

PATRONAGE FACTORS AND THE BEHAVIOR OF CUSTOMERS TOWARDS ISLAMIC BANKING IN NIGERIA

Omoruyi AIGBOVO¹, Eseoghene Jospheh IDOLOR²

^{1,2}Departemen of Banking and Finance, University of Benin
Email: Omoruyi.aigbovo@uniben.edu (correspondence)

Abstract

In this study, the selection criterion for Islamic banking in Nigeria was examined. Thus, the study investigates whether variables like; rate of return, Islamic teaching, bank's reputation and service quality account for why customers patronize Islamic bank (Jaiz bank) in Nigeria. The general behavior of customers towards Islamic banking in Nigeria was also investigated. A survey research design was adopted and all the customers of Jaiz bank branch in Herwa Gana Ward, Commercial Area of Gombe Local Government Area constitute the population of the study. A suitable sample of 60 respondents was the study's focus. The respondents were chosen using a convenient sampling strategy. 52 of the 60 administered surveys were deemed to be valid. The data were examined using simple percentages, descriptive statistics, correlation, and regression. It was discovered that in Nigeria, customers' attitudes toward Islamic banking are significantly influenced by the rate of return, Islamic principles, and bank reputation. In order to draw in more clients, the study advises Jaiz Bank to build upon its positive reputation and enhance the quality of its services. They can also promote the religious traditions in their advertisements to attract customers who are motivated to benefit from interest free banking services.

Keywords: Patronage Factors, Customer's Behavior, Jaiz Bank, regression analysis, Nigeria

Introduction

Islamic banking has had some of the greatest growth in the financial industry over the past 20 years. It has expanded to every continent and is widely embraced by both Muslims and non-Muslims. Being one of the major participants in the financial services sector, Islamic banking is today recognized as a company that works to both fulfil the religious duties of the Muslim community and to attract new clients while maintaining existing ones. Islamic banking is becoming a crucial component of the global banking and financial sector.

Since its introduction as an alternative to interest-based banking in the 1960s, Islamic banking has developed and grown in terms of the number of institutions, the value of assets, and the nations in which its goods and services are provided. Over the past forty years, Islamic banking has seen significant expansion on a global scale. Islamic banks' incredible fortitude, particularly during the global financial crisis of 2007 through 2009, has further led supporters and financial professionals to view them as a viable and competitive form of financial intermediation that the world financial system cannot simply ignore (Hasan & Dridi, 2010).

Islamic banking, a system of financial intermediation that completely forbids usury (the receipt or payment of interest in all financial transactions), promotes entrepreneurship, insists that contracts be in accordance with Sharia (Islamic law), and upholds moral and ethical principles as well as good corporate governance. The World Bank and International Monetary Fund have endorsed the method and given it wide recognition (IMF). The World Bank has identified Islamic banking as one of the fastest expanding subsectors of the global financial services sector. The majority of the top international banks, including Standard Chartered, Citibank, HSBC, Bank of America, Barclays, Deutsche Bank, and Royal Bank of Canada, have already established Islamic banking branches or subsidiaries in various countries due to the level of acceptance of Islamic banking on a global scale (Greuning & Iqbal, 2008).

The estimated \$2.7 trillion in assets held by Muslim investors worldwide as of the end of 2012 had grown at an average annual pace of 12 to 15 percent during the previous 10 years. Approximately 75 countries, including Muslim nations like Bahrain, Sudan, Egypt, United Arab Emirate, Saudi Arabia, Malaysia, Brunei, and Pakistan, as well as non-Muslim nations like the United States of America, United Kingdom, Canada, Switzerland, South Africa, and Australia, have over 400 fully operational and 190 windows of Islamic banking and non-bank financial institutions as of 2014. (Hasan & Dridi, 2010).

The first bank to run an Islamic banking window in Nigeria was Habib Bank (which subsequently changed its name to Bank PHB and then to Keystone Bank) (in 1992). The country's first full-fledged Islamic bank, Jaiz International Bank, received a banking license from the Central Bank of Nigeria (CBN) in June 2011 and started operations in 2012. The CBN also released non-interest banking rules at the same time. The country's first and only fully functional Islamic bank, Jaiz International Bank, has had an incredible success story thus far. Jaiz Bank reached breakeven

threshold in under two years and turned a profit in 2014. This study aims to investigate the elements that influence consumers' decisions to use an Islamic bank (Jaiz Bank) in Nigeria.

Studies on Islamic banking have been done on a variety of topics, including Islamic bank patronage considerations. The research, the majority of which have foreign bases, have shown contradictory results. For instance, Erol and El-work Bdour's on client patronage is one of the first and most often mentioned in the Islamic banking literature (1989). The survey found that rapid and effective service delivery (service quality), the bank's reputation and image, and confidentiality are the three main factors that clients take into account when choosing Islamic banks. According to Metawa and Al-Mossawi (1998), religion is the primary factor influencing the purchase of Islamic bank products in Bahrain. Further investigation into the many elements that influence customers' use of Islamic banking in Nigeria is justified by the varied results of these foreign-based studies. Additionally, given that Islamic banking is still a relatively new practice in Nigeria, the bulk of research on the subject are exploratory in character. However, very few empirical researches have looked into what makes people choose to use an Islamic bank in Nigeria. One of these studies was carried out by Hussain (2010). The goal of this study is to complement the scant research that has already been done in Nigeria.

