



Awareness and intentions on the acceptability of Islamic financing on small and medium enterprises in Kaduna metropolis

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Abstract

This study aims to analyze Awareness and Intention on the acceptability of Islamic Financing of Small and Medium Enterprises in Kaduna Metropolis. Each of the constructs: attitude and acceptability are derived from theories and researched previously conducted. The study employed a sample size of 368 respondents from a population of 9,253 using proportional sampling technique and the primary data collected was analyzed with regression tool on SPSS 23 statistical package. The study finds that awareness has a statistically positive significant impact on acceptability of Islamic financing of SMEs in Kaduna metropolis. The study also finds that intention has a positive significant impact on acceptability of Islamic financing of SMEs in Kaduna metropolis. The SMEs owners should pay more attention to awareness platform created by Islamic banks in order to understand the dimension and process of banking with Islamic owned banks. The banks need to intensify marketing strategies that explain the banks intentions to the SMEs making them more aware of services rendered by the banks.

Key words: Awareness, Intention, Acceptability and Small and Medium Enterprises.

1. Introduction

Islamic financial system exists in Muslim community in diverse forms conferring to situation at hand. Tajudeen (2018) opines that Islamic banking originated from Islamic community and is meant to cater for Muslims but has spread into non-Muslims communities thereby extending its services to non-Muslim beneficiaries. In other words, non-Muslim individuals and communities that pursue honest financial solutions can be attracted to Islamic banking. Kenny (2018) argues that Islamic banking is not only Islamic or specific banking but actually it is a system which provides more ethical and moral concept of financial issues as well as it is really helpful to create a peaceful, economically

prosperous and health society. Interest is fully prohibited in Islamic law due to its adverse effects on individual and more severely its negative impact on overall society and the economy at large (Azeez, 2017). Dogarawa (2009) reports that poverty is not only a function of availability of natural endowments, population size, economic and social policies, but also a function of the kinds of economic activities that are in operation. He further explained that conventional banking is synonymous with capitalism which creates climate for dog-eat-dog while Islamic Banking is based equitability with the hallmark of reducing or eliminating poverty from the society.

Issues such as poor customer awareness strategy is where many persons both Muslims and non-Muslims do not understand what Islamic banking means and its mode of operation and as such the patronage is perceived to be very low (Yusuf, 2019). Furthermore, the inadequate accessibility to short-term non-equity financial instruments such as sukuk and Shariah-compliant money market instruments equivalent to treasury bills pose a further challenge on Islamic banking institutions thereby making managing their investment portfolio more challenging than for conventional insurers who can simply invest in bonds and cash assets (Anyansi, 2017)

More so, awareness by Islamic banks in financing is a prospect that provides individual's predisposed state of mind regarding its value and it is precipitated through a responsive expression towards oneself (Azeez, 2017). Also, the intention of Islamic financing should be seen as a dimension that can enable every individual understand the purpose of the Islamic bank and its intentions to assist businesses (Saeed, 2015). Despite the controversies on what Islamic bank represent it has gained acceptability in western countries like, US, UK, Denmark mention but a few.

In Nigeria, the implementation of Islamic banking has faced a lot of impediments in recent times like legal factor, political factor, social factor and the economic factor. From the legal point of view, it is clear that the Nigerian banking sector has no provision or guideline that permits the establishment of any bank with a religious coloration. Some non-Muslims argue that Islamic banking is funded by some religious fundamentalists with the aim of Islamizing Nigeria (Aliyu, 2019). According to a study by Ahmad, Masood and Khan (2010) non-Muslims are of the prefix opinion that it should be called

interest-free bank rather than Islamic bank. On the contrary the initiators of Islamic banking explain that a bank can be interest-free, but its instruments for operation are non-Islamic. A pure Islamic banking system is not only concern with interest but also the instruments used. For example, Islamic banking system prohibits investment in gambling, sales of alcoholic drinks or any business activities that is un-Islamic (Saeed, 2015). According to Kenny (2018) some Nigerians both Muslims and non-Muslims alike are of opinion that the introduction of Islamic banking is not timely due to the rise of Boko Haram and Religious conflict in Plateau State and also considering the fact that the Nigerian state is bedeviled by the onslaught of insurgency.

