



## AN ANALYSIS OF PUBLIC PERCEPTION OF ISLAMIC BANKING IN THE GAMBIA

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### ABSTRACT

Modern Islamic finance has grown from a mere complement to conventional finance into a more viable and competitive form of financial intermediation in the world. It has received remarkable patronage from many Muslim majority countries since the advent in 1963. The Gambia is a Muslim majority West African nation where Islamic banking began in the country since 1997. However, the patronage of Islamic banking in the Gambia is quite insignificant compared to many Muslim countries. Hence, this paper seeks to analyze the perception of the Gambian public towards Islamic banking. A sample size of 459 respondents collected through questionnaire survey was used to collect the research data and the methodology adopted was quantitative with descriptive-cum-exploratory research design. SPSS version 25 and Microsoft Excel 2010 were used to analyze the data. Findings indicated that the perception of the Gambian public towards Islamic banking is generally positive and awareness about the existence of Islamic banking was high. However, knowledge about Islamic banking principles and understanding of Islamic banking products and operations were quite poor. Results also suggest that the Gambian public is willing to patronize Islamic banking, however, religion although important, but it is not the main patronage factor for Islamic banking in the Gambia. Results of Multiple Regression indicated that two of the independent variables namely, awareness and understanding of Islamic banking principles and products were not statistically significant in influencing public perception of Islamic banking while independent variables such as bank selection criteria and willingness to patronize were statistically significant.

**Keywords:** Islamic banking, public perception, the Gambia, Analysis.

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### INTRODUCTION

Financing without interest was practiced among the Arabs before Islam. Popular contracts such as *Musharakah* (active partnership) and *Mudarabah* (passive partnership) were mostly used in trading activities during the pre-Islamic Arabia. These modes of financing trade activities continued to be practiced by early Muslims even after the advent of Islam (Rammal and Zurbruegg 2007). Islamic history has ample evidence that Muslims adopted an interest-free financial system to finance productive activities and satisfy the financial needs of the society





(Chapra and Khan 2000). The dominance of Islam from the 7<sup>th</sup> to late 11<sup>th</sup> centuries have changed many aspects of the society including economic, political, social, and judicial spheres, and introduced a new civilization based on the total submission to Allah and his law (shariah). During this period of Islamic dominance, Muslims succeeded in developing long-distance trade and international commerce on a scale which surpassed anything known before, dominating the whole of the Southern Mediterranean and the Near-East from Afghanistan to Spain. From the 11<sup>th</sup> Century, trade was transferred from the Muslims to the Europeans who soon became the main carriers and traders in the Mediterranean Sea (Issawi 1966); (Lewis 1970). Consequently, the centuries-old practice of finance based on Islamic principles was largely eclipsed into oblivion. As a result, the Muslim countries that were under the influence of Europe during this period soon after adopted the Western-inspired financial systems and business models and abandoned Islamic commercial practices.

Almost six decades now, the world has seen a new or otherwise revived form of financial intermediation based on Islamic precepts and principles. This system is commonly referred to in mainstream literature as Islamic banking and finance. According to (Chachi 2005), the first moments of modern Islamic finance began in the late 1940s when Muslim intellectuals and academics started to write books and articles on Islamic economic and financial principles. Modern Islamic banking began in 1963 in Mit Ghamr Egypt, as a savings bank for the rural people. This banking system follows Islamic law (Shariah) and is mainly based on two major principles i.e., profit and loss sharing principle and prohibition of collection and payment of Interest (Abdulsaleh and Worthington, 2013). Islam prohibits paying or receiving of interest in all forms not only on loans but in other transactions as well (Ajagbe T. S. and Brimah A. N. 2013). (Adekanye 2010), argued that from standpoint of classical jurisprudence, interest or *riba* means surplus without countervalue or to ensure equivalency in real value. Meanwhile, the objective of Islamic finance is to better the living conditions and welfare of people in society and ensures social equity and maintain justice in trade relations. It is for this reason that interest or *riba* is prohibited in financial and economic transactions in Islam and it is replaced with a system in which the risks and rewards are shared more equally (Novethic 2009). As a modern banking system, Islamic banking operates on the Islamic legal principles which are derived from sources such as Quran, Sunnah, Ijma, and Ijtihad (Chapra, 2000). From history, the first official Islamic commercial bank in the Middle East was established in 1971 in Egypt called Nasser Social Bank (Venardos 2012). Through the mid-1970s, several Muslim countries including Saudi Arabia, UAE, Kuwait, etc. began operating Islamic banks (Riaz, Burton and Monk 2016). The 1970s and 1980s were the dominant periods for Islamic finance during which many Islamic banks were established and developed the maturity phase (Karbhari, Naser and Shahin 2004). In the 1990s, many Western international banks including Citibank, Hong Kong Shanghai Banking Corporation began to offer Islamic banking products (Wilson 1997). Currently, the total worth of the industry across its three main sectors (banking, capital markets, and *takaful*) was estimated at USD 2.19 trillion in 2018 (IFSB 2019). Today, Islamic finance is practiced in both Muslim and non-Muslim countries around the world.

Africa is the origin of modern Islamic banking and has the second-largest Muslim population in the world with over 540 million Muslims or 52.4 percent of its population (SESRIC 2012). However, the penetration of Islamic banking in Africa is about 5 percent of its total banking assets and Moody estimated the potential of Islamic finance in Africa to be around USD 235 billion (Moody 2008). Among the major challenges for Islamic finance in Africa include the acute lack of Islamic scholars and little support from the governments. (Karim, et all 2008), indicated that the depth and breadth of Islamic banking in Muslim-dominated economies is yet to be fully optimized. West Africa has about 300 million Muslims,





