Islamic banks and prospect and potentials of Islamic banking.

Human beings at regular or periodic intervals patronize organizations products. Here it can be stressed that there is a strong relationship between patronage and loyalty. Patronage is borne out of a desire to be committed to an organization either based on its service quality or perceived service qualities (Adiele, Grend and Chinedu; 2005).

According to Ozor (2002), patronage represents the collection of the impulses, desires and subsequent considerations within the consumer or customer which induces the purchase of goods from certain outlets or company. Patronage is therefore borne out of a desire to be committed to an organization either based on its service quality or perceived service qualities (Adiele, Grend & Chinedu, 2005). It is a psychological tendency that makes customers evaluate their related entity with some degree of favour or disfavour. It predicts consumption behavior and practices of customers (Tara, Irshad, Khan &Yamin, 2014). According to Ozor (2002), patronage represents the collection of the impulses, desires and subsequent considerations within the consumer or customer which induces the purchase of goods from certain outlets or company. Patronage is therefore borne out of a desire to be committed to an organization either based on its service quality or perceived service qualities (Adiele, Grend& Chinedu, 2005). It is a psychological tendency that makes customers evaluate their related entity with some degree of favour or disfavour. It predicts consumption behavior and practices of customers (Tara, Irshad, Khan &Yamin, 2014).

Patronage has several antecedents, including product characteristics, affective perceptions and knowledge of the product (Brink, Odekerken-Schroder, & Pauwels, 2006). Studies have shown that customer affective-perceptions toward a particular product and cognitive knowledge about it can influence patronage behavior.

2.3   Concept of Islamic Banking

Islamic banking is an alternative to the conventional banking system worldwide. The most pronounced feature of Islamic banking that distinguishes it from the conventional banking is its 'non-interest policy' claim. Besides, the banking system conceptually conforms to the dictates of *Shari'ah*(the Islamic law) on financial transactions and banking (Bello & Abubakar, 2014). Islamic banking is market-driven but with a moral dimension based on the Islamic value system. Islamic banking is designed to be self-sustaining. Therefore, they aim at generating profit from transactions. According to Sanusi (2011), although Islamic banking is non-interest banking, it is still profit-oriented. The definitions given Bello & Abubakar (2014), Marimuthu*et al.* (2010), Ghayad (2008) among other authors emphasised that Islamic banking is based on the *Shari'ah*-an embodiment of Islamic moral system, code, principles, rules and/or laws.

Besides, rather than on interest, Islamic banking is based on profit, loss, and risk sharing principles (Bello & Abubakar, 2014). In conventional banking, there is a level of guarantee for customers' investment and there is usually assured interest on transactions. In Islamic banking, investors are treated as part-owners of business entitled to share of profit and loss but prone to the associated risks. The profit or loss sharing principle is fundamental to Islamic banking.

A similar concept to the Islamic banking that often confuses less informed people is the 'Islamic banking window'. The Islamic banking window is a semblance of the Islamic banking in that it is also based on the profit, loss and risk-sharing principle but offered alongside other conventional banking products. It a part of dual banking system offered by the conventional banks (Qian & Velayutham, 2017).

Differences also exist between the conventional banking system and the Islamic banking in the banking *modus operandi*. While the conventional banking involves borrowing moneys at a lower interest rate from customers and give the money out as loans to borrowers at a significant higher

rate, the Islamic banking rather enter into a profit-sharing agreement with the bank customers (Qian & Velayutham, 2017).

2.3.1 Emergence of Islamic Banking in Nigeria

In Nigeria, the issue of Islamic banking is not new, various efforts have been made to see it come through by some concerned Nigerian Muslims and non- Muslims but bringing it to reality was difficult due to several bottlenecks including misconceptions about the intents of doing so is a multicultural and secular state like Nigeria. The need to ensure financial inclusion and that growing demands to create banking product that align with the faith of many Muslim Nigerians, Decree No. 46 of 1992 was promulgated. The decree provided avenue for each community to establish community banking which can operate based on its own customs and tradition. This according to Malami (2009), prompted the establishment of Haraka Islamic Community Bank in Sokoto town. The bank operated strictly on the basis of Islam but did not record any successful achievements due to lack of adequate personnel, low capital base, nonchalant attitude of staff, and inadequate awareness of the system etc.

At the national level, the first bank that established a semblance of Islamic banking is the defunct Habib Nigeria Bank Limited. The offer was an alternative product along the conventional banking products technical referred to as the Islamic Banking Window (Qian & Velayutham, 2017). Just like the Haraca Islamic Community Bank, the offer by the Habib Bank soon fussed off after its introduction due to lack of awareness, acceptance and patronage and inability of the proponents of the system being able to stand the test of times given the dynamism of the Nigerian financial system and the fact that the Federal Military Government was not in full support of the scheme (Umar, 2011).

Notwithstanding the aversion of the Federal Government, the loopholes noticed in the practice of conventional banking and its inability to meet the demand of Muslims and those of other religion that belief in non-interest financial products and services, the Mallam Lamido Sanusi, the formal

Governor of the CBN sponsored the formal introduction of Islamic banking into the Nigeria banking industry (CBN, 2011). The move was perceived to be triggered by Northern Nigerians who clamour and pressed tenaciously for non-interest banking and financial product and services that will satisfy the dictates of Islam. To meet this demand and assuage this end, a circular titled *"Guidelines for the Regulation and Supervision of Institutions Offering Non-Interest Financial Services in Nigeria"* established Islamic banking into the Nigerian financial systems (CBN, 2011).

The continuous pressure, the need for alternative banking system and to ensure financial inclusion, the first full-fledged Islamic banking (and rightly so, the first successful Islamic Bank in Nigeria) was the Jaiz Bank established in 2012. Although the Decree No. 46 of 1992, paved way for the establishment of the Islamic bank (i.e. Haraka Islamic Community Bank), the foundational legal basis for the eventual establishment of full-fledge Jaiz Islamic bank in the country, the legal foundation is linked to the repeal of the Banking Act of 1969 and promulgation of the Banks and Other Financial Institutions Decrees (BOFID) of 1991 by the then Military Government (CBN, 2011).

2.4   Concept of Islamic Banking Products

Studies have shown the different types of products and service that are offered by Islamic banks globally and with focus to Nigeria. Unlike the conventional banking systems, Umar (2011) wrote that Islamic banks act like a cooperative financial institution in which different customers are bound together in a partnership arrangement that is managed by the investment or account officer/management of the Islamic bank. Some of the product and services are reviewed below:

2.4.1 Savings Account

According to Ezeh and Nwankwo (2015) the savings accounts under Islamic banking also runs as a savings account where the customer deposits into his or her account with the bank and demands for it at any time it is needed for use.

2.4.2 Current Accounts

According to Umar (2011) current accounts are also operated by Islamic banks, but interest is not charged on the accounts as it is the practice of conventional banks. Hence, risks that arise from the use of the deposit by the Islamic bank is solely borne by the Islamic bank and not shifted to or shared with the owner of the account

2.4.3 Investment Accounts

This type of account according to Audu and Mika'ilu (2014) also operates like saving accounts in which large chunk of money is deposited by the account owner for a long period of time but the profit or loss from holding up such money for a long period is shared between the owner or joint owners of the account and the Islamic bank as well as other interested parties to the bank.

Furthermore, other studies have disused other categories of product and service in the form of partnership and contract schemes since Islamic bank are viewed as cooperative or joint ventures. Below is a review some of these schemes:

2.4.4 Musharaka (Joint-venture)

This is a method of equity financing under the principles of Joint ventures where the bank engages in both the provision of finance as well as running the business by itself. (Malik, B. A., & Khaki, G. N. 2015). Musharaka is the first tool practices by Islamic banking in its product market; thus, in this scheme, the Islamic banking undertakes the responsibility of the financier and that of the entrepreneur. This method is different from Mudaraba in the sense that here, the bank plays a double role of supplying the money for the business and perform the complete task of managing

the business while in the Mudaraba system, two different parties are involved; the financier (separate from) the entrepreneur.

2.4.5   Mudaraba (Trust Financing)

This a contract in which the bank provides all the capital while the partner contributes commercial efforts, professional skills and experiences. Finally, the bank receives a predetermined proportion of the profits. In the case of a loss, the bank bears all the financial loss whilst the manufacturer goes unrewarded (Rob, 1992). It is concluded that this system encourages the individual to participate in financial activity and prove himself as an active part of society.

2.4.6   Murabaha (Cost-plus financing)

This is another instrument used by the Islamic banking system in which the bank buys a product on customer's behalf (based on the customer's request) and then resells it to the customer with added profit on the original amount of the said asset Ahmad, A., Rehman, K, & Safwan, N. 2011). A clear example of this product is where the bank may buy an automobile at the cost of N20,000 based on a client order, and after the bank possessed the item, it can now add up its profit and sell it to the client at a current price of N23,000 to be paid in installment in two years, or it can be paid in lump sum at the end the agreed loan term. This system is adopted by Islamic banks instead of charging interest from giving out raw loans to the customers (as can be seen in the practices of conventional banks), Islamic bank makes a profit from engaging in the business activities.

2.4.7   Ijara (Leasing)

This is a rent contract by which the owner of the good rents it to another party bidding it. After that the latter can purchase it and rent is reduced until the good become the possession of the client (Bellalah and Ellouz, 2004). Nowadays the Home Finance and Islamic mortgage are based on the concept of Ijara and it is very successful tool in Islamic financial system. Moreover, under

this scheme, a customer can obtain a car (for example), under the principles of leasing (Ijara), in this arrangement, the bank buys the car and lease it to the customer for agreed period, and the client pays a rental fee, and the customer assumes the total ownership of the leased item at the end of the leasing arrangement.

2.4.8 Wadi'a.

Under Wadi'a arrangement, the bank guarantees the safety of the money and other valuables deposited by the clients for safekeeping, the bank charges a little amount for maintenance of items and custody of the funds kept and the client is always at will to withdraw his money or item deposited. This is the same with the savings and current accounts in the conventional banking system.

2.4.9 Salam

Salam is a sale contract based on forward sale used for generic goods (i.e. commodities). Salam represents an exemption to the general rule of sale since the subject matter may or may not exist as at the day of sale but the vendor can sell it on forwards basis. It was reported that buyers during the time of the Prophet (peace be upon him) pay the full price on day one and wait for farmers to cultivate agricultural products to be delivered at an agreed time and in agreed quantity and this arrangement was approved by the Prophet. This practice allows farmers to utilize the money received as working capital to start cultivation activities. The farmer will on maturity deliver the agreed quantity of the produce to the buyer. Salam is a prepayment sale that is both interest-free and collateral-free and such arrangement has the potential of giving benefits to both parties. Rosly, (2005)

2.4.10 Qard Hasan Loans

According to Audu and Mika'ilu (2014) this type of loan is a form of benevolent loan offered by the Islamic bank to qualified customers that needs it to alleviate their poverty and hunger status as required under the sharia. At the end of the loan expires, the customer is expected to only pay

back the principal value to the Islamic bank; however, Umar (2011) stated that the customer might decide to add more to the principal amount to show his or gratitude to the Islamic and a way of also helping other that requires such loan but the added amount is not pre-determined by the beneficiary and the Islamic bank at the disbursement of the loan.

2.5   Review of Empirical Studies

Rustam, Bibi, Zaman, Rustam and Zahid-ul-Haq (2011) examine the perceptions of corporate customers towards Islamic banking products in Pakistan. The study discussed the three main parameters which are, use of conventional and Islamic banking facilities, respondents" understanding of Islamic banking system, and their personal opinion on various aspects of Islamic banking products. The results indicated that Islamic banking products and services had good potential within Pakistani corporate sector.

