

# Attitude and Islamic banking adoption: moderating effects of pricing of conventional bank products and social influence

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## Abstract

**Purpose** – The purpose of this study is to establish the relationship between attitude and the intention to adopt Islamic banking in a Christian-dominated country and whether such a relationship is moderated and boosted by pricing of conventional bank products and social influence.

**Design/methodology/approach** – This study adopts a cross-sectional and correlational design as data were collected between July and September 2019. Data were collected using a questionnaire from a sample of 384 adult individuals with bank accounts in conventional commercial banks from which 300 responded, indicating a response rate of 78%.

**Findings** – The findings of this study indicate that attitude is significantly associated with the intention to adopt Islamic banking. This relationship is moderated and boosted by the pricing of conventional bank products and social influence. The interaction of pricing of conventional bank products with attitude is positive and significantly influence the intention to adopt Islamic banking. The interaction of attitude and social influence is significant but negatively related with the intention to adopt Islamic banking.

**Research limitations/implications** – This study uses quantitative data which sometimes misses certain information and limits the respondent's opinions on the study variables. A mixed method research needs to be conducted on pricing of conventional bank products, social influence, attitude and adoption of Islamic banking to gather the respondent's opinions on the variables.

**Practical implications** – IB being an alternative source of financing of business in most parts of the world, existing bank customers, international funding agencies and religious leaders could mount pressure on government to speed up the licensing of institutions interested in offering Islamic banking services.

**Social implications** – Uganda being a secular state and having finalized Islamic banking laws in early 2018, it is surprising that there is no bank that has so far started offering Islamic banking products.

**Originality/value** – This study provides an initial empirical evidence from a Christian-dominated country on the moderating effect of pricing of conventional bank products and social influence in the relationship between attitude and intention to adopt Islamic banking.

**Keywords** Islamic banking, Attitude, Pricing, Social influence, Conventional banking

**Paper type** Research paper



## 1. Introduction

The adoption of Islamic banking (IB) is on the increase among Muslim and non-Muslim countries globally (Junaidi *et al.*, 2021; Charag *et al.*, 2020; Bananuka *et al.*, 2020a; Bananuka *et al.*, 2019). This is because of the key principles of IB which include prohibition of *riba* (interest), avoidance of *alqimar/maysir* (gambling) and *gharar* (uncertainty), investing in halal businesses and promotion of trade (Junaidi *et al.*, 2021; Junaidi, 2021; Charag *et al.*, 2020; Ali *et al.*, 2018; Aziz and Afaq, 2018; Mahdzan, 2017). Religiously, both the holy Bible (King James Version) and the holy Qur'an condemn interest charges/usury as this is reflected in both Surat Baqara verse 274 of the holy Qur'an and Deuteronomy 23 verse 19 of the holy Bible. IB treats money as a medium of exchange and a store of value (Bananuka *et al.*, 2020a, 2020b, 2020c). The profit or loss on trade of goods or charging on provision of services is shared among the financier and the recipient of the finances (Bananuka *et al.*, 2020a, 2020b, 2020c) instead of transferring all risks to the recipient of the finances (borrower). IB is regarded as an ethical banking system whose performance has played an important role of economic progress (Maryam *et al.*, 2019). This is so because, there is promotion of financial inclusion, equitable risk sharing, social justice and fair distribution of wealth embedded in the principles of IB (Ali *et al.*, 2018; ElMassah and Abou-El-Sood, 2021).

IB grew by 12.7% by end of 2019 as compared to 0.9% growth rate recorded in 2018 (Islamic Financial Services Board, 2020). IB assets worth increased from USD\$1,571.3tn in 2018 to US\$1,765.8tn in 2019 (Islamic Financial Services Board, 2020). However, IB is more concentrated in the Gulf Cooperation Council region with the largest share of the global IB assets (45.4%) and Africa remains with the marginal share of the global banking assets at 1.6% (Islamic Financial Services Board, 2020). For Uganda, there has been the amendment of the Financial Institutions Act of 2003 to pave way for IB and this was done in 2016. In the amended Financial Institutions Act of 2016, a provision of Sharia advisory council committee is provided, and this has not been put in place to date (as at September, 2021). Several efforts such as the suggestion of names to form the Sharia council on IB have been put in place so that banks can be granted licenses to offer IB products (Sekanjako, 2021). Of the 26 commercial banks in Uganda, only Tropical Bank operates a *Tropipi Hijja* joint account which aims at enabling Muslims to perform their fifth obligation (fifth pillar of Islam).

Previous studies indicate a number of determinants of intention to adopt IB, and these include attitude of existing and potential bank customers, religiosity, subjective norms and legal status, perceived behavioral control, individualism, Shariah compliance and consumer knowledge among others (Abdullahi *et al.*, 2021; Maryam *et al.*, 2021; Bananuka *et al.*, 2020b; Charag *et al.*, 2020; Bananuka *et al.*, 2020c; Kaakeh *et al.*, 2019; Bananuka *et al.*, 2019; Mbawuni and Nimako, 2018; Kaawaase and Nalukwago, 2017; Mbawuni and Nimako, 2017; Lujja *et al.*, 2016a; Echchabi *et al.*, 2016) as can be detailed in Table 1. Majority of the existing studies on the intention to adopt IB focus on establishing direct relationships (Bananuka *et al.*, 2019; Echchabi *et al.*, 2016; Mbawuni and Nimako, 2017) and, in other cases, focus on testing the mediation effects (Bananuka *et al.*, 2020c; Kaakeh *et al.*, 2019). Among existing studies include those conducted in Uganda. However, such studies were conducted at a time when there were no enabling laws for IB adoption in the country and the level of awareness among the population was low (Bananuka *et al.*, 2020b; Bananuka *et al.*, 2020c; Bananuka *et al.*, 2019; Kaawaase and Nalukwago, 2017; Lujja *et al.*, 2018; Lujja *et al.*, 2016a). With the current publicity on IB and the amendment of Financial Institutions Act of 2004, it is unclear on whether such previous study results can still hold especially regarding the association between attitude and intention to adopt IB.

**Table 1.**  
Recent literature  
summary on the  
determinants of  
intention to adopt  
Islamic banking

Author	Purpose of the study	Theoretical framework	Country of study	Sample size and research instrument	Key independent variables	Major findings
<b>Echchabi <i>et al.</i> (2016)</b>	To examine the readiness of the Tunisian customers to adopt Islamic banking services and the factors that might influence their decision	TPB	Tunisia	93 questionnaires were received from Tunisian conventional bank customers	Attitude, subjective norm and perceived behavioral control	Attitude and subjective norm have a significant impact on the Tunisian customers' intention to adopt Islamic banking services, while perceived behavioral control does not. Results also indicated that Tunisian conventional bank customers were willing to shift to Islamic banks
<b>Ali <i>et al.</i> (2018)</b>	To develop a scale measuring employees' attitude toward IB	None	Malaysia	63 employees of existing Islamic banks for the interviews and 530 questionnaires	Employees' attitude	Five major themes came out. These include: awareness of IB, usefulness of IB, perception of Shariah compliance, patronage toward IB and attractiveness toward IB
<b>Kaakeh <i>et al.</i> (2019)</b>	To investigate the effects of the following factors: image, awareness, Shariah compliance and individualism, on the attitude and intention of customers to use IB among bank customers in UAE and the mediating role of attitude in that model	TRA and theory of planned behavior (TPB)	UAE	178 existing bank customers for both conventional and Islamic banks, where 171 were Muslims and only 7 were non-Muslims. A questionnaire survey was used	Bank image, Sharia compliance, individualism/collectivism, customers' level of awareness about IB concepts and attitude	The study shows the negative effect of non-Shariah compliance, individualistic customers and unaware customers on attitude toward IB and highlights the positive effect of the bank's image on attitude. The study also showed the direct effect of awareness and attitude on intention to deal with Islamic banks. Results further indicate that attitude is a significant negative mediator in the relationship between non-Shariah compliance, individualism, image, unawareness about IB products and intention of customers to use IB
<b>Mbawuni and Nimako (2017)</b>	To examine factors affecting the adoption of IB, which is an innovative and emerging form of banking, in a non-Islamic Sub-Saharan African (SSA) country	Diffusion of Innovations (DOI) theory, technology acceptance model (TAM) and TPB	Ghana	975 clients of existing banks in Ghana. A questionnaire survey was used	Consumer attitude, consumer knowledge, perceived benefits, perceived innovativeness, perceived threat of violence, perceived religion effect and readiness to comply with Sharia law	Consumer's attitude, readiness to comply with Sharia law, knowledge, perceived innovativeness and perceived benefits were critical determinants of bank customers' intention to adopt IB in both Muslim and non-Muslim sub-groups. The least influential factors were perceived religion effect and perceived threat of violence

(continued)

Author	Purpose of the study	Theoretical framework	Country of study	Sample size and research instrument	Key independent variables	Major findings
Mbawuni and Nimako (2018)	To examine consumer perception of IB in Ghana, which is a new and emerging form of banking in many non-Islamic countries	DOI and TPP	Ghana	975 questionnaires from consumers with banking relationships and financial institutions in Ghana	Readiness to comply with Sharia law, knowledge of IB, perceived benefits of IB, perceived innovativeness of IB, perceived threat of violence and perceived religion effects	Muslim respondents have significantly positive perceptions of IB compared to non-Muslims and have stronger intentions to adopt IB in Ghana than non-Muslims. Non-Muslims have high perceived benefit of IB. Non-Muslim respondents do not perceive potential threat of violence associated with the introduction of IB in Ghana. Although non-Muslims perceive IB that would make Islam popular, they do not perceive it as a means of Islamizing bank customers. Relatively, non-Muslims appear to have low knowledge of IB, have an unfavorable attitude toward IB, are reluctant to comply with Sharia law and, consequently, have weaker intentions to adopt IB
Charag <i>et al.</i> (2020)	To examine the factors that influence the consumer intention to adopt Islamic banking	TRA	Kashmir/India	310 university students and staff as respondents. An online questionnaire was used	Social influence, religiosity, culture, government support, perceived risk and perceived image	Attitude, religiosity, culture, social influence, government support and perceived risk are determinants of consumer intention to use IB. Attitude and religiosity are the major predictors of a consumer's intention to use IB followed by government support. Further, it was found that culture and perceived image have no significant effect on a consumer's attitude toward adoption of IB. Also, the results indicate that attitude mediates the effect of religiosity, perceived risk, government support and culture on a consumer's intention to use IB

(continued)

Table 1.

