

**DETERMINANTS OF ISLAMIC BANKING PATRONAGE IN GOMBE
STATE, NIGERIA**

BY

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(M.SC. MANAGEMENT)

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DECLARATION

I declare that this work is done by me in partial fulfillment of the award of Master of Science (M.Sc.) Degree in Management. All other studies consulted in this dissertation have been duly acknowledged in the references

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CERTIFICATION

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DEDICATION

This work is dedicated to my late father, Alhaji Yaya Ladde Tumu. May his gentle soul rest in eternal bliss. Amen.

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ABSTRACT

Islamic banking has been established as a holistic business aimed at undertaking commercial banking activities while fulfilling religious obligation of avoiding interest, gambling and uncertainties in its commercial dealings at the same time aiming at profit. Understanding consumers' behavioural intention towards Islamic banking is a necessity in order to understand what, how and when the customers need the services. This study aimed at finding among the selected variables those that influence the behaviour of consumers towards patronage of Islamic banking services in Gombe state. Copies of the questionnaires were distributed to find out among the five independent variables (attitude, awareness, religion, subjective norm and perceived behavioural control) which have significant influence over intention to patronize Islamic banking services in Gombe State. The analysis was done using SPSS 20 software, by running correlation and regression analysis. The result showed that, only two variables (Subjective Norm and Perceived Behavioral Control) have significant influence on behavioral intention to patronize Islamic banking service in Gombe state, while the remaining three variables (Attitude, Awareness and Religious belief) have no significant influence over consumer behaviour towards Islamic banking patronage. The study recommends that Islamic bankers should improve not only the level of product's awareness but, awareness of what the consumer may stand to benefit on their products and services, enlighten consumers about financial and religious benefits of their products, be strategic in promoting the religious aspect and also maintain a holistic business organization that is ready to compete in the global environment. It is also recommended that Islamic bankers should undertake a more rigorous research with additional variables across the whole nation.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

It is imperative for Islamic banking scholars to understand consumers' behaviour towards Islamic banking products. Scholars like Kotler, (1998), Engel, Blackwell, & Miniard, (1995) and Ranjbar & Saeed (2008) claim that understanding and adapting to consumers' motivation and behaviour is not an option but an absolute necessity for competitive survival. A research made by Kotler (1998), has indicated that a variety of characteristics are vital to understanding the behaviour of a consumer. Consumer behaviour is often examined through two major psychological disciplines: cognitive psychology, and social psychology (Karjaluoto, 2002). The former refers to knowledge related to mental behaviours (i.e. attention, perception, comprehension and the decision making process). The latter refers to the manner in which personality traits, attitudes, intentions and behaviours of the consumer are influenced by social groups.

Attitude, religious belief, awareness level, subjective norm and perceived behavioural control (PBC) are important aspects to predict and understand the behaviours of consumers (Sethi, 2002). The variables (Attitude, religious belief, awareness level, subjective norm and perceived behavioural control) were tested differently by various researchers and hence, the level of their influence needs to be empirically tested together. According to Eagly & Chaiken, (1993) attitudes are relatively good predictors of general behavioural likelihoods. Furthermore, consumers' behaviour toward a product or service is influenced by a match of the product or service user image with the customer's self-concept (Ekinici & Riley, 2003, Sirgy, 1992, Wang & Heitmeyer, 2005). The behaviour of people towards a particular product can be associated with their beliefs about the attributes of that product on one hand and the expected benefits they are likely to derive from that product (Keller, 1993). Previous studies revealed the impact of relationship between consumers' beliefs on product's attributes and its expected benefits on their choices (Mohsin & Aftab, 2013). A brand name alone can create a positive/negative feeling toward that brand (Hanudin, 2008). A consumer may feel interested or not interested in a product even at a first instance of knowing that

product, accordingly, instant non-neutral feelings may be formed just after a contact with a product name (Zinkhan & Martin, 1987). Various issues may require a consumer to feel associated or dissociated with a product, depending on his understanding and perception of the product, his religious rulings, peer group influence, cost and benefit analysis of the product as well as his personal traits. It is likely that non Muslim may feel dissociated with the name “Islamic banking” despite its perceived benefits to him.

Islamic banking has become a substantial and fastest growing industry in the world during the last five decades; this is justifiable from the turnover and asset base of the industry worldwide as indicated in literature review. The introduction and sustainability of Islamic banking in Nigeria is of great importance for several reasons, these include: the availability of various financing options and interest-free obligations. The Islamic Banking system is in line with Islamic transactions’ rules and principles (Shari’ah) to carry out their business” (Henry & Wilson, 2004). In accordance with Shari’ah principles, any payment or receipt of interest is strictly prohibited. Although, Islamic banks offers more or less similar products and services offered by conventional banks, such as, current accounts, credit cards, investments in securities, cheque collection (Naeem, 2012), however, the difference lies in their adherence to Islamic law prohibiting interest.

Being one of the emerging, fastest growing, and progressive nations, Nigeria has already gained significant global attraction of investment opportunities. Financial and capital markets have strong foothold in the country which in turn, attracted investors to expand local and global banking facilities and the operation of the subsidiaries of multinational companies. In these positive turn of economic transformations, it is vital for the Islamic Banking service providers to know the psychological and/or behavioural attitudes of the potential Muslim, as well as, non-Muslim customers toward Islamic banking services that are currently available (Saeed, Syed & Shahin, 2012). Yet, knowledge about customers’ behavioural differences towards Islamic banking is needed to be improved and research to date is also limited in this regard. In this study an affirmative stance was taken to focus on these key issues that were perceived to be worth taking in the course of transforming Islamic banking services conducive to the development of customer satisfaction, better business relations, real growth, and future developments. Owing to the highly competitive

environment, Islamic banks need to study consumers' behaviour to help them market their products effectively (Haron, Ahmad & Planisek, 1994), (Thambiah, Nathan & Eze, 2008).

1.2 Statement of the Problem

Understanding consumers' behaviour towards Islamic banking is a very important issue due to the fact that it involves sensitive religious aspect of shari'ah compliance. Islamic bankers therefore, are to take steps towards increasing patronage by having insight on how people behave towards their products. In order to increase patronage, it is imperative to know the factors, institutions and individuals that influence the consumers' decision towards making a choice of banking services in Gombe state.

Although, high patronage of Islamic banking services is found to be in existence in some countries like Malaysia and Morocco, as evidenced in Dusuki & Abdullah (2006) and Echchabi & Abdul'aziz (2012) respectively. It is crucial for Islamic bankers in Nigeria therefore, to study the behaviour of their present and prospective consumers towards their products in order to increase patronage. This is because non patronage of Islamic banking products may be due to unawareness, negative attitude, religious reasons, societal norms and values or behavioural control issues.

According to Victor (2012), the establishment of an Islamic bank (JA'IZ) in 2012 has generated a serious tension and concern in the country. This tension and concerns are caused by the operational differences of Islamic bank with their conventional counterpart such as the abolition of interest in all its financial transactions. The discharge of religious and social responsibility obligations in commercial dealings and other activities as well as being market driven but with ethical and moral dimensions that are based on Islamic Shari'ah dictates are said to be the terms of reference of Islamic banking business (Victor 2012). However, these distinctions and tensions have caused a serious concern to Islamic bankers to know the behaviour of consumers of their products in respect to patronage. It is also imperative for Islamic bankers to know whether apart from normal business transactions if there are other reasons why people can patronise their products. The concerns and questions raised above have indicated a literature gap that need to be addressed in the current study.

Apart from the concerns and questions raised above, the most important weakness to the best of the researcher's knowledge relating to the current body of literature is that; works done on behaviour of consumers towards Islamic banking are done in other countries like Malaysia, Morocco, Indonesia, Bahrain and Kuwait. Although there are some studies in Nigeria related to the subject, more especially on its practicability, acceptability, prospects and legal issues, as in Bello, (2000); Victor, (2012); Olayemi, (2011); and Usman, (2003) respectively, yet the studies are not on behaviour and are not from Gombe state north east Nigeria.

Nigeria is a country with diverse religious differences and sensitivity such as Islam-phobia and religious politics (Honwick, 1992). It is against this backdrop that this study is conceptualized to examine the determinants of Islamic banking patronage (behaviour) in Gombe state, Nigeria to bridge the gap in existing literature on consumer attitude toward Islamic banking in the study area.

1.3 Research Questions

Based on the above statement of the problem, the study attempts to address the following questions:

- I. To what extent does level of awareness of the Islamic banking services have influence on consumers' behaviour towards patronage of Islamic banking services?
- II. To what extent does attitude of consumers has influence on consumer behaviour towards Islamic banking patronage in Gombe State?
- III. To what extent does a religious belief has influence on consumers' behaviour towards Islamic banking patronage in Gombe State?
- IV. To what extent does Subjective norm has influence on the consumers' behaviour towards Islamic banking patronage in Gombe State?
- V. To what extent does Perceived Behavioural Control has influence on consumers' behaviour towards Islamic banking patronage in Gombe State?

1.4 Objectives of the Study

The broad objective of this study is to determine the factors that influence consumers' behaviour towards patronage of Islamic banking services in Gombe state, and review the factors to evaluate the level of influence. Specifically, the purpose of this study is:

- I. To examine the extent to which consumers' awareness of the Islamic banking practice have any significant influence on their behaviour towards Islamic banking patronage
- II. To examine the extent to which consumers' attitude towards Islamic banking practice have any significant influence on their behaviour towards Islamic banking patronage
- III. To examine the extent to which religious beliefs influence the behaviour of consumers towards Islamic banking patronage in Gombe State
- IV. To examine the extent to which subjective norm influence customers' behaviour towards Islamic banking patronage in Gombe State
- V. To examine the extent to which perceived behavioural control (PBC) influence behaviour of consumer towards Islamic banking patronage in Gombe State.

1.5 Research Hypotheses

The following hypotheses are formulated for the study:

- I. **H₀:** Awareness has no significant influence on the consumers' behaviour towards Islamic banking patronage.
- II. **H₀:** Attitude of consumers towards Islamic banking services has no significant influence on the consumers' behaviour towards Islamic banking patronage in Gombe State.
- III. **H₀:** Religious beliefs have no significant influence on the consumers' behaviour towards Islamic banking patronage in Gombe State

- IV. **H₀:** Subjective norms have no significant influence on the consumers' behaviour towards Islamic banking patronage in Gombe State
- V. **H₀:** Perceived behavioural control (PBC) have no significant influence on the customer behaviour towards Islamic banking in Gombe State

1.6 Significance of the Study

This study attempts to expand a model that was developed on the Theory of Planned Behaviour (Ajzen, 1991); to examine the variables such as awareness, attitudes, religious belief, subjective norm and perceived behavioural control and consumer behaviour towards Islamic banking. As in Metawa & Almosawi (1998), it is a common believe that, Muslims that are religious are most likely to accept or prefer Islamic banking services in order for them to conform to Shari'ah laws. Since the majority of Gombe State population are Muslims, it is expected that Islamic banking facilities will be popular among them, since no study of this nature was found by the researcher in Gombe State. Business partners, friends, relatives and opinion leaders are likely to influence one's decision to Islamic banking choice, as found by Hegazy (1995) in Egypt. In terms of knowledge of the products, the more knowledgeable the person is about the product, the more likely he or she will utilize the facilities. Therefore, in order to capture greater market share, consumers must be well informed of the products as well as the Islamic banking system itself.

This study will hopefully contribute to academic learning and further research, knowledge dissemination as well as the practice of Islamic banking, more especially that to the best of the researchers' knowledge, this is the first study of its kind found in Gombe state (the study area). Results of the present study may also help the Islamic banking service providers to find out the potential customers for expanding their services. So, it seems fundamental to understand the potential customers' thinking or behaviour on how they perceive the Islamic banking. Customers may also use this study to have an insight of Islamic banking operation, the products available for customers' benefits as well as the procedure to reap those benefits. Government may also use this study in policy formulation and evaluation of various forms of financing.

1.7 Scope and Limitations of the Study

This is a study on Attitude of Consumers towards Islamic banking, only related to Gombe state market only, in order to narrow down the search in a state that is multi-religious. This research work is expected to give emphasis on the constructs of the decomposed theory of planned behaviour as well as religious belief and awareness as additional variables. It is considering individual consumers' attitude alone not corporate customers. The research is made in the year 2014, when Jaiz bank (the only Islamic bank in Nigeria) was barely one year in operation within the study area. The work is also undertaken for academic purpose.

Research of this nature may be applicable to only the area in which it is conducted. Therefore, generalisation of findings to other areas may likely be difficult. Only one Islamic bank exists in Nigeria and it started operations in 2012, Consumers' behavioural intention towards Islamic banking may likely change over time. There may also be other variables influencing consumer behaviour towards Islamic banking patronage, exploring these other variable may therefore be an area for future research. Future research may as well consider corporate customers' behaviour to patronise Islamic banking, which is not covered in this study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discusses the concept of consumers' behaviour towards Islamic banking as it relate to the Theory of Planned behaviour (TPB) and the added variables (awareness and religious belief) as well as the role each of all the independent variables play in determining consumers' behaviour. It also discussed the concept of Islamic Banking and its mode of operations. In addition, the chapter reviewed the related literature discussed by other researchers on the subject and finally identified some gaps in the literature.

2.2 The Concept of Consumer Attitude

Attitude is the predisposition to respond positively or negatively to people, objects, or ideas to occasion in one environment. Attitude, according to Ajzen (1991) are generally “positive or negative views of a person, place, thing or event – this is often referred to as the attitude of object”. “It is a positive or negative evaluation of people, objects, events, activities, ideas or just about anything in ones environment” (Foreo, 2012). The attitude is also described by Schiffman & Kanuk (2000) “as a learned predisposition to behave in a consistently favourable or unfavourable way, with respect to a given object”. Since generally, attitude develops over time through a learning process which is affected by reference group influences, past experience, and personality (Yusuf, Gbadamosi & Hamadu 2009), or it is a general evaluation about something, liking or disliking, and the strength of the feelings (Kaynak & Harcar 2005). It is therefore; appropriate to use TPB (Theory of Planned behaviour) or TRA (Theory of Reasoned Action) to explain the concept of attitude.

Attitude is determined by the sum of the expected outcomes and is weighted by an evaluation of the desirability of the outcome. The expectancy is measured as a likelihood of the outcome occurring if the action is taken and the value measured as an evaluation of the outcome when it does occur. This analysis is part of a general theory of attitude developed by Fishbein (1963). A distinctive aspect of fishbein's approach is that the outcomes affecting attitude are restricted to those that are salient, i. e. those that are easily brought to

mind by respondent. Ajzen & Fishbein (1980) argue that thoughts that do not readily come to mind in an elicitation are unlikely to affect behaviour. Attitude towards behaviour is a person's overall evaluation of the behaviour. It is assumed to have two components which work together: Beliefs about the consequences of the behaviour and the corresponding positive or negative judgement of each of these features of the behaviour.

Despite the high level of awareness of Islamic banking in Malaysia and a positive attitude towards Islamic banking and with majority of the population in Malaysia being Muslims, the total funds deposited in the Islamic system remained insignificant compared to the total deposits in commercial banks and this is an indicator of public unwillingness to use the system (Ahmad & Haron, 2002). Due to this situation, there is a need to explore other factors apart from religiosity that influence consumers' behaviour towards the Islamic banking facilities, and as well further actualize the behaviour of that consumer towards the Islamic banking patronage.