Abubakar, Sabo, Ringim, and Dogarawa, (2016) conducted a study on the relationship between customers' product experience as the independent variable and customers' patronage of Jaiz bank products as the dependent variable. The study was conducted in the Northern region of Nigeria with samples drawn randomly from customers of the bank in places it maintains branches. Data was generated through self-administration of 500 out of which 417 were retrieved as valid. The data was subsequently analysed using correlation and regression tools version Findings from the study also reveal that the adjusted R-square value was 0.710, which suggest that the model explain 71.0% of the variance of Jaiz bank products patronage. Furthermore, customers' experience and Jaiz bank Islamic bank patronage were found to be positively related (beta = 0.843 p<0.001). The study recommends that product experience should be positively enhanced through enhancement of product and service delivery atmosphere to fortify the relevance of favorable customer experience in attracting and maintaining existing customers.

Hidayat and Al-Bawardi (2012) examine non-Muslims" perceptions toward Islamic banking services in Saudi Arabia. The results obtained from the study confirmed that there is general

awareness among all the respondents about Islamic banking products and services. Furthermore, the study showed those Islamic banks" cheaper costs of transactions as well as better service delivery is the determinant of Islamic banking products and services patronage.

Bassir, Zakaria, Hasan, and Alfan (2011) conducted a study to identify factors determining adoption of Islamic home financing scheme in Malaysia. Data were obtained from 300 respondents selected through convenient sampling technique and interviewed with the aid of structured questionnaire. Many variables such as religion, price or cost, brand or reputation and level of awareness etc were regressed on the adoption variable having conducted normality test and factor analysis to reduce the large independent variables to only the predictors. Findings revealed although the four variables significantly predict adoption, religion and cost/price of a product were the strongest predictors.

Bodibe, Chiliya, Christopher Tarisayi, and Chikandiwa (2016) examined the factors influencing customers' attitude towards Islamic banking adoption in Johannesburg, South Africa. Data for the study were obtained from 300 undergraduates of the University of Witwatersrand selected through probability sampling procedure. Structured questionnaire was the instrument for data collection. Descriptive and factor analysis were employed in analysing the study data. The results revealed that there is a positive relationship between product awareness, social norms, community influence and attitude towards Islamic banking. It was also found out that most of the respondents were not aware of the Islamic banking.

Obeid and Kaabachi (2016) assessed the main factors influencing the intention to patronize Islamic banking by conventional bank customers in Tunisia. The study was survey-based. The relationship between religiosity, amount of information about Islamic banking at the disposal of respondents, relative advantage, compatibility, social influence and patronage of Islamic banking products were examined. Structured questionnaires were used in obtaining data from 400 respondents selected through convenient sampling technique. Obtained data were analysed with

the aid of Structural Equation Modeling (SEM). The study findings showed low level of awareness among the respondents. For those that intended to adopt/ patronize the Islamic banking, religiosity, amount of information at their disposal about Islamic banking, perceived relative advantage and compatibility were found to significantly influence the intention of the respondents to patronise Islamic banking products. Religiosity was found to be the most significant predictor of the intension to patronise.

Asdullah and Yazdifar (2016) investigated the factors influencing the selection of Islamic banking by youths in Pakistan in a survey-based study. Data were obtained from customers and authorities of Islamic banks in the country. A total of 100 young customers of three Islamic banks, selected through convenience sampling technique were sampled. As complementary to the main data from the customers, 5 authoritative individuals on Islamic banking were interviewed. Obtained data were analysed descriptively. Findings revealed factors affecting male and female customers' selection of the Islamic bank to patronise were different. The study reported that religiosity and returns were the two most important factors influencing selection

In another dimension of customers' knowledge, Hamid and Othman (2009) cited in (Muhamat, Jaafar, &Azizan, 2011) conduct a work which measures the level of knowledge and understanding among Muslims towards the concepts, Arabic and Shari"ah terms in Takaful (Islamic insurance) industry. The study finds that a majority of the respondents do not know theconcepts and Shari'ah terms used in the Takaful's contract. A customer's knowledge is also a function of his/her value and as Muhamat*et al*. (2011) reports while studying banks "clients" sensitivity towards the adoption of Arabic terminology amongst Islamic banks. The clients agree that the use of Arabic language provides a competitive edge to the Islamic banks.

Another study that was undertaken by Tan and Chua (1996) using random sampling technique with small size established influence from family and friends as critical determinants of bank patronage. While the convenience associated with the location of the bank was found to be a

moderate ranking factor, the speed with which service is delivered was found to be the least patronage determinant. Contrary to this, however, is the finding of a study by Sudin-Haron*et al.* (1994) in Malaysia. In the work, influence from family and friends was established to be of less importance, while availability of rapid and efficient service was the topmost criterion.

Jamshidi (2014)**,** in a conceptual paper, assessed the factors influencing Islamic Bank credit card use among bank clientele. Variables identified as theoretically linked to Islamic Banks' credit cards' use by clientele include relative advantage, compatibility, complexity, trialability, observability, trust and demographic factors including age, gender, education and income. The theoretical premise on which the work was based is the Roger (2003) perceived attribute innovation diffusion. The Islamic Bank's credit card was conceptualized as an innovation within the IB realm. The structural review of relevant literature shows that the demographics and other aforementioned variables would significantly predict the adoption/patronage of the innovative IB credit card.

Echchabi and Azouzi (2013) examined the willingness of the Tunisian customers to patronise Islamic banking products and services, and the factors that may influence their decision in a survey-based study. A total of 100 structured questionnaires were randomly distributed to Tunisian banking customers to obtain relevant data for the study. Multiple regression and one sample t-test were applied in analysing the study data. The study findings revealed that uncertainty, compatibility, awareness as well as subjective norm, have a significant impact on the attitude towards Islamic banking products and services in Tunisia. Likewise, normative belief was also found to have a significant influence on subjective norm, with particular reference to the parents, siblings, peers and colleagues, as the main referent groups. In addition, self-efficacy was found to have a significant influence on perceived behavioural control, and finally, attitude and subjective norm were found to have a significant impact on the intention to patronise Islamic

banking products and services in Tunisia. The study concludes that Tunisian customers are willing to shift to Islamic banking products and services.

Imtiaz, Murtaza, Abaas, and Hayat (2013) investigated the factors influencing individual behaviours towards Islamic Banking in Pakistan. Demographic variables, patronage factors, religion, perception, and bank services were examined as predictors of individual buying behavior Islamic Banking products and services in the study area. Data were collected from 25 customers of 4 Islamic Banks through a semi-structured interview. Results revealed that religious views and services offered by the banks were the two major determinants of buying behavior of the respondents. Besides, Students was found to have relatively better awareness, knowledge and preference for Islamic banking than any other group.

Islamic banks are new entrants in the Nigerian banking sector. A large number of people are facing lack of awareness regarding different kinds of products and working pattern of Islamic banks. Conventional Banks make heavy investments to attract the customers and they should also address the specific needs of different segments of the economy. This study used the following dimensions of Islamic banking murabaha(trust finance),Wadia(safe keeping), Ijara(leasing), and murabaha(cost plus financing)to know their effect on customer patronage.

2.6 Theoretical Framework

The study utilized the Theory of Reasoned Action (TRA), Behavioral Decision Theory (BDT) and Innovation Diffusion Theory (IDT) as the underlying theories that underpin the research. Discussion on the theories and how they are linked to the variables of the study is given hereunder.

Theory of Reasoned Action (TRA)

The TRA theory has been variously employed in studies related to determination of factors responsible for customers" patronage of bank products. Customers" patronage of Islamic bank products has been a matter of study with different factors established as determinants, and which

studies utilized the TRA. The theory introduced by Fishbein and Azjen (1975) establishes the nature of the relationship between attitudes, beliefs, intentions and behavior. The theory is essentially about gaining a deep understanding of the influence of a person's belief and attitude on his behavior. In the theory, attitude is defined to mean an index of the extent to which a person likes or dislikes something. Attitude has also been viewed as the favorableness and unfavorableness an individual feel for something. Attitude, believe, intentions and behavior are thus indices of human knowledge. Studies that utilized the theory include Md-Taib, Ramayah and Abdul Razaq (2008), Abdul-Razak and Abduh, (2012) and Amin, Abdulrahman, and Abdulrazak (2013). The study by Md-Taib et al. (2008) tested the application of the TRA model in predicting *musharakamutanaq is a* home financing acceptance and found that an individual's behavioural intention is determined by his/her attitude and social influence. Similarly, Abdul-Razak and Abduh (2012) examines whether the TRA model could predict *musharakamutanaq is a* home financing acceptance. The choice of TRA was due to the fact that its predictive power makes it easy to apply in different contexts of study and had received rich empirical supports. The theory is relevant in explaining the relationship between Islamic banking products dimensions of this study and the dependent variable of customer'spatronage.

Behavioral Decision Theory (BDT)

Behavioral Decision Theory (BDT) by Herbert Simon (1959) is used in this study as it is a theory that describes human decision making. This theory seeks to understand the actual decision-making patterns of humans, such as underweighting or overweighting of probabilities, decision or choice framing. The main constructs/factors in the theory include choice framing, decision processes and decision strategies. The theory was used by Swait and Adamowicz (2001) in their work on choice environment, market complexity, and consumer behavior. The elements in the theory are relevant to the dependent variable of customer's bank patronage in this study since patronage is an outcome of customer's decision and reflects consumer behavior.

This study will focus on Islamic banking products as independent variable Mudaraba, wadia, murabaha, and ijara that this study is interested in. Customer patronage is the dependent variable of the study.

2.7   Conceptual Framework of the Study

The framework or model for this research has two variables; customer patronage as the dependent variable and Islamic banking products as independent variable, which includes: murabaha(trust finance),Wadia(safe keeping), ijara(leasing), and murabaha(cost plus financing). It is expected therefore, that improved customer patronage will depend on how efficient and effective Jaiz Bank are managing the four proxies of Islamic banking products.

2.7.1   Variables Specifications

The variable specification shows the conceptual link between the key variables of the study.

i.   Independent Variables

The following independent variables have four dimensions which are illustrated in this dissertation: Mudaraba, Wadi'a, Ijara, and Murabaha,.

ii. Dependent Variables

The dependent variable is customer patronage.

Figure2.1 **The model of the study**

Independent Variable   **Dependent Variable**

Islamic Banking Products   **Customer Patronage**

IV	DV

MUDARABA
WADIA

MURABAHA

IJARA

CUSTOMER PATRONAGE
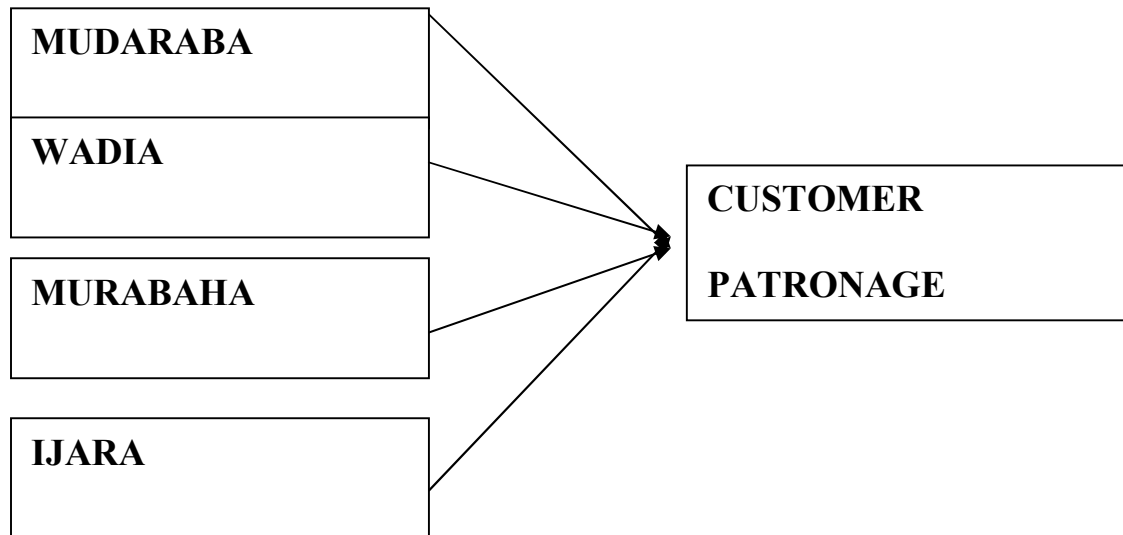
Source: Field Survey, 2018.

