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## An Investigation into Factors that Determine the Adoption of Islamic Banking and Finance: Evidence from Jalalabad, Afghanistan

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# An Investigation into Factors that Determine the Adoption of Islamic Banking and Finance: Evidence from Jalalabad, Afghanistan

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## Abstract

*The performance of its banks determines a country's economic success, as their key focus is to give support and cohesion to the financial sector regulation by acting as an intermediary between various parties such as individuals, organizations, and governments to conduct depositing and lending money operations smoothly. The majority of the population in Jalalabad, Afghanistan, prefers the non-Islamic banking system over the Islamic banking system due to their unawareness of Islamic services and products. This study aims to investigate the factors that determine the adoption of Islamic banking and finance in Afghanistan. The factors determining the adoption of Islamic banking and finance include religious awareness, social influence, relative advantage, and networking. These factors are considered independent variables, and the adoption of Islamic banking is considered a dependent variable in the current study. The data are collected through a self-administered survey questionnaire among 290 respondents. These respondents include employees of different organizations, students, shopkeepers, and residents of Jalalabad. The collected data was analyzed using correlation and regression analysis using SPSS 22.0. The findings of the study revealed that religion, awareness, and social influence have a significant impact on the intention of the respondents, whereas relative advantage and networking have an insignificant impact on the intention of respondents to adopt Islamic banking in Jalalabad, Afghanistan. Most studies suggest a need to educate the public about Islamic banking services and products, and the Islamic banking system must make greater efforts to compete with the conventional banking system in Afghanistan.*

**Keywords:** Investigation, Adoption, Islamic Bank, Finance, Nangarhar, Afghanistan

## 1. Introduction

Islamic banking and finance have received increasing attention given the fact that its practices have been adopted, especially in countries with relatively large Muslim populations. This banking system operates based on Shariah law, which prohibits interest, provides risk-sharing, and promotes ethical investment (Nawaz & Haniffa, 2017). These principles correspond to the Islamic banking system and can be an excellent alternative to traditional financial systems even in non-Islamic countries (Rashid, Hassan, Umar, & Ahmad, 2009). As a sizeable Islamic state, Afghanistan provides a suitable context for investigating the factors influencing Islamic banking and finance adoption.

The term "Islamic Banking system" refers to the practice of conducting banking activities in accordance with the Shariah doctrines. The prohibition of interest (Riba) in all types of contracts, including trade and commercial operations built on equal and lawful profit

and loss sharing, is one of the significant principles of Islamic Banking (IB). The Malaysian Islamic Banking Act 1983 (276) defines the Islamic Financial system as "any enterprise/organization whose goal and operations do not combine the components prohibited in religion Islam." The Islamic banking system (IBS) was established because Muslim customers needed to meet their needs and demands under the Shariah rule by a financial institution. IBS is founded exclusively on the Islamic law principle, which excludes the idea of conflict of interest. The Holy Quran, Hadith, Sunnah, Ijma, Ijtihad, and Qiyas are the significant sources of Islamic Shari'ah.

The Shariah Finance Sector is not a new concept. The first step toward developing an Islamic financial system was done in the 1960s, when "The Mitghamr Saving Bank" in Egypt first attempted to build Islamic finance, which was unsuccessful due to ineffective advertising and administration policies. In 1980, Malaysia was the first Islamic country to take the following powerful and effective step and take more consideration into the growth of the Islamic financial system. This accomplishment has brought Islamic banking growth. The Islamic banking industry's annual growth is about 15 to 20%. The fascination with Islam is prohibitive. An Islamic financial system is necessary to meet the needs and desires of Muslims in accordance with shariah law. Religion significantly impacts customer perceptions and has shaped people's attitudes in several aspects of life. Islam likewise guides the Islamic banking system. Jamshidi et al. (2014) State that in the Islamic banking system, the customer's decision is influenced by their faith and those other factors are irrelevant.

