

T.R.
ISTANBUL SABAHATTIN ZAIM UNIVERSITY
GRADUATE EDUCATION INSTITUTE
DEPARTMENT OF ISLAMIC ECONOMICS AND FINANCE

**EXPLORING THE POTENTIAL OF ISLAMIC SOCIAL
FINANCE IN THE GAMBIA: A STRUCTURAL EQUATION
MODELLING APPROACH**

Ph.D. DISSERTATION

Cherno JALLOW

Istanbul
June-2025

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Cherno JALLOW

Supervisor
Prof. Dr. Mehmet BULUT

Istanbul
June-2025

THESIS APPROVAL

This study has been approved in partial fulfilment of the requirements for PhD. Degree in Islamic Economics and Finance

Supervisor Prof. Dr. Mehmet BULUT

(Signature)

Member of jury Prof. Dr. Metin TOPRAK

(Signature)

Member of Jury: Assoc. Prof. Dr. Cem Korkut

(Signature)

Member of jury: Dr. Waqar BADSHAH

(Signature)

Member of jury: Dr. Ensari YÜCEL

(Signature)

Approval by

Prof. Dr. Erhan İÇENER

Director, Graduate Education Institute

DECLARATION OF SCIENTIFIC ETHICS AND ORIGINALITY

This is to certify that this Ph.D. dissertation titled “Exploring the Potential of Islamic Social Finance in The Gambia: A Structural Equation Modelling Approach” is my own work and I have acted according to scientific ethics and academic rules while producing it. I have collected and used all information and data according to scientific ethics and guidelines on thesis writing of Sabahattin Zaim University. I have fully referenced, in both the text and bibliography, all direct and indirect quotations and all sources I have used in this work.

Cherno JALLOW



PREFACE

All praise be to Allah for granting me the opportunity to successfully complete this thesis. I would like to acknowledge and thank my supervisor Prof. Dr. Mehmet BULUT for his guidance, support, and encouragement throughout my PhD journey. I would also like to thank my thesis progress committee members Prof Dr Metin TOPRAK, Prof. Dr. Turan RROL, and Ass. Prof. Dr. Burhan ULUYOL for their support and suggestions for the improvement of this thesis.

I also thank my family, including my mum and wife for their support and patience throughout my PhD academic journey, with their prayers been a source motivation for me. Not forgetting my employers, University of the Gambia for granting me the financial support which facilitated the completion of my thesis, as well as my colleagues at the university of the Gambia for their advice and encouragement which has had a positive impact on my academic journey.

Cherno JALLOW

June, 2025

ABSTRACT

EXPLORING THE POTENTIAL OF ISLAMIC SOCIAL FINANCE IN THE GAMBIA: A STRUCTURAL EQUATION MODELLING APPROACH

Cherno JALLOW

Ph.D. Dissertation, Islamic Economics and Finance

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Recently, research on Islamic social finance (ISF) has been a particular interest among researchers. Within this sector, Islamic microfinance, zakat, and waqf plays a significant role in enhancing financial inclusion, poverty alleviation, and economic empowerment among the impoverished. Nonetheless, in a developing country like The Gambia, ISF remains underdeveloped, with limited adoption and awareness about ISF instruments even though about 95% of the population is Muslim. Hence, this study seeks to explore the factors that influence the intention to use Islamic microfinance in the Gambia while also exploring the challenges faced by the Islamic microfinance institutions in the country. Furthermore, the study seeks to explore the perceptions of these institutions regarding the use of Zakat and waqf as funds mobilization tools. The study utilized a mixed-methodology approach, with the quantitative approach analyzed based on survey with 518 respondents by employing structural equation model. Further, the qualitative approach was employed to conduct an interview with managers of Islamic microfinance institutions.