<center>**CHAPTER THREE**</center>

<center>**RESEARCH METHODOLOGY**</center>

3.1   Introduction

This chapter discusses the planned methodological steps to be taken by the researcher in gathering valid and reliable data to sufficiently answer the research questions as well as achieve the aim and objectives of the study as they were highlighted in chapter one of the study. The researcher discusses the planned steps in terms of the research design, the determination of the population, the sample size and sampling technique to be adopted in the determination of the actual target participants of the study. The research instrument is also discussed and the data analysis method.

3.2   Research Design

The study research design is quantitative. The research design chosen for this study is survey method. In this study, the independent variables (Islamic banking products) will be represented by the constructs – Mudaraba (trust finance), Wadia (safe keeping), Ijara (leasing), and murabaha(cost plus financing), while the dependent variable will be represented by customer patronage.

3.3   Population of the Study

The population of this study also known as the target population consists of twenty-five thousand, one hundred and thirty-five (25,135) that accesses or uses Islamic banking products and services of Jaiz Bank in Kaduna Metropolis.

The study goal is to determine the effect of Islamic banking products on customer patronage of Jaiz Islamic Bank in the study area. Therefore, every customer patronizing the bank in Kaduna metropolis was a potential respondent and is relevant towards determining the sample size. Given the nature of the study, the population of the study includes all the customers that have access or use Islamic banking products of Jaiz Bank Kaduna.

<center>26</center>

3.4 Sampling Technique and Sample Size

Therefore, in deciding the sample size for this study, adopting a scientific approach becomes necessary. Krejcie and Morgan (1970) scientific approach was used. It is a generalized scientific guideline for determining the sample size. The application of Krejcie and Morgan (1970) model requires no calculation because table has been developed for selecting an appropriate sample size. Therefore, the sample size for this study based on the population of 25,135 individual customers is three hundred and seventy-nine (379). The researcher adopted convenience sampling technique. To this end, the researcher worked closely with staff of Jaiz Bank PLC Kaduna Branch that helped in administrating the questionnaires to the target participants as they visit the

3.5 Data Collection Technique

Instruments for collecting data vary. Data could be collected from a number of ways and sources. The methods include interviews, questionnaires and observations. The data collection instrument for this study is a structured questionnaire presented in appendix 1. The questionnaire consists of closed ended multiple-choice type questions that were adapted from previous researches conducted in the field of Islamic banking. The questions drawn up are intended to collect data considered pertinent to addressing the research questions. This study adopts a survey research design. This study employed the use of primary data. The data was collected by the researcher and with the help of research assistants who understand local culture and language very well.

The survey was written in English but was translated into Hausa Language because customer find it difficult to understand English.

Section A: demographic questions and questions relating to Islamic banking products such as Mudaraba, Wadi'a, Ijara, and murabaha.

Section B: questions relating to customer patronage.

In addition, five-point likert scale structured questionnaires was employed for collection of data. (i.e. strongly disagree, disagree, moderate, agree and strongly agree).

3.6   Method of Data Analysis

The data was analyzed using descriptive and inferential statistics. Descriptive statistics was used to state the characteristics of the respondents; inferential statistics was used to test the hypotheses. Pearson correlation matrix was used to determine the relationship among the independent variables and the relationship between independent variable and dependent variable. Regression analysis is used to explain the total effect of the independent variables on the criterion variables. The statistical package for social science software (SPSS) version 20 was used to analyse the relationship between the variables for the study.

3.7   Measurement of Research Variables

This research has 2 constructs to be measured using two instrument adapted from different authors, They are Islamic banking productsand customer patronage. This section presents how the variable will be measured.

3.7.1   Islamic banking products

Islamic banking products were measured by adapting a 4-dimensional scale. The 4 dimensions are Mudaraba, Wadia,Murabahaand Ijara. The instrument has a total number of 28 items.

1. Mudaraba was measured by adapting a scale developed by (Alsadek and Andrew (2000) and Imam, and Zubairu (2013). The scale has 7 items with Cronbach alpha coefficient of 0.920. All items were ranked on 5-point likert scale ranging from 1- Strongly Disagree to 5- Strong Agree.

2. Wadia was measured by adapting a scale developed by Bashir (2012) and Karim (2010). The scale has 7 items with Cronbach alpha coefficient of 0.840. All items were ranked on 5-point likert scale ranging from 1- Strongly Disagree to 5- Strong Agree.

3. Murabaha was measured by adapting a scale developed by (Alsadek and Andrew (2000) and Imam, and Zubairu (2013). The scale has 7 items with Cronbach alpha coefficient of 0.914. All items were ranked on 5-point likert scale ranging from 1- Strongly Disagree to 5- Strong Agree.

4. Ijara was measured by adapting a scale developed by Hanafi (2012). The scale has 7 items with Cronbach alpha coefficient of 0.899. All items were ranked on 5-point likert scale ranging from 1- Strongly Disagree to 5- Strong Agree.

3.7.2 Customer Patronage

Customer Patronage was measured by adapting a scale developed byFofie, (2016). The scale has 7 items with Cronbach alpha coefficient 0.68. All items were ranked on a 5– point likert scale representing a range of attitude from 1 – Strongly Disagree to 5 – Strongly Agree.

3.7.3. Validity & Reliability of the Instrument

The instrument used for data collection for this study has gone through an internal consistency test which measured the degree to which items that made up the instrument were measuring the same underlying attribute. It measured the extent to which the items in the scale 'hang together'. This means that reliability test shows how the items in the instrument measure the construct under study. Therefore, this study adopts 0.50 thresholds as suggested by (Hulland, 1999) in measuring internal consistency of the instrument.

To this end, the researcher sourced for the variables, indicators and assertions from the previously used questionnaire in studies related to the subject matter and more importantly that can answer each of the research questions sufficiently.

The statistical software SPSS version 20 was used to analyse the relationship between the variables for the study.

$$Y = a + \beta_1 X_1 \dots\dots\dots\dots\dots\dots \beta_n X_n + ei$$

29

Y_i indicate the dependent variable and X_i denote the number of the independent variable.

Where:

Y_i= Customer Patronage (CPR)

X_1=Mudaraba (MDR)

X_2=Wadia (WDA)

X_3=Ijara (IJR)

 X_4=Murabaha (MRB)

a=constant value

β= the co-efficient of variable

e_i=error term.

Therefore, regression equation would be:

$$CP = a + \beta MDR + \beta WDA + \beta IJR + \beta MRB$$

The hypotheses will be tested at 5% level of significance and the decision rule is that, if the t-value is less than the critical value, the hypothesis will be accepted and if equal or greater than the critical value, it would be rejected.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1   Introduction

This chapter presents, analyse and interpreted results from the data collected for this study. Specifically, the chapter covers the characteristics of the respondents, inferential analysis and regression analysis of the data. The chapter further discusses the findings of the study under which the research questions were answered, and hypotheses formulated were tested.

4.2   Characteristics of the Respondents

Table 4.1: Questionnaire Distribution and Retention

Item	Frequency
Distributed Questionnaire	379
Returned Questionnaire	264

A total of three hundred and seventy-nine (379) copies of questionnaire were distributed to the respondents, two hundred and sixty-four (264) copies were completed and returned representing 70% while 115 copies were not retrieved representing 30% of the total copies of the questionnaire. However, the tables below show the demographic features of the respondents. The respondents supplied information about their demography during the questionnaire filling which includes gender, age, marital status, educational qualification, occupation, and income.

Table 4.2: Gender

S/N	Gender	Frequency	Percentage (%)
Q1	Male	190	70
	Female	74	30
	Total	264	100

Source: Field Survey, 2018

From the Table 4.2 the result shows that males are the dominant gender among the Jaiz Bank customers in Kaduna metropolis with 70% while female constitutes only 30% of Jaiz Bank customers in Kaduna metropolis. This means that majority of the respondents are male customers of the bank. This can be attributed to either the fact that males are mostly the bread winners in many families, or that some women detest appearing publicly in banking halls of an Islamic bank

Table 4.3: Age

S/N	Age	Frequency	Percentage (%)
	18-20	8	3.0
	21-30	23	8.7
	31-40	44	16.7
	41 -50	98	37.1
	51 and above	91	34.5
Total	264	100	

Source: Field Survey, 2018.

Moreover, the age brackets from Table 4.3 shows that between 41-50 years were dominant among the Jaiz Bank customers in Kaduna metropolis as they represent 37.1%,while age bracket 51 and above are the second dominant among the Jaiz Bank customers representing 34.5%. Similarly, age bracket 31-40 constitutes 16.7%, and those within the age of 21-30 represent 8.7% and lastly the age bracket of 18-20 are the least with only 8.0%. The implication here is that the highest number of sampled respondents (within the age of 41-50 Years), coupled with size of customers in age bracket of 51 and above years means an expected more patronage of the bank by able bodied men and women.

Table 4.4: Marital Status

S/N	Demographics	Frequency	Percentage (%)	Total
Q3	Single	91	34.5	
	Married	127	48.1	
	Divorced	18	6.8	264
	Widow	28	10.8	

Source: Field Survey, 2018.
The Table 4.4 shows that 48.1% of Jaiz Bank customers are married while 34.5% are single, while 10.8%, 6.8% are widows and divorced respectively. This suggests that either Jaiz bank's customers are mostly married or they are the ones that go to the bank more frequently.

Table 4.5: Educational Qualification

S/N	Demographics	Frequency	Percentage(%)	Total
Q4	DBA/Ph.D	3	1.1	
	M.Sc./M.A/MBA	33	12.5	
	HND/B.Sc/B.ED	66	25.0	264
	OND/NCE	62	23.5	
	Others	100	37.9	
	Professional.			

Source: Field Survey, 2018

Similarly, Table 4.5 indicates that 23.5% of the respondents have educational qualification of Diploma/OND/NCE or equivalent, 25.0% hold HND/B.Sc./BA/B.ED or equivalent, 12.5% have M.Sc./MA/MBA or equivalent while 1.1% holds DBA/PhD or equivalent while other profession has 37.9%. This clearly shows that majority of the respondents are literate meaning they can read, write and understand simple English as such illiteracy will not in any way affect the outcome of this research.

Table 4.6: Occupation

S/N	Demographics	Frequency	Percentage (%)	Total
Q6	Civil Servant	71	26.9	
	Student	52	19.7	264
	Business/Private Sector	84	31.8	
	Others	57	21.6	

Source: Field Survey, 2018.