The broad objective of this study is to determine the factors that motivate customers to patronize Islamic Banking in Nigeria. The specific objectives of the study are to:

- (i) determine the effect of rate of return on customer's behavior towards Islamic banking in Nigeria;
- (ii) ascertain the effect of Islamic teaching on customer's behavior towards Islamic banking in Nigeria;
- (iii) examine the effect of bank reputation on customer's behavior towards Islamic banking in Nigeria; and
- (iv) determine the effect of service quality on customer's behavior towards Islamic banking in Nigeria.

The remaining sections of this research are organized as follows. The second section examines the literature. Section 3 of the accompanying document provides a technique description. The results are then provided in section four. Section five brings the essay to a close.

Literature Review

Conceptual Literature

Islamic Banking

Various scholars have given quite distinct definitions of Islamic banking. However, the general meaning of the notion as presented by each of them appears to be the same. Islamic banking, as defined by Rammal and Zurbruegg (2007), is defined as banking that adheres to *fighmuamalat*, a phrase used to characterize Islamic principles of transaction. This description is congruent with Bello's (2007) definition of Islamic banking, which is that system of financial activity that adheres

to the norms and principles of Islamic sharia law and uses those principles to construct Islamic economics. According to Ahmed (2008), Islamic banking refers to financial institutions that are committed to the principles of Islamic sharia law, which forbids the payment or receipt of interest on its activities. According to these definitions, an Islamic bank is similar to a conventional bank in that it serves as a financial intermediary, trustee, and custodian of people's funds and assets. The main differences are that Islamic banks pay their clients in shares of profits or losses, and Sharia law governs how they conduct business (Dar & Presley, 2000).

Empirical Review

Haron and Ahmad (2000) looked at how conventional interest rates and profits affected money deposited with Islamic banks in Malaysia. The findings demonstrate how individual saving habits in Islamic banking are influenced by interest rates and the rate of profit on monies deposited with Islamic banking systems.

In 2007, Dusuki and Aonizebdullah conducted research on the reasons Malaysian clients choose Islamic banks. According to the findings of their survey, Malaysian clients' preference for Islamic banks is mostly influenced by the quality of their services. Ahmad, Rahman, Ali, and Seman (2008) also look into how clients in Pakistan perceive the level of service provided by Islamic banks. The outcome demonstrates that the primary factors in adopting Islamic banking were knowledge of finance and religion.

In their 2010 study, Farooq, Ahmad, and Jamil examined the selection factors and attitudes of corporate clients toward the Islamic banking system. They discovered that the best criteria for choosing interest-free banking were the level of service and the concept of profit sharing. In a 2010 study, Manzoor, Aqeel, and Sattar looked at Pakistani consumers' motivations for using Islamic banking products. They discovered that the primary driver of interest in Islamic banking products was religion. Marimuthu, Jing, Gie, Mun, and Ping (2010) looked at the Malaysian Islamic banking product selection criteria. The outcome indicates that the primary consideration while selecting Islamic banking products is the rate of returns.

In Egypt and Saudi Arabia, El-Nagar and Biely (2011) investigated client attitudes regarding Islamic banking. They also looked into why clients choose Islamic banking. The outcome demonstrates that social responsibility and religion are the two most crucial factors in bank choosing. Hin, Wei, Bohari, and Zainol (2011) conducted research on the Islamic banking selection criteria and service quality among Muslim and non-Muslim students. They discovered that the reputation of the bank plays a major role in clients' decisions to choose an Islamic bank. The outcome also demonstrates that religion is the second most crucial element influencing a customer's decision to use Islamic banking. Bashir (2013) conducted research to determine why customers choose Islamic banking. They discovered that clients' primary reasons for adopting Islamic banking were financial gain and ethical considerations.

Ullah (2014) investigated the Islamic banking client selection criteria in Pakistan. There is no statistically significant difference in the selection criterion for

Islamic banking among the clients based on gender, according to the Independent Sample t-test results. The findings also show that clients like Islamic banks over conventional ones because they offer more affordable goods and services. The data also show that clients like Islamic banks over conventional ones because they provide a wider variety and better goods.

In order to gather information from a sample of 300 clients of Islamic banks in Pakistan, Muhammad and Bisharat (2014) used a closed-ended questionnaire to assess the selection criteria for Islamic banking in that country. The study's findings indicate that consumers' behavior toward Islamic banks is influenced by the rate of return, Islamic beliefs, and bank reputation.

Aigbovo and Abudu (2018) conducted research in Nigeria on the attitudes and views of traditional bank clients toward Islamic banking. According to the responses to the survey's questions on accessibility and advertising, conventional bank clients are eager to use Islamic banking, but there seems to be little knowledge of the choices that Islamic banking provides.

