

# Religiosity and Islamic Banking in Uganda

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## Abstract

**Purpose:** The objective of this paper was to examine the extent to which religiosity matters in explaining existing bank customers' propensity to patronise Islamic banking in the context of a predominantly non-Islamic country freshly adopting Islamic Finance and Banking.

**Methodology:** Underpinned by the Theory of Reasoned Action we use pre-existing scales for attitudes of customers and subjective norms and integrate religiosity in the model to predict propensity to patronise Islamic banking. We collected data from 382 existing commercial bank customers and carried out a factor analysis to examine the scales validity and reliability. We answer the main question of whether religiosity matters using two approaches: we test for mediation effects of religiosity and also use a hierarchical regression analysis to determine the additive effect of religiosity in explaining propensity to Patronise Islamic Banking (PIB) in a predominantly non-Islamic country.

**Findings:** Results of the Sobel, Aroian and Goodman tests show that religiosity mediates the predictive potential Behavioural Intentions (BI) of existing bank customers' propensity to patronise Islamic banking. Hierarchical regression analysis also showed that after controlling for the variance accounted for by control variables, namely religion, age and education; religiosity had a significant additive effect in the model and positively relates with PIB. In the final model religiosity together with subjective norm and attitude predict 71% of the variance in Patronising Islamic Banking. Our study therefore shows religiosity is important and does matter in patronising Islamic banking.

**Originality/Value:** This empirical study answers the pertinent question of whether religiosity matters in the propensity to use and patronise Islamic banking. It contributes to a better understanding of the factors that ought to be taken into account when a country is adopting Islamic banking principles. In particular the findings will be useful to commercial banks in Uganda when designing and marketing Islamic banking products to their existing and potential customers.

**Paper Type:** Research Paper

**Key words:** Patronising Islamic Banking; Religiosity; Theory of Reasoned Action; Uganda.

## 1. Introduction

Islamic banking is a form of financial intermediation based on the doctrine of Islamic law (Shariah) of profit and loss sharing and the avoidance of interest rate-based commitments and contracts that entail excessive risks and finance activities prohibited under Islamic principles (e.g. gambling and alcoholic beverages). Consequently, under Shariah compliant investments risks are supposed to be shared among all parties i.e. investors and entrepreneurs bear the business risk for a share in the profits. This contrasts with conventional banking where



transactions involving interest payments are common (Chong and Liu, 2009, Kahf, Ahmad, and Homud, 1998). According to Hanudin et al., (2011) the broad appeal for Islamic banking is attributed to its ethical theory and practice. Islamic banking does not only prohibit riba (usury) but also activities deemed unethical like speculation and gambling.

The benefits of Islamic banking and finance over the years are well documented. Enrique et al (2014) indicate that the market for Islamic financial assets has grown at an annual average rate of about 16 percent since 2006. Starting with a handful of institutions and negligible amounts in the late 1970's, Islamic finance grew to about 350 institutions and total assets of about US\$1.7 trillion in 2013. Concentrated in Malaysia and Gulf Cooperation Council countries, Islamic finance has expanded throughout the Middle East, Indonesia, the United Kingdom, North Africa, and, more recently, in some Sub-Saharan African countries. According to Mutebile (2016) Islamic Banking has gained prominence internationally due to its exponential growth and resilience to financial crises as well as the nature of Shari'ah-Compliant finance models that focus on the principles of investment in real assets and risk-sharing. The Islamic finance model has thus contributed to the spread of real-asset-based finance principles in many jurisdictions and is regarded as an ideal option for the financing of infrastructure projects. This provides a conducive environment for achieving a more integrated approach to economic growth.

It is worth noting that despite the growth and apparent benefits Islamic financial assets still make up less than 1 percent of the world's financial assets (Enrique et al., 2014). Many countries are yet to embrace it fully and in some countries it meets open resistance from some circles. For instance in Uganda religious leaders openly petitioned the President not to assent to the law, the Financial Institution (Amendment) Bill, 2015 meant to introduce Islamic banking and finance. They argued that:

*"[...] While there is merit in some of the amendments contained in the Bill and while we appreciate the purpose of the Bill such as securing cheaper financing for Government and Ugandans [...] we note with serious concern the Introduction of Islamic Banking which will be offered by Islamic Financial Institutions which according to the Bill, will have their entire operations run according to the Shari'ah or Shariah law. This is a blanket legalisation and domestication of Islamic Shari'ah law, which will have far reaching implications beyond the suggested purpose of Islamic banking [...] The demands under Islamic banking are therefore a pretext for advancing harmful religious objectives in the country".* [Extract from a January 14th, 2015 petition by Churches in Uganda to the President of Uganda] (Mwesigwa, 2016).

Although a member of the Organisation of Islamic Conference (The OIC, 2017), Uganda is by and large a non-Islamic country. According to the Uganda National Household Survey conducted by the National Bureau of Statistics (UBOS, 2010) Muslims account for only 12.5% of the major religions in the Country. The Catholic faith accounts for the majority of followers (41%) followed by the Protestants (35%); Pentecostal (9%) and Seventh Day Adventists (2%). Traditionalists (defined as individuals who belong to any religion) and others account for 1.4% of the Population.

Literature on the history of Islamic Banking in Uganda is sparse, mixed and inconclusive. For example it can be said that the 'appetite' for Islamic Banking started in 1974 when Uganda became a member of the Organisation of the Islamic Conference (The OIC, 2017). Lujja et al. (2016b) on the other hand traces Islamic banking to only the early 1990s with the setting up of a conglomerate, the First Islamic Bank –FIBA, by prominent Muslims led by a former Governor of the Central Bank, Dr Suleiman Kiggundu. The current Governor however, only traces it to 2008 and indicates that the first application for an institution desirous of operating as an Islamic Bank, was received by the Central Bank (the Bank of Uganda) in 2008 (Mutebile, 2016). Mutebile (2016) indicates that subsequent to the initial application in 2008, Bank of Uganda received numerous inquiries from most of the commercial banks seeking to offer

Islamic financial products through Islamic Banking “windows”. By 2008, within the East African region the Central Bank of Kenya had licensed two Islamic Banks while National Bank of Rwanda had licensed an Islamic Microfinance Institution and Bank of Tanzania had commercial banks offering Islamic Financial Services through windows (Mutebile, 2016).

Although the Financial Institution (Amendment) Bill, 2015 was eventually enacted into law and assented to by the President of Uganda on 19th January 2016 (Lujja et al 2016b) none of the 24 conventional commercial banks in the country has introduced a window for Islamic finance neither has the central bank licensed any fully Islamic finance institutions. It becomes important to find answers in particular to the question whether religiosity matters in the adoption of Islamic banking principles. Understanding the prerequisites of Islamic banking and its proper implementation will lead to a better allocation of resources for economic development. For example, Jamid & Zillur (2017) reports that in India a whopping US\$1.5 trillion has accumulated as an unclaimed interest amount on deposits of Muslims in different banks, because owing to religious implications the majority of them do not want to use such Interest.