Consumer knowledge of Islamic banking goods and services is the second element that impacts consumer impression. The vast majority of individuals do not understand the distinction between an Islamic bank and a conventional bank. An Islamic bank's primary objective is to assist the economy thrive by offering financial goods and services based on Islamic and Islamic law standards (Hassan et al., 2012). The bank needs to educate customers about Islamic financial products and services and provide a clear knowledge of how they differ from competitor's products and services. Islamic banks understand customers' perceptions of product and service excellence. The primary goal of the Islamic banking system is to give interest-free goods and services. Islamic banks profit more on Murabaha facilities than regular loans because of Islamic goods' profit and loss foundation (Haron, 2000).

Afghanistan's financial process has evolved ever since the Taliban was overthrown in the year 2001. Forming a systematic official banking structure to reconstruct the nation's economy has witnessed Islamic banks alongside conventional institutions. Although these institutions have penetrated the country, access to banking services is still limited; many people still engage in informal financial transactions. Around 90% of Afghan adults are unbanked, meaning they do not hold an account with an official financial institution, indicating a huge gap that Islamic banking may fill to an extent, as indicated by Aziz, Afaq, and Wright in 2019.

Understanding the factors that shape the acceptance of Islamic banking in Afghanistan requires a complex approach that affects reconsidering cultural, social, and economic parameters. Previous studies have found several factors influencing the acceptance of Islamic banking in different settings. Extant literature highlights religiosity, understanding and knowledge of Islamic banking, perceived utility expected from the system, and public trust in Islamic banks. (Echchabi & Olaniyi, 2012). However, due to

political instabilities and dynamic conflict situations, Afghanistan's social and political environment complicates these factors.

The main goal of this research is to identify key contributing factors to the adoption of shariah banking and to identify factors which require more consideration for the growth of Islamic financial services in the Afghanistan economy. Literature determines various factors of Islamic banking adaptation; however, religious beliefs are considered the key element in Islamic countries (Asdullah and Yazdifar, 2016). In Afghanistan, where Islam is the main religion and is rooted deeply in everyday life and government, fitting Islamic banking with religious beliefs is probably a major factor. Still, religious loyalty might not be enough to induce acceptance. Crucially, the degree of awareness and knowledge among the Afghan people about Islamic banking concepts. Studies have found that people's choices to use Islamic banking services are much influenced by awareness and understanding (Amin et al., 2017). In Afghanistan, where financial awareness is low, and educational attainment is poor, initiatives to inform the people about Islamic banking might be very important.

Therefore, this aims to explore the factors determining the adaptation of Islamic banking and finance in Afghanistan. The study contributes to the existing academic works and offers practical recommendations for implementing Islamic banking in Afghanistan. Thus, this research contributes to important, untapped research areas that explain accepting Islamic Finance in a post-conflict, predominantly Muslim country by trying to ascertain determinants by integrating knowledge aspects like religious beliefs, awareness, the relative advantage of the Islamic/Shariah finance and trust in the financial institutions and socio-political factors. The results can assist policymakers in developing policies for improving financial literacy and economic growth, explain to the financial institutions their strategy to deliver facilities suitable according to the demand of the Afghan population and demonstrate to the community and religious leaders how Islamic banking can be promoted. Lastly, this research helps to further the development of a relevant and culturally sensitive financial services industry, promote economic development, and establish Afghanistan's stability and long-term development.

## 2. Literature Review

In several ways, an Islamic bank differs from a commercial bank. Although the *riba* is not found in Islamic banks, it is an essential component of commercial banks. In an Islamic bank, people can fulfil their religious obligations. The Muslim bank works for humanity's benefit through the profit and loss sharing philosophy. Some individuals think that a Shariah bank is identical to a normal bank. This research aims to determine whether customers believe Islamic banks operate according to Islamic law (Dusuki, 2007). In an Islamic bank, we can get a loan with no interest and the Islamic bank shares both profit and loss. When it occurs on bank assets, the bank suffers a significant loss. This research focuses on Muslim and non-Muslim banks, using ROE to create a standard (Nour et al., 2017).

### 2.1 Adoption to Islamic Bank

In this study, adoption to Islamic banks is a dependent variable used to determine why people have adopted or are interested in adopting Islamic Banking services and examine adoption to IB in terms of the elements that influence its acceptance. The word "adopt" refers to the official acceptance and implementation of something. (Haque, 2010) stated that the term "Sharia Banking" refers to the practice of banking in accordance with Islamic

teachings. Unlike traditional banking services, Islamic banking forbids usury, the collecting and paying of *riba*; instead, it emphasizes revenue and expense sharing, working for communal activities, giving *zakat*, and developing all *halaal* aspects of a business. Initially, the customers' willingness towards Islamic banks was low, but as time passed, this number increased. Several factors have helped improve the customer's willingness to adopt Islamic banking.