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Author	Purpose of the study	Theoretical framework	Country of study	Sample size and research instrument	Key independent variables	Major findings
<i>Aziz and Afaq (2018)</i>	To investigate the factors affecting individuals' intentions to adopt IB	TRA, TPB and decomposed theory of planned behavior	Pakistan	186 bank customers using a questionnaire survey	Attitude and subjective norms	Attitude and subjective norms have significant positive relationship with intention to adopt IB. However, attitude had a higher beta value than subjective norm
<i>Zinser (2019)</i>	To identify the determinants of the intended use of IB and financial services by US Muslims	TPB	The USA	250 Muslims. questionnaire survey was used	Attitude, subjective norm, perceived behavioral control, Islamic religiosity and cost of being a Muslim	Attitude is a significant determinant of intention to use IB and financial services. Subjective norm and perceived behavioral control are not significant predictors of intention to use IB services. Islamic religiosity is partially associated with intention to use IB services. The low cost of being a Muslim is not significantly associated with intention to use IB
<i>Maryam et al. (2021)</i>	To examine the determinants of attitude and adoption intention of IB among the potential customers in Pakistan	TPB	Pakistan	300 users and non-users of Islamic banks. A questionnaire survey was used	Attitude, cost benefits, reputation, business support, knowledge, central bank support, social influence and religious obligations	Attitude is a strong determinant of IB adoption intention among potential customers. Attitude fully mediates the relationship between cost benefits, reputation and support for business and the adoption intentions of IB. Attitude partially mediates the relationship between religious obligations, social influence and IB adoption intention
<i>Maryam et al. (2019)</i>	To stumble on the features that have an impact on Islamic banking adoption in case of Pakistan	TRA	Pakistan	300 questionnaires from customers of Islamic banks, IB students and business students	Government's support, business support, reputation, social influence, cost-benefit, religious obligation and knowledge	The findings of the study suggest that reputation, cost-benefit, religious obligation and social influence have a highly significant and positive influence on Islamic banking adoption. Knowledge, government support and business support have insignificant influence on IB adoption intention

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Author	Purpose of the study	Theoretical framework	Country of study	Sample size and research instrument	Key independent variables	Major findings
Banamuka <i>et al.</i> (2020a)	To examine the concept and practice of Islamic banking in the context of a non-Islamic country such as Uganda	DOI	Uganda	16 respondents who are managers of conventional banks, political leaders, leaders of religious institutions and leaders of business associations. Semi-structured interviews were used	Public awareness, business associations' recommendations, interest rates, support services quality, product repackaging, staff training, legal environment, IB accessibility, segregated services provision, competition, IB products cost, trust, attitude, social influence and religious preference	The strategies to be used by financial institutions in ensuring the adoption of IB are public awareness, business associations' recommendations, interest rates, support services quality, product repackaging, staff training, legal environment and IB accessibility. The findings also show that factors that may hinder the success of IB include segregated services provision, competition, IB products cost, trust, attitude, social influence and religious preference
Banamuka <i>et al.</i> (2020c)	To examine the mediating effect of attitude in the relationship between subjective norm, religiosity and intention to adopt IB in a developing secular state like Uganda	TRA	Uganda	258 managers of micro businesses using a questionnaire survey	Attitude, subjective norm and religiosity	Attitude is a significant mediator in the relationship between subjective norm and intention to adopt IB. Also, attitude significantly mediates the relationship between religiosity and intention to adopt IB. Subjective norm had the low correlations with intention to adopt IB as compared to attitude and religiosity
Banamuka <i>et al.</i> (2019)	To investigate the contribution of attitude, subjective norm and religiosity on the intention to adopt IB in an emerging economy like Uganda	TRA and DOI	Uganda	258 managers of their own micro-businesses using a questionnaire survey	Attitude, subjective norm and religiosity	Attitude and religiosity are significant determinants of the intention to adopt IB, unlike subjective norm whose predictive power is subsumed in attitude. In the absence of attitude, subjective norm is a significant determinant of intention to adopt IB

(continued)

Table 1.

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Author	Purpose of the study	Theoretical framework	Country of study	Sample size and research instrument	Key independent variables	Major findings
<b>Kaawaase and Naikwago (2017)</b>	To examine the extent to which religiosity matters in explaining existing bank customers' propensity to patronize IB in the context of a predominantly non-Islamic country freshly adopting Islamic finance and banking	TRA	Uganda	382 existing conventional bank customers using a questionnaire survey	Attitude, religiosity and subjective norm	Religiosity mediates the relationship between behavioral intentions of existing bank customers' and propensity to patronize IB. Religiosity, subjective norm and attitude significantly predict customers' intention to patronize IB
<b>Lujja <i>et al.</i> (2016b)</b>	To examine the extent to which Uganda can benchmark the Malaysian experience and best practices to overcome the regulatory challenges in introducing IB	None	Uganda	Documentary review	Legal and regulatory framework	Relevant laws which require some amendments include Sections 37(e) and 38(1) of the Financial Institutions Act 2004 and Section 29(3) (a) of the Bank of Uganda Act 2000. Similarly, tax legislation needs amendments to ensure a level playing field for Islamic finance and conventional finance products
<b>Lujja <i>et al.</i> (2016a)</b>	To examine the factors that determine public intention to adopt IB in Uganda	TRA	Uganda	300 existing conventional bank customers as respondents using a questionnaire survey	Attitude and subjective norm	Attitude positively influences intention to adopt IB. Subjective norm does not directly influence the intention to adopt IB. Subjective norm instead influences intention to adopt IB through attitude

(continued)

Author	Purpose of the study	Theoretical framework	Country of study	Sample size and research instrument	Key independent variables	Major findings
Lujja <i>et al.</i> (2018)	To explore the perception of Ugandans toward IB.	None	Uganda	354 questionnaires obtained from Muslim and non-Muslim business people, employed and unemployed people and students aged above 18 years	Attitude and awareness	Unlike non-Muslims, Muslims are more knowledgeable about the IB culture, although both groups have low awareness about IB terminologies. There were inconsistencies in Muslim and non-Muslim attitudes toward IB; for instance, while non-Muslims are motivated by "profitability," Muslims' inclination to IB is mainly because of "religious and profitability combined". Both groups demonstrated some uniformity in their selection criteria of banks such as "third party influence"
Abullahi <i>et al.</i> (2021)	To examine the determinants of intention to adopt Islamic microfinance among prospective customers in Nigeria	Decomposed theory of planned behavior	Nigeria	450 adult population were the respondents. A questionnaire survey was used	Attitude, subjective norm and perceived behavioral control	Attitude, subjective norm and perceived behavioral control were found to have a positive and significant influence on the behavioral intention to adopt Islamic microfinance
Hoque <i>et al.</i> (2018)	To introduce a conceptual framework that can facilitate investigations concerning the impact of marketing communication and financial consideration on the relationship between customer attitude and purchase intention of IB products and services	None	None	Not defined	Customer attitude, marketing communication (relationship marketing, advertising and ease of online use), financial consideration (Profit-loss sharing, perceived risk and perceived benefits)	The conceptual model developed suggests that marketing communication and financial considerations moderate the relationship between attitude toward IB and behavioral intention to purchase IB products and services

(continued)

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Author	Purpose of the study	Theoretical framework	Country of study	Sample size and research instrument	Key independent variables	Major findings
<i>Jamah et al. (2020)</i>	To ascertain the factors that influence the use of IB services by religious leaders in Indonesia using the TRA	TRA	Indonesia	119 religious' leaders were the respondents. A questionnaire survey was used	Attitude, religious obligations, community influence and subjective norms	Attitude and religious obligations show a significant impact on the intentions of religious leaders to use IB services, while community influence and subjective norms have a negative impact on the intentions of Indonesian religious leaders in using IB services Perceived behavior control and perceived usefulness are the most significant predictors of intention to use of IB among users and non-users. Attitude turns out to be a non-significant factor for non-users of IB. Subjective norm is also found to be non-significant with intention to use IB in both groups
<i>Ayyub et al. (2020)</i>	To explore the determinants of intention to use IB and compare the consumer behavior of users and non-users of IB	TPB	Pakistan	264 questionnaires from respondents	Perceived behavior control, perceived usefulness, attitude and subjective norm	Attitude, subjective norms and perceived behavioral control significantly predict the potential customers' intention to deal with Islamic banks. Religiosity is a poor moderator of the relation between attitude and intention to deal with Islamic banks as well as the perceived behavioral control and intention to deal with Islamic banks. Religiosity is a partial moderator of the relation between the subjective norms and intention to deal with Islamic banks
<i>Alzaqjal et al. (2021)</i>	To explore the direct effect of classical predictors of an individual's behavior, namely, attitude, subjective norms and perceived behavioral control on the intention to deal with Islamic banks	TPB	Oman	638 questionnaires from conventional bank customers	Attitude, subjective norm, perceived behavioral control and religiosity	Attitude, subjective norms and perceived behavioral control significantly predict the potential customers' intention to deal with Islamic banks. Religiosity is a poor moderator of the relation between attitude and intention to deal with Islamic banks as well as the perceived behavioral control and intention to deal with Islamic banks. Religiosity is a partial moderator of the relation between the subjective norms and intention to deal with Islamic banks