From Table 4.6, 26.9%, 19.7%, 31.8 and 21.6% of the respondents fall in the category of civil servants, students, businessmen/private sector and others respectively. This implies that even students patronize the services of the bank in addition to business sector customers who constitute majority of the sampled customers, and civil servants. The result further implies greater patronage when students graduate and become either self-employed or government/private sector employed.

Table 4.7: Income

S/N	Demographics	Frequency	Percentage	Total
Q5	N1,000- N15,000	47	17.8	
	N15,000 - N100,000	83	31.4	
	N100,001-N1,000,000	109	41.3	264
	N1,000,001- and above	25	9.5	

Source: Field Survey, 2018.

Table 4.7 reveals that 17.8%, 31.4%, 41.3% and 9.5% earn income of 1,000-15,000, 15,001-100,000, 100,001-1,000,000 and 1,000,001 and above respectively. This means that most of the sampled customers who responded earn a little above the range of the lowest income category of customers. This can be partly attributed to the existence of other platforms of transaction which do not require the presence of customers in the banking hall to whom questionnaires were given. This means that respondents cut across all income levels as such the results will not be affected nor influenced by either high- or low-income earners` opinions. Also, the respondents cut across all income levels as such the results will not be affected nor influenced by either high or low income earners` opinions.

4.3   Data Cleaning

Data cleaning is said to be important in conducting multivariate analysis. This is because the meaningfulness as well as the quality of the outcome of the analysis depend on the data editing and screening (Pallant, 2011). Therefore, outliers and missing values were thoroughly checked.

4.3.1   Analysis of Missing Data

Due to the adverse consequences of missing data in the final result of the analysis, the researcher called for proactive action at the collection point in an attempt to reduce or even to avoid the high rate of missing values. During the administration of the questionnaires, the researcher and research assistants checked the questionnaires by ensuring that all questions were answered appropriately. The respondents were politely asked to fill the questionnaire accurately for questions that were ignored or answered wrongly.

However, in this study no missing value was detected after running the test for missing value using SPSS v 20.

4.3.2   Outliers

Outliers are cases that have values that are very different from the values for the majority cases in the data set, univariate and multivariate must be removed from the data set. When looking for univariate outliers for continuous variables, standardized values (Zscores) can be used, univariate outliers can be considered standardized cases that are outside the absolute value of 3.29 while multivariate outliers can be identified with the use of Mahalanobis distance, which is the distance of a data point from the calculated centroid of the other cases where the centroid is calculated as the intersection of the mean of the variables being assessed. Multivariate outliers can also be recognized using leverage, discrepancy, and influence. Tabanchnich and Fidel (2007) recommended the identification of univariate outliers through the observation of Z score. The Z score for each item must be within the range of ±3.29 (0.001) sig. level.

4.4   Reliability of the Research Instruments

The instrument used for data collection for this study has gone through an internal consistency test which measured the degree to which items that made up the instrument were measuring thesame underlying attribute. It measured the extent to which the items in the scale 'hang together'. This means that reliability test shows how the items in the instrument measure the construct under study. Nunally (1978) recommends a minimum of 0.70 Cronbach alpha. A Cronbach alpha of 0.50 and above, according to (Hulland, 1999), is considered appropriate for measuring reliability. Therefore, this study adopts 0.50 thresholds as suggested by (Hulland, 1999) in measuring internal consistency of the instrument. Below is the summary of the reliability test results for all variables.

Table 4.8 Summary of Reliability Analysis of Variables

Variables	Number of Items	Number of Items Deleted	Cronbach Alpha
Mudaraba	7	0	0.739
Wadia	7	0	0.779
Ijara	7	0	0.645
Murabaha	7	0	0.588
Customer Patronage	7	0	0.675

Source: SPSS Computation of Reliability.

The table 4.8 shows that Cronbach alpha for Mudaraba 0.739, Wadia 0.779, Ijara 0.645, Murabaha 0.588, and lastly Customer Patronage which is 0.675. This means that all the variables were reliable enough for the study (Hulland, 1999).

4.5   Correlation

The table below shows the correlation between the dependent variable (customer patronage) and independent variable Islamic banking products (Mudarabaa, Wadi'a, Ijara, murabaha).

Table 4.9 Correlations

		Customer patronage	mudaraba	Wadia	ijara	murabaha
	Customer patronage	1.000	052	.001	.118	.261
	mudaraba	.052	1.000	.644	.745	.011
Pearson Correlation	Wadia	.001	.644	1.000	.758	.132
	ijara	.118	.745	.758	1.000	.132
	murabaha	.261	.011	.132	.132	1.000
	Customer patronage	.	.198	.494	.028	.000
	mudaraba	.198	.	.000	.000	.431
Sig. (1-tailed)	Wadia	.494	.000	.	.000	.016
	ijara	.028	.000	.000	.	.016
	Murabaha	.000	.431	.016	.016	.

Source: Field Survey, 2018.

The Table 4.9 shows the correlation among the research variables. As can be observed from the table, none of the correlation among the research variables is up to .90as suggested by Hair et al. (2010) and Pallant (2007. This means that there is no problem of Multicollinearity.

4.6 Multiple Regression Analysis

As stated in chapter three, multiple regressions was used for data analysis. There are four major assumptions about multiple regressions. The assumptions are normality, multicollinearity, linearity, homoscedasticity and independence of the residuals. All the assumptions are examined and explained.

4.6.1 Normality Assumption

The normality assumption is reflected in the histogram and the P-P plot, it means the histogram should appear normal. Q-plots, P-plots are more exacting methods to spot deviations from normality and are relatively easy to interpret as departures from a straight line (Keith, 2006). That is, the data are normally distributed; the plotted points should follow the straight line. Non-normally distributed variables can distort relationships and significance tests (Osborne & Waters, 2002). A fitted normal distribution plot indicates that, the assumption of normality has been met. To meet the normality assumption, below are the histogram and P-P Plot

38

Figure 1

Histogram
Dependent Variable: customerpatronage

Mean = -3.92E-15
Std. Dev. = 0.992
N = 264
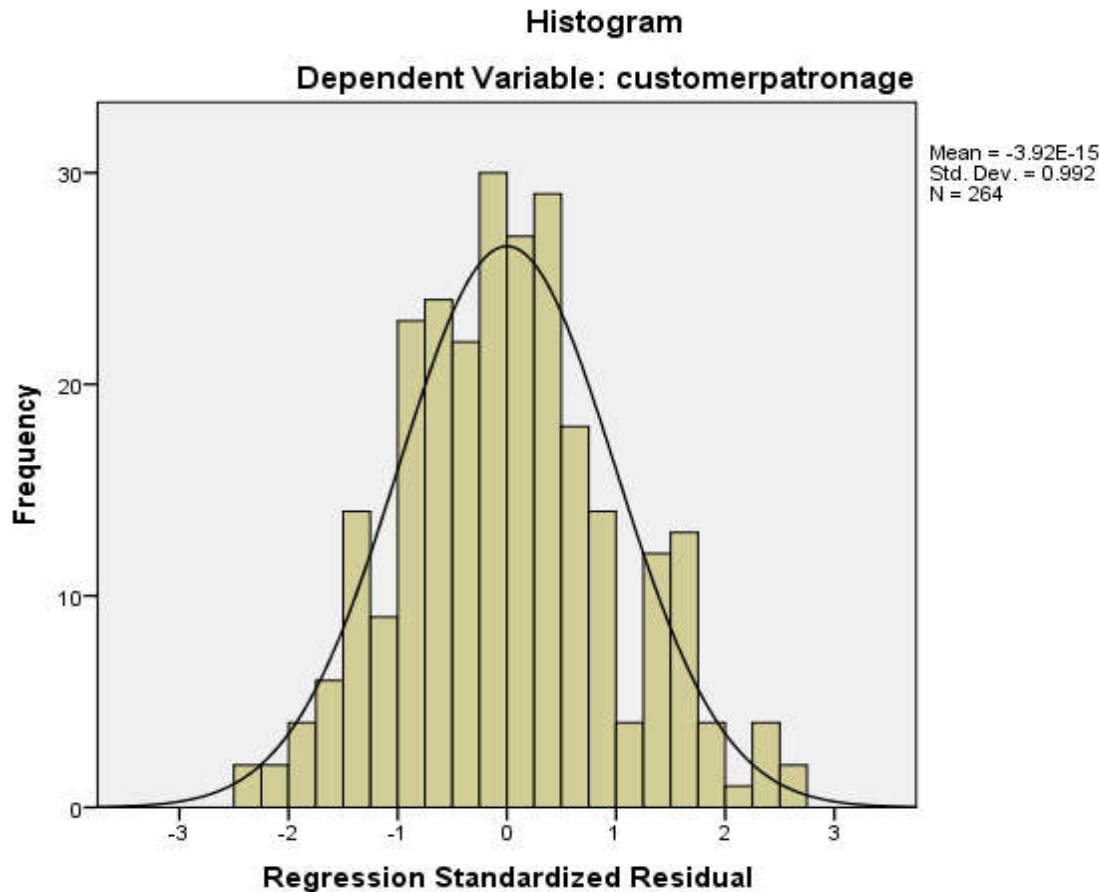
The plots need to be normally distributed. This means that the assumption of normality is met when the residuals fall along the diagonal with no substantial systematic departures and can be examined from the histogram of the standardized residuals and Q-Q plots (Hair et al., 2010). Figure above of the normal histogram shows that the normality assumption was met since almost all the bars on the histogram were very close to the normal curve.

4.6.2   Linearity

Linearity assumption is the most important among all the assumptions of multiple regressions as it relates to the bias of the results of the entire analysis. Linearity defines the dependent variables as a linear function of the predicator (independent) variables (Darlington, 1968) Multiple regressions can accurately estimate the relationship between dependent and independent

variables when the relationship is linear in nature (Osborne & Waters, 2002). It is important to examine the issue of linearity as it is common in social science research to find a non-linearity relationship. If linearity is violated all the estimates of the regression including regression coefficients, standard errors, and tests of statistical significance may be biased (Keith, 2006). If the relationship between the dependent and independent variables is not linear, the results of the regression analysis will under-or-over-estimated the true relationship and increase the risk of Type I and Type II errors (Osborne & Waters, 2002). The analysis on the pp plot fits on the straight line and therefore met the assumption of linearity, as the residuals did not show any non-linear pattern.

