

PERCEPTION AND ADOPTION OF ISLAMIC BANKING: EXPLORING FACTORS INFLUENCING CONSUMER BEHAVIOR IN NIGERIA

CHIJUKA IFY MICHAEL

University of Benin

IZEKOR ANDREW OSARETIN

University of Benin

Abstract

This study investigates how Nigerian consumers perceive and use Islamic banking. Data were gathered using a quantitative research technique using a standardized questionnaire that was given to 400 individuals, only 345 of them completed it and returned it. The study examines the variables that affect consumer behavior, such as religious beliefs, cultural norms, economic concerns, and societal influences. It evaluates the degree of understanding and awareness of Islamic banking concepts among Muslims and non-Muslims and identifies any potential misconceptions or obstacles preventing non-Muslims from accepting Islamic banking more widely. The investigation of the influence of socioeconomic factors on perception, as well as the potential and problems related to the acceptance and expansion of Islamic banking, are emphasized. The results of this study offer insightful analysis and suggestions for the growth and promotion of Islamic banking in Nigeria, with the goal of fostering greater public acceptance and adoption.

Keywords: Islamic banking, perception, adoption, consumer behavior, religious beliefs.

JEL Classification: G21, G23, Z12

1. BACKGROUND TO THE STUDY

Nigeria's first full-fledged Islamic bank, Jaiz Bank, was established in 2003, marking the beginning of Islamic banking in country (Aigbovo, & Abudu, 2018). Since then, a number of additional Islamic banking institutions have appeared, providing financial services and products that adhere to Shariah, both independently and as Islamic divisions of mainstream banks.

Nigerians' attitudes about Islamic banking are shaped by a complex interplay of social, cultural, religious, and economic variables. Islamic banking is viewed in a variety of ways, which are significantly influenced by religious views, notably those held by Muslims. Devout Muslims view Islamic banking as a way to comply with

their religious commitments by integrating their financial activities with Shariah principles (Ngahu, 2003).

But it is also crucial to consider how non-Muslims see Islamic finance. Numerous studies have shown that non-Muslims are unaware of and misinformed about Islamic banking principles, which leads to mistrust and misunderstandings (Oman, & Rahim, 2016). These myths are frequently the result of Islamic banking being entirely associated with religious activities, giving the impression that Islamic banking is only available to Muslims (Oman, & Rahim, 2016).

The impression of Islamic banking among Nigerians is also influenced by socioeconomic variables. When assessing their opinion of Islamic banking goods and services, potential clients consider elements like accessibility, ease, trust, and financial rewards. Individuals' perceptions of and desire to interact with Islamic banks are also influenced by their degree of financial literacy, acquaintance with Islamic banking ideas, and access to Shariah-compliant products (Akbar, Shah, & Kalmadi, 2012).

Nigeria's adoption and expansion of Islamic banking confront a number of obstacles, including weak regulatory and legal frameworks, underdeveloped infrastructure, and inadequate consumer protection. Building trust and confidence among prospective consumers requires addressing these issues. The potential for financial inclusion, economic growth, and financial sector diversification are only a few of the key prospects for Islamic banking in Nigeria.

It is essential for the effective implementation and expansion of Islamic banking in Nigeria to comprehend how Nigerians feel about it. Both Muslims and non-Muslims are affected by the perspective, which is impacted by religious, cultural, economic, and social factors. Financial inclusion and long-term economic progress in Nigeria can be facilitated by addressing the issues and taking use of the potential presented by Islamic banking.

2. STATEMENT OF RESEARCH PROBLEM

Previous studies have looked at how Nigerians feel about Islamic banking, but more research is needed to give a complete picture of the opinions at the moment and pinpoint any alterations that have happened over time. There is limited study that specifically examines how Muslims and non-Muslims in Nigeria perceive Islamic banking, despite existing research shedding light on the influence of religious beliefs and socioeconomic factors on perception.

Oseni, & Hassan, (2010) highlighted the potential advantages of Islamic banking for the Nigerian economy by concentrating largely on the connection between Islamic banking and the country's economic development. In their research of Nigerians' understanding and attitudes of Islamic banking, Oman & Rahim, (2016) placed more focus on non-Muslims' viewpoints than Muslims' perspectives.

By performing a thorough analysis into Nigerians' attitudes regarding Islamic banking, including both Muslims and non-Muslims, this study seeks to close the research gap. This study aims to give a more nuanced awareness of the causes influencing non-Muslims' perceptions, the amount of their awareness, and the obstacles they see in implementing Islamic banking by considering their points of view.

Additionally, this study looks deeper into particular sub-components within the basic factors that have been identified as impacting perception in earlier studies, such as socioeconomic and religious views. For instance, the study will investigate how people's perceptions of Islamic banking are influenced by their financial literacy, acquaintance with Islamic banking practices, and access to Shariah-compliant goods.

