

Factors Affecting Perceptions of Customers: A Comparative Study of Kabul and Jalalabad-Based Customers in Afghanistan

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Abstract: The study aimed to examine the preference of customers toward Islamic banking by comparing Kabul and Jalalabad City in Afghanistan. The study adopted a mixed-method approach to achieve its objectives of the study. In the first stage, interviews were taken from the customers at banks, and then extracted different variables from those interviews. After extracting different variables, they were tested through some statistical tools i.e. Correlation, independent T-test, and regression analysis. The sample size consists of 250 respondents which were selected through a simple random sampling technique. Data was collected through a Likert scale /questionnaire. Attitude towards Islamic Banking was used as a dependent variable while Islamic Bank Reputation, Positive aspects of sharia, and convenience of Availability were selected as independent variables. The results of the study show that Islamic bank reputation, the convenience of availability, and positive aspects of sharia were found positively significant in Kabul City while the only positive aspect of sharia was found significant in Jalalabad city.

Keywords: Islamic Bank Reputation, Positive Aspects of Sharia, Convenience of Availability, Attitude towards Islamic Banking

1. Introduction

Islamic banking was initially established in Afghanistan from 2008 to 2009. The initial draft of Islamic banking laws and regulations was ready by the well-known bank of Afghanistan “Da Afghanistan Bank” which is playing the role of the central bank in Afghanistan. This bank introduced Islamic banking services for the very first time and started operations with the technical supervision of the sharia board which includes famous region scholars from the country as well as from outside nations. According to the estimation in a survey, US\$ 33B is circulating in the Afghanistan economy. Up to US\$ 4.1 billion were founded as deposits in different 17 public and private banks and their branches of national and international banks (Suhartanto, Farhani&Muflih, 2018).. The banking system of Kabul adopted Islamic banks along with conventional banks and introduced the first Islamic banking division, which operated from the 12th of February 2010 it increases the scope of Islamic banks by introducing the windows of Islamic banks. It started its operations in all its branches throughout Afghanistan. Due to a lack of knowledge and Islamic sharia and laws investment in Islamic banks are very low as compared to conventional banks. The biggest bank in Kabul “Great Bank” offers Islamic banking services in more than 123 branches in 35 cities in Afghanistan. Absolute stores in Islamic banks reached US\$70 Million in the last two years (Da Afghanistan Bank) (Ali & Raza, 2017).

Almost 99% of the Afghans are Muslims and a tremendous portion of that don't do banking in light of the relationship of eagerness among about 30 Million Afghans. Simply 1.9 million is the use of the bank by Ulama and religious scholars which have used in addressing and progression of Afghanistan Islamic banks (Lone, Aldawood, &Bhat, 2017).

Alfalah Bank, Ghazangar bank, Kabul bank, Maiwand bank, Afghan United Bank, and Bank Millie Afghan were the banks that get the licensed Islamic bank in the country. At present, all of the banks are offering Islamic banking products and different organizations consisting of House financing, car financing, and esteem financing. Islam cautiously prevents the factors from claiming eagerness as it mishandles the down and out

people in the basic minute and the end prompts growing the qualification among the poor and rich people (Karsten, 1882).

According to Amin et al. (2016), Islamic banks have an emerging market and a complete of chance but still, the environment is very complex for them and they have to know good knowledge about the customer's behavior and attitude towards the acceptance of Islamic banking.

The principle which emphasizes the moral and ethical value in all dealing has a broad universal in the Islamic banking system sharia prohibits the payment or acceptance of interest charges which is called sharia as Riba. In which lending or accepting of money and carrying the trading and other business activities which can be the cause of providing goods and services which reflect conflict for its principle (Tabrani, Amin, & Nizam, 2018).

Islamic Banks (IB) is ascended as an ethical cash-related structure for updating institutional reasonability and forcefulness. A couple of test assessments (Bukhari, Nawaz, Imam, & Qadri, 2014; Hakim & Rashidian, 2004; Johnson, 2013; Khan & Bhatti, 2008); recommend that banks accomplish larger amounts of gain and development through effective usage of standards of Islamic financial system. National International Economic Order (NIEO) kept on being superfluous and the renaissance of Islamic banks for money required for the long term as well as for the short term.

1.2. Problem Statement

Islamic banks are based on sharia principles and don't consider Riba. The Sharia system reflects the adoption of a profit and loss system. However, conventional banks are purely based on Riba and deal with only profitable products. Now a day due to the huge fame of Islamic banks many conventional banks are converted into IB in the shape of Islamic Bank windows and separate branches. Customers at Islamic banks face a lot of problems when adopting Islamic banks instead of conventional banks. Afghanistan is a Muslim and Religious country where people prefer Islamic banks as compared to conventional banks. The current research addressed the attitude of banking customers toward the adoption of Islamic banks in two major afghan cities i.e. Jalalabad and Kabul.

1.3. Research questions

Q1: What are the customer perceptions about Islamic banks in Kabul and Jalalabad?

Q2: What are the factors which a customer can consider for the adoption of Islamic banks instead of Conventional banks?

Q3: What is the intensity of each aspect that affects the attitude and perception of the customers in Kabul and Jalalabad towards Islamic banking?

1.4. Objectives of the Study

- To evaluate the customer perceptions about Islamic banks in Kabul and Jalalabad
- To investigate the factors which a customer can consider for the adoption of Islamic banks instead of Conventional bank
- To find out the intensity of each aspect that affect the attitude and perception of the customers in Kabul and Jalalabad towards Islamic banking

1.5. Significance of the study

This study will effectively help the stakeholders to understand the perception of customers toward Islamic banking. It will aid the managers to know the preference of customers towards the adoption and acceptance of Islamic banks. I also reflect on the perception of people in the two major cities of Afghanistan i.e. Kabul and Jalalabad. Islamic banks can then properly design and formulate strategies based on our findings in the study. IB can better-targeting customers in Kabul and Jalalabad if they have sound knowledge about the perception of customers of both cities of Afghanistan.