The objective of this paper therefore is twofold. First is to extend previous studies by adopting a stance underpinned by the Theory of Reasoned Action (TRA). TRA as a theory has developed over time by Martin Fishbein and Icek Ajzen (see Fishbein, 1967; Ajzen, 1971; Ajzen and Fishbein, 1972; Fishbein, 1973; Fishbein and Ajzen, 1975 and Ajzen and Fishbein, 1980; Ajzen and Fishbein, 2000). We therefore examine the extent to which its known aspects i.e. ‘Attitude’ and ‘Subjective norms’ which we call Behavioural Intention (BI) explain propensity to use and Patronise Islamic banking (PIB) in a country that is newly adopting the principles of Islamic finance. Second to answer two calls: one by Suddin et al (2009) who called for future studies to consider the influence of religiosity in consumer attitudes and subjective norms when predicting intention to choose Islamic products; and secondly by Lujja et al, (2016b) who called for further research in Uganda to consider religious obligations in studies of intentions to use Islamic banking.

The rest of this paper is organised as follows: Section 2 presents literature review on Commercial environment and Islamic banking in Uganda, discusses the TRA and develops the study model and hypotheses. Section 3 presents the methodology while section 4 covers the findings and discussion. The final section presents conclusions and recommendations of the study.

## 2. Literature Review

### *Commercial banking environment and the Islamic banking in Uganda.*

According to Bank of Uganda, Uganda has twenty-four licensed and regulated commercial banks, four licensed and regulated credit Institutions and 3 licensed and regulated Micro-finance Deposit taking institutions (MDIs) as at December 2015 (Bank of Uganda, 2016). All these financial Institutions can be said to be potential participants in Islamic finance and banking. The detailed history and structure of commercial banking in Uganda is well documented elsewhere (for example see Kijambu and Dumba-Ssentamu, 2017; Lujja et.al, 2016a; Lujja et. al., 2016b; Bank of Uganda, 2016). It can therefore be said that economy is fully liberalised and the financial institutions sector is composed of both local, regional and typical high street international commercial banks that are regulated by a central bank, the Bank of Uganda.

Scholarly attention and focus to Islamic banking in the country is still in its infancy despite the fact that the subject is not new in the country. Relatively little is known about the basic terminology, principles and application in Uganda and empirical evidence is incipient. Lujja (2013) examines public perceptions of Islamic banking in Uganda and documents low levels of

awareness of the phenomenon; Bank of Uganda (2016) on the other hand gives a limited account Islamic banking and its products. Nalukwago (2017) examined the determinants of intention to use Islamic banking in Uganda basing on existing commercial bank customers and found attitude, subjective norms, religious obligation and customers' motivation to be significant predictors of intention to use Islamic banking. Lujja et. al., 2016(a) examined the feasibility of adopting Islamic banking system under the existing laws in Uganda in comparison with the Malaysian experience. They concluded that there is a need for financial institutions regulators in Uganda to benchmark with the Malaysian experience and best practices in Islamic banking elsewhere. In particular, they point out a need to amend the Financial Institutions Act, 2004 and the Bank of Uganda Act 2000 to accommodate the principles and practices of Islamic banking. Other laws requiring harmonisation relate to tax legislation. Lujja et. al. (2016b) applied TRA to model public behavioural intention to adopt Islamic banking in Uganda. They found that within TRA while attitude positively relates with intentions to use Islamic banking, Subjective norms' influence on Intention is mediated by attitude. They however called for incorporation of religiosity when examining effects of attitudes and subjective norms on intentions to use Islamic banking.

What is uniquely important to note is that while conventional commercial banks generate profits by investing and lending deposits mobilised from their customers' thereby charging and earning interest, prohibition of debt and interest are at the core of the Islamic banking principles. Shafaat (2005) gives a detailed examination of Riba (usury) and how it is discouraged in the holy books - the Quran and the Bible. A number of verses in the holy books do not only prohibit Riba (usury) but culminate into discouraging debts altogether. For example:

[...] "O those who believe do not eat up riba doubled and redoubled (*Al-Quran, Surah Al-i-Imran 3:130*) and in Surah al-Baqara Allah (SWT) says [...] if the debtors is in difficulty, grant him time till it is easy for him to repay. But if ye remit it by way of charity. That is best for you If ye only knew (*Al-Quran, Surah al-Baqarah Verse 280*);

and

[...] If you lend money to my people, to the poor among you, you shall not deal with them as a creditor; you shall not exact interest from them (*The Holy Bible Exodus 22:25*)

Alsadek and Worthington (2015) indicate that principles of Islamic finance and banking include prohibition of Riba (usury or interest) and the removal of debt-based financing, the prohibition of Gharar, encompassing full information disclosure, the removal of asymmetrical information in contracts, the avoidance of risk-taking and the exclusion of financing and dealing in "sinful" activities and commodities e.g. gambling, alcohol and pork. Further, Gait and Worthington (2014) explain that Islamic finance and banking principles include an emphasis on risk sharing in business ventures, the desirability of materiality, such a financial transaction requires a link to some real economic transaction, and the consideration of justice, such that a financial transaction should not lead to the exploitation of any party to the transaction.

Commercial banks have in practice implemented the above principles of Islamic finance and banking through a wide range of products that are meant to incorporate and ensure compliance to the tenets of the respective principles. Jamid & Zillur (2017) indicates that such Islamic products include the Musharakat; the Mudarabah; the Murabahah; the Mozararah; the Ijarah; the Mossaghaat, and others like Baimuajjall; Bai Salam; Istisna; Takaful; Quard Hassanas well as mutual funds underpinned by investments in Sharia -compliant assets, including equity and Sukuk.

*The Musharakat*, according to Ofurum (2008), is much like a "Joint Venture" agreement which stipulates the conditions of a partnership. Under this arrangement an Islamic finance and banking compliant financial institution will enter into an agreement with a potential

industry or commercial client in which they both put up some “Equity or Venture Capital” for an investment project (s) and they both share, according to some mutual agreement, the profits and losses.

*The Mudarabah*, is the provision of capital in return for a share of profits but where losses on funds extended are borne solely by the bank (Alsadek and Worthington, 2015). Hanudin et. al., (2011) and Ofurum (2008) explain the concept of Mudarabaha silent partnership where the bank is entitled to a share of the financed entity’s profits, but in the case of loses the bank would lose the amount extended as loan. This is because Islamic finance is based on mutual sacrifice and cooperation between the borrower and the lender in fulfilling the basic needs of both (Hanudin et. al., 2011).

*The Murabahah*, is where the financial institution purchases goods and services on behalf of a customer (Alsadek and Worthington, 2015) in its names but resells them to the individual at an agreed mark-up which can be used for trade financing (Ofurum, 2008).