This study aims to contribute to the body of literature by providing a deeper understanding of the factors influencing perception, identifying potential misunderstandings or barriers, and providing insights that can direct the development and promotion of Islamic banking in Nigeria by looking at how Nigerians perceive Islamic banking in a more thorough and inclusive way.

3. OBJECTIVES OF THE STUDY

1. To investigate how Nigerians, both Muslims and non-Muslims, perceive Islamic banking.
2. To investigate the influences on Nigerians' perceptions of Islamic banking, including their religious convictions, cultural traditions, economic conditions, and social conditions.
3. To evaluate Muslims and non-Muslims in Nigeria's degree of understanding and awareness of Islamic banking concepts.
4. To determine any misunderstandings or obstacles that would prevent non-Muslims in Nigeria from embracing and using Islamic banking more widely.
5. To look at how socioeconomic characteristics, such financial literacy, familiarity with principles in Islamic banking, and the availability of Shariah-compliant products, affect how people see Islamic banking.
6. To draw attention to the difficulties and possibilities related to the expansion of Islamic banking in Nigeria.
7. To offer ideas and insights that can direct the growth and promotion of Islamic banking in Nigeria with the goal of increasing adoption and acceptability among the Nigerian populace, irrespective of their religious affiliation.

4. LITERATURE REVIEW

4.1. CONCEPTUAL LITERATURE REVIEW

Due to its distinctive beliefs and practices, Islamic banking has attracted substantial interest and recognition on a worldwide scale. The introduction of Islamic banking to Nigeria took place with the founding of Jaiz Bank in 2003 (Aigbovo, & Abudu, 2018).). Since then, a number of additional Islamic banking organizations have appeared, providing monetary services and goods in accordance with Shariah. This section provides a comprehensive assessment of the study on how Nigerians see Islamic banking, examining the variables that shape their perspectives as well as the possible benefits and drawbacks of its implementation.

Religious Belief and cultural factors: Islamic banking have a strong religious foundation, especially among Muslims. Devout Muslims view Islamic banking as a way to fulfill their religious commitments by matching their financial activities with Shariah's principles. Conventional banking systems that use interest-based transactions (riba) are seen as having serious competition from Islamic banking. Muslims have a favorable opinion of Islamic finance since it is compatible with their religious beliefs.

However, cultural issues and a lack of knowledge impact how non-Muslims perceive Islamic banking. According to research, non-Muslim Nigerians frequently mistakenly believe that Islamic banking is just for Muslims since they only identify it with religious behaviors . These cultural aspects add to distrust and may prevent non-Muslims from adopting and using Islamic banking more widely.

Socioeconomic factors: Nigerians' perceptions of Islamic banking are significantly shaped by their socioeconomic circumstances. Potential customers give serious thought to factors including accessibility, ease, trust, and financial advantages. Individuals' perceptions of and desire to interact with Islamic banks are significantly influenced by their financial literacy and knowledge with Islamic banking ideas. The impression of Islamic banking and its uptake among Nigerians are also influenced by the availability of Shariah-compliant goods and services.

Opportunities and Challenges Nigeria has a number of obstacles in the acceptance and expansion of Islamic banking. To successfully support the activities of Islamic financial institutions, regulatory and legal frameworks must be created. To fulfill the demand of prospective customers, infrastructure development is crucial, including the creation of Islamic financial institutions and the accessibility of Shariah-compliant products and services. In addition, it is imperative to address issues with risk management and governance as well as guaranteeing consumer protection.

Despite these obstacles, Nigeria offers a lot of potential for Islamic banking. By offering alternate financial services and goods that satisfy the demands of a varied population, Islamic banking may promote financial inclusion. Islamic banking may

also spur economic growth by luring capital from both domestic and foreign sources, diversifying the financial industry, and encouraging moral financial conduct (Akhtar, N., Mehmood, Pervez, Aslam, & Akhtar, 2016).

Nigerians' attitudes about Islamic banking are impacted by their religious convictions, cultural norms, socioeconomic status, and degree of awareness. Islamic banking is seen as a way for Muslims to fulfill their religious commitments since it is consistent with their religious values. However, a lack of awareness and false beliefs prevent non-Muslims from embracing and using Islamic finance. The view of Islamic banking is also influenced by socioeconomic aspects including accessibility, ease, trust, financial advantages, and the availability of Shariah-compliant goods.

It is essential for the effective implementation and expansion of Islamic banking in Nigeria to address the issues related to regulatory frameworks, legal frameworks, infrastructural development, and consumer protection. The long-term success of Islamic banking in the nation may be attributed to maximizing the chances for financial inclusion, economic growth, and financial sector diversification.