but Islamic banking and finance in West Africa is just beginning to take shape. (Faye, et al 2013) indicated that East Africa has 65 Islamic finance providers, North Africa has 25 Islamic finance providers while West Africa has only 14 Islamic finance providers. The Gambia is the smallest country in mainland Africa, and it is situated in the extreme Western part of the African continent. It has approximately a total land area of 11,000 square kilometers distributed on both sides of the River Gambia, extending 470 kilometers into the interior of African (Perfect 2008). According to the 2013 census, the population of the Gambia stood at 1,857,181 persons (GBOS 2013). The financial and banking system of the Gambia has evolved dating back to 1902 (Bukhari. M. S. Sillah 2005). The Pre-colonial Gambia saw a variety of currencies used for various purposes based on durability, availability, and ease of valuation. The introduction of the colonial imperialist currencies such as British silver coins and French Five Franc coupled with the prohibition of the then-existing local currencies saw the establishment of the British Bank of West African which later became the Bank of West Africa. This bank served both as Central and commercial bank for the British colonies in West Africa, with the Bathurst branch now Banjul (Gambia's capital city) opened on 8<sup>th</sup> September 1902 (Bukhari. M. S. Sillah 2005). The financial system of the Gambia is basically underdeveloped and heavily dominated by commercial banks. The banking sector constitutes of financial institutions and non-financial institutions such as insurance and takaful companies, NBFIs, etc. The banking industry in the Gambia constitutes of twelve banks, one of which is an Islamic bank. The banking industry is primarily dominated by three banks which accounted for 53.8 percent of the industry's total assets as of December 2018 (CBG, Annual Report 2018). The insurance industry in the Gambia comprises 11 insurance companies, 10 brokerage firms, and 130 insurance agents (CBG, Annual Report 2018). As a faith-oriented system, Islamic banking follows the Islamic principles of finance and allows Muslim consumers to practice their religion. Thus, Islamic banking is favored by Muslim consumers compared to non-Muslim consumers, as it helps them to fulfill the requirement for them to follow Shariah principles in their businesses and economic transactions.

However, with a Muslim population of 96.1 percent (GBOS, 2013), the Gambia has only one Islamic bank since 1997. Ordinarily, with such a Muslim population, it will be fair to assume that Islamic banking will receive a strong patronage from the Gambian public. In a research conducted by (Jabaly et al 2013), highlighted that customer's perception of Islamic banking is greatly impacted by religion and it is the factor that motivates many people to deal with Islamic banks. On the contrary, the Central Bank of the Gambia, estimated that as at the end of December 2019, the Islamic banking assets accounted for only 5.3 percent of the total banking assets (CBG 2019). After 23 years of existence as the only Islamic bank in a Muslim dominated country, AGIB bank's asset share of 5.3 percent of the total banking assets in the Gambia suggests that Islamic banking does not receive much patronage from Gambians, especially Muslims. Therefore, this paper seeks to analyze inter alia the perception of the Gambian public towards Islamic banking and equally determine the level of awareness, knowledge and understanding, and willingness to patronize Islamic banking as well as evaluate their bank selection criteria.

#### Research objectives:

1. To analyze the perception of Gambians towards Islamic banking.
2. To determine the level of awareness and understanding of Islamic banking, products, and services in the Gambia.
3. To evaluate the bank selection criteria for the Gambian public.
4. To determine the level of willingness of Gambians to patronize Islamic banking products and services.





Research questions:

1. How do Gambians perceive Islamic Banking?
2. What is the level of awareness for Islamic banking, products, and services in the Gambia?
3. What is the level of understanding of Islamic banking products and services in the Gambia?
4. What are the essential bank selection criteria in the Gambia?
5. How willing is the Gambian public especially the Muslims towards patronizing Islamic banking products and services?

The reminder of the paper is organized as follows: The next section contains a review of literature that are relevant to the topic of the study including perception towards Islamic banking, awareness, and bank selection criteria. Section three highlights the research design and methodology. It describes the stages and the elements of the research processes, focusing on the primary data collection methodology and the techniques of analysis. Section four contains data analysis and discussions on the findings of the study. Section five as the concluding section, carries the summary of the overall key findings, the conclusion drawn, the limitations, policy recommendations for authorities, implications of the findings as well as recommendations for future researchers.

## LITERATURE REVIEW

Historically, the growth of Islamic banking can be attributed to the desire and interest of retail banking customers to invest their money in accordance with their personal and religious belief (Devlin 2002). The growth of modern Islamic banking has been remarkable since its advent in the 1960s. This kind of banking system bases its wisdom on the Islamic economic system that emerged to free Muslims from the colonizers and their conventional system in practicing their religion over financial issues. Islamic law (Shariah) provides guidance in terms of belief, moral conduct, prohibitions and practical rulings or laws to the Muslims under the Islam (Syed., Z and Shahin 2012). Islamic banking is no longer considered as a business entity established only to satisfy the religious obligations of the Muslim community. Instead, Islamic banking is rather considered as a business that essentially pursues maximizing customer value and satisfying their financial security needs (Henry and Wilson 2004).

Several researchers explored the perception of customers and potential customers towards Islamic banking and contended that, to continue developing Islamic finance around the world, understanding customer perception becomes imperative. Equally, many researchers have attempted to understand the perception of various stakeholders towards Islamic banking products and services and concluded that to remain competitive in the market, Islamic banks need to understand customer's behavior and preference. According to (Lancaster 1966), to study the perception of customers is a common way to determine and establish the attitude and motivation of customers towards Islamic banking products and services. (Abdullah et al, 2012), contended that when people have a positive perception of Islamic banking, they can link religion and education to attract others to use Islamic banking products and services. Studies so far have either used specific or a combination of various stakeholders to study perception of Islamic banking using various criteria. Results from these studies on perception indicate that different stakeholders have different perceptions towards Islamic mainly due to level of awareness, knowledge and understanding, religiosity, and bank selection criteria, etc.





## **Customer/ Public Perception and Attitude Towards Islamic Banking**

(Loo, M, 2010), studied the perception and attitude of Malaysians towards Islamic banking. The study interviewed one hundred (100) Muslims and one hundred (100) non-Muslims. The results of the study indicated that Muslims are more appreciative and supportive of Islamic banking and non-Muslims and many non-Muslims believe that Islamic banks are meant for Muslims only. Again, the results also found that the young people among the non-Muslims are more likely to accept Islamic banking than the old people. Similarly, Rustam et al (2011), also analyzed the perception of corporate customers towards Islamic banking in Pakistan. The study concluded that Islamic banking has a huge potential in the corporate sector of Pakistan, however, the knowledge of corporate customers on Islamic banking was very limited. Furthermore, (Khan and Asghar 2012) also conducted a study in Pakistan to explore the awareness and attitude of customers towards Islamic banking. The study concluded that the perception towards Islamic banking was positive, and the awareness of customers was enough. The study also noted that due to adequate awareness, customers were moving from conventional banks to Islamic banks. (Chhapra and Bhutto 2013), conducted a study in Pakistan to analyze the perception of post-graduate students towards Islamic finance. The study used perception as the dependent variable while religion, knowledge and service quality were the independent variables. The study concluded that all the independent variables have a positive significance on the dependent variable. The study further revealed that religion and knowledge of Islamic banking products and services were significantly important.

