

Innovations

Factors affecting adoption of interest free banking service: case of bank of Abyssinia S.C Adama district

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Abstract

Interest free banking is the system of banking consistent with principles of Islamic law (Sharia) and guided by Islamic economics. Interest free banking is introduced as an alternative to conventional financing to satisfy Muslims' particular requirements by offering them a financial service in accordance with the Islamic religious law (Sharia). Hence, this study was carried out with the view to identify factors affecting adoption of Interest free banking service with specific reference to Abyssinia Bank SC Adama District. Explanatory research design was used and the primary data were collected from 319 sampled IFB customers using a structured questionnaire through applying convenience method of sampling. Both descriptive and inferential statistics (correlation and regression) analysis were used to analyze the data. The findings depicted as awareness, relative advantage, observable and compatibility were attentive factors influencing adoption of interest free banking. Yet, Complexity has a negative significant influence on customers attitude toward adoption, in addition to the result also indicated a non-significant effect of customer perceived risk on interest free banking service.

Key Words: 1. Interest free banking, 2. Sharia, 3. Islamic economics, 3. conventional banking, 4. Adoption

1. Introduction

Interest free banking can be defined as a banking service that abides by Shariah principles in all of its activities through its role as a financial intermediary between savers and investors and achieves a balance between economic and social return (Al-Sultan, 1999).

According to (Ahmad , 2012), Interest Free Banking has emerged as one of the most rapidly expanding sectors in the global financial system, that emerged as an alternative financial system which is in line with values and ethos of Islam, and governed by the principles of Sharia Law that requires avoiding any unethical practices in achieving its goals and objectives.

In Ethiopia, Directives of National Bank of Ethiopia SBB/51/2011 declared, all commercial banks that are licensed to engage in the Conventional Banking Business are privileged to engage in Interest Free Banking (IFB) business through the existing branch offices only after securing independent license for running the business. Still, the Ethiopian banking industry is dominated by conventional banking system and practices. Currently, there is one state-owned bank (Commercial Bank of Ethiopia), one policy bank (development bank of Ethiopia) and 26 private commercial banks. However, only two banks, Hijra Bank S.C and Zamzam Bank S.C are fully functioning on interest-free banking, while Commercial Bank of Ethiopia and 16 private commercial banks are operating both conventional and non-interest banking services. The focus of the study, Bank of Abyssinia S.C is one of the private banks in Ethiopia that started rendering IFB service and nowadays it provides a specialized interest-free banking service with a brand name "AbyssinAmeen" with unique product features and benefits.

The Muslim population comprises 33.9% of the total population in Ethiopia; this offers the opportunity for substantial customers that would patronize interest free banking products. The global interest free banking and finance industry is growing at an average rate of 15 per cent a year in size and number, which makes it the fastest-growing sector in the financial markets of the contemporary world (Ming-Hua, 2009). The study made by (Mohamed, 2012), has found out that there is need for interest free banking products and services in Ethiopia.

However, Ethiopian banking industry was continued to conduct most of their banking transactions using traditional banking system. As Muslims believe that banking with the conventional banks is against their religious faith; large numbers of potential Muslim customers are banking with the existing conventional banks available in the country.

Bank of Abyssinia, Adama district further consisted of 56 branches that provide both conventional and interest-free banking services. There are a total of over 511,000 customers, of which only 10,769 were IFB service users. When we look at the share of IFB users in terms of the proportion of Muslim population in the area, as well as considering that the district is located in the eastern zone of the country and the area is dominated by Muslim peoples, identifying what factors influence the adoption of interest-free banking services is essential.

Thus, the study aims to examine factors that affect adoption of interest-free banking services with special reference to Bank of Abyssinia S.C Adama district.

1.2 Objective of the Study

The general objective of the research was to identify factors that affect adoption of IFB service and find out those critical factors that want more focus to ripen ever-increasing application of IFB service through taking Bank of Abyssinia S.C Adama district as a reference.