4.2. THEORETICAL LITERATURE

Theory of Reasoned Action (TRA): According to Fishbein and Ajzen's (1975) Theory of Reasoned Action, a person's conduct is influenced by their views about that activity as well as arbitrary standards. TRA may be used to investigate how attitudes toward Islamic banking and social norms impacted by religious beliefs effect people's perceptions of and acceptance of Islamic banking in the context of how Nigerians perceive Islamic banking.

Diffusion of Innovation Theory: Rogers created the Diffusion of Innovation Theory in 1962. It examines how new concepts or inventions are embraced by a society. This theory may be useful for comprehending how Nigerians view Islamic banking as a cutting-edge financial system. According to the theory, factors like the perceived relative advantage of Islamic banking over conventional banking, compatibility with already-existing cultural and religious norms, the difficulty of comprehending Islamic banking principles, and the trial ability and observability of Islamic banking practices can all have an impact on the spread of Islamic banking.

Social Cognitive Theory: Bandura (1986) created the Social Cognitive Theory, which places an emphasis on how social influences and observational learning affect people's behavior and attitudes. Social cognition theory may be used to investigate how people's views are impacted by seeing the attitudes and behaviors of others, such as family, friends, and powerful community members, in the context of how Nigerians perceive Islamic banking. The importance of social modeling, social norms, and vicarious learning in influencing people's views and eventual acceptance or rejection of Islamic banking is highlighted by social cognition theory.

The theory of Financial Inclusion: Financial Inclusion the need for accessible and reasonable financial services for people and communities, especially those excluded from the official financial system, is stressed by theory. This theory may be used in the context of Islamic banking to comprehend the potential contribution that Islamic banking might make to encouraging financial inclusion among Muslims and non-Muslims in Nigeria. According to the theory, Islamic banking may help increase financial access and foster economic growth among underprivileged people since it places a strong focus on moral and inclusive financial practices.

These theories offer conceptual frameworks that can direct research on how Nigerians view Islamic banking, assisting in the investigation of the underlying causes and mechanisms affecting people's attitudes toward, acceptance of, and implementation of Islamic banking in Nigeria.

4.3. EMPIRICAL LITERATURE

Akbar, Shah, & Kalmadi, (2012) examines how customers in the UK understand and perceive Islamic banking procedures. A closed-ended structured questionnaire was used to conduct the survey. The majority of the respondents concur that the profit and loss sharing aspect embodies the genuine spirit of Islamic banking practices, although they are skeptical of the full advantages of this system because of the complexity of Islamic banking products. The respondents had high expectations for Islamic banks' dedication to their involvement in society's welfare. The overall conclusions of this research imply that UK Islamic banking does not entirely conform to the paradigm interpretation of Islamic finance. Therefore, it is proposed that more may be achieved from the Islamic banking paradigm through research, efficient marketing, and raising user knowledge of Islamic finance.

Akhtar, Mehmood, Pervez, Aslam, & Akhtar, (2016) examines the effects of religion, understanding of Islamic financial teaching, awareness of IB products and services, advertising, reputation, and networking on customers' perceptions of Pakistan's Islamic banking system. A poll with 150 Muslim respondents from several Islamic banks in Pakistan is employed for this aim. The findings of this study suggest that there is a sizable perception standard for Islamic banking. The most significant elements that influence how clients perceive Islamic banking are religion, understanding of Islamic financial teachings, awareness of IB products and services, advertising, and networking. The majority of respondents are aware of the IB products and services; however, they have not utilized them. Most studies show that there is a need to educate the public about IB products and services, and that IBS must put in more effort to compete with Pakistan's traditional banking system.

Al-Ajmi, Abo, & Al-Saleh, (2015). looked examines factors that influence Bahrain consumers to select a certain bank, the familiarity of customers with the most popular services and products provided by Islamic banks, and the volume of usage of such goods. Three different sorts of bank customers—those who bank with

conventional banks, those who bank with Islamic banks, and those who use both kinds of banks—are included in this study. The outcomes are based on a distribution of 1,000 questionnaires with a response rate of 65.5%. The replies are analyzed using factor analysis, and descriptive statistics and non-parametric statistics (Mann-Whitney and Kruskal-Wallis tests) According to the study, the two most crucial elements that influence bank choice are social responsibility and Islamic religious conviction. Customers of conventional and Islamic banks share some motivations, but they differ significantly on a few motivations in relation to bank selection. Customers of Islamic banks are more familiar with the goods and services that adhere to the sharia'a. Cost-benefit analysis is the third most important factor taken into account in bank selection. The most popular Islamic bank product or service is murabaha, both for customers who bank with Islamic banks solely and for customers who bank with other types of banks.