1.6. Limitations of the study

The study has some limitations which are as under:

1. The researcher faced a lot of problems during the phase of data collection because it was very difficult to collect data from the customer in a very short period.
2. The study only limits Kabul and Jalalabad city due to the huge number of customers in both cities.

2. Literature Review

Except for a couple of studies that utilized individual and independent venture clients as tests, no endeavor was founded in the region of company clients' comprehension of Islamic banks of standard distributions. Correspondingly, there were just a couple of distributed works that identify with corporate clients' discernments on customary banking administration quality.

Turnbull and Gibbs (1989) were among the main researcher who concentrated on the view of corporate clients toward their banks. He inspected the connection between 44 corporate clients in the United Kingdom and their bankers and found that size assumed a significant job in keeping up split banking rehearses. Another significant finding of Turnbull (1983) was that huge enterprises will in general lean toward remote banks more than the neighborhood banks.

According to Robenblatt et al. (1988) investigated Canadian 423 companies' finance employees in the examination to select reliable persons in specific banks for correlational characteristics ascribed with the determination of banks and impression for the faculty of banking services excellence. The study found practically 50% of the company finance departments were exclusively capable of the specific banks. Two characteristics affect the basic leadership at which the banks can perform better and can offer the best services. From the total, half of the respondents have likewise favored banking to rolling out uncommon official which have more knowledge of clients' trade activities. A company's finance department can additionally very much worry about the quality of the products and the services that creative items.

According to an examination, Turnbull and Gibbs (1989) in South Africa led to utilizing 'enormous' and 'huge' organizations. The major target of their investigation was to discover different factors that were viewed as significant in corporations' clients for the selection of their banks and to discover data that the organization has a partial or single banking association. The study most part demonstrated the nature of company clients that they have an administration nature which is the most important factor for banking relationships. Some other persuasive elements were the nature of employees, the bank's director mentality, and the cost of administration. Albeit extremely huge organizations thought about the nature of administration was found as a highly significant element, cost and staff nature both were also similarly significant. Fragmented relationships in banking practice were normally found in-between the company clients. Practically the majority of the treasurers concurred that physical presence which has no impact on the determination procedure; according to a study by Chan and Ma (1990) in Hong Kong investigated to understand the nature of company clients in dual banking, banks trading, and found those factors which attribute to support, awareness level and the usage of different services and products of banks. The results of the study suggested that banking customers like to utilize enormous & respectable banking systems as well as the split of banks. Banking customers may convert the banking system if the new bank had the option of demonstrating for the nature of its items and administrations were increasingly better than other banks.

Tyler and Stanley (1999), utilized an orthodox grounded hypothesis for the investigation whose goal was to recognize significant components of perceive administration excellence of huge companies. Results of the study showed that components that were considered significant have steady quality, affirmation, sympathy, responsiveness, and star action.

The investigations by Erol and Badour (1989); Erol et al, (1990) considered the case studies on the acceptance of Islamic banks as "Patronage Factors". Their study reflects that Islamic and conventional banking customers can adopt an Islamic bank or a conventional bank due to the three major and significant criteria which are; its quick and effective service, surety of confidential information, and goodwill and image of the bank.

Haroon et al, (1994) looked to set up the choice conditions utilized by Muslim customers in Malaysian cities while selecting a bank. They set three very important criteria as seen in the Muslims of Malaysian cities: the arrangement of quick and proficient administration, the exchange speed, and well-disposed banking faculty. One more significant commitment in the examination was the probability of customers disparaging the Islamic banking system when it is knowing about those frameworks. The survey further shows that 80 % of Muslims and 53 % Non- Muslim customers considered the development of a relationship with the Islamic banking system when they have significant realized tasks.

While applying Heron et al. (1994) and Gerrard and Cunningham's (1997) study it was established that simply similar to their partners in Malaysia, the Muslims found at Singapore banks, increasingly know about the Islamic banks better than non-Muslims. So also, the investigation reflects no proof that Muslims and non-Muslims have different criteria in the determination of a bank.

Metawa and Almosawi (1998) in their examination focus on Faisal Islamic Banks (FIB) and Bahrain Islamic Banks (BIB) customers. The results of the study showed that customers of both banks FIB and BIB considered the Islamic Sharia as the most important factor at the time of Islamic banks' selections. Another important element was the reward system by a bank, friends & family, and the accessibility of banks. Similarly,

Metwa and Almosawi (1998) suggested that demographic and socio factors are also important like the age of the customer, income level, and educational level is important factors when selecting a banking system.

According to Amin and Amin (2016), Islamic banks are getting more risks as compared to conventional banks though the advantages are more because they share the loss there is no fixed return rate like traditional banks. Furthermore, Islamic banks had a different system of work in Islamic countries.

The impact of Islamic money on the Muslim world is very much reported. The products and facilities presented by IBs are based on sharia principles and are not the same as the rules of traditional banking systems (Chapra, 2000). The Islamic banking system as Islamic financing is offered its products and services to the customers on a profit and loss basis following sharia compliance. The Development of Islamic money in the worldwide market has been urged to meet moral and religious standards (Bukhari, Huma, Imam, and Qadri, 2014; Bukhari, Nawaz, and Sair, 2014).