Specific Objectives

- To find out how relative advantage affects the adoption of IFB service.
- To determine the effect of awareness on adoption of IFB service.
- To examine the relationship of compatibility with adoption of IFB service.
- To determine the impact of complexity on adoption of IFB service.
- To examine the relationship of observability with adoption of IFB service.
- To assess the relationship of perceived risk to the adoption of an IFB service.

2. Literature Review

2.1 Interest free banking concept and principles

Various meanings have been given to explain interest free banking by many scholars. The definition given by (Moin, 2013) depicts interest free banking as the system of banking consistent with principles of Islamic law (Shariah) and guided by Islamic economics.

(Lawal, 2010) characterized non-interest banking system as an arrangement of saving money so as to steady by means of the standards of Islamic rule (Shari'ah) as well as practices through the improvement of Islamic economies. Thus, based on the definition given by the above authors, interest free banking is banking system or banking activity that operates based on Shariah law, rules and values which prohibit the giving and taking of interest in all

transaction and trading activities and in consonant with Islamic finance and economic principles. Therefore all banks with certificate of interest free bank window they should to adopt the followings four basic principles in their operation (Greuning et al., 2008):

- a) Prohibition of interest (Riba): Interest means a fixed predetermined amount in addition to the principal. It prohibits Riba, which is the taking or giving of interest (Abedifar et al., 2015). The fundamental reason for the prohibition of interest in Islam is that profit should not be obtained from the exchange of money for money; rather profit should be earned from trade in goods and services. Islam, however, permits a return on capital, provided that capital participates in the productive process and is exposed to business risk (Abedifar et al., 2015; Hassan & Lewis, 2014).
- b) Prohibition of speculation (gharar): The term gharar refers to economic transactions that have absolute or excessive uncertainty or risk or hazard in business transactions (Abedifar et al., 2015). More so, it means transactions that have too much risk and are therefore linked to gambling. Since interest free banking prohibits gambling, deceit or fraudulent activities, which are examples of activities involving uncertainties that cause great loss to one party and unreasonable profit of the other party.
- c) Interest free banking prohibits Maisir, refers to unethical activities and social vices, such as bribery, prostitution, drug abuse, alcohol and gambling. Islam prohibits these practices as bad social undesirable practices because they adversely affect justice and fairness in financial transactions, lead to the exploitation of one party to a contract and are detrimental to human life and societal well-being (Hassan et al., 2014; Hassan & Lewis, 2014).
- d) Social Justice: Islam prohibits Muslims from any transactions leading to injustice and exploitation of any kind. So Interest free banks can not engage in any transactions that will lead to exploitation of any party.

2.2 Theoretical Background and Hypothesis

Many factors are likely to influence the introduction of interest free banking, some of which are political, legal, regulatory requirements, Sharia compliance, and service quality and consumer behavior factors. This study focuses on consumer behavior factors that affect consumer intention to adopt interest free banking.

A large number of theories have been suggested to explain consumer behavior on accepting new technologies and their intention to use. Among the most commonly applied are Theory of Reasoned Action (TRA), Social Cognitive Theory (SCT), Technical Adoption Model (TAM), Theory of Planned Behavior (TPB), Decomposed Theory of Planned Behavior (Decomposed TPB) The Theory of Innovation Diffusion, and Unified Theory of Acceptance and Use of Technology (UTAUT).

Most of the researchers used to study the adoption and development of new ideas as well as behavior prediction study is typically known as Innovation Diffusion Theory (Coursos, 2003; Jamshidi & Hussin, 2013). According to (Rogers, 2003) Diffusion of Innovation Theory remained as the one of the most widely used models in innovation adoption studies. Over half a million studies were reported to have used the innovation diffusion theory (Rogers, 2003; Thambiah et al., 2011; Jamshidi & Hussin, 2012).

As the study tries to explore factors influencing adoption of interest free banking and Interest free banking and finance are a kind of innovation within the context of the current conventional banking system, the innovation diffusion theory offers a rigorous theoretical foundation for exploring factors that influence adoption of IFB service. Hence, this study used the theory of diffusion of innovation (DOI) to provide insights into the intention to adopt interest free banking.

