



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**CUSTOMERS' PERCEPTION TOWARDS INTERST FREE BANKING  
PRODUCTS AND SERVICES: IN SELECTED BRANCHES OF  
COMMERCIAL BANK OF ETHIOPA**

**BY**

**ELIAS ENDALE**

**JULY, 2015  
ADDIS ABABA, ETHIOPIA**

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**THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF  
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## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of TemesgenBelayneh (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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**St. Mary's University**  
**Addis Ababa**

**July, 2015**

## ABSTRACT

*This study was conducted to assess CBE customers` perception towards IFB products and services, to imply that how deposit mobilization can be improved, how CBE can increase No. of IFB customer`s vis-à-vis better and high quality banking services. Purposive sampling procedure was employed for this study. The study was conducted on eight purposely selected branches namely: Africa Avenue and A/Amba Michael branches from East Addis district, Addis Ababa and Gulele branches from North Addis district, Alem Bank and AnuarMesgid branches from West Addis district, and Gofasefer and DileGebeya branches from South Addis district. From each branch customers included in the sample as respondents, from the total of 162 questionnaires distributed, 142 were returned, out of which 132 were usable. This research used Concurrent mixed methods. Concurrent mixed methods are those in which the researcher converges or merges quantitative and qualitative data in order to provide a comprehensive analysis of the research problem. Quantitative data were analyzed using descriptive statistics tools such as frequency, percentages, means and standard deviation. Binary logistic regression model, which is best, fits the analysis for factors that influence CBE customers to choose IFB products and services were employed. The results of logit model shows that price of service, quality of service, quality of staff, convenient branch location, influence of family and friends and religion were found to have significant relationship with overall perception towards interest free banking. Whereas, awareness of respondents, age, sex, occupation, level of education, income level, marital status, interior atmosphere of branches and provision of IFB service were found to have no significant relationship with overall perception towards interest free banking.*

*Key words: Bank, Interest free banking, Perception.*

## **LIST OF ACRONYMS AND ABBREVIATIONS**

CBE	Commercial Bank of Ethiopia
CC	Contingency Coefficient
ICPS	Inter-Censal Population Survey
IFB	Interest Free Banking
NGO	Non-Governmental Organization
PLS	Profit and Loss Sharing
SPSS	Statistical Package for Social Science
SD	Standard Deviation

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# **TABLE OF CONTENTS**

ACKNOWLEDGMENTS

TABLE OF CONTENTS

LIST OF ACRONYMS AND ABBREVIATIONS

LIST OF TABLES

LIST OF FIGURES

ABSTRACT

CHAPTER ONE: INTRODUCTION	1
1.1. Background of the Study	1
1.2. Statement of the Problem	3
1.3. Research Questions	5
1.4. Objectives of the Study	6
1.4.1. General Objective	6
1.4.2. Specific Objectives	6
1.5. Operational Definitions of Terminologies	6
1.6. Significance of the Study	6
1.7. Scope of the Study	7
1.8. Limitation of the Study	7
1.9. Organization of the Study	7
CHAPTER TWO: REVIEW OF RELATED LITERATURE	8
2.1. Introduction	8
2.2. Philosophy of Interest Free Banking	8
2.2.1. Basic Principles (Features) of Islamic Bank	9
2.2.2. Modes of Operation in Islamic Banking	11
2.3. Perception of Corporate Customers towards IFB	12
2.4. Perception of Individual Customers towards IFB	13
2.5. Levels of Awareness of Customers towards IFB	14
2.6. Business Firms' Attitude towards Interest Free Banking	14
2.7. Financial institutions' Attitudes towards IFB	15



2.8. Conceptual Framework of the Study	17
2.9. Operational Definition of Variables	17
2.9.1. Dependent Variable	17
2.9.2. Independent Variables	18
CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY	21
3.1. Introduction	21
3.2. Research Design	21
3.3. Source and Types of Data	21
3.4. Target Population	22
3.5. Sampling Design	22
3.6. Data Collection Method	23
3.7. Validity and Reliability	24
3.7.1. Validity	24
3.7.2. Reliability	24
3.8. Method of Data Analysis	26
3.8.1. Logistic Regression Model and Specification	27
3.8.1.1. Multi-collinearity	29
3.7. Ethical Considerations	29
CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION	30
4.1. Introduction	30
4.2. Results of Descriptive Statistics	30
4.2.1. Demographic Profile of the Respondents	30
4.2.2. Awareness of the Respondents	33
4.2.2.1 Overall Awareness of the Respondents toward IFB	33

4.2.2.2. Respondents knowledge in Relation to Provision of IFB	34
4.2.2.3. The Ways respondents know that CBE offers IFB services	34
4.2.3 Usage of IFB Products and services	35
4.2.4 Perception of Respondents towards IFB Products and Services	37
4.2.5 Factors that Influences Respondents to Choose IFB Services	40
4.2.5.1 The Main Reason Respondents Select IFB	40
4.2.5.2 Price of Service	40
4.2.5.3 Influence of Family and Friends	41
4.2.5.4 Quality of Services and Staff	41
4.2.5.5 Good Interior Atmosphere and Convenient Branch location	42
4.2.5.6 Provision of IFB Services and Awareness towards IFB	43
4.3. Opinions of the Respondents towards IFB Products and Services	44
4.4. Results of the Econometric Model Analysis	45
4.4.1 Multi-Collinearity Diagnosis	45
4.4.2 Factors that Influence Customers in Selecting IFB Products and Services	47
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION	51
5.1 Summary of Major findings	51
5.2 Conclusions	52
5.2. Recommendations	53
REFERENCES	56
APPENDIX – I	i
APPENDIX – II	vi
APPENDIX – III	x

## LIST OF TABLES

Table 3.1: Number of account opened and amount deposited	23
Table 3.2: Reliability test Table	25
Table 4.1: Distribution of respondents by Age, Sex, Occupation and Level Education	31
Table 4.2: Distribution of respondents by marital status, Income and Religion Group	32
Table 4.3: Distribution of the respondents' overall awareness towards IFB products	33
Table 4.4: Distribution of the respondents' knowledge about provision of IFB	34
Table 4.5: Distribution of the respondents the ways come to know that CBE offers IFB	34
Table 4.6: Distribution of the respondents' usage of the IFB facilities	35
Table 4.7: Deposit Status of CBE District Offices under IFB services as at April 08, 2015	36
Table 4.8: Distribution of respondents who are willing to use IFB services for future	37
Table 4.9 Mean distribution of perception of respondents toward IFB	38
Table 4.10: Distribution of the respondents' reason why they select IFB to use	40
Table 4.11: Distribution of respondents' perception towards price of service	41
Table 4.12: Distribution of the respondents' perception towards Influence of Family and Friends	41
Table 4.13: Distribution of the respondents' perception towards Quality of Service and Staff	42
Table 4.14: Distribution of the respondents' perception towards Interior Atmosphere and Convenient branch location	43
Table 4.15: Distribution of the respondents' perception towards provision of IFB and Awareness	43
Table 4.16: Distribution of the respondents' opinion towards IFB	44
Table 4.17: Correlation Matrix for Discrete Variables	46
Table 4.18: Regression Result using Logistic Model	47

## LIST OF FIGURES

Figure 2.1 Conceptual framework	17
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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1. Background of the Study**

Bank is an institution responsible for receiving, collecting, transferring, paying, lending, investing, dealing, exchanging and serving money and claim to money to both locally and internationally (Woelfel, 1993). Banks earn maximum returns from this intermediation in the means of interest. Banks charge higher interest on loans to envelop all the expenses, cost of fund and profit for the owners. On the contrary, Interest Free Banking (IFB) is the alternative method of banking administered under Islamic Shari'ah principles. Unlike conventional banking, interest free banking is run under the principles of partnership, mutual solidarity and reciprocal social development (Dusuki and Abdullah, 2007; Ahmed 200). Interest free banking by principle, is also different from the conventional banking system. Payment of interest which is known as Riba is strictly prohibited in Interest free banking. In several verses from the Qur'an Allah undoubtedly underlines that including Riba is like inviting a war against Allah and his prophet Mohammed. He also clearly differentiated between Riba and profit and also strongly indoctrinated not to confuse between these. The Qur'an also clearly defines that profit must be earned from exchange of goods and services but not from exchange of money itself (khan et al, 2008)

The key element under this system of banking is no-interest rule, meaning that users of products or services of Islamic banks can neither earn nor pay interest on loans, because the principle upon which this system of banking based prohibits any pre-determined interest in business dealings. Secondly, all forms of investments must be made on legally and morally approved causes. This therefore imposes that every activity or transaction that will involve Islamic banks must be thoroughly screened through legal and moral filters to ascertain the worth of such ventures and or whether they are based on the principles of Islamic sharia law. This is no different from the conventional concept of ethical investing or being socially responsible. Thus, any transactions or contracts under Islamic finance are not permissible once they involve ammunition, dealings in pork, gambling, pornography or any other products and services which are non-compliant with the principles and rules underlying the

concept. They include avoidance of interest, greed and unfair exploitation, excessive speculation and uncertainty. Given this, financial services, products, contracts or transactions with Islamic banks must be structured to reflect these principles. Since its inception in Egypt in 1963 and sporadic progress in 1970s, Islamic banking has grown remarkably in size and number and since late 1980s and early 1990s, Islamic banking has been enjoying an unmatched support from the World Bank and the IMF which continued to more strategically and competitively position the hitherto infant industry to a serious player in the global financial system, catering not only for specific needs of Muslims but Non-Muslim communities alike who wish to pursue economic ventures that are devoid of interest (Dogarawa, 2011; Joseph, 2011).

IFB industry has experienced a remarkable growth over the last four decades (khan et al, 2008). IFB are currently very popular among the non-Muslims in different parts of the world (knight, 2007). Observing this increased demand, different giant multinational conventional banks are opening IFB widows providing interest free banking products in different part of the world (Beng and Ming, 2008). CBE is also among these conventional banks that opened IFB widows in some selected city branches and outline branches to provide IFB products and services.

Perception is the way people organize the massive amounts of information they receive into patterns that give it meaning. People will use their perceptions of reality, not reality itself, to decide how to behave. Perception is the act of discerning, realizing, and becoming aware of through the senses (Albrecht, 2003). Perception of customer is identified through the satisfaction level about any product or service and satisfaction level usually measured by the offering services by the institution. Turnbull (1983) was among the first researchers who studied perception of corporate customers towards their banks. His pursuits are that big organizations prefer foreign banks rather than their local banks. Two factors found by Rosenblatt et al. (1988) that describe decision making process influenced on these two factors. First factor is that banks provide their services with better branching networks and second factor identified by researcher is that banks with their better quality services as compared to innovative products.

Ethiopia is a country in which Muslims represent in 34.1% share of its population (ICPS, 2012). Total fund deposited under special demand deposit (i.e type of deposit prepared for those who do not want to participate in interest bearing activities.) in CBE is indicator of public willingness to use IFB products and service. As IFB products and services enter into the market, an important consideration is the customer attitudes, perception and expectations towards IFB products and services.

From the previous studies in Ethiopia, it is observed that various studies conducted on the conventional banking system products and services not on the IFB products and services. As a result limited empirical studies are available on the IFB system. Therefore, the aim of the study is to assess perception of CBE customers towards IFB products and services and factors that influence customers to choose IFB products and services.

## **1.2.Statement of the Problem**

CBE is the leading commercial bank in Ethiopia and Pioneer to introduce modern banking to the country (source: website of CBE). It is providing the bank services to its customers and stakeholders for more than seven decades with diversified products and services. These include Deposits, Credit facilities, Money transfer both local and international, trade service, Forex services, correspondent bank, card banking, internet banking, Mobile banking, and so on. This is intended to meet customers demand and expectation in other way of saying to ensure service excellence. CBE; now a day`s aggressively expanding branches to access the unbanked societies.The branch expansion currently reaches more than940 as of March, 2015. Trying to meet the demand of customers by introducing various new products and services. IFB is also the one which is categorized under new products delivered at CBE counter.

Over the past four decades, Interest free banking has emerged as one of the fastest growing industries. It has spread to all corners of the globe and received wide acceptance by both Muslims and non-Muslims (Iqbal and Molyneux, 2005). Interest free banking performs the same essential functions as banks do in the conventional system, except that the need for them to carry out their transactions in accordance with the rules and principles of Isam(Henry and Wilson, 2004; Iqbal and Mirakhor, 2007). From a theoretical perspective, interest free

banking is different from conventional banking because interest (riba) is prohibited in Islam i.e., banks are not allowed to offer a fixed rate of return on deposits and not allowed to charge interest on loans. A unique feature of interest free banking is its profit and loss sharing (PLS) paradigm, which is predominantly based on the Muderabah (Profit and loss sharing) and Musharakah (joint venture) concepts of Islamic contracting (Khan, Mirakhar, 1989; Iqbal, 1997). Interest free banking financial services are currently very popular among the non Muslims in different parts of the world (Knight, 2007). Moreover, it is not limited to Islamic countries. In August 2004, the Islamic Bank of Britain becomes the first bank licensed by a non- Muslim country to engage in interest free banking (Beng and Ming, 2008). Observing this increasing demand, different giant multinational conventional banks are opening interest free banking windows providing interest free services to widely scattered population (Hassan and Ahmed, 2001, Huda et al, 2007). CBE is among these conventional banks that opened IFB windows in some selected city branches and outline braches to provide IFB product and services. It commences services in some selected city and outlines branches on October 28, 2013. This is because to meet customers demand concerning interest free services.

Studies by (Ahmad and Haron,2002) pointed out that religion as the main reason for choosing interest free banking products and services, which has been grounded under the principles of the Qur'an and the Hadith. However, studies in Malaysia, United Arab Emirate, Kuwait found non- religious factors like efficiency, cost-benefit etc. in conjunction with a religion as the influential factors behind choosing an interest free banking product and services (Dusuki and Abdullah, 2007; Wilson, 1995;Kuehn and Bley, 2004, Owen and Othman, 2001; Metawa and Almossawi, 1998)

The introduction and sustainability of Interest free banking in Ethiopia is of great importance for several considerations. Including request for IFB service for long, even if CBE introduced special demand deposit it is not adequate. Secondly the target population represents large group according to central statistics agency more than 27 million. Thirdly SDD customers and deposit has been growing time to time, i.e more than 200,000 customers and 1.8 Blndeposit, And finally NBE`s authorization directives.From the past studies in Ethiopia

there are no much studies conducted on the IFB products and services. As result limited empirical studies are available on IFB system. Moreover, it is has not been investigated in the CBE.

Changes in the Ethiopian financial landscape and the introduction of IFB has generated new dimension and phenomenal in banking sector. Such scenario had also led to the changes in the customer's taste and demand for better and high quality banking services. Since the emergence of more financial institutions in recent years, both conventional and IFB, customers, Muslims and non-Muslims alike have been presented with enormous choices to choose from in term of banking products and services. Rather, customers are now spoiled for choices to choose the ones that meet their needs and wants before making any decisions.

Similarly, this situation also applies to the products and services offered by the IFB system. These products not only have to compete with products offered by the conventional banking but also among the products offered by the IFB itself. Due to this stiff competition, the IFB therefore need to consider several criteria such as bank's image and performance, speed of transaction, channel of delivery system, banking convenience and product diversity to attract customers to continuously do banking business with them.

Hence, the current study is an attempt to examine the customers' perception and acceptance of Interest free banking services in Commercial Bank of Ethiopia. Specifically, the study attempts to assess perception of CBE customers towards IFB products and services and also to uncover the factors that may influence it.

### **1.3. Research Questions**

This study was conducted to answer the following questions:

1. What is the CBE customers' perception towards IFB product and services?
2. What is the overall awareness of CBE customers towards IFB products and services?
3. What are the factors that influence CBE customers to choose IFB product and services?
4. What are the opinion of respondent towards IFB product and services?



## **1.4.Objectives of the Study**

**1.4.1.General Objective:** The general objective of the study is to assess CBE customers' perception and acceptance towards IFB products and services.

**1.4.2.Specific Objectives:** the specific objectives of the research are included:

1. To assess customers' perception towards IFB product and services.
2. To investigate overall awareness of customers towards IFB products and services.
3. To analyze factors that influence CBE customers to choose IFB products and services.
4. To explore the opinion of CBE customers towards IFB products and services.

## **1.5.Operational Definitions of Terminologies**

**A. Bank:-** Bank is an institution responsible for receiving, collecting, transferring, paying, lending, investing, dealing, exchange and Serving money and claim to money to both locally and internationally.

**B. Interest Free Banking:** - is non-interest based financial or banking service which complies fully with Islamic laws.

**C. Perception:** - is the way people organize the massive amounts of information they receive into patterns that give it meaning.