The findings from the quantitative analysis established that attitude, subjective norm, and perceived behavioral control exerts a significant influence on intention to use Islamic microfinance in the Gambia. Additionally, the analyses reveal that attitude plays a significant mediating role between awareness and knowledge and the intention to use Islamic microfinance. Meanwhile, findings from the qualitative interviews highlights the challenges Islamic microfinance institutions are confronted with, including regulatory challenges, lack of awareness, and capacity constraints in Islamic finance expertise. Additionally, the qualitative

analysis shows that there is untapped utilization of zakat and waqf for fund mobilizations in supporting Islamic microfinance institutions to advanced shariah compliant services to the poor and entrepreneurs. In light of the findings, this research offers theoretical and practical contributions on Islamic microfinance adoption behavior. The study provides significant recommendations for regulators, Islamic microfinance institutions, and policymakers. There is a need for enhanced public awareness programs, improved regulatory frameworks, and strategic utilization of zakat and waqf to promote the growth of Islamic microfinance, which ultimately drive financial inclusion and poverty alleviation in The Gambia.

Keywords: Islamic microfinance, Zakat, Waqf, Theory of Planned Behavior, The Gambia.



ÖZET

GAMBİYA'DA İSLAMİ SOSYAL FİNANS POTANSİYELİNİN ARAŞTIRILMASI: BİR YAPISAL DENKLEM MODELLEME YAKLAŞIMI

Cherno JALLOW

Doktora Tezi, İslam Ekonomisi ve Finansı

Danışman: Prof. Dr. Mehmet BULUT

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Son zamanlarda, İslami sosyal finans (ISF) üzerine yapılan araştırmalar araştırmacılar arasında özel bir ilgi görmektedir. Bu sektörde, İslami mikrofinans, zekat ve vakıf, yoksullar arasında finansal katılım, yoksulluğun azaltılması ve ekonomik güçlenmenin artırılmasında önemli bir rol oynamaktadır. Bununla birlikte, Gambiya gibi gelişmekte olan bir ülkede, nüfusun yaklaşık %95'i Müslüman olmasına rağmen, İGF araçları hakkında sınırlı benimseme ve farkındalık ile İGF az gelişmiş olmaya devam etmektedir. Dolayısıyla, bu çalışma Gambiya'da İslami mikrofinans kullanma niyetini etkileyen faktörleri keşfetmeyi ve aynı zamanda ülkedeki İslami mikrofinans kurumlarının karşılaştığı zorlukları araştırmayı amaçlamaktadır. Çalışma ayrıca, bu kurumların zekat ve vakfın fon seferberliği aracı olarak kullanımına ilişkin algılarını araştırmayı amaçlamaktadır. Çalışmada karma bir metodoloji yaklaşımı kullanılmış, nicel yaklaşım 518 katılımcı ile yapılan ankete dayalı olarak yapısal eşitlik modeli kullanılarak analiz edilmiştir. Ayrıca, İslami mikrofinans kurumlarının yöneticileri ile mülakat yapmak için nitel yaklaşım kullanılmıştır.

Nicel analizden elde edilen bulgular, tutum, öznel norm ve algılanan davranışsal kontrolün Gambiya'da İslami mikrofinans kullanma niyeti üzerinde önemli bir etkiye sahip olduğunu ortaya koymuştur. Ayrıca analizler, tutumun farkındalık ve bilgi ile İslami mikrofinans kullanma niyeti arasında önemli bir aracılık rolü oynadığını ortaya koymaktadır. Bu arada, nitel görüşmelerden elde edilen bulgular, İslami mikrofinans kurumlarının karşılaştığı yasal zorluklar, farkındalık eksikliği ve İslami finans uzmanlığındaki kapasite kısıtlamaları gibi zorlukları vurgulamaktadır. Ayrıca nitel analiz, İslami mikrofinans kuruluşlarının yoksullara ve girişimcilere yönelik şeriata uygun hizmetleri geliştirmelerini desteklemek

amacıyla fon seferberliđi için zekât ve vakıflardan henüz yararlanılmadığını göstermektedir. Bulgular ışığında bu araştırma, İslami mikrofinansin benimsenme davranışı üzerine teorik ve pratik katkılar sunmaktadır. Çalışma, düzenleyiciler, İslami mikrofinans kurumları ve politika yapıcılar için önemli tavsiyeler sunmaktadır. İslami mikrofinansin büyümesini teşvik etmek ve nihayetinde Gambiya'da finansal kapsayıcılığı ve yoksulluğun azaltılmasını sağlamak için kamuoyu bilinçlendirme programlarının geliştirilmesine, düzenleyici çerçevelerin iyileştirilmesine ve zekat ve vakfin stratejik kullanımına ihtiyaç vardır.

