

**MARKETABILITY AND PERFORMANCE OF NON INTEREST
BANKING SERVICES IN NORTH-WESTERN NIGERIA**

BY

ABDUL Falilat Ajoke

Matric No. 05/68MJ002

B.Sc. (Sokoto), PGDE. (UNAD), M.Sc. (Ilorin)

**BEING A Ph.D. RESEARCH THESIS SUBMITTED AND
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PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE AWARD OF DEGREE OF DOCTOR OF PHILOSOPHY
(Ph.D.) IN BUSINESS ADMINISTRATION,.**

Prof. Sidikat. L Adeyemi

(Supervisor)

CERTIFICATION

This is to certify that this Thesis was carried out by Abdul, Falilat Ajoke (05\68MJ002) has been read and approved as meeting the requirements of Postgraduate School Research Template on Ph.d in Business Administration, Faculty of Management Sciences, University of Ilorin, Ilorin, Nigeria.

.....
Dr. U. Gunu
(Head of Department)

.....
Date

.....
Prof. Sidikat .L . Adeyemi
(Supervisor)

.....
Date

.....
Dr S.B. Isiaka
(Departmental Postgraduate Programmes Coordinator)

.....
Date

.....
(External Examiner)

.....
Date

DEDICATION

I dedicated this thesis to Almighty Allah for which none of HIS favours can I deny “Absolutely none” the First and the Last, the Hidden and the Apparent, the All-in-All and the most respected supernatural legislator. Glory be to Him, for we have no other god except Him, the All-knowing.

DECLARATION

I, ABDUL, Falilat Ajoke hereby declare that this thesis entitled “Marketability and Performance of Non-Interest Banking Services in North-Western Nigeria” is a record of my research work. It has neither been submitted nor accepted for the award of any higher degree. All sources of information have been specifically acknowledged. In the addition to the above, the research work has been ethically approved by the University Ethical Review Committee.

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ABSTRACT

The difficulty in gaining entrance into the Nigerian Banking industry by the Non-interest Banking (NIB) operations as a result of prominence of conventional banks and potentiality of stiff competition necessitates aggressive marketability of NIB products. Moreover the Nigerian banking system dominated by conventional banks warrant the need for convenient environment for the practice of NIB. The study examined marketability and performance of NIB operation in North-west Nigeria. The objectives were to: (i) examine the suitability of Nigerian banking environment for NIB; (ii) assess the relationship among the marketability variables of NIB; (iii) determine the effect of service quality on the satisfaction of NIB customers; (iv) examine the differences in marketability variables of NIB; and (v) examine the effect of marketability on performance of NIB in North-west Nigeria.

The study adopted cross sectional design using Jaiz bank in the seven states of North-west Nigeria. Primary data were obtained through a structured questionnaire administered to 385 customers of Jaiz bank in the study area. The sample selection was purposive using Cochran model. Data were analyzed using Multiple Regression of ANOVA type at 0.005 level of significance.

The findings of the study were that:

- i. Political, technological and socio-cultural environments of the North- west Nigerian banking system are significantly suitable for NIB operations; with $p = 0.000$, 0.016 and 0.002 and $\beta = 0.440$, 0.301 and 0.234 respectively;*
- ii. acceptability and perception have significant relationship with affordability, $r^2 = 0.62$, 0.84 and $p = 0.015$, 0.000 respectively while awareness has insignificant relationship with acceptability, perception and affordability with $p = 0.147$, 0.212 and 0.153 respectively ;*
- iii. service quality has significant effect on customers' satisfaction having compliance, reliability and empathy with $p = 0.000$, 0.013 and 0.002 and $\beta = 0.449$, 0.241 and 0.312 respectively;*
- iv. marketability of NIB is significantly different across selected cities having awareness, affordability, acceptability and perception with $F = 6.563$, 24.068 , 25.340 and 28.162 ,with $p = 0.000$, 0.012 . 0.000 and 0.010 respectively; and*
- v. marketability affects performance with affordability and acceptability having significant positive effect on Jaiz bank performance with $p = 0.000$ and 0.013 ; and $\beta = 0.537$ and 0.408 respectively.*

The study concluded that NIB can survive well in the face of conventional bank with aggressive marketability. The study recommended that non-interest banks should carry out periodic environmental scanning to improve performance.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The western banking system being interest based gives interest on deposits and charges it on loans. By this arrangement, owners of funds (capital), that is creditors and/or depositors will never be at a loss whereas, the debtors must pay pre-determined interest rates on amounts borrowed whether they operated at a profit or loss. Also at times of extra-gains, creditors may lose a portion of his earning by receiving a fixed interest rate instead of the proportional gain on his deposit. The creditor/debtor relationship characterized by payment and receipt of pre-determined interest rates, in most cases resulted in wrong allocation of resources and this has the potential of creating imbalances in the economy by concentrating resources in hands of the capitalists (through receipt of interest) and impoverishment of entrepreneurs and/or labor through payment of interest or receipt of low wages mostly occasioned by the payment of high interest rate.

Apart from the devastating economic effects of interest, the major religion of the world has strongly prohibited it. In Christianity, interest in financial transactions is forbidden. Evidences abound in support of this assertion from the bible as shown in verses such as Luke 6:34-35, Leviticus 25:36-37 and Deuteronomy 23:19-23. In Islam, interest is strictly forbidden (Gafoor, 1995). Islam also disapproves giving, charging and even participating in the recording of interest (Gachi, 2000). The Arabic word used in the Holy Qur'an for interest is "riba"(Usury). The holy Qur'an prohibited riba in Quran chapter 2 verses 275-278 and Quran chapter 3, verse 130.

In view of the negative economic consequences of interest and its prohibition by the two major religions, the western convention interest-based commercial banking is being criticized even by the West, and in their responses to these giving criticisms, the conventional banks have started developing banking products that are devoid of interest. The product referred to, as ‘ethical’ or ‘non-interest’ involves accepting and lending of funds on the basis of profit/loss sharing (Siddique, 1997). This means that depositor is a partner in business instead of lender, as is the case of conventional banking. By this arrangement, the depositor like the borrower will earn profit or loss at the end of the accounting period, depending on the outcome of the business. The arrangement is unlike the conventional system in which the depositor earns a predetermined interest irrespective of the results from the business venture.

The Co-operative Bank of Britain was the first to offer an ethical banking product in the West (Sheikh, 1996). While in the Eastern world, some German banks started experimenting non-interest banking (NIB) in Mit-Ghamr, Egypt, in 1963 (Gachi, 2000). The Mit-Ghamr experiment of NIB has an unprecedented success. It was reported that saving increased by 400% (i.e. from 25,000 pounds to 125,000 Egyptian pounds) from 1963 to 1966. In the same period, investment deposits increased by approximately one hundred and fourteen percentage (i.e. from 35,000 to 75,000 Egyptian pounds) (Wohlers-Scharf, 1983). It was also reported that “the bank function on cautious basis, rejecting on the average, sixty percentage of the loan applications in the first three years.” Consequently, the default ratio was zero in economically good times (IPS, 1994). Despite the success recorded in the Mit-Ghamr experiment, the project was later abandoned due to political reasons. In the second half of the 1970’s and early 1980’s another giant stride was made in NIBS by the establishment of many NIBS financial institutions in countries like Egypt, Sudan and Kuwait. Since then, many countries have joined in the practice

of NIBS. Recently, According to Mustafa(2014) and Idris & Lawal(2013) observed that there is a proliferation of non-interest financial institutions in over 75 countries, managing funds to the tune of several billion dollars and employing thousands of personnel. The countries included United Kingdom, Denmark, Luxembourg and Germany in Europe; Indonesian, India, Pakistan, Malaysia, Philippines, Bangladesh, Iran, Sri-Lanka and China in Asia; Bahrain, Saudi Arabia, Jordan, Kuwait, Qatar and UAE in the Middle East; Mauritania, Morocco, South Africa, Sudan, Senegal, Tunisia and Egypt in Africa among others (Ahmed, 2009). The total assets, as at 2009 was USD1.0 trillion dollars, it increases to USD1.6 trillion dollars in the year 2013 and USD 2.8 trillion dollars have been projected for 2015.

Therefore, with the emergence of NIBS in several Muslim and non-Muslim countries, a lot of concerns have been generated for its absence in Nigeria, hence leading to agitations for its dire need in the country. This scenario informed the enormous efforts been made over the years to ensure the establishment and operation of NIBS in Nigeria. These efforts dated back to the 1990s when the idea was mooted and two licenses were granted in 1992. Unfortunately, none of these firms could commence operation until 1999 when the former Habib Nigeria Bank Limited which later metamorphosed to Bank PHB and now Keystone bank, started a non-interest banking window. However, it is important to state that the promulgation of the Banks and Other Financial Institutions Decrees (BOFID) 24 and 25 of 1991 which replaced the Banking Act of 1969 actually signaled a new dawn for banking operation in Nigeria because of the landmark provisions made for the establishment of non-Interest banking in the country.

The Central Bank of Nigeria on the 11th of November, 2011 granted Jaiz Bank Plc. a regional operating license to operate as a Non-Interest Bank and began full operations as the first full-fledged Non-Interest Bank in Nigeria on the 6th of January, 2012 with three branches

located in Abuja FCT, Kaduna and Kano. The Regional License allows the Bank to operate geographically in a third of the country. Based on recommendations of (IDB), Jaiz Bank Plc. entered into a strategic partnership with Islamic Bank Bangladesh (IBBL) for the latter to provide Technical Management to run the Bank. Currently, Jaiz Bank is the only full-fledged Non-Interest (Islamic) Bank in Nigeria. It recently obtained an approval from the Central Bank of Nigeria (CBN) for a National Operating License. This will enable it to operate in all parts of the Federation.

Subsequent to the legality and commencements of NIBS in Nigeria, examining the marketability of the services, among potential investors and customers and the performance of the current operators of the system is desirable and necessary. This is what the study is set to achieve

1.2 Statement of the problem

The operational activities of conventional banking all over the world are fraught with many unresolved socio economic and moral issues. In this world of uncertainty, how unjustifiable will it be to drop a project simply because its expected rate of return is below predetermined market rate of interest as it is been done by most conventional banks. Treating the predetermined interest rate as an aspect of cost raises the cost curves and influences the entrepreneur's policy regarding pricing of products and the wages labor will be offered (Zamman, 2001). This gives the interest rate an undue advantage of determining the reward of the other factors of production especially labor. In the interest-based mechanism, creditors are guaranteed returns on capital while debtors, particularly entrepreneurs who spend most of their

time and energy are not guaranteed profit. This kind of arrangement is illogical and unethical (Daud, 2010).

Guaranteed returns for capital, makes it easier for those who own it to acquire more and more wealth at the expense of workers and entrepreneurs whose returns are subjected to vagaries of the economy. This usually widens the gap between the capitalist on one hand and workers and entrepreneurs on the other. Not only that, the skewed income distribution has the potentiality of creating economic imbalances that may result in social ills such as envy, mismanagement, corruption, robbery, kidnapping, ritual killings among others as it is being witness in Nigeria today. The ills continue to heighten as additional wealth continues to be transferred to capitalists even when no additional wealth has been created with their so-called capital (i.e. in times of low returns or losses).

Furthermore, the problem of interest banking system is concentration in the credit worthiness of the borrower rather than the profit worthiness of the venture in question. This means that however profitable a venture may be, there are chances that it may not be financed by banks, if the potential entrepreneur is not credit-worthy as per the assessment of the bank's officials. The economic consequences of this kind of likely action will be inefficient and underutilization of resources. Charging and receiving of interest is contrary to all moral principles. For instance, in times of unprecedented business returns, it is immoral for the debtor (entrepreneur) to pay the creditor a much lower fixed interest rate and retain the larger share of the return. It is also immoral for a creditor to insist on payment of a predetermined interest rate when the actual business outcome is loss or something much lower than what was envisaged. Even in Western nations, the inherent contradictions of the interest-based banking system have begun to cause great concern. This is because the system has not only failed to solve people's

socio-economic problems by addressing the earlier stated unresolved issues, but have succeeded in aggravating them by concentrating wealth on the hands of a few while the majority wallow in abject poverty (Sheikh, 1996). The growing resentment against interest-based banking in the west and other parts of the world resulted in the emergence and practice of financial dealings devoid of interest, otherwise known as Non-interest Banking (NIB). In this system, creditors and debtors are regarded as business partners and their share of returns is subject to the actual business outcome which can be profit or loss (Khan, 1992). The profit and loss sharing scheme of NIB is an effective means of resolving the socio-economic problems of the conventional banking system caused primarily by charging and receiving interest (Saadallah, 1999).

In view of the seeming advantage of NIBS over the interest-based one, the system is widely practiced in the west and many other countries in the world (Ibrahim, 2000, Ahmad, 2000). In Nigeria, the practice of NIBS was legalized with the enactment of the Bank and other financial institutions decree (BOFID) of 1991. After the decree, Habib Nigeria Bank Limited (now Keystone) was licensed to practice NIB. The Bank commenced partial or window operations of NIB in 1999. In 2011, an investment company known as Jaiz International Plc was also licensed to practice NIB. This public limited liability company has offered for subscription 2,500,000,000 (2.5 billion) ordinary shares at N1.00 per share. The shares were 115.8% oversubscribed implying that Jaiz International Plc has more than the minimum start – up capital of 2 billion naira. As the practice of NIBS in Nigeria gathers momentum, consideration of the marketability and Performance of the services is of paramount importance to all stakeholders in the banking industry. The difficulty in gaining entrance into the Nigerian Banking industry by the Non-interest Banking (NIB) operations as a result of prominence of conventional banks and potentiality of stiff competition necessitates aggressive marketability of NIB products. Moreover

the Nigerian banking system dominated by conventional banks warrant the need for convenient environment for the practice of NIB

Developments in the field of marketing often referred to as the marketing concept indicate that customers needs must be identified before, during and after delivery of the said goods or services (Brassington & Petit, 2000). Customer identification entails awareness and perception of products or service and determination of the customer's acceptance and affordability to patronize a good or service (Kotler, 2001). Against this background, the study in its attempt to examine the marketability and Performance of NIBS in the urban area of north-western Nigeria, the study will assess customers' perception for the services and their acceptability and affordability to patronize them, examine how suitable is the Nigeria banking environment for NIBS and effect of service quality on customer satisfaction as NIBS a is to compete with the existing conventional banks some of whom have been operating in the Nigeria banking environment for over a century with well experienced personnel, state of art information technology, many branches and wide customer base. Thus, to survive in this dynamic customer market, NIBS needs to analyze the environment in order to be able to perform optimally and in addition develop and improve its service quality level.

1.3 Research Questions

To address the forgoing marketing issues regarding NIB services in North-western Nigeria, the study sought to provide answers to the following research questions;

- i. is Nigeria banking environment suitable for NIBS operations ?
- ii. is there any significant relationship among the marketability variables of NIBS in North-western Nigeria?

- iii. what is the significant effect of Service Quality of NIBS on Customers' Satisfaction in North-western Nigeria?
- iv. is there any significant difference among the marketability variables in North-western Nigeria?
- v. what is the effect of marketability on the Performance of NIBS in North-western Nigeria?

1.4 Objectives of the Study;

The broad objective of the study is to examine the marketability and Performance of Non-interest services in Nigeria. Specifically, the specific objectives of the study are to:

- i. determine if Nigeria banking environment is suitable for NIBS operations;
- ii. evaluate the relationship among the marketability variables of NIBS in North-western Nigeria;
- iii. examine the effect of Service Quality on satisfaction of NIBS customers in North - western-Nigeria;
- iv. evaluate the difference among the marketability variables in North-western Nigeria;
- v. examine the effect of marketability on Performance of NIBS in North- western Nigeria.

1.5 Research Hypotheses;

In line with the research questions raised above and to achieve the stated objectives, The following hypotheses were formulated and tested.

H₀₁: Nigeria banking environment is not suitable for NIBS operations;

H₀₂: there is no significant relationship among the marketability variables of NIBS in North-western Nigeria;

H₀₃: Service Quality of NIBS has no significant effect on customers' satisfaction in the urban areas of North-western Nigeria;

H₀₄: there is no significant difference among the marketability variables in North-western Nigeria;

H₀₅: there is no significant effect of marketability on Performance of NIBS in North-western Nigeria.

1.6 Significance of the Study

The significance of this study lies in the fact that the subject matter of study provides an alternative and gives room for choice as far as Banking within Nigeria context and situation is concerned. Therefore, eliciting the opinions of customers who are regarded as being among the major stakeholder and potential investors of NIBS is indeed necessary, also an important contribution to the body of knowledge in this area. Furthermore Customer satisfaction which is mainly determined by quality of service is a critical issue in determining the success of any organization. However, customer's satisfaction has become increasingly challenging in the Nigerian banking industry, hence the need for empirical investigation into this area of study to measure the efficacy of service quality to mitigate these challenges. In the same vein, this study is important because it shall contribute to customer education and awareness about NIBS and shall serve as input for policy formulation on the part of the banks and the government of Nigeria, particularly the CBN. The study shall also be of significance to all categories of

stakeholders in the banking industry. The following are the ways in which these categories of stakeholders shall benefit from the study.

Bank Customers: Customers are categorized into actual and potential. To actual customers of NIB, the study may serve as a means to further enlighten them about the operations of the system .As for potential customers; the study may serve as a means of creating awareness about the existence of the NIB system, its services and the banks currently offering them.

Bankers: Bankers as professionals are expected to have at least an idea of all facets of the business. This gives room for diversification and wider career experience. A study of this nature will provide bankers who are mostly conversant only with conventional banking an opportunity to have a fair knowledge of the NIB system.

Investors: Investors like customers, are categorized into actual and potential. Actual investors may use the discussion of findings and recommendations of this study as a basis for improving their performance. To potential investors, the study may serve as a source of information on vital investment criteria such as customers' need for the services and their willingness and ability to patronize them. This study will be of use in that direction.

Government: The study shall be of significance to government and its agencies as customers and/or umpires of the banking industry, for instance, staff of the central bank who may be directly supervising NIB institutions would need to have a fair knowledge of operations of the system. This study is intended to be among the sources of such required knowledge of the NIB system by the supervisors.

Sundry users: Apart from customers, bankers, investors etc. there are many other sections of the community who may be interested in NIB and its operations. These include researchers, bank,

employees, and students of banking. The study may be of significance to these sundry users of materials on NIB in Nigeria.

1.7 Scope of the Study

The area under study is the North-western geopolitical zone. The North West comprises of seven states namely: Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto and Zamfara. The study decided to concentrate on the area because for now, that is where NIB services are being offered fully by Jaiz bank, Moreover the North-western geopolitical zone is the pioneer zone in the commencement of NIBS. Hence it will assist the study to be more objective in its assessment. It is only under this circumstance that the study can achieve its objective of assessing marketability and performance of NIBS from the point of view of the bank and its customers. With the likely preferences of urban areas by potential investors in NIBS and presence of a large number of potential customers in the centers, the study will be restricted to urban areas. In the study, urban areas are restricted to the state capital in North-West Nigeria, as they satisfied all the conventional criteria of urban area namely: population, administration and industrialization.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter define and clarify all concepts related to the study, review both related empirical and relevant literature on the subject matter and make discussions on the various theories, and adopt the theory that are most germane to the variables of the study.

2.2 Conceptual Clarifications

2.2.1 Evolution of Banking Industry in Nigeria

In 1892, African Banking Corporation and British West Africa, now First Bank of Nigeria, were established in Nigeria. In 1925, Anglo-Egyptian Bank and National Bank of South Africa gave birth to Barclays Bank in Nigeria. In 1948, the British and French Bank for Commerce and Industry started operations in Nigeria, which metamorphosed into the United Bank for Africa. The first domestic bank In Nigeria was established in 1929 and called Industrial and Commercial Bank. The bank liquidated in 1930 and was replaced by Mercantile Bank in 1931. The African Continental Bank was created in 1949 as the only sustainable indigenous bank after the liquidation of the Industrial and Commercial bank. The year 1947 shows the emergence of an agricultural bank called the Nigerian Farmers and Commercial Bank.

The Central Bank of Nigeria, which was statutorily independent of the federal government until 1968, began operations on July 1, 1959. Following a decade of struggle over the relationship between the government and the Central Bank, a 1968 military decree granted authority over banking and monetary policy to the Federal Executive Council. The role of the

Central Bank, similar to that of central banks in North America and Western Europe, was to establish the Nigerian currency, control and regulate the banking system, serve as banker to other banks in Nigeria, and carry out the government's economic policy in the monetary field. This policy included control of bank credit growth, credit distribution by sector, cash reserve requirements for commercial banks, discount rates and interest rates, the Central Bank charged commercial and merchant banks on the ratio of banks' long-term assets to deposits. Changes in Central Bank restrictions on credit and monetary expansion affected total demand and income. The three largest commercial banks held about one-third of total bank deposits. In 1973 the federal government undertook to acquire a 40-percentage equity ownership of the three largest foreign banks. In 1976, under the second Nigerian Enterprises Promotion Decree requiring 60-percentage indigenous holdings, the federal government acquired an additional 20-percentage holding in the three largest foreign banks and 60-percentage ownership in the other foreign banks. Yet indigenization did not change the management, control, and lending orientation toward international trade, particularly of foreign companies and their Nigerian subsidiaries of foreign banks. The 1997 amendments brought the CBN back under the supervision of the Ministry of Finance. The Decree made CBN directly responsible to the Minister of Finance with respect to the supervision and control of bank and other financial institutions, while extending the supervisory role of the bank to other specialized Banks and Financial Institutions. The amendment placed enormous powers on the Ministry of Finance while leaving the CBN with a subjugated role in the monitoring of the financial institutions with little room for the Bank to exercise discretionary powers. The current legal framework within which the CBN operates is the CBN (Amendment) Decree No. 37 of 1998 which repealed the CBN (Amended) Decree No. 3 of 1997. The Decree provides a measure of operational autonomy for the CBN to carry out its

traditional functions and enhances its versatility. Furthermore, the regulatory powers of the CBN were strengthened by the Banks and other Financial Institutions (Amendment) Decree No. 38 of 1998 which repealed BOFI (Amendments) Decree No. 4 of 1997. Through the amendments, the CBN may vary or revoke any condition subject to which a license was granted or may impose fresh or additional condition to the granting of a license to transact banking business in the country.

There was reform in the Nigeria banking system which has led to a lot of policy formulation, the 2004 reform focus on bank consolidation through the mechanism of merger and acquisition. This resulted in rebasing of commercial banks from N2billion to N25billion, while the number of existing 89 commercial banks to 25 in the country.

The apex bank apart from capitalization also invested in banking automation which enhances banking returns. The reform established a reporting portal for bank customers for the purpose of information sharing. Under this reform, deposit from public sectors and government own agencies can be collected by the commercial banks in order to enhance their level of liquidity. The Asset Management Corporation of Nigeria AMCON was established in 2009 by the National Assembly of Nigeria. The institution acquires non-performing loans of commercial banks. The financing of AMCON is composed of N50billion CBN fund and 0.3% of total assets of participating commercial banks. It also supports the implementation of International Financial Reporting Standards (IFRS) for global reporting compliance in term of reporting. This reform reviewed the Universal Banking Model by restricting commercial banks to only banking activities. The reform also addresses excessive banking interest by the creation of non-interest bank.

2.3 Evolution of Marketing

Marketing as a field of study and practice evolved over time. It passed from one development stage to the other before reaching the status quo. Most scholars are of the opinion that there were four evolutionary stages of marketing they are:

(a) **The production Era:** mainly due to low technology, there were not much goods available and competition was virtually absent in the late Nineteenth and early Twentieth centuries. During that period, producers did not really need marketing, because whatever they produced, consumers would definitely buy all (Brossington and Petit 2000). In that stage, one will say marketing was at its infancy.

(b) **The Sale era:** As technology continued to develop and markets continued to expand, companies began to produce more than they could sell. This development coupled with increased competition resulted in the adoption of mass promotion strategies by many producers. In this stage, tremendous progress was made in the development of marketing. The era lasted into the 1950s and 1960s. although most business concerns have passed this marketing strategy, Timewell (1994) argued that many banks still adopt the selling philosophy by pushing products to customers who do not really want them.

(c) **The Marketing Concept Era:** In the selling era, marketing started after production. The major preoccupation of marketers then, was to sell all that was produced. In the 60s and 70s marketing moved away from post production selling to a more comprehensive and integrated field that places the customer at the center of the organization's universe. In the era, marketing begin before production as the marketer tries to discover consumer preferences (or needs) and then provides goods or services that would satisfy such needs

(d) **Holistic Marketing Era:** In the modern, Kotler says, "everything matters." Marketing is integrated with all aspects of a company's operations -- production, distribution, and advertising - so that the company can quickly and effectively respond to changes or opportunities in the marketplace. Marketing is not only directed outward, toward the customer, but also inward, so that everyone in the organization is fully aware of the company's goals and its strategy for attaining them. Finally, holistic marketing isn't just about maximizing a company's financial return. It also takes into account whether the company is acting in society's broader interest.

According to Schiffman & Kannuk (2000) a producer should make what he/she will sell, instead of trying to sell what he/she has already made. What this means in essence is that producers should be pre-occupied with marketing issues before the offer of a good or services.