## **1.6.Significance of the Study**

To know perception of CBE customers, towards IFB product and services the study becomes necessary. Since, CBE recently begins providing IFB product and service in a dedicated window through 92 branches in Addis Ababa and 262 branches in outline branches. Planners and policy makers of the bank can draw lesson from the result of the study to formulate additional strategies and tactics in relation to IFB. To understand the level of awareness of customers towards IFB product and services and to provide factors that influence customers to choose IFB product and services the study become necessary. The study is important because CBE can draw lesson to understand the needs of customers, by providing the necessary services to fulfill these needs. Moreover, it is significant since the study would recommend. Again it is significant because of the fact that the study will become reference for further research.

### **1.7.Scope of the study**

The finding of the study would be more fruitful if it could be conducted widely by including more branches of CBE. But due to time, labor and finance constraints it is time consuming and tedious to include more other branches. As a result, the study was delimited to cover some selected branches located in Addis Ababa district offices, the study was also delimited to treat issues such as perceptions and opinion of CBE customers towards IFB product and services and level of awareness of customers towards IFB product and services and to analyze factors that influence customer to choose IFB product and services.

### **1.8.Limitation of the Study**

The study was not conducted widely by including more other branches but limited to some selected CBE branches only due to limitation of time and budget in conducting the study. In data collection, some respondents were un-cooperative in providing information. Specifically, they were not interested to fill the semi-structured questionnaire. And also, some respondents were not punctual in returning the questionnaire.

### **1.9.Organization of the Study**

This research paper is organized into five chapters. The first chapter deals with background, statement of the problem, objectives, research questions, significance, scope and limitation of the study and organization of the paper. The second chapter focuses on pertinent literatures and conceptual framework of the study and operational definition of terminologies. Whereas, chapter three describes the research methodology employed in the study and operational definition of variables. Chapter four focuses on result and discussion of the study. The last chapter of the paper presents major findings, conclusions and recommendations of the study.

## CHAPTER TWO

### REVIEW OF RELATED LITRATURE

#### 2.1. Introduction

This chapter deals with operational definition of terminologies, literature that reviewed in relation to philosophy of interest free banking, perception of corporate customers towards IFB, perception of customers towards IFB, level of awareness of customers towards IFB, business firms attitude towards IFB and financial institutions` attitude towards IFB, Lastly deals about conceptual frame work of the study and operation definition of variables.

#### 2.2. Philosophy of Interest Free Banking

The definitions of Islamic banking or IFB revolved around one thing - Islamic law (*Shari'ah*). This can be understood in the following definitions from different authors. For instance, Sanusi (2011) views Islamic banking as an alternative form of financial intermediation that is based on profit motive. That is, IFB is market driven but with a moral dimension based on the Islamic value system. Akram et al. (2011) see Islamic banking or IFB as that banking system which is run in accordance with the Islamic laws and the *Shari'ah*board; that guides the institutions. Furthermore, Lawal (2010) defined Islamic banking as a system of banking that is consistent with the principles of Islamic law (*Shari'ah*) and its application through the development of Islamic economies. In addition, Marimuthu et al. (2010) define it as the conduct of banking based on *Shari'ah*principles. In the same line, Ghayad (2008) sees Islamic banking as a banking system that operates in accordance with the rules of *Shari'ah*i.e. *Fiqh al-Muamalat*(Islamic rules on transactions). In conclusion, Islamic banking is a kind of banking system that operates strictly on the basis of *Shari'ah*(Islamic law).

Many Interest free banking literature assert that although interest free banks perform mostly similar functions to that of conventional banks, their approach is distinctly different (Ahimed, 2000; Chapra, 2000; Warde, 2000; Henry and Wilson, 2004; Iqbal and Molyneux, 2005; Iqbal and Mirakhor, 2007). To illustrate, some of the salient features of interest free banking and finance which making it distinctive and unique from its conventional counterparts include: first,

Islamic banking strives for a just, fair and balanced society as envisioned by the Islamic economics (Mirakhor, 2000; Warde, 2000). Accordingly, the many prohibitions (e.g interest, gambling, excessive risks, etc.) are to provide a level playing field to protect the interest and benefits of all parties involved in market transactions and to promote social harmony (Ahmed, 2000; Chapra, 2000). For example, the prevailing practice of interest in the conventional banking system involves injustice to the borrowers since the interest on their loans have to be paid irrespective of the outcomes of their business. Similarly, interest-bearing contracts can be unjust to the lenders especially when their returns on deposits, which have been channeled by the banks to the entrepreneurs, do not commensurate with the actual performance of the investment (Lewis and Algaud, 2001; Iqbal and Molyneux, 2005). Second, Interest free banking is constructed upon the principle of brotherhood and Cooperation, which stands for a system of equity sharing, risk sharing and stake taking. It promotes such sharing and cooperation between the provider of funds (investors) and the user of funds (entrepreneur) (Ahmed, 2000; Iqbal and Molyneux, 2005). Third, as a system grounded on ethical and moral framework of the Islamic law of Sharia, Interest free banking is also characterized by ethical norms and social commitments ((Ahmed, 2000; Mirakhor, 2000; Warde, 2000). There is a moral filter based on the definitions of halal (permissible) and haram (prohibited and undesirable) operating at different levels, carving the conscience of entrepreneur and firm, promoting a positive social climate for society, and providing an expedient legal framework (Chapra, 1992). Accordingly, Interest free banks cannot finance any project which conflict with the moral value system of Islam such as financing a brewery factory, a casino, a night club or any other activity.

### **2.2.1. Basic Principles (Features) of Islamic Bank**

Islamic banking is a unique type of banking system that devoid all forms of transactions that are prohibited in Islam. So for any bank to be classified as Islamic bank, the following basic principles must be adopted for its operations (Greuning and Iqbal, 2008; Abraham, 2008; Islamic Financial Stability Forum, 2010; and Sanusi, 2011):

**a) Prohibition of interest (Riba).** Interest means a fixed predetermined amount in addition to the principal. It is prohibited in Islam. So for any bank to be called Islamic bank, it must not engage in any interest related transactions, but rather, profit and loss sharing transactions.

**b) Prohibition of speculation (gharar).** The term gharar literally means hazard. More so, it means transactions that have too much risk and are therefore linked to gambling. Since Islam prohibits speculation, a potential Islamic bank will avoid all transactions with excessive risk.

**c) Profit, loss, and risk sharing.** Since interest is prohibited in Islam, the providers of funds and the entrepreneur in an Islamic banking settings share the business risk and profits based on mutual agreement. This act will equitably distribute income, enhance social justice, and alleviate poverty etc.

**d) Shari'ah approved activities.** Islamic banking is a banking system that is based on Shari'ah. So any transactions that are prohibited by Shari'ah in the likes of alcohol, gambling etc. are avoided in Islamic banking. Islamic banks can only partake in transactions or activities that are approved by the Shari'ah advisors.

**e) Social Justice.** Islam prohibits Muslims from any transactions leading to injustice and exploitation of any kind. So Islamic banks can't engage in any transactions that will lead to exploitation of any party.

**f) Compulsory payment of zakat.** It is mandatory for an Islamic bank to pay zakat. Zakat is one of the five pillars of Islam.

**g) Overseen by Shari'ah advisors.** Every Islamic bank must be regulated by experts in Islamic law who will have to audit the operations of Islamic banks and its products to make sure that they comply with Shari'ah guidelines.

### 2.2.2. Modes of Operation in Islamic Banking

The modes of operation of Islamic banking are numerous and there is room for further innovation in the modes of operation provided they are in line with shari'ah's principles. Below however, we restrict ourselves to the popular ones:

**a) QardHasanloans:** It is a benevolent loan given to deserving customers by Islamic banks to alleviate poverty. The beneficiary is required by Shari'ahto pay back only the principal to the Islamic bank. However, the client may pay an addition to show appreciation to the Islamic bank but this intention should not be disclosed to thebank by the customer at the beginning of the transaction.

**b) Mudarabah(Silent Partnership):** A mudarabahcontract is a financial transaction in which there are two partners in the contract. One of the partners will provide the needed capital (Rabb-ul-Maal) and the other partner will go into the business as entrepreneur (Mudarib). That is, the Islamic bank will act as the capital provider (Rabb-ul-Maal). In this type of financial contract, profits are shared between Islamic bank and the entrepreneur (client) based on predetermined ratio. However, in the event of loss the Islamic bank (or depositors) bears the loss while the entrepreneur loses his or her effort provided it were not as a result of his or her negligence. Mudarabahcontract is of two parts in Islamic banking system. One part of the contract is between the Islamic bank and the depositors, and the second part is between the Islamic bank and the entrepreneur.

**c) Murabahah(Cost-Plus Sale Contract):** This type of contract is mostly use in the procurement of equipment. It is a sale contract between Islamic bank and its client at a fixed profit called mark-up. In this contract, the client will provide all the specifications of the commodity and the Islamic bank will take the risk of purchasing it for the client at a cost plus mark-up which the client can either pay in installment or sum at a spot or at a stated period.

**d) Ijarah(Lease):**Ijarahis synonymous to leasing contract in conventional banking. It is a contract whereby an Islamic bank purchases an asset and leases it out to its client on the agreement that the client will be paying a fixed amount at regular interval usually monthly for a

specified period of time to the Islamic bank. It may also include the option of the client purchasing the asset at the end of the contract from the bank.

**e) Musharaka(Equity Partnership):** Musharaka is a contract in which two or more persons contribute capital for the establishment of a particular business venture in such a way that each partner has right to either involve in the administration of the business or not. However, partners may decide to be active or sleeping partner at their own will. In this kind of transaction in Islamic banking, profits are shared based on agreed ratio which need not be equal to their individual capital contribution, but loss is shared strictly based on individual capital contribution. So, Islamic bank will act as a partner in this case in order to contribute in the capital formation as well as in sharing profits and loss.

**f) Salam (Forward Trade Contract):** This is a sale contract whereby Islamic bank agrees to supply some specific commodities to the buyer (its client) at a future date that is specified in exchange of an advanced full spot payment to the bank. That is, the client pays the full amount and delivery of the commodity to the client is done in specific future date by the Islamic bank.

### **2.3. Perception of Corporate Customers towards IFB**

Turnbull (1983) studied the perceptions of corporate customers towards their banks. He examined the relationship between 44 corporate customers in United Kingdom and their bankers and found that size played an important role in maintaining split banking practices. Another important finding of Turnbull (1983) was that large corporations tend to prefer foreign banks than the local banks.

Turnbull and Gibbs (1989) conducted a study using 'large' and 'very large' companies in South Africa. The objectives of their study were to find factors that were considered important among corporate customers in selecting their banks and to find information whether companies have single or split banking relationship. The finding generally showed that the corporate customers perceived that quality of service was the most important factor in establishing a relationship. Other influential factors were quality of staff, bank manager's attitude, and price of service.

Although very large companies considered quality of service as the most important factor, both price and quality of staff were equally important.

#### **2.4. Perception of Individual Customers towards IFB**

The studies of Erol and El Bdour (1989) and Erol et al. (1990) are considered as the earliest patronage studies on Islamic banking. Using both conventional and Interest free banking customers, they found that customers who patronized Interest free banks perceived that the three most important criteria in bank selection were the provision of a fast and efficient service, banks reputation and image, and confidentiality.

Haron et al. (1994) sought to establish the selection criteria used by Muslim Customers in Malaysia when selecting their banks. The three most important criteria perceived by Muslims in Malaysia were the provision of a fast and efficient service, the speed of transaction, and friendly bank personnel. Another important contribution from this study was the potentiality of individual customers in patronizing the Interest free bank when they had knowledge of this new system. 80 % of Muslim and 53 % of non-Muslim respondents indicated that they would consider establishing a relationship with an Islamic bank if they had substantial understanding of its operations.

Metawa and Almosawi (1998) focused their study to customers of Bahrain Islamic Bank and Faisal Islamic Bank of Bahrain. They found that customers of these two Interest free banks perceived Islamic principles as the most important factor while selecting Interest free banks. The second important factor was reward extended by the banks, followed by influences of family and friends, and convenient location. The study of Metawa and Almosawi also indicate that socio-demographic factors such as age, income and education were important criteria in bank selection. This finding indicating religion as the most important reason for customers patronizing Interest free banks contradict those findings by Haron et al. (1994) and Gerrard and Cunningham (1997).



## **2.5. Levels of Awareness of Customers towards IFB**

Two recent studies on the perception and understanding of Islamic finance deserve special note. In the first, Bley and Kuehn (2004) surveyed business students' knowledge of financial aspects of Islamic and conventional banks in the United Arab Emirates (Sharjah). This is particularly noteworthy in that this sample included a relatively high proportion of students knowledgeable of general financial practices, and comprised students of both an Arabic and non-Arabic Muslim background. The major finding was that Muslim students preferred Islamic bank services because of religious motivations. A second finding was that while Arabic Muslims displayed a high level of knowledge of Islamic financial terms and concepts, non-Arabic Muslim students had a higher level of knowledge of conventional banking. That said most students' banking knowledge was generally at a low level.

## **2.6. Business Firms' Attitude towards Interest Free Banking**

Until recently, there has been very little work undertaken on business firms' attitudes towards Islamic methods of finance. The first study that focused on business firms attitudes towards Islamic banks in a dual-banking system (that is, Islamic banks operating side-by-side with conventional banks) was conducted in Kuwait by Edris (1997). Importantly, despite Islam being the dominant religion in Kuwait, and regardless of the apparent preference of individual customers of Islamic banking, the majority of businesses preferred to deal with conventional banks rather than Islamic banks. In fact, Kuwaiti business firms ranked the size of the bank assets to be the most important factor in their bank selection criteria, with Islamic banking practices ranked fifth among the selected patronage factors. The evidence found also suggested that most business firms in Kuwait were multiple-bank users, operating on the desire to obtain specialized services from a selection of banks, rather than a single provider.

The studies of business firm attitudes to Islamic finance are drawn from the Australian context. In the study, Jalaluddin and Metwally (1999) surveyed three hundred and eighty five small business firms in Sydney about their attitudes towards the profit/loss sharing method of finance employed by Islamic banks. The results indicated that factors other than religion were relevant in this decision, including the degree of risk-sharing relative to the degree of business risk, the cost of borrowing funds from other lenders, and the expected rate of return. Generally, the probability

of applying profit/loss sharing methods of finance was positively related to the levels of business risk, interest rate, and expected rate of return. A mitigating factor found which acted against the use of profit/loss sharing financing arrangements was the extent of management intervention on a day-to-day basis by the funding body.

In the other study, Jalaluddin (1999b) again focused on small business firm's attitudes towards profit/loss sharing methods of finance. Even though most, if not all, decision – makers in these firms were non-Muslims, some sixty percent of respondents expressed an interest in profit /loss sharing methods of finance as an alternative to conventional debt finance. As in Jalaluddin and Metwally (1999),the primary motivation for the Australian business firms to obtain funds on a profit/loss sharing basis was to obtain funds in high – risk business situations where the cost of debt finance could be expected to be prohibitive. On other hand, some of the terms and conditions of the profit/ loss sharing schemes, as well as the lack of knowledge in these methods, was the primary reason for firms rejecting possible use of profit /loss sharing.