2.3 The Concept of Subjective Norm

Subjective Norms are a person's own estimates of the social pressure to perform the target behaviour. Subjective norms are assumed to have two components which work in interaction: beliefs about how other people, who may be in some way important to the person, would like them to behave (normative beliefs) and behavioural beliefs, which are assumed to influence attitudes toward the behaviour (i.e., beliefs about the likely outcomes of the behaviour and the evaluations of these outcomes by those people close to the person).

The Subjective Norm like attitude to behaviour, are also based on salient beliefs, called normative beliefs, about whether particular referents think the respondent should or should not do the action in question. Like expected values these referent influences are covered by two measures: the likelihood that the referent holds the normative belief and the motivation to comply with the views of the referent.

Subjective norm controls the behaviour that is instigated by the desire to act as others think you should act. Sometimes, socially worthy acts, like recycling of paper and bottles, bring internally generated feelings of self-respect or pride, while failure to act in this way may

invoke feelings of shame or self reproach. Subjective Norm is therefore, internally controlled, it does not operate through external reinforcement such as the overt congratulations or hostility of others. The different referents involved in the Subjective Norm may be friends, parents, doctors, political parties, religious organisations. For example, in purchasing profit sharing products, consumers might be influenced by the chances of making huge profit as a result of market speculation. The Subjective Norm is "subjective" because it is what the agent thinks, and a "norm", because it is the agent's understanding of what others think he or she should do (East, 1997).

Hegazy (1995) has investigated bank selection criteria for both Islamic banks and commercial banks in Egypt. He concluded that the selection attributes for Islamic banks are different from those for commercial banks. For the selection of Islamic banks, it was found that the most important factor was the advice and recommendations made by relatives and friends.

It is generally believed that people close to a person may have influence on his general behaviour Armitage & Conner (2007). Umar (2011) found out that in Nigeria, close relationship with a bank staff influences customers to open and maintain an account with a particular bank. He asserts that, it is expected that to help a marketing staff meet his set target and retain his job in a bank, his close associates has to operate with his bank to increase the staff's targeted deposit base. He also maintained that, other customers do not want to keep their money where someone close to them is working to conceal their financial net worth.

2.4 The Concept of Perceived Behavioural Control (PBC)

Perceived behavioural control is the extent to which a person feels able to enact the behaviour. It has two aspects: how much a person has control over the behaviour and how confident a person feels about being able to perform or not perform the behaviour. It is determined by control beliefs about the power of both situational and internal factors to inhibit or facilitate the performing of the behaviour. Perceived behavioural control reflects beliefs regarding the access to resources and opportunities needed to perform behaviour. It may encompass two components (Ajzen, 1991; Taylor & Todd, 1995). The first component

reflects the availability of resources needed to engage in the behaviour. This may include access to money, time, and other resources. The second component reflects the focal person's self-confidence in the ability to conduct the behaviour. The concept of perceived behavioural control is most compatible with Bandura's (1982) concept of perceived self-efficacy which is concerned with judgement of how well one can execute required actions to deal with specific situations. People's behaviours are strongly influenced by their confidence in their ability to perform the action.

Consumers believe that their personal convenience which include location, friendliness of staff or service quality influences their behaviour towards Islamic banking (Wel & Nor, 2003, Lee & Marlowe, 2003). Almossawi (2001) concluded that the bank's reputation was the most significant factor on the behaviour to patronize banks' services. While Kaynak & Harcar (2005) found that, profitability factors such as low service charges, flexible repayment plan and favourable profit sharing ratio were the major reasons why customers chose Islamic banking. They also concluded that a fast and efficient service was also an attractive feature valued by current and potential customers, while Gerard & Cunningham (2001) considered that for most customers the most important criterion for bank selection was feeling secure. The above reasons indicated that customers are more specifically self centred.

Perceived behavioural control (PBC) is also underwritten by specific beliefs, called control beliefs. Control beliefs can be measured as the product of two measures: powers of a factor to assist the action and perceived access to the factor. Perceived Behavioural Control is included in the Theory of Planned Behaviour as a determinant that has both a direct effect on behaviour and an indirect effect on behaviour through intentions. The indirect effect of PBC is based upon the assumption that PBC has motivational implications for behavioural intentions. Individuals who believe they lack the necessary resources or opportunities to perform a particular behaviour are unlikely to form strong behavioural intentions despite the fact that their attitude and SN may be favourable. Bandura, (1980) provide empirical evidence that people's behaviour is strongly influenced by the confidence that they have in their ability to perform the behaviour. Thus, PBC is expected to contribute to the prediction

of behaviour over and above the effects due to the other major independent variables of the model. At the same time its influence on behaviour will also be mediated by intention.

2.5 The Concept of Awareness

This is the ability of provider of product to enable his target customers to know as much as possible about what he has to offer. The failure of Islamic banking operators in Nigeria to create effective awareness and put up programs on regular basis to sensitize the people on the importance of their products and the benefits to the individual client can slow down patronage.

Ranjbar & Pahlevan (2008), suggests that Islamic bankers have to consider some of the factors for their successes in Islamic countries like Pakistan. The study shows that most of the customers are not aware of the different Islamic banking products such as Ijara financing, Murabaha financing. It means that Islamic banking industry have to give consideration to providing awareness to their customers. They have to arrange certain seminars to inform their customers about different products and services. Secondly, most of their customers have adopted both banking systems because, the Islamic bankers do not provide as much efficient products for their customers as the conventional banking system provides to its customers. So they must have to consider on the product provision to its customers,

A study was conducted by Gerrard & Cunningham (1997), where they investigated the awareness of the Singapore customer towards the Islamic banking products and its different services. They determined that there is a general lack of awareness of the customer regarding the Islamic banking. A study was conducted by Kamal, Ahmed & Khalid (1999), they tried to get the degree of awareness of the customers towards the Islamic banking products they had taken a sample of 206 respondents and come to the conclusion that most of the customers have a little knowledge about the specific products such as Mudarabah and Murabaha. Another study was conducted by Metawa & Almossawi (1998) on the Bahrain customer's perception and they found that most of the Islamic bank customers are satisfied with Islamic banks' services. The factor with which the customers have shown dissatisfaction is the high cost of the services that has been charged by the Islamic banks.

Erol & El-Bdour (1989) also found that bank customers in Jordan were generally aware of Islamic banks and their methods, usually from information provided by relatives and neighbours, but that expansion in the number of Islamic bank branches appeared to be insignificant in determining patronage. Subsequent work by Erol & El-Bdour (2002) employed the same survey data with a different technical methodology to again examine the patronage behaviour of Jordanian bank customers. In general, there was much agreement between the two studies about the awareness of Islamic banking in Jordan and that a fast and efficient service, the bank's reputation and image, and confidentiality of the bank were the significant factors for the determining behaviour towards bank patronage.

2.6 The Concept of Religious Belief

Religion is defined as the intrinsic orientation which provides the individual with a meaning-endowing framework in terms of which life is understood. In other words, it is more on a spirituality of an individual (Hamid & Clarke, 1993). The religiosity itself needs to be established, as stated in Khairam (2000), the early famous classical "minimum definition" of religion was given by Taylor (1981), as the "belief in Spiritual Beings", and Johnstones (1975) defines religion as "a system of beliefs and practices by which group of people interprets and responds to what they feel is supernatural and sacred." Based on extensive definitions, Khairam (2000) in the end defines Islamic religiosity as "the degree level of individual commitment, involvement and practice internally and externally to the fundamental principles of Islam."

The emergence of Islamic banking is often related to the revival of Islam and the desire of Muslims to live all aspects of their life in accordance with the teachings of Islam. As a Muslim, it is required by Islam to live a life in accordance with Sharia'h. Religiosity is a very subjective issue and to measure this variable is not easy as it is determined by the person's spirituality. Being a religious person does not mean that the person has to engage in the Islamic banking facilities and in this study, the person's religiosity will be evaluated and see if there is an influence on the person's behaviour towards engaging in Islamic banking facilities.

As institutions and facilities whose foundations are based on religious doctrine, it is paramount for the banks management to believe there are other factors that dominate the economic behaviour of Muslims. These principles comprise the belief in the Day of Judgment and the life in the hereafter, the Islamic concept of riches, and the Islamic concept of success (Haron & Ahmad, 2000). All of these principles are expected not only to have a significant impact on the decision-making process of Muslims, but also to have an influence on their perceptions of Islamic banks and behaviour to patronise Islamic banking facilities.

Erol & El-Bdour (2002), Metawa & Almosawi (1998) and Gerrard & Cunningham (1997) used religion as one of the variables that influences bank selection criteria. They conceptualize the religion as a factor in behaviour to patronize Islamic banks. Likewise in this present study, the religion will be one of the factors to be considered in choosing to engage in Islamic banking facilities or products. Religiosity is expected to have influence towards behaviour, like the attitude and the subjective norms that leads to intentional behaviour. Religiosity is seen as an important factor in this model because it is believed that there will be strong relationship with attitudinal and subjective norm components, which will then increase the behaviour level of engaging in Islamic banking facilities.

Metawa & Almosawi (1998) in their study of Islamic bank customers in the state of Bahrain found that factor which received the highest degree of importance in the bank selection process is a religious factor; the adherence to the Islamic principles, with a high score. This high score indicates that the selection of Islamic banks appears to be predominantly a religious-based decision. However, the findings are contradicted to those findings by Haron et al. (1994), and Gerrard & Cunningham (1997). The inconsistency might be due to the degree of Islamic culture of the origin country. Bahrain can be considered an Islamic country and therefore, the intensity of the people's religiosity might influence their decision in engaging in Islamic banking facilities. Whereas, Nigeria is multi religious country, even though Northern Nigeria is considered as a Muslim dominated region, and Muslims' way of life abides to the Islamic principles. Therefore, their religiosity might or might not influence their decision to engage in Islamic banking.

Contrary to study done by Erol & El-Bdour (2002), Muslims in Jordan patronized Islamic banks not because of religious factor, but because of the returns they would receive from their investments. A study by Haron, Ahmad & Planisek, (1994) in Malaysia found that in terms of why people patronized the Islamic bank, about 39 percent of the Muslim respondents believe that religion is the only reason why people patronize the Islamic bank, and surprisingly, the percentage is much lower for non-Muslim respondent, which was about 31 percent.

A study was conducted on Jordan customers by Erol & El-Bdour, (2002) where they tried to find the attitude of Jordanian people towards interest free banking. Ultimately they got that religion is not the only factor for the selection of financial institution, but in fact there are some other factors too which are influencing the decision criteria of the customers and in this regard the main factor is the level of profitability, that is, returns on their investment (Erol & El-Bdour, 2002). In Bahrain, the religion was found to be the most influential factor in the selection of Islamic banking system not the return on their investment. Most of the customers patronize products of Islamic banks because they have knowledge about the principles of Islamic financial system (Metawa & Almosawi, 1998).

Metwally (1996) also used factor analysis to study the attitudes of consumers in three Arabic countries (Kuwait, Saudi Arabia and Egypt) towards Islamic banking. The results indicated that Islamic banks did not significantly differ from conventional banks in the benefits and costs of bank products, staff competency and speed of service delivery. In Egypt, Hegazy (1995) compared the demographic profiles of four hundred customers of two banks, the results showed that 98.8 percent of the Islamic bank's customers were Muslims married with children, while 32.4 percent of the conventional bank's customers were Christians and 54.3 percent were Muslims. Similarly, Omer (1992) found out in the UK that majority of Islamic banks' customers are Muslims and are attracted to patronise Islamic banking to fulfil their religious obligation. On this basis, it was concluded that religious belief is very significant in the behaviour to patronize Islamic banking institution.

2.7 The Concept of Consumer's Behaviour

Consumer's behavioural intention is often examined through two major psychological disciplines: cognitive psychology, and social psychology (Karjaluoto, 2002). The former refers to knowledge related to mental behaviours, i.e. attention, perception, comprehension and the decision making process. The latter refers to the manner in which personality traits, attitudes, intentions and behaviours of the consumer are influenced by social groups.

Behaviour results from decisions to act in a particular way (Fishbein & Ajzen, 1975). Eagly & Chaiken, (1993) noted that behaviour is a psychological construct distinct from attitude, and that behaviour "represents the person's motivation in the sense of his or her conscious plan to exert effort to carry out some actions." Researchers have operationalized behaviour as either someone will perform some actions or as an estimate of the chances of performing the actions in the future (Sheppard et al., 1988). The theory of reasoned action (TRA) (Ajzen & Fishbein, 1980, Fishbein & Ajzen, 1975), and its successor, the theory of planned behaviour (TPB) (Ajzen, 1985) suggest that an individual's behaviour is determined by the formation of intention. The underlying idea is that individuals make decisions rationally and systematically on the basis of the information available to them (Ajzen, 1991; Ajzen & Fishbein, 1980). Behaviour is regarded as a core construct in both the TRA and the TPB and Ajzen (1991) also claims that many theories provides variables which predict actual behaviour that needs to be further tested.

In TPB model, there is a relationship between intention and actual behaviour in such a way that, intention can be used to measure behaviour (Eagly & Chaiken, 1993). In this research, the intervention role of intention is not considered; the variables in this expanded model can be used to determine their direct effect on actual behaviour. Researchers who use the TPB are interested in the link between attitude, subjective norm, perceived behavioural control, behavioural intention and actual behaviour. Connor & Armitage (1998) argue that the TPB can be expanded or be modified provided there is empirical support for a variable influencing behaviour beyond that explained by the three core components. On this basis, the researcher is adding two more independent variables (Awareness and Religious belief) which may influence consumer behaviour; thus, the investigation in this research is to

determine the extent to which the TPB variables as well as the additional variables as a fourth and fifth variables contributes to predicting consumers' behaviour towards Islamic Banking in Gombe State.

The study proposes that an individual's religion, level of awareness, attitude, subjective norm and PBC are good predictors of that individual's actual behaviour. The strength of this behaviour (in this case, the behavioural patronage of Islamic banking) is influenced by five variables: attitude toward performing a certain behaviour (e.g., attitude toward Islamic banking with respect to liking and disliking); subjective norm concerning the target behaviour (e.g., perceived expectation of one's business partners regarding opening and maintaining a bank account); perceived behavioural control (e.g., the degree to which a consumer believes she/he has the resources to effectively access Islamic banking services); Level of awareness of the target behaviour (e.g., knowledge of the existence of Islamic banking service) and religious belief (the opinion and rulings of one's religion regarding Islamic banking). The result of this research will indicate which of these five independent variables (attitude, awareness, religion. subjective norm and PBC) has significant influence in determining the actual behaviour of patronizing Islamic banking in Gombe state.

2.8 The Concept of Islamic Banking

The concept of Islamic banking is much broader and more comprehensive than just a system of banking and finance. It is a banking system which provides services to a faith based system and it is based on the principles of Shari'ah, which has unique and salient feature of divinity. Shari'ah refers to the corpus of Islamic law based on divine guidance as given by the Qur'an and the Sunnah and embodies all aspects of the Islamic faith, including beliefs and practices. The law of Shari'ah determines the structural frame work of Islamic banking system.