2.3.1 Marketing in the Banking Industry: The Nigerian Experience

Different sectors of the economy differ in their application of the principles of marketing, which involve the identification of market potentials before or after production. Manufacturers of consumer goods and retailers have been at the forefront in the implementation of these principles, (Brassington & Petit, 2000). The financial services industry, the duo argued, embraced marketing orientation some ten years or more behind most consumer goods industries. In their review of the development of marketing orientation within the U.K. financial services industry, Knight, et al, (1994) concluded that the transition from a selling to a marketing orientation was "recent and rapid". Furthermore, Clarke (1998) showed that retail banks were early in becoming marketing driven compared with the rest of the sector that joined later.

If market orientation of the banking industry in economically developed countries such as U.K. is a recent development, the situation in developing countries like Nigeria is better

imagined than described. Olupitan (1982) maintains that in the early days of banking in Nigeria, the use of bank services was limited to government, business organization and few wealthy individuals in the society. Banking business then was simple. What the banker only needed to do was to open a bank in reasonably good location; businessmen and other people would come to patronize it. Thus nothing necessitated the need for marketing at the time.

The situation has since been reversed in both the developed and developing countries with banks increasingly applying the principles of marketing in conducting their activities, the change in orientation has been attributed to many development such as amendments in banking laws and regulations, efficiency of managers and banking operations. Nwankwo (1991) enumerated five factors responsible for the marketing consciousness among potential banks; first, there is a lack of awareness among potential and actual customers (corporate and personal) about the services provided by banks. According to Nwankwo, researches conducted in advanced countries such as U.K. and the United States of America, indicated that there is a marked lack of awareness about services provided by banks. This problem is more serious and prevalent in developing countries such as Nigeria. For the awareness to be created, banking services have to be promoted. Secondly, existence of large quantities of funds outside the banking sector. Both in developed and developing countries there is a substantial percentage of currency outside the banks in relation to the total money supply. In Nigeria the percentage is over 50 percentage age, against 10 percentage age in the U.K. and the United States of America. With adequate marketing of financial services, it is believed that these idle funds may find their way to the banks.

The third factor that resulted in the adoption of principles of marketing concept by the banking industry worldwide was changes in customer life-style. Due to improvement in

information technology, customers are becoming sophisticated and exposed to variety of options. To woo and win the confidence of this category of well-informed customers, a lot of marketing must be done by the banks. The fourth factor was the rise of consumerism. This is a movement at protecting consumers' rights such as right to information, and right to safety. In responding to these rights, banks became more marketing conscious.

Finally, the expansion of the economies of the world coupled with improvement in technology, have resulted in the establishment of many banks. This has brought about innovation and competition in the banking industry, and it was no longer possible for banks to just open their doors and wait for customers to come for business. The banks had to go out searching for customers. In undertaking such an endeavor, it is to be appreciated that there are differences between finding markets for banking services and for physical products. Mclever and Naylor (1980) identified the following differences.

(i) Fiduciary Responsibility

The marketers' responsibility in bank marketing is heavier than the marketing of physical products. This is because banks deal with money which has effects on customers' lives and future. A bank's failure to discharge its responsibility of safe-keeping of funds or to provide good advice on investment and financial matters can make a company bankrupt or ruin the life of an individual. On the other hand, the responsibility of the marketer in the marketing of physical products is limited to the fitness of purpose, quality and value for money of the product.

(ii) Involvement in the National Economic Policy

Due to the monetized nature of most of the economies of the world, banks are used as instruments for implementation of government economic policies. Marketing programs in banks need to be flexible enough to accommodate such shifting policies. Marketing programs for physical products do not require this kind of flexibility as they may not be deeply involved in the actualization of government economic policies.

(iii) Attracting funds

Depositors fund as raw materials to banks. Without such funds, there cannot be production of services like loans and investments. Another way in which marketing of bank services differs from that of physical products is the involvement of marketing not only at the level of provision of services to customers but at the level of procurement of raw materials on which most of the services depend. For instance, a textile firm does not need to convince its suppliers to supply it with cotton – though it may have many other difficulties with them (suppliers). In spite of the fact that banks can buy certain portions of their raw material (Money) from the money market, a sizeable portion has to be gained by persuading and convincing individuals and organizations to deposit their funds. Persuasion is a form of marketing. The fact that marketing in the banking industry starts at the point of procuring raw materials (Deposit) makes marketing responsibilities more tasking, complex and challenging than marketing of physical products.

(iv) Lack of Standardization

In the market for physical products, there is standardization and homogeneity. What this means in essence is that the products remain the same irrespective of buyer, place and circumstances surrounding the buying. The argument is different in the case of banking services. Customers regard bank services as personal and they judge the bank by the way they are treated by the staff. In spite of all efforts aimed at achieving uniformity in customer service through training, the services cannot be standardized (Handerson, 1988). This distinguishing feature of marketing of bank services poses another challenge to bank marketers and managers.

(v) Intangibility

Physical consumer products are tangible; they can be examined, touched, seen, tried on, sampled, smelt or listened to. What this means is that the consumer can effectively use the whole range of his senses in examining offers and making choices between competing brands.

In the case of banking services, they can neither be seen nor touched. The services can only be tasted after a decision has been made. These uncertainties make the consumer's decision process much difficult and longer compared to buying of physical products. The bank marketer faces the unique challenge of taking the customer along through the complex buying decision process.

2.3.2 Non-Interest Banking Services in Nigeria

Aliyu (2012), observes that the major determinants of soundness of a financial system, its stability and continued survival, are public trust and confidence in its institutions and markets. He further postulated that, the introduction of non interest banking in Nigeria by Central Bank of Nigeria (CBN) marks another major turning point in the history of banking operation in the

country and as expected, the move was greeted with steep resistance from all and sundry – religious groups, industry experts with astounding years of practice in conventional banking, and the gullible public.

However, the key issues of concern, especially among the religionist were that the attempt by the CBN was meant to Islamize the industry and expose non-Muslims into some form of financial exclusion and critics from other quarters challenge the specific nature of the operations of the bank wondering how a banking system will operate without charging of interest on its operations (Rano 2012). The efforts to establish NIB in Nigeria dated back to the 1990s when the idea was first mooted and subsequently, two licenses were granted in 1992 (Daud, Ibrahim and Adewale 2011). With granting of these two licenses in 1992, none could commence operation until 1999 when the (former Bank PHB Plc. and now known as Keystone Bank Plc.) started to offer non-interest banking services on a “window basis (Rano, 2012). Despite this giant move by the bank, the momentum for continuity could not be sustained due to lack of the required political will and determination (Daud et al 2011).

However, a new face for development of NIBS operation in Nigeria came to limelight when the CBN enacted new provisions for the proper establishment and operation of NIB through what it conceptualized as “Non-Interest Financial Institutions” (NIFI). The circular containing the provisions is classified as Circular Reference No. FPR/DIR/CIR/GEN/01/010, which partly reads:

The Framework for the Regulation and Supervision of Institutions Offering Non-Interest Financial Services in Nigeria as well as the following supporting guidelines: i. Guidelines on Shariah Governance for Non-Interest Financial Institutions in Nigeria; and ii. Guidelines on

Non-Interest Window and Branch Operations of Conventional Banks and Other Financial Institutions (CBN, 2011a cited in Daud, et al)

The CBN in August 2010 released the new banking model, which categorized non-interest banks as specialized banks. The two models are: i. National non-interest bank of capital base of N10 billion with operation in every state of the federation including the Federal Capital Territory (FCT); and ii. Regional non-interest bank with capital base of N5 billion and shall operate in a minimum of six states and maximum of twelve contiguous states of the federation (Umar, 2011) and the first full-fledged NIBS microfinance bank, Al-Barakah microfinance has commenced operations in April, 2010 in Lagos, and more recently, the first full-fledged non-interest bank with the name Jaiz Bank Plc. commenced operations as a regional bank in January, 2012, North-Western Nigeria (Aliyu, 2012) and

Non interest banking purpose is no different with its conventional counterpart except that the former operates in accordance with the Sharia rule, known as Fiqh al-Muamalat (Islamic rules on transactions) which is based on some basic principles. These principles, according to Al-Omar, Azizul Huq and Abdul Jabbar (1996) are:

- i) There must be some risk, whether funds are used in commercial or productive venture.
- ii) All funds should preferably finance socially and ethically productive activity.
- iii) Financial risk must lie solely with the lender of the capital and not with the manager or agent who works with the capital.
- iv) Interest is forbidden in that it is a predetermined, fixed sum owed to the lender irrespective of the outcome of the business venture in which the fund is used.

An interest is a fixed amount that must be added to capital borrowed. According to Gusau, (1992), interest is the fixed addition to the capital which is borrowed. It represents excess over borrowed capital. Thus, interest is a fixed or predetermined return on financial transactions.

2.4.1 Principles and Practices of Non Interest Banking Services:

NIBS have gripped the world with a strong commitment and passion. It has been depicted that interest in this segment has grown rapidly in almost 60 countries, not only in Islamic countries but in the leading global financial centers. Even United Kingdom has adopted an open door policy and provided level playing field to Islamic finance and now Singapore is following its lead. (Shamshad 2007).

NIBS are trying to fulfill the requirements of their customers by offering innovative products and services so as to compete in the market, Therefore, the practice of Islamic economics, banking and finance have continue to witness unprecedented growth in the last decades due to the commitment, dedication and the scholastic and moral contributions on the part of Muslim scholars, economists, bankers. According to Ayub (2008), the institution has eventually survived the “integrity and credibility crisis”. Historically, the practical move to establish NIBS started in the 1960s with the establishment of Mit Ghamr Savings Association in Egypt (1963) and the Tabung Haji in Malaysia (1963). However, the initiatives for setting up of the first NIBS development bank began at a meeting held in Cairo in 1972, which was later adopted at the first Conference of Finance Ministers of Muslim countries held in Jeddah (1393H/1973). Thus, Islamic Development Bank (IDB) came into being in 1974 but commenced operation in 1975. Subsequently, other banks were established such as the Dubai Islamic Bank (1975), Faisal Islamic Bank of Sudan (1977), Faisal Islamic Bank of Egypt (1978), Islamic Bank

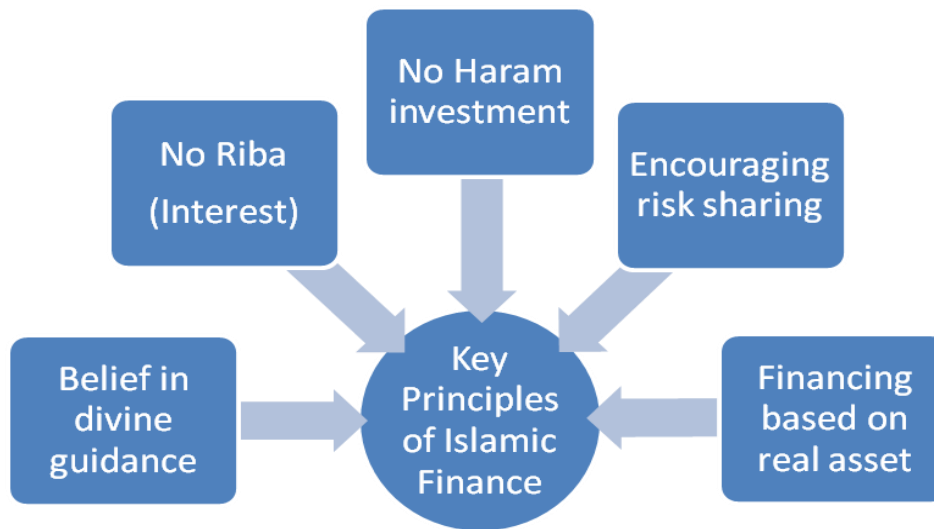
of Bahrain (1979) etc. Other supporting international Islamic financial institutions like Islamic Financial Services Board (IFSB), International Islamic Financial Market (IIFM), International Islamic Rating Agency (IIRA), General Council for Islamic Banks and Financial Institutions (GCIBFI) among others were later established to facilitate the effective and efficient operation of the industry (Ahmed, 2009; & IDB, 2004, 2005).

There is no doubt therefore that with an impressive turnover annually, the market potential of the industry is indeed very promising and substantial. More so, it has been noted that there are about 300 Islamic Financial Institutions in 75 countries with a total assets of about US\$300b and another US\$400b in financial investments as at the mid of 2007 (Ahmed, 2009; & Ayub, 2008). Similarly, it has been posited that the global Islamic finance industry has grown at a strong rate of 15-20 percentage annually over the past decade from USD150 billion in the mid 1990s to an estimated USD780 billion in 2009. The Islamic Financial Services Board (IFSB) projects that the Islamic finance assets shall reach USD1.6 trillion by 2012 with Islamic banking expected to remain the leading contributor at more than 80 percentage share (Umar, 2011). Interestingly, the growth of the industry has brought about many financial products in the NIBS, Takaful and ICM. These financial products were initiated and adopted to incorporate Shari'ah compliant elements. In view of this development, product innovation became inevitable in Islamic financial industry over the last decades, resulting in a wide array of Islamic instruments being introduced into the market. Thus, Shari'ah compliant rules have been developed for equity, debt and securitization products and the process is still on-going. As such, a lot of efforts have been made to ensure that the various NIBS products are Shari'ah based and compliant in their formulation and operations (Ahmad, 2003; Al-Jarhi, 2006; Rosly, 2009; & Usmani, 2002). Therefore, the most pronounced differences between NIBS and conventional banks products are

the prohibition of *riba* (usury/interest), *maisir/qimar* (gambling/game of chance), *gharar* (speculation/uncertainty) and unethical behaviors. All these basic elements are prohibited in NIBS financial and economic transactions.

In view of this, the emergence of NIBS was in response to two exigencies i.e. the religious and economic. The religious exigency implies that all economic and financial transactions must be free of interest; whereas the economic exigency denotes the provision of a new outlook on the role of banking in promoting investment, productive activities, influencing distribution of income and serving as stabilization to the economy (Ahmed, 2009; & Al-Jarhi, 2006). Generally, the Shari'ah legal maxim with respect to commercial transactions and contracts states that "they are permissible unless there is a clear prohibition". In a nutshell, all the prohibited elements in the business transactions must be removed before such business element can become Shari'ah-compliant. Moreover, through *Ijtihad*, the Shari'ah scholars, financial experts and economists were able to develop the various non-interest financial products and instruments for the banking, capital market and insurance sectors. The diagram below presents the key principles of Non-Interest Banking Services.

Figure 1



Source: Adapted from Daud and Mustafa (2010)

2.4.2 Non-Interest Banking Products

Murabaha: (Cost plus)

A Murabaha transaction is basically a cost plus profit financing transaction in which a tangible asset is purchased by bank at the request of its customer from a supplier. The bank sells this asset to its customer on a deferred sales basis with a markup that is bank's profit. The mark up on the asset cannot be altered during the life of the contract. The Murabaha deals offer enough flexibility to be used in real estate and project financing. A typical murabahah transaction is described as follows:

The process starts with the customers requesting the bank to finance his or her project which may be purchase of capital goods, raw materials, machinery or customer durables. The customer in addition to the specification of the goods will also provide information about the

price, nature and availability of the goods in the market. The bank after making independent investigations, and is convinced of the viability of the project, will then inform its customers of the profit margin it is likely to make on the original price. If the two parties agree with one another's proposal, then the murabahah agreement as a "promise to buy/sell" will be entered into.

Based on the agreement, the bank will purchase the said goods or equipment as requested by its customer, by paying the seller directly either in full or in part. The customer thereafter will commence payment of the goods at a price that includes the cost price of the commodity paid by the bank of the original seller and the bank profit, either in full or on installment basis. This type of payment is known as Baimu'ajjal (deferred payment). If the bank pays the agreed amount of the financing before delivery of goods, then the transaction becomes Baisalam (advance payment sale). This type of transaction is similar to "pre-shipment credit" granted by conventional banks.

Ijara and Ijara wa-Iqtina: (leasing and lease purchase)

Ijara and Ijara wa-iqtina are leasing concepts similar to western operating and finance leases. Ijara is similar to conventional operating lease, where in the bank (lessor) leases the asset to the client (lessee) for agreed on lease payments for a specified period of time, but with no option of ownership for the lessee. The maintenance and insurance is the responsibility of the lessor. On the other hand, in ijara wa iqtina, lessee has the option of owning the asset at the termination of the lease. In both types of leasing, the lease payments must be agreed on in advance to avoid any speculation. Under the scheme, the customer requests the bank to purchase capital goods like machinery or equipment and rent it to him or her thereafter. From the date of

delivery, the lessee (customer) pays rent to the lessor (bank). Khan (2000) identified two forms of leasing:

Operating leasing: In this type of leasing, the lessor allows the lessee the use of the assets for a limited period of time, ranging from a few days to a few months or years, at a rent normally in excess of the depreciation amount of the asset. Depending on what is agreed upon, the rent can be fixed or varied for the period of the lease. However, maintenance and ownership of the asset remain with the lessor, during the period.

Finance lease: this type of arrangement also known as “full pay out lease” involves the lessee paying the lessor a rent for the use of an asset with a promise of purchasing it at an agreed amount within a specified period. The lease rental which may be fixed or varied becomes the installment payment for the acquisition of the asset. With the completion of payment, the title of the asset is transferred from the lessor to the lessee. Pending this time, ownership and maintenance of the asset remain with the lessor. In some countries like Pakistan, lease purchase transactions are referred to as “Hire purchase” scheme. In Nigeria, leasing is prominent in the construction industry and hire purchase is more pronounced in the transport industry. But in most times and places, principles of leasing and hire purchase remain the same.

Istinsa: (leasing structured mode)

Istinsa is a leasing mode which is used to finance long term or large scale facilities involving like construction of a production plant, shopping mall, real estate e.t.c., In this mode, bank could either own the plant and charge the lessee a fee based on profits or sell the plant to the company on a deferred basis similarly like the Murabaha transaction.

Mudaraba: (profit/loss sharing)

Mudaraba is a trust based financing agreement in which an investor e.g. The bank gives capital to an agent for a project. Profits are based on prearranged and agreed ratio. In case of loss, the bank earns no return and the agent receives no compensation for his effort. Proponents of non-interest banking proposed collaboration between capital and entrepreneur which involve risk and profit or loss sharing between the concerned parties. Based on this argument, the return for the investor (i.e. depositor and/or bank) and the entrepreneurship (i.e. debtor/or borrower) depends on the actual profit or loss from the business and the agreement reached in advance. This healthy and productive relationship will not perpetrate injustice to the creditor in case of higher profits with low interest rates, or to the borrower in case of low profit decline with high interest, or when losses are incurred. Justice prevails between the two parties and this will result in higher savings and investment (El-Ghazali 1994).

Siddiqi (1985) suggested the following principles in the distribution or sharing of profits and liability for losses.

Loss (which may be only absence of returns or the one that even include the disappearance of part or all of the capital) will be shared in proportion to this invested capital and will be borne by the owners of that capital”. This, according to Siddiqi, “implies that no supplier or capital. Whether depositor or bank, can escape liability for the loss on his proportion of the total capital and that any party who has not invested any capital will not be liable to any loss of capital”.

Siddiqi also maintains that “profit will be distributed among the partners in business in proportions settled by them. The share of every partner in profit must be settled as a proportion

or percentage. No fixed amount can be settled for any party” .In running business, losses will be made good by profit till the business comes to a close and accounts are settled finally. At the time of settlement of accounts, the original capital will first be set apart. Any amount left after that will be demanded profit or, in case of a shortage loss. Parties entitled to shares of the business profit may claim their share only when the suppliers of the originally invested capital have had their investment returned to them, either as actual possession of the capital or as a legal transfer in their favour.

Banking business based on profit or loss sharing (PLS) is not only acknowledged and appreciated by its proponents but also by some western media outfits. Commenting on the’ PLS banking system. The economist says: “.....some people in the west have begun to find the idea attractive. It gives the provider of money a strong incentive to be sure with it what a pity the earliest bank did not have the incentive in so many of their lending decisions in the 1970s and 1980s. It also emphasizes the sharing responsibility by all users of money. This helps to make the free-market system more open you might say more democratic” (6th August 1994)

Musharaka: (equity participation)

Musharaka is similar to a joint venture, a partnership deed in which bank and agent jointly invest both human and material resources in some project. They agreed on some prearranged profits and losses. There are two types of Musharaka business; Permanent and diminishing (Ausaf 1993).

Permanent Musharaka: in this type of partnership, the bank contributes a portion of capital of the business and receives an annual share of profit on a prorate basis. It is regarded as

permanent because the duration of the contract is not usually specified. This type of partnership is also known as continued Musharaka.

Diminishing Musharaka: the Jordan Islamic bank law describes diminishing Musharaka as follows: “The bank participates as a financial partner, in full or in part, in a project with a given income forecast. An agreement is signed by the partner and the bank through which the bank receives a share of the profit as partners. However, the agreement also provides payment of a portion of the net income of the project as repayment of the principal financed by the bank. The partner is entitled to keep the rest, in this way, the bank’s share of the equity is progressively reduced and the partner eventually becomes the full owner”. Ausaf (1993) argued that the Jordan Islamic bank successfully adopted the diminishing partnership method in financing real estate projects and the construction of commercial buildings and housing projects on joint venture financing agreement.

QardHasan (Benevolent loans):

QardHasan are interest free loan granted on compassionate grounds with a view to removing the financial distress caused by the absence of sufficient money in the face of dire need (Ausaf 1993). The provision of this kind of loan is made to accomplish the social roles of non-interest banks in addition to the income generating activities. Banks differ in the application of Qard hasan. For instance the jordan islamic bank restricts its Qard hasan to productive purposes. The iranian bankson the other hand extend their Qard hasan to all needy customers with a minimum service charge to cover the cost of administering the funds (Iran year book 1988).

Overdraft:

Non-interest banks, like their counterparts in the conventional system, extend overdraft to all categories of customers, subject to a given maximum. Unlike conventional banks, non-interest banks do not charge interest on overdraft as the loans are usually considered as Qard hasan i.e. compassionate loans.

2.5 Similarities and Differences between Conventional and Non-Interest Banking

1. Non-interest bank earn their profit by trading and investment activities and this profit can be said to be rational as it involves risk and efforts, as compared to conventional banks which earn their profit by financing the customers at a fixed interest rate even though it is within the laws in which it is operating.
2. In a conventional bank, a customer is given finances by a contract of loan where the bank is creditor and the customer is debtor. On the other hand in Non-interest banking, finances are given to a customer by a contract of sale i.e. a deferred sale contract. In this contract, either bank itself buys goods or appoints the customer to buy on its behalf and later sells them to the clients with a mark up (cost plus an agreed profit margin). Payment is done in installments over a specific period of time.
3. Non-interest banking is not simply lending the money as experienced by a conventional bank, but it is involved in selling and buying the commodity. Thus the selling price which is a cost price plus the profit margin, which is the contracted amount. In conventional banking practice, interest is regarded as the price of loan.
4. Non-interest banking maintains the Profit amount agreed once with the customer e.g., in murabahah or cost plus profit is fixed at the time of contract and must be agreed

upon by the customer. If customer is unable to pay on time, bank cannot ask for a higher price due to delay in settlement of dues. While in conventional banking interest rate is also prefixed at the time of contract would be either unchangeable or would change according to the Base Lending Rate (BLR) which is monitored by the central Bank.

5. Non-interest banks face more risk as compared to conventional banks. Although both have to take credit risks, capital adequacy, liabilities and asset-matching risks, currency fluctuation and liquidity risks, the risk for NIBS is higher. Because NIBS have to face profit and loss in each deal in order to earn profit but in conventional banks, the risk of loss is borne entirely by the client and the lender (bank) safeguards itself against any possibility of loss. However interest rate risk is faced by only conventional banks and not by Non-interest banks as interest is not permitted in their operations.
6. Non-interest banks cannot remain unconcerned about the nature of the activity for which they are financing. They cannot finance any business which is against the laws of sharia. While conventional banks don't have to follow any limitations of religion and they may finance any profitable activity e.g., a gambling casino or an alcoholic manufacturing industry etc.
7. Services provided by conventional banks that are not related to interest, are also offered by NIBS such as opening of account, letter of credit collection, foreign exchange and financial advising etc.

2.6 Challenges of Non-Interest banking Services:

2.6.1 Legal Issues

The framework of NIBS in Nigeria is considered inadequate to cater for the specific needs of banking in the country. In spite of the various effort made by the regulators, which include CBN's setting up of non-interest banking unit in 2010, released of NIFI framework that covers such critical banking issues as licensing requirements, instruments of transacting business, establishment of non-interest window by conventional banks, prudential guidelines, risk management and auditing, accounting and other disclosure requirements, many Shari'ah scholars, bank operators and other banking experts are of the view that a lot needs to be done in the area of institutional and legal framework if NIB is to be operated as it ought to. For example, Bello and Abubakar (2014) are of the view that the current institutional and legal framework are structured in the line of conventional financial system and designed to suit the conventional settings so much that the enforcement of NIB banking operations in the court of law would be a problem.

Furthermore, the Nigeria Deposit Insurance Corporation (NDIC) has in 2010 released an Exposure Draft on non-interest deposit insurance scheme to among other things protect depositors against loss in the event of failure of any bank that offers non interest banking services; bring about public confidence; and help provide an orderly failure resolution mechanism. According to Ibrahim (2011), "the model the NDIC is proposing is one that seeks to establish separate deposit insurance funds for the conventional and the non-interest banks and each fund will be managed in accordance with its stipulated guidelines". However, the scheme is yet to see light of the day as a result of which depositors of banks offering non interest financial services are still not insured by the Corporation.