### *2.1.1 Religion and Adoption of Islamic Banking*

Mukhtar & Butt (2012) stated that Customers' attitudes are frequently influenced by their beliefs, with religion serving as the foundation for these beliefs. The most powerful factor in the section on *Halal's* product was the subjective standards of interaction with the religious community. In a research on Muslim students and non-Muslim students, it was found that Muslim students favour Islamic banking only because of religious factors.

In contrast, a study from Jordan found that religion is not an essential factor in adopting an Islamic bank. However, the main factor is adopting its high profit-driven criteria margin (Erol, C, 1989). About the selection process of Islamic banks, the customers have adopted *Sharia* banking because of their religion. However, there are various extra elements to encourage customers to accept the Islamic banking system over the conventional banking system, such as transaction efficiency, customer data protection, and operating hours (Rehman, 2010).

According to studies, persons with a higher level of religious commitment tend to follow religious rules and customs within their culture and exchange of Islamic banks.

### *2.1.2 Awareness and Adoption of IB*

Previous research demonstrated the importance of products and services. Rehman (2010) stated that the customer's awareness of Islamic banking common products such as time deposit accounts and current accounts is high. However, most clients do not know about the specific products of IB finances, such as *Murabaha* and *Ijara*.

Previous studies have examined the effect of Islamic financial instruction expertise on Islamic banking acceptance. Marimuthu et al. (2010) observed in their survey that 57.6 per cent of respondents were unaware of core Islamic banking topics. In their survey of Malaysian banking customers, Hamid (2001) discovered a greater awareness of Islamic banking (Islamic financial teachings) because of a low level of information about essential Islamic banking goods and a lack of knowledge about the differences between Islamic and commercial banks. They add that improved customer knowledge will help customers become more informed about Islamic finance.

Promotion is another dimension that brings awareness to people. As bank selection criteria, mainstream media publicity was less important to the client. They were interested in exploring consumer awareness of Islamic banking products. Their results emphasized that strong publicity campaigns were needed to defeat the customers' lack of knowledge about the IB. Marimuthu et al. propose the same (2010).

This research is being utilized to discuss and prepare an Islamic bank and whether or not there is a link between them. Even if customers are aware of the things that are prohibited in Islam, the negatives deter them from using an Islamic bank. People favour Islamic banks because of their Islamic influence and power.

### 2.1.3 *Networking and Adoption of Islamic Bank*

One of the key variables for determining the criteria for the adoption of Islamic banks is networking. It refers to the geographically spread-out number of branches a specific organization has to provide access to its clients. A report (2010) shows that during the quarter, the market shares of Islamic banking grew to 6.4%, as assets grew to 3.2%, compared to conventional banks' declining asset base. Islamic banking has increased its local office set of connections by 5.4%. Haron et al. (1994) discovered in their study that convenience is a major factor influencing IB selection criteria; he defines convenience as an extensive branch network, proximity to home or work, convenient ATM working hours, and bank location.

The tiny chain of offices is one of the causes contributing to the poor development of Sharia finance, which suggests Sharia finance has tried to attract additional citizens by building additional offices, which would undoubtedly enhance public trust in them. If Islamic banks expand their networks to include customer-related items, Islamic banking has a great chance of success (Rehman., 2010). On the other hand, Jordanian research discovered no substantial relationship between establishing new offices and accepting Sharia banks (C. Erol 1989).

### 2.2 *Relative Advantage*

The relative advantage is how much more noticeable an invention is from the notion it replaces (Rogers, 2003). Scholars from various fields of user continuance research have argued that relative benefit is one of the most powerful factors in embracing innovation (Gerrard 2003).

According to certain polls, customers' inclinations to utilize Islamic finance are influenced by relative advantages (Thambiah et al. 2011). According to these findings, Islamic financial bases have practical and moral benefits in terms of quality (banking personnel's skill and knowledge), tax policy (cost of goods and commodities) as well as corporate responsibility (equitable income, losses and risk sharing in all conduct). According to our argument in this article, the greater the percentage of relative advantage, the higher the relative benefit.