Investigating Pakistan's Islamic banking system's patronage factors is Basheer and Hassan's (2018) work. Customer service quality (mean=3.8940) is the characteristic that respondents chose as being most significant in determining whether they would make a purchase, according to the results of the descriptive statistics. The respondents' second-highest factor requirement is the religious component (with mean 3.704). The third component, which has a similar mean, is the availability of products and services, followed by convenience. For consumers of Islamic banking, multimedia advertising (MMA) ranks lowest (mean: 3.0617). The regression result shows that individuals desire high-quality customer service since it motivates them to choose a certain Islamic bank. However, regression results also show that Islamic banking customers are positively but significantly impacted by customer service quality. Religion significantly affects consumer decision-making when comparing Islamic and traditional banks. Convenience and the products and services supplied are strongly and favorably tied to Islamic banking. Finally, the regression analysis reveals a substantial and positive relationship between Islamic banking and multimedia advertising (MMA).

Salman, Nawaz, Muhammad, Bukhari, and Baker (2018) investigated how academicians in Pakistan perceived and intended to behave toward Islamic banks. The significance of cultural and demographic traits in deciding between conventional and Islamic banks is also covered in the study. They discovered that, among many other factors based on personal beliefs, the respondent's comprehension of the Islamic banking system stands out as being the most significant.

Research Methods

In this study, the survey research design was used. The study's target audience is made up of all of Nigeria's Jaiz Bank's Islamic bank clients. Customers of an Islamic bank (Jaiz Bank) in Nigeria were given 60 sets of questionnaires as part of the

sample units for this study. Nigeria served as the location for the sample sites, namely the Jaiz bank branch in Herwa Gana Ward, Commercial Area of Gombe Local Government Area, Gombe State. Purposive/convenient sampling is the form of non-probability sampling that is employed in this study. 52 of the structured questionnaires were distributed by hand to respondents (Jaiz bank customers) while the remaining questionnaires were excluded due to incorrect responses. The researcher's representative stayed at the commercial area of the Gombe local government branch of Jaiz bank Plc from 9 a.m. to 5 p.m. five days a week from Monday through Friday.

As a result, the total number of questionnaires collected from the respondents constitutes the study's sample size. Section A and Section B make up the survey questionnaire. The demographic questions in Section A ask about the respondent's gender, age, marital status, and level of education. Questions examining patronage determinants and consumer behavior related to Islamic banking in Nigeria can be found in Section B. These test your knowledge of the interval scale. This study's interval scale is based on the Likert scale. Respondents must select one of the five response options from 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), and 5 (strongly agree). A pre-test was conducted; however, it was not taken into account when the results were analyzed. The questions were filled out by ten (10) respondents (Jaiz Bank International clients), and any inaccuracies were corrected. Simple average percentage, descriptive statistics, correlation, and multiple linear regression were all used to examine the given data. The required statistical and inferential analysis was performed using SPSS version 22.0 (Statistical Package for Social Sciences).

Model Specification

Regression study was carried out in Nigeria to identify the variables that affect consumer behavior toward Islamic banks. The following regression equation was used:

$$TGB = \alpha + \beta_1 TROR + \beta_2 TIT + \beta_3 TBR + \beta_4 TSQ + \varepsilon$$

Where:

TGB = General behavior towards Islamic Banking

TROR =Rate of Return

TIT = Islamic Teachings

TBR =Bank's Reputation

SQ =Service Quality

$\beta_1 \dots \beta_n$ = The predictors (coefficient)

ε = Error term

Construct Measurement

Table 1. Construct Measurement

S/N	Variable	Definition	Scale	Questions
1	Rate of Return	The mean of question 6 to 10 will be used to proxy the rate of return	5-point scale	Q6 – Q10
2	Islamic Teachings	The mean of question 11 to 13 will be used to proxy Islamic teaching	5-point scale	Q11 – Q13
3	Bank's Reputation	The mean of question 14 to 16 will be used to proxy Islamic bank reputation	5-point scale	Q14 – Q16
4	Service Quality	The mean of question 11 to 19 will be used to proxy the service quality of Islamic banking	5-point scale	Q11 – Q19
5	General Behavior	The mean of question 20 to 22 will be used to proxy the general behavior towards Islamic banking	5-point scale	Q20 – Q22

(Source: Author's Field Survey, SPSS Output, 2020)

Data Validity and Reliability Test

Both the pilot study and the main research were subjected to reliability testing in this investigation. Initial research was done as a pilot study before the real study. A pre-test sample was used to administer the questionnaire. Pre-testing the questionnaire followed a similar process to the one employed in the research. This was done to make sure the items were pertinent to the study, learn how to administer the instruments, assess their validity and reliability, and see if there were any ambiguities in the instruments. All of the variables' validity and reliability were determined to be satisfactory for conducting a comprehensive investigation. Only the results of the actual trial will be disclosed, though. The approach that is most frequently used to determine internal consistency is Cronbach's Alpha. According to Hair, Anderson, Tatham, and Black (1998), 0.70 is the minimum acceptable value for Cronbach's alpha. The Cronbach's alpha value for each of the research's variables is displayed in the tables below. For all of the variables in this study, Cronbach's alpha is more than 0.70, demonstrating a good level of internal consistency for the scale with the chosen sample. The reliability test result is displayed in Table 2.