2.6.2 Segregation of Funds under Window Arrangement

Funds to be used for NIB compatible investments are expected not to be mixed with those of conventional banks investments. This requirement is based on the important principle of sanctity and moral purity of all transactions for NIB financial institutions. The principle requires that NIB funds should not be mixed with other funds that may be involved with *riba*(interest), *gharar* (ambiguity), or other *haram* (non-permissible) activities. This means that any conventional bank that wishes to offer NIB window is required to separate both the funds and accounts of the two different types of the banking activities, which in reality mean that the bank is establishing a separate entity from the rest of its activities. Although this kind of arrangement is popular in Pakistan and a few other countries where NIB and conventional banking coexists, empirical studies have shown that many conventional banks find it difficult to satisfy the requirement of maintaining a separate account for their NIB activities.

2.6.3 Manpower Challenge

It is common knowledge that the principles and working procedure of non interest banks are completely new and largely different from conventional banks. The NIFIs' requirement for banks desiring to provide NIB financial services to comply with relevant standards issued by AAOIFI and IFSB no doubt poses a very big challenge of manpower development to the industry. At the moment, there is dearth of knowledge about the reporting procedure of NIBs, and very little is known about AAOIFI and IFSB in Nigeria by even Muslim bankers and professional accountants. In fact, since the 1990s, there was hardly a report or communiqué of conference or workshop on NIB in Nigeria without the mention of lack of human competencies.

Even the regulator faces the challenge of manpower. The CBN Advisory Council of Expert (ACE) is expected to comprise members with requisite expertise in Shari'ah principles that relate to NIB financial transactions and a good understanding of modern business activities. In addition, the oversight supervisory functions of the CBN have to be performed by people who understand the *modus operandi* of non interest banking. While outsourcing of some of the members of the ACE could be expensive but affordable, CBN officials that would perform oversight functions could not be outsourced. The NIFIs' framework therefore underscores the dire need for skilled and well-trained manpower in the area of NIB for the project to succeed. Concerted efforts would be needed to train and develop manpower in all the aspects of NIB operations and regulations in order for the provisions of the framework to be fully and successfully implemented (Dogarawa, 2013b).

2.6.4 Liquidity and Risk Management

One of the major challenges of implementing the NIFIs' framework in Nigeria in the context of the conventional system relates to liquidity and risk management requirements. The framework requires that Cash Reserve Requirement (CRR) and Statutory Liquidity Requirement (SLR) for both non interest and conventional banks should be the same. The concern for NIB would be where to invest their excess liquidity based on the principles of *Shari'ah*. Special attention needs to be paid for developing NIB capital and money market instruments to meet the capital and liquidity requirements of NIFIs. According to Memon (2007), many countries where NIB operates have so far developed money market instruments using the agency principle and in the form of short-term *bonds* to help NIBs avoid the problem of either maintaining high liquid ratios or shunning long-term financing that can affect their overall profitability. In Nigeria, although towards the end of 2011, the CBN Governor declared that plans are on ground to roll

out the first *NIB bond* and the Debt Management Office (DMO) of Nigeria was said to have started the process of developing *bond*, it appears that the initiative is not a priority as at the moment nothing is forthcoming. The CBN may therefore, have to come to the aid of NIBs by allowing them to hold their required reserve in special current accounts with the CBN as is the case in countries like Pakistan. It is worth mentioning that in 2012, the Securities and Exchange Commission (SEC) had developed rules on NIB Fund Management. However, the release of the rules has not solved the liquidity management problem of NIBs in Nigeria.

In addition, the requirement for NIFIs to rely on CBN Prudential Guidelines; Risk Management Guidelines issued by the Basel Committee on Banking Supervision; and IFSB Guiding Principles of Risk Management for NIFIs for detailed guidelines on risk management leaves a grey area. For instance, assessment and management of operational risk is usually based on the acronym CAMELS (Capital, Asset, Management, Earnings, Liquidity, and Sensitivity to market risk). However, NIFIs would find it difficult to use the provisions of Basel or CBN Prudential Guidelines to measure and/or control their operational risks. Although the framework mentions IFSB Guiding Principles of Risk Management as one of the reference documents for NIFIs, it does not explain which one takes precedence in the event of contradiction or inconsistency as it did in respect of accounting and auditing requirement (Dogarawa, 2013a).

2.6.5 Anti-trust and Heated Polity

Soon after the release of the NIFIs framework, the issue of NIB began to raise a lot of tension among its proponents and opponents leading to a loss of confidence in the mind of many potential investors and prospective customers due to what they considered as lack of certainty concerning its continuity. Many people tend to believe that once there is change in the leadership

of CBN, NIB project may suffer a serious setback. With continued pressure and unguarded public statements, particularly from after a CBN sponsored sensitization international conference on Islamic Banking and Finance toward the end of 2011, implementation of the framework to the letter is likely going to be difficult for the CBN. Furthermore, with the politicking that is currently going on in CBN since the suspension of Malam Sanusi Lamido Sanusi as the Governor of the apex bank, the prospect of non interest banking is seriously challenged.

2.6.6 Insincerity

Management of banks desiring to offer NIB services need to develop confidence in the system and demonstrate commitment and dedication to its course, if the system is to succeed. It is also expected to be sincere in implementing the principles of NIB and to cooperate with the *Shari'ah* advisory board for effective supervision and regulation of the financial products and services. One of the challenges of NIB in Nigeria is the possibility that management of banks interested in providing NIB products might not be sincere and committed to the course of the project to the extent of ensuring smooth and successful implementation of the framework.

2.6.7 Misconception about the reality of NIB

Many Muslims and non-Muslims do not seem to understand the difference between NIBs and conventional banking. To many of them, the difference is not more than the issue of prohibition of interest. Such people erroneously had mistaken interest-free banking for Islamic banking. In reality however, NIB is not just about banking without interest but also in accordance with the dictates of stipulated laws of regulatory bodies and abundance of various banking product as it is obtainable in conventional banks.

2.6.8 Equity-Based Financing Mode

NIBS prefer to carry-out their businesses on markup/guaranteed profit basis, which has *Shari'ah* coverage. They operate largely on *Murabahah*, *Salam*, *Istisna* and *Ijarah* modes at the expense of equity-based mode. Thus NIBS not only in Nigeria hardly engage in *Mudaraba* and *Musharaka* (popularly known as the PLS) modes of financing. Though more often some reason are said to be responsible which include among others: (i) lack of committed entrepreneurs; (ii) near absence of skilled and committed professionals who can create new instruments; and (iii) lack of committed sponsors who can pressurize the professionals, hence the inability of banks to provide some services still remain a great challenge

2.6.9 Lack of Proximity to Many Cities

At the moment, many prospective clients of NIBs services complaint about lack of proximity to bank, for example, Jaiz bank, which is the only full-fledged non interest bank in Nigeria does not have branches in all the states in Nigeria.

2.7 Prospects of Non Interest Banking in Nigeria

Notwithstanding the aforementioned challenges, NIBs has a lot of prospects in Nigeria. Some of the factors that show the prospects of NIBs in Nigeria are briefly discussed below.

2.7.1 Religiosity of Nigerian Muslims

It is indisputable that Nigerian Muslims attach a lot of importance to and are very sensitive to anything religion. Doing banking business based on the dictates of *Shari'ah* is generally considered as an act of worship. Muslims in Nigeria view NIB as an opportunity for

them to carryout bank-related financial transactions in accordance with what will please Allah, the Al-mighty. It therefore, gives them peace and tranquility of mind and makes them feel happy for identifying with the system. The religiosity of Nigerians presents a great opportunity for NIB to succeed.

2.7.2 *Vehicle of Funds Mobilization*

NIBs have the potential to act as a vehicle for mobilizing funds that have been outside the conventional banking system for productive purposes. Over the years, many people in Nigeria have been avoiding interest-based banks for no reason other than interest. This category of potential bank customers has been found to be keeping money at home or in the shop rather than operating bank account in spite of the risk associated with that. Findings of some of the researches have indicated that such people are ready to take their funds into the banking system once an alternative is provided. Accordingly, Joseph (2011) observes that the practice of NIBs will no doubt help mobilize savings and provide more investible funds to the financial system in view of lots of idle funds in the economy, interest-free banking practice will help mobilize for business purpose.

2.7.3 *Means of Achieving Financial Inclusion*

The challenge of persistent poverty that has been bedeviling Nigeria since the 1980s has necessitated the need for Government to join the league of countries struggling to reduce the gap between the have and have-nots through financial inclusion. NIB is expected to help arouse the interest of bankable people who hitherto show lukewarm attitude toward banking system to actively participate in banking. It is also expected to avail unbankable members of the society the opportunity to be part of Government's effort to achieve financial inclusion.

2.7.4 Investment Drive

Joseph (2011) posits that with the license to set up NIB given to Stanbic IBTC Bank Plc, an International bank operating in Nigeria, the country stands the chance to attract foreign capital through Nigeria-based International banks that will engage in non-interest banking and from new international financial institutions which formerly have no investment in Nigeria but see interest-free banking as attraction or consistent with their line of business. NIBs in Nigeria have the potential to create a window for and attract such idle funds.

In addition, the aftermath of September 11, 2001, which has in no small measure affected investors from particularly Middle East who had substantial part of their investments indiscriminately trapped in view of USA's effort to fight terrorism and block the flow of suspected funds for the financing of terrorist activities even after clean bill of safety had been given to many of such funds has made many of the victims who had investment in USA-based non interest financial institutions to withdraw their funds and reinvest them elsewhere. Many of the victims have already taken such funds to Asia and some African countries and are willing to invest more funds in interest-free and/or businesses. With the NIFI framework, Nigeria is likely to attract such funds for non interest banking and businesses.

Each of the fore mentioned benefits has a multiplier positive economic effect on the Nigerian economy. First, it will strengthen world's effort to incorporate noninterest-based institutions in the fight against poverty. Secondly, it will provide platform for manpower development and capacity enhancement. Thirdly, it will provide more opportunity for people to study and specialize in different branches of banking and economics. Finally, it will help widen the horizon of finance practitioners to understand the other side of economics. In addition to

Nigeria's full membership in IDB, CBN's full membership in the International Financial Services Board (IFSB) since 2009, which is the international standard-setting organization for the non interest financial services, further presents NIBs with another opportunity.

2.7.5 *Employment generation*

Unemployment is a serious phenomenon in Nigeria that is constantly increasing. Tens of thousands of University graduates and other holders of post-secondary school certificates are on a daily basis roaming streets in search of job. Banks, given the notion of their fat pay-packages, are considered point of first call to many such unemployed youth. NIBs are expected to provide employment opportunity for many of the educated unemployed. Existing conventional banks that may wish to open window or subsidiary of NIBs will have to recruit new staff that will complement their existing workforce or even specialize in NIB financial products and services. New entrants that will be licensed to operate mainly NIB on their part will need staff members from cashiers to managers, cleaners to security guards, marketers, and Information Technology (IT) staff. This will definitely contribute to tackling unemployment problem in the country (Dogarawa, 2013b).

2.7.6 *Promotion of Quality Service and Healthy Competition*

Two aspects of banking activities that customers in Nigeria complain about are poor service delivery to customers and cut-throat and unhealthy competition among banks. As an alternative to conventional banking, Non interest banking is expected to serve as a competitor that will promote quality service delivery and healthy competition. It is also expected to break the ring of monopoly that conventional banks are enjoying in Nigeria, which in turn will prevent banks from charging prohibitive interest rates as well as hidden charges

2.8 Key Theoretical Issues in Finding Marketers for Products

In identifying potential customers, marketers may decide to put all customers into one broad category or recognize the existence of sub-markets within the market of their products. Due to increasing differences in customers' needs life-style and characteristics, it is no longer realistic to lump and treat all customers as a homogeneous entity. Marketers nowadays need to categorize customers into groups known as market segments (Adeleye, 1998). Segments, maintained Kurz and Boone (1981), constitute customers that are relatively alike in areas such as purchasing power, geographical location, age, sex, buying habits and attitudes. To have an insight into each of the segments, the marketers need to further study closely the customers' behavior towards the product or service in question. For the behavior to be fully appreciated, reference must be made to surrounding circumstances of the customer, term as "The marketing environment".

Armed with the knowledge of customers' behavior and that of the environment, the marketer will make use of the promotional mix elements in reaching, persuading and convincing customers to patronize the said product or service.

The above core marketing issues need to be examined in finding out the market potential for NIB services in North-Western Nigeria. Specifically, the issues are: market segmentation, factors influencing customer behavior, the marketing environment of North-Western Nigeria and the promotional mix elements.

2.8.1 Market Segmentation

The concept of market segmentation has been defined differently by different marketing experts. For instance, Weber (1994) defines it as “the identification and aggregation of individual consumers (customers) coming from a heterogeneous population into groups or segments that are relatively alike yet different from other groups”. Handerson (1988) described market segmentation as the processes of dividing up the total decisions (Strategies) about the promotional mix that are appropriate to the chosen target. In a further clarification of what constitutes a market segment, Kotler (2001) maintains that segments consist of a large identifiable group within a market with similar wants, purchasing power, a geographical location and buying attitudes or buying habits. For example in banking business, segments may constitute customers in the same geographical region, say North-Western Nigeria, urban/rural; customers in the same religion, income and occupation and a host of others.

Market segmentation is important to every organization in many respects. By means of segmentation, the target market can easily be identified. In addition to the identification, market segmentation enables the marketer to devise befitting promotion strategies for each market group. To further demonstrate the advantages of segment marketing over mass marketing, Adeleye (1998) identified the following:

- (a) Effective segmentation improves efficiency by ensuring that marketing resources are allocated where and when maximum results are expected.
- (b) Segmentation enables the producer to design products/services that will satisfy the needs of the target groups
- (c) Effective segmentation ensures greater consumer/customer satisfaction

(d) Segmentation usually results in greater sales volume and profitability

By means of market segmentation, marketing opportunities can be identified and exploited. In spite of many benefits of market segmentation, it is not without some disadvantages. For instance, in the event of sudden change in customer preferences, which is usually difficult to predict, the organization concerned may find it difficult to adapt to the change quickly. This explains why the first generation banks are finding it difficult to be fully computerized. Not only that, the cost of promoting for products and services in different segments may be high and this could have a negative effect on profitability. For maximization of benefits of market segmentation and minimization of its negative effects, the process must be based on some criteria. Conventionally, two broad groups of variables are used in segmenting customer markets (Kotler, 2011). Some marketers form segments based on customer characteristics such as geographic, demographic and psychographics, whereas others form of segments based on customer responses such as occasions, patronage, benefits derived from services and so on. A good segmentation is the one that combines the two approaches.

Fitzroy (1976), Kurz and Boone (1981) identified four of the segmentation criteria:

(a) *Geographical Segmentation*: this involves dividing the market into different geographical units such as nations, states, regions, local governments, cities and villages. The underlying assumption is that customers in a given geographical location may shape certain preferences in a good/service. For example, customers in the north may demand agricultural loans. Whereas, their counterparts in the south, may prefer industrial loans. The study shall adopt the geographic segmentation in categorizing the market for non-interest banking product into urban and rural.

- (b) *Demographic segmentation*: in demographic segmentation, the market is segmented based on criteria such as age, gender, income, occupation, education, religion, generation, family structure and socio-economic status. This study will adopt the demographic segmentation in dividing the market for non-interest banking products into male/female, Muslim/Christian, high income/low income and literate/illiterate customers.
- (c) *Psychographic segmentation*: in psychographic segmentation the market is divided into different groups on the basis of customer characteristics such as life style, personality and values. The psychographic characteristics of customers need to be used as basis, since segmentation for people within the same demographic group can exhibit very different psychographic profiles.
- (d) *Behavioral segmentation*: in behavioral segmentation, customers are divided into segments based on their knowledge of attitude towards, benefit from response to a product or a service most marketers are of the opinion that behavioral variables such as occasions, benefits, user/patronage status and perception are the best starting points in constructing market segments (Zikmund and Amico, 1998).

For market segmentation to be effective and functional, certain conditions must be fulfilled. Kotler (2001) gave four such conditions.

- (a) *Measurability*: The segments and the extents of their purchasing/patronage power. In fulfillment of this condition, the study shall adopt the measurable demographic variables such as sex. Religion, socio-economic status and education in segmenting the market for non-interest banking in the urban areas of North-Western Nigeria.
- (b) *Substantiality*: The segment should be large and profitable enough. Marketers must see to it that every segment is a large homogeneous group of customers worth going after

with a specific marketing strategy. To fulfill this condition, the study shall consider the likely more sizeable non-interest banking customer segments in urban areas of the North-Western Nigeria.

(c) *Accessibility*: The marketers should ensure that all segments are reachable using different promotions strategies. In an effort to apply this principle to segmentation of market for non-interest banking product in the North-Western region, it is believed that market segments in urban areas can be reached using different promotional media.

(d) *Actionable*: The segments should satisfy the three aforementioned conditions such that they warrant and justify formulation of marketing programs. For the fact that the market segments for non-interest banking products in the urban areas of North-western Nigeria satisfy all the stated conditions, actions on marketing programs for the segments would be justified.

2.8.2 Marketing Environment

Every organization operates within an environment. The relationship between organization and environment is an inter-dependent one. While the environment depends on organization for provision of goods and services, business organizations on the other hand, depend on environment for their survival. The customer on whose continued approval and patronage the organization's future depends is an environmental factor (Mclever and Nylor 1980). Not only that, opportunities for, and threats to the organization are also within the environment. Present and future expansions of business outfits to a very large extent depend on their ability to study and respond to environmental changes (Hasty and Will, 1975).

Banks, like other business organizations, are interdependently related with their respective environments. The surplus economic units depend on banks for safe keeping of their surplus funds. Entrepreneur/Borrowers (deficit economic units) look up to the banks in getting finances for personal and business projects. On the part of the banks, they depend on the society for the supply of their raw materials (Money). Banks also rely on the environment for the sale of their services such as safe keeping, lending, and consultancy. Against this background The marketing environment of banks can be categorized into two: internal, and external.

- (i) The Internal Environment: the internal environment consists of the two sets of controllable marketing variables; (a) The bank's resources in non-marketing areas and (b) the components of its marketing mix-product, price, promotion and placement. The marketing of any bank is influenced by the nature of services it renders, and its financial and personnel capability. For instance, if the bank wants to introduce a new product, it needs to take a stock of its facilities to see whether the product requires new facilities or the existing ones can be used in promoting it.
- (ii) External environment: The developments in the internal marketing environment of banks are usually determined by the banks themselves. That is why the factors there in are referred to as "controllable". The factors in the external environment on the other hand can only be monitored and responded but not controlled. Although there are many components of the external environment, McCarthy (1998), and Busch and Houston (1985) categorized them as follows:
 - (a) Demography: demography means study of human populations and its characteristics such as religion, gender, and education. Marketers are interested in demography because population and its dynamics affect marketing planning. For instances, if the population of

dependents (Children, old men/women) is much higher than the population of working group, banks should expect lower deposits and higher demand for borrowed funds and vice versa. Politically, the North-western region of Nigeria comprises of seven states namely: Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto and Zamfara. According to the latest 2006 census exercise, the population of the region stands at 27,759,283 constituting 26% of the total Nigeria's population. This significant percentage indicates that the marketing potentialities of the region are also significant and substantial for NIBS profitability.

- (b) Social and Cultural Values: People's patterns of behavior are largely shaped and determined by their social and cultural values (Hasty and Will 1995). Marketers needed to study these values and they affect customer attitudes and perception of their product or service.

People in the North-western region are predominantly Muslims and Hausa/Fulani since Islam is strongly opposed to interest, it is expected that non-interest products would attract a large market share. As the Hausa/Fulani culture is not disposed to ceremonies like other tribes, it is expected that people have their money either in marketing programs; these funds can be mobilized for non-interest banking.

- (c) Economy: economic variables such as inflation, unemployment, income, expenditure, and savings affect marketing of banking products (Adeleye 1998). During inflation for example, saving will be low and consequently lending will also be low. Increase in income through wage increase or good harvest in case of farmers, will, all things being equal, result in higher saving on one hand and more loan advantage on the other. The majority of people in the North-Western region are farmers. After good harvests, banks

should expect inflow of deposits from sale of cash crops and savings. Conversely, low savings and higher borrowing is to be expected after drought, during inflation and when the unemployment rate is high.

- (d) Political, legal and regulatory factors: this refers to government laws and operational guidelines for banks. Example of government regulation as it affects non-interest banks is fixing of the then minimum paid up capital at N50,000,000:00k as stipulated in section (2) subsection (1) of BOFID 1994. This kind of regulatory law assists banks in maintaining standards in operation and marketing of their products.
- (e) Technology: Busch and Houston (1985) maintained that technology includes methods, processes, devices and facilities that are used in getting things done. Technological changes can bring in more opportunities and can also pose serious threats to organizations. For instance, proper use of computer in banks improves customer satisfaction and its misapplication does the opposite.
- (f) Competitors: Non-interest banks do not stand alone in their effort to satisfy customer banking needs. Conventional banks have been in the field for quite some time. Non-interest banks operating In the North-western region may need to prepare themselves adequately in facing the challenges of competing with conventional banks by offering new and distinct financial products.
- (g) Customers: customers constitute a major component of the external environment (Tull and Kahle, 1990). While customer's behavior is shaped by other environmental factors such as the economy, and socio-cultural values, the survival of banks depend on customer's patronage. For a bank to grow and prosper, it must devise strategies of attracting and maintaining customers.

2.8.3 Promotional Mix Elements

Promotion is a means of informing and persuading potential and/or actual customers to patronize goods or services. Hague (1985) defined promotion as a process of transmitting information, creating awareness and an interest in a desire to buy or patronize. Hague argued that the process entails identification of target customers, composition of an appropriate message and choice of a befitting media.

Promotion of bank services, as stated earlier in this study, is a recent development even in developed countries of the west. Handerson (2008) argued that it started in those countries in the 1980s, mainly due to the following reasons:

- i. Greater competition among banks
- ii. Increase in new services to bring to customer's attention,
- iii. The increased sophistication of customers,
- iv. The acceptance by banks of marketing as a philosophy.

In view of the above reasons, promotion of banks services is not only being carried out in the developed countries, but also in developing countries like Nigeria. Non-interest banking services, as new products in the banking industry, need to be promoted especially among potential and actual customers in urban areas.

Promotional mix is a combination of promotional tools that a bank can use in disseminating information about its services to potential and actual customers (Osuagu and Gbadamosi, 1998). The major elements of promotional mix are advertising, personal selling, sales promotion and publicity.

Advertisement: The American Marketing Association defined advertising as any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. Advertising tools among others include electronic media such as Newspapers, magazines, posters, brochures, directories, and billboards. These forms of media could be used in advertising non-interest banking services to the literate urban dwellers. Another means of advertising is the print media which include radio, television, television, and motion pictures, radio, due to its simplicity and wider coverage could be used in advertising non-interest banking to all categories of customers. Television could be used to demonstrate some advantage of non-interest banking system over the conventional one such as zero interest rate, risk sharing instead of risk shifting and a host of other advantages of NIBS.

Although the ultimate aim of any form of advertising is to increase profitable sales or patronage, the objectives of any advertising campaign need to be specified for control and evaluation purposes. Bank advertising objectives may differ but in most cases they will be in the following areas:

- i. To constantly remind potential and actual customers of the availability of the existing services in non-interest banking system.
- ii. To create awareness of and build customer interest in new products in the non-interest banking system.
- iii. To reduce to a minimum level customers dissonance about the non-interest banking system. Dissonance means state of anxiety that arises due to emergence of new ideas or services different from existing one (Kurtz and Boone, 1981). In this circumstance, the existing system is the conventional banking and non-interest banking is the new one.

Advertising has some advantages over other promotional tools. Kotler (2000) stated the following:

Public Presentation: The public nature of advertising centers on the product or service – a kind of legitimacy that suggests standardized offering. A producer that is doubtful of his product will not have the guts to advertise it to the general public.

Persuasiveness: By means of advertisement, a message could be repeated as many times as the sponsor will want. Not only that, advertisement provides the buyer with the opportunity of comparing messages of various competitors.

Amplified Expressiveness: Through advertisement, a sponsor in trying to make the message clear can go to the extent of dramatizing. For example, the zero interest advantage of non-banking system over the conventional system could be dramatized.

Personal Selling: Baker (1992) defined personal selling as oral presentation of a product, idea or service to one or more prospects for the purpose of making sales. Personal selling could take many forms such as answers to letters, telephone calls, face to face contact with customers in or outside the bank etc. direct personal contact is very important in marketing of bank services. Some customers may require assurances from bank staff on the safety of their funds. There may also be some customers with enquiries to make but cannot reach the bank branches. Bank sales personnel can satisfy all these categories of customers. Personal selling also has some advantage over the other promotional tools. The advantages among others include:

Personal confrontation: the face to face contact influences customers to patronize the services as they find it difficult to resist all persuasions by the sales personnel.

Cultivation: Customer's contact with sales personnel may result in springing up of all kind of relationships like friendship, marriage etc. this relationship may influence the customer to patronize the product.

Response: Personal selling, unlike advertising, makes the customer to feel obliged to respond even if it is just a polite "thank you", sometimes the response may involve patronizing the service.

Sales promotion: Sales promotion involves tactical short term incentives that encourage a target audience to behave in a certain way as defined by the marketer (Schiffman and Kanuk 2000). Adeleye (1998) viewed sales promotion as short term incentives offered to encourage purchase or patronage of goods and services. Sales promotion strategies among others include exhibitions at trade fairs, raffle draws, sponsoring games and contest. For instance, non-interest banking services could be promoted among the youths in universities by sponsoring competitions in academic areas like essay writing debate, and quiz etc.