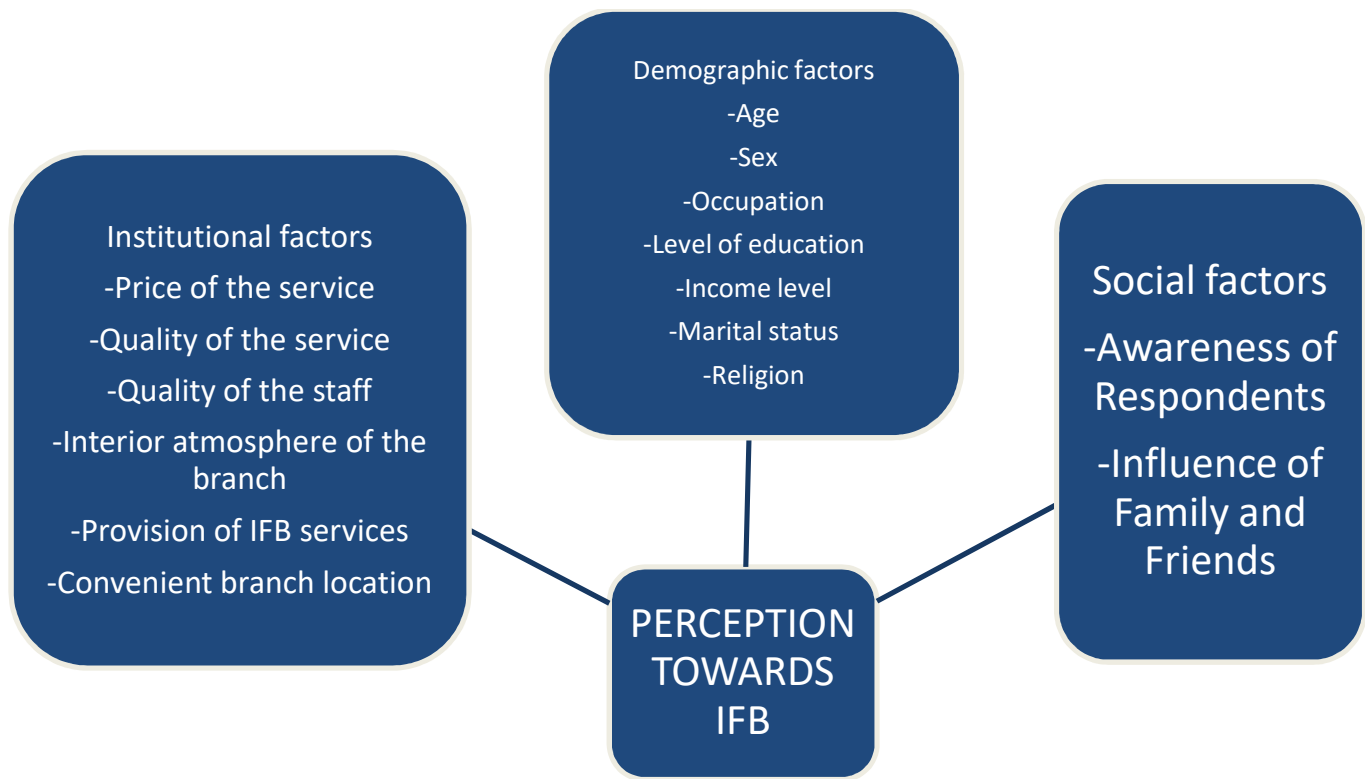
## **2.7. Financial institutions' Attitudes towards IFB**

Jalaluddin (1999a) in his studies that have considered the attitudes of financial institutions towards Islamic methods of finance; the researched (interviewed eighty Australian financial institutions based in Sydney on their attitudes towards profit/loss sharing methods of (interest free) finance and whether they would be agree to lend funds in accordance with these methods. Overall, more than forty percent of respondents were prepared to lend funds on a profit/loss sharing basis, motivated in part by the need to provide business support, strong growth in the demand for funds, the high risk of default under the conventional banking system, and the potential for higher returns to lenders. As in the survey of small business firms conducted by Jalaluddin and Metwally(1999), Jalaluddin(1999a) also found that the major factor for financial institutions, as with business firms, was business support, meaning that both lenders and borrowers could obtain mutual business support through the use of profit/loss sharing methods of finance. On the other hand, complications with firm management, a lack of familiarity with business conditions, and risk sharing with borrowers acted against financial institutions lending on a profit/loss sharing basis.

Other studies conducted on financial institution attitudes towards Islamic finance. Karbhari et al. (2004) undertook focused interviews with financial institutions in London to investigate their attitudes towards the problems, challenges and opportunities facing interest free banks in the United Kingdom. The major finding of this study was that most if not all respondents were convinced that involving interest free methods of finance in conventional bank's operations would help promote the establishment of Islamic banks in UK. In turn, this would increase Muslim and non-Muslim British customers' understanding of Interest free methods of finance. In addition, most of the respondents believed that the UK government did not support the establishment of Interest free banks. Karbhari et al. (2004) concluded that an education program could be a useful way to undertake future change in the UK financial sector with the partial evolution of a dual-banking system.

Religious conviction is a logical key determinant for the use of Islamic financial service, it is often not the only concern, with most consumers also identifying the organization's reputation, service quality and pricing as being of relevance in determining their patronage of a particular financial institution (Gait A and Worthington A, 2007). Gerrard P and Cunningham J (1997) even observed that about two-thirds of Muslims consider religious as well as economic factors before deciding to custom with as Islamic financial institution in Singapore.

## 2.8. Conceptual Framework of the Study



$$P = f(I, D, S)$$

Figure 2.1 Conceptual framework

## 2.9. Operational Definition of Variables

### 2.9.1. Dependent Variable

It is operationally defined as the customers' perception towards interest free banking. This is to determine that if customers' perception influences selection of interest free banking and if the customers' perception does not influence selection of interest free banking. It is dummy variable takes a value of "0" if customers' perception influences selection of interest free banking and "1" otherwise.

### 2.9.2. Independent Variables

Review of related literature on factors affecting customs' perception towards interest free banking, past research finding and the author's knowledge related to interest free banking are used to establish working hypotheses of this study. In other way of saying, among a number of factors, which are related to customers' perception towards interest free banking, in this study, the following, demographic, social and institutional factors were hypothesized to explain the dependent variable.

1. **Age:** - it is a continuous variable, defined as the respondents' number of years of living measured in years. Age was expected to have direct relationship with the customers' perception towards interest free banking.
2. **Sex:** - this is expected to have direct relationship with the dependent variable. Sex is a dummy variable that assumes a value of "1" if the respondents' sex is male and "0" if it is female.
3. **Occupation:** - it is expected to have direct relationship with customers' perception towards interest free banking. Occupation is categorical variable that assumes a value of "1" if the respondents are business person and a value of "2" if they are employee of different organization and "3" if student and "4" if other.
4. **Level of education:** - this particular variable is categorized in to read and write, Primary school, Secondary school and above secondary school. It is categorical variable that assumes a value of "1" if the respondents level of education are read and write or non-regular and a value of "2" if primary education and "3" if secondary education and "4" if the respondents are above secondary education level.
5. **Income level:** - it is defined as average income generated by the respondents. Income is continuous variable measured by birr. It was expected to have positive relationship with customer perception towards interest free banking.
6. **Marital status:** - it is categorical variable that assumes a value of "1" if the respondents are married and "2" if single and "3" if divorced and "4" if the respondents are widowed. It was hypothesized that to have direct relationship with customers' perception towards interest free banking.

- 7. Religion:** - it is categorized into Muslim, Orthodox, Protestant and Catholic Religion. It assumes a value of “1” if the respondents are Muslim and a value of “2” if Orthodox and “3” if Protestant and “4” if Catholic. Religion was expected to have a direct relationship with the dependent variable.
- 8. Awareness of the respondents:** - it refers to the awareness level of respondents regarding IFB. This variable is a dummy variable that assumes a value of “1” if the respondents’ perception is influenced by their awareness towards interest-free banking and “0” otherwise. It was expected to have a positive relationship with customer perception.
- 9. Influence of family and friends:** - it is the perception of respondents whether their perception is influenced or not by the counter family and friends. The variable is a dummy variable that assumes a value of “1” if the respondent’s perception towards IFB is influenced by family and friends and “0” otherwise. It was expected to have a direct relationship with the dependent variable.
- 10. Price of service:** - this particular variable is a dummy variable that assumes a value of “1” if the respondents’ perception is influenced by price of service while selecting interest-free banking products and services to use and “0” otherwise. Price of service refers to the service charge paid to get the service of the interest-free banking products and services. It was expected to have a negative relationship with the dependent variable.
- 11. Quality of service:** - is defined as fast and efficient counter service and speed and efficiency of transaction. Quality of service is a dummy variable that assumes a value of “1” if the respondents’ perception is influenced by quality of service when selecting interest-free banking to use and “0” otherwise. It was hypothesized to have a positive relationship with the dependent variable.
- 12. Quality of staff:** - it refers to the availability of friendly, knowledgeable, and competent personnel. This particular variable is a dummy variable that assumes a value of “1” if the respondents’ perception is influenced by quality of staff to select interest-free banking. Quality of staff was expected to have a direct relationship with the dependent variable.
- 13. Interior atmosphere of branches:** - this variable is a dummy variable that assumes a value of “1” if the respondents’ perception is influenced by the interior atmosphere of branches in selecting interest-free banking. It was hypothesized to have a direct relationship with the perception of customers towards interest-free banking.

- 14. Provision of IFB service:** - this variable is a dummy variable that assumes a value of “1” if the customers` perception influenced by provision of interest free banking service and “0” otherwise. It is defined as availability of IFB service at CBE windows. It was expected to have direct relation with the dependent variable.
- 15. Convenient branch location:** - it is a dummy variable that assumes a value of “1” if the customers` perception influenced by convenient branch location and “0” otherwise. It was hypothesized that it has direct relation with customers` perception.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1. Introduction**

This chapter deals with research design, sampling design and methodology which includes source and types of data, data collection method, research instruments used, validity, reliability, method of data analysis and ethical considerations employed in this study.

#### **3.2 Research Design**

According to R. Kothari, (2004), a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data.

In order to show the existing phenomenon as it exists this research used Concurrent mixed methods. Concurrent mixed methods are those in which the researcher converges or merges quantitative and qualitative data in order to provide a comprehensive analysis of the research problem. In this design, the investigator collects both forms of data at the same time and then integrates the information in the interpretation of the overall results. Also, in this design, the researcher may embed one smaller form of data within another larger data collection in order to analyze different types of questions (the qualitative addresses the process while the quantitative, the outcomes).

#### **3.3. Source and Types of Data**

The study used both qualitative and quantitative types of data from both primary and secondary data sources. The primary data was collected from customers of purposely selected branches located in Addis Ababa. The primary data was sought to obtain both qualitative and quantitative data. Secondary data was obtained from selected branches, districts and various CBE process



and sub process and published and unpublished materials. The secondary source of data was sought to obtain both qualitative and quantitative type of data.

### **3.4. Target Population**

Target population is defined as the entire group a researcher is interested in. According to Zikmund (2003), the definition of population was identifiable total set of elements of interest being investigated by a researcher. Based on the company's IFB department database as of April 08, 2015 there were a total of 65,535 IFB customers in all 15 districts of the bank; out of them the target population for this research were Africa Avenue and A/Amba Michael branches from East Addis district, Addis Ababa and Gulele branches from North Addis district, Alem Bank and Anuar Mesgid branches from West Addis district, and Gofasefer and Dile Gebeya branches from South Addis district; whose number of IFB customers were 3,989.

### **3.5. Sampling Design**

Sampling survey method was employed for this study. The study was conducted in Addis districts. The area was selected based on the fact that IFB products and services prospect user located. There are four districts and ninety two city branches located Addis Ababa city and the surrounding area. Out of which eight branches was selected using purposive sampling technique because of the fact that these branches deliver IFB products and services with a large no of customers and generate relatively high amount of deposit, at the time when this study was conducted. Namely Africa Avenue and A/Amba Michael branches from East Addis district, Addis Ababa and Gulele branches from North Addis district, Alem Bank and Anuar Mesgid branches from West Addis district, and lastly Gofasefer and Dile Gebeya branches from South Addis district. The sample size was determined by number of customers who were visited sampled branches in chosen time interval. Respondents were selected from branches' customers who visited the sampling locations during the chosen time intervals, in order to eliminate the sampling frame errors and to ensure the representation of the population under study in the sample units. Following the data collection procedures the questionnaires were distributed during various working hours of the same day (morning and evenings), as well as various days of the week, to reduce any potential bias owing to high concentration of branch customers during certain hours of the day, or certain days of the week or month.

In general, from the total of 162 questionnaires distributed, 142 were returned, out of which 132 were usable (completed), yielding a response rate at 82%. This response was considered large enough and sufficient for statistical reliability and generality (Tabachnick and Fidell, 1996; Stevens, 2002). The high response rate undoubtedly improved the validity and reliability of the survey since the greater the response rate, the more accurate are the estimated parameters in the population sampled (Pallant, 2002).

**Table 3.1: Number of account opened and amount deposited**

S. No	Name of branch	No of a/c opened	Amount deposited	Types of account opened				
				Wadiah Amanah	Mudarabah (PLS)	Qarad	Mudarabah (fixed time dep.)	Wadiah Amanah
1	Africa Avenue	92	1,436,537.76	84	2	6	-	-
2	A/Amba`Michael	219	3,574,491.56	219	-	-	-	-
3	Alem Bank	1,793	20,540,350.89	1,735	35	23	-	-
4	AnuarMesgid	1,131	24,103,418.96	640	478	13	-	-
5	Addis Ababa	176	2,933,147.51	175	-	1	-	-
6	Gulele	209	3,283,135.11	196	1	12	-	-
7	SengaTera	135	3,714,313.47	115	16	4	-	-
8	GofaSefer	234	2,961,552.35	228	2	4	-	-
	Total	3,989	62,546,947.61	3,392	534	63	-	-

Source: IFB Department CBE, 2015

### 3.6. Data Collection Method

The primary source of data was obtained through semi-structured questionnaire. The semi-structured questionnaire was sought to obtain from CBE customs of selected branches located in Addis Ababa. The questionnaire was used to obtain information on usage of IFB products and overall awareness of customs towards IFB products and services and factors that influence customs to choose IFB products and services. Five point Likert Scales were used to know perception of customers towards IFB products and services. Before the questionnaire was applied, it was tested for its validity by using a pilot survey. The questionnaire used for this study is prepared in English.

The respondents should know and told about the research objective and the questionnaire in the language, which they can understand. Therefore, the questionnaire was translated in to Amharic.

It was expected to be collected by lobby man of the respective branches and the researcher. But, the data was collected by customer service officer and the researcher. The respondents were politely approached, and the purpose of the study was explained. Then they were asked if they were prepared to fill in the questionnaire. Once they agreed to participate, the researcher and/or customer service officer of respective branches handed over the assassinated questionnaire to the participating respondents to be answered either in English or in Amharic according to their preferences. The researcher then leave the respondent alone to answer the questionnaire and do not interfere in any way, so as to avoid any potential bias such as the respondents feeling intimidate, threatened or being influenced by the researcher or customer service officer unless the respondents ask for help. Once completed, the respondent either returned the questionnaire to the researcher or to customer services officer/any of the branch staff.

The secondary source of data was obtained by reviewing various published and unpublished books and articles. The secondary data was sought to obtain information on overall awareness of the respondents towards IFB products and services and on factors that influences customers to choose IFB products and services.

### **3.7. Validity and Reliability**

#### **3.7.1. Validity**

According to R. Kothari, (2004), Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Validity is the extent to which any instrument measures what is intended to measure. Content validity of the survey questionnaire was validated by professionals (like district office managers and department managers) and the research advisor. The results led to make minor changes in the instrument, which were made prior to administering the survey.

#### **3.7.2. Reliability**

This research used Cronbach's alpha to measure the reliability for a set of two or more constructs where the alpha coefficient values ranging between 0 and 1 with higher values indicating higher

reliability among the indicators. A measuring instrument is reliable if it provides consistent results, (R. Kothari, 2004). Moreover, a reliable measuring instrument does contribute for validity. Finally, the reliability of the questionnaire has been tested by using Cronbach Alpha. Therefore, as indicated in Table 3.2, the SPSS result shows that the questionnaire's reliability is 0.928 Cronbach's Alpha. The alpha value of the items varies from 0.920 to 0.929 indicating an acceptable overall reliability.

**Table 3.2: Reliability test Table**

Case Processing  
Summary

Reliability Statistics	
Cronbach's Alpha	No. of Items
0.928	20

Item/Factor	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Religion	0.39	0.929
Income of respondent	0.457	0.927
Types of IFB products and services using	0.457	0.927
Probability of using IFB product and services; if available for future	0.357	0.928
Interest free banking system was introduce because Muslims are prohibited from associating themselves with the element of interest practice by conventional banking system	0.651	0.923
Is it true the IFB products available in CBE window are similar to the products of interest based products except that the banks use different names in highlighting those products	0.79	0.92
CBE have gone enough in delivering IFB product	0.426	0.927
The Profit- Loss- Sharing principle is the only principle representing a true spirit of the IFB system	0.685	0.922
IFB must adopt a profit maximization principle in order to survive in the competitive business environment	0.672	0.922
level of overall awareness towards IFB	0.677	0.922
awareness that CBE provide interest-free services	0.776	0.921

<b>Item/Factor</b>	<b>Corrected Item-Total Correlation</b>	<b>Cronbach's Alpha if Item Deleted</b>
How do you come to know that CBE offers interest-free banking?	0.730	0.922
Do you know that it is HARAM (not permissible) to receive and charge interest in Islam?	0.691	0.922
The main reason why you select IFB products and services	0.742	0.921
Do you influenced by price of service delivered by IFB to choose the service?	0.753	0.921
Are you going to consider Quality of Service and staff when selecting IFB products and service?	0.603	0.924
Would you consider convenient branch location in selecting IFB services?	0.443	0.927
Do you think that you have been influenced by family and friends to use IFB products services?	0.672	0.923
Do you motivated to use IFB services due to availability of the services in CBE?	0.740	0.921
Are you using IFB in this branch because of good Interior atmosphere of the branch?	0.385	0.929

Source: Own survey, 2015.

### **3.8. Method of Data Analysis**

Both qualitative and quantitative techniques were used to analyze the data. Qualitative data that was collected by using semi-structured questionnaire was organized. Quantitative data was analyzed using descriptive statistics such as percentage, mean, frequency and standard deviation. When the dependent variable is binary and there are several independent variables in the study logisticregressions model is appropriate (Shakesha, 2001). In addition to, a similar methodology was used effectively in a previous study to analyze the perception of respondents on various issues on Interest free banking operations. As result, binary logistic regression model which best fits the analysis for factors that influence CBE customers to choose IFB products and services were employed. Statistical Packing for Social Science (SPSS), Version 20.0 was used to process the raw data.