The Mozaraah is explained as an agreement for joint cultivation and/or nurturing (Ofurum, 2008). A landowner provides a piece of land to a farmer and the farmer provides the work to cultivate the land and they share the product of the farm according to a mutually agreed upon formula

*The Ijarah* is an operating leasing financing (Alsadek and Worthington, 2015). Ofurum (2008) indicates that Ijarah is a rental or lease agreement through which the services of an individual or legal entity or organisation is rented out or leased against a mutually agreed upon fee, rent, leasing fee. The client has the option to keep the asset or to give it back to the bank when the full payment is received.

*The Mossaghaat* under this financing agreement the owner of a garden enters into a contract with someone else to nurture, cultivate and take care of his garden as a gardener or caretaker raising fruit trees and continuing to work in the garden as a caretaker of the trees to the point of preparing the trees for the next crop (Ofurum, 2008).

Alsadek and Worthington (2015) and Gait and Worthington (2014) point out that there are a number of other products and services under Islamic financing including Baimuajjall, deferred payments on products; Bai Salam, advance sale contracts for goods and services; Istisna, manufacturing contracts to cover work in progress; Takaful, Islamic insurance in the form of cooperative self-help schemes; and Quard Hassan, benevolent loans offered interest free. In additional, Gait and Worthington (2014) reveal that Islamic products and services are increasingly manifesting themselves as mutual funds underpinned by investments in Sharia-compliant assets, including equity, but also Sukuk.

It is noted from the above reviewed literature that God or Allah (SWT) makes His commandments clear in the Holy books and that financial institutions have devised ways of ensuring compliance to these commandments. The commandments however create anxiety not only to the customers of banks but also to the banks themselves who are expected to act as financial intermediaries. This therefore warrants empirical studies to provide answers and guidance in a country that is just adopting and aligning its financial systems to principles of Islamic banking.

#### *The Theory of Reasoned Action (TRA) and hypothesis development*

The Theory of Reasoned Action (TRA) is about making reasoned choices faced with competing alternatives. TRA has been used in various fields where making a choice is critical with a view of determining whether the theory could provide direction to popularize the choices (products, services etc) made by individuals. TRA was developed and elucidated by Martin Fishbein and Icek Ajzen over a number of years and publications (see Fishbein, 1967; Ajzen, 1971; Ajzen and Fishbein, 1972; Fishbein, 1973; Fishbein and Ajzen, 1975; Ajzen and Fishbein, 1980; Ajzen and Fishbein, 2000).

TRA can therefore be traced from the work of Fishbein (1967) on the theory of attitude that proposed what is variously known as the Fishbein-Ajzenbe havioural intentions model. In this model and therefore the TRA it is asserted that an individual's intention to perform a specific act, with respect to a given stimulus object, in a given situation, is a function of the four aspects: (a) The individual's beliefs about the consequences of performing a particular behaviour (in a given situation), which is understood to mean that the probability that the behaviour will lead to some consequences (b) The individual's evaluations of those beliefs, that is the person's evaluation of multiple consequences.(c) Normative belief, that is, what the person believes others think he should do in this situation, and (d) the individual's motivation to comply with what others think should be done.

In summary, TRA suggests Behavioural Intention (BI) is a function of attitude and subjective norm. That a person's behavioural intention is a product of attitude towards-the-act (aspect 'a' and 'b' above) and subjective norm (aspects 'c' and 'd' above). This therefore suggests that factors that may determine ones attraction or affinity towards a service or product like Islamic banking and finance include ones attitude towards the service, as well as own beliefs and expectations by others from the individual (subjective norm) to associate or otherwise with the product or service.

A number of studies have applied the TRA and documented evidence that one's attitude as well as subjective norms influences their liking of products, choices they make and or intend to make. This is evident for example from the traveller's selection of the type of hotel to stay in during a business trip (Buttle and Bungkwon, 1996); Chong (1995); partnership home financing option (Fauziah et al, 2008); Intention to choosing halal products (Suddin et al., 2009); Intention to use Islamic personal financing (Hanudin et al, 2011) to adopting Islamic banking (Jamid & Zillur, 2017, Lujja et.al, 2016b; Kabiru, 2014). This therefore suggests that TRA is an appropriate theory to underpin the current study.

### *Religiosity in Uganda*

Religiosity is a construct utilized by researchers in measuring influence of religion on ones behaviours and actions. Beit-Hallahmi and Argyle (1997) suggests that religiosity is a continuous rather than a discrete variable, while McDaniel and Burnett (1990) defines it as a belief in God accompanied by a commitment to follow principles believed to be set by God. O'Connell(1975) and Mariam et. al. (2015) reveals that religiosity is not a one-dimensional concept rather, it pertains to various elements of religion like belief, practice, knowledge, experience and the effects of those elements on daily activities.

Although data on statistical classification of the population according to one's faith exists, empirical studies of religiosity in Uganda are non-existent. According to the Uganda National Household Survey conducted by the National Bureau of Statistics (UBOS, 2010) Muslims account for only 12.5% of the major religions in the Country. The Catholic faith accounts for the majority of followers (41%) followed by the Protestants (35%); Pentecostal (9%) and Seventh Day Adventists (2%). Traditionalists (defined as individuals who belong to any religion) and others account for 1.4% of the Population. The analysis at regional level indicates that the Northern region had the majority of its population being Catholic (62%). The main economic activities of the country, and where all commercial banks have their head offices and main branches is Kampala and Central regions. Muslims in these two region account for 36.6% of the Population in these areas.

The phenomenon of religiosity has however been examined elsewhere (e.g. Ahmed M.A and D. Laster, 2017; Yadollah et. al, 2010; Naser et.al. (1999); Metwally, (1996), Metawa ; Al-Mossawi, (1998)). Ahmed and Haron (2002) argued that the main reason people select Islamic banking products was based on their personal perception on religious and economic

considerations. Other previous studies are calling for examining the influence of religiosity in selecting products to buy (Suddin et al., 2009); home financing options (Fauziah, et al. 2008) and more pertinent to Islamic Banking, Mariam et. al. (2015) concludes that religiosity and religious tendencies affect attitudes in ways that open doors for research in the growing field of Islamic banking. Lujja et. al., (2016b) on the other hand call for future studies in Uganda to include religiosity when examining determinants of adopting Islamic banking principles.

We therefore pose a question: Does Religiosity matter in Patronising Islamic Banking (PIB) in a non-Islamic country that is adopting Islamic finance and banking principles? To answer this question the following hypotheses will be tested.