The use of sales promotion as a marketing tool offers distinctive benefits Kotler (2000) stated the following:

Communication: sales promotion strategies usually gain customers attention and they result in providing information that may lead to buying or patronage.

Incentives: the incentives in some sales promotion strategies may lead customers to value such incentives and patronize the service. For example, the United Bank for Africa's child education fund scheme may motivate parents interested in children education to patronize its services.

Invitation: some sales promotion strategies serve as a direct invitation to patronize goods or services. In some cases, customers may find it difficult to resist the invitation.

Publicity: Iyanda (2008) defined publicity as any form of favorable mention or presentation of an idea, product or service in the mass media for which the sponsor does not pay. For example, news about the Annual General Meeting (AGM) of a bank is a form of publicity as long as it is not paid for and is only reported based on its newsworthiness. Publicity like the other promotional tools has advantages. They include:

High velocity: To most customers; information obtained through publicity is more authentic than the one obtained through sponsored sources such as advertisement, personal selling and sales promotion.

Off-Guard: Publicity may catch up with potential and actual customers that avoid salesmen, sales promotion and advertisement.

Dramatization: By means of publicity the uses of bank services could be dramatized or demonstrated.

2.9 THEORITICAL FRAMEWORK

Theoretical framework for a study of this nature is necessary for the proper grasp and understanding of the relationship between the NIBS and the various stakeholders in the economy. Organization performance (service quality) and Product patronage (consumers) is germane to the survival of any product or service.

2.9.1 Consumer behavior theories

Many theories have been used to describe the concept of customers' behavior which includes among others: Learning Theory, Pavlovian Theory, Economic Theory, Modern Utility, Sociological Theory. Psychological/Motivational Theory (Maslow need and Freudian Theory).

Sociological Theory: This theory holds that “the behaviour of any consumer is influenced by and large by his culture (sum total of learned beliefs, values and customs that serve to direct the consumer behaviour) and the environment which he resides. Social factors of religion, ethics, moral and attitude are of great importance, especially in the purchase of the products. Ethnic factors and cultural characteristics such as family size; value and preferences, sub-cultural factors of race geographical environment; and social class system as well as reference group (friend, co-workers; neighbors) all influence the behaviour of the consumer, especially in Nigeria with her diversified culture.

LEARNING THEORY: The learning theory holds that learning occurs in every consumer, learning involves the acquisition of skills; knowledge, attitudes, emotions and ideas about the product- all of which will result in a relatively permanent change in behavior of the consumer(leaner). Some of the principles of learning adoptable from the fields of education and psychology include learning being purposeful, transferable, creative and cross applicable. Hence

customer awareness and understanding of NIBs will go a long way in increasing the bank patronage.

Economic Theory: The theory is based on the idea that every man is an economic man. The bedrock of the theory is that an economic man is rational in purchase and his sole aim is maximization of satisfaction or utility. The economic man will buy only his need not what he wants. He will buy according to his disposable income. He makes prudent; objective design; using formal; systematic; logical; and rational processes (Britt Steuart, 1979). The classical economic theory assume a complete knowledge of relevant information ability to rank preference according to some yardstick of utility and ability to choose the maximal alternative; and increase maximal utility. Therefore the indepth understanding of NIBs is germane to its patronage

Stakeholders Theory: This theory is often considered as a type of approach that deals with the way stakeholders perceive the establishment and the ongoing operations of a business. Therefore, a stakeholder is described as anyone who has a stake or interest in the existence of a thing. As a matter of fact, all stakeholders are identified by their interests, which are intrinsically regarded as valuable, even though not self-evident. In this vein, Freeman (2004) defined stakeholders as: “any group or individual who can affect or is affected by the achievement of the firm’s objectives”. Also, Freeman (2004) regarded those groups who are vital to the survival of an organization as the stakeholders. Similarly, Donaldson and Preston (1995) noted that the stakeholder theory implies that every legitimate person/group participating in the activities of a firm is majorly concern about the benefits to be derived. In this vein, Ali (2006) identified that there are four important economic agents that take part in shaping the banking environment, namely: i. the Central Bank; ii. the regulators; iii. the banks; and iv. the bank customers. All these four agents are also regarded as the most important stakeholders.

2.9.2 Natural Law Theory

Natural law theory is a philosophical and legal belief that all humans are governed by basic innate laws, or laws of nature, which are separate and distinct from laws which are legislated. Legislated laws consist of the written rules and regulations enacted by government, and are sometimes referred to as “positive laws” in the framework of natural law theory. Natural law theory has heavily influenced the laws, trade, commerce and governments of many nations, including England, the United States, Malaysia and Nigeria.

Naturalists (adherents to natural law philosophy) believe that natural law principles are an inherent part of nature and exist regardless of whether government recognizes or enforces them. Naturalists further believe that governments must incorporate natural law principles into their legal systems before justice can be achieved. There are three schools of natural law theory: divine natural law, secular natural law, and historical natural law.

The Divine natural law represents the system of principles believed to have been revealed or inspired by God or some other supreme and supernatural being. These divine principles are typically reflected by authoritative religious writings such as the holy books like the Torah, the Gospel and the Qur'an. . Proponents of divine natural law contend that law must be made to conform to the commands they believe were laid down or inspired by God, some supreme and supernatural being, or some other deity. These divine principles are typically reflected by authoritative religious writings, and govern according to principles of compassion, truth, and justice. This school of thought from naturalists asserts that the legitimacy of any enacted human law must be measured by its consonance with divine principles of right and wrong. Such

principles can be found in various scriptures, religious doctrine, papal decrees, and the decisions of shariah / ecclesiastical courts and councils.

St. Thomas Aquinas, a theologian, philosopher from the thirteenth century, and a leading proponent of divine natural law posited that human laws that are inconsistent with divine principles of morality are invalid and should neither be enforced nor obeyed. The holy books, such as the Torah, the Bible, and the Quran (amongst others) are sources of divine natural law because their bearers are said to have been divinely inspired. Examples of the divine natural laws includes the Torah (Ten Commandments) believed to be delivered to Moses by God on Mount Sinai, the Gospel revealed to Jesus and the Quran revealed to prophet Muhammad (SAW) and an example of the influence of the divine natural law in modern day governance and legislation is the anti-gay law passed by the Nigerian government in 2014.

The Secular natural law represents the system of principles derived from the physical, biological, and behavioral laws of nature as perceived by the human intellect and elaborated through reason.

The Historical natural law represents the system of principles that has evolved over time through the slow acquisition of custom, tradition, and experience. Each school of natural law influenced the Founding Fathers during the nascent years of English law and continues to influence the decision-making process of our judiciary today.

2.9.3 Service Quality

Measuring service quality is difficult as compared to product quality due to some features unique to services such as intangibility, inseparability, heterogeneity and perishability (Chang

and Yeh, 2002). In view of these limitations a number of measurement models have been developed for measuring perceptions of service quality

Servqual model: Servqual provides a technology for measuring and managing service quality (SQ). Since 1985, when the technology was first published, its innovators Parasuraman, Zeithaml and Berry, have further developed, promulgated and promoted the technology through a series of publications (Parasuraman, Zeithaml & Berry 1985; 1991). SERVQUAL is founded on the view that the customer's assessment of SQ is paramount. This assessment is conceptualized as a gap between what the customer expects by way of SQ from a class of service providers (say, in the banking industry) and their evaluations of the performance of a particular service provider (say a single operator; one of the banks).

Servperf model: The performance based service quality (SERVPERF) was identified by Cronin and Taylor (1992) proposed the SERVPERF instrument, which is a more concise performance-based scale; an alternative to the SERVQUAL model. The perceived quality model postulates that an individual's perception of the quality is only a function of its performance. The authors continue to debate between the effectiveness of SERVQUAL and SERVPERF for assessing service quality. The authors remained unconvinced of both, that including customer expectations in measures of service quality is a position to be supported, and that SERVPERF scale provides a useful tool for measuring overall service quality.

Carter: According to Gambo (2013) this model was developed by Othman and Owen (2001) to incorporate Islamic dimension to the existing SERVQUAL model by introducing a dimension known as "Compliance with Islamic Law". This dimension indicates the ability of the organization to comply with Islamic law and principles (Ghani and Said, 2011; and Gambo,

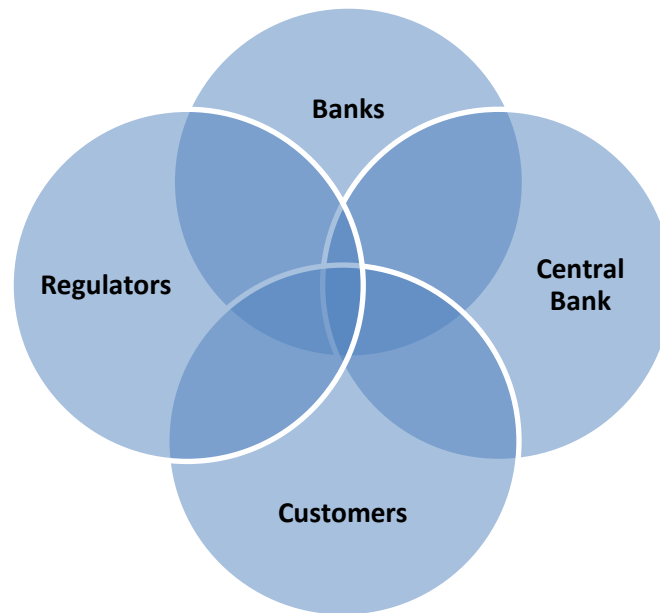
(2013). It includes attributes such as Islamic law and principles, provision of free interest loans and provision of Islamic products and services among others. Thus, CARTER is an acronym denoting Compliance with Islamic Laws, Assurance, Reliability, Tangibles, Empathy and Responsiveness (Ghani and Said, 2011; & Gambo, 2013).

2.10 Theories adopted for the Study

Though various theories on consumer behavior which is the central theme of this research has been reviewed. Economic and Stakeholder theories have been adopted for this study, therefore, in line with the popular view that an average man is economically rational in his purchase and buy according to his disposable income, consumer would not only want to be aware of an alternative product but wants to have an indepth understanding of the service he intends to purchase and have full value for his money, alongside the best service quality. In the same vein, the stakeholder theory also links the NIBS and the Customers as stakeholders in the banking industry. This theory is often considered as a type of approach that deals with the way stakeholders perceive the establishment and the ongoing operations of a business. Therefore, a stakeholder is described as anyone who has a stake or interest in the existence of a thing. As a matter of fact, all stakeholders are identified by their interests, which are intrinsically regarded as valuable, even though not self-evident. In this vein, Freeman (1994) defined stakeholders as: “any group or individual who can affect or is affected by the achievement of the firm’s objectives”. In this vein, Ali (2006) identified that there are four important economic agents that take part in shaping the banking environment, namely: i. the Central Bank; ii. the regulators; iii. the banks; and iv. the bank customers. All these four agents are also regarded as the most important stakeholders. However, the importance of potential and actual bank customers whose

perceptions are necessary as one of the major stakeholders of NIBS can't be underestimated. The figure below captures these important stakeholders identified by Ali (2006).

Figure 2: Economic Agents-Shapers of the Banking Environment



Source: Adapted from Ali (2006).

From the foregoing discussions, it is clear that the relationship between the NIBS and the customers is very important to the marketability and performance of NIBS. This is in view of the fact that through correct and positive perceptions, NIBS could gain more customers, integrity, credibility and supports, which are all necessary factors for efficient performance of NIBS. To this end, it could safely be stated that symbiotic relationship exists between NIBS and its Customers, since both shall benefit from the growth of each other. This means that through the CSR like scholarship, research grants, educational savings, Community development projects among others, they would contribute to the development of the Country. So, also the customers

could become staffers, promoters, major stakeholders and a host of others. This phenomenon if properly coordinated would definitely have quality impacts on the performance and growth of NIBS.

Furthermore, this study will also adopt the divine natural law, this is not as a result of the fact that it is better than the other two theory but because it is the most appropriate for this subject matter in view of the universal acceptability that NIBS transaction is a divine commandment from God as directed in the following sections of the holy books; (Luke 6: 34-35, Deuteronomy 23: 19-23 and Leviticus 25:36-37). Interest in financial transactions is forbidden in Islam, Evidences abound in support of this assertion from the Quran as shown in verses such as Q2:225, 276, 280, Q3:30 and Q3:130. The Arabic word used in the Holy Qur'an for interest is "riba". The holy Qur'an prohibited riba.

CARTER is an acronym denoting Compliance with Islamic Laws, Assurance, Reliability, Tangibles, Empathy and Responsiveness (Ghani and Said, 2011; & Gambo,2013) . The adoption of this model is not unusual as Othman and Owen (2001), Shafie et al. (2004), and Gambo, (2013) used this model in their studies and discovered that there is a positive link between quality, satisfaction and service encounter. Their results confirmed the applicability of CARTER model as a valid tool in measuring service quality. It must be noted however, that the adoption of CARTER should be limited to the study of organizations that are carrying out their business activities based on Islamic principles such as the firm under investigation.

2.11 EMPIRICAL REVIEW

The study conducted by Muhammed T and Muhammad U (2008), focused on finding a suitable and effective marketing strategy for Islamic banking sector in Pakistan, targeting both

Islamic banks and conventional banks (which are providing window facility for islamic banks). The study used secondary data, investigated the current competition of the industry by using porter five force model (potential, entrants, suppliers, buyers and substitutes) and at macro level using PEST analysis (political, environmental, social-cultural and technological).

The Explorative approach was adopted for the research question. The study concluded that there has come a swift transaction in the financial services in the world including pakistan, that a new mode of banking Non-Interest banking (islamic banking) has been introduced and accepted widely in many countries of the world. After on, the study further analysed that competiton is very high in the industry and islamic banks could take more market share by introducing innovative products with less price as compared to conventional banks and by widely with their branch network to all small and big cities of Pakistan. However the major fallout of the study is the sole reliance on secondary data, usage of primary data would have been more advantageous in capturing factual opinions of the respondents.

Tahir and Abu (2009), their study on the perception of non-interest banking services management on quality of service to customers revealed that customers' perspective is of significance to NIBS operations. Thus, their findings noted that customers were unsatisfied with the quality of NIBS and also from the management perspective, service quality was believed to be below expectations. Furer et al. (2002) however noted that -customers' perception of service quality strongly depends on customers' value and beliefs, which may vary from culture to culture. No wonder therefore that a study on the perceptions of Islamic finance industry after the 9/11 tragedy and its impacts by Ali and Syed (2010) found that despite the negative media coverage, the development of the industry was positively impacted. This success was due to the

maturity exhibited by the institutions, increasing standardization and transparency, which are part of the Islamic financial ideals emphasized by Jama (2009).

Ahmad et al. (2010) examined the perception of bank customers regarding service quality of NIBS as well as conventional banks in Pakistan. Their study revealed that the customers' perception of NIB is higher than that of conventional banks, which was as a result of interest free products, risk sharing practices and strong ties to the religion. This submission was earlier confirmed by Ahmad and Haron (2002) when they found that Islamic banking products and services have good potential to be accepted by customers. The study of Van and Lee (2012) which investigated the effect of service quality and customer satisfaction in the Retail Banking Sector in Vietnam and found that the five quality dimensions were significantly interrelated and service quality was also found to be positively correlated with customer satisfaction in the retail banking sector in Vietnam. The work of Shanka (2012) examined bank service quality, customer satisfaction and loyalty in Ethiopian Banking Sector and found through the correlation results that there is a positive correlation between the dimensions of service quality and customer satisfaction. El Saghier and Nathan (2013) in their paper measured service quality dimensions and customers' satisfactions of Banks in Egypt and found through factor analysis results that service quality dimensions of reliability, responsiveness, empathy and assurance influence users' evaluation of service quality of banking services in Egypt. From the domestic scene, Akinyele, Adegbuyi, and Ogbari, (2013) examined service quality and customer satisfaction in Nigerian banking sector using UBA as a case study. The result of the work shows that the dimensions of service quality have positive role to play on customer satisfaction. Adeola and Adebisi (2014) studied service quality, perceived value and customer satisfaction as determinant of Airline choice in Nigeria and discovered that service quality and customers' perceive value influences

their level of satisfaction and choice of airline to patronise. On their part, Tijani, Okunola, and Orga (2012) investigated service delivery and customers' satisfaction in some selected Hotels in Ikeja areas of Lagos State. The findings of their study revealed that the customers of the Hotels in the studies area were not satisfied with their services because what hotelier perceived that customers quality service differs from the guests' expectation, while, Sogunro and Abiola (2014) measured customers' satisfaction of life insurance products and discovered that the policy holders are not generally satisfied with the Life insurance products based on the attributes attached to each of the product.

Yahaya and Lamidi (2015) in their study examines the financial performance of Jaiz bank plc, the only full fledged Non-interest based bank licensed to operate in Nigeria for a period of two years (2013 & 2014). The time series data were collected and analysed by gray comparative index to examine the financial performance of the bank in terms of profitability, liquidity, leverage and growth. The study revealed that there is a positive relationship between profitability, financial leverage, growth and the financial performance for the year 2013 – 2014. However the study also found out that the current ratio (which is usually calculated by dividing current asset by current liabilities) in 2014 was below test value in 2013, and the cash ratio also flows in same pattern. Hence, it was concluded that the relationship between liquidity and financial performance is negative.

From the research conducted on consumer patronage of non interest banking services in Mauritius (Dineshwar 2013), Pakistan and Turkey (Okumus, 2005), Thailand (Lateh et al, 2009), South Africa (Privilege, 2014), Malaysia (Thambiah et al 2011, and Australia (Rammal and Zurbrueg 2006) to mention a few, there is a high level of awareness of conventional banking products such as current accounts and savings accounts. It was also noted that the only

knowledge a large number of non-Muslim respondents in those countries had in relation to NIBs was the prohibition of interest in the operation of Islamic banking. They had little or no knowledge of the various non-interest banking products and services.

Previous studies have acknowledged the influence of awareness of customers for Non-interest banking products (Erol, Kaynak & El-Bdour, 1990; Omer, 1992; Metawa & Almosawi, 1998; Bley & Kuehn, 2004; James, 2004; Okumus, 2005). The most persistent finding was that majority of non-interest bank customers responded that religion was the primary motivation to patronize Islamic banking products and services. Hence, there is a need to focus on the awareness and understanding of various NIBs products of value. The studies by Erol and El Bdour (1989) and Erol et al. (1990) are often regarded as the earliest patronage studies on Islamic banking, which used both conventional and Islamic bank customers. The studies found that customers who patronized Islamic banks perceived three most important criteria in bank selection, which are: provision of a fast and efficient service, bank's reputation and image and confidentiality. Similarly, a study by Haron, Ahmad and Planisek (1994) also revealed that the three important selection criteria perceived and used by Muslim customers in Malaysia when selecting their banks were: personnel friendliness, provision of a fast and efficient service and the speed of transaction. The study made a significant contribution by identifying the individual customers' potential in patronizing an Islamic bank, in view of their knowledge of the new system. This implies that knowledge about IBs is a necessary determinant or factor in the study of Islamic banking perception among the people.

A study by Metawa and Almosawi (1998) also found that the customers of Islamic Bank of Bahrain and Faisal Islamic Bank of Bahrain perceived Islamic principle as the most important factor in selecting IBs. Other factors identified include: the reward extended by the banks,

influence by family and friends and convenient location. The study indicates that socio-demographic factors such as age, income and education were important criteria in bank selection and patronage. In the same vein, Bley and Kuehn (2004) noted in their study that students who are more educated tend to possess more knowledge about conventional and Islamic financial concepts, which will invariably assist them in making better informed economic decisions in their lives. Thus, better consumer education was advocated for, in order to reduce the level of ignorance and inadequate information about Islamic practices and products.

Khan (1994) argued that the information needs of an Islamic society are quite different from those of a capitalist society. The differences between Islamic and conventional accounting have been discussed in Baydoun and Willett, (2000) Haniffa and Hudaib, (2001) Vinnicombe and Park, (2007). Sterling (1967) described conventional accounting as an unreasonable and absurd assumption. He argued that the high rate of business failures makes it difficult to build an evidential case for a projection of continuity. Fremgen (2008) opined that it is not a scientific fact or even a completely rational assumption. Ahmad 2010(1999), argued that accounting was ‘untruthful’ as it consisted of ‘unsound accounting principles’ which he claimed were based on ‘expediency rather than the truth’ Financial statements prepared under these principles were supposed to have misled investors because it failed to take into account current values (values in exchange) of assets and instead used historical (original) costs and justifying them in terms of a business theory. This said, Ahmed (1994) opposed those points of views. He observed that the perpetuity concept assumes that an entity is a going-concern or in the absence of evidence to the contrary, it is remaining in operation. This theory does not seem to oppose any of the Islamic principles. In Islamic jurisprudence there is a principle ((Istihab) similar to this postulate, that is, the principle of "retaining" or "accompaniment" (khallaf, 1978). This principle means retaining

any event or verdict experienced in the past, until evidence is found that this event or verdict has changed. Hence if a person is known to exist, his continuity is not denied till evidence to the contrary. Attiah (1989) stated that the four major schools of Islamic thought agreed upon this concept.

On the other hand, Ahmed (1994) argued that entity theory enables us to reflect on the fact that the firm is a separate and distinct entity from the owners and other firms; that the firm is a real thing responsible for itself; that the firm owns the resources and; that the accountant is to report the transactions of the firm and not of its owners. Going by the above statements, it can be considered then from the viewpoint of Islamic principles and rules, to see whether or not the accounting entity theory contradicts them. The principles and rules which govern financial contracts in Islam are that interest is prohibited and trade is legitimated but with restrictions and conditions.

Unjustified enrichment is forbidden (Qur'an, 4:29) and uncertainty in trade contracts and dubious positions are prohibited. Consideration to intentions and aims and to welfare should be given. That is for example, it is not permitted to commit an illegitimate act through a trick. Ahmed (1994) maintained that the business entity theory does not conflict with any of these four rules; that it is indeed compatible with Islamic principles for the following reasons:

Muslim jurisprudence (Fiqh) recognize the idea of entity or nominal personality as it is the case for endowment (Waqf), treasury (Baitul Mal) and government. Authors such as Zainol, z and Zaif k accepted the concept because as at the early age of Islamic State there were Mosques or Baitul-Mal with separate financial status (Abdul-Rahman, 1996 and AAOIFI, 1999). This shows that the concept of an institution as a distinct entity is acceptable in Islamic thought. The

concept makes matters easier for the clients of the enterprise; instead of dealing with many owners the clients are dealing with only one nominal person which makes it easier for the accountant to prepare the financial statements of this nominal person. The concept enables the establishment of huge joint-stock companies, in which shareholders are numerous. This can lead to the distribution of wealth among a large number of people, while reducing the possibility of concentration of wealth in the hands of a few. It is easier for the court to deal with a nominal person in case of disputes. In Islam everything is permitted and lawful except that which is prohibited in the Holy Qur'an or in the Sunnah, therefore the entity concept can be accepted.

According to Adnan & Gaffikin (1997), the matching concept is considered irrelevant from Islamic perspective because it leads to the preference for the revenue-expense approach rather than the asset-liability approach. In fact, if the objective of accounting in Islam is to uphold accountability through Zakat as Adnan and Gaffikin (1997) proposed, the asset-liability approach needs to be applied.

However, Abdulqader (1994) is of the opinion that since the matching principle relates revenue with their related expenses, it implies identifying the gains resulting from transactions and setting them off against those expenses which are linked to those transactions. He contended that the accountant should find out whether a cost is related to future revenues and hence should be deferred; whether a cost pertains to past revenues and therefore should be written against prior income; or whether a cost, which has not yet been paid, is related to current revenues and therefore should be accrued. This has been said, Abdulqadir (1994) observed that the matching principle as it allocates revenues to their relevant expenses provides fairness and justice simultaneously to shareholders and depositors in Islamic banks. He concluded that certainly it is

of great importance in the allocation of profits in case of Islamic investment accounts where a large pool of investible funds with different maturities is formed.

Muhammad and Hafij (2009) affirmed that though there are some different opinions regarding the acceptability of the matching concept in Islamic accounting, the concept is not conflicting with the basic principles of Islamic Shari'ah. For fair, clear, and appropriate recording and presentation of the information relating to the operating results and financial position of the organization, some concepts are sometimes compulsorily required in Islamic accounting. Therefore, the matching concept can be accepted in practicing Islamic accounting which is one of the basis of NIB. Ahmad (1989) argued, financial statements prepared under this principle were supposed to have misled investors because it failed to take into account current values (values in exchange) of assets and instead used historical (original) costs and justifying them in terms of a 'going concern' theory. According to him, the unwillingness of accountants to recognize unrealized profits leads the investor to make wrong economic decisions on lending, buying and selling securities. He further advocated that all profit and losses whether realized or otherwise should be disclosed (a position later upheld by Edwards & Bell (1961) and the True blood Committee (AICPA, 1973).

Adnan and Gaffikin, (1997) argued that such concepts have no room in the accounting for Islamic institutions. According to this concept, the assets acquired should be recorded and stated in the financial statements at its cost because the cost amount is objective and verifiable. But for the purpose of calculation of Zakat, the assets are required to be recorded at current market value. This is because the real (just and fair) picture of the organizations cannot be revealed with these misleading out dated figures. The cost concept for valuation corrupts the principle of disclosing the truth to the interested users (Al-Qur'an 2:42).

