

Analysis of Attitude and Subjective Norm of Customers to Adopt Non Interest Banking in Nigeria: A Preliminary Study

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Abstract

The main objective of this paper is to investigate whether the items of attitude toward adoption of Islamic banking and items of subjective norm are reliable and valid to predict the intention to adopt Islamic banking in Northern Nigeria. It is significant to know that attitude of customers to adopt Islamic banking and subjective norm are new in Islamic environment. Therefore, to test the capability of these variables is imperative in Islamic economics, Islamic banking, accounting, taxation and insurance. The paper found that attitude of customer towards the adoption of Islamic banking and subjective norm items are capable of predicting intention to adopt Islamic banking in northern Nigeria. The study used Cronbach alpha and found that the variables are reliable and valid. The paper establishes that items used in this preliminary study can efficiently be used in the main study.

Keywords: Attitude, Customers, Islamic Banking, Nigeria

JEL Classification: G24, Z12

1. Introduction

Islamic banking (IB) can be defined as a method of banking that is consistent with the ideologies of Islamic rule (shariah) and its practical presentation over the development of Islamic economy (Lawal, 2010). In addition, the structures of Islamic banking comprises the revulsion of interest rate, prohibition of drinking of alcohol, pornography, and all financial activities that are publicly or morally harmful to the society and any items believed to be forbidden by shariah. In the same vain, Islamic bank operate on profit and loss sharing among the provider (investor) of the fund and user (entrepreneur) (Lawal, 2010). Furthermore, Islamic banking has become an essential part of the international financial system (Dogarawa, 2013). In the early 1990s, it added international recognition as a viable and competitive system of financial intermediation not only in Muslim countries but also in the secular world, contribution a wide variety of financial products and services. Interest free banking continued to provide for the need of not only the Muslim community but also non-Muslims who want to avoid interest (Dogarawa, 2013). Over seventy countries in the world are into Islamic banking practise as a result of growth in profit they experience over the years. The countries includes Singapore, South Africa, United States, Malaysia, Kenya Canada, China, United Kingdom and Nigeria (Gumel, 2013).

Islamic banking (*Ja'iz*) in Nigeria was formally introduced on Friday 6th January 2012 (Dogarawa, 2013) in order to widen the scope of the financial intermediation and financial

inclusion offered by conventional banking institutions. Unfortunately, the bank received mixed reactions, religious misconceptions and stiff resistance (Aliyu, 2012). According to Gelbard, Hussain, Maino, Mu, and Yehoue (2014), even though Nigeria has the largest potential customers of Islamic banking in Sub-Saharan Africa with nearly 85 million Muslims, but Islamic banking still remains underdeveloped in the country. In the beginning, it was reported that the bank was growing at a slow phase which was affecting its adoption among Nigerian customers and therefore its survival (Abdullahi, 2012). In addition, in its end of the year annual report, *Jaiz* bank in Nigeria announced an operating loss of N1.07 billion in 2012 (BusinessNews, 2013; new24nigeria, 2013), while conventional rivalries declared huge sum of profit (Bangudu, 2013). In fact, *Jaiz* Managing Director recently pleaded for the support of more customers in an effort to cope favourably with conventional rivals (Gumel, 2015).

2. Literature Review

2.1 Intention to Adopt Islamic Banking

In contemporary study intention to adopt Islamic Bank (IDIB) is a dependent variable which is used to measure degree. People had interest to adopt IB services and to see IDIB in relation with the factors contributing towards its adoption. According to Ajzen, (1991) stated that intention have been defined in the theory of reasoned action and theory of planned behavior as, the extent of effort one is willing to employ to accomplish a good “behavioral plans that enable attainment of a behavioral goal” (Ajzen, 1996) or “proximal goals” (Badura, 1997). In principle, intention can be perceived of a decent states in the expectancy value belief that are the result of a careful process that takes time, requires some planning, and focus on result (Loewenstem, et al, 2001). However, intention is a motivational variable that measures the degree to which an individual makes an effort to carry-out the expected behavior (Fishbein et al., 1991). Similarly, Ajzen (1991) state that intention also predicts the likelihood of persons engaging in an anticipated behavior. Numerous social psychological models, including Triandis’s (1980) attitude-behavior theory, and protection motivation theory (Rogers, 1983), the theory of reasoned action (Fishbein, 1980; Fishbein & Ajzen, 1975) the theory of planned behavior (Ajzen, 1991), argue and propose that intention is the immediate determining factor of real performance of any behavior of interest because human behaviour is determined by persons intention to the target behavior (Conner, & Norman, 2001; Sheeran, 2002). Hence, in the exertion to understand and predict public’s behavior it rests vital to examine factors related with intention (Levin, 1999).