Anyansi (2017) further argues despite the good intentions of the initiators of the banks, however they missed the timing. Against all hoards the first all Jaiz bank was established to perform Islamic banking in Nigeria. Therefore, the study tries to examine the impact of awareness and intention on the acceptability of Islamic financing of small and medium scale enterprises in Kaduna metropolis.

This study will be beneficial to the Islamic banks and also to SMEs willing to access these facilities from the banks. It will also be beneficial to those interested in knowledge of Islamic financing and its workings. This study's scope will cover Islamic banks and SMEs in Kaduna Metropolis.

1.1 Objectives of the study

The main objective of the study is to examine the impact of awareness and intention on the acceptability of Islamic financing of small and medium enterprises in Kaduna metropolis:

- i. Examine the impact of awareness on the acceptability

of Islamic financing of small and medium enterprises in Kaduna metropolis of Kaduna state.

- ii. Examine the impact of intention on the acceptability of Islamic financing of small and medium enterprises of Kaduna metropolis of Kaduna state.

1.2 Hypotheses of the Study

The objectives of the study led to the formulation of the following alternative hypotheses for the study:

- i. Awareness has a significant impact on acceptability of Islamic financing of SMEs in Kaduna metropolis.
- ii. Intentions have a significant impact on acceptability of Islamic financing of SMEs in Kaduna metropolis.

2. Literature Review

2.1 Conceptual Framework

Acceptability

Acceptability is the characteristic of a thing being subject to acceptance for some purpose (Jalaluddin, 2019). A thing is acceptable if it is sufficient to serve the purpose for which it is provided, even if it is far less usable for this purpose than the ideal. Islamic finance is a financial system that is based on adherence to the Sharia or Islamic law. It offers services, products and instruments based on compliance to this Divine Law (Yusuf, 2019).

Sharia prohibits the payment or acceptance of interest charges (riba) for the lending and accepting of money, as well as carrying out trade and other activities that provide goods or services considered contrary to its principles (Yusuf, 2019). Money in Islam is not regarded as an asset from which it is ethically permissible to earn a direct return. Money tends to be

viewed purely as a medium of exchange. Interest can lead to injustice and exploitation in society (Kamal, 2017).

Awareness

Awareness is the state of being conscious of something. More specifically, it is the ability to directly know and perceive, to feel, or to be cognizant of events (Kenny, 2018). Another definition describes it as a state wherein a subject is aware of some information when that information is directly available to bring to bear in the direction of a wide range of behavioral actions (Saeed, 2015).

Awareness of the Islamic banking products and services refers to the understanding and acknowledgement of the existing tradable items, the content of products/services as well as the functions (Yusuf, 2018). The knowledge of these is acquired by having in touch with the products and services directly or hearing from other sources on it (Aliyu, 2019).

Intentions

Intention is a mental state that represents a commitment to carrying out an action or actions in the future. Intention involves mental activities such as planning and forethought (Aliyu, 2018). Behavioral intention is largely described as willingness to adopt, use or accept an act of behavior (Ramayah, 2018). Intention to use Islamic banking products is constructed as the outcome variable (Yusuf, 2019).

2.2 Empirical Review

Awareness and Acceptability

Ahmad (2018) analyzes the employees' awareness and attitudes towards the Islamic banking products. Based on the descriptive analysis of 102 responded questionnaires from employees who are currently working in five Islamic retail banks in Bahrain, the study concluded that

56% of respondents are aware as well as have a positive attitude towards Islamic banking products and services. It also found that there are statistically significant differences in the awareness and attitudes towards Islamic banks' products and services when they are grouped according to gender and education level while age and income both have insignificant differences. The findings invariably convey the standard of employees' awareness and attitude towards the Islamic banking products and services in Bahrain. This information will be useful for further evaluating and benchmarking the competitiveness of employees in Islamic Banking and Financial Institutions. Therefore, the current study operationalizes on the impact of awareness and intention on the acceptability of Islamic financing of small and medium enterprises in Kaduna metropolis of Kaduna state creating the operational prospect to bridge the gap of variable inclusion and environmental from the reviewed study.