On the other hand, if current value is used, then profit or dividend may be distributed among the stockholders before it is earned, that cannot be approved under Islamic system of accounting (Muhammad and Hafij, 2009). Therefore, Mirza and Baydoun (2000) suggest using both the valuation methods in Islamic Accounting, i.e., the contractual transactions with other parties should be based on cost and Zakat calculation (assets Valuation) should be based on current market value.

Ahmed (1990) stated that using money as a unit of measurement is questionable from the Islamic perspective in an inflationary situation and hence money is unable to serve as a just and honest unit of account. Abdelgader (1994) asserted on the stability of the purchasing power of the monetary unit concept. He revealed that this concept naturally contradicts Islamic principles, as in an inflationary environment, money as a unit of measure is unable to serve as a truthful unit of account. It makes money an inequitable standard of deferred payments and an untrustworthy store of value and would encourage some people to be unfair to others even though unknowingly. Up to the late 60s, there were no well thought-out ideas about non-interest banking. Contributions on the subject were made under a broader subject known as Islamic Economics. For instance, Qureshi (1994) simply considered non-interest banking (NIB) as a social service that should be sponsored by a just and caring government. As no mention was made of profit earning and sharing, Qureshi believed that the service need to be provided by the government, since the bank neither pay any interest to account holders nor charge any interest on loan advance. Ahmad (2002) went a little further than Qureshi by introducing partnership arrangement in NIB. However, the principle was left undefined and no clarification was made as to who would bear the loss if there is any?

Uzair (2002) introduced the principle of Mudaraba in NIB. The thrust of the contribution was the use of mudaraba as the main premise for “non-interest banking”. However, his arrangement that the non-interest banks should not make any capital investments with its deposits rendered his analysis somehow unrealistic. Al-Arabi (2006) complimented Uzair’s work by suggesting that banks could invest not only deposits of its customers but also the capital of its shareholders. By this arrangement, he argued that the bank would act as a mudarib from the depositor’s point of view, and borrowers would be the mudaribs as far as the bank is concerned. Irshad (1994) expanded the application of the principle of mudaraba in NIB by introducing partnership between capital and labour (Entrepreneur) with more explanations than (Ahmad 2002). However, Irshad (1994) wrongly added the owner of capital and the entrepreneur have a fifty-fifty share in the profit or loss as the case may be. This condition runs counter to the underlying principle of NIB. Irshad went further to suggest two kinds of deposits; current deposits that would be payable on demand; and term deposit which is not payable on demand. On the current deposits, depositors would get zero return as the deposits would be used in financing social welfare projects. The term depositors on the other hand would share in the profit realized from the investments of their funds. Irshad went further to recommend what he termed as “Reserve fund”. The fund, he argued should be used in absorbing all losses, so that depositors would not bear any loss. Losses at all times should either be recovered from the reserved fund or borne by the shareholders of the bank. Work especially devoted to NIB was made in Urdu language by Siddiqi in 1986. The English version was published later by (Ariff 1988). Siddiqi (1986) proposed a non-interest banking model based on a two-tier mudaraba financier entrepreneur relationship. Unlike Ahmad 2002, Siddiqi took the pains to describe in detail the mechanics of the transactions with numerous hypothetical and arithmetic examples. He also

addressed the problem of consumption loans in NIB. As no profit is expected from such loans, Siddiqi categorized them under what Qur'an referred to as "qardhasanah" meaning beautiful or compassionate loans. Through he down played the role of non-interest banks in providing consumption loans, he suggested that the loans could be advanced for meeting basic needs with the state as the guarantor. In spite of Siddiqi belief that non-interest banks could only operate where interest is legally prohibited, he recommended them as viable alternative to interest based conventional banks.

Chapra, (1982) like Siddiqi, proposed a NIB model based on the principle of mudaraba. But he concentrated and showed concern on the artificial purchasing power through credit. Chapra suggested that the funds generated through credit creation, in view of their artificiality, should be transferred to the state for the sake of justice and equity. To avoid concentration of economic power, Chapra preferred medium size banks which were neither so large as to wield excessive power nor small as to be economically insignificant. Chapra like Irshad (1994) suggested loss compensating device and loss absorbing insurance facilities.

Mohsin (1982) expanded the scope of NIB by introducing non-banking services such as trust business, factor in, real estate and consultancy. Chapra (1985) corroborated Mohsin's idea by arguing that NIB system should not only avoid interest in financial dealings but also play a social welfare oriented rather than a purely profit maximizing role. He conceived of non-interest banks as cross breed of commercial and merchant banks, investment trusts and investment management institutions that would offer a wide spectrum of services to their customers. Unlike the conventional banks which depend heavily on the crutches of collateral and non-participation in risk" (Chapra 1985). To avoid liquidity imbalances (shortage or surplus) and consequent resort to the interest based money markets or central bank, Chapra suggested alternatives such as

“reciprocal accommodation among banks without interest payments and creation of common fund at the central bank into which surpluses would flow and from which shortages could be met without any interest charges”.Mohsin (1982) further explained the role of central banking in non-interest banking. He suggested adjustments in profit-sharing ratios as a substitute for bank rates manipulation by the central bank which are usually interest based credit, he argued, can be tightened by reducing the share accruing to the capital owners and can be eased by increasing it.

Early seventies and the nineties saw the institutional involvement in fashioning and shaping ideas about non-interest banking. Conference of the finance ministers of the Islamic countries held in Karachi in 1970, the Egyptian study in 1972. First international conference on Islamic Economics in Mecca in 1976, international Economics conference in London in 1977 were the results of such involvement (Gafoor 1995). The institute of policy studies was established in 1980 to promote among other things, non-interest banking in Pakistan in particular and the world at large. In 1992, another institute known as institute of Islamic banking and insurance was set up in London. The purpose of the institute is to promote Islamic financial system which involves non-interest banking; the institute in pursuit of its objectives has organized many international conferences for non-interest banking.

2.11 Research Gaps in the literature Reviewed

The study conducted by Muhammed and Muhammad (2008), focused on finding a suitable and effective marketing strategy for Islamic banking sector in Pakistan, targeting both Islamic banks and conventional banks (which are providing window facility for Islamic banks). The study used secondary data. This study is being carried out in a fully fledged non-interest

bank utilizing both primary and secondary data. Furthermore the study was carried out in Pakistan while this study was done in Nigeria.

A cursory look at the literature in the field of service quality, or particularly in the aspect of banking industry. Most studies used servqual and servperf model making use of five quality dimensions, this is evidenced in the work of Van Dinh and Lee Pickler (2012) which investigated the effect of service quality and customer satisfaction in the Retail Banking Sector in Vietnam, El Saghier and Nathan (2013) in their paper measured service quality dimensions and customers' satisfactions of Banks in Egypt and from the domestic scene, Akinyele, Adegbuyi, and Ogbari, (2013) examined service quality and customer satisfaction in Nigerian banking sector using UBA as a case study. This study investigated service quality as determinant of customer satisfaction using CARTER dimension as a measurement tool.

Yahaya and Lamidi (2015) in their study examines the financial performance of Jaiz bank plc, the only full fledged Non-interest based bank licensed to operate in Nigeria for a period of two years (2013 & 2014). The time series data were collected and analyzed by gray comparative index to examine the financial performance of the bank in terms of profitability, liquidity, leverage and growth. Hence the study looked at the financial aspect of performance but this study looks at Jaiz bank performance from the non- financial aspect while the duration is small to arrive at a comprehensive conclusion.

2.12 Organizational Performance:

Organizations are formed to perform certain functions and carry out its objectives, however over time the organization would like to evaluate if the objectives are achieved or not, if yes to what extent? are the likely questions the organization seek to address. The only response is

to assess the Performance of the organization. Performance can be defined as the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost, and speed. In a contract, performance is deemed to be the fulfillment of an obligation, in a manner that releases the performer from all liabilities under the contract.

Bititci, Carrie & McDevitt (2007) define performance management as a “process by which the company manages its performance in line with its corporate and functional strategies and objectives”. This definition is often used in management research studies. According to Bititci, Carrie & McDevitt (2007) it is the objective of that process to provide an integrated control system, where the corporate and functional strategies are deployed to all business processes, activities, tasks and personnel, and feedback is obtained through the performance measurement system to enable appropriate management decisions. The ultimate purpose of that process is to improve company performance.

Performance measurement is an essential part of the performance management. By measuring, people transform complex reality into simplified numerical concepts that can be easily communicated and acted upon (Lebas, 1995). According to Lebas, the simplification of reality by measuring is the prerequisite of successful management. Similarly, Bititci et al., 1997 argue that performance measurement is at the heart of the performance management process and it is of critical importance to the effective and efficient functioning of performance management.

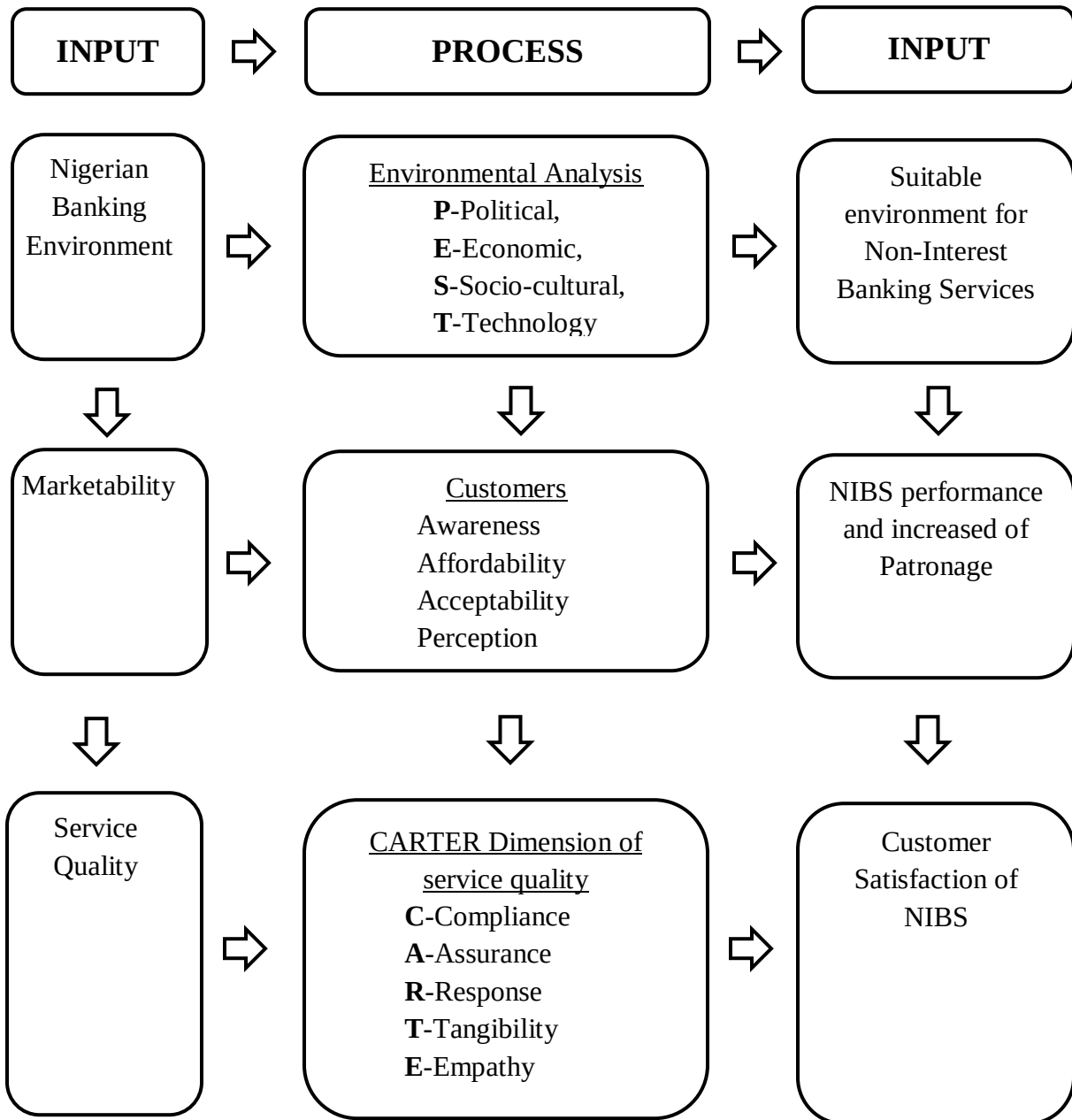
The management of employees, departments, and organizations to ensure that goals and objectives are being reached efficiently and effectively. Performance management involves defining what effective performance looks like, as developing the tools and procedures necessary to measure performance. Performance management involves the way managers evaluate

employees, how employees evaluate their managers and fellow employees, and how individual workers evaluate themselves. The ultimate goal of performance management is to improve the quality of work in the most efficient manner possible. Performance management relies on the analysis of how an organization's employees have historically accomplished tasks in an effort to improve future performance. Effective managers seek to provide feedback to and receive feedback from employees continuously, rather than rely on occasional appraisals. This allows a manager to determine what motivates employees to work hard, evaluate what obstacles are making it difficult for employees to effectively do their jobs, and make adjustments to employee workloads as necessary. Performance can be measured within the financial quantitative terms such as net profit, dividend rates, production cost, sales volume e.t.c and non financial qualitative context such as service quality, satisfaction, patronage, brand loyalty e.t.c however for the purpose of this study Performance will be measured within the non- financial context using efficiency and quality as proxy to measure it.

The major objectives of performance management are discussed below:

- To enable the employees towards achievement of superior standards of work performance.
- To help the employees in identifying the knowledge and skills required for performing the job efficiently as this would drive their focus towards performing the right task in the right way.
- Boosting the performance of the employees by encouraging employee empowerment, motivation and implementation of an effective reward mechanism.

- Promoting a two way system of communication between the supervisors and the employees for clarifying expectations about the roles and accountabilities, communicating the functional and organizational goals, providing a regular and a transparent feedback for improving employee performance and continuous coaching.
- Identifying the barriers to effective performance and resolving those barriers through constant monitoring, coaching and development interventions.
- Creating a basis for several administrative decisions strategic planning, succession planning, promotions and performance based payment.
- Promoting personal growth and advancement in the career of the employees by helping them in acquiring the desired knowledge and skills.



Source: Field Survey, 2017

Research's Conceptual Framework

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter deals with the brief history of the case study and the methodology that was adopted in undertaking the research. The chapter is arranged as follows; brief history of the case study, population of the study, research design, and identification of variables, sample and sampling techniques, method of data collection .

3.1 Brief history of the case study: Jaiz bank in Nigeria

Jaiz Bank Plc. was created out of the former Jaiz International Plc which was set up in 2003/2004 as a Special Purpose Vehicle (SPV) to establish Nigeria's first full-Fledged Non-Interest Bank. It is an unquoted Public Company owned by over 20,000 shareholders including the Islamic Development Bank (IDB). Jaiz Bank Plc. obtained a Regional Operating License to operate as a Non-Interest Bank from the Central Bank of Nigeria on the 11th of November, 2011 and began full operations as the first Non-Interest Bank in Nigeria on the 6th of January, 2012 with 3 branches located in Abuja FCT, Kaduna and Kano. The Regional License allows the Bank to operate geographically in a third of the country. Based on recommendations of (IDB), Jaiz Bank Plc. entered into a strategic partnership with Islamic Bank Bangladesh (IBBL) for the later to provide Technical Management to run the Bank. Currently, Jaiz Bank is the only full-fledged Non-Interest (Islamic) Bank in Nigeria. It recently obtained an approval from the Central Bank of Nigeria (CBN) for a National Operating License. This will enable it to operate in all parts of

the Federation. The Bank's ultimate objective is to expand beyond the shores of Nigeria in line with its vision.

3.2 Research Design

In view of the variables under study and coverage of all the research subject segments, cross sectional survey method was adopted. This design was adopted because different homogenous elements were surveyed. The relationship between the dependent variable (performance) and the independent variables (marketability) is due to the argument advanced by Kotler (2001) that acceptance or rejection of goods/services (i.e. its marketability) is a function of customer's awareness, acceptability, perception and affordability for means of purchasing and/or sustaining such a product/service. Arising from the above, it is posited that marketability of NIBS services in North-western Nigeria is a function of level of customers' awareness, perception, acceptability and affordability to patronize it. A structured questionnaire consisting of twenty five items, split into five sections was used in capturing respondents' level of awareness about non interest banking and products and their acceptance, perception and affordability of same. Similarly a set of structured questionnaire was also administered to management of Jaiz bank to find out how suitable the Nigeria banking environment is for non-interest banking services while. Multiple Regression Method, Anova test of means differences and Pearson product moment correlation coefficient (r), were used in analyzing the data while a pilot survey was conducted in order to ascertain or detect any ambiguity in the proposed items that might not be easily understood or poorly constructed. Service quality of NIBS was also evaluated using CARTER items in collection of data , while regression analysis was used in analyzing the data retrieved to ascertain if Nigeria banking environment is suitable for NIBS

3.3 Population and Sample size

The population of the study was defined as the totality of all Jaiz bank branches which is the only full-fledged non interest bank players in the Nigerian banking sector as at march 2016. However, the study covered the North-western Nigeria, as this is where the bank started its operations and currently still operating with opening of more branches. These branches in the North-west automatically accounted for above 60 percentage of Jaiz bank branches in Nigeria where they currently have fourteen branches (see appendix I). These branches are located in Birrin Kebbi, Kaduna, Kano, Katsina, Sokoto, Gusau, Dutse, within the geopolitical zone of the scope of the study. The top five management staff (Branch Manager, Operation manager, Cash officer, Relationship manager, Marketing manager,) of each branch constituted the sample size of management staff which questionnaire was administered to while, all customers of these selected branches form the population of the study; since the population of the customers is infinite, Cochran(2009) developed a model to determine the sample size;

$$n_0 = \frac{Z^2 pq}{e^2}$$

Where:

n_0 = sample size,

Z = value of the normal curve that cuts off an area α at the tails ($1 - \alpha$ equals the desired confidence level, e.g., 95%),

e = the desired level of precision,

p = the estimated proportion of an attribute that is present in the population, and q = 1-p.

Therefore, the customer's sample size for the study desires 95% confidence level and 1% precision. $Z = 1.96$, $p = (0.5 \text{ maximum variability assumed})$ since actual variability in the proportion is not known), $q = 0.5$. $e = 0.05$. Therefore, the sample size for the customers become $n_o = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2}$

$$= 384 \text{ customers of the selected banks shall be sampled.}$$

3.4 Sampling Techniques

Purposeful and convenience sampling techniques were employed to elicit data from the sample size of the account holders (customers), focusing mainly on the NIBS account holder, since the target population remains homogeneous. At the end of the exercise, 385 respondents were contacted and sampled. Convenience sampling is a non-probability sampling method in which the interviewers will decide the choice of sampling units based on their convenience, while questionnaire was also distributed to the management staff to elicit data on the suitability of the Nigeria banking environment for NIBS.

3.5 Method of Data Collection

The study used primary and secondary type of data. Three different sets of self structured questionnaire in collaboration with six trained research assistants in the administration and retrieval of questionnaires were used to collect data from the selected respondents. The first set of questionnaire was designed to address the relationship between Marketability variables and Performance and the second set of questionnaire assessed Service Quality and Customer Satisfaction in line with CARTER dimension which was both responded to by the customers

while the third set was distributed to the management staff to elicit data on the suitability of the Nigeria banking environment for NIBS. The questionnaire items were rated on a 5-point Likert scale of agreement ranging from strongly agree (1) to strongly disagree (5)

3.6 Methods of Data Analysis

Two major variables are important in this study; the independent variable known as exogenous variable; whose behaviors are determined outside the experimented system and the dependent variable also known as endogenous variable which values are determined within the experimental design. Performance which is the independent variable (X) was measured by the Marketability index (Affordability, Awareness, Acceptability and Perception), Customer Satisfaction will be measured with the CARTER dimensional variables (as adopted by Othman and Owen (2001)'s model). Five hypotheses were tested in the study with the use of Ordered Logistic Regression and Marginal Effects Analysis, Lawley-Hotelling Multivariate test of mean differences and Spearman's Rank correlation Matrix Analysis .

3.6 Models for the Study:

H₀₁: Nigeria banking environment is not suitable for NIBS operations;

The relationship is defined as: $NIO = f(PEST)$, where PEST will be determined by four other variables. Hence in testing this hypothesis, multiple regression models will be used i.e.

$$NIO = f(POL, ECO, SOC, TEC)$$

Hence the model becomes:

$$NIO = \beta_0 + \beta_1 POL + \beta_2 ECO + \beta_3 SOC + \beta_4 TEC + C_e \text{ where:}$$

NIO= Non-Interest Banking Operations

POL= Political

ECO=Economic

SOC= Socio-cultural

TEC= Technology

Ce = Error term

H₀₂. Service Quality has no significant effect on Customers' Satisfaction in the urban areas of North-western Nigeria

The relationship is defined as: $CS = f(\text{CARTER})$, where CARTER will be determined by six other variables. Hence in testing this hypothesis, multiple regression models will be used i.e

$CS = f(\text{COM}, \text{ASS}, \text{RLB}, \text{TAG}, \text{EMP}, \text{RSP})$

Hence the model becomes:

$CS = \beta_0 + \beta_1 \text{COM} + \beta_2 \text{ASS} + \beta_3 \text{RBT} + \beta_4 \text{TAG} + \beta_5 \text{EMP} + \beta_6 \text{RSP} + C_e$ where:

CP= Customers Satisfaction

COM= Compliance with Islamic Laws

ASS= Assurance

RBT= Reliability

TAG= Tangibles

EMP= Empathy

RSP= Responsiveness

Ce = Error term

H₀₃. Marketability has no significant effect on Performance of NIBS in North-western and Nigeria

This relationship is defined as: $P(NIBS) = f(MNIBS)$, where MNIBS will be defined by four other variables. Hence, in testing this hypothesis, multiple regression model will be used i.e

$$P(NIBS) = f(AWR, ACP, AFD, PCP)$$

Hence the model becomes:

$$PNIBS = \beta_0 + \beta_1 AWR + \beta_2 ACP + \beta_3 AFD + \beta_4 PCP + e \text{ where:}$$

PNIBS= Performance of Non-interest banking services (which is measured by Efficiency and Quality)

MNIBS= Marketability of Non-Interest Banking Services which will be defined by the following variables:

AWR=Awareness

ACP=Acceptability

AFD=Affordability

PCP=Perception

e=Error Term

3.7 Ethical consideration

The study was designed to follow the laid down ethical standards in the postgraduate school of University of Ilorin. An ethical clearance to conduct the study was obtained from the University of Ilorin Ethical Review Committee.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter presents the result of the analysis of data collected through the questionnaire that were administered to customers and management staff of the selected branches of Jaiz bank. The results of were presented in frequencies table, percentage, mean and standard deviation, while the formulated hypothesis were tested using regression analysis, LawleHotelling and Multivariate Test of Means

4.1 Demographic Distribution.

Demographic Distribution

Table 4.1: Cross Tabulation of Demographic Variables and the Accessibility of Adequate Information on the Operation and Nature of Services of NIBS.

		I have adequate information on the operation and nature of services of NIBS					Total
Demographic Variables		Strongly Disagreed	Disagreed	Indifferent	Agreed	Strongly Agreed	
Sex	Male	21	25	67	42	77	242
	Female	16	35	20	43	29	143
Total		47	60	87	85	106	385
Religion	Islam	7	22	34	26	70	159
	Christianity	40	38	53	59	36	226
Total		47	60	87	85	106	385
Resident	Dutse	7	14	1	14	9	45
	Gusau	0	15	14	12	10	51
	Kaduna	10	4	30	22	46	112
	Kano	15	6	13	0	8	42
	Katsina	15	5	4	0	9	33
	Kebbi	0	7	12	22	12	53
	Sokoto	0	9	13	15	12	49
Total		47	60	87	85	106	385
Domicile	G.R.A	31	18	47	56	63	215
	Others	16	42	40	29	43	170
Total		47	60	87	85	106	385
Literacy Ability to Read and Write		31	20	43	59	70	223
Inability to Read and Write		16	40	44	26	36	162
Total		47	60	87	85	106	385

Source: Author's Computation, 2017.

The table above shows the cross tabulation of demographic characteristics of customers and access to adequate information on the operation and nature of services of NIBS. The distribution across gender shows that out of a total of 385 respondents, 242 respondents are male while 143 are female. The cross tabulation of male respondents and the accessibility of adequate information on the operation and nature of services of NIBS shows that 21 male respondents strongly disagreed that they have access to adequate information, 35 respondents disagreed, 37 respondents are neutral, 62 respondents agreed and 87 respondents strongly agreed. The result indicates that 149 respondents representing about 61.57% of male respondents have access to adequate information on the operation and nature of services of NIBS. On the other hand, the cross tabulation of female respondents and the accessibility of adequate information on the operation and nature of services of NIBS shows that 26 female respondents strongly disagreed that they have access to adequate information, 35 respondents disagreed, 20 respondents are neutral, 23 respondents agreed and 39 respondents strongly agreed. The result indicates that 52 respondents representing about 43.35% of female respondents have adequate information on the operation and nature of services of NIBS. This indicates that higher proportion of male have adequate information on the operation and nature of services of NIBS than that of their male counterpart. It can be concluded that the above result is due to the nature of area of study whereby one of their major ethics is limiting the accessibility of women to the public.