**H1:** Subjective Norm and Attitudes are related.

**H2:** Subjective Norm is positively related to Patronising of Islamic Banking.

**H3:** Subjective Norm is positively related to Religiosity.

**H4:** Attitude and Religiosity are positively related.

**H5:** Attitude and Patronising of Islamic Banking are positively related.

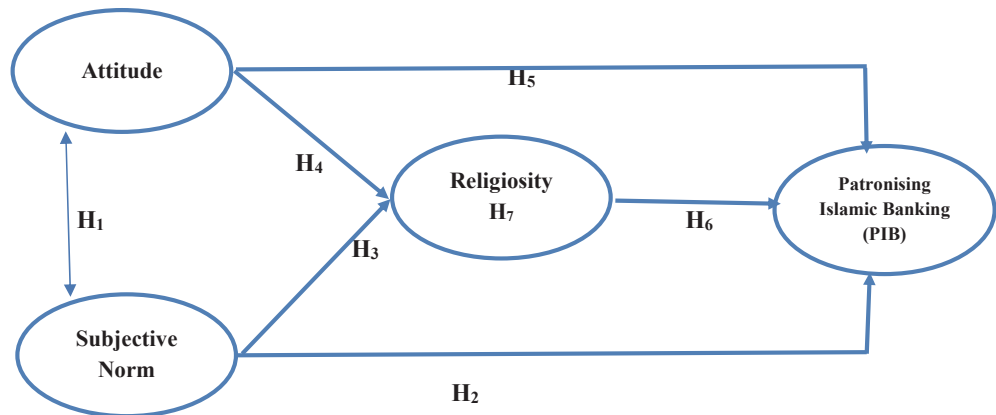
**H6:** Religiosity and Patronising of Islamic Banking are positively related.

**H7:** Religiosity matters in the relationship between BI and Patronising of Islamic banking

**H7a:** Religiosity mediates the relationship between BI and Patronising of Islamic banking

**H7b:** Subjective Norm, Attitude and Religiosity are significant predictors of Patronising Islamic Banking.

The foregoing hypotheses are illustrated in the following conceptual framework which has been developed to guide the study.



**Figure 1:**  
Conceptual  
Framework

### 3. Methodology

The study involved a survey of 384 existing commercial bank customers in Kampala from a potential population of over 3,300,000 bank account holders in Kampala. Economic Policy Research Centre 2013 survey report indicates that one in every five adults (representing 3.3million) in Uganda has a bank account (EPRC, 2013). Convenience sampling was therefore used to target at least 16 customers willing to participate in the study from the main branches of each of the 24 licensed commercial banks at the time in Uganda (Bank of Uganda, 2015).

Permission was obtained from each bank to target the respondent customers from within the respective banking halls at random. The decision to have sixteen customers from each bank was informed by the required explanatory power of the model, effect size and the need to limit response biases from a single customer in each bank. This yielded a sample size of 384 of which 382 questionnaires were useful. This sample was considered adequate in line with guidelines by various authors about the required sample size for multiple regressions where the population is large. Green (1991) guides that one should have a sample size (N) of either  $N \geq 50 + 8m$  or  $N \geq 104 + m$ , where 'm' is the number of independent variables. The later if one's objective is to test for multiple correlations and the former if one is testing individual predictors. Stevens (1996) recommends that about 15 cases per predictor variable are needed for a reliable equation. Field (2009) advises that one should have 10 or 15 cases of data for each predictor in the model. Our sample size is also within Roscoe's rule of thumb for determining sample size larger than 30 and smaller than 500 appropriate for most research. Table I below provides a profile of the respondents.

<b>Sex of Respondents</b>	<b>n</b>	<b>%</b>
Male	165	43.2
Female	217	56.8
<b>Religious affiliation</b>	<b>n</b>	<b>%</b>
Christian	192	50.3
Moslem	164	42.9
Others /Not disclosed	26	6.8
<b>Academic Qualifications</b>	<b>n</b>	<b>%</b>
A-level and below	169	44.2
Diploma	78	20.4
Bachelor's Degree	101	26.4
Masters	34	8.9
<b>Employment Status</b>	<b>n</b>	<b>%</b>
Student	47	12.3
No formal Employment	75	19.6
Self employed	98	25.7
Employed – Private sector	126	33.0
Employed – Public sector	36	9.4
<b>Type of Bank account held</b>	<b>n</b>	<b>%</b>
Savings bank account	243	63.6
Current bank account	65	17.0
Fixed deposit	45	11.8
Others	29	7.6
<b>No. years a customer of the bank</b>	<b>n</b>	<b>%</b>
Less than 5 Years	126	33
6 to 10 years	189	49
More than 11 years	67	18

**Table 1:**  
Profile of  
respondents



Details in Table I above reveal a useful and insightful mix of respondents for the study. The majority of the respondents were non-Muslims (57.1.4%); have basic education of a diploma and above (55.8%); are engaged in gainful employment (68.1%); all have a bank-customer relationship and majority (67%) have been customers with the respective banks for more than 5 years. This therefore suggests that data was obtained from knowledgeable and relevant respondents.

### **Data Collection Instrument and Validity of Measures**

The data collection questionnaire was derived from instruments that have been used in previous studies and has four main sections: section 'A' collects background data on the respondents, Section 'B' collects data on Behavioural Intentions (BI)- Attitude (Atd) and Subjective norms (Subn); Section 'C' collects data on Religiosity (Rlgn)of respondents and Section 'D' collects data on Patronising Islamic Banking (PIB). The scales were anchored to a five point Likert scale to increase variability.

To apply a theory requires that its facets are identified within the target subjects of a study. We used scales of BI that have been tested in numerous studies across many areas including dieting (Sejwacz, Ajzen and Fishbein, 1980), using condoms (Greene, Hale and Rubin, 1997), consuming genetically engineered foods (Sparks, Shepherd and Frewer, 1995) and limiting sun exposure (Martin et al, 1999). These scales have been applied in different fields, in order to intervene and promote behaviours. Applications vary from attempts to increase safety-belt use (Trafimow and Fishbein, 1994), influencing career choice (Strader and Katz, 1990), understanding and predicting gambling behavior (Moore and Ohtsuka, 1999), women's career choice (Vincent, Peplau, and Hill, 1998), brand loyalty (Choong, 1998) to condom use for HIV-prevention intervention (Fishbein, Middlestadt and Trafimow, 1992). In studies on Islamic banking the scales have for example been used by Noresmabt. Jahya (2004) and Suddin et al 2009) on factors that influence Muslim consumers preference towards Islamic banking products or facilities and halal products retrospectively. The current study therefore applies TRA and measures Behavioural Intentions using scale items obtained from previous studies but amended to fit the study and local environment.

We follow Mariam et. al. (2015) and Yadollah et al (2010) and define Religiosity (Rlgn)as the importance one attaches to his/her religion and we measure it with items probing religious obligation obtained from Mariam et. al. (2015); Naseret.al. (1999); Metwally, (1996) and Metawa and Al-Mossawi, (1998).We construct a scale "Patronising Islamic Banking (PIB)" based on items obtained from studies on intention to use Sharia complaints products(Haron et al. 1994; Ahmad and Haron, 2002; Suddin et. al.(2009); Hanudin, et.al., 2011; Lujja et al., 2016b).