The properties for the development of IB's religious convictions & numerous financial elements. From the IB's point of view, numerous creators connected the idea of equity in IBs & accentuation for two (2) central components of the Islamic banking account: the religious element and the productivity element (Haroon, 1996).

One examination also uncovered that religious belief is a primary factor in the development of IB in Pakistan as IB is dependent on sharia principles and standards and the greater part of the Islamic banking clients in Pakistan's banking industry has embraced both Islamic and conventional banking framework (Manzoor, Aqeel, and Sattar, 2010). The ratio of clients that have an account in a conventional banking system is about 67 percent (Khattak, 2010). That demonstrates IBS is missing a considerable lot of the components and prerequisites that the client needs. Muslims need their cash safeguarding and development with sharia rules i.e. without interest (Rashid, Hassan & Ahmed, 2009).

Erol and El-Bdour (1989), study is considered to be the premier study of individual consumers' attitudes concerning Islamic banking. Bank clients' dispositions, conduct, and support elements were discovered with the help of questionnaires in Islamic banks as well as in conventional banks, as examined in the Jordan banking industry (Naseer, Jamal & Al Khatib, 1999).

Many authors including Ahmad and Haron, (2002); Haroon, Ahmed, and Plenisek, (1994); Metawa and Almosawi, 1998) directed an investigation concentrated on the discernments and mentality of a client for IBs. Most of the respondents suggested that the major factor in the acceptance of Islamic banks is a religious beliefs, Islamic financial classifications in the banks, and financial elements. Metawa and Almosawi (1998), revealed the financial aspects of Islamic funds by concentrating dependent on Muslim and non-Muslim clients of Singapore, Malaysia and Bahrain individually. The study reveals that 54 % of Non-Muslim responses were functional following their operational understanding as indicated by comprehension of its tasks (Gerrard & Cunningham, 1997; Haron, 1996a; Metawa & Almosawi, 1998).

Kaynak et al. (1991) announced numerous determinants of Islamic account development in Turkey dependent on the criteria of a bank selection is based on gender base, age of customer, and level of education of banking customers (Kaynak, Küçükemiroglu, & Odabasi, 1991).

2.1. Islamic banking in Pakistan

According to Islamic Development Bank (2007) "An Islamic bank is a financial institution that operates intending to implement and materialize the economic and financial principles of Islam in the banking arena. It is defined as a financial and social institution whose objectives and operations as well as principles and practices must conform to the principles of Islamic Sharia and must avoid interest in any of its operations. The Islamic bank is an institution whose main activity, likely to the conventional bank, is the mobilization of funds from the savers and the offer of these funds to the agents having a deficit (companies, businessmen) and lead all banking activities without the use of interest rate. Islamic banks provide a variety of products, including Murabaha, Ijara, Mudaraba, Musharaka, Al Salam and Istitsna'a, restricted and unrestricted investment accounts, syndications and other structures".

According to Islamic Development Bank (2009) "An Islamic banking and financial system exists to provide a variety of religiously acceptable financial services to the Muslim communities. In addition to this special function, the banking and financial institutions, like all other aspects of Islamic society, are expected to contribute richly to the achievement of the major socio-economic goals of Islam. Islamic banking is a financial system whose main objective is to achieve the teachings of the Quran. Islamic law reflects the commandments of God, organizes all aspects of Muslim life, and therefore directly involved in Islamic finance, spirituality, and social justice. The basic principles of Islamic banking are derived from the axioms of justice and harmony with reality on one hand and human nature on the other hand".

Islamic banking promotion and functionality all over Pakistan. Elimination of the conventional banking system and Riba based financing. The expansion of the financial system on a toe and fare Islamic jurisprudence. To establish a more stable economic system with the help of Islamic banking/ Financing.

2.2. Empirical evidence from the Globe

It is expressed that the main endeavor to set up Islamic account organizations was late in the 1950s in the Pakistani banking industry (Zainool, Shaari & Ali, 2008) based on the foundation for a nearby banking system in the country's territory, even though this didn't have an enduring effect (Wilson, 1983). Its huge development in IB Industry candemonstrate a more remarkable transformation of variablesthat have an impact on various decisions that could just profit the development and improvement of proper systems in addressing the developing craving of its featured products and services (Bley&Kuenh, 2004).

Leeds (1992) contends from his investigation that due to administration quality and an expert great frame of mind consumer loyalty increment and it turns into a reason to diminish for the disintegrationofa client. 40 percent of the total customers can go to other banking systems due to terrible administrations. They managethe faculty for clients inaddition to incorporatingexcellence in services. The research on customer behavior discovered the nature of services conveyed by clients which naturally makes many decent associations.

Haroon et al., (1994) analyzed the three major and fundamental variables while choosing a bank i.e. Quick response by a banker, friendly behaviors, and effectiveness. However, they also found that 40 percent of the customer suggested that religious factor is also an important part of the acceptance of an Islamic bank.

Likewise, Naseer el. Al. (1999) led a similar report in the context of Jordan. They studied 210 clients yet in their examination by a simple random sampling technique. The study reflects that 70 percent of customers found religious belief as a major cause of the selection of the Islamic banking system.

According to Hagazy (1995) Egypt's banking industry, he reveals that clients based on Sharia principles and religious beliefs can require banking services yet at the same time they analyze the administrations and results of both banks and afterward settled on an ultimate choice of choosing an Islamic bank.

Lévesque and McDougal (1996) contend that the value of the servicecan effectivelybe determined as they influentially affect consumer loyalty. Poor administration will cause client disappointment and they effectively change toanother banking system.