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Author	Purpose of the study	Theoretical framework	Country of study	Sample size and research instrument	Key independent variables	Major findings
Subhartanto (2019)	To examine behavioral intention toward Islamic bank including three determinants: religiosity, trust and image across customers and non-customers	None	Indonesia	400 questionnaires from customers and non-customers of Islamic banks	Religiosity, trust and image	A direct effect of religiosity on behavioral intention and indirect effect through trust and image for both customers and non-customers of Islamic banks. Although the impact of religiosity on trust, image and behavioral intention is significant in both the customer and non-customer sample, the effect of religiosity on the customer is higher compared to that of non-customer

Table 1.

Whereas study findings on the association between attitude, subjective norm/social influence and intention to adopt IB exist ([Aziz and Afaq, 2018](#); [Bananuka et al., 2020c](#)), there are those studies that indicate non-significant relationships between subjective norm and intention to adopt IB ([Lujja et al., 2016b](#); [Bananuka et al., 2019](#)). There are also cases where attitude has not been found to be significantly associated with intention to adopt IB ([Ayyub et al., 2020](#)). Studies that link pricing of bank products and intention to adopt IB are rare. This raises questions on to whether social influence and pricing of banking products can moderate the relationship between attitude and intention to adopt IB using evidence from a Christian-dominated country like Uganda.

This study argues that if the existing bank products prices are favorable to the population, then such a population may never be interested in the new products (IB products). The pricing of existing bank products plays an important role in shaping the attitude of the population toward IB. Further, the influence of key societal leaders such as the Bishops and Mufti is believed to influence the minds of their followers and, in one way or the other, will influence the attitude of their followers toward IB. In their study of why non-Muslims opt for IB in Nigeria, [Saiti et al. \(2019\)](#) argue that the negative propaganda on IB can be promulgated through social norms and, as such, can affect the attitude of the respective society on IB. This justifies the fact that the negative propaganda on IB can negatively affect the intention of Ugandans to adopt IB. In another study, [Lujja et al. \(2018\)](#) found that third-party influence is critical in the adoption of IB.

Underpinned by the theory of reasoned action (TRA), the purpose of this study is to establish the relationship between attitude and intention to adopt IB in a Christian-dominated country and whether such a relationship is moderated and boosted by pricing of conventional bank products and social influence. This study's purpose was achieved through a questionnaire survey of 300 existing bank customers (see Appendices 1–4 for questionnaire items). Results indicate that attitude and intention to adopt IB are positively and significantly associated. Results further indicate that both pricing of bank products and social influence moderate the relationship between attitude and intention to adopt IB.

This study contributes to existing literature on the adoption of IB in African countries where the share of IB assets is only 1.6% of the global IB assets. This study adds on existing literature on the adoption of IB ([Mbawuni and Nimako, 2017](#); [Charag et al., 2020](#); [Aziz and Afaq, 2018](#); [Bananuka et al., 2020a](#); [Bananuka et al., 2020b](#); [Bananuka et al., 2020c](#); [Bananuka et al., 2019](#); [Lujja et al., 2018](#); [Lujja et al., 2016a](#)) by documenting an initial empirical evidence on the moderation role of social influence and pricing of bank products in the relationship between attitude and intention to adopt IB. This study further contributes to the cross-sectional-based studies conducted in Uganda ([Bananuka et al., 2020a](#); [Bananuka et al., 2020b](#); [Bananuka et al., 2020c](#); [Bananuka et al., 2019](#); [Kaawaase and Nalukwago, 2017](#); [Lujja et al., 2016a](#); [Lujja et al., 2018](#)) on intention to adopt IB by reporting on the current state of the determinants of intention to adopt IB.

The rest of the paper is organized as follows. The next section is literature review where the empirical and theoretical foundation is discussed. This section is followed by methodology. The next section is results which is followed by the discussion of results. The last section is summary and conclusion.

## 2. Literature review

### 2.1 Theoretical foundation

The TRA is an important theory in understanding how individuals make informed choices amid competing alternatives, for example, of products and services. The TRA can be traced from the work of [Fishbein \(1967\)](#) on the theory of attitude that proposed what is variously

known as the Fishbein–Ajzen behavioral intentions model that they subsequently expounded and refined (Ajzen, 1971; Ajzen and Fishbein, 1972, 1980; 2000). The TRA asserts that for an individual to perform a specific act, amid a given stimulus and situation is dependent upon that individual's attitude toward the act and subjective norms. Attitude refers to the evaluative effect of positive or negative feelings of individuals in performing a particular behavior (Fishbein and Ajzen, 1975) and, therefore, a function of the individual's beliefs about the consequences of performing a particular act (in a given situation), which is understood to mean that the probability that performing the act will lead to some consequences and his or her own evaluation of those multiple consequences. Subjective norms are underpinned by normative belief, that is, what the person believes others think he/she should do in a particular situation and the individual's motivation to comply with what others think should be done. Ostrom (1969) decomposed attitude into three components: a cognitive component – an individual's beliefs and/or knowledge about an attitude object, for example, IB; affective component – emotional feelings or responses of an individual about an act, for example, those emotions or feelings that arouse intention to adopt IB in an individual; and conative/behavioral component, which is the predisposition of an individual given the act, that is, expression of behavioral intentions.

Therefore, this study argues that the attitude of an existing bank customer or a potential customer matters a lot on whether to adopt IB products or not. If one's attitude is linked to conventional banks as his or her best bank, then this person may never opt for an Islamic bank unless such attitudes have been worked on and changed. One's attitude can be changed through serious sensitization over media (Bananuka *et al.*, 2019). Also, the social influence is critical in influencing the attitude of an individual. For example, if an individual is a strong catholic and believes in the catholic priest, then it is likely that if the catholic priest advised this individual to opt for IB services, then this individual is likely to adopt such services. In Uganda, there are banks that are inclined to religions though in the offer of services, this is not manifested. For example, Centenary Bank is more inclined to the Catholic Church, while Tropical Bank is more inclined to the Muslim community. So, if Centenary Bank opted to offer IB services, then it will be more likely that the catholic community will opt for such services. This study also uses the TRA to explain how pricing of other bank products can influence the attitude of an individual toward the intention to adopt IB. If the prices of conventional bank products are high, then this is likely to influence the attitude of an individual's intention to adopt IB. This may only be possible if the IB products' prices are lower than those of conventional banking products.

### *2.2 Intention to adopt Islamic banking*

Existing literature indicate several determinants of intention to adopt IB. Results of prior studies are indicated in Table 1. Common determinants of intention to adopt IB or, simply, the adoption of IB include attitude, social influence, religiosity and perceived behavioral control (Bananuka *et al.*, 2019; Aziz and Afaq, 2018; Abdullahi *et al.*, 2021; Echchabi *et al.*, 2016). There are also studies that test attitude as a mediator between subjective norms, religiosity and intention to adopt IB (Bananuka *et al.*, 2020c). Studies that test for moderation effects of the relationship between attitude and intention to adopt IB are minimal if any to the authors' knowledge. A conceptual model developed by Hoque *et al.* (2018) suggests that marketing communication and financial considerations moderate the relationship between attitude toward IB and behavioral intention to purchase IB products and services. Alzadjal *et al.* (2021) also document that religiosity is a poor moderator of the relationship between attitude and intention to deal with Islamic banks. Alzadjal *et al.* (2021) further found that religiosity is a partial moderator of the relationship between subjective norms and intention

to deal with Islamic banks. This study, therefore, aims to bridge the existing gap in literature on the moderation role of social influence and pricing of conventional bank products in the relationship between attitude and intention to adopt IB.

### 2.3 Hypotheses development

2.3.1 *Attitude.* Junaidi (2021) indicates that the attitude of a customer regarding a product is shaped by the awareness about that product. A number of studies have linked attitude to intention to adopt IB. For example, Echchabi *et al.* (2016) found that attitude has a significant and positive impact on the Tunisian customers' intention to adopt IB services. Further, Zinser (2019) found that attitude is a significant determinant of intention to use IB in the USA. Also, Maryam *et al.* (2021) found that attitude is a strong determinant of IB adoption intention among potential customers in Pakistan. Earlier, attitude was regarded as the most influential factor in explaining one's intention to use IB products, such as Islamic credit card and Islamic personal financing (Hanudin *et al.*, 2013). However, there are studies that indicate attitude not to be significantly associated with intention to adopt IB. For example, Ayyub *et al.* (2020) found that attitude does not significantly influence the intention to adopt IB among non-users of Islamic bank products using evidence from Pakistan. At the local scene, a number of studies document significant associations between attitude and intention to adopt IB (Bananuka *et al.*, 2020a, Bananuka *et al.*, 2019; Kaawaase and Nalukwago, 2017). The only shortfall with these studies is that data collection in both cases was done before all the necessary IB laws had been passed or had immediately been passed. In this study, based on the foregoing discussion, it is expected that attitude will be positively associated with the intention to adopt IB in Uganda:

H1. Attitude is positively and significantly associated with the intention to adopt Islamic banking.