All the scales were reviewed for appropriateness and relevance in the context of a country that is newly adopting Islamic banking and modified accordingly. The scales were then pretested using a sample of 40 respondents to confirm their validity, relevance and understandability. The pre-testing suggested rewriting and dropping some items. The Content Validity Index (CVI) for all the scales was above the recommended 0.7 (Amin, 2005; Wynd, et al, 2003), the average variance extracted was also above 50% (Hair et al., 2010) confirming measures of the constructs as valid.

### **Data Analysis**

#### **Tests of Factorability and Reliability of Scales**

We subject responses to items in the questionnaires to a Principal Component Analysis (PCA) with Varimax rotation to reduce the data to a manageable level (Field, 2009) whereby

all factor loadings below 0.5 were suppressed consistent with the recommendation by Stevens (1996). The analysis confirmed that the data was sufficient and amenable to factorial analysis as evidenced by the KMO values for Behavioural Intentions(.950); Religiosity (0.873), and Patronizing Islamic Banking(0.926) all exceeding the recommended Value of 0.6 (Kaiser, 1970, 1974; Tabachnick and Fidell, 2007). The Bartlett's test of Sphericity (Bartlett, 1954) of all the scales reached statistical significance ( $p < 0.05$ ) thus indicating that the correlations between items were sufficiently large hence supporting factorability of the data. Basing on the Kaiser's criterion of eigen value rule, only factors with an eigen value of 1.0 or more were retained (Kaiser, 1970, 1974).

Results of the PCA procedures in Table II show the scale items and reveal the two components of the Theory of Reasoned Action as "Subjective Norm" and "Attitude" all explaining a total of 72.2 per cent of the variance in Behavioural Intentions scale. Similarly, Table III show the scale items for religiosity and the revealed single component of 'religiosity' explaining 69.2 per cent of the variance in "Religiosity". Further, Table IV shows the scale items of the Patronizing Islamic Banking scale with its single component named "Patronizing Islamic Banking" explaining 80.4 per cent of the variance in the affinity towards Islamic banking.

Behavioural Intentions(BI)	Component	
	Subjective norm	Attitude
My spouse thinks I should embrace the new Islamic banking	.868	
Most people I know expect me to embrace the new Islamic banking	.839	
My family expects me to embrace Islamic banking	.806	
Most People like me will use Islamic banking	.785	
My colleagues think I should use Islamic banking once introduce	.761	
Most people I know like Islamic banking	.738	
The People I care about will use Islamic banking	.716	
The People I care about will support me if I use Islamic Banking	.687	
I think Islamic is useful		.808
Islamic banking services are applicable in Uganda		.788
Islamic banking is a good idea for Ugandans		.730
I appreciate Islamic banking		.723
Islamic banking is good for economic development		.710
I will be very excited when Islamic banking is introduced		.655
<b>Eigen values</b>	<b>9.708</b>	<b>1.121</b>
<b>% of total variance explained</b>	<b>64.72</b>	<b>7.47</b>
<b>Cumulative variance explained (%)</b>	<b>64.72</b>	<b>72.20</b>
KMO = 0.950; Approx Chi-sq 5364.418; Barlett's Test of Sphericity df=105, sig = .000		
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.		

**Table II:**  
Factor structure  
of Behavioral  
Intentions

**Table III:**  
The Religiosity  
scale

<b>Manifest variables of religiosity</b>	
My religion is very influential on my everyday life	.806
I am a very religious person	.785
I do everything according to instructions of my religion	.761
I care about what my religion commands me to do	.738
My religion specifies for me banking services to use	.716
<b>Eigen values</b>	<b>3.458</b>
<b>% of total variance explained</b>	<b>69.16</b>
<b>Cumulative variance explained (%)</b>	<b>69.16</b>
<b>KMO = 0.873; Approx Chi-sq 1087.938; Barlett's Test of Sphericity : df= 10, sig =.000</b>	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.	

**Table IV:**  
Patronizing Islamic  
banking scale

<b>Manifest variables of Patronising Islamic banking scale</b>	
I have the urge to patronise Islamic banking when introduced	.912
I will recommend Islamic banking to my friend	.909
I will advocate for use of Islamic banking to all my colleagues	.907
I am eagerly waiting to patronise Islamic banking	.902
I am interested in patronising Islamic banking	.886
I cannot wait to patronise Islamic banking when introduced	.863
<b>Eigen values</b>	<b>4.822</b>
<b>% of total variance explained</b>	<b>80.37</b>
<b>Cumulative variance explained (%)</b>	<b>80.37</b>
<b>KMO = 0.926; Approx Chi-sq2217.291; Barlett's Test of Sphericity : df= 15, sig =.000</b>	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.	

To determine the internal consistency (reliability) of the four scales (Attitude, Subjective Norm, Religiosity and Intention to use) we computed Cronbach's alpha coefficients for the four study variables. Scholars like Nunnally (1978) and DeVellis (2003) recommend a Cronbach a value for a scale above 0.7. The standardized Cronbacha coefficients for all the scales, were all found to be above 0.7 (Atd 0.93; Subn 0.95; Rlgn 0.89; PIB 0.95). Prior to carrying out tests of hypotheses data was first checked for normality in order to determine the applicability of parametric tests. This was done first by use of graphical representations i.e. the histogram and the normal probability Q-Q plots. In addition the Kolmogorov-Smirnov (K-S) statistic test for

normality was also carried out. For the K-S test, a significant value (sig. less than .05) indicates a deviation from normality (Field, 2009). All the scale were significantly non-normal: Atd scale,  $D(382) = 0.19$ ,  $p < .05$ ; Subn scale,  $D(382) = 0.17$ ,  $p < .05$ ; Rlgn scale,  $D(382) = 0.15$ ,  $p < .05$  and PIB scale,  $D(382) = 0.27$ ,  $p < .05$ . The graphical tests were in line with K-S conclusion and all data was negatively skewed with scores at the high end of all the scales.

In view of the above we use the non-parametric Spearman's rank correlation to test the relationships between the variables. More importantly we use Hierarchical Multiple Regression to examine the relationship between the Independent Variables (i.e. Subjective norm, Attitude and Religiosity) and the dependent variable "Patronising Islamic Banking" and to examine the incremental contribution of the independent variables in the study model.

#### 4. Findings and Discussion

Table V shows the mean scores of the study variables. Subjective norm had the lowest mean score ( $X = 3.59$ ,  $\sigma = 0.92$ ). Religiosity had the highest mean score ( $X = 4.20$ ,  $\sigma = .87$ ). The data shows that all study variables are perceived highly with a high affinity towards Islamic banking. This implies that potentially there is good reception of the concept of Islamic banking and finance in the country contradicting the voices of some religious leaders.