In 1997 Gerard &Cuningham (1997) investigated and reflects the results of the study which was based on customers at Singapore banks. What customers are accepting Islamic banks due to Sharia compliance?The main motive behind the initiation of an Islamic bank is to promote ShariaComplianceIslamic banking to customers having a religious beliefs.

According to MetawaandAlmosawi (1998) the customers chose a banking system on a mostly Sharia compliance basis but a Non-Muslim can accept an Islamic bank due to a huge profit sharing factor. They investigated that customer thoughts and sentimentsrelated to the products offered andservices performed may lead to consumer loyalty. On the off chance that clients are happy with the business, at that point they not just prefer to come back over and over alongside and can become a verified instrument for the organization's product list as they can inversely affect the utilizing as well as for the organization by and large items.

Naseer et al. (1999) argued that clients can also be related to the bank's goodwill and its religious belief which support the Islamic banking system. The study suggested that religious beliefs, the bank's goodwill in market competition, and the bank's profitability were influential factors for the customers when selecting an Islamic bank. Their study concludes that when a customer selects a banking system so two major factors must be in consideration; the one is religious belief and the other is the financial benefit element. Zeithemal et al., (2000) argued that challenge wins in the banking system so services excellence elementsgetting to be popular among clients which helps to increase the upper hand and help to keep up long haul association with the client.

Hunjra (2011) directed investigation for the association in south & west and must be created methodology whichimproves quality standards of services which can be up grated the level of their services in banks. Numerous types of research were founded in the world which show the association between customer loyalty and quality service. The researcher encouraged that customers can need an association that can improve the quality of services.

The study by Almosawi (2001) showed an investigation of Bahrain's banking system understudy fulfillment of banking institutions. The study further reflects that other major factors are bank accessibility, ATM location, the behavior of bank employees, goodwill of the bank, and placement of parking is required. Hamid &Noordin (2001) did a study in Malaysia and the study concludes that most of the customers have sufficient knowledge and they are aware of the Islamic banking system yet at the same time. However, some customers don't have some information about the Islamic banking system and they still use the conventional banking system as they have no awareness. Ahmad &Haroon (2002), Ahmed and Haroon (2002) also

examined the religious background of customers in the Malaysian banking system. They further tried to reveal the other major factors which affect the customer preference toward Islamic banks. They found that Muslims have a clear intention towards the acceptance of Islamic banks due to religious beliefs.

A study on the Indian Banking system (Chandar et al., 2003) suggested that innovative elements could easily compare to human elements of administration excellence. Weng et al., (2003) analyzed that the banking industry in China is facing extraordinary market changes due to customer preference toward Islamic banks as compared to the conventional banking systems. Banks understood that the quality standard of service is significant for the survival of the aggressively competitive environment in those days and age.

Vitel & Paolo (2003) argued that religious belief is by implication a prevailing variable of put into practice, conviction & moral of clients however can be a generous component of vision and relativism.

Bley and Kuehn (2004) examined the Islamic banks of the United Arab Emirates to inclination is routed by religious extents, not due to financial learning. If clients have religious attention and attachments so, he has more commitment to the Islamic banking system. They found results of the study as inspected speculations on religion: information about Islamic banks and social differences. Study examinations that because of language boundaries precludes understudies to learn the Islamic monetary framework. In any case, the examination was for the most part intensive aerating acceptable promoting and training methodology on IBS and financial instruments.

A study by Curry and Penman (2004) examine a bank at Schottish and met its client 's needs by providing them administration by legitimately dealing for the assets just as just keep beware of it since separations in administration quality is a central point in the aggressive condition of the banks. Client maintenance is accomplished by giving many correct administrations at the perfect time and providing long-haul advantages for their association.

Flavian et al. (2005) investigated the aggressive condition of banks; a bank's picture is a solid aspect that can hold the position and also can help for making & continuing the belief among clients and other banking customers for trust affects the execution of the association. According to Dusuki & Abdullah (2006) in Malaysia investigated that client support is very much important and plays a significant role when selecting a banking system. The educational background of a customer is also very much important when choosing Islamic banks. The workforce assumes a compelling job in improving consumer loyalty. A bank must give satisfactory preparation to the representatives who can upgrade the capacities and skills of workers which may thusly expand the fulfillment of the client which can be the primary motivation behind a bank.

Ahmad et al. (2006) argued that "the senior administration must hold the variables under thought which impact the client choice for picking Islamic banks like broad communications administrations, outer impact, accommodation and Islamism of items. Due to religious presentation, an individual will, in general, be increasingly religious which pulls in towards Islamic financing. Such gatherings of a client who are increasingly religious are normal clients and there is a need to depict Islamic items in detail in such gatherings. They likewise reason out that religion is an essential decision for Islamic banks."

Al-Hawari and Ward (2006) discovered that in Australia, "the relationship of monetary execution and administration quality is connected with consumer loyalty. Regardless of having a completely fulfilled client, the association should center to keep up positive relationship models with their clients".

Dusuki and Abdullah (2007) found in Malaysia bank representation is additionally a significant factor that pulls in the client while settling on a choice of choosing bank (productivity and viability in exchange for dealing with, information and experienced bank faculty and staff amicability). Representative capacity to convey trust to clients, skills, and obligingness of workers is a real capacity that a decent representative ought to have. They additionally uncover that the religion factor is the real one that drives individuals towards Islamic banking.

Now a day it is observed that Islamic banking is an alternative to conventional banking in many countries i.e. Muslim or Non-Muslim countries. Islamic is expanding all over the world, especially in Islamic countries. Al-Meezan Investment Bank was the first-ever Pakistani Islamic bank established in 1997. The main motive behind this establishment is to eliminate the risk factor of conventional banks and to provide customers with Riba-free banking.