The work of Rogers (1995) and his model of innovation diffusion, shows the decision-making process related to the adoption of an innovation is the process by which an individual, or any other unit of analysis, moves from initial knowledge of the innovation to the formation of an attitude towards it, then from the decision to adopt or reject it, to the adoption of the new idea, and finally to the confirmation of this decision.

Rogers (1995) considers that six dimensions would determine the adoption or diffusion of an innovation:

Relative advantage is the degree to which an innovation is perceived to be better than existing ones. Relative advantage was found as a greatly significant factor determining the adoption of a new idea (Tornatzky & Klein,

1982). It does not have to be that this innovation has many more advantages than others, but what is important is that the individual perceives it as advantageous. According to (Tornatzky & Klein, 1982) relative advantage was considered as the best predictor of behavioral intention toward adoption of an innovation or its usage. Therefore the first hypothesis was developed.

H1: Relative advantage positively influences the adoption of Interest free banking services.

Lai (1991) identified awareness as a strong factor that guided customer's assessment toward the acceptance or rejection of a particular product. Accordingly, Kotler and Armstrong (2001) expounded that creating awareness among the consumers about the product or service remained a key factor in its adoption. It is therefore inconceivable for the adoption of any product to occur without the individual becoming first aware of that product and awareness is indispensable in the adoption process. Thus, the following hypothesis was formulated.

H2: Awareness of interest free banking positively influences the adoption of Interest free banking window services.

Compatibility is a measure of the degree to which an innovation is perceived to be consistent with existing values, past experiences, social practices, and user norms. The first appears when individuals perceive that the new product or service causes significant changes in their habits and practices, the second occurs when the innovation is perceived as incompatible with their beliefs and values. This was based on Echchabi and Hassanuddeen (2012) that endorse a positive relationship between the compatibility of the Interest free banking offer and the intention of individuals to adopt it. Therefore, the following hypothesis was hypothesized.

H3: There is positive relationship between compatibility and adoption of Interest free banking window services.

Complexity is a measure of the degree to which an innovation is perceived to be difficult to understand and use. New ideas that are simple to understand will be adopted much more quickly than others that require the development of new skills before they can be understood. Most studies indicated the negative relation of complexity with the adoption of a specific product or service. The study made by Butt et al (2012), Arts et al (2011), and Ho and Wu (2011) showed complexity affects customers' understanding and hence leads to skepticism on their adoption of a particular product and/or services. Therefore, the fourth hypothesis was formulated as follows.

H4: There is a negative relationship between complexity and adoption of Interest free banking window services.

Observability is the degree to which the results and benefits of an innovation are clear. According to Rogers (2003) observability is the degree to which results of using an innovation could be visible to other people. The clearer the results of adopting the innovation, the easier it will be for individuals to adopt it. Lee et al., (2011) point that perceived observability has significant positive effect on usage intention e-learning service among Taiwanese business employees. Also, the study made by Wei and Zhang (2008) revealed that Chinese rural respondents who have further optimistic insight relating to observability of services of mobile phone would adopt it faster. So, the following hypothesis was hypothesized.

H5: There is positive relationship between observability and adoption of Interest free banking window services.

Perceived risk is defined in terms of the customer's perception of the level of uncertainty and potential negative consequences when purchasing a product or service (Bauer, 1960). Low perceived risk increases the chance of customers' acceptance of a particular product and service while high perceived risk reduces the chance of the acceptance and this formed the rational of established link between the perceived risk and adoption of a product or service (Srivastava & Sharma, 2011).

Besides, the opportunity to test an innovation will allow potential users to have more confidence in the product because they will have had the opportunity to learn how to use it. So, the following hypothesis was developed.

H6: Perceived risk negatively influences proper adoption of Interest free banking services.