2.3.2 *Moderation role of pricing of conventional bank products.* Studies that test the moderation role of pricing of conventional bank products in the relationship between attitude and intention to adopt IB are scant. Few studies link the pricing of bank products to customer's behavioral intentions (Rama, 2020) and intention to use Islamic personal financing (Hanudin *et al.*, 2011). These findings mean that if the prices of Islamic products are high especially higher than the prices of conventional products or equal, then it will be difficult for intended users of such products to use them or adopt them unless there are other reasons for doing so, such as social influence. Except for Wahyuni (2012) whose study reported that Islamic product pricing does not moderate the relationship between attitude and intention to use Islamic banks, there are minimal studies that test so. This study, therefore, aims to contribute to Wahyuni's (2012) study, as the authors argue that the prices of conventional bank products help to shape the attitude of both existing and potential customers of such a bank toward an alternative banking system. The hypothesis below can then be stated:

H2. Pricing of conventional bank products moderates the relationship between attitude and intention to adopt Islamic banking.

2.3.3 *Moderation role of social influence.* Studies that test the moderation role of social influence in the relationship between attitude and intention to adopt IB are uncommon. Yet, social influence is seen as an important factor in influencing the decision of a potential customer to make a decision toward a product. For example, Lujja *et al.* (2018) found that the external influence is critical in shaping one's attitude toward the adoption of IB products.

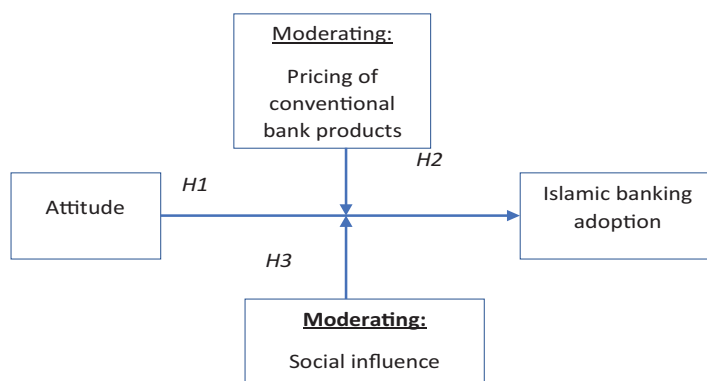
This means that social influence can moderate the relationship between attitude and intention to adopt IB. Further, [Saiti et al. \(2019\)](#) argue that the negative propaganda on IB can be promulgated through social norms and, as such, can affect the attitude of the respective society on IB. This study aims to provide an initial empirical evidence on the moderation role of social influence in the relationship between attitude and intention to adopt IB. The following hypothesis is, thus, stated:

- H3.* Social influence moderates the relationship between attitude and intention to adopt Islamic banking.

### 3. Methodology

#### 3.1 Research design, population and sample

Through a cross-sectional and correlational research design, data were collected between July and September 2019 from adult individuals with bank accounts in existing conventional banks in Uganda ([Figure 1](#)). According to [Uganda Bureau of Statistics \(2016\)](#), Catholics are the largest religious denomination constituting 39.3% of the population followed by Anglicans with 32% and Muslims with 13.7%. Together, these denominations account for 85% of the total population ([Uganda Bureau of Statistics, 2016](#)). The remaining 15% comprises born again Christians constituting 11%, seventh day Adventists (1.7%), other religions and those with no religion constituting only 2.3% of the total population. The population under study is 3,504,498. This population comprised the population of individuals for Kampala and Wakiso Districts. Accordingly, Kampala has a population of 1,507, 080 and Wakiso has a population of 1,997,418 ([Uganda Bureau of Statistics, 2016](#)). The two districts were selected for the study because they have the highest population in Uganda that is to say 10% of Uganda’s total population. Further, the two selected districts are the largest commercial districts in Uganda and a majority of the financial services firms are headquartered in the two districts. This means that in terms of the banking sector, Kampala and Wakiso are a true representation of Uganda. From a population of 3,504,498, a sample of 384 individuals was generated using Krejcie and Morgan sample selection table (1970). The selection of the 384 adult individuals with bank accounts was first done through a stratified sampling method to ensure that respondents reside in either Kampala or Wakiso districts. We further used purposive sampling because of its theoretical importance and to select respondents based on the knowledge they had on IB. This study’s unit of analysis and unit of inquiry is an adult individual residing in either Kampala or Wakiso Districts. Of the



**Figure 1.**  
Conceptual  
framework

384 individuals, usable questionnaires were received from 300 respondents, indicating a response rate of 78%. Only primary data was used in this study to obtain first-hand information. Primary data were collected using a questionnaire with close-ended questions designed on a five-point Likert scale. [Table 2](#) indicates the respondents' profile.

*3.2 The questionnaire and measurement of variables*

The questionnaire was developed after reviewing existing literature. The questionnaire was divided into two parts. Part A aimed to capture the respondent characteristics, while Part B aimed to capture responses on the main study variables. The questionnaire had close-ended questions. There are arguments that open-ended questions can be quantified but close-ended questions are sufficient enough to answer the study objectives. Intention to adopt IB (dependent variable) was operationalized following the works of [Ayyub et al. \(2020\)](#) and [Mbawuni and Nimako \(2017\)](#) as a one-dimensional construct (see [Appendix 4](#) for the questions asked on all the study variables). For pricing of conventional bank products, the researcher adopted measures used by [Hanudin et al. \(2011\)](#) on pricing of Islamic personal financing and were modified as interest rates, loan processing fees, loan monitoring fees and account maintenance fees. The modification of [Hanudin et al. \(2011\)](#) measurement scale was because the current study focuses on the pricing of conventional bank products. Previous studies have explained social influence to be the same subjective norms, but the operationalization of the concept has not been clear and straight forward. Following from the works of [Abdullahi et al. \(2021\)](#), [Charag et al. \(2020\)](#), [Maryam et al. \(2019\)](#) and [Fishbein and Ajzen \(1975\)](#), this study operationalizes social influence as social norms and beliefs, culture and religious affiliations. Attitude was operationalized in terms of conative, cognitive and affective attitudes ([Ostrom, 1969](#); [Bananuka et al., 2019](#); [Bananuka et al., 2020c](#)). The measures were operationalized using a questionnaire designed on a five-point Likert scale. Details are contained in [Table 3](#).

*3.3 Reliability analysis, validity and data analysis*

The Cronbach's alpha coefficient was used to test for the reliability of the questionnaire. If the Cronbach's coefficient is above 0.70, then according to [Nunnally and Bernstein \(1994\)](#),

Item	Category	Frequency	(%)	Valid (%)	Cumulative (%)
Gender	Male	154	51.3	51.3	51.3
	Female	146	48.7	48.7	100.0
	Total	300	100.0	100.0	
Religion	Christian	182	60.7	60.7	60.7
	Muslim	101	33.7	33.7	94.3
	Others	17	5.7	5.7	100.0
	Total	300	100.0	100.0	
Number of years in the bank	1-5 years	100	33.3	33.3	33.3
	Above 5 years	56	18.7	18.7	52.0
	None	144	48.0	48.0	100.0
	Total	300	100.0	100.0	
Age of the respondent	18-30 years	249	83.0	83.0	83.0
	31-40 years	43	14.3	14.3	97.3
	41-50 years	7	2.3	2.3	99.7
	Above 50 years	1	0.3	0.3	100.0

**Table 2.**

Respondents' profile

Source: Primary data

**Table 3.**  
Description of  
variables

Variable	Acronym	Variable description
<i>Dependent variable</i>		
IB adoption intention	<i>IBAD</i>	Measured by average rating on a five-point Likert scale of questions on adoption of IB
<i>Predictor and moderator variables</i>		
<i>Cognitive attitude</i>	<i>CogA</i>	Measured by average score of questions on a five-point Likert scale of Cognitive attitude
<i>Conative attitude</i>	<i>ConA</i>	Measured by average score of questions on a five-point Likert scale of Conative attitude
<i>Affective attitude</i>	<i>AffA</i>	Measured by average score of questions on a five-point Likert scale of Affective attitude
Attitude	<i>ATTD</i>	Measured by average scores of cognitive attitude ( <i>CogA</i> ), conative attitude ( <i>ConA</i> ) and affective attitude ( <i>AffA</i> )
Interest rates	<i>c_ATTD</i> <i>IntPoC</i>	lefted <i>ATTD</i> Measured by average score of questions on a five-point Likert scale of loan Interest rate
Maintenance fees	<i>ManPoC</i>	Measured by average score of questions on a five-point Likert scale of bank account maintenance fees
Monitoring fees	<i>LomPoC</i>	Measured by average score of questions on a five-point Likert scale of loan monitoring fees
Processing fees	<i>LoPPoC</i>	Measured by average score of questions on a five-point Likert scale of loan processing fees
Pricing of conventional bank products	<i>POCP</i>	Measured by average scores of loan interest rate ( <i>IntPoc</i> ), maintenance fees ( <i>ManPoC</i> ), loan monitoring fees ( <i>LomPoC</i> ) and loan processing fees ( <i>LoPPoC</i> )
Social norms and beliefs	<i>c_POCP</i> <i>SnBSI</i>	lefted pricing of conventional bank products Measured by average score of questions on a five-point Likert scale of social norms and beliefs
Culture	<i>CulSI</i>	Measured by average score of questions on a five-point Likert scale of culture
Religious obligations	<i>ReOSI</i>	Measured by average score of questions on a five-point Likert scale of religious obligations
Social influence	<i>SOCI</i>	Measured by average scores of social norms and beliefs ( <i>SnBSI</i> ), culture ( <i>CulSI</i> ) and religious obligations ( <i>ReOSI</i> )
Interaction term	<i>c_SOCI</i> <i>ATTD × POCP</i> <i>c_ATTD × c_POCP</i>	lefted social influence The interaction term of attitude and pricing of bank products The interaction term of lefted variables <i>ATTD</i> and <i>POCP</i>
Interaction term	<i>ATTD × SOCI</i> <i>c_ATTD × c_SOCI</i>	The interaction term of attitude and social influence The interaction term of lefted variables <i>ATTD</i> and <i>SOCI</i>
Gender	GEN	Respondent's gender (0 Male, 1 Female)
Religion	REL	Respondent's religion (0 Christian, 1 Muslim, 2 Others)
	$\beta_0$	Constant
	$\epsilon_j$	Error term