2.2 Attitude and Intention to Adopt Islamic banking

Again, Sparks and Shepherd (1992) also stated that attitude is the sum of personality’s belief roughly on behavioral outcome and their evaluations of those outcomes. On the other hand, according to them attitude is focused on a particular entity or object, rather than all objectives and situations with which is related. More importantly, an attitude is a predisposition to like or dislike things or degree of favourable or unfavourableness to a psychological object. In the same way, attitude can be defined as individuals behaviour near positive or negative moods about carrying out a target behaviour (Fishbein and Ajzen, 1975; 2001; 2010). Additionally, attitude can be describe as a complex and multidimensional concept that consists three component, and this component are Cognitive, Affective, and Conative Mark loo (2010). However, cognitive factor is that part of attitude which bases is on awareness and skill, the following part of attitude is affective which is based on likeness or dislikeness of particular object or product. Meanwhile, the third part of attitude is conative which is based on purchase and consumption. But, this study intends to use definition of (Ajzen & Fishbein, 2010).

2.3 Subjective Norm and Intention to Adopt Islamic banking

Subjective norm can be defined as “individual’s perception of general social pressure to perform or not to carry out the behavior”. Equally in the theory of reasoned action and the theory of planned behavior (Fishbein & Ajzen, 1975; Ajzen & Fishbein, 1980; Ajzen, 1991) asserts that subjective norm is a specific behavior, decree attributed to a generalized social agent. Also, Armitage and Conner, (2001) argued that individuals copy the behavior of others that impress them and reject the behavior of others that did not impress them. Therefore, it is important to know that normative pressure is divided into two; injunctive norm and descriptive norms, both can influence behavior Fishbein et al. (2010). Injunctive norms refers to perception concerning what should or ought to be done with respect to carrying out a given behavior and descriptive norms refers to perception that others are or are not performing the behavior in question “DO as I say, not as I do” (Fishbein et al., 2010).

3. Methodology

The research is a quantitative study and questionnaires were personally administered by the researcher and a total 80 questionnaires were distributed to the customers of Islamic banking in Nigeria. However, several items were adapted from previous works on intention studies (Amin, 2011; Amin, 2014). responses to the survey question on the variables were entered on a five-point Likert-scale Thus, our preliminary study was conducted in May 2019, where all 80 questionnaires were sent out for the preliminary survey; however, only 51 customers from Islamic banking in Kaduna, the north-west zone of Nigeria completed the questionnaires to ascertain the reliability of the items adopted from prior studies. It is very significant because scale items accepted were developed mainly in Malaysia (Amin *et al*, 2011). This gives a response rate of 68% and the whole process was finalized within three weeks in the month of May, 2019.

3.1 Validity of Instrument Measure

Validity mentions extend to which evaluating tools measured accurately, the items under consideration. Sheeran (2004) Ascertain two ways in validity measurement; constructs validity and face validity. Therefore, the study distributed fifteen questionnaires to knowledgeable in the field of Islamic banking, Islamic scholars, and academicians for their input. Subsequently, after collecting all the submissions and recommendations some of the items were removed some were changed some were added. In addition, face validity allow expert to assess and judge the appropriateness of items under concern (Hair et al (2007).

Finally, the study ascertained construct validity with the procedure of factor analysis by means of principal component analysis. Cavana et al (2001) states that factor analysis is imperative for items reduced to significant size. The outcome of validity analysis demonstrated that all the three variables KMO are within acceptable range use of (0.674 to 0.749). According to Hair et al (2010) suggested a minimum of 0.50 as acceptable value.

Table 1 below shows the validity.

Variable	Items before	Items after deletion	KMO
Attitude	5	5	0.674
Subjective norm	5	4	0.749
Behavioral intention	6	5	0.748

3.2 Reliability

Sekaran and Bourgie (2010) states that reliability instrument are the measuring scale which are engaged in order to know whether items are free from inaccuracy, steady and consistent over time. Cronbach alpha measurement is the most widely used in evaluating reliability of the items. Hair et al (2010) suggested 0.60 as minimum Cronbach alpha acceptable value. In line with this the present study's Cronbach alpha for all the three constructs ranges from 0.712 to 0.826. We can determine that all the variables are reliable.

Table 2 below shows the construct reliability.

Variables	No of items	Cronbach's Alpha
Attitude	5	0.712
Subjective norms	4	0.826
Behavioral intention to adopt Islamic	6	0.752

4. Result

This study was conducted to evaluate the reliability and validity of three constructs namely: intention to adopt Islamic banking, attitude of customer and subjective norm. The current study uses Cronbach alpha for reliability evaluation and factor analysis for validity estimation. Therefore, Cronbach alpha grounded on five items of behavior intention to adopt Islamic banking was 0.752, KMO 0.748 and the Cronbach alpha of attitude toward adoption of Islamic banking founded on five items was 0.712, KMO 0.674 while subjective norm Cronbach alpha is 0.826, KMO 0.749. Finally, all the three variables KMO are within acceptable range use of (0.674 to 0.749). According to Hair et al (2010) suggested a minimum of 0.50 as acceptable value.

5. Conclusion and Recommendation

This conceptual paper provides a theoretical discussion of factors that influence customer's intention to adopt Islamic banking. Finding from the instruments or items measurement shows it is authentic, which can be of significance to academic researchers and managers for effective market strategies, thereby promoting Islamic banking adoption. Researchers can concentrate more on this area to provide more robust findings in the area.

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