### **3.8.1. Logistic Regression Model and Specification**

Logistic regression analysis examines the influence of various factors on a dichotomous outcome by estimating the probability of the event's occurrence. It does this by examining the relationship between one or more independent variables and the log odds of the dichotomous outcome by calculating changes in the log odds of the dependent as opposed to the dependent variable itself. The log odds ratio is the ratio of two odds and it is a summary measure of the relationship between two variables. The use of the log odds ratio in logistic regression provides a more simplistic description of the probabilistic relationship of the variables and the outcome in comparison to a linear regression by which linear relationships and more rich information can be drawn (Shakesha, 2001).

There are two models of logistic regression to include binominal/ binary logistic regression and multinomial logistic regression. Binary logistic regression is typically used when the dependent variable is dichotomous and the independent variables are either continuous or categorical variables. Logistic regression is best used in this condition. When the dependent variable is not dichotomous and is comprised of more than two cases, a multinomial logistic regression can be employed (Shakesha, 2001). As a result, the binary logistic regression was employed for this study.

There are several methods to analyze the data involving binary outcomes. However, for this particular study, logit model was selected over other models. This was done because of the fact that it's computational simplicity, as indorsed by Pindyck and Rubinfeld (1981), Ammiya (1981). And Gujarati (1988), it has a serious defect in that the estimate probability values can lay outside the normal 0 – 1 range. Moreover, logit best fits the non- linear relationship between the probabilities and the explanatory variables.

In the analysis of studies involving qualitative choices, usually a choice has to be made between logit and probit models. According to Amemiya (1981), the statistical similarities between logit and probit models make the choice between them difficult. The justification for using logit is its simplicity of calculation and that its probability lays between 0 and 1. Moreover, its probability approaches zero at a slower rate as the value of explanatoryvariable gets smaller and smaller, and the probability approaches 1 at a slower and slower rate as the value of the explanatory variable

gets larger and large (Gujarati, 1995). Hosmer and Lemeshew (1989) pointed out that the logistic distribution (logit) has got advantage over the others in the analysis of dichotomous outcome variable in that it is extremely flexible and easily used model from mathematical point of view and results in a meaningful interpretation. According to John, Logistic regression is a standard statistical procedure. Hence, the logistic model was selected for this study.

Therefore, the cumulative logistic model is econometrically specified as follows:

$$CP_i = a + b_1x_1 + b_2x_2 + b_3x_3 \dots$$

$CP_i = 0$ , if: customer perception influence selection of interest free banking.

$CP_i = 1$ , if: customer perception does not influence selection of interest free banking.

In this equation the dependent variable is a dummy variable which must be estimated in specific ways, the above model is obtained from:

$$\text{Log} [p / (1-p)] = a + bx.$$

$$p / (1-p) = \exp^{(a+bx)}$$

$$p = \exp^{(a+bx)} / [1 + \exp^{(a+bx)}]$$

$$p = \frac{\exp^{(a+b_1x_1+b_2x_2+b_3x_3\dots)}}{1+\exp^{(a+b_1x_1+b_2x_2+b_3x_3\dots)}}$$

$$\text{Log} [p/(1-p)] = a + b_1x_1 + b_2x_2 + b_3x_3 \dots$$

$$\text{Logit}(p) = a + b_1x_1 + b_2x_2 + b_3x_3 + \dots$$

Where:

$p$  = the probability that a case is in a particular category,

exp = the base of natural logarithms (approx 2.72),

a = the constant of the equation and,

b = the coefficient of the predictor variables.

### **3.8.1.1. Multicollinearity**

Multicollinearity occurs because two or more variables are related; they measure essentially the same thing. It is the undesirable situation where the correlations among the independent variables are strong. To check collinearity of variables Contingency Coefficient were used.

**Contingency Coefficient** was used to check multicollinearity of discrete variables. It measures the relationship between the row and column variables of across tabulation. The range between 0 – 1, with “0” indicating no association between the row and column variables and value close to “1” indicating high degree of association between variables. The decision criterion (CC < 0.90) is that variables with the Contingency Coefficient (CC) are computed as follows;

$$C = \sqrt{x \div (n + x^2)}$$

As cited in Gujarat, 1995, if the value of CC is greater than 0.90, the variables are said to be Collinear.

### **3.9. Ethical Considerations**

The researcher treated all the information given by respondents kept confidentially without disclosing the respondents’ identity and would not be used for any personal interest. Furthermore the questionnaires were distributed only to voluntary participants. Lastly, all secondary sources were quoted to keep the rights of ownership of all materials.



## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

#### **4.1. Introduction**

This chapter deals to give clear picture about demographic profile of the respondents, customers' perception towards IFB products and services, over all awareness of respondents towards IFB products and services, factors that influence CBE customers to choose IFB products and services and the opinion of respondents towards IFB products and services; descriptive statistics such as mean, standard deviation, frequency, and percentage value were used by adopting statistical package for Social Science (SPSS) version 20.0. In addition, to determine factors that significantly influences customers' perception in selecting interest free banking regression analysis result by adopting the same statistical software is discussed as follows.

#### **4.2. Results of Descriptive Statistics**

##### **4.2.1. Demographic Profile of the Respondents**

The demographic profile or respondents such as age, sex, occupation, level of education, marital status, income and religion of the respondents are presented as follows.

##### **Age of the respondents**

The survey result in Table 4.1 shows that the largest grouping of sample respondents' age fall between 21 and 35 years that is nearly 81.8%, where as 1.5%, 13.6% and 3.0% fall in the category of below 20 years, 36-55 years, and above 56 years respectively. The implication of the result is that, CBE customers who are user of IFB are young.

##### **Sex of the Respondents**

As shows in the Table 4.1, the dominant number of respondent are male with 69.7%, where as 30.3% are female. The descriptive statistics results imply that, most customers of CBE are male. This is because of the existing gender differences; lack of female's control over economic resource and lower level of educational status of female.

## Occupation of the Respondents

The descriptive statistics indicated in Table 4.1 shows that, 30.3% of the respondents are business persons, 9.1%, 10.6%, 40.9%, 3.0% and 6.1% are Employee of private organization, student, employee of government, employee of NGO and others respectively. Majority of CBE customers who are users of IFB are employee government organization.

## Level of education of the respondents

The survey result of level of education of respondents in Table 4.1 shows that, majority of the respondents found attended above secondary level which is nearly 62.1% where as 22.7% of respondents found attended secondary school and 10.6% of respondents found attended primary school, and the rest 4.5% respondents can read and write (non regular).

**Table 4.1: Distribution of respondents by Age, Sex, Occupation and Level Education**

		Frequency	Percent
<b>Age group</b>	<20	2	1.5
	21-35	108	81.8
	36-55	18	13.6
	>56	4	3.0
	Total	132	100.0
<b>Sex</b>	Male	92	69.7
	Female	40	30.3
	Total	132	100.0
<b>Occupation</b>	Business person	40	30.3
	Employee of private organization	12	9.1
	Student	14	10.6
	Employee of government	54	40.9
	Employee of NGO	4	3.0
	Others	8	6.1
	Total	132	100.0
<b>Level of education</b>	Read and write	6	4.5
	Primary school (1-8)	14	10.6
	Secondary school (9-12)	30	22.7
	Above secondary	82	62.1
	Total	132	100.0

Source: own survey, 2015

This implies that majority of the respondents are educated. This is due to the fact that customers who are spent more years in school or who can read and write are expected to have more exposure to the external environment and accumulate knowledge. In addition to, the higher education attainment of CBE customers favor higher awareness of government programs and know new products and services.

### **Marital status of the respondents**

As far as the marital status of respondents is concerned, the descriptive statistics results depicts in the Table 4.2. Shows that, the dominant of respondents are single with 63.6% and 36.4% are found married. No respondents are found to be divorced, and widowed.

### **Income of the respondents**

The result of descriptive statistics in the Table 4.2 depicts that, the average monthly income of 75.8% of respondents under study generated below birr 5000, 16.7% of the respondents generated between 5,001 and 20,000, 6.1% are found average income generated between 20,001 and 50,000 birr and only 1.5% of the respondent are above 50,000 birr.

**Table 4.2: Distribution of respondents by marital status, Income and Religion Group**

		Frequency	Percent
<b>Marital status</b>	Married	48	36.4
	Single	84	63.6
	Divorced	-	-
	Widowed	-	-
	Total	132	100.0
<b>Income</b>	<5000	100	75.8
	5001 – 20000	22	16.7
	20001-50000	8	6.1
	>50000	2	1.5
	Total	132	100.0
<b>Religion</b>	Muslim	96	72.7
	Orthodox	24	18.2
	Protestant	12	9.1
	Catholic	-	-
	Other	-	-
	Total	132	100.0

Source: own survey, 2015

## Religion of the respondents

As it is indicated in Table 4.2, the majority of the respondents are followers of Muslim that is nearly 72.7%. On the other hand, 18.2% and 9.1% of respondents found to be followers of Orthodox Christians and Protestants Christians respectively. No respondents found to be followers of other religion. The implication of the result is dominant CBE customers who are users of IFB are followers of Muslim. This is due to riba or interest is not allowed for Muslim in the holy Quran.

### 4.2.2. Awareness of the Respondents

#### 4.2.2.1. Overall Awareness of the Respondents toward IFB

About 57.6% of the respondents rated their overall awareness towards IFB as high and very high while, 22.7% & 9.1% rated as moderate and limited awareness towards IFB products and services respectively. On the other hand, as the descriptive statistics result depicts in the Table 4.3 shows that, 10.6% of the respondents weak with the mean score is 2.58. The implication of the result is that, the respondents are familiar with IFB. This is because of most respondents are account holders or user of IFB. The rest respondents who are not users are not familiar with IFB.

**Table 4.3: Distribution of the respondents' overall awareness towards IFB products**

		Frequency	Percent	Mean
<b>Level of overall awareness of respondents</b>	Very high	20	15.2	2.58
	High	56	42.4	
	Moderate	30	22.7	
	Limited awareness	12	9.1	
	Weak	14	10.6	
	Total	132	100.00	

Source: own survey, 2015

#### 4.2.2.2. Respondents knowledge in Relation to Provision of IFB

The majorities of the respondents under study know well and has sufficient knowledge that CBE is providing IFB products and services. About 81.8% of the respondents fall under the category of I know.

**Table 4.4: Distribution of the respondents’ knowledge about provision of IFB**

		Frequency	Percent	Mean
<b>Do you know that CBE provide IFB?</b>	I know	108	81.8	
	No much	18	13.6	1.79
	I don’t know	6	4.5	
Total		132	100.0	

Source: own survey, 2015

The statistics results presented in the Table 4.4 shows that, minority of the respondents that is nearly 4.5% do not know and 13.6% are not much with mean value of 1.79. The implication of the descriptive statistics result is that the respondents under study know that CBE provide Interest free banking products and services.

#### 4.2.2.3. The Ways respondents know that CBE offers IFB services

The dominant of the respondents under study know that CBE offers IFB products and services through Media and bank employee; it is confirmed by 45.5% and 39.4% of the respondents respectively. As the results indicated in the Table 4.5, 15.1% of the respondents know that CBE providing IFB products and services through internet, friend/family and other ways. The mean score is 2.33. The implication of the results is that the most usual way of communicating CBE customers are media and bank employee.

**Table 4.5: Distribution of the respondents the ways come to know that CBE offers IFB**

		Frequency	Percent	mean
<b>How do you come to know that CBE offers IFB?</b>	Bank employee	52	39.4	
	Internet	2	1.5	

Media (Newspaper, TV)	60	45.5	2.33
Friends/ family	2	1.5	
Others	16	12.1	
<b>Total</b>	<b>132</b>	<b>100.0</b>	

Source: own survey, 2015

### 4.2.3. Usage of IFB Products and services

To provide information on usage of Interest free banking products and services delivered by commercial Bank of Ethiopia descriptive statistics such as mean, standard deviation and percentage was employed by adopting SPSS version 20.0. Accordingly, types of services preferred by the respondents and respondents who are willing to use IFB for future are presented as follow. The interest free banking products and services used by respondents are highlighted in the Table 4.6. the respondent asked to highlight types of IFB products and services they are using with CBE and the descriptive statistics results reveal that, about 36.1 percent of the respondents using WadiahAmanah (Safe keeping deposit account), 33.3 percent using Mudarabah (PLS) saving account, 11.1 percent and 19.4 percent using Qard (current account) and special demad deposit respectively.

**Table 4.6: Distribution of the respondents' usage of the IFB facilities**

	Types of service	Percent	Mean
<b>Types of IFB products and services used by respondent</b>	WadiahAmanah (Safe Keeping Deposit Account)	36.1	
	Mudarabah (PLS) Saving Account	33.3	
	Qard (Current/ checking / Demand Deposit Account)	11.1	2.53
	Mudarabah (Fixed Time Deposit Account)	-	
	WadiahYadAmanah (Trustee Safe Custody)	-	
	Special Demand Deposit	19.4	
	<b>Total</b>		<b>100.0</b>

Source: own survey, 2015

The data that obtained from IFB department displayed in the Table 4.7 shows that, as of April 08,2015. The number of account opened are65,535 and the amount deposited is birr 770,002,166.64 Out of which account opened safe keeping deposit account (WadiahAmanah) become nearly 62,789 and saving account PLS(Mudarabah) nearly 2,778 and current account (Qard) nearly 1,032. No other account opened such as, fixed time deposit account (mudarabah) and trustee safe custody (wadiahyadAmanah).

**Table 4.7: Deposit Status of CBEDistrict Offices under IFB services as at April 08, 2015**

No	DISTRICT	No. of Br. offering IFB	No. of windows	Amana (Safe keeping Account)		Qard (Current Account)		Mudaraba Saving Account				Total	
				No. of A/c	Amount	No. of A/c	Amount	No. of A/c	Women Account		No. of A/c	Amount	
										Amount			
1	Dire Dawa	33	35	18,985	182,344,622.85	253	26,409,955.30	97	3,998,219.54	16	57,736.91	19,351	212,810,534.60
2	West Addis	40	47	11,446	141,606,655.91	151	5,661,897.67	1,356	27,769,525.72	7	15,167.40	12,960	175,053,246.70
3	Dessie	23	24	4,687	61,214,885.74	22	3,018,486.37	18	172,056.76	2	50,050.00	4,729	64,455,478.87
4	Bahirdar	15	16	2,591	45,215,143.60	82	4,491,710.27	54	964,276.67			2,727	50,671,130.54
5	Jimma	33	34	7,033	42,924,423.77	132	6,919,703.29	56	433,622.12	1	250.00	7,222	50,277,999.18
6	Adama	18	18	3,238	37,721,531.65	87	3,213,353.09	83	2,260,262.14			3,408	43,195,146.88
7	Shashemene	15	15	2,776	21,680,674.34	50	5,193,869.37	73	550,872.99	2	550.00	2,901	27,425,966.70
8	North Addis	16	38	3,152	24,631,771.55	58	1,120,597.25	205	1,610,657.81			2,351	27,363,026.61
9	Hawassa	14	14	1,651	23,212,099.14	9	2,070,635.00	111	1,153,435.91			1,771	26,436,170.05
10	Gonder	18	18	2,175	20,669,778.56	66	3,142,989.28	47	870,088.56			2,288	24,682,856.40
11	South Addis	19	19	1,172	16,757,427.94	18	2,328,922.39	185	2,181,925.53	12	60,221.34	1,387	21,328,497.20
12	Wolaita	17	17	1,791	10,558,542.48	69	4,278,316.17	133	2,977,083.02	1	10,300.00	1,994	17,824,241.67
13	East Addis	17	17	877	11,279,170.42	19	674,786.47	85	747,061.97	6	158,850.00	987	12,859,868.86
14	Mekelle	18	18	683	9,402,274.75	16	398,693.91	14	191,898.84	16	168,539.55	729	10,161,407.05
15	Nekemte	11	11	532	3,548,696.48			195	1,841,827.04	3	66,071.81	730	5,456,595.33
	<b>Grand Total</b>	<b>307</b>	<b>341</b>	<b>62,789</b>	<b>652,767,699.18</b>	<b>1,032</b>	<b>68,923,915.83</b>	<b>2,712</b>	<b>47,722,814.62</b>	<b>66</b>	<b>587,737.01</b>	<b>65,535</b>	<b>770,002,166.64</b>

Source: IFB department of CBE.

The respondents are asked if they are going to use for future if interest free banking is available in any branches of CBE's windows. The descriptive statistics results presented in the Table 4.8 shows that, 71.2% of the respondents confirm to continue use the services in the future. 9.1%, 10.6%, 4.5% and 4.5% of the respondents are not sure whether they are going to use or not they fall under the category of may be, not sure, no and I don't know respectively. The implication of the result is that, CBE's customers going to use the services widely for future if CBE continuing deliver the IFB.

**Table 4.8: Distribution of respondents who are willing to use IFB services for future**

		Frequency	Percent	Mean
<b>Are you going to use for future if the IFB product and services is available in any branches of CBE' Window?</b>	Yes	94	71.2	
	May be	12	9.1	
	Not sure	14	10.6	
	No	6	4.5	1.62
	I don't know	6	4.5	
Total		132	100.0	

Source: own survey, 2015

#### **4.2.4. Perception of Respondents towards IFB Products and Services**

The following five statements were forwarded to CBE customers so as to indicate their perception towards IFB products and services operation and characteristics.