the instrument is reliable. The overall Cronbach's reliability index for pricing of conventional bank products, social influence, attitude and intention to adopt IB was 0.825, 0.907, 0.957 and 0.915, respectively. This study's Cronbach alpha coefficient of the study variables is all above 0.70, implying that the instrument gave consistent results. The content validity index was used to examine the relevance of the questions in relation to the study

variables. The research instrument was given to five knowledgeable persons that is to say, two academicians, two banking officials and any other knowledgeable person. Content validity index was, thus, computed. Field (2009) explains content validity as evidence that the content of a test corresponds to the content of the construct it was designed to cover. The overall content validity index is 0.79 which is acceptable. The questionnaire was, thus, revised accordingly.

In addition, exploratory factor analysis was run to further ensure reliability and validity. Before factor analysis, data was checked for sampling adequacy, and as such, the Kaiser–Meyer–Olkin Measure of Sampling Adequacy (KMO) was run. Based on Field (2009), KMO values of 0.5 and above are sufficient for the data sample to be subjected to factor analysis. As can be seen in Appendices 1–4, all the KMO values were above 0.5. The dependent variable was never subjected to factor analysis, given that it was a one-dimensional variable. The fact that several factor loadings loaded on a specific component/construct is an indicator of convergent validity. Also, given that there were no cross-loadings on several components, it is an indicator of discriminant validity. For discriminant validity, it is also tested at the correlation analysis (Table 3) where the correlations among the independent variables are all below 0.8, except for the obvious high correlations between the individual manifests of each study construct and the construct itself. This confirms convergent validity.

The study hypotheses were tested at two levels using multiple regression analysis with the help of statistical package for social sciences (SPSS) program and two-way interaction graphs. Multiple linear regression analysis (Panel A) was conducted to determine if the variance in the dependent variable is explained by the independent variable taking into account any effects of the moderator variables and controlling for gender and religion of the respondents. Moderation of pricing of conventional bank products and social influence in the relationship between attitude and intention to adopt IB was further tested using interaction terms following the guidelines of Aiken and West (1991) after centering of variables to avoid multi-collinearity. We also follow Hair *et al.* (1998) to the effect that for the interaction to occur, there has to be an increase in  $R^2$  when comparing models with and without the interaction term. In addition, we use unstandardized regression coefficients of the centered variables, interaction terms and the intercepts generated from models in Panel B and C below and enter them into Dawson (2021)'s two-way interaction effects graphical tool. We follow previous scholars' (Alleyne *et al.*, 2015; Aiken and West, 1991) advises on a significant interaction to have occurred. This is when the magnitude of an effect is greater at one level of a variable than at another. This implies that, for the interaction to be significant, the graph should not be parallel or must have different gradients or slopes and should cross each other at some point:

**Panel A: Multivariate regression analysis for testing hypotheses**

**Model 1:**

$$IBAD = \beta_0 + \beta_1 GEN + \beta_2 REL + \beta_3 c\_ATTD + \varepsilon_j$$

**Model 2:**

$$IBAD = \beta_0 + \beta_1 GEN + \beta_2 REL + \beta_3 c\_ATTD + \beta_6 c\_ATTD \times c\_POCP + \varepsilon_j$$

**Model 3:**

$$IBAD = \beta_0 + \beta_1 GEN + \beta_2 REL + \beta_3 c\_ATTD + \beta_6 c\_ATTD \times c\_SOCI + \varepsilon_j$$

**Model 4:**

$$IBAD = \beta_0 + \beta_1 GEN + \beta_2 REL + \beta_3 c\_ATTD + \beta_6 c\_ATTD \times c\_POCP \\ + \beta_7 c\_ATTD \times c\_SOCI + \varepsilon_j$$

**Panel B: Models for testing interaction effects of pricing of conventional banking products**

**Model 5:**

$$IBAD = \beta_0 + \beta_1 GEN + \beta_2 REL + \beta_3 c\_ATTD + \varepsilon_j \text{ [HI]}$$

**Model 6:**

$$IBAD = \beta_0 + \beta_1 GEN + \beta_2 REL + \beta_3 c\_ATTD + \beta_4 c\_POCP + \varepsilon_j$$

**Model 7:**

$$IBAD = \beta_0 + \beta_1 GEN + \beta_2 REL + \beta_3 c\_ATTD + \beta_4 c\_POCP + \beta_5 c\_ATTD \times c\_POCP \\ + \varepsilon_j$$

**Panel C: Models for testing the interaction effects of social influence**

**Model 8:**

$$IBAD = \beta_0 + \beta_1 GEN + \beta_2 REL + \beta_3 c\_ATTD + \varepsilon_j$$

**Model 9:**

$$IBAD = \beta_0 + \beta_1 GEN + \beta_2 REL + \beta_3 c\_ATTD + \beta_4 c\_SOCI + \varepsilon_j$$

**Model 10:**

$$IBAD = \beta_0 + \beta_1 GEN + \beta_2 REL + \beta_3 c\_ATTD + \beta_4 c\_SOCI + \beta_5 c\_ATTD \times c\_SOCI \\ + \varepsilon_j$$

## 4. Results

### 4.1 Descriptive statistics

Because this study aims to test hypotheses using the Pearson's correlation coefficients and the multiple regression analysis which require normal data, skewness and kurtosis values were obtained to confirm whether the data is normal (Field, 2009). All the skewness and kurtosis values for all the study variables lie within a range of 3.29 to -3.29 which is acceptable according to Field (2009). Also, the descriptive statistics are run to check whether

the means and the standard deviations reported represent a summary of the data and whether the standard deviations show well how the means represent the data (Field, 2009). Field (2009) argues that the small standard deviations mean that the calculated means highly represent the observed data. For this study, all the standard deviations were small, that is, below 1. The minimum and maximum values reported are helpful in ascertaining whether there were respondents who completely objected the statements given (questionnaire items) of the entire variable. For example, the minimum and maximum values for intention to adopt IB are 1 and 5. This means that there are respondents who completely reject the IB concept (minimum value of 1) and there are those who strongly support the IB concept (maximum value of 5). Given that the mean value for adoption of IB is 3.6, it means that 72% of the respondents intend to adopt IB, while 28% do not. The results are presented in Table 4.

#### 4.2 Correlation analysis results

The Pearson's correlation coefficient was run to obtain preliminary results regarding the study hypotheses. Results in Table 5 indicate that there is a positive significant relationship between attitude and intention to adopt IB ( $r = 0.785^{**}$  and  $p < 0.01$ ). This means that a positive improvement in attitude translates into a positive improvement in intention to adopt IB. Also, cognitive attitude ( $r = 0.707^{**}$  and  $p < 0.01$ ), affective attitude ( $r = 0.737^{**}$  and  $p < 0.01$ ) and conative attitude ( $r = 0.735^{**}$  and  $p < 0.01$ ) when viewed independently, significantly and positively affect the intention to adopt IB. Further, there is a positive significant relationship between pricing of conventional bank products and intention to adopt IB ( $r = 0.376^{**}$  and  $p < 0.01$ ). A positive increase in pricing of conventional bank products translates into a positive improvement in intention to adopt IB. Also, interest rates, loan processing fees, loan monitoring fees and accounts maintenance fees, when viewed independently, significantly affect the intention to adopt IB positively. In Uganda, if other bank products are priced highly, then Ugandans will be forced to adopt IB, given that they may want to find out how cheap IB is.

Finally, results show a positive significant relationship between social influence and intention to adopt IB ( $r = 0.674^{**}$  and  $p < 0.01$ ) exists. A positive improvement in social influence translates into a positive improvement in intention to adopt IB. It is important that the proprietors of IB emphasize on the social norms and beliefs, improve the culture of Ugandans toward IB and religious obligations if they are to improve customers' intention to adopt IB. There is need to improve awareness among Ugandans so that they are aware of IB and ensure that culture is at the fore front. In terms of social norms, those who are considered important to others say the elderly, the church leaders and Muslim leaders should be incorporated into the equation of intention to adopt IB if IB is to be adopted successfully in Uganda. Compared to pricing of conventional bank products and social influence, attitude has the highest correlation with intention to adopt IB. There is need for more sensitization of the masses based on the various media houses and other available channels of communication to improve and where possible change the mindset of those with a negative attitude toward IB.