Kumajdi (2018) identifies factors influencing customers' decision to select with confidence Islamic banking in southern parts of Thailand as the mediating variable. Based on the Intermediation Theory and Consumer Behavior Theory, banks are to act as intermediaries by utilizing the depositors' money to provide banking products and services which meet their customers' needs and expectations. Gaining customers' confidence is important as banking business is based on trust and integrity. Hence, as mediating variable, customers' confidence in the way Islamic banking is conducted is hypothesized to strengthen the customers' decision to select Islamic banking in Thailand. This study employs a survey method, factor analysis and structural equation modeling. Self-administered questionnaires were obtained from 300

Islamic bank customers (representing 67 percent response rate). Based on the results, the study finds that 51.7 percent of the Islamic bank customers in southern Thailand are corporate customers; and they are mostly women entrepreneurs. This is an important demographic trend finding which shows that working women are becoming more extensive users of Islamic banking products and services. Based on factor analysis, factors which emerge as important in determining customers' confidence in Thailand are religion, reputation, knowledge, attitude, convenience and service. While confidence and religious motives are direct, and significantly related to bank selection, confidence is found to have a positive while religious motive a negative influence on Islamic bank selection. In terms of mediation effect, attitude, convenience and reputation through confidence exhibit full mediation effect. The findings imply that Islamic banks should emphasize on efforts to gain customers' confidence through better Shariah governance, human resource development, knowledge dissemination and promotions to ensure customers select Islamic bank as their principal banker. Therefore, the current study conceptualizes on awareness and intention on the acceptability of Islamic financing of small and medium enterprises in Kaduna metropolis of Kaduna state creating the operational prospect to bridge the gap of variable inclusion and environmental from the reviewed study.

Jalaluddin (2019) examines the attitudes of 385 small business firms towards the profit or loss sharing method of finance in Australia revealed that the motivation for their interest towards profit or loss sharing method includes business support, level of risk sharing with between lenders and borrowers, risk default in the traditional system such as interest rates, the

profitability linkages to the cost of borrowing and the expected rate of return. The deterrents to apply profit or loss sharing method include the terms and conditions of borrowing, the extent of management intervention and the cost of borrowing. Therefore, the current study operationalizes on the impact of awareness and intention on the acceptability of Islamic financing of small and medium enterprises in Kaduna metropolis of Kaduna state creating the operational prospect to bridge the gaps of variable inclusion and environmental from the reviewed study.

Abduh and Omarov (2013) conducted research on Muslim's awareness and willingness to patronize Islamic banking in Kazakhstan. The research targeted only Muslim population of Kazakhstan, which constitutes 65% of total population and had used self-administered questionnaires to collect the data. From 400 questionnaires distributed in 5 major cities of Kazakhstan only 300 were available for analysis. The study employed descriptive analysis to obtain the information gathered from the respondents. Vast majority of respondents were from 20 to 49 year old, i.e. economically productive age; and most of them (83%) know about existence of Islamic banking in Kazakhstan. Those who are aware of prohibition of interest in Islam are of the same percentage. Yet, when it comes to principles of the Islamic banking, Islamic banking products and differences between Islamic and conventional banking, only 14-16% of respondents know about them. Nonetheless, more than 70% of respondents believe in a high potential of Islamic banking in Kazakhstan and that Islamic banks are able to compete with conventional counterparts and, what is probably most important, they are ready and willing to become clients of Islamic banks in Kazakhstan. They also stated that

there is a lack of marketing for Islamic banks. Therefore, it is very important to provide more information pertaining Islamic banking products and services to the public in order to promote this sector.

Intentions and Acceptability

Ali and Chin-Hong (2015) examined the determinants of Islamic Personal Financing by using a Modified Theory of Reasoned Action (TRA). The data from 471 respondents was statistically analyzed by employing structural equation modeling (SEM) technique and the result suggested that the government support is positioned significantly associated the intention to use Islamic Personal Financing.