1. IFB system was introduced because Muslims are not allowed from associating themselves with the element of interest practice by conventional banking system
2. It is true the IFB products available in CBE window are similar to the products of interest based products except that the banks use different names in highlighting those products?
3. CBE have gone enough in delivering IFB product to you?
4. The Profit-Loss-Sharing principle is the only principle representing a true spirit of the IFB system
5. IFB must adopt a profit maximization principle in order to survive in the competitive business Environment.

To ascertain how these five statements perceived by the Customers of CBE concerning IFB products and services a Likert scale rating was conducted using the CBE customers' located in eight branches of the four Addis Ababa district as respondents. Likert scale of 5 point was adopted. The 5 point scale was graded as Absolutely true = 5, True = 4, I don't know = 3, Not true = 2, and Absolutely not true = 1. The mean score of the respondents based on the 5 point scale was  $5+4+3+2+1=15/5=3.0$ . Using the interval scale of 0.05, the upper limit cut-off point was  $3+0.05=3.05$ ; the lower limit was  $3-0.05=2.95$ . On the basis of the limit, any mean score



below 2.95 (i.e. mean score < 2.95) was taken as “Not true”, those between 2.95 and 3.05 were considered as “True” (i.e. 2.95 < mean score < 3.05), while any mean score that is greater than or equal to 3.05 (i.e. mean score > 3.05) was considered of “Absolutely true”.

**Table 4.9 Mean Distribution of Perception of Respondents toward IFB**

Statements	Mean	S.D
Interest free banking system was introduced because Muslims are not allowed from associating themselves with the element of interest practice by conventional banking system	4.17***	1.046
Is it true the IFB products available in CBE window are similar to the products of interest based products except that the banks use different names in highlighting those products?	2.09*	0.924
CBE have gone enough in delivering IFB product to you?	3.00**	0.977
The profit-Loss-Sharing principle is the only principle representing a true spirit of the IFB system	2.76*	0.946
IFB must adopt a profit maximization principle in order to survive in the competitive business Environment.	3.39***	1.051

Source: own survey, 2015

\*Stands for Not true (mean score < 2.95)

\*\*Stands for true (2.95 < mean score < 3.05)

\*\*\*Stands for absolutely true (mean score > 3.05)

Table 4.9 presents a summary of the mean distribution how the respondents perceived the Interest Free banking operation and characteristics.

Prohibition of interest is ordained in Islam in all forms and intent. This prohibition is strict, absolute and unambiguous. It therefore, follows that interest is prohibited as it leads to injustices (Zulm) and Islam is against all forms of injustices and exploitation and pleads an economic system, which aims at securing extensive socio-economic justice (Shahid, 2004).

The mean score indicated in the Table 4.9 shows that the first statement states “interest free banking system was introduced because Muslims are not allowed from associating themselves with the element of interest practice by conventional banking system” the respondents perceived as absolutely true with mean score of 4.17 and standard deviation 1.046. Around 77.3% of respondents agree, while 7.5% disagree with the statement. On the other hand, 15.2% of respondents are unsure whether Interest free banking system was introduced because Muslims are not allowed from associating themselves with the element of interest or not.

Statement 2 examines the perception of respondents of the current practice of IFB in CBE. The statement states “Is it true the IFB products available in CBE window are similar to the products of interest based products except that the banks use different names in highlighting those products?” The responses obtained from the respondents indicated in the Table 4.9 shows that, the respondents perceived as not true with the mean score of 2.09 and the standard deviation of 0.924. Around 42.4% of the respondents disagree; while 28.8% respondents are agree with the statement. This finding is consistent with earlier study conducted by AsyrafWajdi, 2007.

The respondents asked how perceived the statement stated “CBE have gone enough in delivering IFB product to you” mean score in the Table 4.9 depicts that the respondents perceived as true with mean score of 3.00 standard deviation of 0.977. About 33.3 percent of the respondents indicated that CBE have gone in delivering IFB products and services, where as 28.8% confirm CBE have not gone enough in delivering IFB products and services. Around 37.9% of the respondents unsure whether CBE is have done enough to deliver IFB products and services.

“The Profit- Loss –Sharing principle is the only principle representing a true spirit of the IFB system” is perceived by the respondents as not true with mean score of 2.76 and standard deviation of 0.946. It implies that, in general, the respondents disagree with the view that PLS is the only principle representing the true spirit of the IFB system. This is confirmed by 34.8% of respondents who disagree with the statement. Only 18.2% of respondents agree with the statement. This particular finding is inconsistency with finding made by AsyrafWajdi, 2007.

Statement 5 which states as “IFB must adopt a profit maximization principle in order to survive in the competitive business Environment” examines the perception of respondents as reveals in the Table 4.9, accordingly the respondents perceived as absolutely true with mean score of 3.39

and standard deviation of 1.051. About 47% of the respondents believed that Islamic banks must adopt profit maximization principle in order to survive in the competitive business environment. This perception however is contradictory with the objective of Islamic banks, i.e. combination of moral and profit motives. Whereas, 18.1% of the respondents disagree on the importance of profit maximization principle for IFB. This outcome of the analysis is also consistent with Ahmad and Haron, 2002, who conducted a similar study on corporate customers of Islamic banks in Malaysia.

#### **4.2.5. Factors that Influences Respondents to Choose IFB Services**

##### **4.2.5.1. The Main Reason Respondents Select IFB**

The descriptive statistics depicts in the Table 4.10 presents that, the main reason of the dominant respondents under study select IFB is strictly religion that is nearly 87.9%.Minority of the respondents which is around 12.1% main reason are economy, religion and economy, convenient bank location and other. The field result implies that, CBE customers use IFB primarily because of religion.

**Table 4.10: Distribution of the respondents' reason why they select IFB to use**

		Frequency	Percent	Mean
<b>The main reason respondents select IFB</b>	Strictly religion	116	87.9	
	Economy	4	3.0	
	Both religion and economy	8	6.1	1.35
	Convenient bank location	2	1.5	
	Other	2	1.5	
	Total	132	100.0	

Source: own survey, 2015

##### **4.2.5.2. Price of Service**

The respondents asked if they are influenced by price services charged to get IFB products in choosing the IFB products and services. The descriptive statistics results indicated in Table 4.11 below shows that, 51.5% of the respondents not influenced by price of services while, 13.6%

influenced by price of services to choose IFB products and services with mean score of 2.21. On the other hand, 34.8% of the respondents are not sure whether they are influenced or not by this particular variable.

**Table 4.11: Distribution of respondents` perception towards price of service.**

		Frequency	Percent	Mean
<b>Price of service</b>	Influenced	18	13.6	
	Not influenced	68	51.5	2.21
	I don't know	46	34.8	
Total		132	100.0	

Source: own survey, 2015

#### 4.2.5.3. Influence of Family and Friends

About 77.3% of the respondents are influenced by their counter family and friends to use or not to use the IFB products and services whereas, 13.6% and 9.1% of the respondents are not influenced and not sure whether influenced or not respectively. The mean score of the statistics results is 1.95. According to the field results reveal in the Table 4.12, influence of family and friend found to be one of the influenced factors in selecting IFB products and services.

**Table 4.12: Distribution of the respondents' perception towards Influence of Family and Friends**

		Frequency	Percent	Mean
<b>Influence of family and friends</b>	Influenced	102	77.3	
	Not influenced	18	13.6	1.95
	I don't know	12	9.1	
Total		132	100.0	

Source: own survey, 2015

#### 4.2.5.4. Quality of Services and Staff

CBE Customers particularly IFB users are influenced by quality of services and staff when a decision made to use IFB products and services. The results depicts in the Table 4.13 shows,

65.2% of the respondents fall under the category of influenced whereas, 13.6% and 21.2% fall under the category of not influenced and I don't know respectively with the mean score of 1.56.

**Table 4.13: Distribution of the respondents' perception towards Quality of Service and Staff**

		Frequency	Percent	Mean
<b>Quality of service</b>	Influenced	86	65.2	
	Not influenced	18	13.6	1.56
	I don't know	28	21.2	
	Total	132	100.0	
<b>Quality of staff</b>	Influenced	86	65.2	
	Not influenced	18	13.6	1.56
	I don't know	28	21.2	
	Total	132	100.0	

Source: own survey, 2015

#### **4.2.5.5. Good interior atmosphere and convenient branch location**

As indicated in the Table 4.14, the statistics results for good interior atmosphere of branch shows 60.6% of the respondents fall under the category of influenced whereas, 21.2% fall under the category of not influenced and 18.2% of the respondents not sure where they are influenced by good interior atmosphere in selecting IFB products and services or not. The result of mean score of good interior atmosphere is 1.58. As far as convenient branch location concerned, the dominant of the respondents which is nearly 84.8% are found to be influenced in selecting IFB products and services whereas, the minority of respondents which is 6.1% found not influenced. On the other hand, 9.1% of the respondents are not sure. The mean value for convenient branch location is 1.24. This result implies that, good interior atmosphere of branch and convenient branch location are found to be influenced factors to select IFB product and services.

**Table 4.14: Distribution of the respondents' perception towards Interior Atmosphere and Convenient branch location**

		Frequency	Percent	Mean
<b>Good interior atmosphere of branch</b>	Influenced	80	60.6	1.58
	Not influenced	28	21.2	
	I don't know	24	18.2	
	Total	132	100.0	
<b>Convenient branch location</b>	Influenced	112	84.8	1.24
	Not influenced	8	6.1	
	I don't know	12	9.1	
	Total	132	100.0	

Source: own survey, 2015

#### **4.2.5.6. Provision of IFB Services and Awareness towards IFB**

Provision of IFB services is among factors that influence respondents in selecting IFB products and services. The descriptive statistics reveal in the Table 4.15 shows that, 43.9% of the respondents found influenced while, 40.9% not influenced with mean score of 1.71. On the other hand, 15.2% of the respondents are not sure. As far as awareness towards IFB concerned, 53.0% of the respondents confirm influenced by awareness towards IFB to use the products and 36.4% not influenced by this particular variable. The rest of respondents which is 10.6% are not sure whether they are influenced by awareness of IFB or not. The mean score of this variable is 1.58.

**Table 4.15: Distribution of the respondents' perception towards provision of IFB and awareness**

		Frequency	Percent	Mean
<b>Provision of IFB services</b>	Influenced	58	43.9	1.71
	Not influenced	54	40.9	
	I don't know	20	15.2	
	Total	132	100.0	
<b>Awareness towards IFB</b>	Influenced	70	53.0	1.58
	Not influenced	48	36.4	
	I don't know	14	10.6	
	Total	132	100.0	

Source: own survey, 2015

### 4.3. Opinions of the Respondents towards IFB Products and Services

The respondents under study asked to give their opinion if they are satisfied with existing interest free banking service offered by CBE. The descriptive statistics results displayed in the Table 4.16 shows that, 36.4% of the respondents not sure whether existing interest free service offered by CBE is enough or not whereas, 30.3% of the respondents not satisfied with the existing interest free services offered by CBE. On the other hand, the rest 33.3% are satisfied with the existing service. The result implies that the IFB customers are not much satisfied with existing IFB services offered by CBE.

**Table 4.16: Distribution of the respondents' opinion towards IFB**

		Frequency	Percent	Mean
<b>Are you satisfied with existing interest free banking services offered by CBE?</b>	Yes	44	33.3	2.03
	No	40	30.3	
	I don't know	48	36.4	
Total		132	100.0	

Source: Computed from own field data, 2015

For the sake of achieving the fourth objective of the study which is related to explore opinion of commercial bank of Ethiopia customers towards interest free banking. Customers' opinions towards IFB are presented as follows;

- a. The service now provided is with limited branches CBE have to expand its IFB service in additional branches and extra windows.
- b. IFB service should implement core banking so as the customers can use in any branches of CBE.
- c. IFB service should be offered in the separate branches, since some customers have a doubt if it is mixed with conventional or interest based banking service.
- d. Awareness creation and educating customers and also marketing the IFB products is widely important.
- e. The service must be operated in accordance with the rules and principle of sharia.
- f. The account opened for condominium being to offer interest free service.

## **4.4. Results of the Econometric Model Analysis**

### **4.4.1 Multi-Collinearity Diagnosis**

This study obtained data from 132 respondents and eight sampled branches which were subjected to logistic regression analysis. To know factors that influence CBE customers to select IFB products and services, logistic regression model was adopted. The Statistical Package for Social Science (SPSS) used for analyzing the raw data was version 20.0 for windows. Before running the model the independent variables were checked for the existence of multi-collinearity problem. Multi-collinearity problem occurs when two or more variables are related, they measure essentially the same thing. It is the undesirable situation where the correlations among the independent variables are strong.

To check collinearity of explanatory variables, Contingency Coefficient (CC) was used contingency coefficient (CC) measured the association between various discrete variables. The results revealed in the Table 4.17 shows that, no single variable was found to have strong multi-collinearity problem. Therefore, all the fifteen dummy and categorical variables such as Price of service, Influence of family/ friend, Quality of service, Quality of staff, Interior atmosphere of branch, Provision of IFB services, Convenient branch location, Awareness of respondent, Age, Sex, Occupation, Education, Marital status, Income of the respondent and Religion were retained in the model.



Table 4.17: Correlation Matrix for Discrete Variables.

#### 4.4.2 Factors that Influence Customers in Selecting IFB Products and Services

To identify factors that influence CBE customers in selecting IFB and to test its significance level, logistic regression econometric model was adopted using SPSS version 20.0. Binary and category variables were hypothesized to influence customers' perception in selecting IFB. Prior to running to model for fifteen binary and categorical independent variables Contingency Coefficients are employed to check the existence of association among them. Accordingly, all hypothesized independent variables were found to have no collinearity problem retained in the model.

**Table 4.18: Regression Result using Logistic Model**

	B	S.E	Wald	Sig	Exp(B)
PRICESER	-.670	.495	1.830	.018**	1.954
INFFAMFR	1.457	.720	4.088	.043**	4.291
QUALSERV	2.883	2.503	.000	.099***	.001
QUALSTFF	2.475	2.503	.000	.099***	2.284
INTERATMO	-.035	.473	.005	.941	.966
PROVIFB	.109	.538	.041	.839	1.115
CONBRLOC	.082	.651	.016	.003*	1.085
AWAREIFB	.670	.476	1.977	.160	1.954
AGE	.139	.737	.035	.851	1.149
SEX	.657	.695	.895	.344	1.930
OCUPTION	-.281	.249	1.269	.260	.755
EDUCATION	.670	.440	2.323	.127	1.955
MARSTATS	-1.102	.706	2.438	.118	.332
INCOME	-.514	.525	.959	.327	.598
RELIGION	.110	.549	.040	.004*	1.117

Source: SPSS analysis Output, 2015

\*significant at 1% level significance

\*\* Significant at 5% level significance

\*\*\*Significant at 10% level significance

Based on the model statistical analysis, six independent variables were found to have significant relationship with overall perception towards interest free banking such as Price of service, Influence of family/friend, Quality of service, Quality of staff, Convenient branch location and Religion. On the other side, nine independent variables were found to have no significant relationship with overall perception towards Interest free banking such as Interior atmosphere of branch, Provision of IFB, Awareness of respondent, Age, Sex, Occupation, Education, Marital status and Income of the respondents. The impact of independent variables on customers' perception towards IFB discussed as follows.

### **Price of service (PRICESER)**

The result of the logit model displayed in the Table 4.18 reveals that, this particular independent variable influences perception of customers in selecting Interest free banking negatively at 5 percent level of significance. The negative value of the coefficient ( $B=-0.67$ ) indicated that price of services has less impact on customer perception. The result implies that the odds ratio favoring customer perception about interest free banking is being decreased by a factor of 1.954 in terms of price of service. It means that customer perception about interest free banking is being influenced negatively and significantly by price of services. Price of service found to be a factor that influences customer perception in selecting IFB. This is consistent with prior expectation. This study is also consistent with Asyraf and Nurdianawati, 2006 that who reported, price of services is criterion for the selection of interest free banking services.

### **Influence of family/ friends (INFFAMFR)**

Influence of family/ friends was found to be an important influenced factor that affects customers' perception in selecting Interest free banking. According to the regression result displayed in Table 4.18, the statistics result in relation to this variable is positively significance at 5 percent level of significance ( $B=1.457$ ). The odds ratio favoring increase in the probability of customer perception being influenced increase by a factor of 4.291 influence of family/friend. There is a positive relationship between influence of family/friend and customers' perception. Influence of family/friend found to be influenced factor that affect CBE customers' perception in selecting IFB. This is consistent with prior expectation. The study made by Metawa and Almoosawi (1998) and Naser et.al. (1999) also agrees with the result of this study that indicates,

friends and family influences is equally important factors for customers when making decision on their choice of Interest free banking.