Figure 4.2

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: customerpatronage
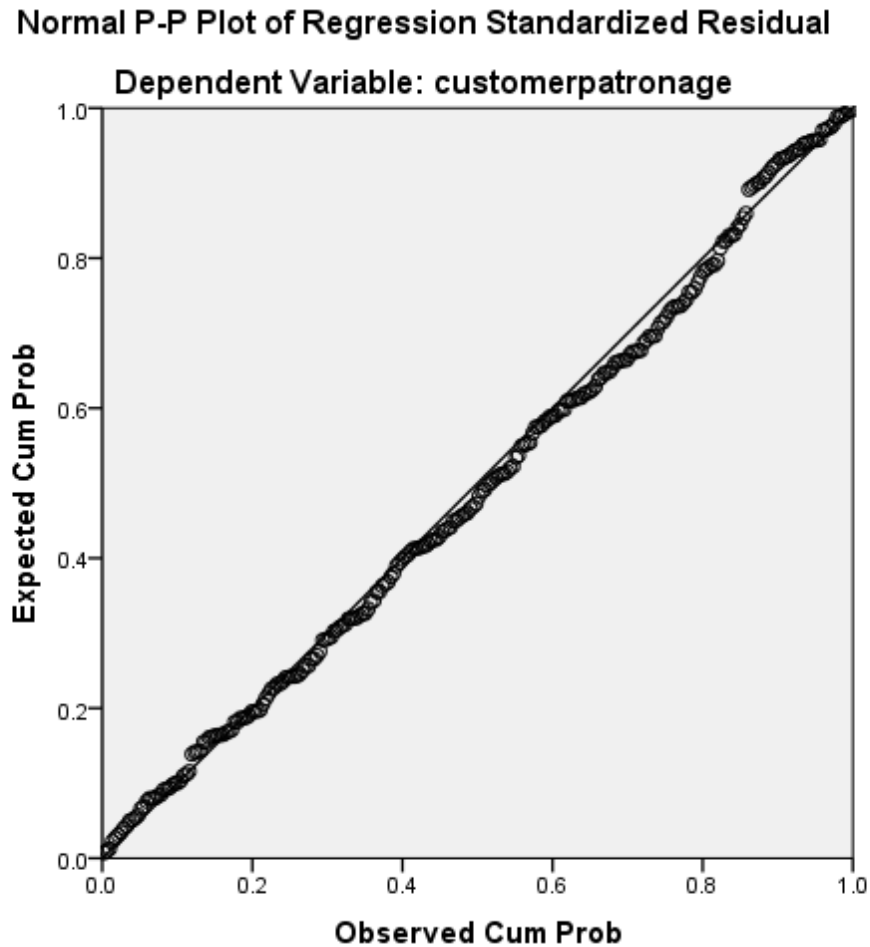
Source: Field Survey, 2017.

Linearity assumption was also met because the analysis of the residuals did not show any non-linear pattern. Linearity assumption requires that the relationship between the independent and dependent variables is linear.

4.6.3   Homoscedasticity

Homoscedasticity is normally assessed by visual inspection of the scatter plot of the regression residual. The basic assumption of homoscedasticity is that the variance of the dependent variable is approximately the same at the different level of the independent variable (Hair et al 2010). In other word, the error term in a regression model has a constant variance. According to Berry &Fieldman, (1985) Homoscedasticity appears to be indicated when the width of the band of the

residual is approximately the same at the dissimilar of the dependent variables and the scatter plot shows a pattern of residuals normally disseminated around the mean. Hence, upon checking for homoscedasticity in SPSS, it was found that for all the independent variables the assumption was not violated.

Figure 4.3

Partial Regression Plot
Dependent Variable: customerpatronage
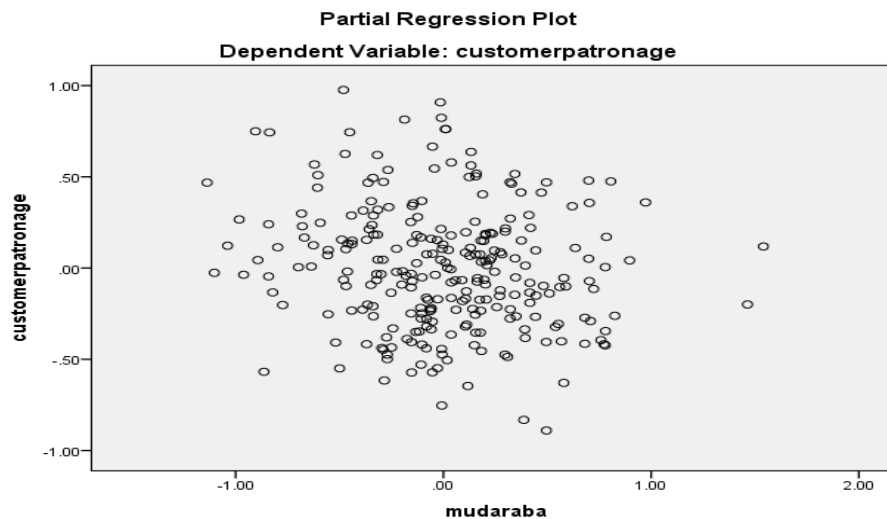
4.6.4 Multicollinearity

This has to with the degree of high correlation among independent variables. According to Hair et al, (2010), collinearity exists when the ability of an additional is related not only to its correlations to the independent variable already in the regression equation. The correlation matrix for the study shows no sign of Multicollinearity problem among all the independent variables non among the independent variables have a correlation coefficient of 0.9 as suggested Hair et al. (2010) and Pallant (2007). or higher is problematic because it shows a perfect correlation (see appendix b page 99). In addition to the above, Hair et al. (2010) stated that variance inflation factor (VIF) and tolerance statistics are two important statistical tools that can be used to check for Multicollinearity. According to them any VIF that exceeds 10 and a tolerance that is lower than 10 are indications of a problem of Multicollinearity. Thus, the results of this study shows a VIF is less than 10 and tolerance value is more than 10 (see appendix C).

4.6.5 Independent of Error Term

The assumption of independence of error term implies that the samples are independent from one another. Durbin-Watson value is used to test the independent of error terms (Norusis, 2000). The independent of error, which assumes that for any two or more observations the residuals terms should be uncorrelated, is met. The value of Durbin Watson which determines independent of error is 1.836 (see Table 4.4 page 47). Field (2009) argued that values less than 1 or greater than 3 are cause of concern.

Model

CPTR = f(MDR+ WDA, IJR, MRB)

CPTR= a + β MDR + βWDA + βIJR +βMRB + ei,

Table 4.10 Model Summary

					Change Statistics					Durbin-
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Watson
1	.506ᵃ	.256	167	32601	256	2.881	28	235	000	1.836

Source: SPSS Version 20 output

a.Dependent Variable: Customer Patronage

b.Predictors: (Constant), mudara, Wadia, ijara, murabaha

The above table 4.10 shows the coefficient for the study which is $R^2 = 0.256\%$. This indicates that 26% of the variability in Customer Patronage (dependent variable) has been significantly explained by the independent variables (Mudaraba, Wadi'a, Ijara, andmurabaha) under study. The R square is reasonable enough considering the nature of this study which is in social sciences (Cohen, 1988). Also, the Durbin Watson is 1.836 which falls within the acceptable range of 1.5-2.5 as recommended by Norusis (1999).

Table 4.11 ANOVA Summary

ANOVAᵃ

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.044	4	1.011	8.874	.000[b]
	Residual	29.505	259	.114		
	Total	33.549	263			

Source: Field survey, 2018.

a.Dependent Variable: Customer Patronage
b.Predictors: (Constant), Mudaraba, Wadi'a, Ijara, murabaha

The ANOVA Table 4.11 indicates that the model as a whole is significant, considering the sig. F change value (F $(4,259)$ = 8.874, $p<0.0005$). The level of significant is 0.000 which implies that the analysis of the variance for the study has fallen within the acceptable standards. It shows that the model is good and fit for the study.

Table 4.12 Coefficients

		Coefficients									
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.875	.240		7.807	.000					
	Mudaraba	126	.048	.237	2.639	.009	.052	.162	.154	.421	2.376
	Wadia	082	.041	181	1.985	.048	.001	.122	.116	409	2.442
	Ijara	.235	.062	400	3.815	.000	.118	.231	.222	308	3.244
	Murabaha	.235	.060	.235	3.943	.000	.261	.238	.230	.660	1.042

Source: Field Survey 2018.

a.Dependent Variable: Customer Patronage
b.Predictors: (Constant), Mudaraba, Wadi'a, Ijara, murabaha

The Table 4.12 shows the contribution of each independent variable (Mudaraba, Wadi'a, Ijara, and Murabaha) in predicting the dependent variable (customer patronage). The table shows that mudara, wadia, ijara, and murabaha are statistically significant with p value = 0.009, 0.048, 0.000 and 0.000 respectively. The contributions of Mudaraba 23.7% (Beta = .237), Wadi'a 18.1 % (Beta = .181), ijara 40.0% (Beta = .400), while murabaha is 23.5% (.235). This means that Mudaraba, wadia, ijara, and murabaha have made unique and significant contributions in explaining customer patronage.

4.7 Test of Hypotheses

Based on the analysis, hypothesis (1) which states that there is no significant relationship between Mudaraba and customer patronage was rejected by the statistical analysis with p value = 0.000 and Beta coefficient = 0.237. This means that Mudaraba is significant in predicting customer patronage in Jaiz Bank Kaduna metropolis.

Also, Hypothesis (2) which states that there is no significant relationship between Wadi'a and customer patronage was rejected by the statistical analysis with p value = 0.048 and Beta coefficient = 0. 181.This means that Wadi'a is significant in predicting customer patronage in Jaiz Bank Kaduna metropolis.

Hypothesis (3) which states that there is no significant relationshipIjara and customer patronage was rejected by the statistical analysis with p value = 0.000 and Beta coefficient = 0.400. This means that Ijara is significant in predicting customer patronage in Jaiz Bank Kaduna metropolis.

Lastly, hypothesis (4) which states that there is no significant relationship between murabaha and customer patronage was rejected by the statistical analysis with p value = 0.000 and Beta coefficient = 0. 235.This means that murabaha is significant in predicting customer patronage in Jaiz Bank Kaduna metropolis.

4.8   Discussion of Findings

The primary purpose of this research was to test the effect of Islamic banking products (Mudaraba, Wadi'a, Ijara, and murabaha on customer patronage of Jaiz Bank in Kaduna metropolis. Generally, the results of the hypotheses testing revealed that Mudaraba, Wadi'a, Ijara, and murabahaare significant in predicting customer patronage of Jaiz Bank in Kaduna metropolis.

The first result revealed that Islamic bank product Mudaraba has significant effect on customer patronage of Jaiz Bank in Kaduna metropolis. This could be attributed to the following reasons among others: Bank`s staff explained the features of Mudaraba account before opening the account. Customers agreed to accept lower return if Jaiz bank perform badly. They are ready to make use of bank`s financial statement to monitor their investment deposit performance. This result is consistent with the result of study, such as Ahmed &Gaani (2016), it means Mudaraba had a strong influence on customer patronage of Jaiz Bank in Kaduna metropolis. Therefore, the more the customers are informed about the concept of Mudaraba, its application in banking products and its implication to them, the more positive perception they have towards Mudaraba related products.

The second result revealed that there is a strong significant effect of Islamic bank product (Wadi'a) on customer patronage of Jaiz Bank in Kaduna metropolis. These results could also be attributed to flexibility of deposit withdrawal scheme, seeking more financial information from the bank on the usage of their deposits.

The third result revealed that there is a significant effect of Islamic bank product (Wadi'a) on customer patronage of Jaiz Bank in Kaduna metropolis. These results could also be attributed to the fact that most of the customers agreed that Ijara (leasing) safeguard the customer's interest, explanations are provided on the working mechanism of Ijara. Also, most of the respondents interested in knowing the shariah aspect of Ijara (leasing).

The fourth result revealed that there is a significant effect of Islamic bank product (murabaha) on customer patronage of Jaiz Bank in Kaduna metropolis. This could be attributed to the following reasons: murabaha contract is in accordance with shariah principles, murabaha contract encourage business expansion, bank staff explained the features of murabaha contract before engaging in it.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1   Summary

This section summarises the findings of the study. The findings revealed that Islamic banking products such as Mudaraba, Wadi'a, Ijara and murabaha are significant in predicting customer's patronage of Jaiz Bank in Kaduna metropolis.

The findings showed that Mudaraba is significant in predicting customer patronage of Jaiz Bank in Kaduna metropolis. This indicates that, the more the customers are informed about the concept of Mudaraba, its application in banking products and its implication to them, the more positive perception they have towards Mudaraba related products. In addition, most of the respondents believed that Bank`s staff explained the features of Mudaraba account before opening the account. Customers agreed to accept lower return if Jaiz bank perform badly. They are ready to make use of bank`s financial statement to monitor their investment deposit performance of Jaiz bank.