Anahtar Kelimeler: İslami Mikrofinans, Zekat, Vakıf, Planlı Davranış Teorisi, Gambiya.



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LIST OF ABBREVIATIONS

AGIB	Arab Gambia Islamic Bank
ATT	Attitude
AW	Awareness
BC	Behavioral Change
CA	Cronbach's Alpha
CBG	Central Bank of the Gambia
CR	Composite Reliability
GTU-ICUG	Gambia Teacher's Union Islamic Co-operative Credit Union
HTMT	Heterotrait-Monotrait Ratio
ISF	Islamic Social Finance
KW	Knowledge
MM	Measurement Model
OIC	Organization of Islamic Cooperation
PBC	Perceived Behavioral Control
PLS	Partial Least Square
SEM	Structural Equation Modelling
SM	Structural Model
SRMR	Standardized Root Mean Square Residual
SN	Subjective Norm
TPB	Theory of Planned Behavior

VIF

Variance Inflation Factor



CHAPTER I

INTRODUCTION

1.1 Background

Islamic finance has gained global importance and strength since its inception in the past few decades. Islamic finance represents a faith-based financial system with underlying Shariah principles that are subject to moral prohibitions. The foundation of Islamic finance rests upon genuine financial operations that embody the doctrines, conceptual framework, and axioms of realism, wealth accumulation through ownership, and moral commitment (Kahf, 2015). Consequently, the principles, paradigm, and axioms of realism, earning through ownership, and moral commitment established by Islamic finance serve as primary instruments for developing the Islamic economic system, as all transactions and institutions that operate inherently focus on the real economy and exclude all virtual trades such as options, swaps, short trades, and debts (Kahf & Khan, 1992).

Contemporary Islamic finance as practice today started operation in the last few decades, pioneered by prominent Islamic banks in the field. The growth of Islamic finance is notable, particularly in the Gulf countries and Asian, European, and African markets (Abduni, 2008). Despite the downturns in many global economic and financial centers amid a resurging pandemic, recent reports on the Islamic finance industry have unveiled significant expansion recently. The sector has demonstrated resilience and sustained growth over the years with notable growth seen in gulf countries, Malaysia, and Indonesia. The IFSB stability report on the sector reveals that total assets of the Islamic finance market, as measured by Shariah compliant markets amounts to USD 3.06 trillion in 2021, representing a 11.3% rise from the prior year's figure (IFSB, 2022). As of 2023, there are 7098 Islamic financial institutions operating globally, with an expected growth of 10% in 2024, driving by expansion of Islamic banking markets.

Since its initiation several decades ago, there is a growing influence and significant growth of Islamic finance because of its rapid growth. Though this growth is mostly attributed to Muslim majority countries including Malaysia, Indonesia and gulf countries. However, there is also a notable increase of interest in Islamic finance from non-Muslim countries. Major financial centers, including Luxembourg, London, and

New York, have witnessed rapid growth for demand of Islamic finance (Salman & Nawaz, 2018).

Islamic social finance (ISF) is a crucial social finance tool whose instruments are to help the poor and entrepreneurs in regard to financing (Jouti, 2019). In Islamic social financing, the principal instruments utilized are instruments rooted in philanthropic principles, namely *awqaf*, *Zakat*, and *sadaqah* (IRTI, 2020). ISF Instruments such as *qard* and *kafalah* are based on cooperation, while contemporary ISF instruments such as Islamic microfinance are recent instruments that have existed in contemporary time. The ISF instruments of *Zakat* and *awqaf* are considered to be part of the third sector in Islamic economics and could be a potential solution for enhancing economic growth through poverty alleviation, enhancing financial inclusion, boosting employment opportunities, and improving the education of the poor. During the early period of Islam up until the ottoman rule, both *Zakat* and *awqaf* served as instruments of wealth re-distribution and was significant to the socioeconomic development of Muslim societies (Sadiq Usman & Tasmin, 2016). Islamic social finance in terms of total assets and scale of operation compared to Islamic banking is low, however, ISF instruments play a significant part in the socio-economic developments in most Muslim countries (Uddin & Mohiuddin, 2020). Islamic social finance demonstrates considerable growth potential, particularly in Indonesia, Malaysia, Iran, Saudi Arabia, and Pakistan. The prospective for *Zakat*, cash *waqf* and land *waqf* in Indonesia is crucial, with *zakat* amounting to USD 26.1 billion, and cash *waqf* and land *waqf* estimated at USD 12.6 million and USD 140 billion respectively (Widiastuti et al., 2022). The growth of ISF in Gambia is of paramount importance. The sector is mostly dominated by Islamic microfinance and *Takaful* institutions. At present, two Islamic microfinance institutions and two conventional microfinance institutions offer Islamic microfinance services. The bulk of the services provided by Islamic microfinance institutions are mostly micro-credit.