#### 4.3 Regression analysis results

We use multivariate regression analysis to test the extent to which attitude and its interactions with pricing of conventional bank products and social influence are significant predictors of intention to adopt IB. Testing for moderation requires the estimation of the interaction terms between the independent variable (attitude) and each of the moderating variables (pricing of conventional bank products and social influence). Given that the

	N	Minimum		Maximum	Mean		SD		Skewness		Kurtosis	
		Statistic	Statistic		Statistic	Statistic	Statistic	Standard error	Statistic	Standard error	Statistic	Standard error
Conative feeling	300	1.00	1.00	5.00	3.654	1.071	-0.867	0.141	0.243	0.281		
Affective feeling	300	1.00	1.00	5.00	3.710	1.006	-0.896	0.141	0.295	0.281		
Cognitive feeling	300	1.00	1.00	5.00	3.719	1.026	-0.896	0.141	0.243	0.281		
Attitude	300	1.00	1.00	5.00	3.694	0.957	-0.949	0.141	0.518	0.281		
Interest rates	300	1.00	1.00	5.00	3.051	0.796	-0.087	0.141	-0.557	0.281		
Accounts maintenance fees	300	1.00	1.00	5.00	3.333	0.869	-0.497	0.141	0.020	0.281		
Loan monitoring fees	300	1.00	1.00	5.00	3.383	0.829	-0.432	0.141	-0.148	0.281		
Loan processing fees	300	1.00	1.00	5.00	3.244	0.823	-0.527	0.141	-0.038	0.281		
Pricing of conventional bank products	300	1.25	1.25	4.67	3.253	0.636	-0.146	0.141	-0.293	0.281		
Social norms and beliefs	300	1.00	1.00	5.00	3.038	1.072	-0.099	0.141	-0.670	0.281		
Culture	300	1.00	1.00	5.00	3.415	1.011	-0.543	0.141	-0.174	0.281		
Religious obligations	300	1.00	1.00	5.00	3.524	1.065	-0.537	0.141	-0.199	0.281		
Social influence	300	1.00	1.00	5.00	3.326	0.905	-0.484	0.141	0.161	0.281		
IB adoption intention	300	1.00	1.00	5.00	3.595	0.842	-0.969	0.141	1.178	0.281		

Source: Primary data

**Table 4.**  
Descriptive statistics  
for the study  
variables

**Table 5.**  
Bivariate correlations  
among study  
variables

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14
(1) Cognitive feeling	1													
(2) Conative feeling	0.760**	1												
(3) Affective feeling	0.758**	0.832**	1											
(4) Attitude	0.907**	0.936**	0.932**	1										
(5) Interest rates	0.190**	0.168**	0.182**	0.194**	1									
(6) Accounts maintenance fees	0.243**	0.206**	0.208**	0.237**	0.365**	1								
(7) Loan monitoring fees	0.428**	0.403**	0.359**	0.429**	0.515**	0.547**	1							
(8) Loan processing fees	0.242**	0.321**	0.248**	0.293**	0.529**	0.314**	0.454**	1						
(9) Pricing of conventional bank products	0.360**	0.357**	0.325**	0.376**	0.776**	0.735**	0.820**	0.743**	1					
(10) Social norms and beliefs	0.568**	0.560**	0.532**	0.599**	0.216**	0.205**	0.412**	0.291**	0.366**	1				
(11) Culture	0.742**	0.666**	0.676**	0.751**	0.138*	0.258**	0.396**	0.257**	0.343**	0.618**	1			
(12) Religious obligations	0.677**	0.682**	0.623**	0.715**	0.069	0.169**	0.337**	0.175**	0.245**	0.539**	0.690**	1		
(13) Social influence	0.767**	0.737**	0.707**	0.797**	0.164**	0.243**	0.442**	0.279**	0.368**	0.837**	0.888**	0.863**	1	
(14) IB adoption intention	0.707**	0.735**	0.737**	0.785**	0.226**	0.232**	0.416**	0.283**	0.376**	0.544**	0.608**	0.593**	0.674**	1

**Notes:** \*\*Correlation is significant at the 0.01 level (two-tailed). \*Correlation is significant at the 0.05 level (two-tailed)

**Source:** Primary data

interaction term is a product of two variables, we follow [Aiken and West \(1991\)](#) and center both the independent and moderating variables. This is achieved by subtracting their respective means and computing the interaction term as the product of the centered variables. Centering of variables avoids potentially problematic high multi-collinearity with the derived interaction terms.

We first examine the influence of attitude on intention to adopt IB while controlling for gender and religious affiliation of respondents in Model 1 ([Table 5](#)). Results show that this accounts for a significant amount of variance in the intention to adopt IB (adjusted  $R^2 = 61.5\%$ ,  $p < 0.000$ ) and that the relationship between attitude and intention to adopt IB is significant and positive ( $\beta = 0.794$ ,  $p < 0.001$ ). This result provides an indication that attitude has a significant and positive effect on intention to adopt IB. In Model 2, the addition of the interaction term of attitude and pricing of conventional bank products accounts for an additional and significant variance of 0.007 in intention to adopt IB ( $f\Delta = 5.541$ ,  $p < 0.001$ ) resulting into an increase in adjusted  $R^2$  to 62.6% ( $p < 0.000$ ). This result supports the assertion of existence of a moderating effect of pricing of conventional bank products in the relationship between attitude and intention to adopt IB. In Model 3, the interaction term of attitude and social influence is added to test the moderating effect of social influence in the relationship between attitude and intention to adopt IB. While there is an increase in adjusted  $R^2$  from 61.5% to 61.8%, this increase is not significant ( $f\Delta = 3.109$ ,  $p = 0.079$ ). This suggests that when attitude interacts with social influence alone, the moderating effect is not significant.

We carry out further tests to examine  $H1$ ,  $H2$  and  $H3$  when both moderator variables are acting together. This is achieved by means of a multivariate regression under Model 4 and [Dawson's \(2021\)](#) two-way interaction effects graphical tool to confirm moderation or otherwise. Results in [Table 5](#) (Model 4) show that control variables (gender and religious affiliation) are insignificant in the model; hence, they do not overly influence the results of the study. Results show that attitude has a significant and strong positive effect on the intention to adopt IB ( $\beta = 0.809$ ,  $p < 0.001$ ). This result supports  $H1$ , implying that an increase in the attitude to IB will result into higher likelihood of adopting and embracing IB. To test  $H2$  and  $H3$ , we examine changes in adjusted  $R^2$ ; results in Model 4 ([Table 6](#)) reveal a noticeable increase in adjusted  $R^2$  to (adjusted  $R^2 = 63.3\%$ ,  $p = 0.000$ ) when the interaction terms (i.e.  $c\_ATTD \times c\_POCP$  and  $c\_ATTD \times c\_SOCl$ ) of attitude with the two moderator variables are added to the model, from an adjusted  $R^2$  of 61.5% in Model 1 when attitude is acting independent of the two interacting/moderating variables.

We examined the slopes of graphs to determine the moderating effect of the variables using [Dawson \(2021\)](#)'s two-way interaction effects graphical tool. [Dawson's \(2021\)](#) graphical tool uses means and standard deviations of the independent variable ( $ATTD$ : mean = 3.694, SD = 0.957) and the moderating variables ( $POCP$ : mean = 3.253, SD = 0.636; and  $SOCl$ : mean = 3.326, SD = 0.905) as well as unstandardized regression coefficients of centered independent variable, centered interaction terms and the respective intercepts. Thus, to test for the interaction effects of pricing of conventional bank products, results of regression Model 7 ([Table 7](#)) are used in [Dawson's \(2021\)](#) tool (Unstandardized B:  $c\_ATTD = 0.720$ ;  $c\_ATTD \times c\_POCP = 0.134$ ; intercept = 0.530). To test for the interaction effects of social influence, results of regression Model 10 ([Table 6](#)) are used (Unstandardized B:  $c\_ATTD = 0.568$ ;  $c\_ATTD \times c\_SOCl = -0.048$ ; intercept = 1.132).

The graphs in [Figures 2](#) and [3](#) are not parallel and do cross each other at some point. This is in line with [Aiken and West \(1991\)](#), who advise that for the interaction to be significant and interpretable and for moderation to have taken place, the graphs should not be parallel or must have different gradients or slopes, implying that the magnitude of an effect is