The findings showed that Wadi'a is significant in predicting customer patronage of Jaiz Bank in Kaduna metropolis. This indicate that, there is flexibility of deposit withdrawal scheme, there are avenues in which customers seeking for more financial information from the bank on the usage of their deposits are taking care of. Therefore, families with few children or small size may not be able to patronize more Jaiz bank products and services of Jaiz bank.

Similarly, the results also indicated that Ijara is significant in predicting customer patronage of Jaiz Bank in Kaduna metropolis. This could be attributed to the fact that most of the people most of the customers agreed that Ijara (leasing) safeguard the customer's interest, explanations are provided on the working mechanism of Ijara. Also, most of the respondents interested in knowing the sharia aspect of Ijara (leasing).

Lastly, the findings indicated that murabaha is significant in predicting customers' patronage of Jaiz Bank in Kaduna metropolis. These results could also be attributed to the following reasons: most of the customers of the bank believed that murabaha contract is in accordance with sharia principles, also murabaha contracts encourage business expansion, bank staff explained the features of murabaha contract before engaging in it.

5.2   Conclusion

Based on the findings, this study concludes that Mudaraba, Wadi'a, Ijara and murabahasignificantly improve the customer patronage of Jaiz bank in Kaduna metropolis: Specifically, itis concluded that Mudaraba, Wadi'a, Ijara, and murabaha are significant in predicting customer's patronage of Islamic banking. Therefore, the management of Jaiz bank should maintain all the significant variables

5.3   Recommendations

Arising from the study conclusions, it is recommended that:

(i) The bank's marketing strategists should work on profit sharing ratio in order to promote good relationship between customers and bank, also encourage and educate customers so that they will be familiar with investment account using sharing contract. (Mudaraba). Some customers still prefer conventional fixed deposit this may be due to lack of clear understanding of this product. The bank should intensify its awareness campaign clearly stating its products and their benefits taking into consideration competitive offerings from the conventional banks.

(ii) The bank should use attractive promotions such as gifts: mobile phones, key holders etc. to Wadi'a account. The bank staff should explain the sharia contract used for Wadi'a account during the opening of account. They should make sure that they follow sharia principles strictly when conducting business with deposits.

(iii) The bank should be flexible on the repayment period of Ijara (leasing) and should be comparatively cheaper when compared with conventional banks. Also Jaiz bank`s Ijara (leasing) should be sharia compliant.

(iv) The bank should be educated on the sharia aspects of murabaha (cost plus sale). In addition, while there is flexibility on the terms of repayments and this repayment of debt should be according to business conditions. The bank staff should provide murabaha contract to its customers.

5.4   Suggestions for Future Research

The major limitation of this study was the inability of the respondents to accept the questionnaire and divulge information that will assist in conducting the research. There is need for future research in this regard. The sample size of this study is limited because it takes from Kaduna metropolis and finding not generalized on other states in Nigeria.

However, qualitative research study could be conducted to look at the influence of socio-economic characteristics of customer's patronage of Jaiz bank in Kaduna metropolis. Qualitative methods would allow the researcher to use interviews to collect data from the respondents, as in-depth interviews give more information compared to questionnaires.

REFERENCES

Abdullah, A. A., Sidek, R., & Adnan, A. A. (2012). Perception of non-Muslims customers towards Islamic banks in Malaysia. *International Journal of Business and Social Science*, *3*(11), 151–163.

Ahmad, A., Humayoun, A. A., & Hassan, U. (2010). An analysis of functions performed by Islamic bank: a case of Pakistan. *European Journal of Social Sciences*, *17*(1), 7-11.

Ahmad, A., Rehman, K., Saif, I., & Safwan, N. (2010) An empirical investigation of Islamic banking in Pakistan based on the perception of service quality. *African Journal of Business Management, 4* (6)*, 1185-1193.

Ajani, S. T., Idowu, A. R., &Olatubosun, A. A. (2013). Prospects of Islamic Banking in Nigeria: An Overview of Islamic Financial Theories of Al-Hayat Relief Foundation to Grassroots Economic Development. *IOSR. J. Hum. Soc. Sci*, *13*(3), 39–47.

Akabogu, O.C., (2013). Application of diffusion theory to analyze innovations' influences on adoption/rejection of innovations. *International Journal of Innovative Research in Management 8*(2), 14-29

Akram, M., Rafique, M., &Alam, H. M. (2011). Prospects of Islamic banking: reflections from Pakistan. *Australian Journal of Business and Management Research*, *1*(2), 125-134

Alao, E. M., &Alao, D. O. (2012). Islamic Banking: The Controversy over Non-Interest Banking System in Nigeria. *Nigerian Chapter of Arabian Journal of Business and Management Review, 1*(1), 65-78.

Albarracín, D., Johnson, B. T., Zanna, M. P., &Kumkale, G. T. (2005). Attitudes: Introduction and scope. *The handbook of attitudes*, 3-19.

Ali, A.Y (1410 AH). *The Holy Qur'an (English Translation of the Meaning and Commentary)*. Shah Foundation

Alsadek H. A. (2009). Libyan Attitudes towards Islamic Methods of Finance: An Empirical Analysis of Retail Consumers, Business Firms and Banks (PhD, Griffith Business School, Griffith University Australia)

Amin, H. (2012). Patronage factors of Malaysian local customers toward Islamic credit cards. *Management Research Review*, *35*(6), 512-530.

Asdullah, M. A., &Yazdifar, H. (2016). Evaluation of Factors Influencing Youth Towards Islamic Banking in Pakistan. *ICTACT Journal on Management Studies*, *2*(1), 217–223.

Asif, M., Shah, F. A., Afeef, M., & Ahmed, Z. (2013). Factors Determining the Attitude of Customers towards Islamic Banking: A Study of Peshawar, Pakistan. *Abasyn Journal of Social Sciences*, *9*(1), 201–210.

Audu, B. (2014). Challenges and Solutions to Islamic Banking System in a Pluralistic-Secular Country Like Nigeria. *Journal of Islamic Economics, Banking and Finance*, *10*(4), 184-202.

Bassir, N. F., Zakaria, Z., Hasan, H. A., &Alfan, E. (2011). *Factors Influencing the Adoption of Islamic Home Financing in Malaysia* (Research Report) (pp. 1–25).

Bello, A., & Abubakar, M. (2014). Challenges and Solutions to Islamic Banking System in a Pluralistic–Secular Country like Nigeria. *Mediterranean Journal of Social Sciences*, *5*(6), 25–34.

Berry, W.D., &Fieldman, S. (1985). Multiple Regressions in Practice.Beverly Hills,CA;sage Publications.

Bodibe, S., Chiliya, N., Christopher Tarisayi, &Chikandiwa, C. T. (2016). The factors affecting customers' decisions to adopt Islamic banking. *Banks and Bank Systems*, *11*(4), 144–151.

Bryman, A., & Bell, E. (2015). *Business research methods*. Oxford University Press, USA.

Buhari, A. (2015). *Crime Mapping and Analysis in Kaduna Metropolis, Kaduna State Nigeria* (M.Sc.). Ahmadu Bello University, Zaria.

Central Bank of Nigeria (2011). Framework for the Regulation and Supervision of Institutions offering non interest, financial services in Nigeria, available at: www.cbn.gov.ng

Chan, R. Y. K. (2001). Determinants of Chinese consumers' green purchase behavior. *Psychology and Marketing*, *18*(4), 389–413. https://doi.org/10.1002/mar.1013

Cooper, D.R., & Schindler, P.S. (2003). *Business Research Methods*. (8th ed.). Boston: 15 McGraw-Hill Irwin.

Daud, M., Yussof, I. M., &Abideen, A. (2011). The establishment and operation of Islamic Banks in Nigeria: Perception study on the role of the Central Bank of Nigeria. *Australian Journal of Business and Management Research*, *1*(2), 14–29.

Duncan, D. M. Daly, P. McDonough and D.R. Williams (2002). "Optimal Indicators of SES for Health Research". *American Journal of Public Health 92(7),* 1151-1157

Echchabi, A., &Azouzi, D. (2013). Predicting customers' adoption of Islamic banking services in Tunisia: A Decomposed Theory of Planned Behaviour approach. *Tazkia Islamic Finance and Business Revie*, *9*(1), 19–40.

Egboro, E. M. (2011). Interest Free Banking in Nigeria – Welcome Islamic Banking; Welcome Christian Banking. *JORIND 9 (2)* 1596 – 8308.

Erol, C., & El-Bdour, R. (1989). Attitudes, behaviour, and patronage factors of bank customers towards Islamic banks. *International Journal of Bank Marketing*, *7*(6), 31–37.

Ezeh, P. C & Nwankwo, N (2015) Islamic Banking in Nigeria: Perception of its Relative Advantage by Consumer Segments in Anambra State. *African Research Review Journal, 9* (2),126-143

Ezeh, P., Nwankwo, N., &Obiesie, M. (2015). Islamic Banking in Nigeria: Perception of its Relative Advantage by Consumer Segments in Anambra State. *African Research Review*, *9*(2), 126–143. https://doi.org/10.4314/afrrev.v9i2.10

Fred, K. (1973). *Foundation of Behavioral Research*. New York: Holt, Rinehart and Winston Inc.

Fofie, G. A (2016). What Influence Customer Patronage of Insurance Policies: An Empirical Assessment of Socio-Economic and Demographic Determinants of Insurance Patronage in Ghana. *International Review of Management and Marketing, 2016, 6(1), 81-88.*

Ghayad, R. (2008). "Corporate governance and the global performance of Islamic bank" *Journal of Humanomics, 24*(3), 12-25.

Hair, J. F, Black, W.C., Anderson, R.E., &Tathan, R.L., (2010). *Multivariate data analysis* (5th edition). NJ; Pearson Education International Inc.

Hornby A.S. 2005. *Oxford Advanced Learner's Dictionary*. Oxford: Oxford University Press.

Hulland, J. (1999). Use of partial least squares (PLS) in strategic management research; review; a review of four recent studies. *Strategic Management Journal*. Vol. 20(2), pp.195-204.

Human Social Science, 10(4), 142-153

Ibeachu, E. H. (2010). Comparative analysis of financial inclusion: A study of Nigeria and the UK. *Master Degree Thesis in International Business Leeds Metropolitan University Faculty of Business & Law*.

Imtiaz, N., Murtaza, A., Abaas, M. A., & Hayat, K. (2013). Factors Affecting the Individual's Behavior Towards Islamic Banking in Pakistan: An Empirical Study. *Educational Research International*, *1*(2), 106–111.

Jackson, S.L. (2011) *Research Methods and Statistics: A Critical Thinking Approach*. 4th edn. USA: Wadsworth.

Jamshidi, D., Hussin, N., & Wan, H. L. (2014). Islamic Banking Expansion and Demographic Factors Importance: A Review Base Study. *Singaporean Journal of Business, Economics and Management Studies*, *2*(6), 27–34.

Jamshidi, D., Hussin, N., Wan, H. L., &Jafarian, Z. (2014). Investigating the Factors That Influence Acceptance of Islamic Credit Card as a New Banking Service. *Kuwait Chapter of Arabian Journal of Business and Management Review*, *3*(12), 71-83.

Kahle, L. R. (1987). The Nine Nations of North America and the Value Basis of Geographic Segmentation. *Journal of Marketing*, *50*, 37–47.