In Malaysia, Ahmad and Haron (2018) studied the perception of customer towards Islamic Banking System. The study examined the perception of Islamic Banking among 45 corporate customers towards Islamic banking system. The findings found that there has been low usage of Islamic banking products. In fact, most of the respondents were latecomers whereby they started patronizing Islamic banking less than 5 years ago, despite 15 years of establishment. 65% who are majority Non Muslims had low knowledge on Islamic banking principles and Islamic financial system especially in understanding on the nature of profit-sharing concept. Therefore, the current study operationalizes on the impact of awareness and intention on the acceptability of Islamic financing of small and medium enterprises in Kaduna metropolis of Kaduna state creating the operational prospect to bridge the gap of variable inclusion and environmental from the reviewed study.

Osman and Ali (2018) who focused intent of non Muslim entrepreneurs on the use of Islamic financing in Malaysia. The study found that 80 percent of the total sample

intent to use Islamic financing because of religion obligation or Shariah-based system. Other important reasons were certainty of capital and return. Among the users of Islamic financing (58 percent), the motivating factors to use Islamic financing are the sense of belief that Islamic finance brings justice to people and more profitable than conventional financing. While the non-users of Islamic financing felt that Islamic finance and conventional products are of no difference, in fact Islamic financing is perceived more expensive than conventional financing. Therefore, the current study operationalizes on the impact of awareness and intention on the acceptability of Islamic financing of small and medium enterprises in Kaduna metropolis of Kaduna state creating the operational prospect to bridge the gap of variable inclusion and environmental from the reviewed study.

Raza (2018) examines the determinants of Islamic personal financing by using a modified theory of reasoned action (TRA) model. This study uses the two major construct of TRA model, namely, subjective norm and attitude. Additionally, we modified this model by introducing three relevant factors: pricing of Islamic personal financing, a religious obligation and government support to predict the intention of Islamic bank customers about Islamic personal financing. Sample data were conveniently drawn from the Islamic bank customers with the help of self-administered survey based questionnaire. The study sample comprised on 484 responses of full-fledge Islamic bank customers located in the biggest city of Pakistan. Out of 484 responses, we considered 471 responses and ignored 13 responses due to incomplete information provided by the customers. This data was statistically analyzed by employing Structural equation modeling (SEM).

Overall, the results of the study suggest that pricing of Islamic personal financing and religious obligation have a negative and significant impact on the intention to use Islamic personal financing. Attitude and social influence were found to be positive, but insignificant predictors. In addition, government support is positive and significantly associated with the intention to use Islamic personal financing. This study has some practical implications for Islamic bank managers and the government of Pakistan. Furthermore, Islamic banks should capture the need of Islamic personal financing while government support may help in promoting this service for Islamic banks in Pakistan. This paper makes a unique contribution in the existing body of Islamic banking literature. The empirical findings of this study provide some future directions and is considered to be a pioneer study, which has laid a foundation in the context of Islamic personal financing in Pakistan. Therefore, the current study operationalizes on the impact of awareness and intention on the acceptability of Islamic financing of small and medium enterprises in Kaduna metropolis of Kaduna state creating the operational prospect to bridge the gap of variable inclusion and environmental from the reviewed study.

Albaity and Rahman (2019) studied the intention to use Islamic banking: an exploratory study to measure Islamic financial literacy. It examined the level of Islamic Financing Literacy (IFL) towards Islamic Banking from data collected and analyzed with SMARTPLS 3.0 version from a sample size of 350. The findings revealed that IFL towards Islamic Banking significantly influenced the intention to use the Islamic Banking

Jamal (2021) studied the influence of various factors on consumers' intention to

use Islamic banking. Data collected by self-administered questionnaires involving a sample of 38 respondents residing in the city of Karachi reveals that the amount of critical information held by consumers about Islamic finance principles can be used to predict the consumer perception towards Islamic banking products. The findings also reveal that there is a general lack of information about the Islamic banking among Pakistani consumers. By identifying the drivers of Islamic banking acceptance among potential adopters, this paper aims to help bank managers target their actions and strategies more effectively.