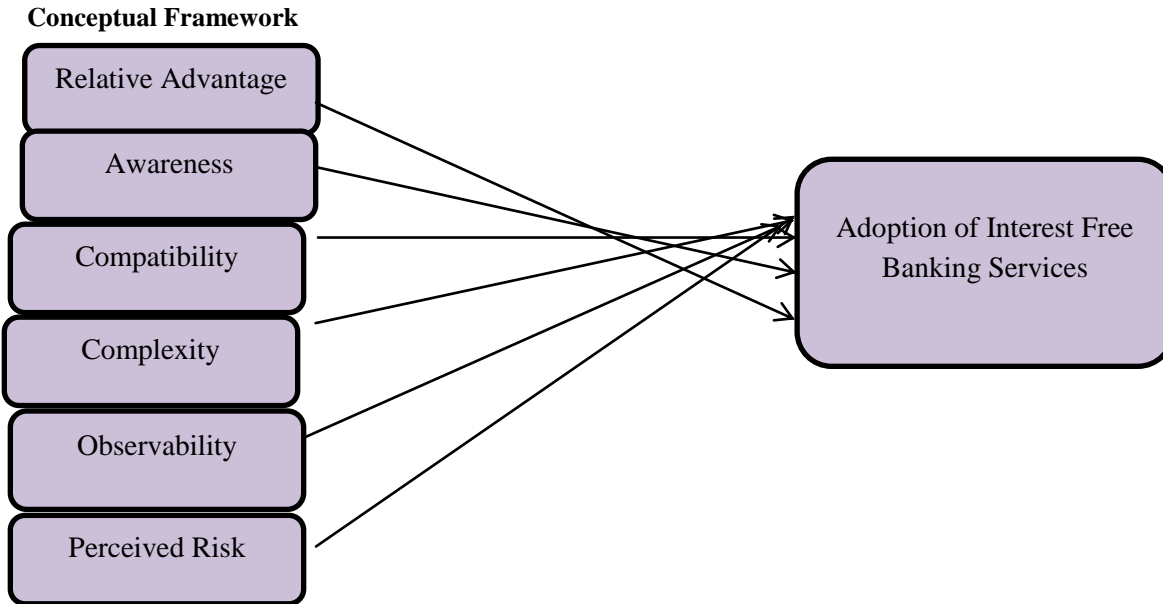


Figure 1: Model Adopted from Diffusion of Innovation Theory (DIT)

3. Research Methodology

3.1 Research Design and Approach

The study used an Explanatory research type that enables to explain the cause and effect relationship between six independent variables unified in the model to examine factors affecting adoption of interest free banking service. Case study method was applied to achieve objective of the study. The study also involved the collection and analysis of quantitative data to answer the research questions. Hence, a quantitative research approach was used to conduct this study.

3.2 Data Sources and Instruments of Data Collection

The researcher used primary data source for possible attainment of the objective. The types of instruments used to collect the data were through close ended questionnaire. The format of the questionnaire for variables were 5 point scale from strongly agree to strongly disagree to categorize the respondents level of agreement on the mentioned statements. So that the researcher used cross sectional survey in which independent and dependent variables are measured at the same point in time using a single questionnaire.

Constructs and their corresponding measurement used on the survey were collected from various authors and elucidated here below.

Table 1. Survey Instrument Examination

Description of Constructs	Constructs	Author
Refers to the interest free banking users subjective evaluation of the benefit brought to them by the interest free bank (products and services) they used as against the conventional banking.	Relative Advantage	Yahaya et al,(2016); Bashir (2012); Alam et al. (2013); Faisal et al. (2014)
Awareness was viewed as an attempt to explore how the customers established the knowledge of the products or services of the interest free bank and to what extent they lacked the information about it.	Awareness	Bashir (2012); Fada, et al., (2012); Gerrard and Cunningham (1997)
Refers to the degree in which the interest free bank products and services were perceived to be consistence with the customers' belief and values.	Compatibility	Yahaya et al, (2016); Gounaris and Koritos(2008); Jansson (2011)
Refers to the extent to which an innovation is considered by its users as difficult to understand and use (Rogers, 2003).	Complexity	Yahaya et al,(2016); Mansumittrchai and Chiu (2012)
Defined as the degree to which results of using an innovation could be visible to other people.	Observable	Taib et al., 2008; Amin et al., 2011; Ali et al., 2015
Defined as the nature and the amount of the uncertainty faced by the consumer in his effort to make use of a particular product or service (Cox & Rich, 1964)	Perceived Risk	Yahaya et al, (2016); Michel et al. (2004)
Refers Successful application of interest-free banking into a conventional system.	Adoption	Nobel (2019)