Table 2. Result of Reliability Test

Cronbach's Alpha	Number of Items
.894	17

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
RORQ6	66.4615	68.881	.370	.894
RORQ7	66.4808	68.921	.459	.890
RORQ8	66.7308	66.161	.610	.885
RORQ9	66.7885	67.111	.586	.886
RORQ10	66.6538	65.799	.667	.883
ITQ11	66.2885	70.092	.437	.891
ITQ12	66.2500	68.740	.569	.888
ITQ13	66.4038	66.324	.544	.888
BRQ14	66.4423	67.232	.675	.884
BRQ15	66.5577	68.016	.584	.887
BRQ16	66.9231	65.523	.501	.890
SQQ17	66.8462	72.211	.218	.897
SQQ18	66.4423	70.448	.359	.893
SQQ19	66.9615	64.861	.484	.892
GBQ20	66.5769	63.778	.798	.879
GBQ21	66.6923	63.237	.735	.880
GBQ22	66.8077	62.629	.723	.880

(Source: Author's Field Survey, SPSS Output, 2020)

Table 2 above proves that the instruments used in the study were reliable since their Cronbach's Alpha coefficient levels surpassed the recommended benchmark of 0.7 given by Hair, et al., (1998).

Finding and Analysis

Questionnaire Distribution and Retrieval

Table 3. Questionnaire Distribution and Retrieval

Questionnaire	Frequency	Percent (%)
Distributed	60	100.00
Retrieved and usable	52	86.67
Not retrieved and retrieved but not usable	08	13.33

(Source: Author's Field Survey, SPSS Output, 2020)

Respondents' Demographic Variables

Respondents' personal information collected and the results are presented in Table 4. The data are shown in frequencies and percentage.

Table 4. Respondents' Demographic Profile

S/N	Variable	Metrics	Frequency	Percentage (%)
1	Gender:	Male	34	65.4.
		Female	18	34.6
		Total	52	100.0
2	Age:	18 – 30	28	53.8
		31 – 50	21	40.4
		51 - 70	2	3.8
		71 and above	1	1.9
		Total	52	100.0
3	Marital Status	Single	19	36.5
		Married	30	57.7
		Divorced	1	1.9
		Widowed	2	3.8
		Total	52	100.0
4	Highest level of education:	Below Secondary School	2	3.8

	Secondary School	4	7.7
	Tertiary	31	59.6
	Post Graduate	15	28.8
	Total	52	100.0
5	Do you have any bank Account in Conventional Banks:		
	Yes	44	84.6
	No	8	15.4
	Total	52	100.0

(Source: Author's Field Survey, SPSS Output, 2020)

The data obtained are rather evenly distributed by gender, as seen in Table 4, but there were more male responses overall. This is due to the fact that 34.6 percent of respondents were women, compared to 65.4 percent of respondents who were men. In terms of age, 53.8% of respondents are between the ages of 18 and 30, 40.4% are between the ages of 31 and 50, 3.8% are between the ages of 51 and 70, and 1.9 percent are aged 71 and over. As a result, respondents between the ages of 18 and 30 make up the majority, while respondents 71 and older make up the minority.

According to the marital status column in the chart above, 36.5 percent of respondents are single, 57.7 percent are married, 1.9 percent are divorced, and 3.8 percent are widowed. Because of this, it is obvious that more responders are married. From the above table, it can be seen that the majority of respondents—59.6 percent—have completed tertiary education (BSc, diploma, etc.). This is followed by postgraduate education—28.8 percent—who have earned master's degrees or higher—and 7.7 percent—who have completed high school. The least number of respondents—3.8 percent—have completed only secondary education. In response to the question of whether they have an account with a traditional bank, the majority of respondents, or 84.6 percent, said they do, with only 15.4 percent of the respondents not having such an account.

Patronage Factors/Selection Criteria of Islamic Banking

Table 4. Frequency Distribution of Patronage Factors/Selection Criteria of Islamic Banking

S/N		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Rate of Return					
6	The Islamic financial system offers an interest-free incentive	2 (3.8%)	1 (1.9%)	-	25 (48.1%)	24 (46.2%)

	scheme					
7	Profit and loss sharing systems are a part of Islamic banking	1 (1.9%)	-	3 (3.8%)	27 (51.9%)	21 (40.4%)
8	I prefer Islamic banking because it offers a greater rate of return	1 (1.9%)	-	11 (21.2%)	24 (46.2%)	16 (30.8%)
9	Islamic banks offer higher deposit guarantee coverage	1 (1.9%)	-	13 (25.0%)	24 (46.2%)	14 (26.9%)
10	Higher deposit guarantee coverage is provided by Islamic banks	-	2 (3.8%)	8 (15.4%)	24 (46.2%)	18 (34.6%)
	Islamic Teaching					
11	I prefer Islamic banks because they are based on Islamic teachings	-	-	4 (7.7%)	19 (36.5%)	29 (55.8%)
12	I prefer Islamic banks because it is my religious obligation to get interest free financial system	-	-	4 (7.7%)	17 (32.7%)	31 (59.6%)
13	My religious duty to have an interest-free financial system	2 (3.8%)	-	3 (5.8%)	19 (36.5%)	28 (53.8%)
	Banks' Reputation					
14	I prefer Islamic banks because of their excellent reputation	-	1 (1.9%)	3 (5.8%)	26 (50.0%)	22 (42.3%)
15	Islamic banks are socially good for the community	-	2 (3.8%)	2 (3.8%)	31 (39.6%)	17 (32.7%)
16	I prefer Islamic banks since my friends and family use them, according to the claim	1 (1.9%)	4 (7.7%)	15 (28.8%)	14 (26.9%)	18 (34.6%)
	Service Quality					
17	Services provided by Islamic banks are timely and efficient	-	-	14 (26.9%)	28 (53.8%)	10 (19.2%)
18	Islamic banks offer a variety of services (front-desk, e-banking,	-	1 (1.9%)	4 (7.7%)	24 (46.2%)	23 (44.2%)