2.3 Theoretical Framework

Theory of Planned Behavior

Theory of Planned Behavior (TPB) was developed by Ajzen (2011) to study the linkages between beliefs, attitude, subjective norms, perceived behavioral control, intention and behavior. TPB model is one of the most influential and popular frameworks in studies concerning prediction of behavior from attitude variables. Although TPB is widely used in predicting an individual's behavioral intention, TPB is also appropriate in small business or organizational context. Business owners are usually the primary decision maker, whereby their perception is a significant determinant in adoption intention. Therefore, TPB can be directly used to postulate firm-level behavioral intention (Jin, 2012).

Since this study focuses on awareness and Intention of acceptability of SMEs towards Islamic financing, TPB is still relevant to be applied as the Theory underlining this study. TPB proposes three key determinants in influencing behavioral intention; attitude towards the behavior, subjective norms and perceived behavior control. The intention of SMEs will directly influence the acceptability of

Islamic financing of SMEs in Kaduna Metropolis.

Information Asymmetry theory

Han (2014) argued that the most important reason behind the finance gap that faces SMEs is the information asymmetry that exists between the principal and the agent recipient of finance. Islam (2014) argued that the relationship between SMEs and financial institutions is often categorized by asymmetric information, adverse selection and moral hazard problems. These problems ultimately may lead to the problem of credit limiting, which could be alleviated by the use of collateral in the credit contract.

Information asymmetry deals with the study of decisions in transactions where one party has more or better information than the other (Aly, 2016). Where information asymmetries are particularly pronounced, the owner-manager knows more about his business, and the risks it faces, than does the lender. This is also the situation when the shareholders of a firm have less information than the manager (Han, 2014).

This study adopted information asymmetry theory because of its pertinence in explaining how awareness influences Islamic financing of SMEs in Kaduna metropolis. Information asymmetric theory originated out of the idea of information asymmetry. Firms can get around the problem of asymmetric information by sending awareness that would reveal pieces of relevant information to the SMEs owners. Comprehensive disclosure of Islamic financing principle can enhance the information quality of SMEs owners. This can also boost the book value and other financial measures of a firm. SMEs owners can thus interpret the information and make decisions by patronizing the Islamic finance product than when the signal has not been received.

3. Methodology

The study adopted a survey and cross-sectional research design. This is because, the survey and cross-sectional research design method involves one off distribution and gathering of data about a target population from a sample to the entire population. The population of the study consists of respondents drawn from the registered small and medium enterprises in Kaduna metropolis with a total population of 9,253 (KADCIMA, 2020). This study relied on primary source of data. The primary data was gathered by administering copies of structured questionnaire adapted from Ismail (2017) and Dabor and Aggreh (2017) which serves as instrument for collecting the required data from targeted population of small and medium scale enterprises in Kaduna metropolis of Kaduna state which enable the study to analyze the research hypotheses.

The study used the 5-point scale in which 5-1 represents the range from strongly agree to strongly disagree. 5 Strongly agree, 4 Agree, 3 Undecided, 2 Disagree and 1 Strongly disagree. The sample size was determined through the use of Krejcie and Morgan (1970) sample determination table. Therefore, the sample size is 368.

The Bowley (1926) proportional formula will be used, which is given as:

$$n_h = \frac{n \times N_h}{N}$$

Where:

n_h = Sample size for stratum h

N_h = Population size for stratum h

N = Total population size

n = computed sample size

This formula will be used to compute the number of respondents to be selected from each strata.

The population and sample proportional distribution breakdown is as shown in the table 1 below.

Table 1: Proportional distribution of the Sample size

Local Government	Total Population
1. Kaduna North	3166/9,253*368= 126
2. Kaduna South	2624/9,253*368= 104
3. Igabi	2393/9,253*368= 95
4. Chikun	1070/9,253*368= 43
Total	368

Source: KADCCIMA, (2020)

Data Analysis

Techniques of Data Analysis

In order to examine the impact of awareness and intentions on acceptability of Islamic financing of SMEs in Kaduna metropolis, the parametric technique was employed using ordinary least regression analysis for this study, because this analysis is a way of statistically sorting out which of those variables certainly have an impact and it also helps to determine how well the independent variables predict the value of the dependent variable. The reason for choosing this technique is because the descriptive statistics views for the characteristics of the data, correlation views for the relationship and then the regression. VIF would be employed for checking the issues of multicollinearity in the variables.