The distribution across Religion shows that out of a total of 385 respondents, 159 respondents are Muslims while 226 are Christians. The cross tabulation of Muslim respondents and the availability of adequate information on the operation and nature of services of NIBS shows that 7 Muslim respondents strongly disagreed on the availability of adequate information, 22 respondents disagreed, 34 respondents are neutral, 26 respondents agreed and 70 respondents

strongly agreed. The result indicates that 96 respondents representing about 60.4% of Muslim respondents have adequate information on the operation and nature of services of NIBS. On the other hand, the cross tabulation of Christian respondents and the availability of adequate information on the operation and nature of services of NIBS shows that 40 Christian respondents strongly disagreed on the availability of adequate information, 38 respondents disagreed, 53 respondents are neutral, 59 respondents agreed and 36 respondents strongly agreed. The result indicates that 95 respondents representing about 42% of Christian respondents have adequate information on the operation and nature of services of NIBS. This shows that a larger proportion of Muslims have adequate information on the operation and nature of services of NIBS than the proportion of Christians, The result can be attributed to the fact that the area of study is a Muslim dominated geo- political zone

The distribution across Resident shows that out of a total of 385 respondents, 45 respondents live in Dutse, 51 respondents live in Gusau, 112 respondents live in Kaduna, 42 respondents live in Kano, 33 respondents live in Katsina, 53 respondents live in Kebbi, while 49 respondents live in Sokoto. The cross tabulation of respondents in Dutse and the availability of adequate information on the operation and nature of services of NIBS shows that 7 respondents in Dutse strongly disagreed on the availability of adequate information, 14 respondents disagreed, 1 respondent is neutral, 14 respondents agreed and 9 respondents strongly agreed. The result indicates that 23 respondents representing about 51.1% of respondents in Dutse have adequate information on the operation and nature of services of NIBS. The cross tabulation of respondents in Gusau and the availability of adequate information on the operation and nature of services of NIBS shows that no respondent strongly disagreed on the availability of adequate information, 15 respondents disagreed, 14 respondents are neutral, 12 respondents agreed and 10

respondents strongly agreed. The result indicates that 22 respondents representing about 43.1% of respondents in Gusau have adequate information on the operation and nature of services of NIBS. The cross tabulation of respondents in Kaduna and the availability of adequate information on the operation and nature of services of NIBS shows that 10 respondents in Kaduna strongly disagreed on the availability of adequate information, 4 respondents disagreed, 30 respondents are neutral, 22 respondents agreed and 46 respondents strongly agreed. The result indicates that 68 respondents representing about 60.7% of respondents in Kaduna have adequate information on the operation and nature and services of NIBS. The cross tabulation of respondents in Kano and the availability of adequate information on the operation and nature of services of NIBS shows that 15 respondents in Kano strongly disagreed on the availability of adequate information, 6 respondents disagreed, 13 respondents are neutral, no respondent agreed and only 8 respondents strongly agreed. The result indicates that 8 respondents representing only about 19% of respondents in Kano have adequate information on the operation and nature of services of NIBS have adequate information on the operation and nature of services of NIBS. This shows that adequate information is low in Kano. The cross tabulation of respondents in Katsina and the availability of adequate information on the operation and nature of services of NIBS shows that 15 respondents in Katsina strongly disagreed on the availability of adequate information, 5 respondents disagreed, 4 respondents are neutral, no respondent agreed and only 9 respondents strongly agreed. The result indicates that 9 respondents representing only about 27.3% of respondents in Katsina have adequate information on the operation and nature of services of NIBS have adequate information on the operation and nature of services of NIBS. This shows that access to adequate information is also low in Katsina. The cross tabulation of respondents in Kebbi and the availability of adequate information on the operation and nature of

services of NIBS shows that no respondent in Kebbi strongly disagreed on the availability of adequate information, 7 respondents disagreed, 12 respondents are neutral, 22 respondents agreed and 12 respondents strongly agreed. The result indicates that 34 respondents representing about 64.1% of respondents in Kebbi have adequate information on the operation and nature of services of NIBS. The cross tabulation of respondents in Sokoto and the availability of adequate information on the operation and nature of services of NIBS shows that no respondent in Sokoto strongly disagreed on the availability of adequate information, 9 respondents disagreed, 13 respondents are neutral, 15 respondents agreed and 12 respondents strongly agreed. The result indicates that 27 respondents representing about 55.1% of respondents in Sokoto have adequate information on the operation and nature of services of NIBS have adequate information on the operation and nature of services of NIBS. The rank of the degree of availability of adequate information across resident is in the following order: Kebbi (64.1%), Kaduna (60.7%), Sokoto (55.1%), Dutse (51.1%), Gusau (43.1%), Katsina (27.3%), and Kano (19%).

The distribution across Area of Domicile shows that out of a total of 385 respondents, 215 respondents stay in G.R.A while 170 stay in other areas. The cross tabulation of respondents in G.R.A and the availability of adequate information on the operation and nature of services of NIBS shows that 31 respondents in G.R.A strongly disagreed on the availability of adequate information, 18 respondents disagreed, 47 respondents are neutral, 56 respondents agreed and 63 respondents strongly agreed. The result indicates that 119 respondents representing about 55.3% of respondents in G.R.A have adequate information on the operation and nature of services of NIBS. On the hand, the cross tabulation of respondents that stay in other areas and the availability of adequate information on the operation and nature of services of NIBS shows that

16 respondents who stay in other areas strongly disagreed on the availability of adequate information, 42 respondents disagreed, 40 respondents are neutral, 29 respondents agreed and 43 respondents strongly agreed. The result indicates that 72 respondents representing about 42.3% of respondents who stay in other areas have adequate information on the operation and nature of services of NIBS. The result indicates that respondents who domicile in GRA are more adequately informed than those who domicile in other areas.

The distribution across Literacy Status shows that out of a total of 385 respondents, 223 respondents have the ability to read and write while 162 respondents are unable to read and write. The cross tabulation of respondents with the ability to read and write and the availability of adequate information on the operation and nature of services of NIBS shows that 31 respondents with the ability to read and write strongly disagreed on the availability of adequate information, 20 respondents disagreed, 43 respondents are neutral, 59 respondents agreed and 70 respondents strongly agreed. The result indicates that 129 respondents representing about 57.8% of respondents with the ability to read and write have adequate information on the operation and nature of services of NIBS. On the other hand, the cross tabulation of respondents who are unable to read and write and the availability of adequate information on the operation and nature of services of NIBS shows that 16 respondents with inability to read and write strongly disagreed on the availability of adequate information, 40 respondents disagreed, 44 respondents are neutral, 26 respondents agreed and 36 respondents strongly agreed. The result indicates that 62 respondents representing about 38.3% of respondents who are unable to read and write have adequate information on the operation and nature of services of NIBS. The result shows that literacy level is important in the level of access to adequate information on the operation and nature of services of NIBS.

4.2: Principal Components Factor Analysis

Factor analysis is used as an exploratory way of checking whether the dimensions for the variables are supported by the results obtained. The Principal-component factor analysis of data reduction is employed in this work to examine the relationship that exist among the original variables and also to extract the important factors using the varimax rotation method whose scores were later used as indices for each of the dimensions.

The factor analysis was conducted on 20 items of marketability, 24 items of service quality and NIBS performance, and 23 items of NIBS operations and Nigeria environment. In the process, the factors with eigen values greater than 1 are retained for all these items. An item with a communality value less than 0.5 are omitted from the computation of index from the factors retained. Kaiser-Meyer-Olkin's (KMO) measure of sampling adequacy and the Bartlett's test of sphericity are conducted prior to factor analysis. Both measures are used to evaluate whether the observed data were appropriate for factor analysis.

Marketability and NIBS Performance

Table 4.2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.749
Bartlett's Test of Sphericity	Approx. Chi-Square	6215.012
	Df	190
	Sig.	.000

Source: Author's Computation, 2017.

The KMO value for these items shows a value of 0.749. This high value signifies the items of marketability are adequate for factor analysis. In the same vein, Bartlett's test of sphericity shows a high chi-square value of 6215.012 and its probability value of 0.000 indicates it is

significant, indicating the rejection of null hypothesis that the correlation matrix for the set of items of marketability is an identity matrix.

Table 4.3 Communalities

	Initial	Extraction
q6	1.000	.765
q7	1.000	.842
q8	1.000	.495
q9	1.000	.578
q10	1.000	.748
q11	1.000	.880
q12	1.000	.652
q13	1.000	.593
q14	1.000	.838
q15	1.000	.797
q16	1.000	.847
q17	1.000	.782
q18	1.000	.804
q19	1.000	.868
q20	1.000	.854
q21	1.000	.878
q22	1.000	.897
q23	1.000	.730
q24	1.000	.909
q25	1.000	.807

Extraction Method: Principal Component Analysis.

Source: Author's Computation, 2017.

The result of communalities of the principal-component factor analysis in the table above presents values for each of the items of marketability. Communalities give the proportion of the

common variance of the variable associated with the factors. They are used to determine the percentage of variance in a given variable explained by all the factors jointly. The greater the communality the higher the relevance of the item in the factor model and vice versa. The table above shows that each of the communalities is above 0.5 (which is considered the average). This shows that all items used to generate the factors are accurate.

Table 4.4: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.986	34.932	34.932	6.986	34.932	34.932	4.497	22.486	22.486
2	2.632	13.160	48.092	2.632	13.160	48.092	3.794	18.968	41.455
3	1.954	9.771	57.863	1.954	9.771	57.863	2.283	11.417	52.872
4	1.629	8.146	66.008	1.629	8.146	66.008	2.097	10.484	63.356
5	.998	6.606	72.614						
6	.901	5.208	77.822						
7	.866	4.332	82.155						
8	.679	3.393	85.548						
9	.622	3.109	88.657						
10	.536	2.678	91.335						
11	.369	1.843	93.178						
12	.280	1.400	94.578						
13	.264	1.322	95.900						
14	.196	.980	96.879						
15	.155	.776	97.655						
16	.137	.687	98.342						
17	.113	.566	98.909						
18	.105	.527	99.435						
19	.062	.310	99.745						
20	.051	.255	100.000						

Extraction Method: Principal Component Analysis.

Source: Author's Computation, 2017.

The table for total variance explained presented above indicates that the principal components factor analysis conducted retained 4 components. These are the components with eigenvalues greater than 1. The result shows that the components retained altogether accounts for 63.356% of variance in marketability of NIBS. The rotated sums of squared loadings shows that each of components 1 to 4 accounts for approximately 22.5%, 19.0%, 11.4%, and 10.5% of variance in marketability of NIBS respectively.

Table 4.5: Rotated Component Matrix^a

	Component			
	1	2	3	4
q6			.608	
q7			.875	
q8			-.383	-.437
q9		.509	-.838	
q10			.844	
q11				
q12				.745
q13				.688
q14			.575	.608
q15	.307	-.432		.711
q16		.908		
q17	.566	.699		
q18		.806		-.314
q19	.349	-.459		
q20	-.318	.406	.699	
q21	-.838			
q22	-.711	.452		
q23	.401	-.654	-.353	
q24	-.682		.500	
q25	.806			

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 23 iterations.

Source: Author's Computation, 2017.

The table above contains the rotated component loadings, which represent how the variables are weighted for each component. The option that omits any of the correlations that is

0.3 or less was used. This makes the output easier to read by removing the clutter of low correlations that are probably not meaningful.

The columns under this heading are the rotated components that have been extracted. As it can be seen from the variance explained table, 4 components were extracted (the 4 components with eigenvalues greater than 1). These are the components that are of most interest to this study as regard marketability of NIBS. As such, names are given to each of these components according to their strength of explanation of each of the items. The items that have high loads under the first component include “People are motivated to open account because of service quality effectiveness in terms of friendly employee and ease access to account information”, “Prompt service delivery and provision of wide range of value added product has increased the patronage of NIBS”, “Provision of lower charges, confidentiality of customers transactions is the major factor that has increase NIBS customer base”, and “Banks location accessibility, speed of efficiency of service influences the patronage of NIBS” (i.e. items q21, q22, q24, and q25 respectively).

These items reflect customers’ perception on NIBS, as such, component 1 represents customers’ perception of NIBS. The items that have high loads under the second component include “NIBS is characterized by transparency, accountability and social welfare”, “NIBS offers a better alternative to conventional banks”, and “Acceptance of NIBS is as a result of fulfillment of religious obligations” (i.e. items q16, q17, and q18 respectively). These items reflect customers’ acceptability of NIBS, as such; component 2 represents customers’ acceptability of NIBS. The items that have high loads under the third component include “There is adequate awareness about NIBS”, “There is public awareness of product similarity between conventional banks services (interest based) and NIBS”, “There is adequate customer orientation and

education on NIBS”, and “Publicity has played a major role in the awareness of NIBS in Nigeria” (i.e. items q6, q7, q9 and q10 respectively). These items reflect customers’ awareness of NIBS, as such; component 3 represents customers’ awareness of NIBS. The items that have high loads under the fourth component include “There is numerous affordable investment opportunities to warrant securing of loan from NIB”, “People can afford the requirement (in minimum cash deposit or business activities such as farming, construction etc. that require use of heavy duty equipment) and to participate in hire purchase or leasing”, “Requirement for opening account and transaction of other services of NIBS is affordable”, and “High patronage of NIBS is due to its affordable non-monetary services” (i.e. items q12, q13, q14 and q15 respectively). These items reflect customers’ affordability of NIBS, as such; component 4 represents customers’ affordability of NIBS.

Service Quality and NIBS Performance

Table 4.6: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.822
Bartlett's Test of Sphericity	Approx. Chi-Square	11165.099
	Df	351
	Sig.	.000

Source: Author’s Computation, 2017.

The KMO value for these items shows a value of 0.822. This high value signifies the items of service quality and NIBS performance is adequate for factor analysis. In the same vein, Bartlett’s test of sphericity shows a high chi-square value of 11165.099 and its probability value of 0.000

indicates it is significant, indicating the rejection of null hypothesis that the correlation matrix for the set of items of marketability is an identity matrix.

Table 4.7: Communalities

	Initial	Extraction
q26	1.000	.571
q27	1.000	.831
q28	1.000	.584
q29	1.000	.862
q30	1.000	.782
q30	1.000	.846
q32	1.000	.641
q33	1.000	.618
q34	1.000	.836
q35	1.000	.795
q36	1.000	.864
q37	1.000	.843
q38	1.000	.813
q39	1.000	.900
q40	1.000	.852
q41	1.000	.865
q42	1.000	.933
q43	1.000	.754
q44	1.000	.898
q45	1.000	.857
q46	1.000	.831
q47	1.000	.803
q48	1.000	.938
q49	1.000	.740
q50	1.000	.920
q51	1.000	.806
q52	1.000	.883

Extraction Method: Principal Component Analysis.

Source: Author's Computation, 2017.

The result of communalities of the principal-component factor analysis in the table above presents values for each of the items of service quality and NIBS performance. The table above shows that each of the communalities is above 0.5 (which is considered the average). This shows that all items used to generate the factors are accurate.

Table 4.8: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.716	35.984	35.984	9.716	35.984	35.984	5.487	20.324	20.324
2	3.742	13.861	49.845	3.742	13.861	49.845	4.484	16.608	36.932
3	2.517	9.323	59.168	2.517	9.323	59.168	3.864	14.309	51.242
4	1.969	7.293	66.461	1.969	7.293	66.461	2.620	9.704	60.946
5	1.617	5.990	72.451	1.617	5.990	72.451	2.016	7.465	68.411
6	1.247	4.618	77.069	1.247	4.618	77.069	1.813	6.715	75.126
7	1.057	3.917	80.985	1.057	3.917	80.985	1.582	5.860	80.985
8	.844	3.126	84.111						
9	.698	2.586	86.697						
10	.601	2.225	88.922						
11	.545	2.020	90.942						
12	.386	1.430	92.372						
13	.312	1.155	93.527						
14	.287	1.063	94.590						
15	.222	.823	95.413						
16	.211	.781	96.193						
17	.167	.620	96.814						
18	.158	.587	97.400						
19	.135	.499	97.899						
20	.125	.461	98.360						
21	.104	.386	98.746						
22	.084	.311	99.057						
23	.080	.298	99.355						
24	.061	.224	99.579						
25	.047	.175	99.755						
26	.042	.155	99.910						
27	.024	.090	100.000						

Extraction Method: Principal Component Analysis.

Source: Author's Computation, 2017.

The table for total variance explained presented above indicates that the principal components factor analysis conducted for service quality and NIBS performance retained 7 components. These are the components with eigenvalues greater than 1. The result shows that the components retained altogether accounts for 80.985% of variance in service quality and NIBS performance. The rotated sums of squared loadings shows that each of components 1 to 7 accounts for approximately 20.3%, 16.6%, 14.3%, 9.7%, 7.5%, 6.7% and 5.9% of variance in service quality and NIBS performance respectively.

Table 4.9: Rotated Component Matrix^a

	Component						
	1	2	3	4	5	6	7
q26		.442	.433			.367	
q27	-.589						-.629
q28					-.560		
q29							.865
q30					.850		
q31							
q32					.694		
q33					.746		
q34	.333	.497					
q35	-.631	.876			.303		
q36		.738					.495
q37		.837					
q38		.346	.324	-.882			
q39	-.635	-.488	-.393	.621			
q40	.303	.392		.726			
q41	.629		.561				
q42	.818						
q43	-.574	-.514		-.349			
q44	.696		.338	.529			
q45	.870						
q46			.634	.311			.482
q47			-.824				
q48			.375				
q49	.599	-.325	.328			.304	
q50	.561		.516			.644	
q51	-.580	-.440				-.390	
q52	.358					.904	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 32 iterations.

Source: Author's Computation, 2017.

The table above contains the rotated component loadings, which represent how the variables are weighted for each component. The option that omits any of the correlations that is 0.3 or less was used. This makes the output easier to read by removing the clutter of low correlations that are probably not meaningful.

The columns under this heading are the rotated components that have been extracted. As it can be seen from the variance explained table, 7 components were extracted (the 7 components with eigen values greater than 1). These are the components that are of most interest to this study as regard service quality and NIBS performance. As such, names are given to each of these components according to their strength of explanation of each of the items. The items that have high loads under the first component include “Ability of staff to understand customer needs”, “Confidentiality of customers’ information” and “Provision of lower service charges” (i.e. items q42, q44, and q45 respectively). These items reflect empathy, as such, component 1 represents empathy. The items that have high loads under the second component include “Jaiz bank employees tell me exactly when services will be performed”, “Jaiz bank delivers its services promptly at the time it promises to do so” and “Jaiz bank always performs the service right the first time” (i.e. items q35, q36, and q37 respectively). These items reflect reliability, as such, component 2 represents reliability. The items that have high loads under the third component include “When customers have a problem, Jaiz bank shows sincere interest in solving it” and “Jaiz bank employees give me a prompt service” (i.e. items q46 and q47 respectively). These items reflect responsiveness, as such, component 3 represents responsiveness. The items that

have high loads under the fourth component include “The location of Jaiz Bank, Kaduna branch is accessible”, “Jaiz bank physical facilities are visually appealing” and “Jaiz bank uses state of the art technology and equipment in their service delivery” (i.e. items q38 and q40 respectively). These items reflect tangibility, as such, component 4 represents tangibility. The items that have high loads under the fifth component include “Jaiz bank employees instil confidence on their customers”, “Jaiz bank employees are always courteous with customers” and “Jaiz bank employees are knowledgeable to handle customers’ questions” (i.e. items q30, q32 and q33 respectively). These items reflect assurance, as such, component 4 represents assurance. The items that have high loads under the sixth component include “The overall quality of the services provided by my Jaiz bank is excellent” and “I am satisfy with the service charges of Jaiz bank” (i.e. items q50 and q52 respectively). These items reflect NIBS performance, as such, component 4 represents NIBS performance. The items that have high loads under the seventh component include “Jaiz bank servqual is effective in terms provision of interest free product” and “Jaiz bank servqual is effective in terms provision products that are accepted by Islamic law” (i.e. items q27 and q29 respectively). These items reflect compliance, as such, component 4 represents compliance.

NIBS Operations and Nigeria Environment

Table 4.10: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.646
Bartlett's Test of Sphericity	Approx. Chi-Square	262.100
	Df	105
	Sig.	.000

Source: Author’s Computation, 2016.

The KMO value for these items shows a value of 0.646. This high value signifies the items of service quality and NIBS performances are adequate for factor analysis. In the same vein, Bartlett's test of sphericity shows a high chi-square value of 262.100 and its probability value of 0.000 indicates it is significant, indicating the rejection of null hypothesis that the correlation matrix for the set of items of marketability is an identity matrix.

Table 4.11: Communalities

	Initial	Extraction
q1	1.000	.543
q2	1.000	.504
q3	1.000	.556
q4	1.000	.545
q5	1.000	.628
q6	1.000	.655
q7	1.000	.532
q8	1.000	.511
q9	1.000	.545
q10	1.000	.615
q11	1.000	.664
q12	1.000	.545
q13	1.000	.580
q14	1.000	.518
q15	1.000	.786
q16	1.000	.609
q17	1.000	.572
q18	1.000	.644
q19	1.000	.862

Extraction Method: Principal Component Analysis.

Source: Author's Computation, 2016.

The result of communalities of the principal-component factor analysis in the table above presents values for each of the items of NIBS operations and Nigeria environment. The table above shows that each of the communalities is above 0.5 (which is considered the average). This shows that all items used to generate the factors are accurate.

Table 4.12: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.606	42.255	42.255	7.606	42.255	42.255	5.199	28.885	28.885
2	2.040	11.333	53.588	2.040	11.333	53.588	3.632	20.178	49.063
3	1.795	9.972	63.559	1.795	9.972	63.559	2.059	11.437	60.500
4	1.739	9.659	73.219	1.739	9.659	73.219	1.747	9.703	70.204
5	1.038	5.767	78.986	1.038	5.767	78.986	1.581	8.782	78.986
6	.833	4.630	83.616						
7	.712	3.955	87.571						
8	.623	3.459	91.030						
9	.393	2.184	93.214						
10	.298	1.655	94.869						
11	.254	1.409	96.278						
12	.220	1.225	97.503						
13	.172	.958	98.461						
14	.125	.696	99.157						
15	.058	.324	99.480						
16	.041	.227	99.707						
17	.032	.176	99.883						
18	.021	.117	100.000						

Extraction Method: Principal Component Analysis.

Source: Author's Computation, 2017.

The factor analysis conducted for NIBS operations and Nigeria environment retained five components. The result in the total variance explained table above shows that the five components retained altogether accounts for about 78.99% of total variance in NIBS operations and Nigeria environment. The rotated sums of squared loadings shows that each of these components from 1 to 5 accounts for approximately 28.9%, 20.2%, 11.4%, 9.7%, and 8.8% of total variance in NIBS operations and Nigeria environment respectively.

Table 4.13: Rotated Component Matrix^a

	Component				
	1	2	3	4	5
q1	.471	.316		.481	
q2				.498	
q3	.363			.715	
q4				.705	
q5	.851				
q6	.693	.314			
q7	.548		.409		
q8	.698				
q9		.318	.708		
q10		.403	.343		
q11		.307	.712		
q12		.387	.635	-.368	
q13	.458		.435		.328
q14				.363	.694
q15					
q16					.630
q17	-.368	.611			
q18		.608			.310
q19	.363	.471			.324

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 11 iterations.

Source: Author's Computation, 2017.

The table above contains the rotated component loadings, which represent how the variables are weighted for each component. The option that omits any of the correlations that is 0.3 or less was used. This makes the output easier to read by removing the clutter of low correlations that are probably not meaningful.

The columns under this heading are the rotated components that have been extracted for NIBS operations and Nigeria environment. As it can be seen from the variance explained table, 5 components were extracted. These are the components that are of most interest to this study as regard service quality and NIBS operations and Nigeria environment. As such, names are given to each of these components according to their strength of explanation of each of the items. The items that have high loads under the first component include “There is extensive internet access suitable to carrying out NIBS operations”, “The software available for banking activities are up-to-date and suitable for banking operations” and “Information and communication infrastructure is adequately available and functional for NIBS operations” (i.e. items q5, q6, and q8 respectively). These items reflect technological availability, as such, component 1 represents technological environment. The items that have high loads under the second component include “Our non-interest operations since inception have been consistent” and Non-interest banking has witnessed a steady growth in its operations over the years” (i.e. items q17, and q18 respectively). These items reflect the consistency and growth of NIBS operations, as such, component 2 represents NIBS operations. The items that have high loads under the third component include “Rule of Law is effective and indispensable for NIBS operations”, “NIBS operations take good

advantage of stable government policies and high government effectiveness” and “Control of corruption in the country has been effective and has a positive spill-over effect on NIBS operations” (i.e. items q9, q11 and q12 respectively). These items reflect issues that evolve around the political environment, as such, component 3 represents political environment. The items that have high loads under the fourth component include “The people’s cultural belief support NIBS operations over interest-based ban operations” and “Their religious belief is pro-non-interest transactions” (i.e. items q3 and q4 respectively).

These items reflect socio-cultural beliefs, as such, component 4 represents socio-cultural environment. The items that have high loads under the fifth component include “Level of inflation in the country has enhanced and support the patronage of NIBS” and “The prevailing rate of interest in the economy is favourable to the patronage of NIBS operations” (i.e. items q14, and q16 respectively). These items reflect economic situations, as such, component 4 represents economic environment.