According to Brown et al. (2003), relative advantage and trial ability influence customers' opinions toward cell phone banking adoption in South Africa. This denotes the need for cell phone banking services to be (or perceived to be) less risky before clients embrace them. Compatibility, complexity, and self-efficacy, on the other hand, do not affect cell phone banking adoption.

### 2.3 *Social Influence*

Marimuthu et al. (2010) stated that customers highly value the recommendations of relatives, friends, and family when choosing an Islamic bank. In a report on the adoption of Islamic cell phone banking in Southeast Asia, the findings reveal that when Muslims have to choose whether to approve or condemn a scheme or device, they usually weigh the standards and values of their community. At the same time, Non-Muslims only think about the supposed use of the goods. Many studies have suggested that a subjective norm positively influences intention and adoption behaviour in different contexts (Taylor & Todd, 1995; Venkatesh & Davis, 2000).

The environment is vital in influencing one's decision to use Islamic banking services (Lajuni et al., 2017). Individual adaptation to their surroundings will be aided by social impact as individuals endeavour to live in an unknown environment (Venkatesh & Davis, 2000).

#### 2.4 Research hypothesis

H1: Religion has a significant and positive impact on the adoption of Islamic banks in Jalalabad, Afghanistan.

H2: There is a significant and positive impact on awareness of adopting Islamic banks in Jalalabad, Afghanistan.

H3: Networking has a significant and positive impact on adopting Islamic banks in Jalalabad, Afghanistan.

H4: There is a significant and positive impact on the relative advantage of adopting Islamic banks in Jalalabad, Afghanistan.

H5: There is a significant and positive impact on social influence on adopting Islamic banks in Jalalabad, Afghanistan.

**Figure 1**  
*Schematic Diagram*

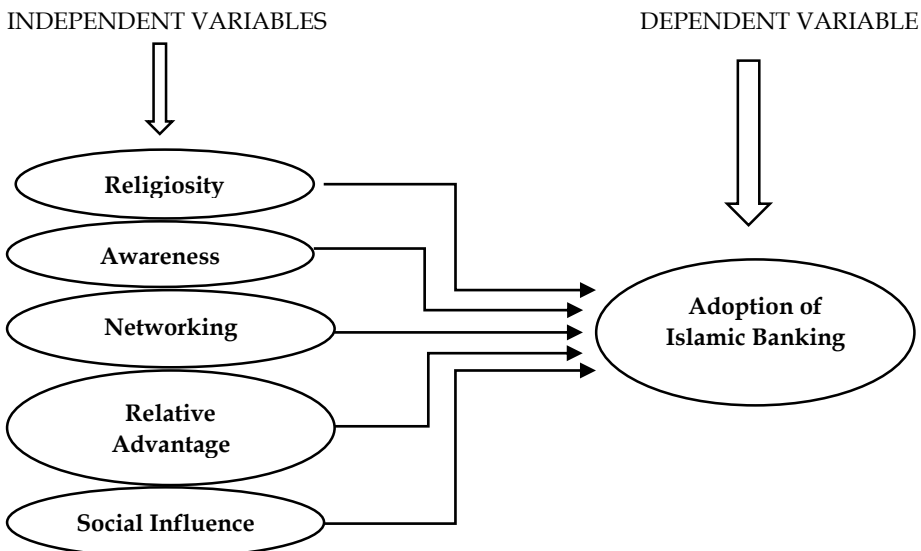


Figure 1: Schematic Diagram showing the interrelationship between Independent and Dependent Variables

### 3. Research Methodology

The current study adopts positivism as its research philosophy, which implies that knowledge can be obtained objectively and independently. Positivism research philosophies use a deductive research approach to study research phenomena. The deductive approach suggests that knowledge can be obtained using existing models and theory. The hypotheses are developed and tested for validation and falsification of the theory. Further, quantitative research methods are used to obtain objective data using a survey questionnaire related to the study variables.

### 2.1 Population and Sample of the Study

The current study's population is the banking sector in Jalalabad, Afghanistan. All employees who worked in banks were members of the population. Data for the study were gathered from the bank employees in Jalalabad. The researcher personally visited the banks to collect data from the employees.