The Shari'ah law is a divine law which is based on the revelation and is driven from the holy Qur'an and Sunnah which are considered as the fundamental primary sources of this law. The secondary sources of Shari'ah law are; Ijma' (Scholars' Consensus) and Qiyas (Analogy) which are substantially important and they are also equally and frequently used to

deduct the laws of Shari'ah by Islamic jurists for governing the modern financial issues in the prevailing Islamic banking system (Ayub, 2009).

The first Islamic bank was established in Egypt 1963 and was called Mitt Ghamr Local Savings Bank. This was followed by Nasir Social Bank in 1967, which was the first two commercial banks established based on shari'ah principles. Following these establishments, a number of other Islamic banks have been set up including Islamic Development Bank (IDB) in 1975 and Faisal Islamic Bank in 1976, (Hisham, Hajji & Abdul 2012). The Emergence of Islamic Financial Institutions which is relatively a later phenomenon compared to other conventional systems, has witnessed remarkable growth triggered by increasing Islamic awareness, bulging oil revenues in the gulf and Islamic Financial Institutions' (IFIs) holistic business model (Chong & liu, 2009, lee & Ullah, 2007, Dar & Presley, 2000). Though all these factors contributes towards IFIs growth, the key selling factor is their holistic business model, which allows them to maximise shareholders' wealth while not violating shari'ah principles (Ullah, 2012).

The tremendous growth and widespread expansion of Islamic banking in the financial markets of the world has made this newly established industry a reality (Pollard & Samers, 2007). By 2009, there were over US\$822 billion assets being managed in over 300 Islamic banks and 250 mutual funds around the world complying with Islamic principles. In 2012, more than 400 Islamic banks were operating in over 75 countries of the world; with an estimated asset of over US\$1.1 trillion (Naeem, 2012). According to EY's "World Islamic Banking Competitiveness Report 2014-15, as at 2014, total assets of around US\$2 trillion were sharia compliant (Ernst & Young, 2014). If the present figure is compared with less than 250 Islamic banks worldwide and the estimated assets of US\$300 billion as at 2004 (Henry & Wilson, 2004; Ibrahim, 2006), there is really a justification for this growth. Furthermore, according to Pollard & Samers (2007), as at 2006, almost 25 percent of Islamic financial institutions operate in countries that do not have Muslim majorities and interest-based banks have opened up "Islamic windows" to attract the growing number of Muslims living in Europe and North America. Nonetheless, Wilson, (1995), Dasuki & Abdullah, (2007) argue that "Islamic banking is no longer regarded as a business entity striving only to fulfil the religious obligations of the Muslim community, but more significantly, as a holistic

business that is really in need for winning over customers at the same time retaining the old ones”.

The above statement by Wilson, Dasuki and Abdullah is contrary to the thinking of some Christians in Nigeria who alleged that, an effort by the Central Bank of Nigeria to introduce Islamic banking in 2011/2012 is an attempt to foster the agenda of Islamization of Nigeria. In response to this allegation, CBN argues that “the idea of Islamic banking is not even the brain child of the then CBN Governor Sanusi Lamido Sanusi, but, of the past Governor Professor Charles Soludo who happens to be a Christian” (Victor, 2012).

Many researchers like Gamal, (1987) and Donald (1994) made comparative and analytical study of Shari’ah law and English law describing the commonalities and disparities between these laws and the reason behind this comparison was to find out the extent of the laws accommodating one another. The principles of Islamic finance place great emphasis on the establishment of social justice and fair distribution of income. Any financial, commercial, monetary or trade transaction which is not in alignment with these fundamental principles of shari’ah will be declared as invalid. The interest which means increase, addition or growth, technically it refers to the ‘premium’ that must be paid by the borrower to the lender along with the principal amount as a condition for the loan or an extension in its maturity, Interest as commonly known today is regarded by a majority of scholars to be equivalent to usury), obligation of zakat which is an amount payable by a Muslim on his net worth, as a part of his religious obligations, mainly for the benefit of the poor and the needy, which is an obligatory duty on every Muslim who owns more than a threshold wealth, eradication of Gharar which means deception, danger, risk and uncertainty, technically it means exposing oneself to excessive risk and danger in a business transaction as a result of uncertainty about the price, the quality and the quantity of the counter-value, the date of delivery, the ability of either the buyer or the seller to fulfil his commitment, or ambiguity in the terms of the deal; thereby exposing either of the two parties to unnecessary risks. Prohibition of gambling which is the wagering of money or something of material value referred to as "the stakes" on an event with an uncertain outcome with the primary intent of winning additional money and/or material goods. The exclusive reason behind the prohibition of the above concepts is to ensure lawful and fair trade so as to achieve the goal of social justice and fair distribution

of wealth in the society. Islamic banking products can be authentic in terms of shari'ah compliance only if they comply with Islamic principles in their practical operations. In the doctrines of Islamic finance, the most fundamental and distinguished feature is the prohibition of interest. The reason behind this prohibition which has been mentioned in Quran is the evasion of injustice (Farooq, 2010).

The Islamic banking operations are very similar to the conventional banking operations in the sense that both provide the financial and banking services to the customers. But the difference lies where all the operations of Islamic banks have to be in compliance with the principles of Islamic shari'ah. The Islamic retail banks offer current accounts, saving accounts and investment accounts but their funding operations are based on the following principles/concepts:

Musharakah. (known as Partnership). A Musharaka contract is a situation where both the partners participate in the management and the provision of capital, and share in the profit and loss. Profits are distributed between the partners in accordance with the ratios initially set, whereas loss is distributed in proportion to each one's share in the capital.

Mudharaba. A contract between two parties, capital owner(s) or financiers (called rabb al-mal) and an investment manager (called mudarib). Profit is distributed between the two parties in accordance with the ratio upon which they agree at the time of the contract. Financial loss is borne only by the financier(s). The entrepreneur's loss lies in not getting any reward for his services.

Murabaha. Is a form of sales at a specified profit margin. The term, however, is now used to refer to a sale agreement whereby the seller purchases the goods desired by the buyer and sells them at an agreed marked-up price, the payment being settled within an agreed time frame, either in instalments or in a lump sum. The seller bears the risk for the goods until they have been delivered to the buyer.

Ijara. This means Leasing or Sale of an asset's usufruct. The lessor retains the ownership of the asset with all the rights and the responsibilities that go with ownership.

Salam. This is the short form of bay'al-salam. Bay-Salam is a sale in which payment is made in advance by the buyer and the delivery of the goods is deferred by the seller.

Istisna. Refers to a contract whereby a manufacturer (contractor) agrees to produce (build) and deliver a well described good (or premise) at a given price on a given date in the future. As against salam, in Istisna the price need not be paid in advance. It may be paid in instalments in step with the preferences of the parties or partly at the front end and the balance later on as agreed.

The Musharaka and Mudharaba principles are based on profit and loss sharing accounts where the profit is distributed among the partners on partnership basis and the loss on equity basis. These modes are called 'sharing modes' of finance. The principle of Murabaha determines the 'sale modes' of finance where through a trade transaction. In the sale modes the bank buys real goods like precious metals and sells them at agreed mark-up price. The principle of Ijara determines 'leasing mode' of finance where an equipment or machine is bought by the bank and provided to the customer on a predetermined rental income. The current accounts are based on trust basis and they are for safe keeping and they do not generate any income. The saving and special investment accounts are based on Musharaka and Mudharaba basis and they generate income in the form of profit which is variable but could be estimated and not predetermined. Any predetermined rate of return is invalid and prohibited in Musharka and Mudharaba operations, but Murabha and Ijara operations do allow predetermined rate of return in the form of agreed mark-up and rental income. Based on the predetermined rate of returns, the Murabaha and Ijara principles of Islamic finance are used more frequently and widely in the funding operation of Islamic banks. The critics of Islamic banks do mention the huge reliance of Islamic banking operations based on those modes of financing which have less risk element and they have a kind of predetermined rate of return (Farooq, 2010).

The Islamic banks, apart from these funding operations provide some other useful banking services and financial products. The most prominent and popular product is Islamic housing finance which is a result of sophisticated financial engineering where the principles of diminishing Musharaka and Ijara have been used to structure a model of Islamic housing

finance. Safe keeping on the principle of Wadi'ah and trust and agency services on the principle of Wakala are also in operation. It is more often realised that the Islamic banks provide a small range of products, as it will be discussed later in some of the following chapters. Hopefully, the funding operations and financial products will increase with the passage of time as the Islamic banking industry evolves in the coming years (Metwally, 1997).

2.9 Theoretical Framework

A substantial literature on individual consumers' behaviour towards conventional banking services is already in place, more especially concerning selection criteria (or patronage) and customer satisfaction. There are few studies on individual consumers' behaviour towards Islamic banks (Faisal, Akhtar & Rehman, 2011).

According to Echchabi & Abdul'aziz (2012), attitude, subjective norm as well as perceived behavioural control were found to have a positive significant influence on the consumers' behaviour towards Islamic banking services in morocco, which is in line with the findings of Al-Majali & Mat, (2010) & Nor, (2005). Nevertheless, Puschel, Mazzon & Hernandez, (2010) and Taylor & Todd, (1995) found that, perceived behavioural control has no influence on consumers' behaviour. While Shih & Fang, (2004) found that subjective norm has no influence on consumers' behaviour. Meanwhile, all the above scholars have agreed on the influence of attitude on consumers' behaviour (Echchabi & Abdul'aziz 2012). The findings above provide evidence on the applicability of the TPB in the context of Islamic banking. The findings suggest that, attitude towards Islamic banking has a significant positive influence on the consumers' behaviour towards Islamic banking patronage in Morocco. This supports hypothesis 1 of their research which states that the attitude towards Islamic banking services have a positive influence on the consumer behaviour towards Islamic banking services.

In Singapore, Gerrard & Cunningham (1997) also considered consumers' behaviour towards Islamic banking, though in the context of a banking system where no Islamic banks were yet present as at the time of research. While the survey results showed, as expected, that non-Muslims were completely unaware of Islamic methods of finance, Muslims fared little

better. Gerrard & Cunningham (1997) conclude that Muslims and non-Muslims in India are different from each other according to their behaviour and intention. High profitability, religion, and interest free investment motivate some people to prefer Islamic banking system over the conventional banking.

In Kenya, Guyo & Adan, (2013) found out that, four factors collectively influence the choice of the consumers to patronise Islamic banks. These factors are: religious motives and Behavioural control through the consideration of banks' financing options, profit and service charge and human resource characteristics. They conclude that, religious values have least influence on customers' choice of Islamic bank while the range of financial options offered by the bank had the strongest influence. They therefore, recommended that managers should step up their efforts to exploit the financing factors as part of strategic marketing instead of relying on religious factors.

In Bahrain, Metawa & Almosawi (1998) concluded that the most important factor in determining the attitudes of Islamic bank customers was religion then profitability. In addition, most Bahraini bank customers were satisfied with the quality of Islamic bank services, especially investment accounts. On other hand, the lowest satisfaction was with more complex Islamic financing schemes because of the relatively high costs.

In Jordan, Naser et al., (1999) extended the early work by Erol & El-Bdour (1989) and Erol et al. (1990), where he concluded that the bank reputation and the religious beliefs were the two most important factors motivating the use of Islamic banking services.

In Kuwait, Al-Sultan, (1999) considered the behaviour of several hundred customers towards the products and services offered by the interest-free Kuwait Finance House. Similar to Metwally (1996), Al-Sultan (1999) found that adherence to Islam law was the primary motivating factor for Kuwaitis dealing with an Islamic bank, he added that, slightly more than half of the respondents preferred to deal with conventional banks because of the better service record. This meant that any religious motivation in preferring an Islamic bank was subsumed by the greater concern for the quality of bank services.

The behaviour of consumers in Malaysia is different from the Pakistani consumers that affect the decision of consumers to use the Islamic banking products and services. In Malaysia, Dusuki & Abdullah, (2007) found that for Muslims, religious views are the important and main factor that stimulates the individuals to go for Islamic banking system instead of conventional banking, while Al-Ajmi, hussain & al-saleh (2009) show that religious factor may or may not be important in Pakistani; the main thing is potential profit making by the investor.

To explain consumer behaviour, many scholars approached consumers' behaviour as the one dimensional construct measured using self reported items as in Osgood, Suci & Tennenbaum (1957). However, the uni-dimensional construct view does not fully explain consumer behaviour. As a result, multi-dimensional construct of consumer behaviour has emerged as in Eagly & Chaiken (1993). Many scholars adopted the multi-dimensional view in measuring consumer behaviour (Voss, 2003). The multi-dimensional understanding of consumer behaviour has special implications for Islamic banking, consumers patronise Islamic banks for normal business transactions but also for other purposes like religious obligation for avoiding interest. It is therefore, imperative for marketers to design and develop product positioning strategies based on consumers' behaviour towards product (park, Jaworski & macinnis, 1986).

Dusuki & Abdullah, (2007) explained that like conventional banks, Islamic bankers can no longer depend on promoting the Islamic factor alone, their survey among 750 respondents found the three most important factors were competence, friendliness and customer service quality. Despite this fact, Javid, Iftikhar, Shagufta & Samreen (2011) explained that religion remains a major constituent to describe a cluster of beliefs, religion is more than ecology of themes for social communication rather it is a specific way of communicating. It is not just cultural arbitrariness, but it is also systematic. Religion also does not just lie in its capacity for differentiation (of people), it is also lies in its ability to structure and lend meaning to the everyday, to the local world of interaction (Ricardo & Hanudin, 2009).

Prior researches like that of: Ajzan & Fishbein (1975), Kotler, Armstrong, & Saunders (1999) and Karjaluoto (2002) showed that reference group and opinion leaders often impacts

on consumer behaviour, at the same time, Islamic banking came into existence to satisfy the financial needs of Muslims who have to observe the prohibition of interest-based transactions Ricardo & Hanudin (2009). However, saeed (2008), suggest that Islamic banking in the United Kingdom is not fully aligned with the paradigm version of Islamic finance. Their respondents generally agree with the view that the principle of profit and loss sharing element represents the true spirit of Islamic banking practices, nevertheless, due to the complex nature of Islamic banking products, they are unsure about the full benefits of this system.

De Mooji (2004) identified that, there is a high expectation among the respondents about the commitment and strong welfare role of Islamic banks in their society. It is therefore suggested that through research, effective marketing and generating more awareness in users about Islamic finance, it is possible to achieve more from the Islamic banking paradigm. Alsadek & Andre, (2008), found that while religious conviction is a key factor in the use of Islamic finance, consumers also identify bank reputation, service quality and pricing as being of relevance. When selecting a financial institution's products and services, business firms usually employ criteria that are more conventional, such as the cost of finance, in their decision making. There is also interest among financial institutions in supplying Islamic financial products and services, but this is mitigated by complications with firm management and a lack of familiarity with business conditions. The concept of risk sharing with borrowers serves as a substantial barrier to most financial institutions engaging in Islamic methods of finance.