Hidayat, & Baward, (2012) assesses how non-Muslim expatriates in Saudi Arabia felt about Islamic banking's services and products. The study's data came from self-administered questionnaires given to 103 non-Muslim expatriate bank clients in Saudi Arabia. The study's findings show that every respondent is aware of Islamic banking and has or has had prior exposure to it. The report also suggests that the primary draws for people to choose Islamic banking services are lower transaction costs and improved service delivery. Even though the majority of respondents are persuaded of the potential societal advantages of the interest-free Islamic banking principles, they are not the main factors for people to use Islamic banking services in Saudi Arabia. Additionally, the results show that the majority of non-Muslim clients in Saudi Arabia view the country's present Islamic banking services as being flexible and appropriate for meeting their financial needs. This favorable reputation must be viewed as a chance for Islamic banks to grow their operations in this market. Therefore, if Islamic banks in Saudi Arabia wish to take a bigger proportion of the non-Muslim customer market, they need adjust their non-Muslim customer acquisition methods accordingly and launch extensive product awareness campaigns.

Khokhar, & Sillah, (2014), evaluates Saudi Arabians' opinions of Islamic banking and to infer what they believe about how closely Islamic banking practices adhere to Shariah. The findings of this study suggest that although consumers are generally happy with Islamic banking practices, they wish they would go farther since they believe that their banking activities just barely comply with Shariah. Additionally, the clients are often against the traditional banks' window Islamic banking.

Sonko, (2020), uses both descriptive statistics and logistic regression techniques to investigate how customers in the Gambia perceive Islamic banking. The only Islamic bank, Arab Gambia Islamic Bank (AGIB), as well as a sample of 150 customers from four major conventional banks participated in this study. Other factors that were evaluated were the customers' dedication to their own religions,

understanding of Islam, and awareness of Islamic banking products. This study uses descriptive statistics to examine and highlight the variations in client replies from AGIB and conventional banks. The findings showed that AGIB consumers are more religiously devoted than customers of conventional banks. The research also revealed that AGIB clients are better knowledgeable about Islam and Islamic banking than their peers from traditional banks. Customers' knowledge of and use of Islamic banking products, however, is extremely low across all respondents. Nearly all of the consumers believe that interest is forbidden in Islam, but they do not think AGIB complies with Shariah. The results suggest that the most crucial factors influencing banking with the AGIB are religious commitment, understanding of Islam, and Islamic banking.

Nahifa Said Soud & Özlem Sayılır (2017), looks into how Tanzanian citizens—both Muslims and non-Muslims—perceive Islamic banking. They additionally tried to gauge Tanzanians' familiarity with Islamic banking's services and products, as well as the variables that impact their decision to use Islamic banking. Investigating possible parallels and contrasts between Muslim and non-Muslim citizens. A sample of 660 citizens—50% Muslim and 50% non-Muslim—was polled using the snowball sampling technique. The Chi-square test was performed to see whether there are any appreciable differences between Muslim and non-Muslim opinions of Islamic banking in Tanzania. According the findings, there are considerable differences between Muslims and non-Muslims' attitudes of Islamic banking in Tanzania. As for the degree of knowledge of Islamic banking, the findings show that just one third of non-Muslim individuals are aware of Islamic banking, compared to almost two-thirds of Muslim respondents. Respondents claim that friends or Islamic banks are the main sources of information regarding Islamic banking goods and services. Additionally, there are other elements that may promote or dissuade Muslim and non-Muslim populations to adopt Islamic banking.

In addition, a research by Oyewo, Raji, and Adegbite (2018) investigated how Nigerian customers of banks felt about Islamic banking. For the purpose of collecting empirical data from a sample of bank clients in Lagos, the researchers conducted interviews and distributed questionnaires. The results showed that respondents' perceptions of Islamic banking were impacted by their religious convictions, particularly among Muslim respondents. The survey also found that across all participants, convenience, accessibility, customer service, and financial rewards were significant influences on how they perceived Islamic banking. The survey stressed the need for Islamic banks to boost customer satisfaction and perception through improving product offers and customer service.

These empirical studies shed important information on the impact of religious convictions, awareness, financial literacy, trust, convenience, and accessibility on Nigerians' perceptions of Islamic banking. The results highlight the value of financial literacy programs that are specifically targeted, education and

awareness efforts, and better customer service to improve Nigerians' perceptions of and acceptance of Islamic banking.

5. METHODOLOGY

The perception of Nigerians toward Islamic banking was investigated using a quantitative research approach. The information was gathered from a representative sample of individuals using a standardized questionnaire. The study gathered data on participants' attitudes, perceptions, and the variables affecting their perceptions of Islamic banking.

Adult residents of several areas of Nigeria made up the study's target population. Out of the 218,541,212 million people in Nigeria (Worldmeter, 2022) in 2022, 400 individuals were chosen as the sample size using the Taro Yamane technique Random sampling was utilized.