### **Awareness about Islamic Banking**

(Ali and Syed, 2010), investigated the impact of September 11 on the perceptions and attitudes towards Islamic finance from professionals. They concluded that the events of 9/11 created negative feelings and misapprehension for Islam and Muslims, however, it contributed quite significantly to create awareness and growth for Islamic finance. Similarly, (Hidayat and Al-Bawardi 2012) analyzed the perception of non-Muslims in Saudi Arabia toward Islamic banking specifically on the products offered by Islamic banks. The results indicated that all the respondents were aware of Islamic banking or had an experience with an Islamic bank. (Mahmoud and Abduh 2014), conducted a study in Mauritania to evaluate the relevance of awareness in gauging the customer's intention to deal with Islamic banks. The study used a total of 227 responses to make analyses. Findings indicated that awareness is a significant influential factor for the attitude and willingness of customers to deal with Islamic banks. Similarly, (Tara, et al. 2014), used in their study variables such as religion, perception, awareness, reputation, and networking as factors that influence Islamic banking in Pakistan. The results revealed that the perception of Islamic banking was positive. The results further found that awareness was the highest factor that prompt Muslims in Pakistan to patronize Islamic banks. In contrast, a recent study by (Sonko 2020), on customer's perception towards Islamic banking in the Gambia found that there is a massive lack of awareness for basic Islamic banking products and services.

### **Knowledge and Understanding of Islamic Banking**

In their studies, (Mariadas and Murthy 2017) and (Mahdzan, Zainudin and Au 2017), found that knowledge is a key factor in determining the adoption of Islamic banking. According to (Gerrard and Cunningham 1997) and (Ellahi et al, 2011), who conducted studies in Singapore and Pakistan opined that knowledge of products is very essential to induce people towards





patronizing Islamic banks. Similarly, (Hristov and Kuhar 2015), found that the decisions made by customers are influenced by the amount of information and knowledge they have in their memories. In Malaysia, (Mahdzan, Zainudin and Au, 2015), found that the understanding of Islamic banking concepts is a key patronage factor for Islamic banks in the country. Equally, (Rehman and Shoaib 2014), investigated the perception, knowledge, and potential of Islamic banking from the staff of Islamic banks and Islamic windows in Pakistan. The study used a total of 197 responses to make analyses. The results of the study showed that the staff of the stand-alone Islamic banks have a better understanding of Islamic banking than those working in the Islamic windows of conventional banks. Similarly, (Ahmed 2014), evaluated the opinions of Islamic banking staff in Muscat to understand their perceptions toward Islamic banking. The findings of the study indicated that the level of knowledge for the staff of Islamic banks is very limited. Most of the staff especially those working in the operations areas have only a diploma or below. (Echchabi and Echchabi 2013), found that knowledge has a strong impact on customers in using Islamic banking products and services. Meanwhile, (Mehtab, Zaheer and Ali 2015), opined that knowledge of Islamic banking has a strong relationship with the practice of Islamic banking.

### **Bank Selection Criteria**

(Gait & Worthington, 2008), investigated the perception, knowledge, and attitude of individuals, business entities, and financial institutions towards Islamic banking. The study found that although the religious factor is very important for customers, however, they also consider factors such as costs, quality of service, and the brand name of the bank in making their decision to select a bank. Similarly, (Lateh, et al, 2009), also conducted a study in Thailand to analyze the perception of Muslim and non-Muslim customers regarding the objectives and characteristics of Islamic banks as well as determine the factors that induce customers in their bank selection. The results of their study highlighted that the bank selection criteria for Muslims and non-Muslims are different. The study maintained that the highest consideration for Muslims is the prohibition of riba while non-Muslims are much more concerned about bank brand, competent bank staff etc. when selecting banks. (Subhani, et al. 2012), investigated the bank selection criteria in Pakistan. From 300 questionnaires distributed among nine Islamic banks, the findings revealed that the highest important factors were high profit and low charges, followed by religious factors. Furthermore, (Khan and Khanna 2010), support the argument that for Muslim customers, religion is the main push factor for selecting an Islamic bank. Similarly, (Rehman and Masood 2012), also found in their study on bank selection criteria that shariah factor was the most important criterium for customers when selecting a bank even though the efficiency of service was also significant. However, in contrast, (Uddin , et al. 2016) found that in Bangladesh, majority of the customers preferred Islamic banks over conventional due to lower charges and better service delivery while religion was not mentioned. (Thambiah, et al. 2010), found that in Malaysia, customers in the urban areas primarily patronize Islamic banks because of lower charges, higher returns, overdraft, and home loans that have a fixed repayment period and other related benefits. Likewise, (Awan and Bukhari 2011), concluded that two factors that attract the attention of Muslim customers in selecting a bank are quality of service and product features.

### **Willingness to Patronize Islamic Banking**

The willingness of people to patronize Islamic banking products could be influenced by several factors. Generally, people with positive perception for Islamic banking are more willing to





patronize it than those with negative perceptions. Hence willingness to patronize is a good measure of perception. (Rammal and Zurbruegg, 2007) conducted research on the awareness and willingness of Muslims in Australia to patronize Islamic banking. The study concluded that Muslims in Australian are willing to patronize Islamic banks when they offer similar competitive products like conventional banks. Likewise, (Islam and Rahman 2017), pointed out in their study that 94 percent of their respondents are willing to pick Islamic banks over conventional if they are informed properly. A study by (Lujja, Mohammed and Hassan 2018), found that 88 percent of the Muslims in Uganda will continue to be customers of an Islamic bank due to the influence of Islamic ethical principles. Meanwhile, (Khattak and Rehman 2010), concluded that occupation has a significant relationship with the reason and willingness to patronize Islamic banks. In their studies, (Obeid and Kaabachi 2016) and (Echchabi , Azouzi and Aziz 2016), investigated the main influential factors for the use of Islamic banking services in Tunisia, they found that bank image, relative advantages, and conformity with religious values and lifestyle have positive influence on the willingness to patronize Islamic banks.