There has been very little work undertaken on individual managers' behaviour towards Islamic banking. The first known study that focused on chief executives' behaviour towards Islamic banks in a dual-banking system (that is, Islamic banks operating side-by-side with conventional banks) was conducted in Kuwait by Edris (1997). Importantly, despite Islam being the dominating religion in Kuwait, and regardless of the apparent preference of individual consumers for Islamic banking Metwally (1996) and Al-Sultan (1999), found that majority of business managers preferred to deal with conventional banks rather than Islamic banks. In fact, Kuwaiti business executives ranked the size of the bank assets to be the most important factor in their bank selection criteria, with Islamic banking practices ranked fifth

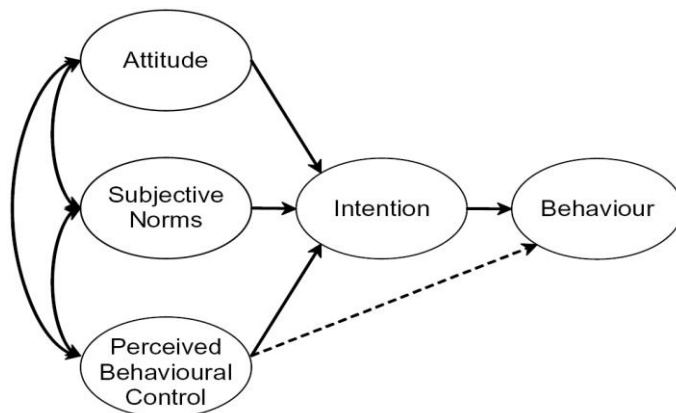
among the selected patronage factors. The evidence found also suggested that most firms' managers in Kuwait were multiple-bank users, operating on the desire to obtain specialised services from a selection of banks, rather than a single provider. In Malaysia, Ahamad & Haron (2002) considered chief executives' attitudes towards Islamic banking products and services by 45 executive customers. The major finding was again that economic factors, such as profitability and the quality of service were more significant for Malaysian chief executives of firms than religious reasons. However, one qualifying factor could be that the majority of respondents were non-Muslims who were generally less aware of the existence of Islamic banks and do not see Islamic banks as substitute for conventional bank products and services. In fact, most respondents, both Muslim and non-Muslim, had a low level of knowledge about Islamic finance with regard to the business financing methods (Ahamad & Haron, 2002).

As with the work on individual consumer preferences in Malaysia, Ahamad & Haron (2002) recommended that, Islamic financial institutions in Malaysia needed to better market their products and services. Another study on consumers' behaviour to Islamic finance is drawn from the Australian context. In this study, Jalaluddin & Metwally (1999) surveyed 385 small business owners in Sydney, Australia about their behaviour towards the profit/loss sharing methods of finance employed by Islamic banks. The results indicated that factors other than religion were relevant in this decision, including the degree of risk sharing relative to the degree of business risk, the cost of borrowing funds from other lenders, and the expected rate of return. Generally, the probability of applying profit/loss sharing methods of finance was positively related to the levels of business risk, interest rates, and expected rate of return.

Erol & El-Bdour (1989), in their studies regarding the bank selection criteria shows that in order for the Islamic banks to be competitive in the market, quality of services need to be addressed importantly. Therefore, the success and survival of the Islamic banks depends on the bankers' ability to understand customer's needs and to find effective way to satisfy these needs.

Theory of Planned Behaviour (TPB), developed by Ajzen (1991) is a widely used social cognition model to explain the variables that may likely influence consumers' behaviour (Armitage & Conner 2007). According to Ajzen, (1985), in his theory of planned behaviour, he made a model which postulates that behaviour is predicted by intention to perform the behaviour and also by perceived behavioural control, when behaviour is not under complete volitional control. Intention to perform the behaviour is determined by the relative importance of three factors: Attitude toward the behaviour (i.e., a favourable or unfavourable evaluation of the behaviour); Subjective norm (i.e., perceived social pressure to perform or not to perform the behaviour); and Perceived behavioural control (i.e., perception of the extent to which the behaviour is within his or her control measured in terms of self-efficacy and controllability in relation to the behaviour). As in figure 2.1 below:

Figures 2.1: Theory of Planned Behaviour



Source: Ajzen, I. (1991), Theory of Planned Behaviour (TPB) Model

As described by Ajzen (2002) in Liana & John (2008), these factors (i.e., attitude, subjective norm and perceived behavioural control) can be traced to corresponding sets of behaviour-related beliefs that reflect the underlying cognitive structure such as: Behavioural beliefs, which are assumed to influence attitudes toward the behaviour (i.e., beliefs about the likely outcomes of the behaviour and the evaluations of these outcomes). Normative beliefs, which constitute the underlying determinants of subjective norms (i.e., beliefs about the normative expectations of others and motivation to comply with these expectations); and Control beliefs, which provide the basis for perceptions of behavioural control (i.e., beliefs about the

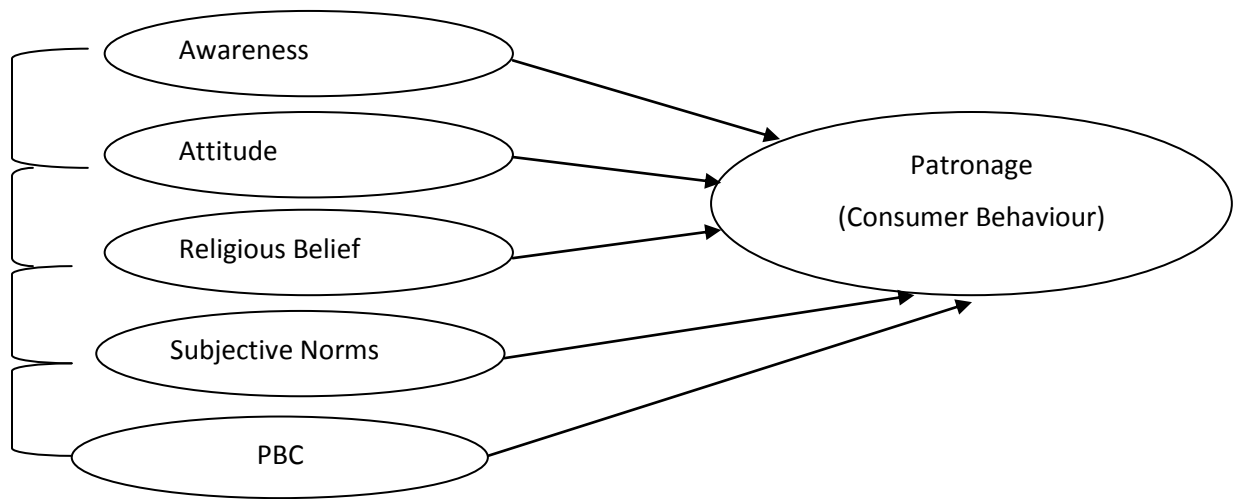
presence of factors that may facilitate or impede performance of the behaviour and the perceived power of these factors). The added variables in this research are Religious belief and Awareness (i.e., the belief that provides an individual with what life is understood according to scripture and the level at which the concept and operations of Islamic banking is understood respectively). In other words, the extent to which individuals like to perform a particular behaviour, make them want (do not want) to engage in that behaviour and believe that they are able (unable) to perform the behaviour which serve as a determinant of their willingness (non willingness) to perform that behaviour.

According to Chiou (1998), the relative importance of attitude, subjective norm, and perceived behavioural control in the prediction of consumer behaviour varies when consumers possess different levels of subjective product knowledge and attention to social comparison information (ATSCI). Subjective knowledge is a moderating variable for the relationship between perceived behavioural control and behaviour, while ATSCI was a moderating variable for the relationship between attitude and purchase behaviour, and for the relationship between subjective norm and purchase behaviour.

This postulates that behaviour is a function of these variables. The relationship between intentions and behaviour indicates that people are likely to carry out behaviours they intend to perform. By measuring these beliefs, according to Godin & Kok (1995), there is an opportunity to gain a better understanding of how attitudes, subjective norms and perceived behavioural control are formed. This, in turn, would enable a better understanding of why individuals may or may not buy the services of Islamic banking. For example, attitudes stem from evaluations of potential consequences that can result from performing the behaviour. If the underlying behavioural beliefs related to these consequences are favourable, a favourable attitude results and an individual is likely to visit the bank or find more information about its products (Ahasanul 2010). Thus, belief structures underlying attitude, subjective norm and perceived behavioural control can be used to design marketing programs by Islamic banks in Gombe State. These beliefs can provide information about what to include in persuasive measures to increase consumer behavioural intention with respect to Islamic Banking and can be extremely useful in the design and implementation of effective programs of behavioural intervention.

Based on the review of literature above, apart from the variables in the construct of the decomposed theory of planned behaviour, other variables such as religious belief and awareness are found to have an influence on the consumer behavioural intention and actual behaviour to patronise Islamic banking services as evidenced by the work of El-Bbadour, (1989) in Jordan and the work of Ranjbar & Pahlevan, (2008) in Pakistan respectively. Therefore, as part of the researchers' contribution, it is decided that the following relationship in figure 2.2 below should be made to guide the conduct of the study:

Figure 2: The Research Framework



Source: Researcher's Compilation

In the above research framework, consumer behaviour is said to be the dependent variable. While the independent variables are: Awareness, Attitude, Religious Belief, Subjective Norm and Perceived Behavioural Control (PBC). Khan, Hassan & Shahid (2008) found out that, all the above independent variables are related to each other and they are determinants of consumer behaviour. If positive attitude are formed for instance towards a product, there is likely hood that the consumer may patronise the product. The above statement is also emphasizing that consumers' awareness of the Islamic banking services may likely influence consumer to behave positively towards Islamic banking services, and awareness alone may or may not influence behavioural Intention towards Islamic banking patronage. It is also emphasizing that; positive consumers' behaviour may be influenced when a consumer can see a perceived benefit of patronage and conforms to his personal norms and values of his

immediate society. Religious beliefs can also influence consumers' behaviour towards Islamic banking; more especially when individuals make religion as a yardstick for banking selection. PBC is a personal conviction to feel able and confident in undertaking behaviour, Khan, Hassan & Shahid (2008).

2.10 Associated Gaps in the Literature Review

While some conventional banks were operating Islamic banking window in Nigeria for more than two decades and Islamic banking system is introduced in Nigeria in 2012, there are some literatures related to the subject, more especially on its practicability, acceptability, prospects and legal issues, as in Bello, (2000); Victor, (2012); Olayemi, (2011); and Usman, (2003) respectively. However, what kinds of Shari'ah compliant financial products are available in the Islamic bank? How is the bank approaching the community to introduce their products and what is the response of the people? Apart from the banking sector, Islamic or un-Islamic, is there any other arrangement of private finance companies which offer any Islamic finance or serve as interest-free finance intermediaries? How do the people see the Islamic Banking? What are the expectations of the community from Islamic banking industry and how do they consider the prevailing Islamic banking sector in terms of their faith and practicing shari'ah in their economic and business transactions? Do they think that the available financial products are really permissible and compatible to shari'ah or they take it only as a change of name? Above are some of the questions that are boggling the minds of people in the country, particularly Gombe State. The researcher was not able to obtain any literature on Consumer's behaviour towards Islamic banking in Gombe state or any other state in the north-eastern Nigeria.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter shows how the opinion of various individuals in public/private services and businesses is collected as a sample to identify consumers' behaviour towards Islamic banking, in relation to the study of TPB to test the attitudinal factors that determine the behaviour of consumers to adopt Islamic banking services in Gombe state. The methodological issues discussed in this chapter include research design, research framework, population of the study, sampling size, sampling technique, method of data collection and instruments, questionnaire, model specification, reliability and validity test of the instruments used, as well as data analysis technique.

3.2 Research Design

This research investigation is aimed at identifying the variables that determine behaviour to adopt Islamic banking services. The unit of analysis (target respondent) in this study is individual customers as well as prospective customers of Islamic banking.

A survey design is used in collecting the opinion of the sample respondents, through the use of a questionnaire. A Descriptive cross-sectional research design enables the researcher to collect the respondents' opinion at once for analysis.

3.3 Population of the Study

Population of the study refers to the entire group of people, events or things of interest that the researcher wishes to investigate. Zango (2006) stated that the population of a study is the aggregation of elements (or individuals) that researcher is actually focusing. It is made up of all conceivable elements, subjects or observations relating to a particular phenomenon of interest to the researcher (Asika, 1991). The study is expected to cover the Islamic bank present customers as well as potential customers in Gombe state. An individual who is willing to open a bank account with Islamic Bank, any other conventional bank, so long as

he is operating any form of business or earn any form of income, he remains a prospective or potential customer of Islamic banking.

Gombe state population is estimated at 2,250,000 people, out of which adults between the ages of 18 and 60 are within the range of 1,100,000 and 1,300,000 (GMSG Diary, 2013). Thus, we are taking an average of 1,200,000 as the population of adults. According to statistics figure, half of the adult population are peasant farmers and housewives who do not likely operate any form of bank related business transaction. The population of this study is therefore taking as the other half which is estimated at 600,000 people.

The substantial part of workers and business sector is dominated by men, as most women in the state are housewives while very few engage themselves in trading or civil/public service. Therefore it is likely that most part of the sample population be men. It is also worth noting that, people between the ages of 25 and 60 are more active in business and employment payroll than those above or below, therefore, all emphasis will be on those ages of the population.

The study covers the main city of Gombe as well as Kumo, Billiri, Kaltungo, Deba, Dukku, Bajoga and Talasse towns. The respondents of the population which are of interest to the study are males/females, high/low income earners, people with different religious beliefs and academic qualifications.

3.4 Sampling Technique and Procedures

The finite population of both the present and potential customers of Islamic bank are many and practically impossible to the researcher to observe all of them. Therefore, some present and prospective customers are selected to represent the population in line with Sekaran, (2003) when population is high, a sample can be selected to represent the entire population.

400 copies of the questionnaire were distributed to the target respondents. According to the Research advisors (2006), the sample size of 400 respondents is considered acceptable for a population of 500,000 to 1,000,000 at 95% confidence level and 0.05 margin of error, (see appendix A). This sample size of 400 therefore, seems to be consistent with the above reference since our population size is estimated at 600,000. Out of the 400 copies of the

questionnaire distributed, only 288 responses were properly filled, returned and available for data analysis, which formed a response rate of 75%. This response rate of 75% is considered appropriate by Hair, Black, Babin & Anderson (2010) and Roscoe, (1975).

3.5 Data Collection Instruments

One of the appropriate primary data collection instruments for a field survey is considered as a Questionnaire (Asika, 1991). Hence structured questionnaire consisting of close-ended multiple choice questions was used (see Appendix B). This instrument was employed in order to collect responses from individuals who are identified above as the target of the Islamic banking products.

In this study, the data is collected using self administered questionnaire and the use of the service of research assistant is employed in distributing and monitoring copies of the questionnaire to the sample respondents in the State capital and the major towns of the state, follow ups using personal contact and telephone calls were made to ensure timely completion and collection of the distributed copies of the questionnaire. The questionnaires were distributed to respondents that are bank and non bank customers in Gombe State.

The questionnaire contains two main sections. The first section is designed to collect information about the constructs of the independent variables (i.e. awareness, attitude, religious belief, subjective norm and perceived behavioural control) as well as the dependent variable (i.e. behaviour towards patronage of Islamic banking). The items under this section are measured using five points Likert scale (1=strongly disagree 2=disagree 3=undecided 4 agree and 5=strongly agree). The second part of the questionnaire is meant to collect information about the demographic variables of the respondents, like gender, age, level of education, type of employment, income level, tribe and religion of the respondents. The questionnaire is adopted from other research works and is designed in English.

3.6 Model Specification

The present research used consumer behaviour towards Islamic banking as dependent variable while Awareness, Attitude, Religious belief, Subjective Norm and PBC elements as independent variables (i.e. Variables that may likely influence one's actual behaviour on

patronising Islamic banking). As stated earlier, the present study used linear regression model to assess the level of effect the independent variables have on the dependent variable.