	Minimum	Maximum	Mean	Median	Std. Deviation
Subjective norm (Subn)	1.00	5.00	3.5913	3.8750	.9214
Attitude (Atd)	1.67	5.00	3.9332	4.0000	.7234
Religiosity (Rlgn)	1.00	5.00	4.1073	4.2000	.8729
Patronizing Islamic Banking (PIB)	1.00	5.00	3.9319	4.1667	.9488

**Table V:**  
Descriptive  
Statistics for global  
variables

The importance of one's religion in choosing Islamic banking and finance has had mixed findings. Studies by Metwally (1996), Metawa and Almossawi (1998) and Ahmed and Haron (2002) document evidence supporting the assertion that one's belief in Islam positively influences use of Islamic banking, while on the other hand Haron et al (1994) and Hanudin et al (2011) document otherwise. The descriptive statistics (Table VI) show that while there is not much difference in the perceptions of Muslims and respondents of other faith (minimum and maximum scores) across all the study variables, the means for Muslim scores are relatively higher than those of their counterparts in the other faith suggesting that Muslims in the country are more enthusiastic about Islamic banking and Finance.

		Subjective			
		Norm	Attitude	Religiosity	PIB
Muslims	Minimum	1.25	2.00	1.60	1.83
	Maximum	5.00	5.00	5.00	5.00
	Mean	4.0038	4.2683	4.5732	4.2978
	Std. Deviation	.67256	.59809	.61774	.67145
Christians	Minimum	1.25	1.67	1.00	1.33
	Maximum	5.00	5.00	5.00	5.00
	Mean	3.4225	3.7378	3.8958	3.8116
	Std. Deviation	.85247	.69581	.77715	.86894
Others	Minimum	1.00	2.00	1.00	1.00
	Maximum	4.00	4.33	5.00	5.00
	Mean	2.2356	3.2628	2.7308	2.5128
	Std. Deviation	1.09106	.66862	.87807	1.38798

**Table VI:**  
Comparative mean  
scores for Muslims  
and Other faiths

		Sum of Squares	df	Mean Square	F	Sig.	Levene Statistic	Sig	Eta squared
Attitude	Between Groups	37.427	2	18.713	43.793	.000	.537	.585	0.18
	Within Groups	161.954	379	.427					
	Total	199.381	381						
SubNorm	Between Groups	81.164	2	40.582	63.479	.000	15.410	.000	0.25
	Within Groups	242.293	379	.639					
	Total	323.457	381						
PIB	Between Groups	77.088	2	38.544	54.946	.000	19.388	.000	0.22
	Within Groups	265.864	379	.701					
	Total	342.953	381						
Religiosity	Between Groups	93.445	2	46.723	89.964	.000	1.447	.237	0.32
	Within Groups	196.834	379	.519					
	Total	290.279	381						

**Table VII:**  
ANOVA between  
Muslims and Other  
faiths

The ANOVA test (Table VII) confirms existence of significant differences in the perceptions of the respondents of the varying faiths, with Muslims exhibiting higher levels of urge to Patronise Islamic Banking than their counterparts in the other faith. This suggests that Muslim customers of banks will be more inclined to participate in Islamic banking than customers of other faith. This finding provides preliminary evidence that one's religious beliefs may be important when choosing to patronise Islamic banking and supports early studies by Metwally (1996), Metawa and Almossawi (1998) and Ahmad Haron (2002). The Levene's test however showed the variance in the scores is not the same for attitude and religiosity.

We test for association between the study variables using Spearman's rank correlation (Table VIII). We find support for our hypotheses H1 to H3: Subjective Norm is related to attitude (H1) and the relationship is positive suggesting that increases in one leads to increases in the other; Patronizing Islamic Banking(H2)and Religiosity (H3) are positively related ( $r = 0.723$   $p < 0.001$ ;  $r = 0.718$ ,  $p < 0.001$ ; and  $r = 0.579$ ,  $p < 0.001$ ). Hypotheses H4and H5 are also supported: Attitude is positively related to Religiosity( $r = 0.645$ ,  $p < 0.001$ ) and to *Patronizing Islamic Banking* ( $r = 0.680$   $p < 0.001$ ). Hypothesis H6 is also supported, Religiosity is positively related to Patronizing Islamic Banking ( $r = 0.614$ ,  $p < 0.000$ ). The highest correlations are observed between Subjective Norm and Attitude ( $r = 0.723$ ) and Subjective Norm and Patronizing Islamic Banking ( $r = 0.718$ ). All the associations tested are significant and strong, implying high expectations and urge towards Islamic banking despite reservations in some circles. These results provide preliminary support to the assertion that religiosity could be important in the effects of Behavioural Intentions on the propensity to use and patronize Islamic banking.

Variables	1	2	3	4
Subjective Nom(1)	1.000			
Attitude (2)	.723**	1.000		
Religiosity (3)	.579**	.645**	1.000	
Patronizing Islamic Banking (4)	.718**	.680**	.614**	1.000

\*\* Correlation is significant at the 0.001 level (2-tailed).

**Table VIII:**  
Spearman's Rank  
Correlation Results  
for Study Variable

### Hypothesis 7

We test for the answer to our main question (H7) whether religiosity matters in determining one's propensity to patronize Islamic banking using two approaches. First we test for the mediation effects (H7a) of religiosity in the relationship between BI and PIB following Baron and Kenny (1986)'s conditions for a mediation to hold and concluded using the Sobel test (Preacher and Hayes, 2004). Second we use hierarchical multiple regressions to test for H7b whether Subjective Norm, Attitude and Religiosity are significant predictors of Patronising Islamic banking and their contributory effects in the relationship.

Regression models in Table IX below provide the results for tests of Baron and Kenny (1986)'s three conditions for a mediation to hold. First, in model I, Behavioural Intentions is shown to significantly affect Patronising Islamic Banking( $\beta = .835$ ,  $p < .001$ ), which gives further support to hypotheses H2 and H5, but confirms that there is actually an effect to be mediated. Second, in Model II the independent variable (Behavioural Intentions) significantly affects the mediator variable – Religiosity ( $\beta = .728$ ,  $p < .001$ ). Third, in model III Behavioural Intentions affects PIB ( $\beta = .729$ ,  $p < .001$ ), with the coefficient of the mediator (Religiosity) being significant in this equation ( $b = .158$ ,  $\beta = .146$ ,  $P < .001$ ) when both Behavioural Intentions and Religiosity are entered as predictors, which renders support to hypothesis 6 (H6). Finally according to Baron and Kenny (1986), when the mediator variable is included in the regression model, the influence of the independent variable on the dependent variable should be attenuated. As can be seen in the final step, the absolute effect of BI on PIB is less in the third model/equation (Standardized Beta ( $\beta$ ) = .729) than in the first model/equation (Standardized Beta ( $\beta$ ) = .835). Since all the mediation conditions hold, then Religiosity is a true mediator of the relationship between BI and PIB, which confirms hypothesis 7a (H7a).