For data collection, the researcher personally visited banks in Jalalabad, Afghanistan, and distributed the pre-structured questionnaires to bank employees. The technique used by the researcher for the collection of data is random sampling. Customers will be chosen on a random basis when they visit Islamic banks in Jalalabad, and structured questionnaires will be given to them for data collection purposes.

### 3.2 Econometric Model

The purpose of this study is to analyze factors influencing the intention of customers to adopt Islamic banking. For this purpose, the independent variables are Religion, Awareness, Social influence, Relative advantage, and networking, and the dependent variables are intention to adopt Islamic banking. The multiple ordinary least square regression model is applied to the data set to examine the effect of independent variables on dependent variables. The econometric model is as follows:

$$\text{Adopt IB} = \alpha + \beta_1\text{RLG} + \beta_2\text{AWR} + \beta_3\text{SI} + \beta_4\text{RA} + \beta_5\text{NW} + \varepsilon_i$$

Where

Adopt IB represents adoption to Islamic banking,  $\alpha$  is the intercept, RLG is religion, AWR represents Awareness, SI is social influence, RA represents a relative advantage, NW is networking and  $\beta_2$  to  $\beta_5$  is the beta coefficient value.

### 3.3 Data Analysis

This study will use descriptive techniques and inferential statistics to analyze the data. The researcher also uses regression and correlation analysis. In this study, SPSS version 22 will also be used for data measurement.

## 4. Results and Analysis

### 4.1 Reliability Analysis

The present study's questionnaire reliability test is shown in the table below. Based on the study's many factors, 26 items are utilized in the table below. The Cronbach's alpha test is used to determine the questionnaire's reliability. According to Liem and Glie, the questionnaire reliability evaluated by the alpha test was 0.797, which is considered excellent.

**Table 1**  
*Reliability Analysis*

Scale	No of Items	Cronbach Alpha
Religiosity	05	.797
Awareness	05	.790
Networking	04	.731
Social Influence	03	.707
Relative Advantage	06	.794
Adoption of Islamic Banking	03	.650

Source: Created by the authors



#### 4.2 Correlation Analysis

In the table below, correlation analysis determines the relationship between religiosity, awareness, social influence, relative advantage, and networking with adopting the Islamic banking system.

Customers' perception of IB practices is then compared to their religious beliefs, awareness of social influences, relative advantage, and networking on banking behaviour as well as their bank's image and reputation. The results of the tests are presented in the following table.

**Table 2**

#### Correlation Analysis

		IB Adoption	Religiosity	Awareness	Social Influence	Relative Advantage	Networking
IB Adoption	Pearson Correlation	1	.167**	.202**	-.014	.161**	.191**
	Sig. (2-tailed)		.004	.001	.811	.006	.001
	N	292	292	292	292	292	292
Religiosity	Pearson Correlation	.167**	1	.212**	.030	.193**	.171**
	Sig. (2-tailed)	.004		.000	.615	.001	.003
	N	292	292	292	292	292	292
Awareness	Pearson Correlation	.202**	.212**	1	.527**	.742**	.649**
	Sig. (2-tailed)	.001	.000		.000	.000	.000
	N	292	292	292	292	292	292
Social Influence	Pearson Correlation	-.014	.030	.527**	1	.360**	.351**
	Sig. (2-tailed)	.811	.615	.000		.000	.000
	N	292	292	292	292	292	292
Relative Advantage	Pearson Correlation	.161**	.193**	.742**	.360**	1	.732**
	Sig. (2-tailed)	.006	.001	.000	.000		.000
	N	292	292	292	292	292	292
Networking	Pearson Correlation	.191**	.171**	.649**	.351**	.732**	1
	Sig. (2-tailed)	.001	.003	.000	.000	.000	
	N	292	292	292	292	292	292

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

Source: Created by the authors

#### 4.3 Regression Analysis

The regression analysis of factors influencing Islamic banking acceptance in Jalalabad, Afghanistan, is shown in the table below. Regression analysis displays the dependent variable's dependence on the explanatory variables or depicts the independent variable's impacts on the explanatory variables. The R-square value is 0.81, suggesting that the dependent variable, the adoption of Islamic banking, is significant at 0.81, explained by the independent variables such as religiosity, compatibility, amount of knowledge, and social impact. The result shows a positive correlation between adopting Islamic Banking and 5 independent variables: networking, religion, awareness, relative advantage, and

social influence. Variables such as networking, religion, amount of information, and social influence are responsible for a 0.81 per cent shift in adopting Islamic Banking.