3.3 Study Area and Target Population

The study targeted customers of Bank of Abyssinia S.C Adama District who held IFB bank accounts. Bank of Abyssinia is a share company of private individuals and it was open for business in 1996 with enthused initiation and determination. Currently, the bank has over 56 branches under Adama District. As per the district report, non-interest banking service users of the district have reached 10,769 as of September 30, 2022. Since all branches found in the district have been giving the service, all branches were considered for the study.

3.4 Sampling Technique

The sampling technique applied for the study was non-probability sampling (convenience Sampling). The reason why the researcher applied to select the sample using convenience sampling was because the customers of the bank were more easily accessible and easier to select. Accordingly, a structured service acquisition questionnaire was distributed to the interest free banking service customer users at all 56 district branches at the entry gate and also at the counter in front of the customer service officers until the researcher obtains a sufficient sample size from the respondents.

3.5 Sample Size

Considering the total population of the study, the sample size of the study was determined using Taro Yamane's a simplified formula. As stated by Yamane for a 95% confidence level and $p=0.5$ the size of the sample would be:

$$n = \frac{N}{1+N(e)^2}$$

Where, N = Total Population

e = Precision Level

n = Sample Size, Where confidence level is 95%.

$$\text{Sample size} = \frac{10,769}{1+10,769(5\%)^2} = \mathbf{386 \text{ Observations}}$$

3.6 Model Formulation and Specification

The collected data was analyzed using statistical package for social science (SPSS) version 24.

Descriptive statistics was applied to analyze demographic characteristics of respondents' and data collected from structured interview in the form of distribution, standard deviation, and mean calculation. The data collected was run through a multiple linear regression model so as to clearly bring out factors affecting adoption of interest-free banking service with special reference to Bank of Abyssinia Adama District. Regression analysis was made to find out possible factors that have a considerable impact on the adoption of interest free banking service. Besides, Pearson correlation method would be applied to identify the relationship between independent variables and dependent variables.

The relationship equation was presented in the linear equation below.

$$\text{Model as } ADP = \beta_0 + \beta_1RA + \beta_2AWR + \beta_3CPT + \beta_4CPX + \beta_5OBS + \beta_6PR + \epsilon$$

Where: ADP = Adoption of IFB service, RA is relative advantage, AWR is awareness, CPT is compatibility, CPX is complexity, OBS is observable, PR is perceived risk.

4. Results

Descriptive and Inferential Analysis

The data collected from survey questionnaire were carefully coded and checked for consistency and entered into the SPSS spreadsheet, performed with SPSS ver. 24. The results from the regression analysis are presented in table and discussed one by one. Multiple linear regression analysis is employed to test whether one or more independent variables (predicators) influence the dependent variable (outcome variable) and to identify whether the effect is positive or negative. The 386 questionnaires were administered to IFB customers using convenient sampling method. However, of the total administered questionnaires, only 319 questionnaires were found to be usable and ready for analysis that is 82.64% of response rate.

Demographic Characteristics (N=319)

Items	Category	Frequency	Percentage
Gender	Male	121	37.9
	Female	198	62.1
Age	Less than 30 years	56	17.6
	30 -45 Years	127	39.8
	46 Years and Above	136	42.6
Level of Education	Primary School	37	11.6
	Secondary School	91	28.5
	Diploma & Equivalent	53	16.6
	BA/BSc	101	31.7
	Master's Degree	16	5.0
	PhD or Higher	2	0.6

	Others	19	6.0
Occupation	Government Sector	86	27.0
	Private Sector	52	16.3
	Self Employed	178	55.8
	Others	3	0.9
Monthly Gross Income	Below Birr 2,000	4	1.3
	Birr 2000 - 4999	73	22.9
	Birr 5000 - 6999	178	55.8
	Birr 7000 -10,000	46	14.4
	Above Birr 10,000	18	5.6