The conceptual or theoretical framework of this study is aimed at analyzing the perception of Gambians towards Islamic banking. The framework comprises five variables including public perceptions of Islamic banking in the Gambia, awareness, knowledge, and understanding, bank selection criteria, and willingness to patronize. The variable public perception of Islamic banking in the Gambia is taken as the dependent variable while awareness, knowledge and understanding, bank selection criteria, and willingness constitute the independent variables.

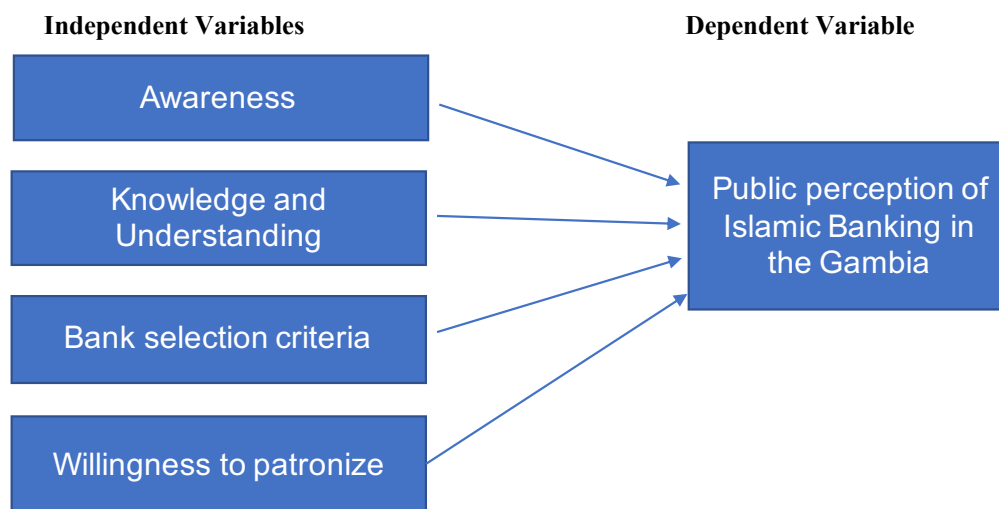


Figure 1: The Research Model or Framework  
Source: Author's

Based on the reviewed literature and the conceptual framework development thereafter, the following research hypotheses are postulated.

- H1.** Awareness about Islamic banking will positively affect public perception of Islamic banking in the Gambia.
- H2.** Knowledge and understanding of Islamic banking will positively affect public perception of Islamic banking in the Gambia.
- H3.** Bank selection criteria will positively affect public perception of Islamic banking in the Gambia.





**H4.** Willingness to patronize will positively affect public perception of Islamic banking in the Gambia.

## RESEARCH METHODOLOGY

This study seeks to analyze the perception of the Gambian public towards Islamic banking. Hence, the study targets both banking customers, non-banking customers, employed, unemployed as well as students above the age of 18. The sample frame of the study comprises three major cities in the Gambia namely, Banjul, Kanifing and Brikama. The decision to include these cities in the sample frame was informed by two main factors: Firstly, the combined population of these cities represented about 59.1 percent of Gambia's population from the latest census (GBOS 2013). Secondly, about 86.3 percent of the bank branch distribution in the Gambia is found in these three cities, and equally, six of the seven branches of the only Islamic bank in the country are also located in these three cities (CBG 2019). Primary data was collected using questionnaire survey distributed mainly through electronic and social media platforms. (Zikmund 2003), defined a self-administered questionnaire as the survey in which the respondent takes charge of reading and answering the questions. The questionnaire according to (Tabachnick and Fidell 2007), is seen as an effective way of getting data in social science research such as this study. Equally, (Denscombe, M 2010), maintained that questionnaires are the most appropriate and productive tool whenever a researcher wishes to reach many respondents. Hence, cognizant of the limited time and available resources, a self-administered survey questionnaire was found to be the most ideal method to collect data for this study. Similarly, relevant institutions such as Central Bank of the Gambia, AGIB bank, Supersonic, GTUCCU, Mr. Momodou Musa Joof (Founder of Takaful Gambia Ltd), were contacted via email and telephone to get some substantive information.

The questionnaire was adapted from previous studies mainly from (Abduh and Omarov 2013), and was customized to fit the intent of this study. A pilot of the questionnaire was done on 30 respondents to test the appropriateness of the questions especially the sensitive nature questions. The feedbacks helped to improve the construct of the questions and better align them with the objectives of the study. The outline of the questionnaire comprised a cover page and the content were divided into five sections. The cover page captured an informative message briefly explaining to the prospective respondent who the researcher is and the purpose of the study. Section A of the questionnaire contained the demographic details of the respondents. Section B carries questions on the level of awareness of respondents about Islamic banking in the Gambia. Questions in section C determined the respondent's level of understanding of Islamic banking operations and principles. Section D carried questions meant to determine the perception of respondents about Islamic banking in the Gambia. Section E carried questions regarding the bank selection criteria and finally, section F consists of questions regarding the willingness of participants to patronize Islamic banking products and services in the Gambia. The study adopted a descriptive-cum-exploratory research design. According to (Muniurrun and Naidoo 2010), to identify the nature of all respondents, a descriptive analysis is adopted. A total of 470 responses were received, however, data filtering rendered only 459 responses suitable for analyses. The study uses statistical techniques such as Pearson Correlation and Multiple Regression to analyze the data. Pearson correlation is a statistical method that is used to assess or measure the strength (statistical significance), and the direction (whether positive or negative) of the relationship between two continuous variables that have a linear relationship. The strength of the relationship ranges from -1 (perfectly negative correlation) through 0 (no correlation) to +1 (perfectly positive correlation). Meanwhile, Field (2005), suggested that the correlation coefficient should not be more than







0.8 to avoid multicollinearity. Multiple regression uses more than one variable to predict the outcome of the dependent variable. It attempts to explain a dependent variable using more than one independent variable. In this study, the purpose of Multiple Regression Analysis is to measure the relative influence of each independent variable (Awareness, Knowledge and Understanding, Bank selection criteria, and Willingness to patronize) on the dependent variable (Public perception of Islamic banking in the Gambia). The regression equation is as follows.

$$y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + u$$

Where,

Y as the dependent variable = Public perception towards Islamic banking in the Gambia

$\beta_0$ = Intercept or constant,  $X_1$ = Awareness,  $X_2$ = Knowledge and Understanding,  $X_3$ = Bank selection criteria,  $X_4$ =Willingness to Patronize and  $\mu$ = Error

## FINDINGS AND DISCUSSIONS

### Reliability Analysis

**Table 4.1** Cronbach's Alpha for the research Questionnaire items

#### Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.816	0.826	25

According to (Hair et al, 1998), 0.70 is the acceptance level for Cronbach Alpha. From table 4.1, the Cronbach Alpha based on the standardized items is 0.826. Since the acceptable level is 0.70, the Cronbach Alpha value of 0.826 in this study indicates that the component items of the research questionnaire are very efficient in measuring the underlying variables. Hence, the instrument is reliable for data collection and the data collected through this instrument is therefore reliable to make relevant analyses.