### **Quality of service (QUALSERV)**

The results of the logit model displayed in the Table 4.18 shows that, Quality of service influences customer perception towards interest free banking positively at 10 percent level of significance. The coefficient value ( $B=2.883$ ) was positive that mean positive relationship between customers' perception and Quality of services. The odds ratio favoring increase in the probability of customers' perception towards Interest free banking being influenced increase by a factor of .001 in Quality of service. The implication is that an increase in Quality of service leads to increase customers under study to be influence their perception towards interest free banking. This is consistent with prior expectation. This study is also consistent with Erol and El-Bdour (1989) they isolated in their own study that, the most important factor that influence customers or criteria considered by customers is quality of services which include fast and efficient services.

### **Quality of staff (QUALSTFF)**

The regression result corresponding to quality of staff indicates that it is found to be significant influence on customer perception towards IFB. This particular explanatory variable affects customers' perception positively at 10 percent level of significance. The coefficient value ( $B=2.475$ ) was positive that means positive relationship between customer perception and Quality of staff. In other word, the positive values of coefficient revealed that positive perception towards Interest free banking. The result implies that customer perception about Interest free banking is being influenced significantly by quality of staff. The odds ratio favoring increase in the probability of customers' perception towards Interest free banking being influenced increase by a factor of 2.284 in Quality of staff. The study is consistent with the prior expectation. A study made by Asyraf and Nurdianawati, 2006 also agrees with the result of this study that indicates as among other factors that influence customers in selecting IFB Quality of staff as either equally is criteria in selecting a particular Interest free banking service.

### **Convenient branch location (CONBRLOC)**

Convenient branch location was found to be significant and to have positive influence on customer perception at significance level of 1 percent. The coefficient value ( $B=0.082$ ) was positive that means positive relationship between customer perception and convenient branch location. The logit regression results displayed in the Table 4.18 shows that, customer perception towards Interest free banking is being influenced significantly by convenient branch location. The variable found to be factor influenced customers' perception in selecting IFB. The odds ratio favoring increase in the probability of customer perception being influenced increase by a factor of 1.085 in convenient branch location. The study found to be consistent with the prior expectation. The finding of this study is consistent with previous studies made by; Asyraf and Nurdianawati 2006. A study made by Haron et al. (1994) and Ahmad and Haron (2002), also agrees with the result of his study conducted their research based on a sample taken from Malaysian customers.

### **Religion (RELIGION)**

The regression model result of the logit model corresponding to this particular independent variable religion show that it is significant at 1 percent level significance. The coefficient value ( $B=0.11$ ) was positive that means positive relationship between customer perceptions and Religion. In other word, the positive value of coefficient revealed that positive perception towards Interest free banking. Furthermore, higher levels of availability religious perspective make the Interest free banking products and services easier and comfortable. The odds ration favoring increase in the probability of customers` perception towards Interest free banking being influenced increase by a factor of 1.117 in religion. Previous empirical studies made by Haron et al. (1994) and Ahmad and Haron (2002), Asyraf and Nurdianawati, 2006 and Erol and El-Bdour (1989) confirm that, pointed out that religion is other important factors that influence customers perception.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary of the Major Findings

- ✓ This study serves as an indicator showing that most respondents are familiar with interest free banking. For example, about 57.6% of the respondents rated their overall awareness towards IFB services as high and very high. User of IFB products and services are familiar with the product. But, respondents who are not user of IFB are not familiar with the products; their primary reason for not using the product is CBE have not done enough in educating customers and marketing IFB products and services. Similarly, despite the fact that the interest-free banking Scheme was launched since October 28, 2013, the majority of the respondents started having banking relationship with IFB system only one year & six of months ago. This lack of marketing effort among the CBE could be the contributory factor towards the smaller market share of Interest free banking depositors.
- ✓ On the other hand, the respondents have sufficient knowledge concerned CBE offers IFB products and services. They come to know through Media (TV, Newspaper) followed by employee of CBE.
- ✓ Among the IFB products and services delivered by CBE 36.1 percent of the respondents used Wadiah Amanah (safe Keeping Deposit Account) followed by Mudarabah (PLS) saving account nearly 33.3% followed by Qard (current account) nearly 11.1% were the most used products. Mudarabah (fixed Time Deposit Account) and Wadiah Yad Amanah (Trustee Safe Custody) were unpopular among the respondents.
- ✓ The five scale rating of likert was employed to know how the statements perceived by the customers of CBE concerning IFB products and services. There is consensus that IFB system was introduced because Muslims are not allowed from associating themselves with the element of interest practice by conventional banking system and Interest free banking should adopt a profit maximization

principle to remain competitive and sustainable. The respondents also agree that CBE have gone enough in delivering IFB product. It is not confirmed that profit-loss-sharing principle is the only principle representing a true spirit of the IFB system and Interest free banking products available in CBE windows are similar to the products of interest based products except that the banks use different names in highlighting those products.

- ✓ This study showed demographic factor, social factor and institutional factors such as Price of service, Quality of service, Quality of staff, convenient branch location, Influence of family and friends and Religion were found to have significant relationship with overall customers' perception towards interest free banking. However, Awareness of respondent, Age, Sex, Occupation, Level of education, Income level, and marital status, Interior atmosphere of branches and Provision of IFB services were found to have no significant relationship with overall customers' perception towards interest free banking.

## **5.2 Conclusion**

Interest free banking (Islamic banking) is Riba (interest) free and trade oriented banking system. Islamic banking is based on profit and loss sharing mechanism. The following are the major conclusions drawn from the findings of the study;

- ✓ From the demographic profile of respondents we can conclude that, CBE customers who are user of IFB are young, most customers of CBE are male, majority of CBE customers who are users of IFB are employees of government organization, majority of the respondents attended above secondary school level, the dominant of respondents are single, the average monthly income of respondents generate below birr 5000 per month and the majority of the respondents are followers of Muslim religion.
- ✓ User of IFB products and services are familiar with the product. But, respondents who are not user of IFB are not familiar with the products. On the other hand, the

respondents have sufficient knowledge concerned CBE offers IFB products and services.

- ✓ On the criteria of selecting Interest free banking products and services, the main reason found in the study is strictly religion. But reasons like price of the service, quality of the service, good interior atmosphere, convenient branch location and the availability of IFB services in a given branch contribute a lot in selecting IFB products and services.
- ✓ Based on the findings even though fixed time deposit account (mudarabah) and trustee safe custody (wadiahyadAmanah) are not yet accepted, it could be concluded that Islamic services and products are well-received by Muslim and non-Muslims population in the study area. They are fast gaining popularity and more widely accepted by the society at large.

### **5.3 Recommendations**

This study was conducted to use the result to make recommendations; based on the findings of the research the following recommendations have been made:

- ✓ Commercial Bank of Ethiopia should do enough in educating customers and marketing and advertising Interest free banking products and services widely since various CBE customers have no idea concerning IFB it is offered by CBE and again some products such as WadiahAmanah (safe keeping Deposit Account), Mudarabah (PLS) saving account and Qard (current account) were most used products. On the other hand, Mudarabah (Fixed Time Deposit Account) and WadiahYadAmanah (trustee Safe Custody) were unpopular among the respondents.
- ✓ CBE should use media such as TV and newspaper and employee of the bank in educating, marketing and advertising Interest free banking products and service; because the dominant number of CBE customers comes to know that Interest free banking offers by the bank through media and employee of the bank.



- ✓ IFB service offered by CBE should not be halt to operate in accordance and in the principle of Sharia; because majority of the respondents main reason to select interest free banking is found to be religion.
- ✓ CBE should pay attention in emphasizing and improving Price of service, Quality of Service, Quality of staff, convenient branch location. Since those variables were found to have significant relationship with overall customers' perception towards Interest free banking.
- ✓ Commercial Bank of Ethiopia needs to expand Interest free banking products and services throughout other branches and extra windows of the bank to meet customers' expectation and to retain big market share of Interest free banking deposit and loan. Since the sampled respondents under study pointed out their opinions in open ended questionnaire that, number of branches are low and this is a contributory reason for inaccessibility of the IFB service easily.
- ✓ Core banking should be implemented for Interest free banking to increase accessibility and so as to the customers can use the services out of customers account maintained branch. Because the respondents under study pointed out in their opinion in open ended questionnaire that some branches that give IFB services are not online yet.
- ✓ CBE should entertain the special saving A/C for the purpose of purchasing a residential house by including in IFB, since the customers addressing this issue in the open ended questionnaire asked.
- ✓ CBE should begin offering the IFB service in the separate branches, since some customers have a doubt if it is mixed with conventional or interest based banking service.
- ✓ CBE should pay attention in improving Interest free banking service to meet customers expectation, since the finding of the study shows that the IFB customers are not satisfied with existing IFB service offered by CBE.
- ✓ Planners and policy makers of the bank can draw lesson from the result of the study to formulate additional strategies and tactics in relation to IFB, to understand the level of awareness of customers towards IFB product and

services and to provide factors that influence customers to choose IFB product and services.

- ✓ The study recommends that further research should be conducted by including additional branches and additional factors on determining the perception of customers` towards IFB products and services.

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**Table 4.17: Correlation Matrix for Discrete Variables**

	<b>PRICESER</b>	<b>INFFAMER</b>	<b>QUALSERV</b>	<b>QUALSTFF</b>	<b>INTERATMO</b>	<b>PROVIFB</b>	<b>CONBRLOC</b>	<b>AWAREFB</b>	<b>AGE</b>	<b>SEX</b>	<b>OCUPTION</b>	<b>EDUCATION</b>	<b>MARSTATS</b>	<b>INCOME</b>	<b>RELIGION</b>
PRICERS	1.000	.087	.000	.000	-.233	.273	-.194	-.148	.091	.045	-.216	.252	-.071	-.029	.210
INFFAMER		1.000	.000	.000	-.066	-.128	0.69	.102	.088	.147	-.023	.066	-.111	-.226	.139
QUALSERV			1.000	-1.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
QUALSTFF				1.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
INTERATMO					1.000	-.382	-.260	.001	-.271	.029	.197	.009	-.049	.000	-.356
PROVIFB						1.000	-.228	-.052	.260	-.093	-.275	.014	.062	-.047	.029
CONBRLOC							1.000	.240	.160	.078	.153	-.280	-.097	.255	.279
AWAREFB								1.000	.054	-.085	.232	.051	-.229	.031	-.085
AGE									1.000	.209	-.019	.043	.326	.133	.187
SEX										1.000	-.050	-.088	.105	.219	.115
OCUPTION											1.000	-.275	-.042	.306	-.304
EDUCATION												1.000	-.105	-.259	-.187
MARSTATS													1.00	.206	.000
INCOME														1.000	.043
RELIGION															1.000

Source: SPSS Analysis Output, 2015



## **APPENDIX– I**

### **St. Mary`s University**

#### **Dear Respondents:**

This Semi-structured questionnaire is designed to collect information about **Customers perception towards IFB products and services in selected branches of CBE**. Moreover, the research will contribute towards the fulfillment of the researcher`s Master`s Degree in Business Administration (MBA). Your valuable support in responding to the questions raised is paramount importance to the successfulness of this study. Hence, I kindly ask you in all regard to fill the questionnaire carefully at your best knowledge. The accuracy of information you provide determines the ultimate reliability of the study.

**Note:** Your answers will be strictly confidential and will only be used for academic purposes.

#### **Contact Address:**

If you have any query, please don`t hesitate to contact me. I am available as per your convenience at – Tele - +251 9 13 20 85 62 or E-mail – [chambe35.ee@gmail.com](mailto:chambe35.ee@gmail.com).

*Thank you in advance for your cooperation and timely response!*

## General information

1. Date \_\_\_\_\_
2. Code of the questionnaire \_\_\_\_\_
3. Name of the branch \_\_\_\_\_

### A. Demographic Profile of Respondents

- A.1 Age                      a, below 20              b, 21-35 c, 36-55 d, above 56
- A.2 Sex                      a, Male                      b, Female
- A.3 Occupation
- a. Business person    d. Employee of government
- b. Employee of private organization                      e. Employee of NGO
- c. Student                      f. If other please specify \_\_\_\_\_
- A.4 Education
- a. Read and write    c. Secondary School (9-12)
- b. Primary School (1-8)                      d. above secondary
- A.5 Marital status      a. Married              b. Single              c. Divorced              d. Widowed
- A.6 Income of respondent      a. below 5000              b. 5001-2000
- c. 20001 -50000      d. above 50000
- A.7 Religion              a. Muslim              b. Orthodox              c. Protestant              d. Catholic
- e. If other specify \_\_\_\_\_

### B. Usage of IFB Products

- B.1 Number of Years with CBE \_\_\_\_\_
- B.2 Do you have an account maintained in CBE? A. Yes              b. No
- B.3 Do you have any existing relationship with CBE in relationship with IFB product and services?
- A. Yes      b. No
- B.4 For how long have you been using interest free Banking products and services?
- a. Less than 1 year              b. 1-5 Years              c. 6-10 Years
- d. More than 10 Years
- B.5 which types of IFB products and services using with CBE?
- a. Wadiah Amanah (safe Keeping Deposit Account)
- b. Mudarabah (PLS) Saving Account
- c. Qard (Current/checking/Demand Deposit Account)
- d. Mudarabah (Fixed Time Deposit Account)
- e. Wadiah Yad Amanah (Trustee Safe Custody)
- f. Special Demand Deposit
- B.6 If your answer for Q # B.3 no Why?

B.7 Are you going to use for future if the IFB product and services is available in any branches of CBE's window? A. Yes b. May be c. Not sure d. no e. I don't know

B.8 If interest free product becomes costly, would you still consider the products?  
a. Yes b.No

**C. Perception of Respondent towards IFB**

C.1 What is your perception towards IFB?

S.No	Statement	Score				
		Absolutely true (5)	True (4)	Neutral (3)	Untrue (2)	Absolutely untrue (1)
1	Interest free banking system was introduce because Muslims are prohibited from associating themselves with the element of interest practice by conventional banking system					
2	Is it true the IFB products available in CBE window are similar to the products of interest based products except that the banks use different names in highlighting those products?					
3	CBE have gone enough in delivering IFB product to you?					
4	The Profit- Loss- Sharing principle is the only principle representing a true spirit of the IFB system					
5	IFB must adopt a profit maximization principle in order to survive in the competitive business environment					

**D. Awareness of Respondents towards IFB**

D.1 How do you rate your level of overall awareness towards IFB?

- a. Very aware
- b. Aware
- c. Understand partially
- d. limited awareness
- e. no awareness at all

D.2 Do you know that CBE provide interest-free services?

- a. Very well
- b. Sufficient knowledge
- c. Not much
- d. Never thought about it.

D.3 How do you come to know that CBE offers interest-free banking?

- a. Bank employee
- b. Internet
- c. Media (Newspaper, TV)
- d. Friends/ Family
- E. If other specify \_\_\_\_\_

D.4 Do you know that it is HARAM (not permissible) to receive and charge interest in Islam?

- a. Yes
- b. No
- c. I don't know

D.5 Are awareness towards IFB has influence over in choosing IFB product and services?

- a. Yes
- b. No
- c. I don't know

**E. Information on factor that influences Respondents to choose IFB services**

E.1 The main reason why you select IFB products and services?

- a. Strictly religion
- b. Economy (profit and cost elements)
- c. Cheap products
- d. Both religion and Economy
- e. Convenient bank location
- f. Ethical
- g. If other specify \_\_\_\_\_

E.2 Do you feel interest free banking services are costlier than non-interest free service?

- a. Yes
- b. No
- c. I don't know

E.3 Do you influenced by price of service delivered by IFB to choose the service?

- a. Yes
- b. No
- c. I don't know

E.4 Are you going to consider Quality of Service and staff when selecting IFB products and service?

- a. Yes
- b. No
- c. I don't know

E.5 Are you using IFB in this branch because of good Interior atmosphere of the branch?

- a. Yes
- b. No
- c. I don't know

E.6 Do you motivated to use IFB services due to availability of the services in CBE?

- a. Yes
- b. No
- c. I don't know

E.7 Would you consider convenient branch location in selecting IFB services?

- a. Yes
- b. No
- c. I don't know

E.8 Do you think that you have been influenced by family and friends to use IFB products services?