There is a significant increase is reflected in the development of Islamic banks in Pakistan as well as in other countries throughout the world. Islamic banking products are highly attractive to customers as compared to conventional banks; because in Pakistan most people prefer Islamic banks due to religious beliefs. Conventional bank products have included a fixed rate of interest which increases the cost of an organization where Islamic banks offer all the products and services on a purely non-interest basis. Due to the great acceptance of Islamic banking all over Pakistan, almost all national and International conventional banks have offered Islamic banking services and some of those has introduced separate Islamic banking division.

In the banking sector, there are several risks in Islamic banks; one of those is liquidity risk. Liquidity risk is the situation in which an organization may face a shortage of required cash resources. Islamic and conventional banks face liquidity risks (Zeitun, 2012). The main purpose of the study is to empirically comparability of the liquidity of Islamic & conventional banks in Pakistan.

Liquidity is suggested as the easy convertibility of current assets or securities into cash or its equalling. This is also known as the marketability of current assets (Iqbal, 2011). Liquidity is an important factor when comparing Islamic and conventional banking systems. According to Petersen & Schoeman (2008), liquidity is an essential factor for every bank to run its operations smoothly.

Hamedian (2013) suggested that the liquidity ratio may be calculated by dividing liquid assets by a firm's total assets. In such a case, liquid assets are those assets that exist in business for less than a year and in the form of cash or equalling to cash. Siraj (2012), argued that this ratio can provide a quick liquidity position for an organization's financial position. It can be measured by subtracting inventory from current assets and it reflects a bank's ability to deal with and fund any financial liability and deposits the outside flow.

Liquid assets can be calculated by subtracting inventory from current assets. Current assets include Cash (currency), Bank deposit account, Accounts Receivable, notes receivable, marketable securities, and other cash equalling assets of an organization. The liquidity ratio suggests how quickly a bank can convert its liquid assets into cash. It is measured by dividing liquid assets by the current liabilities of a bank. Beltratti & Strulz (2009), found that liquidity has a highly significant relationship with profitability as banks with more liquid assets perform better.

2.3. Operationalization of Variables

2.3.1. Adoption of Islamic Banking

In the current investigation Adoption of Islamic Bank (ADIB) is a needy variable that is utilized to quantify, why individuals had embraced or are intrigued to receive IB administrations and to see ADIB in connection with the components contributing towards its adoption. The expression "Adoption" is acknowledged officially and placed into impact. The expression "Islamic Banking" is characterized as the direct of banking tasks in consonance with Islamic lessons (Mirakhor, 2000; Haque, Jamil & Ahmad, 2007). In contrast to the traditional banking framework, Islamic Banking disallows usury, accumulation, and installment of Riba; rather it advances benefit and misfortune sharing, giving zakat, and working for the advantage of society and improvement of all Halal parts of the business. In the early days, the inclination of clients toward acknowledgment of Islamic Banks was low however with the entry of time it is expanding. There are different variables added to upgrade the propensity of clients toward the adoption of IB.

2.4.2 Islamic Bank's Reputation

Haque, Osman, and Ismail (2009) express that bank's name and notoriety unequivocally influence a client choosing a bank. The research that notoriety and picture factors are shown as one of significant criteria in the banking choice. Almossawi (2001) explores that a bank's notoriety" was found to assume a critical job as a choice model. Youngsters like to manage prevalent, presumed banks. This suggests banks can draw in youngsters by taking part in different advertising exercises that would give the great press and TV inclusion for their exercises, for example, beneficent commitments, and sponsorships of nearby occasions which will prompt boosting their picture and notoriety in the open eye. Such a system will empower the bank to make a constructive picture in the brains of youngsters.

2.4.3 Positive Aspects of Sharia

Kirkpatrick (2005) communicated religion as a mental association, overwhelming enthusiastic relationship to things. Religion is a reason, standard, or arrangement of convictions, rehearses held to with zest and confidence. Islamic bank has a soul and reasoning of Islam, concerning premium-free exchanges and hazard sharing. Metawa and Almossawi (1998) found that religion as the principal factor influences client recognition in the determination of the Islamic banking framework and not the yield on their venture. Also, he discovered religiosity is positioned as the most noteworthy factor influencing choice criteria pursued by benefit. In the UK, the volume of stores of Muslims in Islamic monetary establishments is principally impacted by religious reasons (Omer, 1992). The same finding is upheld by Othmen and Owen (2001); Haider et al., (2017): and Haron et al (1994), where religion is a major power factor in IB adoption.

2.4.4 Convenience of Availability

Customers select a bank on the base of a convenient location. Most of the banks are located in convenient locations and customers choose these banks due to their convenient location of banks. The previous study on

conventional banking shows that convenience is an important factor that influences the customers while selecting a bank. In Islamic banking, this is the first study in which convenience is taken as an independent variable. Although in conventional banking, there is a lot of study on customers' bank selection criteria and these studies show that convenience is a significant factor. Rao and Sharma (2010) investigated that convenience is a significant factor that influences customers in the adoption of banking. In this study, convenience is also considered an important influencing factor in the adoption of Islamic banking. Customers select a bank that is near to their homes and offices. So convenience is a significant factor in the adoption of Islamic banking.

3. Research Methodology

3.1. Population

All the customers of Kabul and Jalalabad who qualify for the account opening prerequisites are considered part of the population of this study.