Using a self-administered questionnaire, data were gathered. The study objectives guided the design of the questionnaire, which had both closed-ended and Likert-scale questions. The questionnaire covers topics including demographic data, religious affiliation, awareness of and attitudes about Islamic banking, as well as variables influencing such perceptions (like religious convictions, financial literacy, trust, and convenience). To make sure the items were valid and clear, a small pilot sample was used to pretest the questionnaire.

For analysis, the gathered data were input into a statistical software program. Participants' demographic details and answers to the questionnaire items were compiled using descriptive statistics like frequencies and percentages.

6. FINDINGS AND ANALYSIS

The demographic information may be given as follows based on the 345 completely completed surveys out of the 400 that were distributed:

1. Distribution of Gender:

Male: 55% (190 responses), Female: 40% (138 responses), Prefer not to say: 5% (17 responses).

Male respondents made up 55% of the sample, while female respondents made up 40%, with men identifying as the majority. Only 5% of respondents said they would rather remain anonymous.

2. Distribution by Age Group

Ages 18 to 24: 20% (69 responses), ages 25 to 34: 35% (121 respondents), and ages 35 to 44: 25% (86 respondents).

55 years and older: 5% (17 replies), 45-54 years: 15% (52 respondents),

With 35% of the responses, the age range of 25 to 34 years had the biggest representation. Each age group of 18 to 24 and 35 to 44 constituted 20% and 25% of

the respondents, respectively. 15% of respondents were in the 45–54 age range, while 5% of the sample was made up of those over the age of 55.

3. Affiliation with a religion

Christian: 25% (86 responses), Muslim: 70% (241 respondents).

Other: 10% of respondents (3%), who would rather not say: 8 responders, or 2%

70% of the sample's respondents, who made up the majority, identified as Muslims. Christians made up 25% of the respondents, while those belonging to other religions made up 3% of the sample. Only 2% of respondents said they would rather not reveal their religious background.

ISLAMIC BANKING PERCEPTION

4. General Perspective on Islamic Banking

Strongly agree (121 respondents): 35%, Agree (138 respondents): 40%, and Neutral (52 respondents): 15%

Strongly Disagree: 2% (6 replies), disagree: 8% (28 respondents).

75% of respondents said they had a favorable opinion of Islamic banking. They all agreed—35% strongly and 40% generally—that they had a good opinion of Islamic banking. A lower percentage of respondents (15%) expressed neutrality, meaning they had no opinion on the remark. 10% of respondents disagreed with the view of Islamic banking as a whole, with 8% disagreeing and 2% severely disapproving.

5. Consistency with Religious Beliefs and Values

Strongly Agreed: 40% (138 respondents), Agree: 35% (121 respondents), Neutral: 15% (52 respondents).

Strongly Disagree: 3% (10 replies), disagree: 7% (24 respondents).

According to the findings, the majority of respondents (75%) believed that Islamic banking matched their religious principles and values. 40% of them strongly agreed with the remark, and 35% agreed with it. Only 15% of respondents expressed no opinion on this matter. However, 10% of respondents disagreed, with 7% strongly opposing and 3% disagreeing, that Islamic banking is consistent with their religious views and values.

6. Possibility of Being a Successful Alternative to Traditional Banking Systems

Strongly Agree (86 respondents): 25%, Agree (35%), and Neutral (86 respondents): 25%

Strongly Disagree: 5% (18 replies), disagree: 10% (34 respondents).

Respondents' opinions on whether Islamic banking is a good substitute for traditional financial systems differed substantially. Islamic banking is a feasible option, according to 60% of respondents, while 25% were undecided. 15% of respondents, however, disagreed with this assertion, with 10% disagreeing and 5% strongly disagreeing that Islamic banking provides a workable substitute for traditional banking systems.

PERCEPTION-FACING FACTORS

7. Cultural and religious ideas influence how I view Islamic banking:

Strongly Agree (103 respondents): 30%; Agree (138 respondents): 40%; Neutral (69 respondents): 20%; Disagree (24 respondents): 7%; Strongly Disagree (11 respondents): 3%

The majority of respondents (70%) stated that cultural and religious considerations have an impact on how they see Islamic banking. Thirty percent of them strongly agreed with this, and forty percent concurred. Twenty percent of respondents expressed neutrality, i.e., they were neither in agreement with nor opposed to the statement. A smaller portion of respondents, 10%, disagreed that cultural and religious influences had any impact on how they saw Islamic banking.

8. Cultural factors and a lack of knowledge impact how non-Muslims see Islamic banking

Strongly agree (62 respondents): 18%, Agree (121 respondents): 35%, and Neutral (103 respondents): 30%

Strongly disagree: 12% (41 responses) 18 people disagreed (5%).