- a. Yes
- b. No
- c. I don't know



APPENDIX – II

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APPENDIX – III

Commercial Bank of Ethiopia  
Management Information Service  
Status of Interest Free Banking(IFB) (As at April 08, 2015)

District	Branch Name	No Br	No. of Windows	Amana Safekeeping		Amana Women		Quard (Demand)		Mudarabah Saving		Mudaraba Women Saving		Mudarabah Time		Total	
				No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount
ADAMA	Aba Geda	1	1	104	1,190,068.33			2	1,140.00							106	1,191,208.33
	Abomsa	2	1	122	465,970.10											122	465,970.10
	Adama	3	1	411	6,815,957.09			27	995,788.00							438	7,811,745.09
	Arsi Robe	4	1	53	843,994.57											53	843,994.57
	ARSI SIRE	5	1	269	2,242,855.22					1	10,000.00					270	2,252,855.22
	Assela	6	1	277	1,770,223.75											277	1,770,223.75
	AwashSebatKillo	7	1	621	5,551,688.57			8	990,248.24	82	2,250,262.14					711	8,792,198.95
	Bekoji	8	1	248	1,868,882.02											248	1,868,882.02
	BERECHA	9	1					1	18,211.29							1	18,211.29
	Boset	10	1	87	1,299,657.09											87	1,299,657.09
	Derra	11	1	65	541,648.44			1	1,000.00							66	542,648.44
	ELEMO KILTU	12	1	1	192,050.00			1	85,920.00							2	277,970.00
	HAMDA DIKSIS	13	1	144	1,352,879.72											144	1,352,879.72
	KECHEMA	14	1	244	5,918,470.36			30	668,858.57							274	6,587,328.93
	KERSA	15	1	152	1,600,763.11											152	1,600,763.11
	Modjo	16	1	126	1,393,517.91											126	1,393,517.91
	Nazareth	17	1	311	4,671,230.37			17	452,186.99							328	5,123,417.36
	WALKESSA	18	1	3	1,675.00											3	1,675.00
<b>ADAMA TOTAL</b>		<b>18</b>	<b>18</b>	<b>3,238</b>	<b>37,721,531.65</b>			<b>87</b>	<b>3,213,353.09</b>	<b>83</b>	<b>2,260,262.14</b>					<b>3,408</b>	<b>43,195,146.88</b>
BAHIR DAR	Adet	1	1	32	534,146.48			1	970.00							33	535,116.48
	Bahir Dar	2	2	1098	22,591,252.61			45	3,684,103.30	24	231,895.35					1167	26,507,251.26
	BEZAWIT	3	1	78	1,156,610.05			3	5,883.00							81	1,162,493.05
	Bichena	4	1	165	2,863,090.96											165	2,863,090.96
	Bure Damot	5	1	20	68,692.40			3	5,029.50							23	73,721.90
	Chagni	6	1	254	3,093,430.05			3	206,916.00							257	3,300,346.05
	Dangila	7	1	61	212,666.14			20	287,560.61	17	278,617.30					98	778,844.05
	Debre Markos	8	1	37	160,855.53											37	160,855.53
	Dejen	9	1	36	441,397.52											36	441,397.52
	Finote Selam	10	1	87	1,655,176.09					5	12,225.00					92	1,667,401.09
	JAWI	11	1	85	242,564.34			1	500.00							86	243,064.34
	METEKEL	12	1	250	3,224,582.19											250	3,224,582.19
	Motta	13	1	290	8,214,754.95			4	187,717.86	8	441,539.02					302	8,844,011.83
	PAWI BRANCH	14	1	6	20,200.68											6	20,200.68
	Tana	15	1	92	735,723.61			2	113,030.00							94	848,753.61
<b>B/DAR TOTAL</b>		<b>15</b>	<b>16</b>	<b>2,591</b>	<b>45,215,143.60</b>			<b>82</b>	<b>4,491,710.27</b>	<b>54</b>	<b>964,276.67</b>					<b>2,727</b>	<b>50,671,130.54</b>

District	Branch Name	No Br	No. of Windows	Amana Safekeeping		Amana Women		Quard (Demand)		Mudarabah Saving		Mudaraba Women Saving		Mudarabah Time		Total			
				No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount
DESSE	ADAGO	1	1	28	538,114.50											28	538,114.50		
	Akista	2	1	102	975,340.00											102	975,340.00		
	Assaita	3	1	100	632,326.09			1	43.18							101	632,369.27		
	Batti	4	1	294	4,101,418.87											294	4,101,418.87		
	Combolcha	5	1	493	8,823,935.60											493	8,823,935.60		
	Desse	6	1	551	7,309,951.73			2	1,603.00	11	142,301.76	1	50,000.00			565	7,503,856.49		
	DICHIOTO	7	1	57	388,137.69											57	388,137.69		
	Dupti	8	1	56	602,581.25											56	602,581.25		
	Effesson	9	1	78	1,404,957.81											78	1,404,957.81		
	Haik	10	1	493	7,161,134.36											493	7,161,134.36		
	KALU	11	1	12	162,996.31											12	162,996.31		
	KELELA	12	1	314	3,067,779.74											314	3,067,779.74		
	Kemise	13	2	979	10,565,866.48											979	10,565,866.48		
	Logiya	14	1	34	298,089.85											34	298,089.85		
	Mekane Selam	15	1	141	2,892,918.59											141	2,892,918.59		
	Mersa	16	1	25	238,897.99											25	238,897.99		
	Mille	17	1	34	524,837.50			2	982,578.36			1	50			37	1,507,465.86		
	Mugad	18	1	210	3,650,708.17											210	3,650,708.17		
	Sekota	19	1	21	190,117.96					1	50.00					22	190,167.96		
	Semera	20	1	279	3,352,110.29			3	991,055.92							282	4,343,166.21		
	SENBETIE	21	1	2	11,297.00											2	11,297.00		
	WOGDIE	22	1	213	2,701,449.34											213	2,701,449.34		
Woldia	23	1	171	1,619,918.62			14	1,043,205.91	6	29,705.00					191	2,692,829.53			
<b>DESSIE TOTAL</b>		<b>23</b>	<b>24</b>	<b>4,687</b>	<b>61,214,885.74</b>			<b>22</b>	<b>3,018,486.37</b>	<b>18</b>	<b>172,056.76</b>	<b>2</b>	<b>50,050</b>			<b>4,729</b>	<b>64,455,478.87</b>		
DIREDAWA	Aboker	1	1	165	965,929.08											165	965,929.08		
	Aweday	2	1	333	4,277,792.06					2	40,100.00					335	4,317,892.06		
	Babile	3	1	354	2,109,352.00					6	144,651.11	1	50.00			361	2,254,053.11		
	Bedessa	4	1	463	2,154,423.02							15	57,686.91			478	2,212,109.93		
	BOREDA	5	1	199	1,068,999.68											199	1,068,999.68		
	BULALE	6	1	248	7,379,714.52			2	6,665.00							250	7,386,379.52		
	Chelenko	7	1	322	1,847,257.09											322	1,847,257.09		
	CHINAGSUN	8	1	350	2,195,021.18											350	2,195,021.18		
	Chiro	9	1	904	5,453,228.81											904	5,453,228.81		
	CONEL	10	1	494	2,179,620.67			6	283,564.55							500	2,463,185.22		
	Dechatu	11	1	272	5,201,753.23			14	770,470.43							286	5,972,223.66		
	Deder	12	1	220	1,491,411.02											220	1,491,411.02		
	Degehabour	13	1	210	4,928,315.02											210	4,928,315.02		
	Dire Dawa	14	2	1079	9,064,738.65			34	8,300,195.16							1113	17,364,933.81		
	Fafen	15	1	279	10,980,476.54			12	732,115.07	32	2,819,282.47					323	14,531,874.08		
	Fugnan Bira	16	1	850	1,574,835.31											850	1,574,835.31		
	Grawa	17	1	175	1,344,783.17											175	1,344,783.17		
	HAFETE ESSA	18	2	1290	18,286,052.41			27	4,002,629.82							1317	22,288,682.23		
	Haramaya	19	1	1203	15,907,323.91											1203	15,907,323.91		
	Harar	20	1	1477	17,364,622.63			33	2,025,051.25	38	555,295.96					1548	19,944,969.84		
	Hirna	21	1	660	2,587,775.80											660	2,587,775.80		
	Jegol	22	1	484	2,291,575.95											484	2,291,575.95		
	Jijiga	23	1	743	15,586,924.48			58	6,288,455.41	13	417,415.00					814	22,292,794.89		
	KARAMILE	24	1	213	1,207,677.10											213	1,207,677.10		
	KEBRIBEYAH	25	1	241	1,659,063.87											241	1,659,063.87		
	Mechara	26	1	607	3,014,686.65											607	3,014,686.65		
	Megalla	27	1	773	10,455,053.53			35	1,822,688.56							808	12,277,742.09		
	MELKA RAFU	28	1	1910	9,413,168.33											1910	9,413,168.33		
	MIESO BRANCH	29	1	175	816,872.99											175	816,872.99		
	ODA BULTUM	30	1	514	3,466,772.23					6	21,475.00					520	3,488,247.23		
	SABIAN	31	1	1116	8,668,464.34			8	191,539.22							1124	8,860,003.56		
	SITTY	32	1	291	756,203.88			20	1,919,622.83							311	2,675,826.71		
	SULUL	33	1	371	6,644,733.70			4	66,958.00							375	6,711,691.70		
<b>/DAWA TOTAL</b>		<b>33</b>	<b>35</b>	<b>18,985</b>	<b>182,344,622.85</b>			<b>253</b>	<b>26,409,955.30</b>	<b>97</b>	<b>3,998,219.54</b>	<b>16</b>	<b>57,736.91</b>			<b>19,351</b>	<b>212,810,534.60</b>		

District	Branch Name	No Br	No. of Windows	Amana Safekeeping		Amana Women		Quard (Demand)		Mudarabah Saving		Mudaraba Women Saving		Mudarabah Time		Total			
				No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount
EAST	Africa Avenue	1	1	84	1,271,003.40			6	73,534.36	2	92,000.00					92	1,436,537.76		
	Andinet	2	1	18	169,408.85			1	500.00							19	169,908.85		
	A/AMBA MICAEL	3	1	219	3,574,491.56											219	3,574,491.56		
	Bole	4	1	43	2,019,153.51			1	1,000.00	1	38,577.00	1	2000			46	2,060,730.51		
	C/ Africa Square	5	1	21	112,009.84											21	112,009.84		
	CMC	6	1	41	480,709.35			1	45.17			1	30000			43	510,754.52		
	Debre Birhan	7	1	43	83,725.19			1	286,140.00	3	5,502.00	1	122100			48	497,467.19		
	Gerji	8	1	99	393,034.77			1	100.00	71	475,694.77					171	868,829.54		
	22 MAZORIYA BR	9	1	20	241,942.56			1	4,470.00							21	246,412.56		
	Kotebe	10	1	47	306,126.44											47	306,126.44		
	Legetafo	11	1	32	679,586.34			1	470.00							33	680,056.34		
	Megenagna	12	1	70	961,068.23					1	79,170.00					71	1,040,238.23		
	MERI	13	1	33	248,174.28											33	248,174.28		
	MESERET DEFAR	14	1	32	45,950.16			4	6,913.52							36	52,863.68		
	Meskel Square	15	1	10	60,076.70			1	296,613.42	5	50,118.20	1	50			17	406,858.32		
	Sendafa	16	1	27	411,133.47					1	1,000.00	2	4,700.00			30	416,833.47		
	SHOLA GEBEYA	17	1	38	221,575.77			1	5,000.00	1	5,000.00					40	231,575.77		
<b>EAST TOTAL</b>	<b>17</b>	<b>17</b>	<b>877</b>	<b>11,279,170.42</b>			<b>19</b>	<b>674,786.47</b>	<b>85</b>	<b>747,061.97</b>	<b>6</b>	<b>158,850</b>			<b>987</b>	<b>12,859,868.86</b>			
GONDER	Addis Zemen	1	1	40	374,686.49			1	88,970.00						41	463,656.49			
	Aykel	2	1	134	459,438.91			1	61.00						135	459,499.91			
	Azezo	3	1	158	796,718.95			1	13,189.50						159	809,908.45			
	Debark	4	1	59	527,859.49										59	527,859.49			
	Debre Tabour	5	1	123	1,024,108.46										123	1,024,108.46			
	Delgi	6	1	10	45,914.52										10	45,914.52			
	Fasiledes	7	1	279	3,465,414.26			8	119,787.00	5	112,700.00				292	3,697,901.26			
	Genda Wuha	8	1	77	333,792.02			3	1,300.00						80	335,092.02			
	Gonder Main	9	1	35	542,980.15			2	1,471.00	2	4,230.00				39	548,681.15			
	Jantekel	10	1	642	9,606,786.69			44	2,684,244.36	38	751,408.56				724	13,042,439.61			
	KOLADIBA	11	1	58	350,595.07										58	350,595.07			
	MAKSEGNIT	12	1	6	19,008.65										6	19,008.65			
	MARAKI	13	1	144	528,091.13										144	528,091.13			
	MINTIWAB	14	1	74	158,870.09					1	1,700.00				75	160,570.09			
	Nefas Mewcha	15	1	66	343,174.60			2	2,191.42						68	345,366.02			
	Simada	16	1	150	1,343,061.10										150	1,343,061.10			
	Woreta	17	1	120	749,277.98			1	970.00	1	50.00				122	750,297.98			
	ZOBLE	18	1					3	230,805.00						3	230,805.00			
<b>GONDER TOTAL</b>	<b>18</b>	<b>18</b>	<b>2,175</b>	<b>20,669,778.56</b>			<b>66</b>	<b>3,142,989.28</b>	<b>47</b>	<b>870,088.56</b>					<b>2,288</b>	<b>24,682,856.40</b>			
HAWASSA	ADARE	1	1	30	131,617.06			1	15,000.00	3	20,486.00				34	167,103.06			
	Adola	2	1	52	128,781.13										52	128,781.13			
	ARDALIBEN	3	1	95	566,017.23										95	566,017.23			
	Bule Hora	4	1	189	2,074,847.62					1	100.00				190	2,074,947.62			
	Dilla	5	1	90	5,257,715.37										90	5,257,715.37			
	GORO DUGIDA	6	1	84	121,987.91			6	4,255.00						90	126,242.91			
	Hawassa	7	1	70	602,189.72			1	1,979,910.00	19	83,941.23				90	2,666,040.95			
	MEGA BRANCH	8	1	63	1,194,510.27										63	1,194,510.27			
	Moyale	9	1	387	8,209,568.94			1	71,470.00	21	473,898.16				409	8,754,937.10			
	Negele Borena	10	1	241	2,470,905.45										241	2,470,905.45			
	Sessa	11	1	112	623,504.99					5	122,917.98				117	746,422.97			
	Yabello	12	1	145	1,221,615.28					61	451,092.54				206	1,672,707.82			
	Yirgachefe	13	1	48	353,473.50					1	1,000.00				49	354,473.50			
	Yirgalem	14	1	45	255,364.67										45	255,364.67			
<b>HAWASSA TOTAL</b>	<b>14</b>	<b>14</b>	<b>1,651</b>	<b>23,212,099.14</b>			<b>9</b>	<b>2,070,635.00</b>	<b>111</b>	<b>1,153,435.91</b>					<b>1,771</b>	<b>26,436,170.05</b>			