From table 4.2, it could be seen that (66.9%) of the respondents is male, while (33.1%) of the respondents is female. This is not surprising as in the Gambia just like many other developing countries around the world, more men are found in offices and business entities than women. (Alsadek, Gait, and Worthington, 2009), found similar results in their study. In terms of the age categorization of the respondents, more than half (54.5%) of the respondents fall under the age group range of 18-29. The next age group (30-49) accounts for 41.6% of the respondents, while the remaining 3.9% represents the age group range of (50-59). With regards to Religion, 99.1%, of the respondents were Muslims, while only 4 respondents were non-Muslims which accounted for 0.9%. This is supported by (Hegazy 1995) who found that in Egypt, 98.8 percent of the customers in Islamic banks were Muslims. With regards to the educational level of the respondents, the highest (55.5%) which is 255 of the respondents fall under the degree category, followed by masters, which accounts for 28.3 % of the respondents. Respondents with educational qualification of high school and below represented 12.4% of the respondents, while only 11 respondents which accounts for 2.4 % hold a doctorate. Occupationally, the data shows that most respondents work for the public sector representing 40.1%. This is followed by private-sector employees and students with 27.2% and 27% respectively. While the self-employed and unemployed categories accounted for 3.1% and 2.6%. As for the income levels of respondents, 31.2 % has an income range of GMD11000-GMD25000, 19.2% of the respondents fall under the income range of GMD6000-GMD10000. This is followed by the income category of above GMD25000 which represents 18.3% of the





respondents. While income levels of less than GMD1500 and GMD1600-GMD5000 accounted for 14.2% and 11.8% respectively.

From the figure in table 4.3, 90.6% of the respondents know about the existence of Islamic banking in the Gambia and 79.3% of the respondents know about Islamic banking in the Gambia through bank advertisements, friends, and relatives. This is consistent with the results of (Hidayat and Al-Bawardi 2012) but contradicts the results of (A. Sohail, et al. 2014). About half (50.3%) of the respondents claimed to know the principles of Islamic banking mainly Shariah and riba which is supported by (Saini, Bick and Abdulla 2011). Although 99.1% of the respondents were Muslims, however, 75.4% of the respondents never used any Islamic banking product or service. (Awan and Bukhari 2011), concluded that two factors that attract the attention of Muslim customers in selecting a bank are quality of service and product features. Only 24.6% of the respondents have ever used any Islamic banking product or service and 35.9% of the respondents know Islamic banking products such as *Mudarabah*, *Musharakah*, *Ijarah*, *Salam*, and *Istisna*. In contrast, 68.3% of the respondents do not know Islamic banking products like *Mudarabah*, *Musharakah*, *Ijarah*, *Salam*, and *Istisna*, this is supported by (Sonko 2020) who reported a massive like of awareness and understanding of Islamic banking products and services in the Gambia and 9.7% of the respondents in this research do not know the principles of Islamic banking.

Based on table 4.4, 80.6% of the respondents agree that Islamic banking operates based on Islamic law (Shariah), and 82.2% of the respondents agree that all forms of riba (interest) are prohibited in Islamic banking operations. However, despite this, only 24.6% of the respondents ever used any Islamic banking product or service. These results are consistent with the findings of (Khokhar and Sillah 2014) and (Adeyemi and Zare 2015). Meanwhile, 64.2% of the respondents agree that Islamic banks do not lend out money, but instead use shariah approved trading and investment contracts to deal with their customers and 30.9% is not sure. Similarly, 42% of the respondents are not sure whether Islamic banks have a Shariah board that approves their products. In contrast, 57.5 % of the respondents agree that Islamic banks have a shariah board that approves their products. 68.9% of the respondents agree that Islamic banking is for both Muslims and non-Muslims and 25.3% of the respondents are not sure. This contradicts the findings of (Loo, M 2010). Only 5.9% of the respondents in this research disagree that Islamic banking is for both Muslims and non-Muslims. Equally, 4.6% of the respondents also disagree that Islamic banks do not lend out money, but instead use shariah approved contracts to deal with their clients.

In table 4.5, 80.6% of the respondents perceive that many people will patronize Islamic banking in the Gambia when they know more about it, this tends to suggest that the level of understanding for Islamic banking operations is low in the Gambia. This result is consistent with (Khan and Asghar 2012). 59% of the respondents agree that Islamic banking products in the Gambia are different from conventional banking products, while 33.8% is not sure. This contradicts the findings of (A. Sohail, et al. 2014). However, 62.3% of the respondents agree that Islamic banking through profit and loss sharing provides the best option to reduce inequality and exploitation in business transactions and 28.8% of the respondents are not sure. Meanwhile, 62.3% of the respondents agree that the absence of interest in Islamic banking provides the best source of financing and improves productivity and economic growth and 31.4% of the respondents are not sure. Although 79.3% of the respondents in table 4.3 know about Islamic banking in the Gambia through bank advertisements and from friends and relatives, however, 33.7% of the respondents believe that Islamic banking products are not properly marketed in the Gambia. 39.9% of the respondents are not sure while only 25.9% of the respondents agree.





Table 4.6 indicated that, 39.2% of the respondents agree that they will only deal with an Islamic bank if it offers the same and competitive products as conventional banks, 14.6% is not sure, while 45.4% of the respondents disagree. This result is supported by (Islam and Rahman 2017). Meanwhile, 88.5% of the respondents agree that they will choose an Islamic bank over a conventional bank mainly because Islamic banks are shariah-compliant. This finding is consistent with the findings of (Rehman and Masood 2012). However, 31.4%, 42.5%, and 54% of the respondents agree to choose and prefer an Islamic bank because it offers a higher rate of return, a wider range of products and services, and lower charges, and better financing options, respectively. These findings are supported by (Subhani, et al. 2012). In contrast, 29.8%, 36.6% and 30.3% of the respondents are not sure while 38.6%, 20.7% and 15.2% of the respondents respectively disagree.