Source: Own Survey, 2022

As per the result obtained from survey data, out of the total IFB customers respondents 37.9% were male and 62.1% were females. This indicates most users of IFB service are females. In terms of age of the respondents, 17.6% were less than 30 years, 39.8% were between 30 and 45 years and 42.6% were above 46 years. This shows that young adult respondents were less users of the IFB service when compared with middle and old age. With respect to respondents' educational background, 11.6% and 28.5% were primary and secondary school completers and also 16.6% diploma and equivalent holders. Respondents' which have diploma and equivalent, BA or BSc degree and master's degree were 16.6%, 31.7% and 5% respectively. 2(0.6%) were PhD holders and the rest 6 % were kept under others. This indicates 94% of the respondents' were enough literate to make considerable judgment also makes the study reliable too. In terms of the respondents' occupation, majorities fall on self-employed which cover 55.8% followed by government sector, private sector and other types which accounts 27%, 16.3% and 0.9% respectively. Lastly, when we observe monthly gross income of the respondents 1.3% were earning below birr 2000, 22.9% earns between birr 2000 to 4999. Most respondents that cover 55.8% were making between birr 5000 to 6999. The remaining 14.4% and 5.6% were making birr 7000 to 10000 and above birr 10,000 monthly.

The Result of Descriptive Statistics

While making interpretation of the results of the means and standard deviations, the scales were reassigned as follows to make the interpretation easy (Al-Sayaad et al. 2006).

Table 4.1: Likert's-scaled criteria

No.	Range	Response Option
1	1.00-1.80	Strongly Disagree
2	1.81-2.60	Disagree
3	2.61-3.40	Neutral
4	3.41-4.20	Agree
5	4.21-5.00	Strongly Agree

Summary of descriptive statistics for all variables

	N	Minimum	Maximum	Mean	Std deviation
Adoption	319	1	5	3.2552	1.3058
Relative Advantage	319	1	5	3.3050	1.3166
Awareness	319	1	5	2.8378	1.1336
Compatibility	319	1	5	3.8281	1.2503
Complexity	319	1	5	3.1897	1.4384
Observable	319	1	5	4.0867	1.1788
Perceived Risk	319	1	5	2.8339	1.2754

This section is actually geared towards presenting results of the evaluation factors influencing adoption on interest free banking services. Six independent variables were included in the model. The predictors include awareness and relative advantage with 5 parts, compatibility, perceived risk and complexity with 4 parts and observable with 3 parts. All the items were measured by using five point likert scales ranging from strongly disagree to strongly agree to assess the respondents' level of agreement on the items. So, Descriptive statistics were put into use to assess the results.

The result showed adoption, relative advantage, awareness of the product, complexity and perceived risk had an average value of 3.25, 3.30, 2.83, 3.18 and 2.83 respectively that states the respondents are on the fence to decide about influential factors for the adoption of the service while compatibility and observable had an average value of 3.82 and 4.08 demonstrates the respondents agreement to the two factors.

Inferential Analysis

Pearson Correlation Analysis

Correlations

	Adoption	Relative Advantage	Awareness	Compatibility	Complexity	Observable	Perceived Risk
Adoption	1						
Sig. (2-tailed)							
N	319						
Relative Advantage	.726**	1					
Sig. (2-tailed)	.000						
N	319	319					
Awareness	.677**	.811**	1				
Sig. (2-tailed)	.000	.000					
N	319	319	319				
Compatibility	.663**	.781**	.654**	1			
Sig. (2-tailed)	.000	.000	.000				
N	319	319	319	319			
Complexity	.400**	.597**	.521**	.493**	1		
Sig. (2-tailed)	.000	.000	.000	.000			
N	319	319	319	319	319		
Observable	.711**	.840**	.736**	.805**	.565**	1	
Sig. (2-tailed)	.000	.000	.000	.000	.000		
N	319	319	319	319	319	319	
Perceived Risk	.527**	.718**	.774**	.583**	.457**	.590**	1
Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
N	319	319	319	319	319	319	319

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

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

(Source: Own survey, 2022)

The output of correlation analysis showed that all independent variables are positively correlated with dependent variable adoption of IFB service.