Islamic microfinance is crucial for addressing poverty. It is the utilization of Islamic finance principles in providing microcredit to the poor (Obaidullah, 2008). As a shariah compliant financing tool, Islamic microfinance offers a great opportunity for providing access to finance to small entrepreneurs and the poor, serving as an alternative to the conventional financing model (Bui, 2013). This form of financing,

with a core foundational goal of prohibiting interest and promoting social justice, has developed significantly in some Muslim countries over the years (Tawat, 2013).

The Gambia is a developing nation that have a population of about 2.8 million. It is entirely bordered by Senegal excluding in its seaside which stretches about 80km on the Atlantic Ocean. The inception of the first Islamic bank in the Gambia was evident as the first step towards the advancement of Islamic finance in the Gambia. Islamic finance is evolving in the country and has a good potential for development owing to its Muslim majority population. The current population in the Gambia is about 2.73 million¹ and 95% of them are Muslims. To offer to the financial needs of these Muslims through Shariah compliant contracts, Islamic finance emerged with AGIB Bank, been formed in January 1997. Subsequently, few Islamic financial institutions emerged recently. While Islamic finance in the Gambia is still evolving and has not been fully adopted by citizens in relation to its conventional counterpart, the industry at present encompasses a limited variety of Islamic financial services including an Islamic bank, two fully fledged Islamic microfinance institutions, a conventional microfinance institution offering Islamic microfinance services, and five takaful companies.

This study focuses on making valuable contributions in the academic literature by exploring the ISF sector in The Gambia. Firstly, it approaches the topic in conjunction with two main research objectives; the quantitative objectives which focus on Islamic microfinance adoption behaviour, and the Qualitative approach which shed lights on zakat and waqf in the Gambia by leveraging on the zakat-waqf literature done in other countries. The study builds on the theory of planned behaviour (TPB) in examining Islamic microfinance adoption behaviour. TPB is a prominent hypothesis in behavioral studies which offers a holistic understanding of predicting and explaining behavioral intentions. TPB is a known model in social science studies to determine how individuals behave by examining three factors that influence intention. These three factors are attitude (ATT), subjective norm (SN), and perceived behavioral control (PBC). These factors influence a person's behavioral intention to perform a behaviour that eventually influences their actual behaviour.

¹ <https://worldpopulationreview.com/countries/gambia-population>, accessed on 20th November 2022

1.2 Problem Statement

Islamic microfinance is gaining recognition and acceptance by governments, institutions, and private entities/individuals in nations where Islamic finance is advanced and developed. Islamic microfinance is founded on the belief that financial independence through Islamic values can be achieved if the right regulatory support and the enabling environment is in place. Consequently, the evolution of Islamic microfinance has led to a significant transformation with regards to access to shariah compliant financing for low-income earners and entrepreneurs in Muslim nations where Islamic finance has thrived. For instance, Malaysia and Indonesia have successfully developed and implemented programs with a clear objective of alleviating poverty by establishing Islamic microfinance institutions. The Gambia as a developing country is looking up to these countries to develop its Islamic microfinance sector. Although the Gambia possesses a less diverse financial system in comparison to its regional counterparts in West Africa, the expansion of Islamic financial institutions nonetheless is promising, with two new Islamic microfinance institutions established in the past three years. Thus, there is potentials avenue for the growth of the sector if right regulations are given by government authorities and regulators. Accordingly, promoting and increasing awareness of Islamic microfinance is important for developing countries such as the Gambia to enhance economic growth and development. Moreover, adopting Islamic microfinance products and services presents a good mechanism to empower the poor, enhance financial inclusion, promotes entrepreneurship, and help in alleviating overall poverty.