Kamal N. (2013). Customers Awareness and Satisfaction of Islamic Banking Products and Services: Evidence from the Kuwait Finance House. *International Journal of Marketing Studies,* 5(6), 185-199

Kareem, R.O and Raheem, K.A. (2011). Islamic Banking and Global Financial Crises. *A paper presented at International Conference on Global Financial Crisis: Islamic Banking as a Credible Alternative System. Crescent University Press*. 371-391.

Keith, T. (2006). *Multiple regression and beyond*. PEARSON Allyn & Bacon.

Ketchen, D. J., Ketchen Jr, D. J., & Bergh, D. D. (Eds.). (2006). *Research methodology in strategy and management*. Emerald Group Publishing.

Khan, A. A. (2008). Islamic Microfinance Theory. *Policy and Practice. Birmingham: Islamic Relief Worldwide*.

Khan, M. S. N., Hassan, M. K., & Shahid, A. I. (2007). Banking behavior of Islamic bank customers in Bangladesh. *Journal of Islamic Economics, Banking and Finance*, *3*(2), 159-194.

Lateh, N., Ismail, S. &Ariffin, N. M. (2009). Customers'perceptions on the objectives, characteristics and selection of criteria of Islamic bank in Thailand. *Gadjah Mada International Journal of Business,* 11 (2), 13-25

Lawal, Y. (2012). Islamic Banking in Nigeria: A Stimulant for Mobilising Funds for Productive Activities. *American Journal of Social and Management Sciences*, *3*(4), 132–139.

Lawal, Y. O. (2012). Islamic Banking in Nigeria: A Stimulant for Mobilising Funds for Productive Activities. *Am. J. Soc. Mgmt. Sci*, *3*(4), 132-139.

Loo, M. (2010). Attitudes and perceptions towards Islamic banking among Muslims and non-Muslims in Malaysia: implications for marketing to baby boomers and x-generation. *International Journal of Arts and Sciences*, *3*(13), 453–485.

Lynn R.K and Pierre V (2012) *Marketplace Lifestyles in an Age of Social Media*. New York: M.E. Sharpe, Inc.

Lekshmi B, Nayana S, &Asha G (2017). Impact of Socio Economic and DemographicVariableson Customer Loyalty of Selected Fast Food Restaurant Chains in Cochin City. *International Journal of Innovative Research in Science,Engineering and Technology.*Vol. 6, Issue 5, May 2017. Pp 9365-9370.

Malik, M. S., Malik, A., & Mustafa, W. (2011). Controversies that make Islamic banking controversial: An analysis of issues and challenges. *American Journal of Social and Management Sciences*, *2*(1), 41-46.

Mansor, N., & Mat, A. C. (2009). Islamic credit card: are demographic factors a good indicator? *Asian Social Science*, *5*(12), 17–26.

Marimuthu, M., Jing, C. W., Mum, L. P. & Ping, T. Y (2010). "Islamic Banking: Selection Criteria and Implication". *Global Journal of*

Morris,S., C. Carletto, J. Hoddinott and I.J. Christiansen (2000). "Validity of Rapid Estimates of Household Wealth and Income for Health Surveys in Rural Africa. *Journal of Epidemiology and Community Health, 54,* 381-387.

Metawa, S.A. and Almossawi, M. (1998), "Banking behaviour of Islamic bank customers:perspectives and implications", *International Journal of Bank Marketing*, Vol. 16 No. 7, pp. 299-313.

Nkwatoh, L. S., &Mallum, A. (2014). The Operational Challenges of Islamic Banks and its Competitiveness with Conventional Banks in Nigeria. In *First Asia-Pacific Conference on Global Business, Economics, Finance and Social Sciences* (pp. 1–13). Singapore.

Norusis, M.J. (1999). Guide to data analysis, New Jersey: Prentice Hall.

Nunally, J.C. (1978). Psychometric Theory, (2nd ed.), New York: McGraw hill.

Obeid, H., &Kaabachi, S. (2016). Empirical Investigation into Customer Adoption of Islamic
Banking Services in Tunisia. *The Journal of Applied Business Research*, *32*(4), 1243–
1256.

Odetunde, O.J. (2013). *Introduction to Social Scientific Research*: Lad-Od Prints and Publishing
Co, Ibadan, Nigeria.

Olaoye, I. K., Dabiri, M. A. F., & Kareem, R. (2013). Islamic Banking in Nigeria: Challenges
and Prospects. *International Journal of Management Sciences*, *1*(1), 24–29.

Oloso, K. K. (2011). *Shari'ah Requirements in Islamic Banking*. A paper presented at
Conference Global Financial Crisis: Islamic Banking as a Credible Alternative System.
Crescent University Press, 70-76.

Osborne, J. & Amy, O. (2004). The power of Outlier and why Researchers Should Always check
for them. *Practical Assessment Research & Evaluation. Vol.*9 (6). Retrieved January 23,
2016 from http://PAREonline.net/getvn.aspv?=9&n=6.

Pallant, J. (2011). SPSS *survival manual*: A step by step guide to data analysis using SPSS for
windows (4th edition). England: Mcgrw Hill open university press.

Precious, N. T (2011). The Impact of Socio-economic Status of People towards Participation in
Development Programs. (Master of Arts). University of Zululand, South Africa.

Priviledge, C. (2014). Awareness of Islamic Banking Products and Services among Consumers
in South Africa. *Mediterranean Journal of Social Sciences*, *5*(9), 96-103

Qian, D. J., &Velayutham, S. (2017). Conventional Banking and Islamic Banking: Do the
Different Philosophies Lead to Different Financial Outcomes? *Journal of Wealth
Management and Financial Planning*, *4*, 3–14.

Razimi, M. S. A. (2016). The Prospect and Challenges of Islamic Banking and Finance in
Nigeria: A Conceptual Approach. *Research Journal of Applied Sciences*, *11*(11), 1362–
1371.

Ringim, K. J. (2014). Perception of Nigerian Muslim account holders in conventional banks toward Islamic banking products. *International Journal of Islamic and Middle Eastern Finance and Management*, *7*(3), 288–305. https://doi.org/10.1108/IMEFM-04-2013-0045

Rogers, E.M. (1995). *Diffusion of innovations*. 4th Edition. New York: Free Press.

Rogers, E.M. (2003). *Diffusion of innovations*. 5th Ed. New York: Free Press.

Saini, Y., Bick, G., & Abdulla, L. (2011). Consumer awareness and usage of Islamic banking products in South Africa. *South African Journal of Economic and Management Sciences*, *14*(3), 298–313.

Sanusi, L. S. (2011). Islamic finance in Nigeria: Issues and challenges. *Lecture Delivered at MarlfieldInstitute of Higher Education (MIHE), Leicester, UK*, 17.

Sanusi, L. S. (2011)." Islamic Finance in Nigeria: Issues and Challenges" *Lecture Delivered at Markfield Institute of Higher Education*

Saunders, M., Philip, L. & Thornhill, A. (2009), *Research Methods for Business Studies*, (5th Edition), Essex: Pearson Education Limited (1st published 1997).

Saunders, M., Philip, L. & Thornhill, A. (2012) *Research Methods for Business Studies*, (7th Edition), Essex: Pearson Education Limited (1st published 1997).

Srouji, A. F., Halim, M. S. A., &Lubis, Z. (2015). Determinants of Bank Selection Criteria's in Relation to Jordanian Islamic and Conventional Banks. *International Journal of Economics, Commerce and Management*, *3*(10), 294–306.

Tabachnick, B. G., &Fidell, L. S. (2007). *Using multivariate statistics* (5th ed.). Boston: Allyn and Bacon.

TSHWANE. (2014). *How access to financial and social assets can contribute to helping the youth to make their own economic decisions and escape poverty* (Financial Exclusion and Youth Empowerment) (pp. 1–7). Pretoria, South Africa: Office of the Executive Mayor.

Toby, P. & Nwachukwu (2011). The Impact of Socio-Economic Status of the People Towards Participation in Developmental Programmes. *Thesis submitted in accordance with the*

requirements for the award of the Degree of the Master of Arts in Social Work at the University of Zululand, South Africa. Department of Social Work, Faculty of Arts.

Udoh, B. (2017, April 11). INTERVIEW: The successes, challenges of Jaiz Bank in Nigeria – MD Hassan Usman [National Daily]. Retrieved December 9, 2017, from https://www.premiumtimesng.com/news/headlines/228458-interview-successes-challenges-jaiz-bank-nigeria-md-hassan-usman.html

Ugwuanyi, H. C. (2012). *Access to and Impact of Credit on Households Welfare in Nigeria* (M.Sc.). University of Nigeria, Nsuka, Nigeria.

UKaid. (2017). *Key Findings: EFInA Access to Financial Services in Nigeria (A2F) 2016 Survey* (Research Report) (pp. 1–56). NIgeria: UKaid.

Umar, B. A. (2011). *Islamic Finance in Nigeria: Issues and challenges*. New Nigerian (January).

Vogel, T., Bohner, G., &Wanke, M. (2014) *Attitudes and attitude change*. Psychology Press.

Webb, J. (2000) *Questionnaire and their Design, The Marketing Review*, 2nd Edition, London: pp. 197-218.

White, B, (2009). *Writing Your MBA Dissertation*. Cengage Learning EMEA Andover, UK

Wikiversity (2017) Independent Variable [online] accessed on December 15th, 2017. Available at https://en.wikiversity.org/wiki/Independent_variable

Yayock, H., Ndams, I. S., Kogi, E., Ahmed, A. B., &Vagime, C. G. (2014). Distribution of Mosquito Species in Kaduna Metropolis, Kaduna State Northern Nigeria. *Nigerian Jiournal of Entomology*, *31*, 1–16.

Yunusa, M., &Nordin, N. B. (2015). Religious Challenges of Islamic Banking in Nigeria. *International Journal of Academic Research in Business and Social Sciences*, *5*(4), 78–98. https://doi.org/10.6007/IJARBSS/v5-i4/1543

DEPARTMENT OF BUSINESS ADMINISTRATION AND ENTREPRENEURSHIP

BAYERO UNIVERSITY, KANO

Dear Respondent,

ACADEMIC RESEARCH QUESTIONNAIRE

This questionnaire is purely for academic research purpose. It is meant to aid in data collection that can satisfy requirement for the award of *Master of Science Degree in Management*. The questionnaire is designed to source data to investigate the **Effect of Islamic Banking Products on Customers' patronage: - A study of Jaiz Bank in Metropolitan Kaduna, Nigeria.**

Be assured that your responses will be used strictly for this research purpose. In addition, to ensure confidentiality of your responses your identity is not required. Please feel free to contact the researcher for any enquiry about this research.

Thank you very much in anticipation of your cooperation and assistance for the success of this study.

Yours faithfully,

Research Student,

Ashiru Sani

SPS/13/MMN/000031

Email: ashirusani@gmail.com

GSM: +2348037860497

DEMORGRAPHIC INFORMATION

Instructions: Please tick in the boxes provided, the option that reflects your demographic status.

Q1- What is your Gender?

1. Male   ( )

2. Female   ( )

Q2- Which of the following falls within your Age group?

1. 18 to 20   ( )
2. 21 to 30   ( )
3. 31 to 40   ( )
4. 41 to 50   ( )
5. 51 and above ( )

Q5 – What is your Occupation?

1. Civil Servant ( )
2. Student   ( )
3. Business/Private Sector ( )
4. Others (Specify) ( )

Q3- What is your Marital Status

1. Single   ( )
2. Married   ( )
3. Divorced   ( )
4. Widow   ( )

Q4-What is your Educational Qualification?