3.2. Sample and Sampling Technique

Previous literature suggests that a sample size of 250 (Amin, 2016) is sufficient when the population is undefined. For this study, a convenient based sampling technique was used to determine the factors affecting Muslims' perceptions of Islamic banking in Kabul city as well as in Jalalabad city of Afghanistan.

3.4 Sources of Data

Primary data was collected from the residents of Kabul and Jalalabad cities which include the existing and prospective banking customers of Afghanistan.

3.3. Data collection procedure

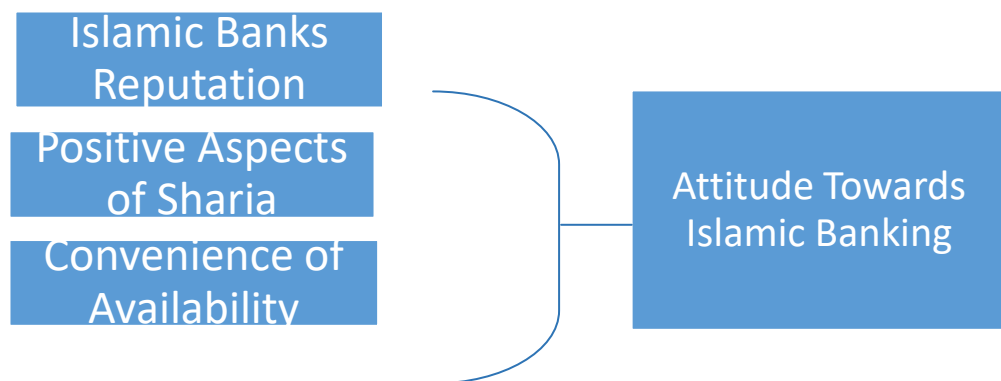
Data was collected in the form of interviews and questionnaires. For interviews the targeted sampled respondents accessed through prior appointments, using personal references. In addition, the self-administration technique was used for data collection through questionnaires.

3.4. Data Analysis Techniques

Collected data were analyzed statistically by using the most commonly used software for analysis i.e. SPSS. First, the reliability of the data was checked then regression on the collected data for checking the association between the dependent and independent variables was tested. Statistical values t, p, f, and R Square were used for the making of interpretations. In addition, Descriptive statistics were also used for understanding the frequencies of demographic profiles of the respondents.

3.5. Theoretical Framework

In psychology, the Theory of Planned Behavior is a hypothesis about the connection between convictions and conduct (Ajzen, 1991). As indicated by this hypothesis, three fundamental beliefs recognize a goal to utilize innovation. These are a frame of mind, abstract standard, and saw social control. What's more, Brock et al, (2011,2012) found that convictions will, in general, assume a noteworthy job with regards to web-based purchasing, having both immediate and directing impacts. After effects of the auxiliary condition displayed in Brock et al, (2011) study showed an immediate impact of standardizing convictions on the aim to purchase on the web. The connection between factors of the examination appears in the research model, where seen hazard, saw social control, emotional standards, and conduct conviction are straightforwardly identified with conduct expectation to utilize Islamic banking and are in a roundabout way identified with client demeanor and association.



Source: (Ajzen, 1991)
Figure 3. 1Theoretical Framework

3.6.Hypotheses of the study

- H1: Islamic bank's reputation has a significant impact on Attitude toward Islamic banking
- H2: Positive Aspect of Shariah has a significant impact on Attitude toward Islamic banking
- H3: Convenience of Ability has a significant impact on Attitude toward Islamic banking

4. Analysis

Data analysis is defined as a process of cleaning, transforming, and modeling data to discover useful information for business decision-making. The purpose of Data Analysis is to extract useful information from data and taking a decision based upon the data analysis.

4.1 Reliability Test

Reliability statistics are used to check the consistency of the data and for which the suggested test is Cronbach's Alpha. Uma Sekaran(2006) suggested that the range of reliability must be between 0 to 1 while a value closer to 1 will suggest that there is a higher consistency of scale and data used. Cronbach's alpha coefficient increments either as the number of things (factors) increments or as the normal between thing connections increment (i.e., when the quantity of things is held consistent). As per Uma Sekaran "reliabilities under 0.60 are viewed as poor, those in 0 .70 territories, adequate, and those more than 0.80 great, and Very great"

Table 4. 1Summary of Reliability Test

Variables	Cronbach's Alpha	No. of Observations
IBR	0.81	7
PAS	0.88	11
CA	0.83	7
AIB	0.77	7

As indicated by Santos et al. (1998) a scale of reliability must be greater than .70 set as a cut-off for a good scale while lower than this will be considered inconsistency. Sekaran (2006) proposed the scale of reliability as 0.60 must be considered poor, while 0.70 can be treated as an average and acceptable range, Cronbach alpha up to 0.80 and 0.90 will consider as good and excellent ranges respectively. As indicated by Santos et al. (1998) and Sekaran (2006) above table reflects the reliability of Islamic Banking Reputation, Positive Aspect of Sharia, and Convenience as a good range due to their high Cronbach values. However, the other variables are in the average range i.e. Socio-Economic Status and Perception

4.2 Descriptive Statistics

Table 4. 2 Descriptive Statistics

	IBR	PAS	CA	AIB
N	250	250	250	250
Mean	4.23	4.12	3.77	3.71
Std. Deviation	1.60	0.42	0.65	0.64
Skewness	0.54	-0.89	-0.37	-0.37
Minimum	1.50	2.82	2.29	2.50
Maximum	4.65	4.91	4.86	4.83

The above table speaks to the expressive insights of the Islamic banking reputation. The number of respondents for Islamic banking reputation was 250 which recommends the number of substantial reactions. The minimum value of the IBR is 38 which demonstrates that the reacted normal most minimal paths were 38 while the maximum value worth was 88. Its mean worth was 57.73 which is deviating from the mean value by 10.603 units, its Skewness is 0.535 and demonstrates that ordinary dispersion is asymmetric circulation with well-bred tails. The minimum value of the Positive Aspect of Sharia (PAS) was 2.82 while the biggest value worth was 4.91. Its mean worth was 4.117 which is going amiss from its mean by 0.486 units, its Skewness is -0.895 and demonstrates that the ordinary conveyance is asymmetric dissemination with polite tails. The most extreme estimation of CA is likewise 5 like different factors and the base worth was 2.29 its mean was 3.77 and veering off from its mean by 0.645 units. The CA was typically conveyed as the estimation of Skewness is close to -0.369.