The model is specified as follows:

$$Y_i = \alpha + \beta_1 X_1 + \dots \beta_n X_n + e_i$$

Y_i denotes the dependent variable and X_i denotes number of the independent variables.

Where:

Y_i = consumer behaviour towards Islamic banking

X_1 = Awareness

X_2 = Attitude

X_3 = Religious belief

X_4 = Subjective Norm

X_5 = Perceived Behavioural Control

α = Constant Value

β_i = the Coefficient of Variables

e_i = Error term associated with variables

Therefore, the regression equation for the study is:

$$\text{Consumer Behaviour (Y)} = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e_i$$

3.7 Reliability Test of the Instruments Used

Reliability test is measurement scale that indicates the stability and consistency with which instruments measure the concepts and helps in assessing the goodness of the measure. Reliability of a measure also indicates the extent to which it is error-free (i.e. absence of bias). It offers consistent measurement across time and across the various items in the instrument used.

To ensure stability and consistency therefore, the instrument underwent test of reliability through pilot testing the questionnaire (see appendix B). A total number of 80 copies of the questionnaire (20% of required responses) were distributed in the study area. When a lower Chronbach's alpha (0.35 – 0.60) was observed, some questions that need to be deleted according to the SPSS software were removed to improve the Chronbach's alpha, questionnaire was adjusted and distributed thereafter. The substantive responses shows

coefficient of above 0.7 was obtained and this was considered high enough for this type of study in line with Glass and Stanley (1970). Dyer (1979) also stated that to obtain an estimate that is reliable, the spearman-Brown prophesy formula was applied to the correlation coefficient to obtain an estimate of reliability for the whole test. High correlation was finally obtained between the two measurements. This shows stability of the instrument used.

Furthermore, the instrument also passed through an internal consistency test which measures the degree to which items that make up the instrument measure the same underlying attribute. It measures the extent to which the items in the instrument ‘hang together’. Nunnally (1978) recommends a minimum of 0.7 Chronbach’s alpha coefficients. Therefore, the instrument for the study has been tested to ensure internal consistency of the measures and the results were obtained:

Table 3.1: Reliability Analysis of Variables

<i>Variables</i>	<i>Statement</i>	<i>Original Number of Items</i>	<i>Number of Items Deleted</i>	<i>Number of Items Present</i>	<i>Chronbach’s Alpha</i>
<i>Independent</i>					
Awareness	Influence of Awareness on Behaviour	5	1	4	0.805
Attitude	Influence of Attitude on Behaviour	7	1	6	0.877
Belief	Inf of Religious Belief on Behaviour	7	2	5	0.842
Subj. Norm	Influen. of Subj. Norm on Behaviour	9	1	8	0.892
PBC	PBC has signif. effect on Behaviour	6	2	4	0.732
<i>Dependent</i>					
Behaviour	Consumers’ behaviour to Patronise Islamic Banking	5	0	5	0.810

Source: Field Survey, 2014

Table 3.1, shows Chronbach’s alpha ranging from 0.718 to 0.870, which indicates that instrument used was reliable. The instrument had a good reliability as far as internal consistency is concerned, that is, the instrument can give consistent results on the Attitude of consumers towards Islamic banking in Gombe State.

3.8 Validity Test of the Instruments Used

Validity of an instrument defined the degree to which a measuring instrument measures what it is designed to measure (Streiner & Norman, 2008). Validation of the instrument of the study was done. The reason for this was to ascertain whether the contents of the instrument actually measure the independent and the dependent variables. Thus, the study's instrument was given to the researcher's supervisor for his critique on different items contained in the instrument used. Based on his appraisal, some items were deleted to straighten its validity.

As Kerlinger (1973) puts it, content validity is the representativeness or sampling adequacy of the content of a measuring instrument. Kerlinger further explained that "other competent judges should judge the content of the items". In order to achieve this for the study, experts in behavioural sciences, psychology and Islamic Finance were sought and they assessed the relevance and appropriateness of the statements in the questionnaires. Ghiselli & Brown (1978) in turn emphasized that test validation studies must be conducted on a group of testers, representative of those on whom the test eventually will be used. This criterion was followed in this study. For the face and content validity, a superficial examination of the content of the instrument was carried out in order to ascertain that questions that needed to be asked were asked.

3.9 Methods of Data Analysis

The completed copies of the questionnaire (see appendix C) were retrieved and assembled. This check of retrieved questionnaire was done to ensure completeness of data supplied, as well as legibility and consistency. After which the usable copies of questionnaire were serially numbered numerically coded for computer processing. Those questionnaires identified with incomplete responses were removed completely from the usable ones in order to avoid having missing values during analysis.

The data obtained for the study was analyzed using inferential statistical technique. Pearson Correlation Coefficient and Linear Regression were employed to test each hypothesis at 95 per cent confidence level. Pearson Correlation indicated direction, strength and significance

of bivariate relationship between the dependent variable (behaviour) and the independent variables (Awareness, Attitude, Belief, Subjective Norm and Perceived Behavioural Control). Furthermore, Linear Regression showed R^2 value which indicated how much of variance of behaviour (dependent variable) were explained by each of the independent variables (Awareness, Attitude, Belief, Subjective Norm and Perceived Behavioural Control).

Regression analysis helps us understand how typical value of the dependent variable changes when any one of the independent variables is varied, while other independent variables are held fixed. According to Aldrich (2007), regression analysis includes any techniques for modelling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

Descriptive and basic statistical analyses of the data were performed using SPSS 20 computer software. SPSS is one of the most used programs for statistical data analysis in social science. When data is ready, a researcher can run SPSS programs to do simple statistical data analysis which include: creating frequency tables, produce charts, use cross tabulation and correlation, move data from other applications into SPSS and move SPSS output into your word processor application. Multiple Linear Regression (MLR) was used to test the hypotheses. Prior to using the MLR, testing of assumptions which include establishing linear relationship between independent and dependent variables and independence of error terms were conducted.

3.10 An Overview of Gombe State

Gombe state is located at Latitude $9^{\circ} 30'$ and $12^{\circ} 30'$ N and longitude $8^{\circ} 45'$ and $11^{\circ} 45'$ E in the center of the North East Region of Nigeria. Sharing borders with Yobe State to the North, Borno State to the East, Adamawa and Taraba States to the South and Bauchi State to the West. The State has a population of more than two million people with more than ten indigenous tribes; the major language spoken is Hausa with English as an official language. As the rest of the Northern part of the country, Islam is the major religion with more than 70% of the population then followed by Christianity, which is predominantly occupying the

southern part of the state, where the families are mixed up of Muslims and Christians (GMSG 2013).

The Economic activities of the people is basically trading, agriculture, public and Private Service, with very few industries. The state enjoyed an advantage of being in the center of North East, with Lagos-Jos-Maiduguri rail line which passes through Gombe the State capital, five Federal trunk “A” roads connecting the State capital with all parts of the country, an International Airport just twenty kilometres away from the State Capital and the relative peaceful atmosphere GMSG (2013). The People in the State have some specific financial needs like: housing finance, personal finance, business finance and other day-to-day banking services, with various banks providing conventional finance. The recent opening of Ja’iz Bank Plc. Branch, along main market road in the State Capital has marked the beginning of Islamic Banking services in the North Eastern States of Nigeria.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents a summary of the responses to the questionnaire given to the target respondents that have participated in the study, the data collected from the field are presented, analyzed and interpreted. The analyzed data is used to answer the research questions, research objectives and to test the hypotheses formulated in chapter one. The data is analyzed using some correlation and regression techniques and finally interpreted.

4.2 Characteristics of the Respondents

A total number of 400 copies of the questionnaire were administered to the respondents and 288 copies were successfully filled and returned without problems of missing data. Hence, the total number of duly completed and returned copies of the questionnaire represents 75% of the total questionnaires distributed as a sample. According to Roscoe (1975), this makes the required number of sample respondents.

The responses showed that 234 respondents representing 81.3% of the respondents are males while 54 respondents representing 18.8% are females respectively, this shows that, substantial part of workers and business sector is dominated by men, as most women in the state are housewives while very few engage themselves in trading or civil/public service. Therefore, it is the reason that most part of the sample population is men.

The educational level shows that, 36 respondents representing 12.5% have primary school leaving certificate or equivalent, 106 respondents representing 36.8% have GCE/WAEC/NECO qualifications or equivalent, 93 respondents representing 32.3% have OND/NCE qualifications or equivalent, and 40 respondents representing 13.9% with BSc/HND or equivalent while 3 respondents representing 1% are masters degree holders and 1 respondent representing 0.8% are PhD/DBA or equivalent degree holders, only (1) respondent representing 0.1% indicated having non-formal education (others) respectively.

This indicates that, majority of the respondents 70% are literate, as they have secondary school and above certificate. Therefore illiteracy cannot have an influence over this result.

Monthly income level of the respondents shows that 42 respondents representing 14.6% earns less than N30, 000 a month. 90 respondents representing 31.1% earns N30, 000 – N59, 000 a month, while 91 respondents representing 31.6% earns N60, 000 – N89, 000 monthly and those earning N90, 000 – N120, 000 50 representing 17.4%, while the high income earners that is above N120, 000 monthly are 15 representing 5.2% of the total respondents. This indicates that, respondents are cut across all income levels. The result cannot be influenced by higher or lower income earners' opinion.

Finally, responses show that majority of the respondents; 217 representing 75.3% are Muslims and 64 respondents representing 22.2% are Christians. This indicates that, the sample size reflects the actual population of Muslims and Christians in Gombe State according to Census figure (GMSG, 2013). Religious biasness therefore, cannot influence the result of the findings.

4.3 Pearson Correlation Coefficients Analysis

The correlation coefficient shows a positive relationship between Awareness of Islamic banking Services and consumers' behaviour towards patronage of the Islamic banking services. This is indicated by the value of the co-efficient which is 0.703. The correlation reveals that there is a positive relationship between the two variables as in table 4.1. This shows that, if level of awareness can be improved, a positive behaviour towards Islamic Banking patronage can also improve. Furthermore, the correlation coefficient analysis revealed that there is positive relationship between Attitude towards Islamic banking and consumers' behaviour towards patronage of the Islamic banking services. This is shown by the correlation coefficient of 0.772. This indicates that when there is positive attitude on Islamic banking services there is going to be improvement in the level consumers' behaviour towards patronage of the Islamic banking services. Moreover, the correlation coefficient for Religious belief revealed a positive relationship with consumers' behaviour towards patronage of the Islamic banking services. This is indicated by the correlation coefficient of 0.796 as shown below. This implies that, a belief system that is in line with what Islamic

banking offers may influence consumers' behaviour towards patronage of the Islamic banking services. Similarly, the Correlation coefficient for Subjective Norm showed that it has a strong positive relationship with consumers' behaviour towards patronage of the Islamic banking services. This is indicated by the correlation coefficient of 0.851. The results revealed that if subjective norms of an individual are supportive of Islamic banking services, it may influence Consumers' Behaviour towards patronizing Islamic banking services. Finally, the Correlation coefficient for Perceived Behavioural Control showed that it has a strong positive relationship with consumers' behaviour towards patronage of the Islamic banking services. This is indicated by the correlation coefficient of 0.858. The results revealed that if PBC of an individual are supportive of Islamic banking services may likely have more consumers' behaviour towards patronage of the Islamic banking services.

Table 4.1: Inter-Correlation between Variables.

		BEHAVIOUR	AWARENESS	ATTITUDE	BELIEF	SUBJNORM	PBC
Pearson Correlation	BEHAVIOUR	1.000					
	AWARENES	.703	1.000				
	ATTITUDE	.772	.794	1.000			
	BELIEF	.796	.788	.863	1.000		
	SUBJNORM	.851	.779	.856	.886	1.000	
	PBC	.858	.695	.767	.819	.863	1.000
Sig. (1-tailed)	BEHAVIOUR	.					
	AWARENES	.000	.				
	ATTITUDE	.000	.000	.			
	BELIEF	.000	.000	.000	.		
	SUBJNORM	.000	.000	.000	.000	.	
	PBC	.000	.000	.000	.000	.000	.
N	BEHAVIOUR	288					
	AWARENES	288	288				
	ATTITUDE	288	288	288			
	BELIEF	288	288	288	288		
	SUBJNORM	288	288	288	288	288	
	PBC	288	288	288	288	288	288

**. Correlation is significant at the 0.01 level (1-tailed).

The inter correlation analysis is used to check the direction of the relationship. The relationship between all the variables is positive. Multi-Collinearity may also be checked in this table, however, table 4.2: Tolerance and VIF values are more effective in measuring Multi-Collinearity. Multi-Collinearity exists when the independent variables are highly

correlated, although Cooper & Schindler (2003) and Tsui, Ashford, Clair, & Xin (1995) opined that there is no definitive criterion for the level of correlation that constitute a serious Multi-Collinearity problem. But, Juliet Pallant (2010), suggested that when $r = 0.9$ and above it constitute a serious Multi-Collinearity problem. When two or more independent variables are highly correlated, the determination of important predictors becomes confused. But in this research, all the variables are equally important and are all positively correlated with each other, but do not constitute Multi-Collinearity. This is also suggested by Peter Green (2003), that when the independent variables are generally agreed to be major predictors of the dependent variable, the inter correlation between the variables will be high. All the values of Pearson Correlations are below 0.9 that is between 0.695 and 0.886 as shown in Table 4.1.

4.4 Regression Analysis

The essence of regression analysis is to ensure accurate and reliable conclusion about the data output. It is therefore appropriate to use: Test of Normality, Collinearity, independence of errors, Model Summary, ANOVA as well as Coefficients of the residuals, their assumptions need to be examined and met (Hair et al., 2010, Pallant, 2010). These assumptions apply to the independent variables, dependent variable, and to the relationship between the dependent and independent variables (Hair et al., 2010).

4.4.1 Test of Normality Assumptions

One of the approaches to assess the normality assumption is through histogram, normal P-P plot and scatter plot. This refers to the shape of data distribution for an individual continuous variable and its correspondence to normal distribution. To meet this assumption, the distribution of the plot needs to appear normally distributed. In other words, the assumptions of normality is met when residuals fall along the diagonal with no substantial or systematic departures and can be examined from the histogram of the standardized residuals and the Q-Q plots (Hair et al., 2010). Normal data distribution for the variables under study helps researchers to make inferences, thus screening for normality is an important step in almost all Multivariate analysis (Tabachnick & Findel, 2007). Figure 4.1 below shows normal histogram pictorially depicted that the normality assumption was achieved since almost all

the bars on the histogram were closed to a normal curve. The normal P-P plot in Figure 4.2 below shows that the points lie in a reasonably straight diagonal line from the bottom left to top right, this suggest no major diversions from normality. In figure 4.3 the scatter plot also shows the residuals are roughly rectangular with most of the scores concentrated in the centre which suggest that there is no diversion from the assumptions.