1. Diploma/OND/NCE   ( )
2. HND/BSC/BA/B.ED
   ( )
3. M.Sc./M.A/MBA   ( )
4. DBA/PhD   ( )

Q6 – What is your income per month?

1. N1000-N15,000 ()
2. N15,001- N100,000 ()
3. N100,001-N1,000000 ()
4. N1,000,001 and above ()

Questionnaire

Please indicate in your opinion the extent to which you agree with each of the following attributes of Islamic banking products please tick the answer that applies to you as indicated in the scale below.

S/N	Statement	1 Strongly Disgree	2 Disagree	3 Moderate	4 Agree	5 Strongly Agree
	Mudaraba (trust financing)					
MDR1	Customers of Jaiz bank are familiar with investment account using profit sharing contract (Mudaraba).					
MDR 2	The bank's staff explained the features of Mudaraba account before opening of the account.					
MDR 3	Customers do not care how much the return is as long as it is sharia complaint.					
MDR 4	Jaizbank's customers agreed to accept lower return if bank perform badly.					
MDR 5	Profit sharing may promote the relationship between customers and bank.					
MDR6	Customers use the bank's financial statement to monitor their investment deposit performance.					
MDR 7	Jaizbank's customersprefer Mudaraba to conventional fixed deposit.					
	Wadia (safe keeping)					
WDA 1	Wadia account is free from interest.					
WDA 2	The bank's staff explained the features of Wadia account before opening the account.					

WDA 3	The bank's staff explained the sharia contract used for Wadia account during the account opening.					
WDA 4	There is flexibility of deposit withdrawal scheme					
WDA 5	Attractive promotions such as gift: mobile phones, key holders are attached to Wadia account.					
WDA 6	Jaiz bank customers seek out for more information on the usage of their deposit.					
WDA 7	Customers will not be happy if found that Jaiz bank is conducting business not according to sharia principles with their deposits.					
	Ijara (Leasing)					
IJR 1	Jaiz bank'sIjara (leasing) is sharia compliant.					
IJR 2	Customers are provided with explanations on the working mechanism of Ijara.					
IJR 3	Ijara (Leasing) safeguard the customer`s interest					
IJR 4	There is need for flexibility on the terms of repayment.					
IJR 5	Flexibility on the repayment period should be given according to the customer's need.					
IJR 6	Customers are interested in knowing the sharia aspect of Ijara (Leasing).					
IJR 7	Ijara (Leasing) should be comparatively cheaper.					
	Murabaha (Cost Plus Financing)					

|						
MRB 1	Jaizbank provides murabaha contract to its customers.					
MRB 2	.Jaiz bank murabaha contracts is in accordance with sharia principles.					
MRB 3	Murabaha contract may encourage business expansion.					
MRB 4	Jaiz bank may consider repayment of debt according to business conditions.					
MRB 5	There is need for flexibility on the terms of repayment..					
MRB 6	Customers are interested in knowing the sharia aspects of Murabaha (cost plus sale)					
MRB 7	Jaiz bank staff explained the features of Murabaha contract before engaging in it.					

Part 2. Customer Patronage

Please indicate in your opinion the extent to which you agree with each of the following attributes of customer patronage please tick the answer that applies to you as indicated in the scale below.

S/N	Statement	1 Strongly Disgree	2 Disagree	3 Moderate	4 Agree	5 Strongly Agree
	Customer Patronage					
CPTR1	The level of customer patronage of the Jaiz bank product is high?					
CPTR 2	The level of customer patronage of Jaiz bank product is low?					
CPTR 3	Most customers are not aware of some of the Jaiz bank products?					
CPTR4	Negative attitude of their staff discourage customers from patronizing Jaiz bank products?					
CPTR 5	Distance to where the bank is situated is too long					
CPTR 6	Lack of adequate information or low level of awareness about the product influence customers patronage?					
CPTR 7	Religious belief/injunction influence customer's patronage of Jaiz bank products?					

Thank you once again for taking your time to complete this questionnaire

APPENDIX B
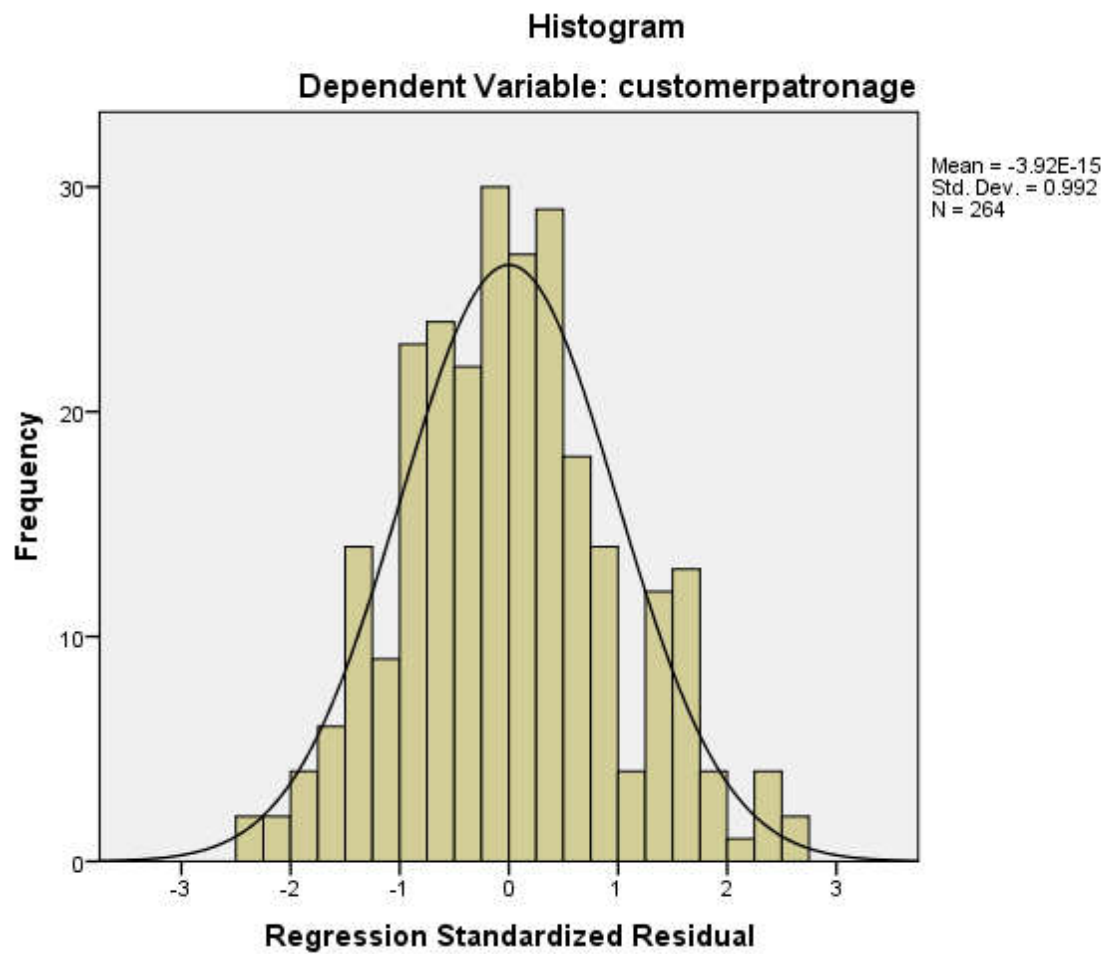
Histogram

Dependent Variable: customerpatronage

Mean = -3.92E-15
Std. Dev. = 0.992
N = 264

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: customerpatronage
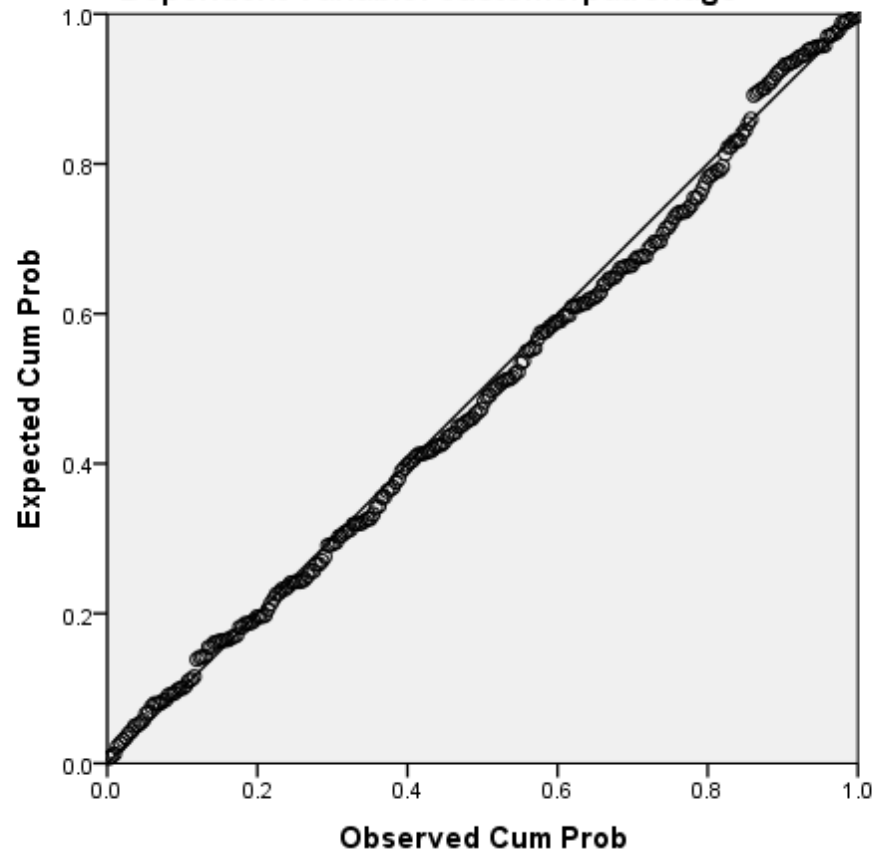
Table 4.8 Correlations

		Customerpatronage	mudaraba	Wadia	ijara	murabaha
Pearson Correlation	Customerpatronage	1.000	052	.001	.118	.261
	mudaraba	.052	1.000	.644	.745	.011
	Wadia	.001	.644	1.000	.758	.132
	ijara	.118	.745	.758	1.000	.132
	murabaha	.261	.011	.132	.132	1.000
Sig. (1-tailed)	Customerpatronage	.	.198	.494	.028	.000
	mudaraba	.198	.	.000	.000	.431
	Wadia	.494	.000	.	.000	.016
	ijara	.028	.000	.000	.	.016
	murabaha	.000	.431	.016	.016	.
N	Customerpatronage	264	264	264	264	264
	mudaraba	264	264	264	264	264
	Wadia	264	264	264	264	264
	ijara	264	264	264	264	264
	murabaha	264	264	264	264	264

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.506[a]	.256	.167	.32601	.256	2.881	28	235	.000	1.836

Source: SPSS Version 20 output

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.044	4	1.011	8.874	.000[b]
	Residual	29.505	259	.114		
	Total	33.549	263			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	1.875	.240		7.807	.000					
	mudaraba	126	.048	.237	2.639	.009	.052	.162	.154	.421	2.376
	Wadia	082	.041	181	1.985	.048	.001	.122	.116	.409	2.442
	ijara	.235	.062	.400	3.815	.000	.118	.231	.222	.308	3.244
	murabaha	.235	.060	.235	3.943	.000	.261	.238	.230	.960	1.042