Table 4. 3 Area Distribution

		Frequency	Percent	Cumulative Percent
Valid	Kabul	150	60	60
	Jalalabad	100	40	100.0
	Total	250	100.0	

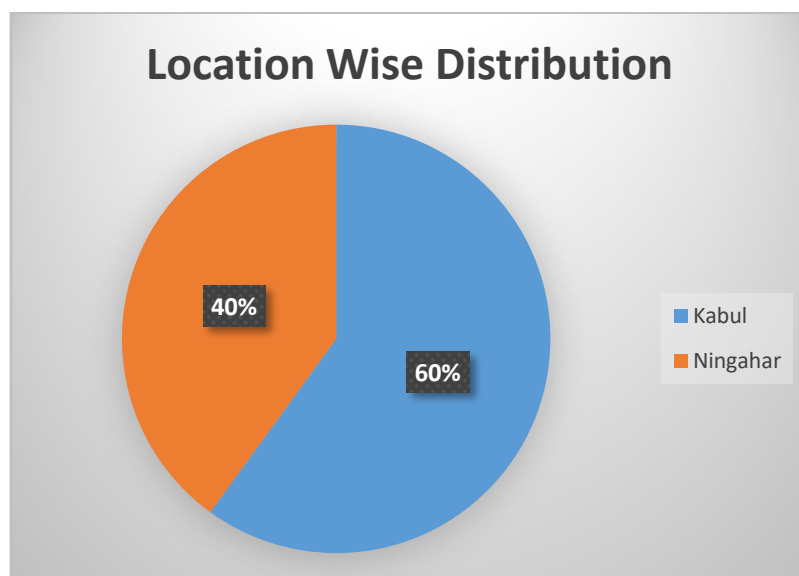


Figure 4. 1 Pie Chart

The above table and Pie Chart suggest the area-wise distribution of Kabul and Jalalabad which is 60% and 40% respectively.

4.3 Multicollinearity

Table 4. 4 VIF

Variables	Collinearity Statistics	
	Tolerance	VIF
IBR	0.596	1.678
PAS	0.544	1.837
CA	0.864	1.157

As the above table shows the values of the Variance Inflation Factor (VIF). The criteria for the problem of multicollinearity is 10 times and all the independent variables have VIF values less than 10 so there is no problem of multicollinearity in the data set.

4.4 Correlation Matrix

Table 4. 5 Correlations

	IBR	PAS	CA	AIB
IBR	1			
PAS	0.216**	1		
CA	0.281**	0.024	1	
AIB	-0.154**	0.429**	0.173**	1

The table of correlation matrix shows the relationship with the help of a matrix among all variables. The results show a 22% association between Islamic banking reputation and positive aspects of Sharia, there is a 28% association between Islamic banking reputation and convenience of ability. There is an inverse association was found between Islamic banking reputation and Attitude towards Islamic banks and the degree of association is 15%. They all were found significant at a 5% critical level. The analysis further shows that the convenience of ability has no association with positive aspects of Islamic banking because it was found statistically insignificant. However, its magnitude was only 2%. The positive aspect of Islamic banking has a strong positive association with Attitude towards Islamic banking with a 43% association. It shows that the positive aspect of Islamic banking has a great contribution to attitude towards Islamic banks. Finally, Attitude toward Islamic banking has a positive association with the convenience of ability. The degree of association is 17% which is significant.

4.5 Independent Sample T-Test

Table 4. 6 Group Statistics

	Group	N	Mean	Std. Deviation	Std. Error Mean
AIB	Jalalabad	250	4.62	0.51959	0.11618
	Kabul	250	4.57	0.38179	0.08537

Table 4. 7Independent Sample T-Test
This table provides the actual results from the independent t-test.

		Acceptance of Islamic banking	
		Equal variance assumed	Equal variance not assumed
Levene's Test for Equality of Variance	F Sign.	0.315 0.583	
T-test for Equality of Means	T df Sig. (2-tailed) Mean difference Std. Error difference 95% Confidence interval(L) of the difference (U)	2.428 249 0.020 .35000 .14418 .05813 .64187	2.428 248 0.021 .35000 .14418 .05727 .64273

The group means are statistically significantly different because the value in the "Sig. (2-tailed)" row is less than 0.05. These results found that acceptance of Islamic banks in Jalalabad had statistically significantly lower as compared to Kabul city i.e.(5.80 ± 0.38 mmol/L) in Jalalabad as compared to Kabul city (6.15 ± 0.52 mmol/L), t(38)=2.428, P=0.020.