**Table 6.**  
Panel A -  
Multivariate  
regression analysis

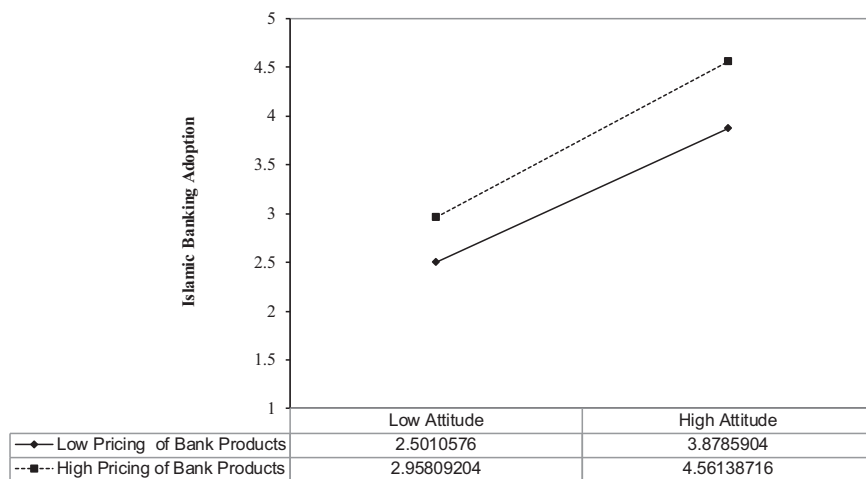
Item	Model 1	Model 2	Model 3	Model 4	VIF	Tolerance
Constant	1.056***	0.862***	1.211***	1.044***	NA	NA
Gender	-0.022	-0.035	-0.016	-0.031	1.050	0.952
Religious affiliation	-0.038	-0.054	-0.024	-0.037	1.112	0.899
Attitude ( <i>c_ATT</i> D)	0.794***	0.853***	0.753***	0.809***	1.672	0.598
Interaction term ( <i>c_ATT</i> D x <i>c_POCP</i> )		0.102**		0.175***	1.872	0.534
Interaction term ( <i>c_ATT</i> D x <i>c_SOI</i> )			-0.075	-0.155***	1.808	0.553
<i>R</i>	0.787	0.791	0.789	0.799	Durbin – Watson	
<i>R</i> <sup>2</sup>	0.619	0.626	0.623	0.639	1.881	
Adjusted <i>R</i> <sup>2</sup>	0.615	0.621	0.618	0.633		
<i>R</i> <sup>2</sup> Change	0.619	0.007	0.004	0.020		
F-statistic change	160.075	5.541	3.109	8.262		
Significant F-change	0.000	0.019	0.079	0.000		

**Notes:** \*\*\*  $p < 0.001$ ; \*\*  $p < 0.05$   
**Source:** Primary data

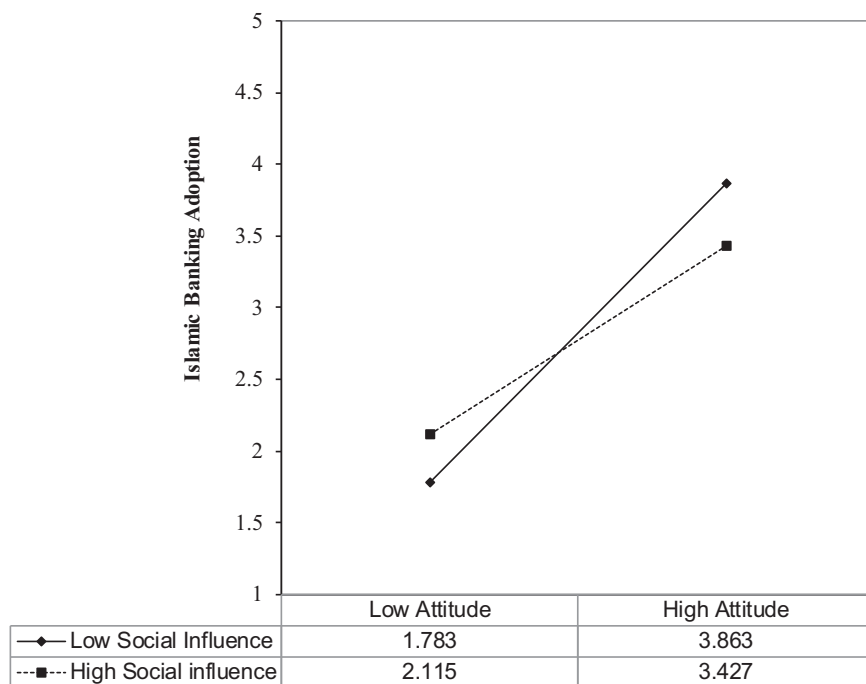
**Table 7.**  
Panels of  
unstandardized  
regression  
coefficients to test for  
interaction effects

Item	Model 5	Model 6	Model 7	VIF	Tolerance
<i>Panel B: Testing interaction effects of pricing of conventional bank products</i>					
Constant	1.056***	0.773***	0.530***	NA	NA
Gender	-0.038	-0.037	-0.061	1.049	0.953
Religious affiliation	-0.053	-0.040	-0.063	1.100	0.909
Attitude ( <i>c_ATT</i> D)	0.699***	0.667***	0.720***	1.663	0.601
Pricing of bank products ( <i>c_POCP</i> )		0.121**	0.134***	1.189	0.841
Interaction term ( <i>c_ATT</i> D x <i>c_POCP</i> )			0.118**	1.481	0.675
<i>R</i>	0.787	0.791	0.796	Durbin–Watson	
<i>R</i> <sup>2</sup>	0.619	0.626	0.634	1.964	
Adjusted <i>R</i> <sup>2</sup>	0.615	0.621	0.628		
<i>R</i> <sup>2</sup> change	0.619	0.007	0.009		
F-statistic change	160.075	5.613	6.842		
Significant F-change	0.000	0.018	0.009		
<i>Panel C: Testing interaction effects of social influence</i>					
Item	Model 8	Model 9	Model 10	VIF	Tolerance
Constant	1.056***	0.982***	1.132***	NA	NA
Gender	-0.038	-0.036	-0.026	1.037	0.965
Religious affiliation	-0.053	-0.073	-0.054	1.132	0.884
Attitude ( <i>c_ATT</i> D)	0.699***	0.600***	0.568***	3.124	0.320
Social influence ( <i>c_SOI</i> )		0.135**	0.131***	2.818	0.355
Interaction term ( <i>c_ATT</i> D x <i>c_SOI</i> )			-0.048	1.421	0.704
<i>R</i>	0.787	0.791	0.794	Durbin–Watson	
<i>R</i> <sup>2</sup>	0.619	0.626	0.630	1.859	
Adjusted <i>R</i> <sup>2</sup>	0.615	0.621	0.623		
<i>R</i> <sup>2</sup> change	0.619	0.007	0.004		
F-statistic change	160.075	5.889	2.835		
Significant F-change	0.000	0.016	0.093		

**Notes:** Panel B: \*\*\*  $p < 0.001$ ; \*\*  $p < 0.05$ ; Panel C: \*\*\*  $p < 0.001$ ; \*\*  $p < 0.05$



**Figure 2.** Plots of the two-way interaction effects of attitude and pricing of bank products



**Figure 3.** Plots of the two-effects of attitude and social influence

greater at one level of a variable than at another level. We, therefore, conclude that the two moderator variables significantly interact with attitude.

In light of the results in Table 5 and Figures 2 and 3, H2 and H3 are supported. The interaction terms are significant (for  $c\_ATTD \times c\_POCP$ ,  $\beta = 0.175$ ,  $p < 0.001$  and for  $c\_ATTD \times c\_SOCI$ ,  $\beta = -0.155$ ,  $p < 0.001$ ). For H2, this means that attitude toward IB is a

significant determinant of intention to adopt IB, and at a certain level of attitude, the *price of conventional bank products* (i.e. interest rates, bank charges and fees, loan processing and monitoring fees) will come into play and interact with *attitude to IB* that a bank customer has to drive that customer's intention to adopt IB products. Similarly, *H3* is supported in a sense that while attitude is a significant determinant of intention to adopt IB, but at a certain level of attitude toward IB, social influence factors like social norms and beliefs, culture and religious obligations of a bank customer will interact with that customer's attitude to significantly influence that customer's intention to adopt IB.

In the final analysis, attitude toward IB and the moderation of pricing of conventional banking products and social influence in the relationship explain a significant 63.3% (*adjusted R*<sup>2</sup> = 0.633, *p* = 0.000) of the variance in intention to adopt IB in a Christian-dominated country. Regression diagnostic tests indicate that there was no problem of multicollinearity, as the tolerance statistics and variance inflation factors were within recommended ranges of above 0.2 and below 10, respectively (Field, 2009). The Durbin-Watson (D-W) tests resulted into a score of 1.881 which is within the recommended range of 0 to 4 (Field, 2009). Collectively, the diagnostic tests confirm that our results are robust and generalizable.

## 5. Discussion of results

Underpinned by the TRA, all our study hypotheses are supported. Specifically, our first hypothesis (*H1*) states that attitude is positively and significantly associated with intention to adopt IB. The regression analysis results indicate that indeed, attitude and intention to adopt IB are significantly associated, thus providing support for *H1*. *H2* states that the pricing of conventional bank products moderates the relationship between attitude and intention to adopt IB. This study's regression analysis results indicate that the pricing of conventional bank products moderates the relationship between attitude and intention to adopt IB, thus providing support for *H2*. *H3* states that social influence moderates the relationship between attitude and intention to adopt IB. *H3* is supported, as results indicate that social influence moderate the relationship between attitude and intention to adopt IB. These study results mean that the attitude of conventional bank customers and or even those without bank accounts in the conventional banks can be boosted by the prices of conventional bank products and the social influence of those actors deemed superior. Therefore, the providers of Islamic financial services need to ensure that the overall prices of their products are lower than the prices of conventional bank products.

The finding that attitude and intention to adopt IB are significantly associated means that for IB adoption to take shape, the attitudes of Ugandans need to be worked on. For example, people should be educated and informed that IB is one of the cheapest sources of financing that facilitates transactions. Also, peoples' attitudes need to be carefully understood; for example, the proprietors of IB need to know that Ugandans expect IB to bring peace of mind to them, as it operates on the concept of sharing profits and losses. Correlation results further indicate that feelings (affective) and knowledge (cognitive) have a significant association with intention to adopt IB. It is, thus, important that players in IB in Uganda should capitalize on the feelings of Ugandans and carry out a massive sensitization program among Ugandans about IB products and principles. There is need to invest in various media centers, trade unions and schools/universities to educate the masses about IB. The findings of this study are consistent with the findings of the previous researchers; for example, Bananuka *et al.* (2019) found that attitude is significantly associated with the intention to adopt IB in Uganda. In another study, Bananuka *et al.* (2020b) found that attitude is significantly associated with intention to adopt IB. Earlier, Kaawaase and Nalukwago (2017)

had documented that attitude is significantly associated with the intention to patronize IB in Uganda.