From table 4.7, 86.3% of the respondents agree that they will consider banking with an Islamic bank now or in the future and 12.6% are not sure. Similarly, 88.8% of the respondents agree to switch to an Islamic bank if they know the differences while only 8.9% of the respondents are not sure. Khan & Asghar, (2012). Results also indicates that, 77% of the respondents are willing to pay a premium for using shariah-compliant banking products and services. This result is consistent with the findings of (Khan and Khanna 2010). Most of the respondents (82.1%) are willing to invest with an Islamic bank knowing that both their capital and returns are not guaranteed, 13.7% are not sure while only 3.5% of the respondents disagree. Meanwhile, 90.2% of the respondents are willing to recommend Islamic banking to someone. This result is consistent with the finding reported by (A. Sohail, et al. 2014).

### Pearson Correlation

Table 4.8 Pearson Correlation for and amongst the research variables

Variables	Perception	Awareness	Understan ding	Bank selection criteria	Willingness
Perception	1	-0.19	0.14**	0.278**	0.228**
Awareness	-0.19	1	0.247**	-0.65	0.139**
Understanding	0.14**	0.247**	1	0.124**	0.329**
Bank selection criteria	0.278**	-0.65	0.124**	1	0.114*
Willingness	0.228**	0.139**	0.329**	0.114*	1

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

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

The table above shows the coefficient of the correlation between the dependent variable (Public perception) and independent variables (Awareness, Knowledge and Understanding, Bank Selection Criteria, and Willingness to Patronize) as well as correlation amongst the independent variables at 0.01 and 0.05 significant levels. Except for awareness which has a negative coefficient of 0.19, the remaining independent variables namely knowledge and understanding, bank selection criteria, and willingness to patronize, all have a positive correlation with the dependent variable (public perception) although small or weak at 0.01 (2. tailed) significant levels. Perception and understanding have a positive correlation of 0.14; perception and bank selection have a positive correlation of 0.278; perception and willingness have a positive correlation of 0.228. In terms of the correlation amongst the independent variables, except for awareness and bank selection criteria that have a negative correlation of 0.65 at 0.01 (2-tailed) significant level, all the other independent variables have a weak or sm1Aall positive





correlation amongst each other. However, bank selection criteria and willingness to patronize have a weak positive correlation of 0.114 at 0.05 (2-tailed) significant level. None of the correlation coefficient values amongst the independent variables was more than 0.8, hence, there was no multicellularity (Field, 2005).

## Multiple Regression Analysis

### Regression Model Summary

Table 4.9.1 Summary of regression analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.347 <sup>a</sup>	.120	.113	.61475

- a. Predictors: (Constant), Awareness about Islamic banking, Understanding of Islamic banking, Bank selection criteria, and Willingness to patronize  
 b. Dependent variable: Public perception of Islamic banking in the Gambia

The figures in table 4.9.1 show the results summary of the regression analysis. In the model (1), R which indicates the coefficient of correlation, shows the strength of the relationship between the dependent variable and independent variables. The value of 0.347 indicates that the dependent variable (public perception) has a positive relationship with the independent variables (awareness, knowledge and understanding, bank selection criteria, and willingness to patronize) collectively. By the same token, the R square value of 0.120, which represents the coefficient of determination, shows how much of the variation in the dependent variable is accounted for by the independent variables collectively. In this case, 12 percent of the variation in the public perception of Islamic banking in the Gambia is accounted for by the independent variables including, awareness, knowledge and understanding, bank selection criteria, and willingness to patronize.

### ANOVA Analysis of Variance

Table 4.9.2 ANOVA analysis of variance

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.476	4	5.869	15.530	.000 <sup>b</sup>
	Residual	171.577	454	.378		
	Total	195.053	458			

- a. Dependent Variable: Public perception of Islamic banking in the Gambia  
 b. Predictors: (Constant): Awareness, Understanding, and Knowledge, Bank selection criteria and Willingness to Patronize.

Table 4.9.2 shows the ANOVA analysis of variance based on the regression results. The F-value of 15.530 and P-value (sig) of 0.000 at 5 percent level indicate the accuracy of the statistical calculation and the statistical significance of the relationship between the dependent variable and the independent variables.





### *Coefficient of Regression Analysis*

**Table 4.9.3** Coefficient of regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	1.723	.161		10.722	.000
	Awareness	-.085	.089	-.044	-.952	.341
	Understanding	.054	.044	.059	1.222	.222
	Bank selection criteria	.175	.032	.247	5.517	.000
	Willingness to patronize	.167	.042	.187	3.986	.000

a. Dependent Variable: Public perception of Islamic banking in the Gambia

From table 4.9.3, The T-value and the probability (Sig) together indicate the influence of each of the independent variables on the dependent variable. In table 4.9.3, the results of the unstandardized coefficient Beta for the constant indicates that public perception of Islamic banking in the Gambia is at 1.723 level when all the independent variables are held at zero. The independent variable with the biggest contribution on the outcome of the dependent variable is bank selection criteria with an unstandardized and standardized coefficient Beta values of 0.175 and 0.247. Similarly, the willingness to patronize variable as well as knowledge and understanding variable have unstandardized and standardized coefficient Beta values of 0.176, 0.054 and 0.187, 0.059 respectively. This means, for any change in these variables, there will be positive change on the outcome of public perception of Islamic banking in the Gambia. However, the awareness variable which has a negative unstandardized coefficient of 0.085 indicates that, at the constant value of 1.723, any change in the awareness variable will not have positive impact on the outcome of public perception of Islamic banking in the Gambia.

### **Hypotheses Testing and Discussion**

The statistical significance for each of the variables is measured at 5 percent level. A probability value of 0.05 or less is statistically significant and any value more than 0.05 is not statistically significant (Hair et al 2010).