	SMS banking)					
19	I prefer Islamic banks because many procedures need not to be followed	17 (32.7%)	4 (7.7%)	10 (19.2.7%)	18 (34.6%)	3 (5.8%)

(Source: Author's Field Survey, SPSS Output, 2020)

Table 5 displays the frequency and percentage of respondents who provided answers to the queries capturing the Islamic banking patronage variables. Regarding the claim that "the Islamic financial system offers an interest-free incentive scheme," 3.8 percent and 1.9 percent respectively, strongly disagree and disagree. However, 48.1 and 46.2 percent, as well as 46.2 percent, strongly agree. As a result, the vast majority of respondents concur that the Islamic banking system offers an interest-free compensation system.

1.9 percent of the respondents strongly disagree with the assertion that profit and loss sharing systems are a part of Islamic banking. While 51.9 percent and 40.4 percent of respondents said they agree and strongly agree, respectively, only 5.8 percent of respondents were indifferent. Therefore, the vast majority of respondents concurred that profit and loss sharing plans are a part of Islamic banking.

1.9% of respondents strongly disagree with the statement, "I prefer Islamic banking because it offers a greater rate of return." Although 46.2 percent and 20.8 percent of respondents agreed and strongly agreed, respectively, 21.2 percent of respondents were indifferent. Due to its better rate of return, Islamic banking is preferred by the majority of respondents. 1.9 percent of the respondents disagree with the statement "The rate of returns of Islamic banking is favorable." In contrast, 46.2 percent and 26.9 percent of respondents agreed and strongly agreed, whereas 25% of respondents were indifferent. As a result, the vast majority of respondents concurred that Islamic banking offers favorable return rates.

When asked if "Islamic banks offer higher deposit guarantee coverage," 3.8% of the participants say they strongly disagree. While 46.2 percent and 34.6 percent of respondents indicated they agreed and strongly agreed, respectively, 15.4 percent of respondents were indifferent. As a result, the vast majority of respondents concurred that Islamic banks offer greater deposit guarantee coverage. I prefer Islamic banks since they are founded on Islamic beliefs, as stated in the declaration. 7.7 percent of the respondents said that they were unsure, while 36.5 and 55.8 percent indicated that they agreed and strongly agreed, respectively. The vast majority of respondents concurred that since Islamic banks are founded on Islamic beliefs, they are preferred. When asked if it was "my religious duty to have an interest-free financial system," the respondent said, "I prefer Islamic banks." 7.7 percent of respondents said that they were unsure, while 32.7 and 59.6 percent indicated that they agreed and strongly agreed, respectively. Because it is their religious duty to have an interest-free financial system, the majority of respondents said that they prefer Islamic banks. 3.8% of the respondents strongly disagree with the statement, "I think it is wrong to

get interest-based benefits." While 36.5 percent and 53.8 percent of respondents said they agreed and strongly agreed, respectively, 5.8 percent of respondents were indifferent. Therefore, the vast majority of responders concurred that receiving interest-based payments is wicked.

1.9 percent of respondents disagree with the assertion that "I prefer Islamic banks because of their excellent reputation." While 50% and 42.3 percent of respondents indicated they agreed and strongly agreed, respectively, 5.8 percent of respondents were indifferent. Because of their good reputation, Islamic banks are preferred by the vast majority of respondents. 3.8% of respondents disagree when asked whether "Islamic banks are socially good for the community." While 59.6% and 32.7 percent of respondents indicated they agreed and strongly agreed, respectively, only 3.8 percent of respondents were indifferent. Therefore, the vast majority of respondents concurred that Islamic banks are good for society as a whole.

I prefer Islamic banks since my friends and family use them, according to the claim. 1.9 percent and 7.7 percent, respectively, strongly disagree and disagree. However, just 26.9 percent and 28.8 percent, respectively, strongly agree and agree. Because their friends and family members utilize Islamic banking, the majority of respondents concur that this is why they prefer it. For the claim that "Services provided by Islamic banks are timely and efficient," While 53.8 percent and 19.2 percent of respondents indicated they agreed and strongly agreed, respectively, just 26.9 percent of respondents were indifferent. As a result, the vast majority of respondents concur that Islamic banks' services are effective and timely.

In reference to the claim that "Islamic banks offer a variety of services (front-desk, e-banking, SMS banking)," 1.9 % of the respondents say they don't agree. While 46.2 percent and 44.2 percent of respondents said they agreed and strongly agreed, respectively, 7.7 percent of respondents were indifferent. The vast majority of respondents concurred that Islamic banks offer a variety of services, including front-desk, e-banking, and SMS banking. I prefer Islamic banks since various processes don't need to be followed, according to the statement. 5.8% and 7.7%, respectively, strongly disagree and disagree. While 34.6 percent and 32.7 percent of respondents, respectively, agree and strongly agree, 7.7 percent of respondents were indifferent. As a result, the vast majority of respondents concur that they prefer Islamic banks since there are less formalities to be fulfilled.