Model Specification

The study intends to use to models for this study and they are as follows:

The model is captured from Ismail (2017) and Dabor and Aggreh (2017) study on Islamic financing and attitude of customers model but modified by the researcher to include;

In functional form:

$$AC = f(AW, IN) \dots \dots \dots (1)$$

The dependent variable acceptability is a function of the independent variables which are awareness and intentions.

In equation form is represented as follows:

$$AC = \alpha + B_1 AW + B_2 IN + E_i \dots \dots \dots (2)$$

Where:

AW = awareness

IN = intention

E= Standard Error of Estimate

α = Constant or Intercept

B₁ – B₂= Coefficient of independent Variable

number of 368 questionnaires were administered to the respondents under study and out of the 368 questionnaires administered, 353 were filled and returned. This is 95.92% rate of response. The percentage returns and response were considered reasonable enough for comprehensive analysis and generalization.

Descriptive Statistics

The descriptive statistics of the data collected for the study is presented and discussed in this section. The summary of the descriptive statistics of the data collected is presented in Table 2 as follows:

4.Result and Discussion

Data analysis was carried out using the statistical tool of SPSS. The data analysis shows the distribution of demographic factors and respondents' responses. A total

Table 2: Descriptive Statistics of the Variables of Study

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic
AW	353	1.00	5.00	3.1973	.87592	-.610	.198	-.425
IN	353	1.00	5.00	2.1599	.75746	.843	.198	.791
AC	353	1.00	5.00	2.9627	.86028	1.058	.198	4.903
Valid N (listwise)	353							

Source: SPSS 23 (Appendix I)

Table 2 shows that our measure of acceptability (AC) has a minimum value of 1 and 5 as the maximum value, this indicates that 1 is the lowest value in the data set while 5 is the highest value in the data set which signifies that there are no outlier issues in the data set. The average value of the AC is 2.9627 with standard deviation of 0.86028, signifies that the data deviate from both side of the mean value by approximately 0.860. This implies that there is dispersion of the data from the mean, because of the value of standard deviation which is not close to the mean. The skewness value is at 1.058 and the Kurtosis value is at 4.903. The implication of the result is that there is non-existence of any form of outliers in the variable which therefore indicates that

the variables have non-existence of bias in terms of variables selection.

The results from table 2 also indicate that the minimum and maximum values of the awareness (AW) are 1 and 5 respectively; this indicates non-existence of outliers' issues from the data set. The mean value of 3.1973 and standard deviation of 0.87592 in the data implies that there is dispersion from the mean value by approximately 0.88. The skewness value is at -0.610 and the Kurtosis value is at -0.425.

The results from the table also indicate that the minimum and maximum values of the intention (IN) are 1 and 5 respectively; this indicates non-existence of outliers' issues from the data set. The mean value of 2.1599 and standard deviation of 0.75746 in the data implies that there is dispersion from the mean value by approximately

0.76. The skewness value is at 0.843 and the Kurtosis value is at 0.791.

Correlation Matrix

In this section, the result of the Pearson correlation Coefficients of the variables of the study is presented in Table 3 as follows:

The correlation matrix is used to determine the degree of association between independent variables and the dependent variable. It is also used identify whether there is a relationship between independent variables themselves, to detect the possibility of multicollinearity amongst the explanatory variables. This is necessary so that a broader picture than we could have got when regressed separately against performance would be obtained.

Table 3 Correlation Matrix of the Dependent and Independent Variable

	AC	AW	IN
AC Pearson	1	.585**	.582**
Correlation			
Sig. (2-tailed)		.000	.000
N	353	353	353
AW Pearson	.585**	1	.601**
Correlation			
Sig. (2-tailed)	.000		.000
N	353	353	353
IN Pearson	.582**	.601**	1
Correlation			
Sig. (2-tailed)	.000	.000	
N	353	353	353

Source: SPSS 23 (Appendix I)

In the correlation matrix reflect on the relationship between the independent variables and the dependent variables. It shows that acceptability (AC) has a positive relationship with awareness (AW) as denoted by the value 0.585, that is (AW) has a moderate and positive

relationship with (AC). It implies that when there is an increase in awareness by one, the Acceptability of Islamic Financing will increase by 0.181.