Figure 4.1: Histogram

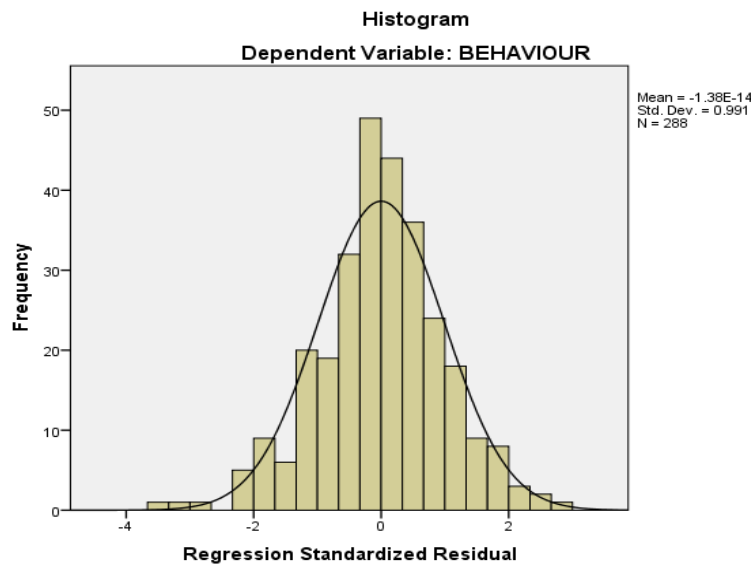


Figure 4.2: Normal P-P Plot

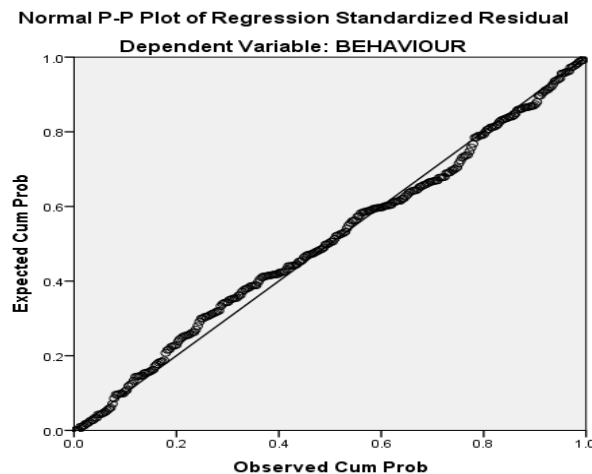
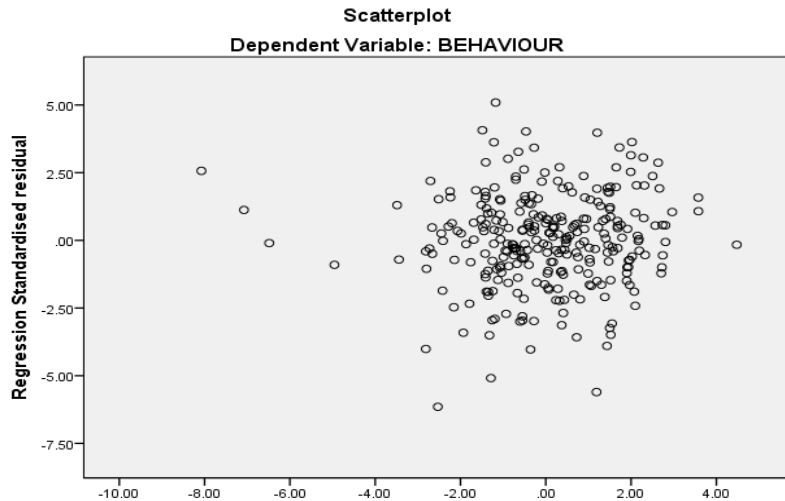


Figure 4.3 Scatter Plot



4.4.2 Measures of Multi-Collinearity/Collinearity:

This is concerned with the extent of high correlation among independent variables. According to Juliet (2010), Collinearity is said to be existing when increasing correlation of one independent variable is related to the dependent variable as well as the correlation(s) of the additional independent variable. Tables 4.1 show the correlation matrix, which revealed no sign of Multi-Collinearity problem among all the independent variables (Pearson correlation below 0.9). Additionally, Variance Inflation Factor (VIF) and Tolerance statistics are two statistical methods that can be used to assess Collinearity/Multi-Collinearity. It is generally believed that any VIF value that exceed 10 and a tolerance value that is lower than 0.10 are indications of potential problem of Multi-Collinearity (Hair et al., 2010). The results in Table 4.2 showed that Multi-Collinearity does not exist among the independent variables because the tolerance values are more than 0.10, and the VIF values are less than 10. The results indicate that the study does not have any Multi-Collinearity problem.

Table 4.2: Tolerance and VIF Values

Independent variables	Collinearity Statistics	
	Tolerance	VIF
Awareness	.319	3.134
Attitude	.198	5.044
Belief	.161	6.220
Subjective Norm	.136	7.335
PBC (Perceived Behavioural Control)	.241	4.152

Source: The Field Survey, 2014

4.4.3 Measure of Independence of Error

Independence of error implies that the samples are independent from one another. Durbin-Watson is used to test the independence of error terms. The general rule of thumb in social science research is, if the Durbin-Watson value is between 1.5 and 2.5, the assumption of independence of the error term is not violated (Norusis, 1995). The Durbin-Watson value arrived at in this study is 1.940 which is a good value as in table 4.3below.

4.4.4 Measures of Model Summary

Model Summary below (table 4.3) shows $R^2 = 0.788$, which indicates that 78.8% of the variability in Behaviour (Dependent Variable) has been explained by the Independent Variables identified in the study. The results obtained imply that the independent variables (Awareness, Attitude, Religious belief, Subjective Norms and Perceived Behavioural Control) are good predictors of consumers' behaviour towards Islamic banking patronage. Thus, this explains the high correlation figure above (table 4.1) between the dependent and independents variables and also represents a significant contribution made by the Independent Variables in explaining the variability in the Dependent Variable. The $R^2 = 0.788\%$ is reasonable and substantial in this study which is in social sciences (Cohen, 1988).

Table 4.3 : Model Summary^b

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	.888 ^a	.788	.784	1.72161	.792	292.465	5	288	.000	1.940

a. Predictors: (Constant), PBC, Awareness, Attitude, Belief, Subjective Norm

b. Dependent Variable: Consumer Behaviour

4.4.5 Measures of the ANOVA

The ANOVA is used when there is either a within groups (wg ANOVA) or a between groups (bg ANOVA) that is looking for a relationship in the mean differences of variables. The ANOVA table shows that the Model is statistically significant at 0.000. Hence, the Model is good and fit for the study (Sig. = .000 this really means $p < .0005$).

Table 4.4 ANOVA^a

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3103.589	5	620.718	209.423	.000 ^b
	Residual	835.831	282	2.964		
	Total	3939.420	287			

a. Dependent Variable: Behaviour

b. Predictors: (Constant), PBC, Awareness, Attitude, Belief, Subjective Norm

Furthermore, the coefficient table below also indicate that three of the five Independent Variables, namely: Awareness, Attitude, and Religious Belief, are not significant predictors of the Dependent Variable (Behaviour towards Patronizing Islamic banking) as shown in the table 4.5.

Table 4.5: Coefficients^a

Model	Coefficients ^a											
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
Model 1												
Constant	.331	.486		.682	.496	-.625	1.288					
AWARENESS	.052	.062	.041	.850	.396	-.069	.174	.703	.051	.023	.319	3.134
ATTITUDE	.070	.051	.085	1.383	.168	-.030	.171	.772	.082	.038	.198	5.044
BELIEF	.019	.070	.019	.271	.787	-.119	.156	.796	.016	.007	.161	6.220
SUBJECTIVE NORM	.206	.047	.329	4.424	.000	.114	.297	.851	.255	.121	.136	7.335
PERCEIVED BENEFIT	.656	.079	.465	8.315	.000	.501	.812	.858	.444	.228	.241	4.152

a. Dependent Variable: BEHAVIOUR

The Standardized Beta Coefficients indicates that PCB represents the highest predictor explaining the relationship between the Independent Variables and the Dependent Variable. The Standardized Coefficient Beta Value is 0.465 relative to other predictors. This implies that when all other variables are held constant, PCB explains exactly 46.5% of the Dependent Variable under study. The next variable is Subjective Norm which makes the second highest contribution in explaining the variation in the dependent variable. This is because the Beta value for the variable is 0.329 relative to other predictors in the Model. Impliedly, if all other variables are held constant, the variable explains 32.9% of the relationship with the Dependent Variable.

Furthermore, Attitude is the next variable that has a Beta value of 0.85. Impliedly, this means that the variable explains only 8.5% of the relationship between the Independent Variable and Dependent Variable (Consumer Behaviour). Also, Awareness is the next

variable that has a beta value of only 0.41. This implies that the variable explain 4.1% of the relationship between the Independent Variable and Dependent Variable (Consumer behaviour). Finally, Religious Belief has the lowest Beta value of 0.019. This indicates that if other predictors are controlled, the variable will explain 1.9% of the Dependent Variable (Consumer behaviour).

From the above tables, results of Multiple Regression and discussions of the overall Model (i.e. Model Summary) show that the Independent Variables succeeded in explaining 78.8% of the variance in the Dependent Variable. The $R^2 = 0.788$ is reasonable and substantial enough in a social sciences research (Cohen, 1988).

However, investigating the contribution of individual independent variables in the explanation of the dependent variable revealed that the two hypothesis which states that, “Subjective Norm has no significant effect on Consumer Behaviour towards Islamic Banking in Gombe State” is not supported and that which says “Perceived Behavioural Control (PBC) has no significant effect on Consumer Behaviour towards Islamic Banking in Gombe State” is also not supported, because they made a significant unique contribution in the explanation dependent variable, they have a strong *beta t* and p values of Subjective Norm ($\beta = 0.329$, $t = 4.424$, $p = 0.000$), PBC ($\beta = 0.465$, $t = 8.315$, $p = 0.000$).

On the contrary, the Hypothesis which says “Level of Awareness has no significant effect on Consumer Behaviour towards Islamic Banking in Gombe State” is supported because of its weak $\beta = 0.041$, $t = 0.850$, $p = 0.396$. The Hypothesis which says “Consumer Attitude towards Islamic Banking Services has no significant effect on Consumer Behaviour towards Islamic Banking in Gombe State” is supported because of its weak $\beta = 0.085$, $t = 1.383$, $p = 0.168$. Also the Hypothesis which says “Religious belief has no significant effect on Consumer Behaviour towards Islamic Banking in Gombe State” is supported because of its weak with $\beta = 0.019$, $t = 0.271$, $p = 0.787$. Hence, all the hypotheses which state that “Increasing awareness of Islamic Banking has no significant effect on Consumers’ Behaviour”, “Attitude towards Islamic Banking Services has no significant effect on Consumers’ Behaviour” and “Religious Belief has no significant effect on Consumers’ Behaviour” are supported.

As a summary of the study findings, Table 4.6 summarizes the results of the hypotheses tested in this study.

Table 4.6: Summary of the Study Findings

Null Hypothesis	Statement of Null Hypothesis	Remarks
H₀₁:	Awareness has no significant influence on the behaviour of consumers towards Islamic banking services.	Supported
H₀₂:	Attitude towards Islamic banking services has no significant influence on the behaviour of consumers towards Islamic banking services in Gombe State.	Supported
H₀₃:	Religious beliefs have no significant influence on the behaviour of consumers towards Islamic banking in Gombe State	Supported
H₀₄:	Subjective Norms have no significant influence on the behaviour of consumers towards Islamic banking in Gombe State	Rejected
H₀₅:	Perceived Behavioural Control (PBC) has no significant effect on the consumer behaviour towards Islamic banking in Gombe State	Rejected

Having presented the results and tests of the hypothesis of this study, the next section is focused on the overall discussion of findings of the study.

4.5 Discussion of Findings

The correlation and regression analysis above which computes the value of the Pearson correlation coefficient and goodness of fit respectively was conducted prior to hypothesis testing in order to determine the extent to which the variables were related. The extent of the relationship based on the correlation and regression coefficients as well as the standardized beta coefficients and **Sig.** figures in the coefficients table can form the basis for Accepting or rejecting the null hypothesis (stangor 2006).

The Null hypothesis which states that, “Awareness has no significant influence on the Consumers’ Behaviour towards Islamic banking services” is Accepted, because it has made a little or no contribution in the explanation of the dependent variable, it has a *beta* and *t*

values ($\beta = 0.059$, $t = 1.434$, $p = 0.152$). This means that high level of awareness does not guarantee patronage. In essence, people might be aware of the operations and products of Islamic banks but, for other reasons they might not patronise these products. In 1998 a study was conducted by Metawa and Almossawi on the Bahrain customer's awareness and they found that “most of their respondents are aware of the Islamic banking products and not patronising Islamic banking. The factor which the respondents show as the reason for low patronage is the high cost of the services that has been charged by the Islamic banks.

The Null hypothesis which states that “Attitude towards Islamic banking services has no significant influence on the Consumers’ Behaviour towards Islamic banking services in Gombe State” is Accepted, because it has made a little or no contribution in the explanation of the dependent variable, it has a *beta* and *t* values ($\beta = 0.062$, $t = 1.119$, $p = 0.264$). It also shows a Pearson correlation of 0.791 between attitude and behaviour. This means that, an individual might have a positive attitude towards Islamic banking but cannot patronise Islamic banking services for some other reasons such as proximity and risk sharing factor. This is in line with the findings of Al-Sultan (1999) in Kuwait, which said although, Muslims has positive attitude towards Islamic banking but, respondents preferred to deal with a conventional banks because of the better service record. This means that any motivation in preferring an Islamic bank was subsumed by the greater concern for the quality of bank services.

The Null hypothesis which states that “Religious belief has no significant influence on the Consumers’ Behaviour towards Islamic banking services in Gombe State” is Accepted because it has made a little or no contribution in the explanation of the dependent variable, it has a *beta* and *t* values ($\beta = 0.088$, $t = 1.518$, $p = 0.130$). This means that, being affiliated to a particular religion is not enough to justify whether a person can patronise or not patronise Islamic bank. It is in line with the findings of Jalaluddin & Metwally (1999) in Australia. The results of their findings indicated that factors other than religion were relevant in the decision to patronise Islamic bank, including the degree of risk sharing relative to the degree of business risk, the cost of borrowing funds from other lenders, and the expected rate of return. Generally, the probability of applying profit/loss sharing methods of finance was positively related to the levels of business risk, interest rates, and expected rate of return. In

Malaysia also, Ahamad & Haron (2002) considered chief executives' attitudes towards Islamic banking products and services by 45 executive customers. The major finding was again that economic factors, such as profitability and the quality of service were more significant for Malaysian managers than religious reasons. Likewise in Kenya, Guyo and Adan (2013) found out that, religious values have least influence on customers' choice of Islamic banks among the four factors mentioned in the literature review.

The Null hypothesis which states that "Subjective Norm has no significant influence on the Consumers' Behaviour towards Islamic banking services in Gombe State" is Rejected because it has made significant contribution in the explanation of the dependent variable, it has a *beta* and *t* values ($\beta = 0.210$, $t = 3.266$, $p = 0.001$). It also shows a Pearson correlation of 0.847 between Subjective Norm and Consumers' Behaviour Islamic Banking. This indicates that a social pressure by those people close to a person can influence his choice of Islamic banking. As shown in the finding of Umar (2011), close association with a marketing staff can attract or deter patronage. The finding of Karjaluoto (2012) also indicates the influence of reference group and opinion leaders in consumer behaviour.