4.3: Test of Hypotheses

Hypothesis One: Nigeria banking environment is not suitable for NIBS operations; the corresponding objective to this hypothesis is to determine the suitability of Nigeria environment for NIBS operation;

Table 4.14: Model Summary of the Effect of Environmental Factors on NIBS Operations

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.841 ^a	.706	.698	12.122	1.768

- a. Predictors: (Constant), political, socio-cultural, technological, economic
- b. Dependent Variable: nibs operations

Source: Author's Computation, 2017.

The table above presents the model summary of the effect of Nigeria banking environment on NIBS operations. The table shows R-squared and Adjusted R-squared to be 0.706 and 0.689 respectively. This indicates that Nigeria environmental factors explain about 70% of variation in NIBS operations. Durbin-Watson statistic value stood at 1.768. This indicates that there is absence of serial correlation in the model since the value is within 1.6 and 2.4 no serial correlation bounds.

Table 4.15: ANOVA of the Effect of Environmental Factors on NIBS Operations

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	19.778	4	4.945	14.998	.000 ^b
Residual	8.217	25	.330		
Total	27.995	29			

- a. Dependent Variable: nibsoperations

- b. Predictors: (Constant), political, socio-cultural, technological, economic

Source: Author's Computation, 2017.

The table above presents the analysis of variance (ANOVA) of the model. F-statistic has a value of 14.998 and probability value 0.000 (which is less than the chosen significance level i.e. 0.05). This indicates that the reported F-statistic is significant. Since the decision rule is to

reject null hypothesis that Nigeria environmental factors do not significantly affect NIBS operations if F-statistic is significant, this implies that the overall model is significant. In other words, Nigeria environmental factors significantly affect NIBS operations.

Table 4.16: Coefficients of the Effect of Environmental Factors on NIBS Operations

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	20.183	3.068		6.579	.000		
Political	.440	.101	.223	4.360	.000	.910	1.099
Socio-cultural	.234	.097	.125	2.428	.016	.908	1.102
Technological	.301	.096	.153	3.128	.002	.999	1.001
Economic	.119	.075	.080	1.584	.114	.928	1.078

a. Dependent Variable: nibs operations

Source: Author's Computation, 2017.

The regression result presented above shows the effect of political, economic, socio-cultural and technological environments of Nigeria on operations of NIBS. This is carried out in order to detect if these environments are suitable for NIBS operations. The result shows that all these environments show a positive sign which implies positive effects on NIBS operations.

However, only the positive effects of political, socio-cultural and technological environments are found significant. This is evident from each of their p-values being less than 0.05. The positive effect of economic environment is found not significant because its p-value is greater than 0.05. The significant positive effect of political environment implies that it is significantly favorable for NIBS operations, hence, the political status quo is suitable for NIBS operations. The significant positive effect of technological environment implies that the existing technology in the Nigerian banking environment is suitable for NIBS operations. Nonetheless, improvement in the existing technology will bring about an improvement in the operations of NIBS in Nigeria. Similarly, the significant positive effect of socio-cultural environment implies that it is significantly favourable for NIBS operations, hence, the socio-cultural environment is suitable for NIBS operations. This shows that the political, technological, and socio-cultural environments are significantly suitable for NIBS operations. The suitability of economic environment is not statistically significant.

Hypothesis Two: there is no significant relationship among the marketability variables of NIBS in North-western Nigeria; the corresponding objective to this hypothesis seeks to determine the significant relationship among the marketability variables of NIBS in North-western Nigeria; This section presents the correlation analysis among marketability variables of NIBS. These variables include Customers Awareness of NIBS, Customers Affordability of NIBS, Customers Acceptability of NIBS, and Customers perception of NIBS. The following table shows the correlation coefficients (i.e. the strength and direction) of the relationship among the variables. Their respective probability values (p-values) are placed beneath them. Significant relationships at 5% significance level are starred.

Table 4.17: Correlation Matrix of variables of Marketability of NIBS

		awareness	Affordabil ity	Acceptabili ty	Perceptio n
awareness	Pearson	1	-.074	-.041	-.010
	Correlation				
	Sig. (2-tailed)				
	N				
Affordabil ity	Pearson	-.074	1	-.124*	.212**
	Correlation				
	Sig. (2-tailed)				
	N				
Acceptabili ty	Pearson	-.041	-.124*	1	-.153**
	Correlation				
	Sig. (2-tailed)				
	N				
perception	Pearson	-.010	.212**	-.153**	1
	Correlation				
	Sig. (2-tailed)				
	N				

*. Correlation is significant at the 0.05 level (2-tailed).

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

Source: Author's Computation, 2017.

The column titled ‘awareness’ presents the correlation coefficients of the relationship between customers’ awareness of NIBS and each of customers’ affordability, acceptability, and perception of NIBS. The correlation coefficient of the relationship between customers’ awareness of NIBS and customers’ affordability of NIBS shows a negative value of 0.074 and p-value of 0.147, indicating that there is no significant relationship between customers’ awareness and customers’ affordability. This implies that customers’ awareness of NIBS is not associated with customers’ affordability of NIBS. The correlation coefficient of the relationship between customers’ awareness of NIBS and customers’ acceptability of NIBS also shows a negative value of 0.041 and p-value of 0.420, indicating that there is no significant relationship between customers’ awareness and customers’ acceptability. This implies that there is no association between customers’ awareness of NIBS and customers’ acceptability of NIBS. The correlation coefficient of the relationship between customers’ awareness of NIBS and customers’ perception of NIBS shows an insignificant negative value of 0.010 and p-value of 0.840, indicating that there is no significant association between customers’ awareness and customers’ perception. These results indicate that customers’ awareness of NIBS is not really in conformity with customers’ affordability, acceptability, and perception of NIBS.

The column titled ‘affordability’ shows the correlation coefficients of the relationship between customers’ affordability and each of customers’ acceptability and perception of NIBS. The correlation coefficient of the relationship between customers’ affordability of NIBS and customers’ acceptability of NIBS shows a negative value of 0.124 and p-value of 0.015, indicating that there is a significant negative relationship between customers’ affordability and customers’ acceptability at 5% significance level. This implies that customers’ affordability of NIBS is negatively related with customers’ acceptability of NIBS. Higher levels of customer

affordability are associated with lower levels of customers' acceptability of NIBS, and vice versa. The correlation coefficient of the relationship between customers' affordability of NIBS and customers' perception of NIBS shows a positive value of 0.212 and p-value of 0.000, indicating that there is significant relationship between customers' affordability and customers' perception. This implies that customers' affordability of NIBS is positively related to customers' perception of NIBS. Higher levels of customer affordability are significantly associated with higher levels of customers' perception of NIBS, and vice versa. These results indicate that customers' affordability of NIBS is in conformity with customers' perception of NIBS and in opposite direction with customers' acceptability of NIBS.

The column titled 'acceptability' presents the correlation coefficient of the relationship between customers' acceptability of NIBS and customers' perception of NIBS. The correlation coefficient of the relationship between customers' acceptability of NIBS and customers' perception of NIBS shows a negative value of 0.153 and p-value of 0.003, indicating there is a significant negative relationship between customers' acceptability and customers' perception. This implies that customers' acceptability of NIBS is negatively related to customers' perception of NIBS. Higher levels of customer acceptability are associated with lower levels of customers' perception of NIBS, and vice versa. This result indicates that customers' acceptability of NIBS moves in an opposite direction with customers' perception of NIBS.

Hypothesis Three: Service Quality of NIBS has no significant effect on Customers' Satisfaction in the urban areas of North-western Nigeria; the corresponding objective to this hypothesis seeks to determine the significant effect of service quality on customers' satisfaction.

This section presents the results of Ordinary Least Squares (OLS) regression method employed to examine the effect of service quality on customers' satisfaction. Service quality features variables such as Compliance, Assurance, Reliability, Tangibility, Empathy, and Responsiveness (CARTER). The following tables show the model summary, ANOVA table and coefficients table of the effect of each of Compliance, Assurance, Reliability, Tangibility, Empathy, and Responsiveness on customers' satisfaction.

Table 4.18: Model Summary of the Effect of Service Quality on Customers' Satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.721 ^a	.520	.515	11.810	2.365

a. Predictors: (Constant), responsiveness, empathy, assurance, compliance2, reliability, tangible

b. Dependent Variable: customerssatisfaction

Source: Author's Computation, 2017.

The table above presents the model summary of the effect of service quality on customers' satisfaction. The table shows R-squared and Adjusted R-squared to be 0.520 and 0.515 respectively. This indicates that service quality measured by CARTER explains about 52% of variation in customers' satisfaction of NIBS. This also implies that the model is in good fit. Durbin-Watson statistic value stood at 2.365. This indicates that there is absence of serial correlation in the model since the value is within 1.6 and 2.4 no serial correlation bounds.

Table 4.19: ANOVA of the Effect of Service Quality on Customers' Satisfaction

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	57369.939	6	9561.657	68.194	.000 ^b
	Residual	53000.258	378	140.212		
	Total	110370.197	384			

a. Dependent Variable: customers satisfaction

b. Predictors: (Constant), responsiveness, empathy, assurance, compliance2, reliability, tangible

Source: Author's Computation, 2017.

The table above presents the analysis of variance (ANOVA) of the model. F-statistic has a value of 68.194 and probability value 0.000 (which is less than the chosen significance level i.e. 0.05). This indicates the reported F-statistic is significant. Since the decision rule is to reject null hypothesis that service quality does not significantly affect customers' satisfaction if F-statistic is significant, this implies that the overall model is significant. In other words, service quality significantly affects customers' satisfaction of NIBS.

Table 4.20: Coefficients of the Effect of Service Quality on Customers' Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	20.719	3.752		5.523	.000		
Compliance	.449	.103	.228	4.376	.000	.882	1.134
Assurance	.070	.125	.028	.562	.574	.964	1.038
1 Reliability	.241	.097	.128	2.486	.013	.901	1.110
Tangible	-.059	.089	-.036	-.664	.507	.809	1.236
Empathy	.312	.100	.159	3.126	.002	.926	1.080
Responsiveness	.094	.082	.063	1.146	.253	.788	1.269

a. Dependent Variable: customerssatisfaction

Source: Author's Computation, 2017.

The table above presents the coefficients of the effect of service quality on customers' satisfaction of NIBS. The result shows that each of the coefficients of the measure of service quality has positive sign except tangibles which has a negative sign. The probability value (Sig.) shows the significance of each variable. The decision rule is to reject null hypothesis that a variable does not have significant effect on customers' satisfaction of NIBS if p-value is less than the chosen 5% significance level (0.05). The respective p-values of compliance, reliability and empathy are less than 0.05. This indicates that these three variables of service quality have significant effect on customers' satisfaction of NIBS. On the other hand, the respective p-values of assurance, tangibles and responsiveness are greater than 0.05. This indicates that their

respective positive negative and positive effects are not significant on customers' satisfaction of NIBS. The significant positive coefficient value of compliance indicates that an additional unit of compliance increases customers' satisfaction of NIBS by 0.449 units and vice versa. In the same vein, the significant positive coefficient value of reliability indicates that an additional unit of reliability increases customers' satisfaction by 0.241 units and vice versa. Similarly, the significant positive coefficient value of empathy indicates that an additional unit of empathy increases customers' satisfaction of NIBS by 0.312 units and vice versa. The standardized coefficient values show which of the variables of service quality has the most effect on customers' satisfaction of NIBS. The values show that compliance has the most significant effect on customers' satisfaction (with standardized value of 0.228), followed by the significant effect of empathy (with standardized value of 0.159). Reliability has the least significant effect on customers' satisfaction (with standardized value of 0.128).

The above results reveal that three aspects of service quality significantly affect customers' satisfaction and overall, service quality significantly determines customers' satisfaction of NIBS. This suggests the rejection of null hypothesis which states that service quality has no significant effect on customers' satisfaction. Therefore, a conclusion can be made that service quality significantly affect customers' satisfaction of NIBS.

Hypothesis Four: there is no significant difference among the marketability variables in selected urban cities in North-western Nigeria; The corresponding objective to this hypothesis seeks to examine the difference among the marketability variables in North -western Nigeria; This section presents the Analysis of Variance of mean differences to examine if there is significant difference in marketability variables of NIBS across selected urban cities in North Western Nigeria.

Table 4.21: ANOVA Table of the Difference in Marketability of NIBS across Selected Cities

		Sum of Squares	df	Mean Square	F	Sig.
awareness	Between Groups	903.519	6	150.587	6.563	.000
	Within Groups	8672.725	378	22.944		
	Total	9576.244	384			
Affordability	Between Groups	4911.271	6	818.545	24.068	.012
	Within Groups	12855.783	378	34.010		
	Total	17767.055	384			
Acceptability	Between Groups	2988.884	6	498.147	25.340	.000
	Within Groups	7430.950	378	19.659		
	Total	10419.834	384			
perception	Between Groups	9308.770	6	1551.462	28.162	.015
	Within Groups	20824.227	378	55.091		
	Total	30132.997	384			

Source: Author's Computation, 2017.

The table above presents the ANOVA of difference in marketability of NIBS across selected cities. The table shows F value and its p-value (sig.) for each of the marketability

variables. The decision rule is to reject the null hypothesis that marketability variables are not significantly different across selected cities if p-value is less than 0.05. The result shows that awareness of NIBS across the selected cities is significantly different. This is shown by the F-statistic value of 6.563 and its p-value of 0.000 which signifies it is statistically significant. In the same vein, affordability of NIBS across the selected cities is significantly different. This is also shown by the F-statistic value of 24.068 and its p-value of 0.000 which signifies it is statistically significant. Similarly, the result shows that acceptability of NIBS across the selected cities is significantly different. This is also shown by the F-statistic value of 25.340 and its p-value of 0.000 which signifies it is statistically significant. The result also shows that perception of NIBS across the selected cities is significantly different. This is shown by the F-statistic value of 28.162 and its p-value of 0.000 which signifies it is statistically significant.

Hypothesis Five: there is no significant relationship between marketability and Performance of NIBS North-western Nigeria. The corresponding objective to this hypothesis seeks to examine the relationship between marketability and Performance of NIBS in North-western Nigeria.

This section presents the results of Ordinary Least Squares (OLS) regression method employed to examine the effect of marketability on performance of NIBS. Marketability features variables such as Awareness of NIBS, Affordability of NIBS, Acceptability of NIBS, and Perception of NIBS.

Table 4.22: Model Summary of the Effect of Marketability on Performance of NIBS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.738 ^a	.545	.539	11.507	2.350

a. Predictors: (Constant), perception, awareness, acceptability, affordability

b. Dependent Variable: nibsperformance

Source: Author's Computation, 2017.

The table above presents the model summary of the effect of marketability on performance of NIBS. The table shows R-squared and Adjusted R-squared to be 0.545 and 0.539 respectively. This indicates that marketability explains about 54% of variation in performance of NIBS. This also implies that the model is in good fit. Durbin-Watson statistic value stood at 2.350. This indicates that there is absence of serial correlation in the model since the value is within 1.6 and 2.4 no serial correlation bounds.

Table 4.23: ANOVA of the Effect of Marketability on Performance of NIBS

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	60183.042	4	15045.761	113.921	.000 ^b
Residual	50187.156	380	132.071		
Total	110370.197	384			

a. Dependent Variable: nibs performance

b. Predictors: (Constant), perception, awareness, acceptability, affordability

Source: Author's Computation, 2017.

The table above presents the analysis of variance (ANOVA) of the model. F-statistic has a value of 113.921 and probability value 0.000 (which is less than the chosen significance level i.e. 0.05). This indicates the reported F-statistic is significant. Since the decision rule is to reject null hypothesis that marketability does not significantly affect performance of NIBS if F-statistic

is significant, this implies that the overall model is significant. In other words, marketability significantly affects performance of NIBS.

Table 4.24: Coefficients of the Effect of Marketability on Performance of NIBS

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	26.240	3.541		7.411	.000		
1 Awareness	-.115	.168	-.034	-.685	.494	.992	1.008
affordability	.537	.126	.215	4.251	.000	.941	1.063
acceptability	.408	.163	.125	2.507	.013	.965	1.036
Perception	.113	.097	.059	1.169	.243	.939	1.065

a. Dependent Variable: nibsperformance

Source: Author's Computation, 2017.

The table above presents the coefficients of the effect of marketability on performance of NIBS. The result shows that each of the coefficients of marketability has positive sign except awareness which has a negative sign. The probability value (Sig.) shows the significance of each variable. The decision rule is to reject null hypothesis that a variable does not have significant effect on performance of NIBS if p-value is less than the chosen 5% significance level (0.05). The respective p-values of affordability and acceptability are less than 0.05. This indicates that these two variables of marketability have significant effect on performance of NIBS. On the other hand, the respective p-values of awareness and perception are greater than 0.05. This

indicates that their respective negative and positive effects are not significant on performance of NIBS.

The significant positive coefficient value of affordability indicates that an additional unit of affordability increases performance of NIBS by 0.537 units and vice versa. In the same vein, the significant positive coefficient value of acceptability indicates that an additional unit of acceptability increases customers' satisfaction by 0.408 units and vice versa. The standardized coefficient values show which of the variables of marketability has the most significant effect on performance of NIBS. The values show that affordability has the most significant effect on performance of NIBS (with standardized value of 0.215), followed by the significant effect of acceptability (with standardized value of 0.125).

The above results reveal that two of the marketability variables significantly affect NIBS performance and overall, marketability significantly determines performance of NIBS. This suggests the rejection of null hypothesis which states that marketability has no significant effect on NIBS performance. Therefore, a conclusion can be made that marketability significantly affect performance of NIBS.

4.4: Discussion of Findings

From the ordinary least squares regression analysis of the effect of environmental factors on NIBS operations, the result shows that Nigeria environment has significant effect on NIBS operations and that environmental factors such as political, socio-cultural and technological are significantly suitable for NIBS operations. The economic environment on the other hand is also suitable for NIBS operations but its suitability is not significantly felt. The study found that the area of study is suitable for NIBS operation considering the political environment they are characterized with. Politically stable environment, a moderate and increasing level of rule of law

and minimal frequency of change in government policies tend to positively influence the consistency and growth of NIBS operations. The study also found that the socio-cultural environment is also significantly suitable for NIBS operations especially considering the overwhelming level of Islamic culture the study area is characterized with. The study also found that the technological environment of the study area is suitable for NIBS operations following the overwhelming improvements experienced in the use of internet banking, cashless and branchless transactions. The results of these findings is in agreement with the earlier research work carried out by Muhammed T & Muhammad U (2008), which focused on finding a suitable and effective marketing strategy for Islamic banking sector in Pakistan, targeting both Islamic banks and conventional banks (which are providing window facility for islamic banks), using PEST analysis concludes that there are many prospects for the growth of Islamic banking in Pakistan and environment is favorable for the sector. There is much more potential for already running Islamic banks and newly investors in this segment as well. From the domestic scene Fada kodun Abiah in his work on Exploratory Study of Perceived Economic Viability of Islamic Banking in Gombe Local Government Area, Gombe State, Nigeria confirms that the advent of Islamic banking in the area will bring about economic benefits as it will serve as a means for financial inclusion for the financially excluded and will also serve as a potential vehicle for fund mobilization, create more employment opportunities and encourage foreign investment especially from the Middle East amongst others .

The study found that service quality is really important in satisfying customers' needs as regard non-interest transactions. Although, the findings show that customers' satisfaction has not really been felt in some areas of service quality such as assurance, tangibility and responsiveness,

customers' satisfaction has really been achieved by NIBS as regards to compliance, reliability and empathy. The result is in line with Ahmad et al. (2010) who examined the perception of bank customers regarding service quality of NIBS as well as conventional banks in Pakistan. Their study revealed that the customers' perception of NIB is higher than that of conventional banks, which was as a result of interest free products, risk sharing practices and strong ties to the religion. This was the same conclusion reached by Akinyele, Adegbuyi & Ogbari, (2013) examined service quality and customer satisfaction in Nigerian banking sector using UBA as a case study. The result of the work shows that the dimensions of service quality have positive role to play on customer satisfaction. The result obtained also confirmed works carried out by Adeola & Adebisi (2014) and Sogunro & Abiola (2014)

Considering the variability in the level of marketability across selected urban cities of North-west, the study found that the level of marketability is significantly different for each variable across the selected cities. Although, the study area is characterized by similar socio-economic and cultural structure, the level of awareness of NIBS still varies across the cities. While there is high level of awareness of NIBS in some cities, some cities have a relatively low level of awareness of NIBS. Similar argument follows with regard to affordability of NIBS in the selected cities. Also, level of acceptability of NIBS operations varies across these cities. NIBS operations are highly acceptable in some cities while they are less acceptable in other cities. The perception of NIBS is also seen to be different across the selected cities. The above result is in line with the empirical research of Ahmad & Haron (2002) when they found that Islamic banking products and services have good potential to be accepted by customers. The above result is line with previous results such as Mauritius (Dineshwar 2013), Pakistan and Turkey (Okumus, 2005), Thailand (Lateh et al, 2009), South Africa (Priviledge, 2014), Malaysia (Thambiah et al 2011) to

mention a few, there is a high level of awareness of conventional banking products such as current accounts and savings account. It was also noted that the only knowledge a large number of non-Muslim respondents in those countries had in relation to NIBS was the prohibition of interest in the operation of Islamic banking. They had little or no knowledge of the various non-interest banking products and services

The study found that marketability really matters for effective performance of NIBS. The study however found that there is difference as regard the importance of each aspect of marketability on NIBS performance. The findings of the study reveal that marketability in the areas of affordability and acceptability are much important to effective performance of NIBS than marketability in the areas of awareness and perception. The high level of influence of affordability and acceptability implies that it is really of utmost importance for non-interest activities to be affordable and acceptable in order for non-interest institutions to be performing their activities effectively.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter put the whole work in concise form presenting the summary of findings, conclusions and recommendations based on the results. It also presents the suggestion for future research as well as its contributions to the body of Knowledge.

5.1 Summary

The study assessed the marketability and performance of non-interest banking services in Nigeria. It examined the existence of a suitable banking environment for non-interest banking services, testing the significance effect of environmental factors on NIBS operations, analyzing the political, economic, socio-cultural and technological environment of the area of study, (Nigeria). This is against the backdrop of politically unstable environment characterized with high inflation, unemployment, social menace among others.

Convenience sampling technique was used to select 385 customers of the bank, Descriptive analysis of the data generated from the questionnaire shows that non-interest banking(NIBS) services is being patronized more by non-Muslims and that higher number of respondents possess the ability to read and write. The first hypothesis tested using environmental scan at macro level shows that the area of study is suitable for marketability of NIBS, however the socio-cultural and technological environment is favorable for the marketability and performance of NIBS. The study found that most of the marketability variables of NIBS are significantly related and this signifies that these variables are in collaboration and reinforcement of one another.

The study found that each of the service quality items (CARTER) has a significant effect on customers' satisfaction. Although, the effect of compliance is seen to be more of negative on customers' satisfaction, each of the effects of assurance, reliability, tangibility, empathy, and responsiveness is seen to be more of a positive. Considering the variability in the level of marketability in urban cities of North-west and North-central, the study found that the level of marketability is significantly different across each variable from city to city. NIBS are more marketable in some cities than others. The study also found that marketability has significant effect on performance of NIBS. The study shows that all methods of awareness creation as aspect of marketability have positive effects on performance of NIBS.

5.2 Conclusion

The study attempted to advance current knowledge on banking industry by making an empirical environmental scan (PEST) of an alternative type of banking as against the conventional banks which has gained much popularity in view of its longer years of existence in the country. However with the overwhelming global adoption of non-interest banking services (NIBS) and the commencement of a fully fledged non-interest banking services (NIBS) by Jaiz bank and almost all banks offering NIBS at windows level in Nigeria, a study on NIBS performance becomes imperative. From the analysis carried out the study concluded that Nigeria environment has significant effect on NIBS operations and that environmental factor such as political, socio-cultural and technological are significantly suitable for NIBS operations. The economic environment on the other hand is also suitable for NIBS operations but its suitability is not significantly felt. The study concluded that NIB can survive well in the face of conventional bank with aggressive marketability because most of the marketability variables are positively and significantly related and this signifies that these variables are in collaboration and

reinforcement of one another. Furthermore service quality is one of the prerequisite to achieve optimal performance as it enhances customer satisfaction which in turn influences the overall performance of NIBS.

5.3 Recommendations

Based on the findings of this study, the following recommendations are made

- 1) NIBS should be more innovative in their products and services which could be achieved through more research on Non-interest Banking services and Consumer Behavior, innovations such as products innovations, service innovation or process innovation using technology to introduce various ranges of products and services so as to capture maximum pool of consumers. The non-interest banking sector should also seek for adequate knowledge about the uncontrollable environment forces Political, Economic, Socio-cultural and Technological (PEST) as sufficient knowledge and analysis of these forces is necessary in order to make a good marketing strategy.
- 2) Banks are encouraged to carry out periodic environmental scan to assess the adaptability and suitability of the environment to their operations as t act promptly by adjusting their operations to suit the environment.
- 3) NIBS should increase their efforts in all areas of service quality so as to attract potential customers and retain existing ones, this can be done by having accessible location, visually appealing physical facilities, updated technology and in service delivery.

- 4) In addition, NIBS should run an aggressive media campaign so as to bring its awareness to the customers about their existing and new products and services. They should arrange some seminars, events, media talks for people to have adequate knowledge about differences, similarities and competitive advantages of their products.
- 5) NIBS should widen their activities in these areas and help to capture and involve the bankable population who are out of bank as it constitutes a big set of customers and in turn enhance performance and profitability.