Intention (IN) has a positive relationship with acceptability (AC) with the value of 0.582; showing that (IN) has a moderate and positive relationship with (AC). In the correlation matrix that reflect on the relationship between the independent variables and themselves. Awareness (AW) has a strong and positive relationship with intention (IN) with the value of 0.601. It implies that when there is an increase in the Intention by one, the Acceptability will increase by 0.297. The implication of the result shows that there is multi-correlation among the independent variables and also the relationship between the independent variables and the dependent variable is significant which indicates that there is no form of multicollinearity within the independent variables.

Regression Results

In this section, the regression results of the models of the study are presented and interpreted. The hypotheses formulated for the study are also tested from the results as presented in Table 4 below;

Table 4 Summary of Regression Result

Variables	Co-efficient	t-values	p-values	Decision
Constant	.532	2.146	0.034	
AW	0.181	2.985	0.046	Accepted
IN	0.297	3.241	0.001	Accepted
R	0.686			
R²	0.470			
Adjusted R²	0.456			

F-stat 32.166**F-sig** 0.05

Source: SPSS 23 (Appendix I)

Table 4 shows the functional relationship between dependent and independent variables as follows:

$$AC = 0.532 + 0.181AW + 0.297IN$$

Cumulatively the R^2 (0.470) that is the combined coefficient of determination indicates the extent to which the independent variables explain the total variation in the dependent variable and the remaining 53% is explained by the other factors not captured by the model of this study. Thus, it signifies that 47% of the total variation in acceptability of Islamic financing of SMEs in Kaduna metropolis of Kaduna state Nigeria is caused by awareness and intention. This indicates that the explanatory variables are well selected and combined because the R^2 is positive and satisfies the minimum rule of thumb in which the minimum rule of thumb which is 25% (Sao, 2010).

The F-statistics of 32.166, which is significant at five percent level of significance indicates that the model of the study is fit. The value of F-statistics which, is statistically significant at one percent level of significance (0.05) means that there is a 95 percent probability of confidence that the association amongst the variables of the study is not just by chance.

Testing of Hypotheses

This section shows the analysis carried out with a view to testing the hypotheses formulated. The result shows that awareness and attitude have significant impact on acceptability between 1% to 5% levels of significance respectively.

Awareness and Acceptability

Hypothesis one: There is a significant impact between awareness and

acceptability of Islamic financing of SMEs in Kaduna metropolis.

Awareness as the first hypothesis is found to have positively and significantly impacted on the acceptability of Islamic financing of SMEs in Kaduna metropolis of Kaduna state, Nigeria at five percent level of significance. From table 4, it is clearly seen that the t-value for awareness is 2.985 and a coefficient value of 0.181 with a significant value of 0.046 (at 5% significance level). This simply shows that for every This signifies that awareness positively and significantly impacting on the acceptability of Islamic financing of SMEs in Kaduna metropolis of Kaduna state, Nigeria. On the basis of the result, the study accepts the alternative hypothesis that states there is a significant impact between awareness and acceptability of Islamic financing of SMEs in Kaduna metropolis. Therefore, proper awareness platform can improve acceptance of Islamic financing by SMEs. This is in line with the finding of Ahmad, (2018), Kumajdi (2018), Jalaluddin (2019), Abdul and Amarov (2013).

Intention and Acceptability

Hypothesis two: There is a significant impact between intention and acceptability of Islamic financing of SMEs in Kaduna metropolis.

Intention as the second hypothesis is found in this study to be positive and significant. Based on the regression result in table 4.3, intention has a coefficient value of 0.297, t-value of 3.241 and a significance value of 0.001. This implies that intention is positively and significantly influencing on acceptability of Islamic financing of SMEs in Kaduna metropolis of Kaduna state, Nigeria. On the basis of the result, the study accepts the alternative hypothesis that states there is a significant impact between intention and acceptability of Islamic financing of SMEs in Kaduna

metropolis. This is in line with the expectation of studies from Kenny (2018), Ali and Chin-Hong ((2015), Ahmad and Haron (2018), Osman and Ali (2018), Raza (2018), Albaity and Rahman (2019) and Jamal (2020) that intention can positively affect how the SMEs will accept Islamic financing of SMEs of Kaduna metropolis in Kaduna State, Nigeria.