The Null hypothesis which states that "Perceived Behavioural Control has no significant influence on the behaviour to adopt Islamic banking services in Gombe State" is Rejected because it has made tremendous contribution in the explanation of the dependent variable, it has a *beta* and *t* values ($\beta = 0.517$, $t = 9.811$, $p = 0.000$). It also shows a Pearson correlation of 0.872 between Perceived Behavioural Control and Consumers' Behaviour towards Islamic Banking Patronage. This indicates that personal ability and confidence of a consumer to patronise Islamic banking has influence on behaviour to patronise Islamic banking. This is in line with the findings of echchabi & abdul'azeez (2012); shih & fang (2004) in Morocco.

Significance is telling us the extent to which the variable is making a statistically significant unique contribution to the explanation of the equation is highly dependent on which variables are included in the equation and how much overlap there is among the independent variables (Juliet, 2010). In the literature review above, we found out that all the independent variables (awareness, attitude, belief, subjective norm and PBC) are related. Since all the

assumptions of linearity, normality, independence of the error term, and multi-Collinearity were not violated, this can straighten the basis for testing the hypothesis; the results of the hypotheses testing of the study were presented in table 4.6 above.

Out of the five research hypotheses formulated for the study only two are rejected, the remaining three are accepted. Therefore, Consumers' Behaviour towards Islamic banking services in Gombe state is significantly influenced only by Subjective Norm and Perceived Behavioural Control as the independent variables.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

The study highlighted the issues discussed in research problem, hypothesis and objectives to enable reader in knowing where we are going to. In the literature review, two important research gaps regarding this study were identified. First, the study area is faced with mixed reaction about the Islamic banking system because it was the first time the whole of Northeast region is witnessing a full pledge Islamic system of banking. Second, to the best of researchers' knowledge, there was no any study found with regard to Consumer Behaviour towards Islamic banking in North-eastern Nigeria, more especially Gombe state.

Based on the research objectives, research questions were drawn and hypotheses formulated, data relevant to the study were collected and analyzed using Pearson Coefficient Correlation and Multiple Regression Analysis. The data collected for the study have been screened to ensure it does not violate any of the assumptions guiding the application of Regression Analysis and Pearson Correlation Coefficient and to ensure that the results of the analysis attain a desirable level of confidence. This is evident in the ANOVA table where sig. = 0.000 implying a fit between the predictors and the model used for the data analysis.

The current study has validated the significant relationship and unique contribution of the two independent variables (Subjective Norm and Perceived Behavioural Control) to the explanation of the dependent variable (Consumers' Behaviour) in the Nigeria, particularly Gombe State. In general, the present study has found that Consumers' Behaviour towards Islamic banking services is related to the variables stated above. But, specifically, the study found subjective norm and perceived behavioural control to have significant influence on the Consumers' Behaviour towards patronizing Islamic banking services.

Evidence from the findings of this empirical study suggest that, putting much emphasis on increasing level of awareness, creating positive attitude or relaying on religiosity cannot guarantee or improve patronage of Islamic Banking Services in Gombe State. In order to increase patronage of Islamic banking services, there is need for the relevant stakeholders to

enable consumers see a perceived benefit from patronage (PBC) and create conviction in the society to see Islamic Banking from a positive point of view (Subjective Norm).

5.2 Conclusion

Since it is established from the findings presented in the previous chapter that the variables (Attitude, Awareness and Religious Belief) have no significant influence on Consumers' Behaviour to patronize Islamic banking services in Gombe state Nigeria, which is evident as the results of the data analysis which revealed an insignificant influence of the three independent variables on the dependent variables. It is also established from the findings that, the variables (subjective norm and perceived behavioural control) have significant influence on behavioural intention of consumers to patronize Islamic banking services in Gombe state Nigeria, which is evident as the results of the data analysis which revealed a positive relationship between the two independent and the dependent variables, The positive correlation indicates that if special attention is paid to subjective norm and perceived behavioural control, it will influence formation of positive attitude which will result in making determination to patronize, which is in turn influence the actual behaviour of patronage of Islamic banking services.

5.3 Recommendations

From all the discussions in the study above, one of the most important things is to recommend a way out of improving Consumers' Behaviour that can lead to patronage of Islamic banking services in Gombe state. Below are some of the recommendations as extracted from the findings which can cover the gaps in the literature review as well as a way out to the relevant stake holders in increasing patronage of Islamic banking services in Gombe state and Nigeria in general:

5.3.1 Strategic Awareness of Benefits: Firstly, findings demonstrated that level of awareness of Islamic banking services has relationship with Consumers' Behaviour but cannot influence patronage. Customers are therefore interested on having awareness of the products and services as well as the awareness of the expected benefit from patronage. Thus, in order to have increased patronage, Islamic bankers have to create not just awareness of its

existent or products, but what they have to offer in order to create conviction in the minds of individuals. Islamic Bankers should make clear to their prospective consumers the difference of their product with that of their conventional counterparts. This can be done through media houses, personal communication, templates, and lectures. However, care has to be taken in order to ensure that they did not lose focus or create another notion of religious difference. Islamic bankers should promote the fact that, their products are not meant for Muslim community alone or just a product to fulfil religious obligation of avoiding interest only. Rather, promote their product as a holistic business entity ready to offer an excellent service to their customers and an alternative means of financing that is devoid of interest (Usury).

5.3.2 Encouraging people's positive attitude: Secondly, this study found out that positive attitude towards Islamic banking has influence on Consumers' Behaviour. Positive attitude can be formed when consumers can see a likelihood of benefitting as well as when the products conforms with their individual and societal norms and values which as well affects their Behaviours. That is, the more the positive attitude towards Islamic banking the more is going to be the level of intentional behaviour to patronize Islamic banking services. It is therefore recommended that the relevant authorities should do anything possible that can enable consumers see Islamic banking from a positive view. When Jaiz bank was about to start full pledge Islamic banking service/operations, some people formed a negative attitude towards it, by spreading a bad notion that the then CBN governor was trying to Islamize the Nigerian financial system, as highlighted in chapter one above by Victor (2012). Islamic bankers are duty bound therefore, to denounce this notion and show to the world that they have a unique offering that can benefit individuals, businesses as well as the society at large.

5.3.3 Handling religious sensitivity issue: Thirdly, since religion if found to have an influence on Consumers Behaviour towards Islamic Banking in Gombe State, people are likely to be too sensitive to religious issues, Islamic bankers should sponsor programs that can enlighten people on why they should patronize Islamic Banking products at the same time fulfilling religious obligation by finding and quoting verses that supports their services from the Qur'an and Bible, in order to attract more patronage. However care has to be taken to avoid given the program a religious coloration of just preaching session, instead of being a holistic business that is ready to provide Sharia'h compliant mode of financing.

5.3.4. Proactive and Intensive Marketing by Management and Staff: Since it is established that Gombe State Consumers are influenced by the Perceived benefit of Patronage (PBC) towards Islamic Banking and majority of people in Gombe State are Muslims, if management and staff of the Islamic Banking office can engage in proactive and intensive marketing drive, the likely hood of increasing patronage is very high. Positive attitude and high level of awareness together with religious issue is not enough to attract patronage in Gombe State, motivation issue means if consumers can be approached for Banking business, it is likely that they can patronise Islamic Banking services. As Ahasanul, (2010) put it as “there is a need by Islamic Bankers to develop a marketing model accordingly and bring some path breaking modifications in the existing setups as being offered in different parts of the world. It is required to create awareness among people that Islamic Banking is not only for Muslims but also for all other people. It is rather an alternative banking system, rendered more effective by applying the risk sharing model based on interest free philosophy of banking.

5.4 Suggestions for Further Studies:

Owing to limitations regarding to this study, it cannot cover aspects other than its scope. Therefore, it can be suggested that, future research should cover the following areas:

1. Explore other variables that may have influence on the Consumer Behaviour (Dependent variable) apart from the independent variables state in the study. Specifically, results of the study have indicated an R-squared (R^2) of 78.8%, which clearly shows that the model variance was not fully (100%) explained by the factors (Awareness, Attitude, Religious Belief, subjective Norm and PBC) in the model. Thus, current findings implied that more factors as variables could be incorporated to explain 21.2% of the model variance. In view of this, the study recommends future research to examine additional variables in an attempt to explain Consumers' Behaviour towards Islamic banking in Gombe State.
2. Make the entire nation the study area in order to determine if the findings are unique to the study area or applicable to the whole nation.

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Appendix A: Sample Size Table.

Sample Size Table* From The Research Advisors

There are various formulas for calculating the required sample size based upon whether the data collected is to be of a categorical or quantitative nature (e.g. is to estimate a proportion or a mean). These formulas require knowledge of the variance or proportion in the population and a determination as to the maximum desirable error, as well as the acceptable Type I error risk (e.g., confidence level).

Many researchers (and research texts) suggest that the first column within the table should suffice (Confidence Level = 95%, Margin of Error = 5%). To use these values, simply determine the size of the population down the left most column (use the next highest value if your exact population size is not listed). The value in the next column is the sample size that is required to generate a Margin of Error of $\pm 5\%$ for any population proportion.

As you can see, using the table is much simpler than employing a formula.

Required Sample Size [†]								
Population Size	Confidence = 95%				Confidence = 99%			
	Margin of Error				Margin of Error			
	5.0%	3.5%	2.5%	1.0%	5.0%	3.5%	2.5%	1.0%
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763
1,000	278	440	606	906	399	575	727	943
1,200	291	474	674	1067	427	636	827	1119
1,500	306	515	759	1297	460	712	959	1376
2,000	322	563	869	1655	498	808	1141	1785
2,500	333	597	952	1984	524	879	1288	2173
3,500	346	641	1068	2565	558	977	1510	2890
5,000	357	678	1176	3288	586	1066	1734	3842
7,500	365	710	1275	4211	610	1147	1960	5165
10,000	370	727	1332	4899	622	1193	2098	6239
25,000	378	760	1448	6939	646	1285	2399	9972
50,000	381	772	1491	8056	655	1318	2520	12455
75,000	382	776	1506	8514	658	1330	2563	13583
100,000	383	778	1513	8762	659	1336	2585	14227
250,000	384	782	1527	9248	662	1347	2626	15555
500,000	384	783	1532	9423	663	1350	2640	16055
1,000,000	384	783	1534	9512	663	1352	2647	16317
2,500,000	384	784	1536	9567	663	1353	2651	16478
10,000,000	384	784	1536	9594	663	1354	2653	16560
100,000,000	384	784	1537	9603	663	1354	2654	16584
300,000,000	384	784	1537	9603	663	1354	2654	16586

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Professional researchers typically set a sample size level of about 500 to optimally estimate a single population parameter (e.g., the proportion of likely voters who will vote for a particular candidate). This will construct a 95% confidence interval with a Margin of Error of about $\pm 4.4\%$ (for large populations).

Since there is an inverse relationship between sample size and the Margin of Error, smaller sample sizes will yield larger Margins of Error. For example, a sample size of only 100 will construct a 95% confidence interval with a Margin of Error of almost $\pm 13\%$, too large a range for estimating the true population proportion with any accuracy.

Note that all of the sample estimates discussed present figures for the largest possible sample size for the desired level of confidence. Should the proportion of the sample with the desired characteristic be substantially different than 50%, then the desired level of accuracy can be established with a smaller sample. However, since you can't know what this percentage is until you actually ask a sample, it is wisest to assume that it will be 50% and use the listed larger sample size.

The number of sub-groups (or "comparison" groups) is another consideration in the determination of a sufficient sample size. Since the parameter must be measured for each sub-group, the size of the sample for each sub-group must be sufficiently large to permit a reasonable (sufficiently narrow) estimation.

Treat each sub-group as a population and then use the table to determine the recommended sample size for each sub-group. Then use a stratified random sampling technique within each sub-group to select the specific individuals to be included.

If you would like to calculate sample sizes for different population sizes, confidence levels, or margins of error, download the Sample Size spreadsheet and change the input values to those desired.

Download the spreadsheet by clicking on the download button:

Note: The spreadsheet was designed for a 17" monitor, so you may have to resize it ("Zoom" it out).

The formula used for these calculations was:

$$n = \frac{X^2 * N * P * (1-P)}{(ME^2 * (N-1)) + (X^2 * P * (1-P))}$$

Where :

n = sample size

X^2 = Chi – square for the specified confidence level at 1 degree of freedom

N = Population Size

P = population proportion (.50 in this table)

ME = desired Margin of Error (expressed as a proportion)

This formula is the one used by Krejcie & Morgan in their 1970 article "Determining Sample Size for Research Activities" (*Educational and Psychological Measurement*, #30, pp. 607-610).

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Appendix B: Questionnaire before adjustment.



BAYERO UNIVERSITY, KANO

Department of Business Administration and
Entrepreneurship Gwarzo Road, Kano-Nigeria

Dear Sir/Madam,

SURVEY ON ATTITUDE OF CONSUMERS TOWARDS ISLAMIC BANKING IN GOMBE STATE

I am a postgraduate student of Bayero University Kano, and currently conducting a survey on attitude of consumers towards Islamic banking in Gombe State as part of the requirements for the award of M Sc. degree. Kindly, help by completing this questionnaire as accurately as possible. Please note that your responses will be treated with utmost confidentiality and will be used purely for academic purposes. I highly appreciate your co-operation.

Thanking you in anticipation of your response.