**Table 3**

*Model Summary*

Model	R	R Square	Adjusted R square	Std. Error of the Estimate
1	.90 <sup>a</sup>	.081	.806	2.41959

a. Predictors: (Constant), Networking, Religiosity, Social Influence, Awareness, Relative Advantage  
Source: Created by the authors

#### 4.4 ANOVA

In this study, the ANOVA model is described in the below table. In the model below, the F value indicates that the model is fit. Because the p-value is less than 0.05, the F-value is 5.044, which is likewise significant at the 0.000 level and shows that the model is well-fit.

**Table 4**

*ANOVA<sup>a</sup>*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	147.651	5	29.530	5.044	.000 <sup>b</sup>
	Residual	1674.363	286	5.854		
	Total	1822.014	291			

a. Dependent Variable: IB Adoption

b. Predictors: (Constant), Networking, Religiosity, Social Influence, Awareness, Relative Advantage

Source: Created by the authors

#### 4.5 Religiosity, Relative Advantage, and Networking and Behavioural Intention/Adoption to Use Islamic Banking

The regression coefficients, part of the regression analysis, are described in the table below. The regression model is summarized in the table below. In the Figure below, the beta values for religion, relative advantage, and network are .082, -.38, and .109, respectively. This shows that a single component shifts in relative advantage, networking, plus religiosity would lead to positive change in Islamic Banking or adoption of the Islamic banking system in Jalalabad, Afghanistan; it is also significant since the p-value is lower than .05.

##### 4.5.1 Amount of Awareness and Adoption to IB/Adoption to Use Islamic Banking

The beta value of the table of awareness below is .142, which indicates that a change in the unit in the amount of awareness directly affects the adoption of Islamic Banking.

##### 4.5.2 Social Influence and Adoption to Islamic Banking to Use Islamic Banking

In the accompanying Figure, the beta rate of social influence is -0.151. It is also insignificant at the .000 level, suggesting that a minimum component shift in social effect leads to a decline in the adoption of Islamic Banking to utilize Islamic banking.

**Table 5**

*Coefficients<sup>a</sup>*

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
1 (Constant)	7.812	1.107		7.057	.000
Religiosity	.082	.042	.114	1.960	.051
Awareness	.142	.060	.227	2.379	.018
Social Influence	-.151	.064	-.158	-2.356	.019
Relative Advantage	-.038	.055	-.067	-.686	.493
Networking	.109	.073	.129	1.504	.134

a. Dependent Variable: IB Adoption

Source: Created by the authors

**Table 6**

*4.5.2 Hypothesis*

No	Proposed Hypothesis	Remarks
1	H1: There is a direct impact of religiosity on the intention to adopt Islamic banking.	Accepted
2	H2: There is a direct impact of awareness on the intention to adopt Islamic banking	Accepted
3	H3: Social influence and consumer intention to adopt Islamic banking have a direct impact.	Accepted
4	H4: There is a direct impact of relative advantage on the intention to adopt Islamic banking.	Rejected
5	H5: Networking directly impacts the intention to adopt Islamic banking.	Rejected

Source: Created by the authors

## 5. Discussion and Conclusion

The goal of this study is to examine customer perceptions of Islamic banking and to identify the factors that influence customer perceptions of Islamic banking in Jalalabad, Afghanistan. This survey also focuses on adopting Islamic banking products and services, focusing on Muslim and non-Muslim customers, and suggests valuable strategies for management to attract customers. The information for this study was gathered from Islamic banking employees and customers in Jalalabad. According to the findings, customers' perceptions are necessary for the growth and success of Islamic banking in Jalalabad. This study found that religious awareness of products and services and awareness of social influence have a significant impact on customer perceptions of Islamic banking. At the same time, relative advantage and networking do not significantly impact customer perception of Islamic banking.