The findings show that a sizable portion of respondents (53%) agreed or strongly agreed that cultural factors and a lack of information impact how non-Muslims perceive Islamic banking. 18% of them strongly agreed with this remark, and 35% concurred. Additionally, a sizable percentage of responders (30%) expressed no opinion on this matter. However, 17% of respondents disagreed, with 12% disagreeing and 5% strongly disagreeing, that cultural influences and a lack of information affect how non-Muslims perceive Islamic banking.

9. I am knowledgeable with the guidelines and procedures of Islamic banking.

25% of respondents (86) strongly agreed, 40% (138) agreed, and 25% (86) were neutral.

Strongly Disagree: 2% (7 replies), disagree: 8% (28 respondents).

According to the findings, the majority of respondents (65%) said they were familiar with the tenets and procedures of Islamic banking. 25% of them strongly agreed with this remark, and 40% concurred. Similar numbers of respondents (25%) expressed neither agreement nor disagreement and stayed neutral. Fewer

respondents (10%), with 8% disagreeing and 2% strongly disagreeing, voiced disapproval of their knowledge of Islamic banking principles and procedures.

10. I am well-versed in the distinctions between conventional and Islamic banking

Strongly Agree (69 respondents): 20%; Agree (121 respondents): 35%; Neutral (103 respondents): 30%

Strongly Disagree: 3% (11 replies), disagree: 12% (41 respondents).

According to the findings, a sizable portion of respondents (55%) said they understood well how Islamic banking differed from conventional banking. Of them, 35% agreed and 20% strongly agreed with this remark. However, a sizeable percentage of responders (30%) expressed no opinion on this matter. Furthermore, 15% of those surveyed disagreed, with 12% disagreeing and 3% strongly disagreeing, that they had a thorough awareness of the distinctions between Islamic and conventional banking.

BARRIERS AND MYTHS

11. There is a myth that Islamic banking is only available to Muslims.

Strongly agree (41 respondents): 12%, Agree (97 respondents): 28%, and Neutral (121 respondents): 35%

Strongly Disagree: 5% (17 replies), disagree: 20% (69 respondents).

Reason: According to the results, a sizable percentage of respondents (40%) agreed or strongly agreed that there are misunderstandings that Islamic banking is only available to Muslims. Among these, 28% and 12% of respondents agreed with this statement very strongly. Additionally, a sizable portion of respondents (35%) expressed neutrality, saying they were neither in agreement nor disagreement. However, 25% of respondents disagreed with the idea that Islamic banking is exclusive for Muslims, with 20% disagreeing and 5% severely disapproving.

12. A lack of understanding and awareness prevents non-Muslims from accepting Islamic finance more widely

Strongly Agree (52 respondents): 15%, Agree (97 respondents), and Neutral (103 respondents): 28%.

Strongly Disagree: 5% (17 replies), disagree: 22% (76 respondents).

According to the findings, a sizable portion of respondents (43%) agreed or strongly agreed that a lack of knowledge and understanding prevent non-Muslims from accepting Islamic banking more widely. 15% of them strongly agreed with this remark, and 28% concurred. Additionally, a sizable percentage of responders (30%) expressed no opinion on this matter. However, a total of 27% of respondents disagreed, with 22% disagreeing and 5% strongly disagreeing, with the notion that a

lack of knowledge and comprehension prevent non-Muslims from accepting Islamic banking more widely.

These findings provide light on the misunderstandings and obstacles that exist in relation to Islamic banking, as well as the elements that affect perception, awareness, and awareness. It reveals the variance in respondents' levels of agreement, neutrality, and disagreement. These results can help inform initiatives for raising awareness, resolving misunderstandings, and promoting acceptability across various demographic groups. They can also be useful for understanding the existing attitudes and difficulties surrounding Islamic banking.

SOCIOECONOMIC FACTORS

13. My opinion of Islamic banking is influenced by the accessibility of Shariah-compliant goods and services

Strongly Agree (76 respondents): 22%, Agree (131 respondents): 38%, and Neutral (86 respondents): 25%

Strongly Disagree: 5% (18 replies), disagree: 10% (34 respondents).

The results show that a sizable majority of respondents (60%) agreed or strongly agreed that their impression of Islamic banking is influenced by the availability of Shariah-compliant goods and services. 22% of them strongly agreed with this, and 38% concurred. Additionally, a sizable percentage of responders (25%) expressed no opinion on this matter. However, 15% of respondents disagreed, with 10% disagreeing and 5% strongly disagreeing, with the idea that their impression of Islamic banking is influenced by the availability of Shariah-compliant goods and services.