Yours sincerely,

Idris Yahaya Adamu
Research Student

Phone: 0803 8859 929

email:idris.yahaya@fukashere.edu.ng

General Guidelines for the Survey

1. In most of the questions you are required to **circle** the options that best represent your opinion. In some instances you are required to **tick** [✓] or write your answers in the space provided.
2. There is no right or wrong answer. Hence, we would appreciate your honest and complete response to help us understand your views.
3. We would like to re-assure you that the information you give will be treated confidentially.
4. The questionnaire is divided into 9 sections. You are kindly requested to answer the questions in all the sections.
5. All the questions are based on 5- point Likert-type rating scale as follows:
 - 1 – Strongly disagree
 - 2 – Disagree
 - 3 – Undecided
 - 4 – Agree
 - 5 – Strongly agree

QUESTIONNAIRE SCHEDULE

Section 1: The following statements describe your level of awareness of Islamic banking and its influence on your attitude towards Islamic banking. Please indicate the extent to which you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)					
1	I understand fully, the concept of Islamic banking	1	2	3	4 5
2	I have knowledge of how Islamic banks operate	1	2	3	4 5
3	Negative attitude towards Islamic banking is due to unawareness of its operations	1	2	3	4 5
4	If I might be well informed about Islamic banking operations, my perceptions towards it may likely change	1	2	3	4 5
5	I deliberately don't want to know anything about Islamic banking	1	2	3	4 5
Section 2: The following statements describe how your attitude towards Islamic banking influences your behaviour to adopt Islamic banking services, which you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)					
1	I may patronize Islamic banking products because it will help improve my living and or my business	1	2	3	4 5
2	Islamic banking might increase social cohesion and national integrity, which might attract my patronage	1	2	3	4 5
3	Islamic banking will engage its customers in active economic participation, which might attract my patronage	1	2	3	4 5
4	Islamic banking will not heighten radicalism and extremism	1	2	3	4 5
5	Islamic banking will not promote division and disharmony in the society	1	2	3	4 5
6	Islamic banking products are essentially for the Muslim community alone	1	2	3	4 5
7	The Islamic Banking managers have been effective in changing the attitude of People towards Islamic banking	1	2	3	4 5
Section 3: The following statements describe the extent to which your religious belief influences your behaviour to patronize Islamic banking. Please indicate the extent to which you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)					
1	The issue of religion is important to my life and business	1	2	3	4 5
2	Religious reasons would attract me to Islamic banking	1	2	3	4 5
3	Profitability reasons, rather than religion would attract me to Islamic banking	1	2	3	4 5
4	I cannot Invest with Islamic banking if it	1	2	3	4 5

	conflicts with my religious beliefs					
5	It is only Shari'ah compliance can make me patronize Islamic banking	1	2	3	4	5
6	Apart from service satisfaction, religious teachings also influence my choice of bank.	1	2	3	4	5
7	My choice of bank has nothing to do with religion	1	2	3	4	5
Section 4: The following statements describe how your subjective norms influence your behaviour to patronize Islamic banking services. Please indicate the extent you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)						
1	I need to contact my religious leaders before opening an account with Islamic bank.	1	2	3	4	5
2	My business is profit oriented, have no need to contact religious leaders	1	2	3	4	5
3	My place of worship does not discuss/sermon on anything that has to do with banking choice	1	2	3	4	5
4	If my friends or relatives put up more pressure on me about banking choice, I can reconsider my behaviour	1	2	3	4	5
5	If my business partners or associates requested that I should open an account with Islamic bank, I can go ahead without second thought	1	2	3	4	5
6	If Islamic bankers can convince me to operate with their bank, I can go ahead without second thought	1	2	3	4	5
7	My close associates frown at anything to do with Islamic banking	1	2	3	4	5
8	If I make an intention to patronize Islamic banking service, I will consider its perceived power to satisfy my needs	1	2	3	4	5
9	If I make an intention to patronize Islamic banking service, I will consider my financial resources	1	2	3	4	5
Section 5: The following statements describe how your perceived Behavioral Control affect your behaviour towards Islamic banking. Please indicate the extent to which you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)						
1	Investing with Islamic banking conflicts with my liking and life style	1	2	3	4	5
2	I am willing to do business with Islamic banking	1	2	3	4	5
3	It is only ethical concerns that can make me patronize Islamic banking	1	2	3	4	5
4	Patronizing Islamic banking is up to me alone,	1	2	3	4	5

	no one can influence my decision					
5	If I made up my mind to operate an account with Islamic bank, nor any other person can influence my decision	1	2	3	4	5
6	If I intend to patronize Islamic bank, I need to consult widely	1	2	3	4	5
Section 6: The following statements describe if your behaviour has a direct association with your actual behavior. Please indicate the extent to which you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)						
1	Products and Services quality would affect my actual behavior to Islamic banking	1	2	3	4	5
2	Availability of Branches would affect my actual behavior to Islamic banking	1	2	3	4	5
3	Service reliability would affect my actual behavior to Islamic banking	1	2	3	4	5
4	Effective service delivery would affect my actual behavior to Islamic banking	1	2	3	4	5
5	I can stop patronizing conventional banks for Islamic banking services	1	2	3	4	5
Section 7 Demographic Information. Kindly, tick [✓] where necessary and fill in the gap as may be appropriate						

<p>1. Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female</p> <p>2. Age :</p> <p><input type="checkbox"/> 18 – 25 years</p> <p><input type="checkbox"/> 26 – 35 years</p> <p><input type="checkbox"/> 36 – 45 years</p> <p><input type="checkbox"/> 46 – 55 years</p> <p><input type="checkbox"/> Above 55 years</p> <p>3. Marital status:</p> <p><input type="checkbox"/> Single</p> <p><input type="checkbox"/> Married</p> <p><input type="checkbox"/> Divorced</p> <p><input type="checkbox"/> Widowed</p> <p><input type="checkbox"/> Separated</p> <p><input type="checkbox"/> Others (Please specify)</p> <p>4. Highest educational qualification you obtained:</p> <p><input type="checkbox"/> Primary school leaving certificate or equivalent</p> <p><input type="checkbox"/> GCE/WAEC/NECO or equivalent</p> <p><input type="checkbox"/> OND/NCE or equivalent</p> <p><input type="checkbox"/> HND/B.Sc./BA or equivalent</p> <p><input type="checkbox"/> M.Sc./M.A./MBA or equivalent</p> <p><input type="checkbox"/> PhD/DBA/D.Ed. or equivalent</p> <p><input type="checkbox"/> Others (Please specify)</p> <p>5 State of Origin (Please specify)</p>	<p>6. Town/L.G.A. (Please Specify)</p> <p>7. Which of the following represents your ethnic group? <input type="checkbox"/></p> <p><input type="checkbox"/> Hausa/Fulani</p> <p><input type="checkbox"/> Tangale/ Waja</p> <p><input type="checkbox"/> Yoruba</p> <p><input type="checkbox"/> Igbo</p> <p><input type="checkbox"/> Others (please specify)</p> <p>8. Which of the following represent your monthly income?</p> <p><input type="checkbox"/> Less than ₦30,000</p> <p><input type="checkbox"/> Between ₦30,000 and ₦59,000</p> <p><input type="checkbox"/> Between ₦60,000 and ₦89,000</p> <p><input type="checkbox"/> Between ₦90,000 and ₦120,000</p> <p><input type="checkbox"/> More than ₦120,000</p> <p>8. Which of the following type of Employment/ Occupation are you engaged in?</p> <p><input type="checkbox"/> Civil/Public Service</p> <p><input type="checkbox"/> Private/Corporate Service</p> <p><input type="checkbox"/> Local/ International Trade</p> <p><input type="checkbox"/> Farming</p> <p><input type="checkbox"/> Others (Please specify)</p> <p>9. Religion: <input type="checkbox"/> Islam <input type="checkbox"/> Christianity <input type="checkbox"/> Others</p>
---	--

Thank you so much for completing the questionnaire

Appendix C: Questionnaire used.



BAYERO UNIVERSITY, KANO

Department of Business Administration and Entrepreneurship
Gwarzo Road, Kano-Nigeria

Dear Sir/Madam,

SURVEY ON ATTITUDE OF CONSUMERS TOWARDS ISLAMIC BANKING IN GOMBE STATE

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Thanking you in anticipation of your response.

Yours sincerely,

Idris Yahaya Adamu
Research Student
Phone: 0803 8859 929
email:idris.yahaya@fukashere.edu.ng

General Guidelines for the Survey

1. In most of the questions you are required to **circle** the options that best represent your opinion. In some instances you are required to **tick** [✓] or write your answers in the space provided.
2. There is no right or wrong answer. Hence, we would appreciate your honest and complete response to help us understand your views.
3. We would like to re-assure you that the information you give will be treated confidentially.
4. The questionnaire is divided into 9 sections. You are kindly requested to answer the questions in all the sections.
5. All the questions are based on 5- point Likert-type rating scale as follows:
 - 1 – Strongly disagree
 - 2 – Disagree
 - 3 – Undecided
 - 4 – Agree
 - 5 – Strongly agree

QUESTIONNAIRE SCHEDULE

Section 1: The following statements describe your level of awareness of Islamic banking and its influence on your attitude towards Islamic banking. Please indicate the extent to which you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)					
1	I understand fully, the concept of Islamic banking	1	2	3	4 5
2	I have knowledge of how Islamic banks operate	1	2	3	4 5
3	Negative attitude towards Islamic banking is due to unawareness of its operations	1	2	3	4 5
4	If I might be well informed about Islamic banking operations, my perceptions towards it may likely change	1	2	3	4 5
Section 2: The following statements describe how your attitude towards Islamic banking influences your behaviour to adopt Islamic banking services, which you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)					
1	I may patronize Islamic banking products because it will help improve my living and or my business	1	2	3	4 5
2	Islamic banking might increase social cohesion and national integrity, which might attract my patronage	1	2	3	4 5
3	Islamic banking will engage its customers in active economic participation, which might attract my patronage	1	2	3	4 5
4	Islamic banking will not heighten radicalism and extremism	1	2	3	4 5
5	Islamic banking will not promote division and disharmony in the society	1	2	3	4 5
6	The Islamic Banking managers have been effective in changing the attitude of People towards Islamic banking	1	2	3	4 5
Section 3: The following statements describe the extent to which your religious belief influences your intention to patronize Islamic banking. Please indicate the extent to which you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)					
1	The issue of religion is important to my life and business	1	2	3	4 5
2	Religious reasons would attract me to Islamic banking	1	2	3	4 5
3	I cannot Invest with Islamic banking if it conflicts with my religious beliefs	1	2	3	4 5
4	It is only Shari'ah compliance can make me patronize Islamic banking	1	2	3	4 5
5	Apart from service satisfaction, religious teachings also influence my choice of bank.	1	2	3	4 5

Section 4: The following statements describe how your subjective norms influence your behaviour to patronize Islamic banking services. Please indicate the extent you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)					
1	I need to contact my religious leaders before opening an account with Islamic bank.	1	2	3	4 5
2	My business is profit oriented, have no need to contact religious leaders	1	2	3	4 5
3	My place of worship does not discuss/sermon on anything that has to do with banking choice	1	2	3	4 5
4	If my friends or relatives put up more pressure on me about banking choice, I can reconsider my intentions	1	2	3	4 5
5	If my business partners or associates requested that I should open an account with Islamic bank, I can go ahead without second thought	1	2	3	4 5
6	If Islamic bankers can convince me to operate with their bank, I can go ahead without second thought	1	2	3	4 5
7	If I make an intention to patronize Islamic banking service, I will consider its perceived power to satisfy my needs	1	2	3	4 5
8	If I make an intention to patronize Islamic banking service, I will consider my financial resources	1	2	3	4 5
Section 5: The following statements describe how your perceived Behavioral Control affect your intention towards Islamic banking. Please indicate the extent to which you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)					
1	Investing with Islamic banking conflicts with my liking and life style	1	2	3	4 5
2	It is only ethical concerns that can make me patronize Islamic banking	1	2	3	4 5
3	Patronizing Islamic banking is up to me alone, no one can influence my decision	1	2	3	4 5
4	If I intend to patronize Islamic bank, I need to consult widely	1	2	3	4 5
Section 6: The following statements describe if your intention has a direct association with your actual behavior. Please indicate the extent to which you agree or disagree with the statements based on 5 – point Likert-type scale with 1=strongly disagree (SD) and 5= strongly agree (SA)					
1	Products and Services quality would affect my actual behavior to Islamic banking	1	2	3	4 5
2	Availability of Branches would affect my actual behavior to Islamic banking	1	2	3	4 5
3	Service reliability would affect my actual behavior to Islamic banking	1	2	3	4 5
4	Effective service delivery would affect my actual behavior to Islamic banking	1	2	3	4 5
5	I can stop patronizing conventional banks for Islamic banking services	1	2	3	4 5

Section 7 Demographic Information.

Kindly, tick [☐] where necessary and fill in the gap as may be appropriate

1. Gender: ☐ Male ☐ Female

2. Age :

- ☐ 18 – 25 years
☐ 26 – 35 years
☐ 36 – 45 years
☐ 46 – 55 years
☐ Above 55 years

3. Marital status:

- ☐ Single
☐ Married
☐ Divorced
☐ Widowed
☐ Separated
☐ Others (Please specify)

4. Highest educational qualification you obtained:

- ☐ Primary school leaving certificate or equivalent
☐ GCE/WAEC/NECO or equivalent
☐ OND/NCE or equivalent
☐ HND/B.Sc./BA or equivalent
☐ M.Sc./M.A./MBA or equivalent
☐ PhD/DBA/D.Ed. or equivalent
☐ Others (Please specify)

5 State of Origin (Please specify)

6. Town/L.G.A. (Please Specify)

.....

7. Which of the following represents your ethnic group? ☐

- ☐ Hausa/Fulani
☐ Tangale/ Waja
☐ Yoruba
☐ Igbo
☐ Others (please specify)

.....

8. Which of the following represent your monthly income?

- ☐ Less than ₦30,000
☐ Between ₦30,000 and ₦59,000
☐ Between ₦60,000 and ₦89,000
☐ Between ₦90,000 and ₦120,000
☐ More than ₦120,000

8. Which of the following type of Employment/
Occupation
are you engaged in?

- ☐ Civil/Public Service
☐ Private/Corporate Service
☐ Local/ International Trade
☐ Farming
☐ Others (Please specify)

.....

9. Religion: ☐ Islam ☐ Christianity ☐
Others

Thank you so much for completing the questionnaire

Appendix D: Demographic Information of the Respondents in frequency tables.

Gender of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid male	234	81.3	81.3	81.3
female	54	18.8	18.8	100.0
Total	288	100.0	100.0	

Age of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
18-25	26	9.0	9.0	9.0
26-35	82	28.5	28.5	37.5
36-45	110	38.2	38.2	75.7
46-55	68	23.6	23.6	99.3
55-above	2	.7	.7	100.0
Total	288	100.0	100.0	

Marital status of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid single	50	17.4	17.4	17.4
married	210	72.9	72.9	90.3
divorced	23	8.0	8.0	98.3
widowed	5	1.7	1.7	100.0
Total	288	100.0	100.0	

Educational level of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Primary schoolleaving certificate or equivalent	36	12.5	12.5	12.5
GCE/WAEC/NECO or Equivalent	106	36.8	36.8	49.3
OND/NCE or Equivalent	93	32.3	32.3	81.6
HND/BSc/Bor equivalent	40	13.9	13.9	95.5
M.Sc./M.A./MBA or equivalent	9	3.1	3.1	98.6
Phd/DBA/D.Ed or Equivalent	3	1.0	1.0	99.7
others	1	.3	.3	100.0
Total	288	100.0	100.0	

State of origin of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Gombe State Origin	224	77.8	77.8	77.8
Others States in Nigeria	62	21.5	21.5	99.3
Foreigner	2	.7	.7	100.0
Total	288	100.0	100.0	

Town of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Gombe Metropolis	102	35.4	35.4	35.4
Other towns in Gombe State	124	43.1	43.1	78.5
Towns in other states	60	20.8	20.8	99.3
Other Towns in a Foreign land	2	.7	.7	100.0
Total	288	100.0	100.0	

Ethnic group of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Hausa/Fulani	157	54.5	54.5	54.5
Tangale/Waja	59	20.5	20.5	75.0
Yoruba	24	8.3	8.3	83.3
Igbo	17	5.9	5.9	89.2
Others	31	10.8	10.8	100.0
Total	288	100.0	100.0	

Monthly income level of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
less than N30,000	42	14.6	14.6	14.6
Between N30,000 to N59,000	90	31.3	31.3	45.8
Between N60,000 to N89,000	91	31.6	31.6	77.4
Between N90,000 to N120,000	50	17.4	17.4	94.8
More than N120,000	15	5.2	5.2	100.0
Total	288	100.0	100.0	

Occupation respondent engaged

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
Civil/Public Service	80	27.8	27.8	27.8
Private/Corporate Service	93	32.3	32.3	60.1
Local/International Trade	69	24.0	24.0	84.0
Farming	36	12.5	12.5	96.5
Others	10	3.5	3.5	100.0
Total	288	100.0	100.0	

Religion of respondent

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Islam	217	75.3	75.3
	Christianity	64	22.2	97.6
	Others	7	2.4	100.0
	Total	288	100.0	