One-Sample T-Test

Table 4. 8 One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
IBR	250	4.730	1.603	0.610
PAS	250	3.569	0.587	0.033
CA	250	4.116	0.419	0.024
AIB	250	3.774	0.645	0.037

Table 4. 9One-Sample Test

	t	df	Sig.	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
IBR	94.61	249	0.000	4.51	1.85	4.50
PAS	105.70	249	0.000	3.569	3.50	3.64
CA	170.85	249	0.000	4.117	4.07	4.16
AIB	101.67	249	0.000	3.774	3.70	3.85

The above table suggests that all the explanatory variables of Islamic banking reputation, positive aspects of Sharia, Convenience of ability, and attitude towards Islamic banking were found highly significant. The

degree of freedom was 301 values. The Standard deviation of the Islamic banking reputation is higher than the other variables which are 1.60.

Comparison:

The Islamic banking reputation is 57.7% more in Kabul as compared to Jalalabad it reflects that the reputation of Islamic banks is more in Kabul as compared to Jalalabad. If we talk about the other variables so, these areas; 3.57% for the positive aspect of Sharia, 4.16% for convenience of ability and 3.85% for attitude towards Islamic banking were found more in Kabul city as compared to Jalalabad city.

4.6 Regression Analysis

Table 4. 10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.508 ^a	0.503	0.490	2.243

a. Predictors: (Constant), IBR, PAS, CA

R Square in the above table represents the overall variations of 50% found in the dependent variable with the effect of the change in the explanatory variables.

Table 4. 11 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	8550.761	5	1710.152	20.017	.000 ^b
1 Residual	25289.082	296	85.436		
Total	33839.843	301			

a. Dependent Variable: AIB

b. Predictors: (Constant), IBR, PAS, CA

The above table suggests the F-statistics with the value of 20.02 which is significant at 0.000 which is less than 0.05 and reflects the significance of the overall model. It shows the good fitness of the above model.

Table 4. 12 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.209	7.793		4.518	0.000
1 IBR	-0.895	1.176	-0.150	-4.761	0.000
PAS	10.298	1.725	0.407	5.971	0.000
CA	5.003	0.888	0.304	5.632	0.000

a. Dependent Variable: AIB

The above table shows that Islamic banking reputation, positive aspects of Sharia, and convenience of ability have a highly significant impact on Attitude towards Islamic banking. All the explanatory variables were found significant at a 0.05 level of significance. If we talk about the magnitude of all variables results show that Islamic banking reputation has an inverse relationship with the attitude towards Islamic banking while the positive aspect of Sharia handconvenience of ability was found statistically positive. A positive aspect of sharia has a major contribution towards attitude towards Islamic banking with a magnitude of 10.30. Results further show that due to the positive aspect of Sharia and convenience of ability the attitude of customers can increase.

5. Conclusion & Recommendations

5.1 Conclusion

As we realize that Afghanistan is an Islamic nation and customary banking was typical of the opportunity in Afghanistan. In any case, IBs occurring in Afghanistan 10 years before to win in Afghanistan for a more drawn out timeframe and to contend with ordinary banking framework it is extremely fundamental for Islamic banks to distinguish significant elements that must fulfill their client's needs.

So, to infer that Religious convictions and Cost-Benefit Analysis have an extraordinary effect on the adoption of Islamic banks individuals need an Islamic banking framework for their business and financial frameworks since it ensures socially alluring speculations and better individual/corporate conduct. Financing and stores are reached out under the benefit and misfortune sharing plan. The banks are probably going to know their store clients better to guarantee that the assets are utilized for beneficial purposes and the other way around for financial specialists. Along these lines, it grows better relations between the budgetary middle person and the reserve suppliers or customers. It will likewise advance profitable monetary exercises and financial equity. Islamic banks don't have fixed commitments, for example, premium installments on stores. Thusly, they can designate assets as beneficial and monetarily attractive exercises. This likewise holds useful for Islamic financing, as the installment commitments of the business visionary are related to the income. Straightforward to the record holders on the speculations made in various regions and the benefits acknowledged from these ventures. The benefit is then common in the pre-concurred proportion.

This thesis mainly worked on Islamic banks in Afghanistan, the main purpose of my study was to evaluate the attitude of customers towards Islamic banks. Cross-session data was collected from customers of Islamic banks in two cities Kabul and Jalalabad to obtain the above objective my research went through a multicollinearity test, reliability test, regression analysis, and one-sample t-Test for the comparison of data. The study found that overall the attitude toward Islamic banking in Kabul city is more than the Jalalabad city. If we check the individual variables so all the explanatory variables are significant and contribute to attitude toward Islamic banks.

5.2 Recommendations

Islamic banking plays an important role in banks and it is the backbone of banks, so the banks should respect and understand the meaning and concept of Islamic banking and how it works. The Marketing department should be arranged to gather to determine functions and create knowledge of Islamic banking in customer's minds because the customers are very important in the banks because banks work for people and they deposit their financial and also it invests and helps the entrepreneurs and whenever business increase and the economy grows. Islamic banks provide Mudaraba, Murabaha, and Musharika, the Islamic banks in Afghanistan also provide other services such as Salam, Ijara, Intisna, and the whole functions of Islamic banking and provide the customers with full information about Islamic banking. The government should assist the banks to practice Islamic banking because banks play an important role in economic growth and employment opportunity in the country for the economy of the country to be stable in getting a high opportunity the side of the employee. In Afghanistan, nowadays there is a good Islamic banking system, but, it is not enough for Afghanistan to let it go on being good only; it would much better to improve it to be very good or excellent. Thus, the implementation of these recommendations can help in Islamic banking improvement.

5.3 Future Directions

- This study can also be implemented as a comparison of many cities or more than one country can also be considered for future studies.
- Data can be collected from more respondents for better results.
- Perception of customers towards adoption of Islamic banks can be compared among Muslim and Non-Muslim customers
- Other factors can also be included in future studies

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