The study found that religion significantly and directly affects the customers' intention to adopt Islamic banking in Jalalabad, Afghanistan. This finding is consistent with the majority of previous studies conducted in Muslim countries. Hassan & Abbas (2019) found that religiosity is one of the significant factors for the growth of Islamic products, apart from Chowdhury et al. (2019), who stated that in Bangladesh, it is one of the critical factors in the Islamic banking process regardless of gender.

The study found that awareness has a significant and direct impact on customers' intention" to adopt Islamic banking in Jalalabad, Afghanistan. This study's findings are consistent with most previous studies conducted in Muslim countries. It is clear that there is a lack of knowledge and understanding about Islamic banking. In order to reach Sharia bank customers, effective and informative campaigns on Islamic financing products and services are needed. Advertisements through social media, the internet, and on the street are more appropriate to attract Islamic financial banking consumers. The banks need to plan and carry out an advertising campaign to promote and jointly promote products and services offered by Islamic banks.

The study found that networking has no significant effect on customers' intention to adopt Islamic banking in Jalalabad, Afghanistan. This finding is consistent with the majority of previous studies conducted in Muslim countries. If the Islamic banking industry expands its network to include customer-requested products, it will have great success potential (Rehman., 2010). Nevertheless, a Jordanian study found that opening new branches did not significantly impact the adoption of Islamic Banks in the country. (Erol and Radi, 1989).

The study reveals that relative advantage does not significantly affect the consumer's intention to adopt Islamic banking in Jalalabad, Afghanistan. This finding is consistent with most previous studies conducted in Muslim countries worldwide. According to Echchabi et al. (2014), the relative advantage does not significantly impact Tunisian consumers' intentions to purchase Islamic insurance.

This study investigates the acceptability of Islamic banking in Jalalabad, Afghanistan. From a theoretical standpoint, the findings confirm previous research, which shows the substantial influence on the desires of the customer to utilize Islamic banking services in terms of religiousness, amount of awareness, relative advantage, and networking. The research and acknowledgement of the importance of Islamic banking adoption variables have mostly been performed in nations where Sharia banking is emerging (Thambiah et al., 2011; Ayinde and Echchabi, 2012; Amin et al., 2013). However, no particular research on this issue or these characteristics has been done in Afghanistan.

The main goal of this study was to look at Islamic banking adoption requirements in Jalalabad, Afghanistan. Due to the large Muslim population and their growing financial needs, Islamic Banking has much room to expand. The current study developed Islamic Banking acceptance criteria and the sample population's perceptions of its sequential significance. The study's findings allowed us to confirm our assumptions and better grasp the connection between multiple constructs. In this portion, we will explore these findings and their consequences individually.

The primary factor for the development of interest-free Islamic banking was religion, as traditional banks could not provide Islamic philosophy's support in dealing with financial transactions to the global Muslim community. Thus, religion should be the predominant reason for Muslims to change from conventional banking systems based on

interest to the Islamic banking system. Islamic banks' marketing efforts should be prioritized to gain a competitive advantage. Islamic banking in Afghanistan can grow and develop based on the participation and intervention of the Afghanistan government when it comes to making legislative and legal agreements.

#### 5.1 Limitations and Recommendations:

During this survey, some interesting data were found on Jalalabad banking consumers' religiosity, awareness, social influence, and preferences for Islamic banking. The study's scope is limited to a few areas in Jalalabad. As a result, future studies should attempt to cover the rest of Afghanistan area.

An identical questionnaire has been prepared for rural and urban respondents as a restraint of this investigation. However, another limitation of this study is the short time frame to complete the research. Although Islam is the main religion in Jalalabad, comparative analyses between Muslim and non-Muslim clients and customers of different religions in Jalalabad, Afghanistan, are recommended for future studies to detect more accurate results with respect to the adoption of Muslim banking. Therefore, another limitation of this research is that we examined only five variables to determine the adoption criteria of Islamic banking. While the effect of these variables is significant, they can be further developed in the future to verify the customers' perception of Islamic banking.

A further limitation concerns about the variables used. To have a deeper understanding of the intention to utilize Islamic banking, future researchers will need to consider other elements, such as mindset, company image, consumer awareness, governmental involvement, promotional efforts, and quality of service.

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