General Behavior Towards Islamic Banking

Table 6. Frequency Distribution of General Behavior towards Islamic Banking

S/N	General Behavior	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
20	I will continue to use Islamic banks even if they	1 (1.9%)	1 (1.9%)	5 (9.6%)	25 (48.1%)	20 (38.5%)

	give lesser rates of return					
21	I will continue to use Islamic banks even if substantial risk exists in this system	1 (1.9%)	3 (5.8%)	6 (11.5%)	23 (44.2%)	19 (36.5%)
22	. I prefer Islamic banks since various processes don't need to be followed	2 (3.8%)	3 (5.8%)	6 (11.5%)	254 (48.1%)	16 (30.8%)

(Source: Author's Field Survey, SPSS Output, 2020)

The frequency and proportion of respondents' general conduct toward Islamic banking are shown in Table 6. "I will continue to use Islamic banks even if they give lesser rates of return", as stated in the statement. 1.9 percent disagree, 1.9 percent strongly disagree. However, 49.1%, 38.5%, and 9.6% of respondents said they were strongly or somewhat agreeing with the statement. Therefore, even if Islamic banks provide lower rates of return, the majority of respondents are in agreement that they will still use them.

1.9 percent of respondents strongly disagree with and 5.8 percent disagree with the statement, "I will continue to use Islamic banks even if substantial risk exists in this system," respectively. While 44.2 percent and 36.5 percent of respondents said they agree and strongly agree, respectively, just 11.5 percent of respondents were indifferent. Therefore, the vast majority of respondents concurred that they will keep using Islamic banks even if there is a high level of risk associated with this system.

For the claim that "I will continue to use Islamic banks even if they demand hefty fees," The percentages of responders who strongly disagree and disagree are 3.8% and 5.8%, respectively. While 48.1 percent and 30.8 percent of respondents agreed and strongly agreed, respectively, just 11.5 percent of respondents were indifferent. Therefore, the vast majority of respondents concurred that they will keep using Islamic banks even if they impose hefty fees.

Descriptive Statistic

Table 7. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TROR	52	10.00	25.00	20.7308	3.02354
TIT	52	9.00	15.00	13.3654	1.65718
TBR	52	6.00	15.00	12.3846	1.99169
TSQ	52	9.00	15.00	12.0577	1.50050
Valid N (listwise)	52				

(Source: Author's Field Survey, SPSS Output, 2020)

Descriptive statistics on Islamic bank patronage variables are shown in Table 7. Based on the respondents' responses to the questions that capture the Islamic bank patronage factors, the mean value of the descriptive statistics in Table 7 was used to rank the Islamic bank patronage variables in order of significance. Rate of return (mean=20.7308) is the criterion that respondents chose as being most crucial to patronage, according to Table 7. The second most requested aspect by the respondents (mean=13.3654) is the religious factor (Islamic teaching). The third element, with a mean of 12.3846, is bank repute. The client of Islamic banking ranked service quality as the least significant factor (mean=12.0577).

Correlation Result

Table 8. Correlation Result

		TGB	TROR	TIT	TBR	TSQ
TGB	Pearson Correlation	1	.456**	.619**	.757**	.621**
	Sig. (2-tailed)		.001	.000	.000	.000
	N	52	52	52	52	52
TROR	Pearson Correlation	.456**	1	.607**	.441**	.622**
	Sig. (2-tailed)	.001		.000	.001	.000
	N	52	52	52	52	52
TIT	Pearson Correlation	.619**	.607**	1	.426**	.480**
	Sig. (2-tailed)	.000	.000		.002	.000
	N	52	52	52	52	52
TBR	Pearson Correlation	.757**	.441**	.426**	1	.504**
	Sig. (2-tailed)	.000	.001	.002		.000
	N	52	52	52	52	52
TSQ	Pearson Correlation	.621**	.622**	.480**	.504**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	52	52	52	52	52

** . Correlation is significant at the 0.01 level (2-tailed).

(Source: Author's Field Survey, SPSS Output, 2020)

The Pearson Correlation test is used to assess the degree of correlation between the variables under examination, and the results are shown in Table 8. All of the independent variables (Rate of Return, Islamic Teachings, Bank's Reputation, and Service Quality) have a significant strong association with general behavior toward Islamic banking, according to the Pearson correlation result in Table 8, which shows correlation coefficient values of 0.456, 0.619, 0.757, and 0.621, respectively. All of the independent factors are positively correlated with attitudes toward Islamic banking

in general. The outcomes also show that there is no multi-collinearity among the variables. This is due to the fact that no variable's coefficient surpassed 0.80, as suggested by Bryman and Cramer (1997).