As earlier stated in the literature review section, there are hardly any studies that examine the moderating role of pricing of conventional bank products and social influence in the relationship between attitude and intention to adopt IB. This study's results confirm the authors' earlier reasoning that pricing of conventional bank products boosts the relationship between attitude and intention to adopt IB. So, if the prices of conventional bank products are high, for example, high interest rates charged by existing conventional banks, then the bank customers will definitely opt for IB products given that their prices are low. In terms of the moderation role of social influence in the relationship between attitude and intention to adopt IB, the nature of the moderation is negative. This means that social groups will aim to discourage existing bank customers and other potential customers from adopting IB products. This was earlier found by [Bananuka et al. \(2020a\)](#), where in their findings, it was indicated by the respondents that for IB to take shape, the word Shariah should not be used. That finding had serious implications for the intention to adopt IB in Uganda. The prohibition of the use of the term Shariah in IB means that a section of Ugandans have a negative attitude toward Islam, and this may be true, as a large section of Ugandans are Catholics and Anglicans ([Uganda Bureau of Statistics, 2016](#)). Therefore, the promoters of IB in Uganda such as Uganda Muslim Supreme Council need to work harder and create a rappel with leaders of the Catholic Community and the Anglicans in the promotion of IB. Currently, Uganda Muslim Supreme Council is a member of the Inter Religious Council of Uganda, but this study's results mean that there is a lot to be done in this relationship – council in terms of working on the attitudes of Christians on Islam and IB.

## 6. Summary and conclusion

This study aimed to test whether attitude influences the intention to adopt IB. The study further aimed to test whether the influence of attitude on the intention to adopt IB is moderated by the pricing of conventional bank products and social influence. The study results affirmed that indeed, attitude positively and significantly influences the intention to adopt IB and that this relationship is moderated by the pricing of conventional banking products and social influence. Results indicate that attitude and its interactions with both the pricing of conventional bank products and social influence predict 63.3% of the variance in the intention to adopt IB in Uganda.

This study adds to existing literature on the intention to adopt of IB ([Mbawuni and Nimako, 2017](#); [Charag et al., 2020](#); [Bananuka et al., 2019](#); [Lujja et al., 2018](#); [Lujja et al., 2016a](#)) by documenting for the first time that both social influence and pricing of conventional banks moderate the relationship between attitude and intention to adopt IB. This study extends the TRA in explaining the moderation role of social influence and pricing of bank products in the relationship between attitude and intention to adopt IB using evidence from a Christian-dominated developing country like Uganda. In terms of practice, the promoters of IB, especially the banks that are ready to offer IB products such as Tropical Bank, need to increase their sensitization effort regarding the benefits of IB. The Uganda Muslim Supreme Council (the leader of Muslims in Uganda) through her relationships with other religious leaders need to emphasize on the benefits of IB. This means that the Inter Religious Council of Uganda to which Uganda Muslim Supreme Council is a member need to come up with a joint statement which can be run in the various media regarding their commitment to the use of IB products. This will

have a positive significant influence on the attitudes of Ugandans toward IB. Also, universities which are known for knowledge creation could also increase awareness on the importance of IB by introducing independent course units on IB. A majority of the universities in Uganda have business-related courses which indeed need to review their curriculum to include IB. Prominent universities with a strong background including Makerere University where business courses are taught at both the main campus and at the Nakawa-based Makerere University Business School.

Like any other study, the current study also has a number of limitations. First, the study used evidence from Uganda and it is highly possible that these results are only generalizable to Uganda and other settings with similar environments. Future studies may be undertaken in other settings. Second, the study uses a cross-sectional research design, and thus, monitoring changes in behavior over time may not be possible. This calls for future follow up studies. Also, this study used quantitative data which sometimes misses certain information and limits the respondent's opinions on the study variables. Future studies may use mixed method research. In terms of data analysis, this study uses SPSS to analyze the data and did not use more advanced analysis tools, such as SmartPLS SEM, which are believed to generate more robust results. Future studies could extend their analysis to generate more robust results using advanced analysis tools such as SmartPLS SEM.

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**Further reading**

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Item	Interest rates	Component		
		Maintenance fees	Loan monitoring fees	Loan processing fees
The interest rate of existing bank products is high	0.763			
I am charged unreasonable interest amounts by my bank	0.754			
There is instability of interest rates in existing banks	0.600			
It is not possible to negotiate the interest charges with my existing bank	0.558			
My bank compounds interest	0.524			
I am charged accounts maintenance fees monthly		0.680		
My bank charges more accounts maintenance fees than I would expect if it was an Islamic bank		0.665		
Bank officers update me on the new development of bank products though this could be better under IB		0.639		
Loan monitoring fees would influence my request for a loan		0.526		
My bank's loan handling fees are charged according to the loan amount applied for			0.701	
Loan processing fees vary across all existing banks			0.648	
Interest rates would influence my request for loan			0.600	
The short time loan processing influences me to take a loan			0.558	
My bank's loan transaction fees are not negotiable				0.699
My bank charges high loan transaction fees than what I would expect if it was an Islamic bank				0.663
Eigen values	3.597	1.655	1.245	1.052
Percentage variance	15.214	12.356	12.048	10.048
Cumulative variance	15.214	27.570	39.618	50.332
Kaiser – Meyer – Olkin				
Measure of Sampling Adequacy = 0.797				
Approximately chi square = 753.199				
df = 105; Significant = 0.000				
Extraction method: Principal component analysis.				
Rotation method: Varimax with Kaiser normalization.				
Rotation converged in six iterations.				

**Table A1.**  
Rotated component matrix for pricing of other bank products

**Source:** Primary data

Item	Component		
	Social norms and beliefs	Culture	Religious obligations
The opinion of my friends about IB binds me	0.757		
My family members encourage me to use IB products once they are available	0.735		
My friends expect me to use IB products once they become available	0.732		
My workmates believe that IB is important to me	0.693		
I will adopt IB when my workmates do so	0.669		
I will use IB services because my friends are willing to go for it	0.663		
My cultural beliefs make reference to IB	0.543		
IB enables people to engage better in business		0.764	
I believe, IB will not interfere with my cultural background		0.731	
I believe that IB promotes fairness among individuals		0.716	
I would adopt IB regardless of my religion		0.676	
IB is ideal for secular states with no universal culture		0.667	
IB principles is encouraged by my religion			0.759
IB is supported by my religious leaders			0.742
My religion does not prohibit IB			0.544
Eigen values	6.564	1.632	1.014
Percentage variance	25.426	22.157	13.150
Cumulative variance	25.426	47.584	60.734
Kaiser–Meyer–Olkin Measure of Sampling Adequacy = 0.919; Approximately chi square = 2,003.647; df = 105; Significance = 0.000			
Extraction method: Principal component analysis			
Rotation method: Varimax with Kaiser normalization			
Rotation converged in six iterations			

Source: Primary data

**Table A2.**  
Rotated component  
matrix for social  
influence

Appendix 3. Rotated component matrix for attitude

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Item	Cognitive attitude	Component Conative attitude	Affective attitude
I believe IB will enable me easily get a personal business financing	0.750		
I consider IB useful	0.748		
I think changing from traditional banking to IB is a wise idea	0.747		
I believe it is easier to acquire a business development loan through IB	0.717		
The concept of interest free banking, will encourage me to choose IB products and services	0.709		
I consider IB more convenient than traditional banking	0.646		
The concept of profit and loss sharing will encourage me to choose IB products and services	0.593		
I would spare time to enlighten my peers about IB		0.750	
I would influence my relatives to adopt IB		0.731	
I would feel well when my peers adopt IB		0.680	
I would influence my peers to adopt IB		0.678	
Islamic financing will be good for my peers		0.674	
Engaging in IB products and services would be my consideration in the near future			0.760
IB can be an alternative bank for me			0.725
I would definitely recommend IB to other people			0.648
I am interested in using IB			0.620
IB can work in Uganda.			0.601
Eigen values	9.843	1.152	1.007
Percentage variance	26.763	21.922	20.104
Cumulative variance	26.763	48.685	68.789
Kaiser–Meyer–Olkin Measure of Sampling Adequacy = 0.962; Approximately chi square = 3872.834; df = 153; Significance = 0.000			
Extraction method: Principal component analysis			
Rotation method: Varimax with Kaiser normalization			
Rotation converged in six iterations			

**Table A3.**  
Rotated component matrix for social influence

**Source:** Primary data

#### Appendix 4. Questionnaire items on adoption of Islamic banking

- I am aware of the Islamic banking products and if they had been available in our locality, I would be using them by now
- I know the criteria for accessing a bank loan from the conventional bank and I am sure there may be no much difference for an Islamic bank
- I know the principles of Islamic banking
- Islamic banks is are a solution to modern financial problems and thus should be made available to everyone
- I would be using Islamic banking if Islamic banks were operating in Uganda
- I have no problem with Islamic banking services except that these services are not near us
- I am aware that Islamic banking can boost innovation and creativity among individuals

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