5.4 Contribution to knowledge

The importance of a suitable environment for improved performance and sustainable growth of the non-interest banking sector can't be underestimated, as no organization operates in a vacuum. Hence a suitable environment can be enabled by understanding internal strengths and weaknesses and the external opportunities and threats. The study has given the analysis based upon empirical findings and pinpointed some important opportunities and threats for the sector, hence the recommendation and discussions can help in making a competitive suitable effective environmental strategy which in turn can lead to sustainable economic growth.

The study analyzed the political, economic, socio-cultural and technological environment of Nigeria in general. Hence the usefulness is not only limited to Non-Interest Banking Sector but also for other sectors who wants to get knowledge about these uncontrollable environmental forces as sufficient knowledge and analysis of these forces is necessary in making a good strategy for any sector or organization in general.

It has contributed significantly to the body of literature on marketability, performance and service quality of the Non-interest banking sector. Furthermore the study has used a unique

model that can only be applicable to literature on non-interest banking services in analyzing service quality.

Through the findings of this study, management of non-interest banking services have empirical evidence to justify focusing and allocating resources to one environmental variable among others

The study would also serve as a reference material for other researchers who may wish to further extend the researching other variables, models or statistical techniques.

5.5 Limitations to the Study

- i. The study only utilize JAIZ bank as proxy for non-interest banking services (NIBS) being the only bank offering NIBS on full fledge as at the time the research is being carried out. Hence the result would have been more robust if more banks is being sampled
- ii. There is no doubt that the customers of Nigeria banking sector are so huge and numerous to count, hence this study was unable to cover the entire population of both the banks and customers. However, efforts were made to ensure that the selected population (samples) was representative enough to make this study generalisable.
- iii. Finance was equally a huge challenge given the magnitude of the study and the terrain covered which involves a lot of travelling and engagement of research assistants.

5.6 Suggestion for Further Studies

An enabling environment can be actualized by understanding internal strengths and weaknesses and the external opportunities and threats. The study has given the analysis based upon empirical findings and pinpointed some important opportunities and threats for the sector. Further empirical studies can be carried out on the internal strength and weakness to complement what the study has done in analyzing the opportunity and threats

The study used service quality as a proxy for performance, however researchers may explore other variables such as profitability, Patronage and brand loyalty as a means of measurement, In addition Jaiz bank has recently opened new branches in other geopolitical zones out of scope of the study which further studies can be done.

Lastly the use of other research instrument especially based on different models or theories will also broaden the knowledge based on the inter relationship between the variables researched in the work.

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APPENDICES

APPENDIX I

List of Jaiz Bank Branches in Nigeria

S/N	Branch	Address
1.	Jaiz Bank Head Office	No. 73 Ralph Shodeinde Street, Central Business District, P.M.B. 31, Garki, Abuja, Nigeria
2.	Jaiz Bank Bannex Branch	Bannex Plaza, Abuja , Nigeria
3.	Jaiz Bank National Assembly Branch	National Assembly, White House Basement, FCT, Abuja, Nigeria

4.	Jaiz Bank Wuse Branch	36, Douala Street, Erisco Bonpet Plaza, Zone 5, Wuse, FCT Abuja, Nigeria
5.	Jaiz Bank NNPC Branch	Ground Floor, Block B Room 16, NNPC Tower Abuja, Central Business District, Abuja, Nigeria
6.	Jaiz Bank Sahad Stores Abuja	Adjacent Moshood Abiola House, Abubakar Tafawa Balewa Way, Central Business District, Abuja, Nigeria
7.	Jaiz Bank Kaduna Branch 1	Farida Ventures Building, Kano Road, Kaduna, Nigeria
8.	Jaiz Bank Kaduna Branch 2	11a, Ali Akilu Road, Kaduna State, Nigeria
9.	Jaiz Bank Samaru Branch	Ahmadu Bello University Road, Opposite Main Gate, Samaru, Zaria, Kaduna State, Nigeria Jaiz Bank Bauchi Main Branch Mohammed Kirfi Road, Off Ahmadu Bello Way, Bauchi State, Nigeria
10.	Jaiz Bank Bauchi Branch	Abubakar Tafawa Balewa University, Bauchi State, Nigeria
11.	Jaiz Bank Ilorin Branch	No.11 Unity Road, (Beside Kasmag Transport) Unity Road, Ilorin, Kwara State, Nigeria
12.	Jaiz Bank Kano Branch 1	Office No. 55a, Tafawa Balewa Road, Off Murtala Mohd Way, Kano State, Nigeria

13.	Jaiz Bank Kano Branch 2	13, Bello Road, Kano State, Nigeria
14.	Jaiz Bank Zoo Road Branch	Shop No. G5, Ado Bayero Mall, Trade Fair Complex, Zoo Road, Kano State, Nigeria
15.	Jaiz Bank Kabuga Branch	Kabuga Shopping Complex, B.U.K / Gwarzo Road, Kano State, Nigeria
16.	Jaiz Bank Gusau Branch	21, Canteen Road, Opposite CBN Gusau, Zamfara State, Nigeria
17.	Jaiz Bank Ibadan Branch	No.3, Fajuyi Road, Dugbe, Ibadan, Oyo State, Nigeria
18.	Jaiz Bank Katsina Branch	No. 109, IBB Way, Kofar, Kaura, Katsina State, Nigeria
19.	Jaiz Bank Gombe Branch Office	8, New Market Road, Commercial Area, Gombe State, Nigeria
20.	Jaiz Bank Port Harcourt Branch	186 Abba Road, Port Harcourt (Opposite Water Line), Rivers State, Nigeria
21.	Jaiz Bank Sokoto Branch	No 5, Ahmadu Bello Way, Former Finbank Building, Sokoto State, Nigeria
22.	Jaiz Bank Lagos Branch	119, Awolowo Way (Allen Round About) Ikeja, Lagos ,Nigeria
23.	Jaiz Bank Yola Branch	Muhammed Mustapha Way, Opposite Modern Market, Jimeta, Yola, Nigeria

24.	Maiduguri Branch Office	18, Shehu Laminu Way, Opposite State Specialist Hospital, Maiduguri State, Nigeria
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APPENDIX II

PROPOSED QUESTIONNAIRE

Department of Business Administration
Faculty of Management Sciences
University of Ilorin, P.M.B 2015
Ilorin, Kwara State
Nigeria.

Dear Sir/Madam,

The undersigned student is currently engaged in a Ph.D research project at the above named Department. The research work has reached the data collection stage. Your honest views and opinions would be of immense assistance in shaping the research conclusions. A questionnaire has been designed to enable you provide useful information on the aspect considered vital to the study.

Please you are requested to kindly complete the attached questionnaire and information supplied will be treated with utmost confidentiality.

Thanks immensely for sparing your precious time.

Yours sincerely,

Abdul,Falilat Ajoke

APPENDIX III

SECTION I : Demographic Variables

Please tick the option appropriate to you.

- 1.Sex : Male () Female ()
- 2.Religion : Islam () Christianity ()
- 3.Resident : Dutse () Gusau () Kaduna () Kano ()
Katsina () Kebbi () Sokoto ()
- 4.Area of Domicile: G.R.A () Others ()
- 5.Literacy Status: Ability to read and write ()
Inability to read and write ()

SECTION II

This section, alternative answers are provided for some questions, among the alternatives, you are expected to choose one of your choices. Kindly fill in accordance to these scales, Strongly

Agree – 5 points, Agree – 4 points, Neutral – 3points, Disagree – 2points and Strongly Disagree – 1 point.

	Customers Awareness of NIBS	1	2	3	4	5
6	There is adequate awareness about NIBS					
7	There is public awareness of product similarity between conventional banks services(interest based) and NIBS					
8	There is adequate information on the operation and nature of services of NIBS					
9	There is adequate customer orientation and education on NIBS					
10	Publicity has played a major role in the awareness of NIBS in Nigeria					

	Customers Affordability of NIBS	1	2	3	4	5
11	There is high affordability of skills and labour to offer in business partnership with banks on the basis of profit and loss sharing in NIBS					
12	There is numerous affordable investment opportunities to warrant securing of loan from NIB					
13	People can afford the requirement (in minimum cash deposit or business activities such as farming, construction etc. that require use of heavy duty equipment) and to participate in					

	hire purchase or leasing					
14	Requirement for opening account and transaction of other services of NIBS is affordable					
15	High patronage of NIBS is due to its affordable non-monetary services					

	Customers Acceptability of NIBS	1	2	3	4	5
16	NIBS is characterized by transparency, accountability and social welfare					
17	NIBS offers a better alternative to conventional banks					
18	Acceptance of NIBS is as a result of fulfillment of religious obligations					
19	NIBS has gained tremendous number of customers through its interest free loans and non-monetary products					
20	NIBS has a lot of poverty alleviation potentials in Nigeria					

s/n	Customers Perception of NIBS	1	2	3	4	5
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21	People are motivated to open account because of service quality effectiveness in terms of friendly employee and ease access to account information					
22	Prompt service delivery and provision of wide range of value added product has increased the patronage of NIBS					
23	The responsiveness of public to patronize NIBS for conventional banks is a result of willingness of staff to understand customer and share their plight in profit and loss sharing					
24	Provision of lower charges, confidentiality of customers transactions is the major factor that has increase NIBS customer base					
25	Banks location accessibility, speed of efficiency of service influences the patronage of NIBS					

Please if you have any questions or comments regarding this survey, kindly use the space below.

APPENDIX IV

	A. Compliance	SA	A	U	D	SD
1	Jaiz bank operation is based on islamic law and principles					
2	Jaiz bank servqual is effective in terms provision of interest free product					
3	Jaiz bank servqual of profit and loss-sharing investment is effective					
4	Jaiz bank servqual is effective in terms provision products that are accepted by Islamic law					
	B. Assurance					
5	Jaiz bank employees instil confidence on their customers					
6	As a customer, i feel safe in my transactions with Jaiz bank					
7	Jaiz bank employees are always courteous with customers					
8	Jaiz bank employees are knowledgeable to handle customers' questions					
	C. Reliability					
9	When Jaiz bank promises a certain service by a certain time, it does so					
10	Jaiz bank employees tell me exactly when services will be performed					
11	Jaiz bank delivers its services promptly at the time it promises to do so					
12	Jaiz bank always performs the service right the first time					
	D. Tangibility					
13	The location of Jaiz Bank, Kaduna branch is accessible					
14	Jaiz bank physical facilities are visually appealing					
15	Jaiz bank uses state of the art technology and equipment in their service					

	delivery					
16	The employees of Jaiz bank are usually well dressed and neat in appearance					
	E. Empathy					
17	Ability of staff to understand customer needs					
18	Customer care and good human relations					
19	Confidentiality of customers' information					
20	Provision of lower service charges					
	F. Responsiveness					
21	When customers have a problem, Jaiz bank shows sincere interest in solving it					
22	Jaiz bank employees give me a prompt service					
23	Jaiz bank employees are always willing to help me					
24	Jaiz bank employees are never too busy to respond to my requests					
	E. Customers' satisfaction					
25	The overall quality of the services provided by my Jaiz bank is excellent					
26	I am satisfied with products and services provided by my bank					
27	I am satisfy with the service charges of Jaiz bank					

APPENDIX V: QUESTIONNAIRE FOR MANAGEMENT STAFF

S/N	Socio-cultural Environment	S.A	A	D	S.D	N
1.	The tradition of the people is advantageous to NIBS operation					
2.	Religious arrangements associated with the people makes it easier for them to subscribe to NIBS					
3.	The people's cultural belief support NIBS operations over interest-based ban operations					
4.	Their religious belief is pro-non-interest transactions					

S/N	Technological Environment	S.A	A	D	S.D	N
1	There is extensive internet access suitable to carrying out NIBS operations					
2	The software available for banking activities are up-to-date and suitable for banking operations					
3	NIBS operations take good advantage of globalization to gain competitive advantage					
4	Information and communication infrastructure is adequately available and functional for NIBS operations					

S/N	Political Environment	S.A	A	D	S.D	N
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1	Rule of Law is effective and indispensable for NIBS operations					
2	The current political stability of the environment has enhanced the NIBS operations					
3	NIBS operations take good advantage of stable government policies and high government effectiveness					
4	Control of corruption in the country has been effective and has a positive spillover effect on NIBS operations					

S/N	Economic Environment	S.A	A	D	S.D	N
1	The growth of economic activities in the country has played a positive role in NIBS operations					
2	Level of inflation in the country has enhanced and support the patronage of NIBS					
3	NIBS operations take good advantage of the level of unemployment in the country.					
4	The prevailing rate of interest in the economy is favourable to the patronage of NIBS operations					

S/N	NIBS Operations	S.A	A	D	S.D	N
1	Our non-interest operations since inception have been consistent					
2	Non-interest banking has witnessed a steady growth in its					

	operations over the years					
3	NIBS operations is well recognized and received a growing audience from the people					

3	NIBS operations is well recognized and received a growing audience from the people					
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APPENDIX VI

Cross Tabulation of Demographic Variables and the Accessibility of Adequate Information on the Operation and Nature of Services of NIBS.

		I have adequate information on the operation and nature of services of NIBS					Total
Demographic Variables		Strongly Disagreed	Disagreed	Indifferent	Agreed	Strongly Agreed	
Sex	Male	21	25	67	42	77	242
	Female	16	35	20	43	29	143
Total		47	60	87	85	106	385
Religion	Islam	7	22	34	26	70	159
	Christianity	40	38	53	59	36	226
Total		47	60	87	85	106	385
Resident	Dutse	7	14	1	14	9	45
	Gusau	0	15	14	12	10	51
Kaduna		10	4	30	22	46	112
	Kano	15	6	13	0	8	42
Kebbi	Katsina	15	5	4	0	9	33
	Sokoto	0	7	12	22	12	53
Sokoto		0	9	13	15	12	49
		47	60	87	85	106	385
Domicile	G.R.A	31	18	47	56	63	215
	Others	16	42	40	29	43	170
Total		47	60	87	85	106	385
LiteracyAbility to Read and Write		31	20	43	59	70	223
Inability to Read and Write		16	40	44	26	36	162
Total		47	60	87	85	106	385

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.749
Approx. Chi-Square		6215.012
Bartlett's Test of Sphericity		Df
		190
		Sig.
		.000

Communalities

	Initial	Extraction
q6	1.000	.765
q7	1.000	.842
q8	1.000	.495
q9	1.000	.578
q10	1.000	.748
q11	1.000	.880
q12	1.000	.652
q13	1.000	.593
q14	1.000	.838
q15	1.000	.797
q16	1.000	.847
q17	1.000	.782
q18	1.000	.804
q19	1.000	.868
q20	1.000	.854
q21	1.000	.878
q22	1.000	.897
q23	1.000	.730
q24	1.000	.909
q25	1.000	.807

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.986	34.932	34.932	6.986	34.932	34.932	4.497	22.486	22.486
2	2.632	13.160	48.092	2.632	13.160	48.092	3.794	18.968	41.455
3	1.954	9.771	57.863	1.954	9.771	57.863	2.283	11.417	52.872
4	1.629	8.146	66.008	1.629	8.146	66.008	2.097	10.484	63.356
5	.998	6.606	72.614						
6	.901	5.208	77.822						
7	.866	4.332	82.155						
8	.679	3.393	85.548						
9	.622	3.109	88.657						
10	.536	2.678	91.335						
11	.369	1.843	93.178						
12	.280	1.400	94.578						
13	.264	1.322	95.900						
14	.196	.980	96.879						
15	.155	.776	97.655						
16	.137	.687	98.342						
17	.113	.566	98.909						
18	.105	.527	99.435						
19	.062	.310	99.745						
20	.051	.255	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix^a

	Component			
	1	2	3	4
q6			.608	
q7			.875	
q8			-.383	-.437
q9		.509	-.838	
q10			.844	
q11				
q12				.745
q13				.688
q14			.575	.608
q15	.307	-.432		.711
q16		.908		
q17	.566	.699		
q18		.806		-.314
q19	.349	-.459		
q20	-.318	.406	.699	
q21	-.838			
q22	-.711	.452		
q23	.401	-.654	-.353	
q24	-.682		.500	
q25	.806			

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.822
Approx. Chi-Square		11165.099
Bartlett's Test of Sphericity	Df	351
	Sig.	.000

Communalities

	Initial	Extraction
q26	1.000	.571
q27	1.000	.831
q28	1.000	.584
q29	1.000	.862
q30	1.000	.782
q30	1.000	.846
q32	1.000	.641
q33	1.000	.618
q34	1.000	.836
q35	1.000	.795
q36	1.000	.864
q37	1.000	.843
q38	1.000	.813
q39	1.000	.900
q40	1.000	.852
q41	1.000	.865
q42	1.000	.933
q43	1.000	.754
q44	1.000	.898
q45	1.000	.857
q46	1.000	.831
q47	1.000	.803
q48	1.000	.938
q49	1.000	.740
q50	1.000	.920
q51	1.000	.806
q52	1.000	.883

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.716	35.984	35.984	9.716	35.984	35.984	5.487	20.324	20.324
2	3.742	13.861	49.845	3.742	13.861	49.845	4.484	16.608	36.932
3	2.517	9.323	59.168	2.517	9.323	59.168	3.864	14.309	51.242
4	1.969	7.293	66.461	1.969	7.293	66.461	2.620	9.704	60.946
5	1.617	5.990	72.451	1.617	5.990	72.451	2.016	7.465	68.411
6	1.247	4.618	77.069	1.247	4.618	77.069	1.813	6.715	75.126
7	1.057	3.917	80.985	1.057	3.917	80.985	1.582	5.860	80.985
8	.844	3.126	84.111						
9	.698	2.586	86.697						
10	.601	2.225	88.922						
11	.545	2.020	90.942						
12	.386	1.430	92.372						
13	.312	1.155	93.527						
14	.287	1.063	94.590						
15	.222	.823	95.413						
16	.211	.781	96.193						
17	.167	.620	96.814						
18	.158	.587	97.400						
19	.135	.499	97.899						
20	.125	.461	98.360						
21	.104	.386	98.746						
22	.084	.311	99.057						
23	.080	.298	99.355						
24	.061	.224	99.579						
25	.047	.175	99.755						
26	.042	.155	99.910						
27	.024	.090	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix^a

	Component						
	1	2	3	4	5	6	7
q26		.442	.433			.367	
q27	-.589						-.629
q28					-.560		
q29							.865
q30					.850		
q31							
q32					.694		
q33					.746		
q34	.333	.497					
q35	-.631	.876			.303		
q36		.738					.495
q37		.837					
q38		.346	.324	-.882			
q39	-.635	-.488	-.393	.621			
q40	.303	.392		.726			
q41	.629		.561				
q42	.818						
q43	-.574	-.514		-.349			
q44	.696		.338	.529			
q45	.870						
q46			.634	.311			.482
q47			-.824				
q48			.375				
q49	.599	-.325	.328			.304	
q50	.561		.516			.644	
q51	-.580	-.440				-.390	
q52	.358					.904	

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 32 iterations.

NIBS Operations and Nigeria Environment

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.646
	Approx. Chi-Square	262.100
Bartlett's Test of Sphericity	Df	105
	Sig.	.000

Communalities

	Initial	Extraction
q1	1.000	.543
q2	1.000	.504
q3	1.000	.556
q4	1.000	.545
q5	1.000	.628
q6	1.000	.655
q7	1.000	.532
q8	1.000	.511
q9	1.000	.545
q10	1.000	.615
q11	1.000	.664
q12	1.000	.545
q13	1.000	.580
q14	1.000	.518
q15	1.000	.786
q16	1.000	.609
q17	1.000	.572
q18	1.000	.644
q19	1.000	.862

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.606	42.255	42.255	7.606	42.255	42.255	5.199	28.885	28.885
2	2.040	11.333	53.588	2.040	11.333	53.588	3.632	20.178	49.063
3	1.795	9.972	63.559	1.795	9.972	63.559	2.059	11.437	60.500
4	1.739	9.659	73.219	1.739	9.659	73.219	1.747	9.703	70.204
5	1.038	5.767	78.986	1.038	5.767	78.986	1.581	8.782	78.986
6	.833	4.630	83.616						
7	.712	3.955	87.571						
8	.623	3.459	91.030						
9	.393	2.184	93.214						
10	.298	1.655	94.869						
11	.254	1.409	96.278						
12	.220	1.225	97.503						
13	.172	.958	98.461						
14	.125	.696	99.157						
15	.058	.324	99.480						
16	.041	.227	99.707						
17	.032	.176	99.883						
18	.021	.117	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix^a

	Component				
	1	2	3	4	5
q1	.471	.316		.481	
q2				.498	
q3	.363			.715	
q4				.705	
q5	.851				
q6	.693	.314			
q7	.548		.409		
q8	.698				
q9		.318	.708		
q10		.403	.343		
q11		.307	.712		
q12		.387	.635	-.368	
q13	.458		.435		.328
q14				.363	.694
q15					
q16					.630
q17	-.368	.611			
q18		.608			.310
q19	.363	.471			.324

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 11 iterations.

Model Summary of the Effect of Environmental Factors on NIBS Operations

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.841 ^a	.706	.698	12.122	1.768

a. Predictors: (Constant), political, socio-cultural, technological, economic

b. Dependent Variable: nibs operations

ANOVA of the Effect of Environmental Factors on NIBS Operations

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.778	4	4.945	14.998	.000 ^b
	Residual	8.217	25	.330		
	Total	27.995	29			

a. Dependent Variable: nibs operations

b. Predictors: (Constant), political, socio-cultural, technological, economic

Coefficients of the Effect of Environmental Factors on NIBS Operations

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	20.183	3.068	6.579	.000		
	political	.440	.101	.223	4.360	.000	.910
	Socio-cultural	.234	.097	.125	2.428	.016	.908
	technological	.301	.096	.153	3.128	.002	.999
	economic	.119	.075	.080	1.584	.114	.928

a. Dependent Variable: nibs operations

Correlation Matrix of variables of Marketability of NIBS

		awareness	affordability	Acceptability	perception
awareness	Pearson Correlation	1	-.074	-.041	-.010
	Sig. (2-tailed)		.147	.420	.840
	N	385	385	385	385
affordability	Pearson Correlation	-.074	1	-.124*	.212**
	Sig. (2-tailed)	.147		.015	.000
	N	385	385	385	385
acceptability	Pearson Correlation	-.041	-.124*	1	-.153**
	Sig. (2-tailed)	.420	.015		.003
	N	385	385	385	385
perception	Pearson Correlation	-.010	.212**	-.153**	1
	Sig. (2-tailed)	.840	.000	.003	
	N	385	385	385	385

*. Correlation is significant at the 0.05 level (2-tailed).

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

Model Summary of the Effect of Service Quality on Customers' Satisfaction

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.721 ^a	.520	.515	11.810	2.365

a. Predictors: (Constant), responsiveness, empathy, assurance, compliance2, reliability, tangible

b. Dependent Variable: customers satisfaction

ANOVA of the Effect of Service Quality on Customers' Satisfaction

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	57369.939	6	9561.657	68.194	.000 ^b
Residual	53000.258	378	140.212		
Total	110370.197	384			

a. Dependent Variable: custAhmad 2010ssatisfaction

b. Predictors: (Constant), responsiveness, empathy, assurance, compliance2, reliability, tangible

Coefficients of the Effect of Service Quality on Customers' Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	20.719	3.752		5.523	.000		
1 Compliance	.449	.103	.228	4.376	.000	.882	1.134
Assurance	.070	.125	.028	.562	.574	.964	1.038
Reliability	.241	.097	.128	2.486	.013	.901	1.110
Tangible	-.059	.089	-.036	-.664	.507	.809	1.236
Empathy	.312	.100	.159	3.126	.002	.926	1.080
Responsiveness	.094	.082	.063	1.146	.253	.788	1.269

a. Dependent Variable: customers satisfaction

ANOVA Table of the Difference in Marketability of NIBS across Selected Cities

		Sum of Squares	df	Mean Square	F	Sig.
awareness	Between Groups	903.519	6	150.587	6.563	.000
	Within Groups	8672.725	378	22.944		
	Total	9576.244	384			
affordability	Between Groups	4911.271	6	818.545	24.068	.000
	Within Groups	12855.783	378	34.010		
	Total	17767.055	384			
acceptability	Between Groups	2988.884	6	498.147	25.340	.000
	Within Groups	7430.950	378	19.659		
	Total	10419.834	384			
perception	Between Groups	9308.770	6	1551.462	28.162	.000
	Within Groups	20824.227	378	55.091		
	Total	30132.997	384			

Model Summary of the Effect of Marketability on Performance of NIBS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.738 ^a	.545	.539	11.507	2.350

a. Predictors: (Constant), perception, awareness, acceptability, affordability

b. Dependent Variable: nibs performance

ANOVA of the Effect of Marketability on Performance of NIBS

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	60183.042	4	15045.761	113.921	.000 ^b
	Residual	50187.156	380	132.071		
	Total	110370.197	384			

a. Dependent Variable: nibsperformance

b. Predictors: (Constant), perception, awareness, acceptability, affordability

Coefficients of the Effect of Marketability on Performance of NIBS

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	26.240	3.541		7.411	.000		
	awareness	-.115	.168	-.034	-.685	.494	.992	1.008
	affordability	.537	.126	.215	4.251	.000	.941	1.063
	acceptability	.408	.163	.125	2.507	.013	.965	1.036
	perception	.113	.097	.059	1.169	.243	.939	1.065

a. Dependent Variable: nibs performance