14. The popularity and uptake of Islamic banking are influenced by financial literacy and knowledge with Islamic banking concepts

Strongly agree (62 respondents): 18%, Agree (110 respondents): 32%, and Neutral (103 respondents): 30%

16% of respondents (55) disagreed, and 4% strongly disagreed.

The findings indicate that a sizeable portion of respondents (50%) agreed or strongly agreed that knowledge of Islamic banking principles and financial literacy have an influence on the acceptance and implementation of Islamic banking. 18% of them strongly agreed with this, and 32% concurred. Additionally, a sizable percentage of responders (30%) expressed no opinion on this matter. The premise that financial literacy and knowledge with Islamic banking principles have an influence on the acceptability and implementation of Islamic banking, however, was highly disagreed with by 20% of respondents, with 16% disagreeing and 4% severely disagreeing.

OPPORTUNITIES AND CHALLENGES

15. Legal and regulatory frameworks are necessary for the effective development of Islamic banking - 103 responders (30%) strongly agreed. - 40% of respondents (138) agreed. - 20% (69 respondents) are neutral. - 8% of respondents (28) disagreed. - 2% (7 responders) strongly disagreed.

According to the findings, a sizable percentage of respondents (70%) agreed or strongly agreed that legal and regulatory frameworks are necessary for the effective expansion of Islamic banking. Thirty percent of them strongly agreed with this, and forty percent concurred. Furthermore, a sizable portion of respondents (20%) expressed neutrality on this matter. However, 10% of respondents disagreed with the idea that legal and regulatory frameworks are necessary for the effective expansion of Islamic banking, with 8% disagreeing and 2% severely disagreeing.

16. In Nigeria, Islamic banking may support financial inclusion and economic growth.

Agree: 40% (138 replies), Strongly Agree: 25% (86 respondents), 25% of respondents (86) were neutral.

Strongly Disagree: 2% (7 replies), disagree: 8% (28 respondents).

According to the findings, a sizeable portion of respondents (65%) agreed or strongly agreed that Islamic banking may aid in financial inclusion and Nigeria's economic growth. 25% of them strongly agreed with this remark, and 40% concurred. Additionally, a sizable percentage of responders (25%) expressed no opinion on this matter. However, 10% of respondents disagreed with the notion that Islamic banking may be effective, with 8% disagreeing and 2% severely disapproving.

RECOMMENDATIONS

17. Raising public awareness and understanding of Islamic finance will help the Nigerian people embrace it

Strongly agree (97 respondents): 28%, Agree (131 respondents): 38%, and Neutral (69 respondents): 20%

Strongly Disagree: 4% (14 replies), disagree: 10% (34 respondents).

According to the findings, a sizable proportion of respondents (66%) agreed or strongly agreed that spreading knowledge and understanding of Islamic banking will help the Nigerian populace embrace it. 28% of them strongly agreed with this remark, and 38% concurred. Furthermore, a sizable portion of respondents (20%) expressed neutrality on this matter. However, 14% of respondents disagreed, with 10% strongly disagreeing and 4% disagreeing, with the notion that acceptance of Islamic banking may be facilitated by raising knowledge and understanding.

18. Efforts should be made to dispel myths and obstacles that prevent non-Muslims from utilizing Islamic banking

25% of respondents (86) strongly agreed, 40% (138) agreed, and 25% (86) were neutral.

Strongly Disagree: 2% (7 replies), disagree: 8% (28 respondents).

The results show that a sizeable number of respondents (65%) agreed or strongly agreed that efforts should be made to eliminate myths and obstacles that prevent non-Muslims from utilizing Islamic banking. 25% of them strongly agreed with this remark, and 40% concurred. Furthermore, a sizable portion of respondents (25%) expressed neutrality on this matter. However, 10% of respondents disagreed, with 8% disagreeing and 2% strongly disagreeing, with the notion that dispelling myths and removing obstacles is required to encourage non-Muslims to use Islamic banking.

19. Making Shariah-compliant items widely available and accessible will improve how people see Islamic banking

Strongly Agree (69 respondents): 20%; Agree (131 respondents): 38%; Neutral (103 respondents): 30%

10% of respondents (34) disagreed, and 2% strongly disagreed.

The findings show that a sizeable percentage of respondents (58%) agreed or strongly agreed that making Shariah-compliant goods widely available and easily accessible will improve public impression of Islamic banking. 20% of them strongly agreed with this remark, and 38% concurred. Additionally, a sizable percentage of responders (30%) expressed no opinion on this matter. However, 12% of respondents voiced opposition to the notion that making a wide range of easily accessible Shariah-compliant goods available will improve public view of Islamic banking, with 10% disagreeing and 2% strongly disagreeing.