Discussion of Major Findings

The first finding of the current study established that awareness has significant impact on acceptability of Islamic financing of SMEs in Kaduna metropolis. **Awareness** has been found to have positive influence on acceptability of Islamic financing. Considering the nature of the variable, it may not be surprising that individuals with higher awareness tend to accept Islamic financing. Explicitly, an increase in awareness has significantly brought about increase in acceptability of Islamic financing of SMEs in Kaduna metropolis in the context of this study. Awareness has successfully influenced the people's acceptability towards Islamic financial products and services positively. This finding show that there is a strong need to develop and improve on educational programs and campaigns about Islamic financial products in order to enhance the people's awareness towards Islamic financial products, principles, and services, this result is consistent with the findings of (Raza, 2018) that awareness had significant impact on acceptability of Islamic financing. Jamal (2021) found significant relationship between awareness and acceptability of Islamic financing. Osman and Ali, (2018) found significant relationship between awareness and acceptability of Islamic financing. Specifically, in the context of Nigeria, (Ahmad, 2018) also found that awareness and acceptability of Islamic financing is significant positively. The study is in line

with information asymmetry theory which states that information is needed by stakeholders of a firm to reduce the effect of managers having more information than the customers/investors (information asymmetry).

The finding of the second hypothesis intention show the result has a positive influence with a p-value of 0.001 on acceptability of Islamic financing of SMEs in Kaduna metropolis. Intention has been found to have positive influence on acceptability of Islamic financing. Considering the nature of the variable, it may not be surprising that individuals with higher intention tend to accept Islamic financing. Explicitly, an increase in intention has significantly brought about increase in acceptability of Islamic financing of SMEs in Kaduna metropolis in the context of this study. This implies that Intention about Islamic banking and finance play a big role towards decision to accept and patronize Islamic banking and finance. Looking at the nature of the variable, it shows that good intention can result to the acceptability of Islamic financing of SMEs in Kaduna metropolis, this result is consistent with the findings of (Osman and Ali, 2018) that intention had significant impact on acceptability of Islamic financing. Ali & Chin-hong (2015) found significant relationship between intention and acceptability of Islamic financing. Albaity & Rahman, (2019) found significant relationship between intention and acceptability of Islamic financing. Specifically, in the context of Nigeria, (Ahmad, 2018) also found that intention and acceptability of Islamic financing is significant positively. The study is in line with theory of planned behavior. Theory of planned behavior creates linkages between beliefs, attitude, subjective norms, perceived behavioral control, intention and behavior.

5. Conclusion and Recommendations

Conclusion

The study reveals that the two variables used in the study have positive responses and significant relationship with acceptability of Islamic financing of SMEs in Kaduna metropolis.

The study concludes that awareness has a positive and significant influence on acceptability of Islamic financing of SMEs in Kaduna metropolis.

The study concludes that intention has a positive and significant influence on acceptability of Islamic financing of SMEs in Kaduna metropolis.

Recommendations

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

- i. The SMEs owners should pay more attention to awareness platform created by Islamic banks in order to understand the dimension and process of banking with Islamic owned banks, because awareness was found to affect acceptability of Islamic financing and boost SMEs performance. It can be suggested that to enhance the participation of people in Islamic banking and to promote the growth of Islamic banking, policy makers should develop programs and procedures that will improve the awareness of people of Islamic banking and boost knowledge of people about Islamic banking products and services. Therefore increased awareness can lead to more SMEs accepting Islamic Financing packages.
- ii. The Islamic owned banks should create policies or program that would enable them establish their intention

and provide the availability of information within the environment they operate in order to respond to inquiries on how Islamic financing operates. More publication on Islamic banking concepts and operations should be made publicly available in order to raise the level of awareness and to improve the level of knowledge regardless of age and level of education among Muslim and non-Muslims. The banks need to intensify marketing strategies that explain the banks intentions to the SMEs.

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