**Table 4.10** Results of Hypotheses Testing

No	Research Hypotheses	Result	Remark
H1	Awareness of Islamic banking will positively affect public perception of Islamic banking in the Gambia.	0.341	Not Supported
H2	Knowledge and understanding of Islamic banking will positively affect public perception of Islamic banking in the Gambia.	0.222	Not Supported
H3	Bank selection criteria will positively affect the public perception of Islamic banking in the Gambia.	0.000	Supported
H4	Willingness to patronize will positively affect public perception of Islamic banking the Gambia.	0.000	Supported





H1 with a p-value of 0.341 is not supported, indicating that awareness of Islamic banking is not useful or statistically significant in explaining or predicting the outcome of public perception of Islamic banking in the Gambia. Results indicate that awareness of Islamic banking principles other than shariah and riba as well as Islamic banking products is very weak in the Gambia. This is supported by the fact that public education on Islamic finance is quite deficient in the Gambia, similarly, research, and publication on Islamic banking are literally non-existent and there is no adequate marketing for Islamic banking products as well. Only 25.9% of the respondents believe that Islamic banking products are properly marketed in the Gambia.

H2 with a p-value of 0.222 is not supported, indicating that, knowledge and understanding of Islamic banking are not useful or statistically significant in explaining the outcome of public perception of Islamic banking in the Gambia. Results indicate that the understanding of Islamic banking in the Gambia is generally limited to two major principles including, Islamic banking operates based on shariah and interest (riba) is prohibited in Islamic banking. This is supported by the fact that very few people have the relevant requisite knowledge of Islamic banking at both the regulatory and institutional levels. Consequently, 63.8% of the respondents do not know basic Islamic banking products like *Musharakah*, *Mudarabah*, *Ijarah*, *Salam*, and *Istisna*, and 88.8% are willing to switch to an Islamic bank when they know the difference.

H3 with a p-value of 0.000 is supported. This means bank selection criteria are useful or statistically significant in predicting the outcome of public perception of Islamic banking in the Gambia. Results indicate that religious factor or shariah compliance is not the main factor that pushes Gambians to patronize Islamic banking. This supported by the fact that more than of half (75.4%) the respondents never used any Islamic banking product or service although (99.1%) of the respondent were Muslims and by the same token the overall Islamic banking share of the total banking assets of the Gambia stood at only 5.3% (CBG 2019). The findings suggest that the Gambian public has other considerations other than religion in making their bank patronage decisions.

H4 with a p-value of 0.000 is also supported, this indicates that willingness to patronize Islamic banking is statistically significant in explaining the outcome of public perception of Islamic banking in the Gambia. The results in this research in table 4.7 indicate that the Gambian public is willing to patronize Islamic banking products. From table 4.7, 86.3% is willing to bank with an Islamic bank now or in the future. 88.8% will switch to an Islamic bank when they know the difference, 77.6% is willing to pay premium for using Islamic products, 82.1% are willing to invest with Islamic banking even when capital and profit are not guaranteed while 90.2% are willing to recommend Islamic banking to someone.

## CONCLUSION

The primary objective of this research is to analyze the perception of the Gambian public for Islamic banking. A total of 459 responses were analyzed using SPSS version 25 and Microsoft Excel 2010. Most of the respondents were male and educationally, most fall under bachelor's degree category. The highest age range falls between 18-29 years and the dominant income range was GMD11000-GMD25000. Findings indicated that the perception of the public towards Islamic banking is generally positive and awareness about the existence of Islamic banking in the Gambia was high. However, awareness about Islamic banking principles and understanding of Islamic banking products and operations were quite poor. Results also suggest that the Gambian public is willing to patronize Islamic banking, however, religion although important, but is not the main patronage factor for Islamic banking in the Gambia. Results of





Multiple Regression indicated that two of the independent variables including, awareness and understanding of Islamic banking principles and products were not statistically significant in influencing public perception of Islamic banking in the Gambia while independent variables such as bank selection criteria and willingness to patronize were statistically significant.

## RECOMMENDATIONS

### Recommendation For Policymakers And Practitioners

1. Findings in this study indicated that the Gambian public is willing to patronize Islamic banking. Hence, this research recommends that authorities need to develop appropriate policies including dedicated regulations to support Islamic banking operations in the Gambia.
2. To grow and develop Islamic banking in the Gambia, authorities such as the Central Bank of the Gambia can explore the ‘Islamic-window concept’ for Islamic banking since conventional banks dominate the banking industry.
3. To promote public confidence in Islamic banking, Central Bank of the Gambia needs to create a separate department and a Shariah Advisory Board to ensure end-to-end compliance for Islamic banking operations.
4. The Government of the Gambia through the educational ministries needs to evaluate and enhance the existing school curriculums to include Islamic economic and banking related subjects and courses to reduce the dearth of public knowledge on Islamic banking.
5. The providers of Islamic banking products in the Gambia need to know and understand the bank selection criteria for the Gambian public and develop appropriate products to meet the taste of the various customer segments.
6. The providers of Islamic banking products need to revisit their marketing strategies and explore innovative techniques, including working with the Gambian scholars to educate the public on the need to patronize Islamic banking products.
7. The providers of Islamic banking products in the Gambia need to partner and collaborate with renowned players in the Islamic banking industry to leverage their knowledge and experience as well as receive relevant accreditation and promote public confidence.

### Recommendations for Future Researchers

This research analyzed perception towards Islamic banking in the Gambia by looking at the public. To better understand perception towards Islamic banking in the Gambia, future researchers can target specific stakeholders like Islamic banking customers, employees of Islamic financial institutions, corporate customers, policymakers, etc. Again, future researchers could use other variables like level of religious knowledge and commitment, perceive usefulness of Islamic banking products, social influence etc. to evaluate perception towards Islamic banking in the Gambia. Similarly, future researchers can also consider a larger number of respondents for a better understanding of public perception towards Islamic banking in the Gambia, albeit the size of the respondents for this research is acceptable to generalize the findings.





## Research Implications

The results in this research imply that the marketing activities for Islamic banking products are not enough to provide adequate awareness and patronage of Islamic banking in the Gambia. Similarly, that understanding of Islamic banking in the Gambia is generally limited to interest (riba) is prohibited in Islamic banking operations and Islamic banking operates based on shariah hence the knowledge and understanding of Islamic banking products in the Gambia are quite basic. However, results suggest that the public is willing to patronize Islamic banking products. Hence, this research provides an opportunity to the providers of Islamic banking products in the Gambia to revisit their marketing activities and adjust them to better create awareness of their products and services through differentiation and quality services. The results also highlight the need for Islamic banking product providers in the Gambia to enhance the knowledge and understanding of their staff through both on the job training as well as academic and professional qualifications. Finally, Islamic banking product providers in the Gambia need to understand the bank selection criteria for the Gambian public and develop products and services that will stand the test of shariah compliance as well as meet the taste of the various customer segments.