**Table IX:**  
Models to test  
for the mediating  
effect of Religiosity

Dependent Variable:	PIBReligiosity						PIB		
	Model I			Model II			Model III		
	B	SE	Beta	B	SE	Beta	B	SE	Beta
<b>Intercept</b>	.116	.132		1.047**	.151		-.049	.138	
<b>Behavioural Intentions Religiosity</b>	1.014***	.034	.835	.813***	.039	.728	.885***	.049	.729
<b>R<sup>2</sup></b>		.697			.529			.707	
<b>F-Statistic</b>		872.69			427.46			456.43	

N = 382 \*\*\*P < 0.001

- (i) Equation/model I is regression of *PIB* on the *BI*  
(ii) Equation/model II is regression of *Religiosity* on *BI*  
(iii) Equation/model III is regression of *PIB* on both *Religiosity* and *BI*

Following the approach suggested by Preacher and Hayes (2004) to examine whether the mediator variable (Religiosity) significantly carries the influence of the independent variable (Behavioural Intentions) to the dependent variable (Patronising Islamic banking) we applied three tests: Sobel, Aroian and Goodman tests (available at [www.quantpsy.org/sobel/sobel.htm](http://www.quantpsy.org/sobel/sobel.htm)). In other words, these tests were employed to test whether the indirect effect of the independent variable on the dependent variable through the mediator variable is significant (Dudley, Benuzillo Carrico, 2004). The results (Table X below) were significantly different from zero, which confirms and partial mediation, but also confirm the fact that the mediation (though partial) is significant.

	Input		Test statistic	p – value
a	0.813	Sobel test	3.539	.000**
b	0.158	Aroian test	3.535	.000**
s <sub>a</sub>	0.039	Goodman test	3.543	.000**
s <sub>b</sub>	0.044	***mediation is significant at the 0.001 level (2-tailed)		

**Table X:**  
Sobel, Goodman  
and Aroian tests  
of whether the  
Rlgn carries the  
influence BI to PIB

Where;

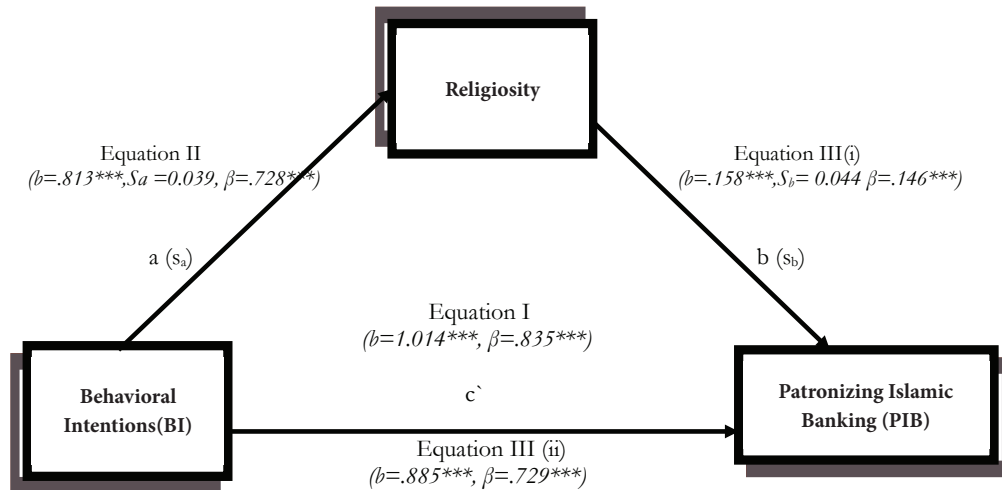
**a** represents the raw (un standardized) regression coefficient for the association between the independent variable and mediator,

**s<sub>a</sub>** represents the standard error of a,

**b** represents the raw regression coefficient for the association between the mediator and the dependent variable (when the independent variable is also a predictor of the dependent variable),

$s_b$  represents the standard error of  $b$ .

The mediation path is shown in figure 2 below where it is shown that when Religiosity is introduced in the equation III, the regression coefficient ( $b$ ) for the association between BI and Patronising Islamic Banking, as well as the standardized Beta attenuates from  $b = 1.014$  to  $b = .885$  and  $\beta = .835$  to  $\beta = .729$  respectively.



**Figure 2:**  
Mediation path

Hierarchical multiple regressions was used to test for H7b whether Subjective Norm, Attitude and Religiosity are significant predictors of PIB and their contributory effects in the relationship.



**Table XI:**  
Hierarchical  
Regression with  
Patronizing Islamic  
Banking as the  
dependent variable

Variable	Model 1		Model 2		Model 3		Model 4		Collinearity stat.	
	B	SE	B	SE	B	SE	B	SE	Tol.	VIF
Constant	3.610***	.152	1.027***	.142	.202	.177	-.011	.182	Na	Na
Age	.037	.040	-.012	.025	-.013	.024	.004	.024	.628	1.592
Education	-.019	.042	-.012	.026	.003	.025	-.011	.025	.659	1.518
Religion	.661***	.095	.037	.065					.743	1.346
Subjective Norm.			-.033	.061						
Attitude			-.084.062							
Religiosity			.827***	.034	.559***	.049	.495***	.051	.312	3.203
R	.338				.448***	.063	.382***	.064	.322	3.109
R <sup>2</sup>	.114		.811		.835		.178***	.047	.423	2.364
Adjusted R <sup>2</sup>	.107		.657		.698		.842			
R <sup>2</sup> change	.114		.654		.694		.705			
F-statistic change	16.229***		.543		.041		.011			
Sig. F - change	.000		597.880***		50.466***		14.611***			
N	382		.000		.000		.001			

**Durbin - Watson statistic = 1.803**

\*\*\*P < 0.001

The control variables (Age, Education and Religion of the respondents) were entered together in Step 1 (Model 1) of the sequential regression model. Age ( $B = 0.037$ ,  $p > .001$ ) and Education ( $B = -0.019$ ,  $p > .001$ ) do not significantly affect PIB and are statistically insignificant. The respondent's religion however significantly affects PIB ( $B = 0.661$ ,  $p < .001$ ), providing additional pointer to the importance of religion in matters of Islamic banking. The results show that the control variables together explain 11% of the variance in PIB ( $R^2 = 0.114$ ).