Regression Result

Table 9. Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.852 ^a	.727	.703	1.41311

a. Predictors: (Constant), TSQ, TIT, TBR, TROR

ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	249.378	4	62.344	31.221	.000 ^b
Residual	93.853	47	1.997		
Total	343.231	51			

a. Dependent Variable: TGB

b. Predictors: (Constant), TSQ, TIT, TBR, TROR

(Source: Author's Field Survey, SPSS Output, 2020)

In Nigeria, the selection criteria for Islamic banking were subjected to a regression analysis in order to identify the unique variable that significantly influenced people's attitudes about Islamic banking. The four (4) independent variables (Rate of Return, Islamic Teachings, Bank's Reputation, and Service Quality) have an R-square of 0.727, according to Table 9's model summary. An adjusted R-squared of 0.703 was obtained after adjusting for degree of freedom, which indicates that all the independent variables (rate of return, Islamic teachings, bank reputation, and service quality) together account for roughly 70% of the systematic variations in behavior toward Islamic banks. It also shows that other factors not included in the model account for around 30% of this variance. As a result, factors influencing the implementation of Islamic banking may not be the sole causes influencing people's attitudes about Islamic banks. The F-statistics of 31.221 and the corresponding probability of 0.000 demonstrate the validity of the model's explanatory capacity. Given that the related probability is less than 0.05, these statistics show that the overall model is important in explaining the dependent variable. Additionally, it implies that the dependent variable and independent variables have a linear connection.

The computed regression coefficients, standard errors of the estimates, t-values, and degrees of significance are displayed in Table 10.

Table 10. Coefficients (a)

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-6.795	1.882		-3.610	.001
	TROR	-.154	.094	-.179	-1.637	.108
	TIT	.563	.155	.360	3.638	.001
	TBR	.699	.119	.537	5.869	.000
	TSQ	.500	.179	.289	2.791	.008

a. Dependent Variable: TGB

(Source: Author's Field Survey, SPSS Output, 2020)

The following is the regression equation:

$$TGB = \alpha + \beta_1 TROR_1 + \beta_2 TIT_2 + \beta_3 TBR_3 + \beta_4 TSQ_4 + \epsilon$$

$$TGB = -6.795 - .154TROR_1 + .563TIT_2 + .699TBR_3 + .500TSQ_4$$

The regression results in Table 4.9 show that at a 1 percent level of significance, the p-values for respondents' responses for Islamic Teachings (.001), Bank's Reputation (.000), and Service Quality (.008) have a significant positive relationship with their behavior toward Islamic banks. This relationship exists between each of the factors influencing the adoption of Islamic banks and the behavior toward Islamic banking. The t-value for these variables, which was more than an absolute value of 2 according to the general rule (for Islamic Teachings 3.638, Bank's Reputation 5.869, and Service Quality 2.791), further supports this conclusion. With a p-value of -0.108 and an absolute t-statistic value of -1.637 at a 5% level of significance, the rate of return was discovered to be non-significant, indicating that there is no meaningful correlation between the rate of return and respondents' attitudes about Islamic banks. Additionally, there was a bad correlation between the rate of return and respondents' attitudes about Islamic banks.

Discussion of Findings

The positive and significant relationship between three of the patronage factors (that is, Islamic teachings, bank's reputation and service quality) and customer's behavior towards Islamic banking implies that these factors motivate customers to patronize the products and services of Islamic banking in Nigeria. However, the negative and insignificant relationship between rate of return and customer's behavior towards Islamic bank implies that the rate of return is not a critical factor that motivates customers to adopt or patronize Islamic banking in Nigeria. According to Hin et al. (2011), Muhammad & Bisharat (2014), Ahmad et al.

(2008), Manzoor et al. (2010), El-Nagar & Biely (2011), Hin et al. (2013), and Basher & Hassan (2018), customer behaviour toward Islamic banking is influenced by Islamic teachings, bank reputation, and service quality. The study's findings are consistent with these findings.

Conclusion and Recommendation

Conclusion

This study examines whether factors such as rate of return, Islamic teaching, bank's reputation, and service quality are responsible for why clients in Nigeria choose to do business with Islamic banks (Jaiz banks). Investigations were also conducted into the overall attitudes of Nigerian consumers regarding Islamic banking. Primary data for the study were gathered through survey questionnaires, and they were then examined using basic percentage, descriptive statistics, and regression. The poll that was performed with Nigerian consumers of Islamic banks received a response rate of 86.67 percent. The four criteria (Rate of Return, Islamic Teachings, Bank's Reputation, and Service Quality) were substantially connected with the dependent variable, according to the study done about the association between the particular variables and behavior toward Islamic banking. The overall finding of this study is that a variety of factors affect how Nigerians interact with Islamic banks. More specifically, the empirical results showed that customer behavior toward Islamic banking in Nigeria is significantly and positively influenced by Islamic teachings, bank reputation, and quality of services provided, whereas the relationship between rate of return and customer behavior toward Islamic banking was unfavorable and non-significant. According to the study's findings, consumers' decision to join Islamic banking in Nigeria is mostly influenced by Islamic teaching, the bank's reputation, and the quality of its services. Therefore, if and only if management implements policy measures to improve service quality, bank reputation, and promote Islamic teaching; Islamic banks can advance in Nigeria.

Recommendation

The study's recommendations are as follows, based on the researcher's findings and conclusions:

- i. To draw in new clients, Jaiz Bank must market its sterling reputation and high level of customer care.
- ii. They could also highlight religious customs in their marketing to draw clients who are eager to take advantage of interest-free banking services.