District	Branch Name	No Br	No. of Windows	Amana Safekeeping		Amana Women		Quard (Demand)		Mudarabah Saving		Mudaraba Women Saving		Mudarabah Time		Total	
				No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount
JIMMA	Aba jifar	1	1	192	1,290,335.07											192	1,290,335.07
	Agaro	2	1	478	3,380,763.41			1	500.00							479	3,381,263.41
	Aman	3	1	343	4,080,208.80			10	743,564.19	1	100.00					354	4,823,872.99
	ASSENDABO	4	1	309	2,306,012.73											309	2,306,012.73
	Bedele	5	1	286	2,159,231.56			10	53,368.92							296	2,212,600.48
	BISHISHE	6	1	1	25,800.00			1	1,000.00							2	26,800.00
	Bonga	7	1	70	437,199.06											70	437,199.06
	DENBI	8	1	184	506,669.88											184	506,669.88
	GACHEB	9	1	119	1,261,871.08											119	1,261,871.08
	Gambela	10	1	169	922,611.50			1	1,365,577.91							170	2,288,189.41
	Gechi	11	1	495	1,680,671.53			5	482,134.02							500	2,162,805.55
	GERA	12	1	71	115,834.80											71	115,834.80
	GINJO GUDURU	13	1	10	3,820.84			1	9,970.00							11	13,790.84
	GOMA	14	1					1	470.00	9	198,162.10					10	198,632.10
	Gore	15	1	280	875,230.95											280	875,230.95
	Hirmata	16	1	743	7,146,287.79			24	753,240.70	14	125,059.68					781	8,024,588.17
	Jimma Main	17	1	1059	4,337,564.62			27	1,895,461.09	3	21,120.00					1089	6,254,145.71
	JIREN	18	1	190	489,574.25											190	489,574.25
	Kumbabe	19	1	257	571,230.21											257	571,230.21
	Limu Suntu	20	1	586	1,393,142.83			9	132,933.89							595	1,526,076.72
	Mettu	21	1	108	759,925.46							1	250.00			109	760,175.46
	Mizan Teferi	22	1	289	4,213,917.84			24	585,731.54							313	4,799,649.38
	Openo	23	1	59	916,873.05			2	64,002.20	2	3,690.34					63	984,565.59
	SERBO	24	1	3	650.00											3	650.00
	SHEKO	25	1	37	152,122.15			2	266,529.85							39	418,652.00
	SHENEN GIBE	26	1	1	100.00											1	100.00
	SHEWA BENCH	27	1	13	56,230.00											13	56,230.00
	Sokoru	28	1	115	733,198.49					26	85,390.00					141	818,588.49
	SOR	29	2	64	225,042.33					1	100.00					65	225,142.33
	Teppi	30	1	87	1,488,767.24											99	1,888,746.22
	YAYO	31	1	106	429,140.83											106	429,140.83
	Yebu	32	1	309	964,395.47											309	964,395.47
	YEKI BRANCH	33	1					2	165,240.00							2	165,240.00
<b>JIMMA TOTAL</b>	<b>33</b>	<b>34</b>	<b>7,033</b>	<b>42,924,423.77</b>			<b>132</b>	<b>6,919,703.29</b>	<b>56</b>	<b>433,622.12</b>	<b>1</b>	<b>250</b>			<b>7,222</b>	<b>50,277,999.18</b>	
MEKELE	Abie Adi Branch	1	1	10	47,935.97										10	47,935.97	
	ADI SHUMDEHUN	2	1	10	391,262.00			1	103,000.00						11	494,262.00	
	Adigrat	3	1	60	373,816.30										60	373,816.30	
	Adihaki	4	1	17	173,414.41										17	173,414.41	
	Adwa	5	1	17	423,845.79							12	143,439.55		29	567,285.34	
	Agazi Avenue	6	1	12	106,994.38			1	250,780.00	1	1,697.90				14	359,472.28	
	Alamata	7	1	80	837,865.36										80	837,865.36	
	Axum	8	1	69	411,338.46										69	411,338.46	
	Endasselassie	9	1	22	195,726.00										22	195,726.00	
	Humera Branch	10	1	3	37,002.86										3	37,002.86	
	MARAY	11	1	64	193,246.22					5	179,083.00				69	372,329.22	
	Mehonie	12	1	73	937,544.84										73	937,544.84	
	Mekele	13	1	46	668,469.91			10	33,913.91	6	4,692.94				62	707,076.76	
	MIDER GENET	14	1							1	25.00				1	25.00	
	RAYA	15	1	105	3,163,391.63										105	3,163,391.63	
	Romanat	16	1	47	693,177.78							1	3000		48	696,177.78	
	Shire Branch	17	1	11	98,260.40			2	1,000.00	1	6,400.00	3	22100		17	127,760.40	
	Woukro	18	1	37	648,982.44			2	10,000.00						39	658,982.44	
<b>MEKELLE TOTAL</b>	<b>18</b>	<b>18</b>	<b>683</b>	<b>9,402,274.75</b>			<b>16</b>	<b>398,693.91</b>	<b>14</b>	<b>191,898.84</b>	<b>16</b>	<b>168,539.55</b>			<b>729</b>	<b>10,161,407.05</b>	
NEKEMITE	BABO DEBEKA	1	1	2	500.00				1	1,000.00					3	1,500.00	
	Bacco	2	1	41	532,551.20				8	114,205.24					49	646,756.44	
	Begi	3	1	17	15,389.64					17	313,560.70	2	65746.81		36	394,697.15	
	ENZI	4	1						149	1,242,365.79					149	1,242,365.79	
	Ghimbi	5	1	20	362,069.52										20	362,069.52	
	Gida Ayana	6	1	52	470,456.35										52	470,456.35	
	HARO SORGA	7	1	123	276,343.27					6	19,482.80	1	325.00		130	296,151.07	
	KUMSA MORODA	8	1	9	19,051.20										9	19,051.20	
	Nekemte	9	1	212	1,415,253.07					14	151,212.51				226	1,566,465.58	
	Shambu	10	1	7	64,350.00										7	64,350.00	
	SIRE	11	1	49	392,732.23										49	392,732.23	
<b>NEKEMITE TOTAL</b>	<b>11</b>	<b>11</b>	<b>532</b>	<b>3,548,696.48</b>					<b>195</b>	<b>1,841,827.04</b>	<b>3</b>	<b>66,071.81</b>			<b>730</b>	<b>5,456,595.33</b>	
Addis Ababa	1	1	175	2,932,147.51					1	6000.00					176	2,933,147.51	

District	Branch Name	No Br	No. of Windows	Amana Safekeeping		Amana Women		Quard (Demand)		Mudarabah Saving		Mudaraba Women Saving		Mudarabah Time		Total			
				No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount
NORTH ADDIS	Ambo	2	1	1	1,100.77					163	1,087,912.99					164	1,089,013.76		
	Arada Giorgis	3	1	69	353,714.37			1	697.40							70	354,411.77		
	Arat Killo	4	1	56	1,275,013.84					12	104,142.79					68	1,379,156.63		
	Asko	5	1	200	2,115,204.49			2	1,533.50							202	2,116,737.99		
	Burayu	6	1	351	4,371,512.15			2	723.00	2	1,043.95					355	4,373,279.10		
	Fitche	7	1	51	189,343.95											51	189,343.95		
	Gulele	8	1	196	3,135,931.76			12	146,603.35	1	600.00					209	3,283,135.11		
	Gundo Meskel	9	1	102	1,964,125.22											102	1,964,125.22		
	Holeta	10	1	42	344,911.77			1	6,000.00							43	350,911.77		
	Mehatema Ghan	11	1	40	479,801.18			1	99,970.00							41	579,771.18		
	Rufael	12	1					1	150,000.00							1	150,000.00		
	Sheger	13	1	61	712,448.73											61	712,448.73		
	SHEGOLE	14	1	222	2,591,149.84			11	60,848.27							233	2,651,998.11		
	Tewodros Square	15	1	281	1,195,004.18			12	561,163.21	22	363,545.22					315	2,119,712.61		
	WINGET	16	1	241	2,970,361.79			14	92,058.52	5	53,412.86					260	3,115,833.17		
	<b>NORTH TOTAL</b>	<b>16</b>	<b>38</b>	<b>3,152</b>	<b>24,631,771.55</b>			<b>58</b>	<b>1,120,597.25</b>	<b>205</b>	<b>1,610,657.81</b>					<b>2,351</b>	<b>27,363,026.61</b>		
SHASHEMENE	Adaba	1	1	144	934,033.49										144	934,033.49			
	Alaba Kulito	2	1	386	2,735,685.56			7	28,152.50	52	442,130.77				445	3,205,968.83			
	Arsi Negele	3	1	60	263,271.51					2	1,525.00				62	264,796.51			
	Assassa	4	1	71	615,283.90			1	1,000.00						72	616,283.90			
	Bale Goba	5	1	313	1,459,219.53										313	1,459,219.53			
	Dodola	6	1	253	1,948,959.54			16	150,591.98						269	2,099,551.52			
	Dolomena Branch	7	1	16	6,400.00			5	5,400.00	2	2,150.00				23	13,950.00			
	Ghinnir	8	1	420	3,868,737.16										420	3,868,737.16			
	HARUFA	9	1	89	731,120.05							2	550		91	731,670.05			
	KOFELE	10	1	195	1,174,987.49										195	1,174,987.49			
	Shashemene	11	1	91	414,041.77			14	5,006,472.75	17	105,067.22				122	5,525,581.74			
	SINANA	12	1	58	172,052.35										58	172,052.35			
	Sofumer	13	1	424	5,812,836.20			5	1,402.14						429	5,814,238.34			
	Zala Fire	14	1					1	500.00						1	500.00			
	Zeway	15	1	256	1,544,045.79			1	350.00						257	1,544,395.79			
<b>SHASHEMENE TOTAL</b>	<b>15</b>	<b>15</b>	<b>2,776</b>	<b>21,680,674.34</b>			<b>50</b>	<b>5,193,869.37</b>	<b>73</b>	<b>550,872.99</b>	<b>2</b>	<b>550</b>			<b>2,901</b>	<b>27,425,966.70</b>			
SOUTH	Akaki Branch	1	1	26	456,454.60										26	456,454.60			
	B/ ABANEFSO	2	1					4	56,594.11						4	56,594.11			
	Bishoftu	3	1							113	1,092,522.04				113	1,092,522.04			
	DIL GEBEYA	4	1	10	1,508,171.50			4	2,041,527.43	1	3,800.00	1	200.00		16	3,553,698.93			
	Dukem	5	1	26	100,642.77										26	100,642.77			
	Finfine	6	1	104	1,550,151.30			1	8,364.33	1	99,784.74				106	1,658,300.37			
	GARADUBA	7	1	13	78,530.62										13	78,530.62			
	GOWA GEBRIEL	8	1							18	92,785.81				18	92,785.81			
	Gofa Sefer	9	1	228	2,940,865.10			4	16,632.43	2	4,054.82				234	2,961,552.35			
	JEMU	10	1	120	1,095,212.69					1	61,212.10				121	1,156,424.79			
	Kirkos Kebele	11	1	42	362,672.14			1	164,746.59	1	100.00				44	527,518.73			
	Lafto	12	1	46	320,032.22					1	600.00	1	8,500.00		48	329,132.22			
	Lideta	13	1	20	300,404.34					1	25,000.79				21	325,405.13			
	Mekanisa	14	1	151	2,331,261.07										151	2,331,261.07			
	Nifas Silk	15	1	230	1,908,140.24					2	2,480.00				232	1,910,620.24			
	SARIS ABO	16	1	4	24,570.00					9	7,545.00	7	40,171.34		20	72,286.34			
	Senga Tera	17	1	115	3,429,933.40			4	41,057.50	15	243,222.57	1	100.00		135	3,714,313.47			
	Temenja Yaj	18	1	13	116,704.62					20	548,817.66	2	11250		35	676,772.28			
	Yoseph	19	1	24	233,681.33										24	233,681.33			
<b>SOUTH TOTAL</b>	<b>19</b>	<b>19</b>	<b>1,172</b>	<b>16,757,427.94</b>			<b>18</b>	<b>2,328,922.39</b>	<b>185</b>	<b>2,181,925.53</b>	<b>12</b>	<b>60,221.34</b>			<b>1,387</b>	<b>21,328,497.20</b>			

District	Branch Name	No Br	No. of Windows	Amana Safekeeping		Amana Women		Quard (Demand)		Mudarabah Saving		Mudaraba Women Saving		Mudarabah Time		Total	
				No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount	No. of Account	Amount
WEST	Abakoran	1	2	563	7,010,212.37			7	12,180.66	481	9,628,703.97	4	8,667.40			1055	16,659,764.40
	Addis Ketema	2	2	468	9,965,015.64			6	15,240.00	53	988,725.16					527	10,968,980.80
	ADDISU MICHAEL	3	1	62	925,926.54											62	925,926.54
	Alem Bank	4	2	1735	18,982,118.75			23	621,024.49	35	937,207.65					1793	20,540,350.89
	Anwar Mesgid	5	2	640	11,087,201.97			13	277,340.57	478	12,738,876.42					1131	24,103,418.96
	ASHEWA MEDA	6	1	1	700.00											1	700.00
	18 MAZORIYA BR	7	1	156	1,714,958.69											156	1,714,958.69
	Atena Tera	8	2	1525	16,429,282.09			12	1,293,337.39	37	333,572.35					1574	18,056,191.83
	Ayer Tena	9	1	125	1,401,720.68			9	97,535.80	60	446,822.83					194	1,946,079.31
	BEKUR BRANCH	10	1	35	271,993.62											35	271,993.62
	Bethel	11	1	289	3,628,870.57			9	528,438.06	5	75,320.54					303	4,232,629.17
	Bomb Tera	12	1	267	7,396,493.63			4	75,852.23	1	100.00					272	7,472,445.86
	BURKA	13	1	30	365,849.15			4	485,120.76							34	850,969.91
	Butajira	14	1	729	8,391,883.06											729	8,391,883.06
	ERESHA	15	1	104	1,000,436.98											104	1,000,436.98
	GARE BOLO	16	1	9	40,065.00			4	79,531.75							13	119,596.75
	GEJA SEFER	17	1							4	14,010.00	2	4,400.00			6	18,410.00
	GINDO Branch	18	1	6	43,573.48					11	2,615.00					17	46,188.48
	GIRAR	19	1	114	669,725.92			2	7,470.00							116	677,195.92
	Habete Giorgis	20	1	107	4,105,521.49			7	129,587.41	1	98.80					115	4,235,207.70
	KERANIO	21	2	443	3,640,855.83			2	11,668.58	2	156,104.11					447	3,808,628.52
	KIBET	22	2	59	198,178.81			8	352,858.51	2	14,508.97					69	565,546.29
	Kolfe	23	1	713	8,303,882.31			4	454,102.52	25	233,428.65					742	8,991,413.48
	MAREKO	24	1	16	131,523.99											16	131,523.99
	Mehal Gebeya	25	1	430	9,151,564.68			8	31,931.50	100	1,448,570.47					538	10,632,066.65
	Paulos	26	1	168	2,698,523.00			14	25,755.00	18	134,511.71					200	2,858,789.71
	Reppi	27	1	106	922,075.38											106	922,075.38
	SANKURA	28	1	568	2,398,263.94											568	2,398,263.94
	Sebeta	29	1	44	558,222.90											44	558,222.90
	SEFERE SELAM	30	1	86	1,209,550.68			1	738,543.79							87	1,948,094.47
	SOMALE TERA	31	1	152	1,672,399.75			2	1,058.09							154	1,673,457.84
	Tekle Haimanot	32	1	372	6,866,582.97			3	217,021.17							375	7,083,604.14
	T/ Dirijit Akababi	33	1	1	7,000.00											1	7,000.00
	TOR HAYLOCH	34	1	236	589,281.71					25	318,158.49	1	2100			262	909,540.20
	Torra	35	1	201	1,739,180.87			1	12,568.31	1	30,700.00					203	1,782,449.18
	Tulu Bolo	36	1	21	79,497.12			1	9,401.26							22	88,898.38
	WELETE BRANCH	37	1	62	1,011,838.53			1	1,000.00							63	1,012,838.53
	Welkite	38	1	42	418,872.75			1	980.00	2	197.48					45	420,050.23
	Wolliso	39	1	71	615,767.44											71	615,767.44
	Worabe	40	1	690	5,962,043.62			5	182,349.82	15	267,293.12					710	6,411,686.56
<b>WEST TOTAL</b>		<b>40</b>	<b>47</b>	<b>11,446</b>	<b>141,606,655.91</b>			<b>151</b>	<b>5,661,897.67</b>	<b>1,356</b>	<b>27,769,525.72</b>	<b>7</b>	<b>15,167.40</b>			<b>12,960</b>	<b>175,053,246.70</b>
WOLAITA	Arba Minch	1	1	418	2,012,366.29			8	114,433.66	4	36,695.00					430	2,163,494.95
	BOBECHO	2	1	101	214,247.50											101	214,247.50
	Dawro	3	1	2	3,081.91					2	200.00					4	3,281.91
	Durame	4	1	37	108,423.82											37	108,423.82
	Fonko	5	1	9	78,974.52											9	78,974.52
	GESH	6	1					5	560,785.95							5	560,785.95
	Hossana	7	1	265	445,257.21											265	445,257.21
	Jinka	8	1	161	2,634,799.71			13	362,005.41							174	2,996,805.12
	LERA	9	1	355	1,358,800.17					25	54,879.27					380	1,413,679.44
	SELEME	10	1	11	4,616.65											11	4,616.65
	SHASHOGO	11	1	77	360,849.18					43	2,679,955.33	1	10300			121	3,051,104.51
	SIKELA	12	1	48	45,438.74			1	100,000.00							49	145,438.74
	TONA	13	1	17	517,249.00											17	517,249.00
	Wachamo	14	1	66	554,353.00					21	51,510.01					87	605,863.01
	Wadu	15	1	16	21,305.00											16	21,305.00
	Wolaita Sodo	16	1	89	451,296.71					11	627,450.34	17	103,655.25			117	1,182,402.30
	Yelasawla	17	1	119	1,747,483.07			31	2,513,640.81	21	50,188.16					171	4,311,312.04
<b>WOLAITA TOTAL</b>		<b>17</b>	<b>17</b>	<b>1,791</b>	<b>10,558,542.48</b>			<b>69</b>	<b>4,278,316.17</b>	<b>133</b>	<b>2,977,083.02</b>	<b>1</b>	<b>10,300</b>			<b>1,994</b>	<b>17,824,241.67</b>
<b>Grand Total</b>		<b>307</b>	<b>341</b>	<b>62,789</b>	<b>652,767,699.18</b>			<b>1,032</b>	<b>68,923,915.83</b>	<b>2,712</b>	<b>47,722,814.62</b>	<b>66</b>	<b>587,737.01</b>			<b>65,535</b>	<b>770,002,166.64</b>

Prepared By: Bisrat Asefa

## **ENDORSEMENT**

This thesis, titled “CUSTOMERS` PERCEPTION TOWARDS INTERST FREE BANKING PRODUCTS AND SERVICES: IN SELECTED BRANCHES OF COMMERCIAL BANK OF ETHIOPA” has been submitted to St. Mary’s University, School of Graduate Studies for MBA program with my approval as a university advisor.

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Advisor

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Signature

**St. Mary’s University July, 2015**

**Addis Ababa**