Given that subjective norm and attitude are known predictors of intention to use Islamic banking (See Hanudin, et.al, 2011; Lujja et al., 2016b) and therefore could be having an affect on PIB, they were sequentially entered in steps 2 and 3. In step 2 (Model 2) subjective norm was found to explain an additional and significant 54.3% of variance in Patronising Islamic banking ( $f\Delta = 597.880$ ,  $p < .001$ ). At Step 3 (Model 3) the addition of attitude to the model accounted for an extra 4% of the total variance explained and the model was still significant ( $f\Delta = 50.466$ ,  $p < .001$ ). In the final model (Model 4), when Religiosity was introduced an extra and significant 1% variance in PIB was achieved ( $f\Delta = 14.611$ ,  $p < .001$ ). The total or overall explanatory power of the model is 71%. This means that Subjective Norm, Attitude and Religiosity are significant and strong predictors of the urge to patronise Islamic banking explaining 71% of the variance in PIB (adjusted  $R^2 = 0.705$ ,  $p < 0.001$ ). Subjective norm is the best predictor of PIB ( $\beta = 0.480$ ,  $p < 0.001$ ) followed by attitude ( $\beta = 0.291$ ,  $p < 0.001$ ); and religiosity ( $\beta = 0.178$ ,  $p < 0.001$ ).

Diagnostic tests carried out showed that regression assumptions were not violated. This implies it is possible to draw generalisations from our model. Multicollinearity was tested at two levels: First, all the predictor variables as shown in Table VIII were not highly correlated, except the obvious correlation between Subjective norm and Attitude of 0.713, second there were no Tolerance values of less than .10 or Variance Inflation Factor values above 10, indicating no problems of multicollinearity (Myers, 1990; Hair et al, 2006). The Durbin-Watson statistic was 1.803, which justifies the assumption of independent errors or no serial correlation. Field (2009) advises that Durbin-Watson statistic of less than 1 or greater than 3 are not satisfactory, and should therefore raise alarm. Results of hierarchical multiple regressions support hypothesis H7b to the effect that Subjective Norm, Attitude and Religiosity are significant predictors of Patronising Islamic banking and further confirm that religiosity does matter in the relationship between BI and PIB.

Collectively results of  $H_{7a}$  and  $H_{7b}$  indicate that Religiosity is first of all a mechanism through which the Behavioural Intentions will explain propensity to use and Patronise Islamic banking and secondly it (religiosity) enhances the impact of BI on PIB. This therefore suggests that the greater one is religious the more s/he will be expected to accept and patronise Islamic banking. These findings therefore support H7 to the effect that religiosity is an important aspect in the relationship between behavioural Intentions and propensity to patronise Islamic banking.

## Discussion

Underpinned by the Theory of Reasoned Action, the present study examined the influence of Behavioural Intentions (thorough its aspects of Subjective norm and attitude) on the urge to patronise Islamic banking and the potential mediation and enhancing role of religiosity within this relationship. Correlational analysis found both aspects of Behavioural Intentions to be positively related to the urge to patronise Islamic banking. Following the mediation tests religiosity was found to be a mechanism through which BI effects the urge to patronise Islamic banking. In addition results of the hierarchical regression analyses, after controlling for the effects of control variables (i.e., age, education and religion) found religiosity to be significantly associated with affinity to Islamic banking.

The observed main effects of behavioural Intentions on the urge to patronise Islamic banking are consistent with previous studies that have documented evidence that attitudes and subjective norms explain intention to use and/or adopt Islamic banking and finance products (Erol and El-Bdour (1989); Fauziah and Djzulstri, 2008; Suddin et al., 2009; Hanudin and Abdu Rahim, 2011; Lujja et al., 2016b). This study found that existing bank customers' urge to patronise Islamic banking is first and foremost explained by their subjective norm (i.e. what the individual believes others think s/he should do with the advent of Islamic banking and the individual's own motivation to follow the expectations of others), secondly by their attitude (i.e. a focus on the consequences of complying or otherwise to say Islamic banking principles). This can be understood to mean that one's propensity to patronise such a sensitive new way of economic life (Islamic banking) in a multi religious society will be influenced more by what s/he believes others in the same society expect of him or her in the circumstances.

On the impact of religiosity, the current study contradicts Hanudin et al., (2011) who found religious obligation to be insignificant and negatively related to intention to use Islamic banking albeit in Malaysia. Our study however extends earlier studies by Erol & Bdour (1989); Ahmad and Haron (2002) and Kabiru (2014) that found a positive effect of religion in adopting Islamic banking products. Erol & Bdour (1989) indicate that religious motivation appears, amongst others, to be a criterion for selecting Islamic banking though not the primary criterion. Ahmad and Haron (2002) documented evidence to the effect that the main reason why people select Islamic banking product was based on their personal perception on religious and economic considerations. Kabiru (2014) on the other hand documents evidence that religion was the primary motivation to a majority of customers to patronize Islamic bank products. The current study supports these previous authors with new evidence from a non-Islamic country newly adopting Islamic banking. The study directly answers calls by Suddin et al., (2009) and Lujja et al., (2016b) and concludes that religiosity does matter and is an important aspect in determining the urge to patronise Islamic banking.

## 5. Conclusion and Recommendations

The main objective of this paper was to examine the extent to which religiosity matters in explaining existing conventional commercial bank customers' propensity to patronise Islamic banking in the context of a predominantly non-Islamic country freshly adopting Islamic finance and banking. Findings of the current study show that in addition to attitude and beliefs about society expectations, existing commercial bank's propensity to select and patronise Islamic banking products will be enhanced and influenced by how strong their religious beliefs are. Religious beliefs are a mechanism through which attitudes and subjective norms impact the urge to patronise Islamic banking.

This finding is very important for conventional commercial banks in Uganda that are in the process of getting ready to structure new Islamic oriented products to their existing and potential customers. It is therefore recommended that Commercial banks, in the process of structuring new products and marketing strategies, should take into account the religious beliefs of their customers. This requires commercial banks and other similar institutions to note that principles of Islamic banking are not restricted to Muslim customers only since both holy books (*the Quran and the Bible*) do prohibit exploitation of a borrower. For example:

[...] "O those who believe do not eat up riba doubled and redoubled ( Al-Quran, Surah Al-i-'Imran 3:130), and in the holy bible :

[...] One who augments wealth by exorbitant usury gathers it for another who is kind to the poor (The Holy Bible Proverbs 28:8). And [...] If you lend money to my people, to the poor among you, you shall not deal with them as a creditor; you shall not exact interest from them (The Holy Bible Exodus 22:25)

There are several limitations of the study. First is the fact that our measurement is based on a cross sectional design and we are unable to observe repeated behaviour. Second, our results are based on self-reported data from existing bank customers in Kampala we are unable to reach potential customers of commercial banks and also existing customers across the country. We also do not obtain views of the commercial banks themselves. It is therefore important that future studies take these limitations into account especially after Islamic banking has operated for some time in the country. Similar studies are also recommended in the Microfinance Industry and the Insurance sector in Uganda. However we attempt to deal with these problems through the use of scales that are well established in the extant literature and do the necessary diagnostic tests to insulate our results. In this sense, our results as reported appear to be robust and can support our conclusions.

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