Studies on adoption of Islamic microfinance is a new phenomenon in the Gambia, with no studies believed to be conducted in this area. Most of the studies are either related to the awareness and perception about Islamic microfinance, women empowerment and Islamic microfinance, or SDGs and Islamic microfinance (Kolley, 2020; Senghore, 2019). In addition, no study has adopted the TPB to explore Islamic microfinance adoption nexus. Consequently, the study endeavor to address the gap through examining the determinants that shape intention to accept Islamic microfinance in the Gambia, using the TPB as a guiding theory. Further, given the strenuous challenges facing Islamic microfinance institutions in the country, there is a need to explore the challenges of these institutions.

1.3 Research Objectives and Questions

The thesis endeavor to evaluate potential customers' behavioral intention to use Islamic microfinance and to further examine the challenges and prospects encountered by Islamic microfinance institutions. Furthermore, the study analyze the use of zakat and waqf by Islamic microfinance institutions as a fund mobilization tools. Consequently, the study's specific aims are twofold:

Quantitative Objectives:

- To examine the level of awareness, knowledge, and behavioral change on attitude towards the use of Islamic microfinance services in the Gambia.
- To examine the relationship between awareness, knowledge, behavioral change, and TPB constructs towards the intention to adopt Islamic microfinance.
- To investigate the mediating effect of attitude on the level of awareness, knowledge, and behavioral change on intention to use Islamic microfinance services in the Gambia.

Qualitative Objectives:

- To explore the major issues and problems affecting Islamic microfinance in the Gambia.
- To explore the perceptions of Islamic microfinance institutions in using *Zakat* and *waqf* funds to mobilize resources.

Following the research objectives, the research questions are as follows:

- **RQ1:** What is the level of awareness, knowledge, and behavioral change on attitude towards Islamic microfinance participation in the Gambia?
- **RQ2:** What is the level of awareness, knowledge, behavioral change, and TPB constructs on intention towards Islamic microfinance participation in the Gambia?
- **RQ3:** Does attitude mediate the linkage between awareness, knowledge, and behavioral change in relation to the adoption of Islamic microfinance?
- **RQ4:** What are the major issues and problems affecting Islamic microfinance in the Gambia?
- **RQ5:** What are the perceptions of Islamic microfinance institutions regarding the use of *Zakat* and *waqf* funds to mobilize resources?

1.4 Significance of the Study

Islamic finance serves as a crucial component in the growth of a country's financial system and contribute to economic advancement. The emergence of Islamic microfinance organizations in the Gambia has provided avenue for the country's development activities in fighting against poverty. Islamic finance in the Gambia is at its emerging state, but steadily resilient, and growing, driven by the growth in assets of Agib Islamic bank, continued expansion of the Islamic microfinance and takaful institutions. Therefore, this research is expected to have a crucial implications in the domain of ISF literature.

This study will make substantial contributions to theory and practice. Firstly, it will offer empirical evidence in the field of Islamic microfinance and the applicability and extension of the TPB by providing new insights in the context of the Gambia. The application of the TPB model can significantly enhance our understanding of Islamic microfinance adoption behavior. Secondly, the study will make a notable methodological contribution by employing statistical analysis to determine reliability and the validity of measurement items. Thirdly, from a practical aspect, this study will be helpful to the growth of the Islamic finance sector by encouraging potential clients to increase their adoption of Islamic microfinance services.

Furthermore, the outcomes from this research will unveil a crucial contribution to the extant literature as it is the first empirical study on the intention to use Islamic microfinance in the Gambia, thereby offering the first empirical data with a focus in the Gambia. Additionally, the present study will also provide useful information and recommendations for various stakeholders such as the government, policy makers, practitioners, and the public in enhancing and developing the Islamic microfinance sector. Finally, for researcher, students, and practitioners, this study will serve as a valuable reference for academic works related to Islamic microfinance adoption behavior, zakat, and waqf.