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## APPENDIX

### Respondent's Demographic Profile

Table 4.2 Respondent's Profile

Description	Category	Frequency	Percentage
Gender	Male	307	66.9
	Female	152	33.1
<b>Total</b>		<b>459</b>	<b>100</b>
Age	18-29	250	54.5
	30-49	191	41.6
	50-69	18	3.9
<b>Total</b>		<b>459</b>	<b>100</b>
Religion	Muslim	455	99.1
	Non-Muslim	4	0.9
<b>Total</b>		<b>459</b>	<b>100</b>
Educational level	PhD	11	2.4
	Master	130	28.3
	Degree	255	55.6
	High school and below	57	12.4
<b>Total</b>		<b>453</b>	<b>98.7</b>
Occupation	Public Sector	184	40.1
	Private	125	27.2
	Self-employed	14	3.1
	Unemployed	12	2.6
	Student	124	27
<b>Total</b>		<b>459</b>	<b>100</b>
Monthly income level	Less than GMD 1500	65	14.2
	GMD1600-GMD5000	54	11.8
	GMD6000-GMD10000	88	19.2
	GMD11000-GMD25000	143	31.2
	Above GMD25000	84	18.3
<b>Total</b>		<b>434</b>	<b>94.7</b>

1 USD = GMD50

### Respondent's awareness level about Islamic banking in the Gambia.

Table 4.3 Respondent's awareness level about Islamic banking in the Gambia

Questionnaire	Yes		No	
	Fr	%	Fr	%
Do you know about the existence of Islamic banking in The Gambia?	416	90.6	42	9.4





Do you know the principles of the Islamic banking system?	231	50.3	228	49.7						
Have you ever used any Islamic banking products or services?	113	24.6	346	75.4						
Do you know any of the Islamic banking products like Mudarabah, Musharakah, Ijarah, Salam, Istisna?	165	35.9	293	63.8						
			Bank advert	Friends and Relatives	Internet and Social Media		I do not know		I am not sure	
			<b>Fr</b>	<b>%</b>	<b>Fr</b>	<b>%</b>	<b>Fr</b>	<b>%</b>	<b>Fr</b>	<b>%</b>
How did you come to know about Islamic banking in The Gambia?	273	59.5	91	19.8	30	6.5	29	6.3	25	5.4

### Respondent's Understanding Level of Islamic Banking in The Gambia

**Table 4.4** Respondent's level of understanding of Islamic banking in The Gambia

Questionnaire	Strongly Agree		Agree		Not sure		Disagree		Strongly disagree	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
Islamic banking operates based on Islamic law (Shariah).	234	51	136	29.6	79	17.2	9	2	1	0.2
All forms of riba (interest) are prohibited in Islamic banking operations.	303	66	102	22.2	47	10.2	6	1.3	1	0.2
Islamic banks do not lend out money, instead used shariah approved trading and investment contracts to deal with their clients.	159	34.6	136	29.6	142	30.9	16	3.5	5	1.1
Islamic banks have a shariah board that approves their products.	151	32.9	113	24.6	193	42	1	0.2		
Islamic banking is for both Muslims and Non-Muslims.	161	35.1	155	33.8	116	25.3	22	4.8	5	1.1





## Respondents' perception of Islamic banking in the Gambia

Table 4.5 Respondent's perception of Islamic banking in The Gambia.

Questionnaire	Strongly Agree		Agree		Not sure		Disagree		Strongly disagree	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
	Many Gambians will patronize Islamic banking if they know more about it.	170	37	200	43.6	74	16.1	12	2.6	3
Islamic banking products in The Gambia are different from conventional banking products.	90	19.6	181	39.4	155	33.8	26	5.7	6	1.3
Islamic bank provides the best way to reduce the inequality in society and avoid exploitation in business transactions in The Gambia through profit and loss sharing.	213	46.4	73	15.9	132	28.8	38	8.3	1	0.2
Without interest, Islamic banking provides the best source of financing and improves productivity and economic growth in The Gambia.	125	27.2	161	35.1	144	31.4	25	5.4	1	0.2





Islamic banking products are properly marketed in The Gambia.	22	4.8	97	21.1	183	39.9	131	28.5	24	5.2
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### Respondent's bank selection criteria

Table 4.6 Respondent's bank selection criteria

Questionnaire	Strongly Agree		Agree		Not sure		Disagree		Strongly disagree	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
You will only deal with an Islamic bank if it offers the same and competitive products and services as a conventional bank.	66	14.4	114	24.8	67	14.6	160	34.9	48	10.5
You will choose an Islamic bank over a conventional bank mainly because it is shariah compliant.	250	54.5	156	34	27	5.9	21	4.6	4	0.9
You will choose an Islamic bank because it offers a higher rate of return.	44	9.6	100	21.8	137	29.8	146	31.8	31	6.8
You prefer Islamic banking because it offers a wide range of products and services.	56	12.2	139	30.3	168	36.6	78	17	17	3.7
You prefer Islamic banking because it provides lower charges and better financing options.	90	19.6	158	34.4	139	30.3	51	11.1	19	4.1

### Respondent's willingness to patronize Islamic banking products and services

Table 4.7 Respondent's willingness to patronize Islamic banking products and services

Questionnaire	Strongly Agree		Agree		Not sure		Disagree		Strongly disagree	
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
You will consider banking with the	214	46.6	182	39.7	58	12.6			2	0.4





Islamic bank now or in the future.										
You are willing to switch to the Islamic bank if you know the differences.	214	46.6	191	41.6	41	8.9	9	2	1	0.2
You are willing to pay more/premium for using shariah-compliant banking products and services.	168	36.6	188	41	76	16.6	24	5.2	1	0.2
You will recommend Islamic banking to someone.	224	51	180	39.2	39	8.5	2	0.4	1	0.2
You will invest with the Islamic bank even knowing that your profit or capital is not guaranteed but your money is invested in a shariah approved activity.	218	47.5	159	34.6	63	13.7	15	3.3	1	0.2