Relative advantage had a significant and positive correlation with adoption of IFB service (.726). The next variables with positive correlation coefficients were observability (.711), awareness (.677) and compatibility (.663) and found statistically different from zero/statistically significant. Perceived risk (.527) showed relatively

lower positive correlation when compared with other variables. The last variable, complexity is positively correlated and have had moderate effect on the constant variable.

Result of Regression Analysis

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.769 ^a	.592	.584	.3421

a. Predictors: (Constant), Perceived Risk, Complexity, Compatibility, Awareness, Observable, Relative Advantage

b. Dependent Variable: Adoption

(Source: Own survey, 2022)

The R value indicates the correlation or relationship between the mentioned six independent variables and adoption of interest free banking. The value 0.769 indicates a good level of prediction and the cumulative coefficient of the independent variables is strong.

The R-squared value measures how well the regression model explains the actual variations in the dependent variable (Brooks, 2008). The coefficient of determination in this model is given by R-squared of 59.2% means the changes in the independent variables (Relative advantage, awareness, compatibility, complexity, observable and perceived risk) jointly explain 59.2% of the changes in the dependent variable (Adoption of IFB) and the remaining 40.8% of changes is explained by other factors which are not included in the model. Value of adjusted R-square shows the variation of the sample results from the population in multiple regression. The value of R-square (.592) is not far off from the value of adjusted R-square (.584) which is good.

ANOVA model fit

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	320.990	6	53.498	75.434	.000 ^b
	Residual	221.274	312	.709		
	Total	542.264	318			

a. Dependent Variable: Adoption

b. Predictors: (Constant), Perceived Risk, Complexity, Compatibility, Awareness, Observable, Relative Advantage

(Source: Own survey, 2022)

The F-statistics inspects whether the overall regression model is a good fit for the data. In view of that, the independent variables statistically predict the dependent variable, $F(6, 312) = 75.434$, $P < 0.05$, thus the model is significant and a good fit of the data.

Regression Coefficients of Variables

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.218	.182		1.199	.231
	Relative Advantage	.312	.085	.315	3.663	.000
	Awareness	.313	.083	.271	3.776	.000
	Compatibility	.161	.068	.154	2.374	.018
	Complexity	-.085	.041	-.093	-2.043	.042
	Observable	.255	.085	.230	2.983	.003
	Perceived Risk	-.094	.061	-.092	-1.540	.125

a. Dependent Variable : Adoption

The standardize value of Beta Coefficient in the above table indicates, the contribution of each predictor on dependent variable. The test will be significant if the p-value is less than 5%. The beta coefficient is used to determine which independent variables have the most influence on the dependent variable. Larger coefficient shows higher importance of the predictor as well higher contribution of the factors to adoption of interest-free banking service.

Hence, relative advantage (31.5%), awareness (27.1%), Observable (23%) and compatibility (15.4%) had shown their positive contribution to the adoption of interest-free banking service respectively. Yet, complexity have had negative and significant contribution to the constant variable IFB but Perceived risk is not significant as P-value revealed $P > 0.05$ and removed from further analysis.

The value of unstandardized coefficients signifies how much the mean of the dependent variable changes given a one-unit shift in the independent variable while holding other variables in the model constant. This allows assessing the effect of each variable in isolation from the others. Hence, the beta coefficients found were interpreted as follows and the results too used to test the hypotheses with the P-value.

- The coefficient value for relative advantage ($\beta = 0.312$, $p < 0.05$), shows on average, one percent increase in the relative advantage of the customers tends 31.2% increase in adoption of interest free banking service. The finding reveals positive and significant relationship between relative advantage and adoption of interest free banking.

Hence, the alternative hypothesis (H1) that Relative advantage positively influences the adoption of Interest free banking services was accepted.

The result obtained was found to be consistent with the finding of the previous study conducted by Aziz et al., (2015), Amin et al. (2013), Echchabi, and Abd. Aziz (2012) which indicated relative advantage have a significant effect on the adoption of IFB services. The findings contradict the study by Nobel (2019) and Nain (2014) since they show that the insignificant effect of relative advantage on adoption.