References

- [1] Ahmad, W. M., Rahman, A. A., Ali, N. A., & Seman, A. C. (2008). Religiosity and Banking Selection Criteria Among Malays in Lembah Klang. *Shariah Journal*, 16(2), 279 - 304.
- [2] Aigbovo, O., & Abudu, K. (2018). Ethical finance: Islamic banking and finance in Nigeria. *Amity Journal of Corporate Governance*, 3(1), 15 – 31.
- [3] Basheer, M. F., & Hassan, S. G. (2018). Patronage factors of Islamic banking system in Pakistan. *Academy of Accounting and Financial Studies Journal*, 22(1), 1 – 9.
- [4] Bashir, M. S. (2013). Analysis of customer satisfaction with the Islamic banking sector: Case of Brunei Darussalam. *Asian Journal of Business and Management Sciences*, 2(10), 38 – 50.
- [5] Bello, A. (2007). *Interest-Free Banking? Yes!*. Yaliam Press Ltd.
- [6] Bryman, A., & Cramer, D. (1997). *Quantitative Data Analysis for Social Scientists* (Rev. Ed.). Routledge, 29 West 35th Street, New York, NY 10001.
- [7] Dar, H. A. & Presley, J. R. (2000). Lack of profit loss sharing in Islamic banking: Management and control imbalances. *International Journal of Islamic Financial Services*, 2(2) 1-9.
- [8] Dusuki, W. A. & Abdullah, I. N. (2007). Why do Malaysian customers patronise Islamic banks? *International Journal of Bank Marketing*, 25(3),142-160.
- [9] El Nagar, H.M. & El Biely, M.M. (2011). A comparison of banking behaviour of Islamic bank customer some evidence from Egypt and the Kingdom of Saudi Arabia. *International Journal of Economics & Financial Studies*, 1(1), 1-14.
- [10] Erol, C., & El-Bdour, R. (1998). Attitudes, behavior and patronage factors of bank customers towards Islamic banks. *International Journal of Bank Marketing*, 7(6), 31-37.
- [11] Erol, C., Kaynak, E., & El-Bdour, R. (2007). Conventional and Islamic banks: Patronage behaviour of Jordanian customers. *International Journal of Bank Marketing*, 8(4), 25-35.
- [12] Farooq, S. U., Ahmad, G., & Jamil, S. H. (2010). A profile analysis of the customers of Islamic banking in Peshawar, Pukhtunkhwa. *International Journal of Business and Management*, 5(11), 106 – 117.
- [13] Gruening, H. V., and Z. Iqbal. 2008. Risk analysis for Islamic banks. Washington,DC: International Bank for Reconstruction and Development,

World Bank.

- [14] Hair, J., Anderson, R., Tatham, R. and Black, W. (1998) *Multivariate data analysis*. 5th Edition, Prentice Hall, New Jersey.
- [15] Haron, Sudin and Ahmad, Norafifah. (2000). The effects of conventional interest rates and rate of profit on funds deposited with Islamic banking system in Malaysia. *International Journal of Islamic Financial Services*, 1(4), 1-7
- [16] Hasan, M & Dridi, J. (2010). The effects of the global crisis on Islamic and conventional banks: A comparative study. International Monetary Fund working Paper No. 10/201.
- [17] Hassani, M. (2010). Islamic banking and monetary policy: Experience of Iran. *International Review of Business Research Papers*, 6(4), 430 –443.
- [18] Hin, C.W., Wei, C.C., Bohari, A.M. & Zainol, D.M. (2011). Bank selection criteria and service quality of Islamic banking: A comparison between Muslim and non-Muslim students and its effect on student's satisfaction. *Jurnal Ekonom*, 14(3), 104-114.
- [19] Manzoor, M. M., Aqeel, M., & Sattar, A. (2010). Factors Paving the Way towards Islamic Banking in Pakistan. *World Academy of Science, Engineering and Technology*, 66, 1677-1683.
- [20] Marimuthu, M., Jing, C.W., Gie, L.P., Mun, L.P. & Ping, T.Y. (2010). Islamic banking: Selection criteria and implications. *Global Journal of Human Social Science*, 52(10), 52-62.
- [21] Metawa S, Almosawi M (1998). Banking behavior of Islamic bank customers: Perspectives and implications. *International Journal of Bank Marketing*, 7(16), 299-315.
- [22] Muhammad, R., & Bisharat, N. (2014). Patronage factors in Islamic banks in Pakistan. *Journal of Business and Management*, 16(6), 108 – 114.
- [23] Rammal, H. G., & Zurbruegg, R. (2007). Awareness of Islamic banking products among Muslims: The case of Australia. *Journal of Financial Services Marketing*, 12(1), 65-74.
- [24] Salman, A., Nawaz, H., Muhammad, S., Bukhari, S. M. H., & Baker, A. (2018). Growth Analysis of Islamic Banking in Pakistan: A Qualitative Approach. *Academy of Accounting and Financial Studies Journal*, 22(Special Issue), 1528 - 2635.
- [25] Ullah, K. Z. (2014). An investigation of the selection criteria of Islamic Banking in Pakistan: Customers' Perspective. *Research Journal of Management Sciences*,

3(6), 7 – 9.