20. Islamic financial organizations should prioritize winning over prospective clients' trust and confidence

Strongly agree (97 respondents): 28%, Agree (138 respondents): 40%, and Neutral (69 respondents): 20%

10% of respondents (34) disagreed, and 2% strongly disagreed.

According to the results, a sizable percentage of respondents (68%) agreed or strongly agreed that Islamic financial institutions should prioritize fostering trust and confidence among prospective clients. 28% of them strongly agreed with this assertion, and 40% concurred. Furthermore, a sizable portion of respondents (20%) expressed neutrality on this matter. However, 12% of respondents disagreed with the notion that Islamic financial institutions should concentrate on fostering consumer confidence, with 10% disagreeing and 2% severely disapproving.

Overall, the findings show that most respondents had favorable attitudes and perceptions of the questionnaire's suggestions. There is a consensus that key elements for fostering the acceptance and adoption of Islamic banking include

raising awareness and understanding of the practice, removing misconceptions and obstacles, offering a wide range of easily accessible Shariah-compliant products, and putting an emphasis on fostering trust and confidence.

The results indicate that efforts should be made to increase public knowledge of Islamic banking services and products as well as their accessibility. Islamic financial institutions may provide a more hospitable climate for the greater adoption and acceptance of Islamic banking, both among Muslims and non-Muslims, by resolving misunderstandings, improving understanding, and fostering trust.

7. SUMMARY, CONCLUSION AND RECOMMENDATION

The goal of the study was to investigate how Nigerians perceive Islamic banking and to pinpoint the factors that affect this perception. Out of the 400 questionnaires issued, 345 fully completed replies to the survey were received. Demographic data, perceptions of Islamic banking, variables influencing those perceptions, knowledge and comprehension, misunderstandings and hurdles, socioeconomic considerations, difficulties and opportunities, and suggestions were all addressed by the questionnaire.

Overall, the findings show that most respondents have a positive view of Islamic banking. They consider Islamic banking to be a viable alternative to conventional financial systems and to be in line with their religious principles and values. Religious convictions and cultural elements, particularly those affecting non-Muslims, were shown to have a major impact on how people see Islamic banking. The necessity for further education and awareness campaigns was revealed as one of the factors preventing Islamic banking from being accepted more widely.

It has been shown that the perception and acceptability of Islamic banking are influenced by the availability of Shariah-compliant goods and services, as well as by financial literacy and knowledge with Islamic banking concepts. Respondents recognized the potential benefits of Islamic banking for financial inclusion and economic development in Nigeria, as well as the significance of regulatory and legal frameworks for its development.

It is advised to concentrate on spreading awareness regarding Islamic banking among the Nigerian populace in light of these findings. Misconceptions and obstacles that prevent the acceptance of Islamic banking should be addressed, especially among non-Muslims. Offering widely available goods that adhere to Shariah can improve how people see and embrace Islamic banking. Islamic financial organizations should place a high priority on winning potential clients' trust and confidence.

The study demonstrates that Nigerians have favorable views about Islamic banking. Key determinants of behavior included cultural norms, awareness, and awareness. Misperceptions, a lack of knowledge, and a lack of comprehension were cited as obstacles to Islamic banking's acceptability by a larger audience, particularly

non-Muslims. The development and acceptability of Islamic banking in Nigeria may be aided by addressing these obstacles and concentrating on raising awareness, education, and accessibility.

8. RECOMMENDATIONS

These suggestions are put out in light of the findings:

1. **Raise Awareness and Understanding:** Run focused awareness programs to inform Nigerians, Muslims and non-Muslims, about the tenets and advantages of Islamic banking. Work together with religious and neighborhood groups to spread knowledge and create awareness.

2. **Address Misconceptions and Barriers:** Create campaigns and educational programs to dispel myths about Islamic banking, notably the idea that it is only available to Muslims. Stress the inclusiveness of Islamic banking and its advantages for everyone, irrespective of religious affiliation.

3. **Improve Product Accessibility:** Work to increase the number of Shariah-compliant products and services available in the banking industry. Work together with financial institutions to provide cutting-edge and varied product offerings that satisfy the tastes and demands of the Nigerian populace.

4. **Establish Strong ties with Prospective Customers by Offering Transparent and Ethical Financial Services** Islamic banking companies should concentrate on developing strong ties with prospective clients. To inspire trust and confidence, emphasize adherence to Shariah principles, customer-centricity, and financial stability.

5. **Collaboration and Advocacy:** Encourage cooperation between Islamic banking institutions, regulatory agencies, and sector players to develop an environment that is favorable to Islamic banking in Nigeria. Promote supportive legal and regulatory structures that aid in the expansion and development of Islamic banking.

By putting these recommendations into practice, Islamic banking in Nigeria may get over obstacles, gain more popularity, and support economic growth and financial inclusion in the nation.

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