- The coefficient value of awareness ($\beta = 0.313$, $p < 0.05$), indicated a 31.3% rise in awareness on the product, resulted in 1 times rise in the adoption of IFB service. The result showed positive and significant relationship between awareness and adoption of interest free banking service.

Hence, the alternative hypothesis (H2) that awareness of interest-free banking positively influences the adoption of Interest-free banking window services was accepted.

The result obtained was found to be parallel with the conclusion made by Nobel (2019); Amin et al., 2014, Wahyuni & Arifin, 2013 and Rahim & Amin, 2011. Referring to previous empirical studies, it isn't consistent with the finding of Aziz et al., 2015 and Echchabi et al. (2014).

- Compatibility is the third variable that has a stronger predictor of interest free banking having ($\beta = 0.161$, $p < 0.05$). Moreover, compatibility has positive and significant relationship with adoption of IFB services.

Thus, the proposed alternative Hypothesis (H3) that states the positive relationship between compatibility and adoption of Interest free banking window services was accepted.

This lends support to past research which found that compatibility positively influences adoption of interest free banking services (Aziz et al., 2015, Ayinde and Echchabi, 2012, Fisher and Chu, 2009 and Thambiah et al., 2011). However, it contradicts with Shih and Fang (2004) result that it has negative and statistically insignificant effect on adoption.

- The coefficient for complexity is $-.085$ on adoption of interest free banking services that indicates complexity had negative relationship with adoption of IFB and also the relationship is significant at 1% level of significant.

Therefore, the proposed hypothesis (H4) that predicts negative relationship between complexity and adoption of interest free banking services was accepted.

This result is also in line with the previous study carried out by Nobel (2019) and Thambiah et al., (2011), suggesting that complexity of interest free banking services has a negative influence on customers for adoption of the service while, contradict with the findings from Echchabi and Aziz (2012) who found that complexity does not influence the customers attitude towards to adopt interest free banking services.

- Observability has a value of ($\beta = 0.255, p < 0.05$) indicating positive and significant influence on the adoption of IFB services.

As a result, the alternative hypothesis (H5) that states observability influences the adoption of Interest-free banking window services was accepted.

The result obtained was found to be consistent with the finding of the previous study conducted by Nobel (2019), Aziz et al., (2015) and Mahmoud & Abduh, 2014 which indicated Observability or its social influence on the uptake of IFB services has positive and significant relationship with adoption of IFB services. This finding contradicts the study by Thambiah et al., (2011b) since they show that the insignificant effect of observability on adoption.

- It was hypothesized (H6) that perceived risk negatively influences proper adoption of interest free banking services. The beta coefficient ($\beta = 0.255, p < 0.05$) shows positive relationship with adoption but found to be insignificant. Thus, the alternate hypothesis (H6) was rejected. Referring to previous empirical studies, the finding was not consistent with the finding of Nobel (2019), Echchabi & Aziz (2012) and Thambiah et al., (2011).

Conclusions

The main objective of this research was to identify factors that affect adoption of non-interest banking service and find out those critical factors that need more focus to ripen the adoption. Drawing on Roger's diffusion of innovation theory, a conceptual model was developed and tested with the data from a cross-section of 319 IFB customers of Abyssinia Bank S.C Adama district selected using convenience sampling from 56 branches. The value $R^2=0.592$ showed the changes in the independent variables (Relative advantage, awareness, compatibility, complexity, observable and perceived risk) jointly explain 59.2% of the changes in the dependent variable included in the model indicated good fit of the model. Besides, the F-ratio $F(6,312) = 75.434, p(.000) < .05$ in the ANOVA indicated the overall regression model was a good fit for the data. The finding from regression analysis indicated that awareness, relative advantage, observable and compatibility have statistically significant and positive influence on the adoption respectively. Contrary, Complexity has a significant and negative influence on customers approach to adoption besides the result also indicated insignificant influence of perceived risk of customers on IFB service.

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