1.5 Research Methodology

This forms the core strategies and plans that a researcher follows in answering the research question of a study. A clear and well-thought-out research method enables the researcher to carry out valuable research. This study employed mixed methodology research comprising of both quantitative and qualitative approach (Bryman, 2008;

Creswell, 2009). Quantitative research entails the systematic process of quantifying and analyzing data collected through a deductive approach (Bryman, 2008). This approach as adopted in the current study involves the development and testing of hypotheses based on theory.

Whereas the qualitative method is the process of generating a theory from research based on the data collected through an inductive approach (Bryman, 2008). The philosophical foundation upon which qualitative method leans is based on the constructivist and transformative knowledge claims (Creswell, 2009). Qualitative research has the advantage of providing new insights into phenomena or studies that have not been adequately explored. The qualitative study for this study aims to respond to research questions four and five. The qualitative study consists of interviews with officials of the Islamic microfinance institutions regarding the challenges facing the Islamic microfinance institutions. It further explores the perception of Islamic microfinance officials about waqf financing and zakat through a semi-structured interview.

For the quantitative analysis, data was collected through questionnaires in order to gather primary data from potential customers of Islamic microfinance institutions, utilizing a snowball sampling technique. Google doc form was prepared, and the form was shared to a different people via email and social media platforms. The quantitative study employed Partial Least Squares Structural Equation Modelling in analyzing the hypothesis. The quantitative analysis was done in two ways: first, the measurement model analysis was done, followed by the Structural model analysis. Besides primary data, the study incorporated secondary sources such as articles, relevant reports, official government reports, websites, and textbooks.

The final part involves the qualitative data, gathered through semi-structured interviews with senior officers of three Islamic microfinance institutions in the country. The qualitative data was analyzed using thematic analysis.

1.6 Research Hypotheses

The study's hypotheses are formulated as follows:

- **H1:** If a person is aware of Islamic microfinance, then (s)he has a positive attitude towards Islamic microfinance.

- **H2:** If a person has knowledge of Islamic microfinance, then (s)he has a positive attitude towards Islamic microfinance.
- **H3:** Behavioral change influences a person's attitude towards Islamic microfinance services.
- **H4:** If a person is aware of Islamic microfinance, then (s)he has a positive intention towards Islamic microfinance.
- **H5:** If a person has knowledge of Islamic microfinance, then (s)he has a positive intention towards Islamic microfinance.
- **H6:** Behavioral change influences a person's intention to adopt Islamic microfinance services.
- **H7:** If a person has a positive attitude of Islamic microfinance, then (s)he will have a positive intention to use Islamic microfinance.
- **H8:** Subjective Norm influence intention to use Islamic microfinance services.
- **H9:** Perceived behavioral control influences intention to use Islamic microfinance services.
- **H1a:** Attitude mediates the correlation between awareness and intention to accept Islamic microfinance.
- **H2a:** Attitude mediates the correlation between knowledge and intention to use Islamic microfinance.
- **H3a:** Attitude mediates the association between behavioral change and the intention to use Islamic microfinance.

1.7 Limitation of the Study

This thesis has some limitations. To start with, the sampling method was utilized based on non-probability sampling technique. Consequently, the generalizability of the research findings may be restricted. Secondly, in terms of the conceptual model, the exogeneous variables in this study could only explain 72.4% of the intention to use Islamic microfinance in the Gambia. Thirdly, besides the TPB constructs, this study is constrained to three extended variables: awareness, knowledge, and behavioral change. Future studies could consider additional factors such as religiosity, compatibility, and financial literacy in the TPB model. Fourthly, this research is cross-

sectional in nature which cannot examine changes in behavior over time in order to provide greater explanatory power and better valuable findings and to further provides a broader understanding of Islamic microfinance behavioral adoption in the Gambia. Fifthly, the study did not explore moderating effects on the predicted variable, which could have provided useful insights into adoption behavior. Potential moderating variables may have included professional experience, gender, education, and financial level. Sixthly, since this study focused on the Gambia which has its social and cultural settings, a comparative study with another country could be conducted in order to capture differences in participants' diversity and variability. Finally, the current study only explores and measures behavioral intention without measuring the actual behavior which is a core TPB tenet.

1.8 Organization of the Thesis Chapters

This section explains the organization of the study in a sequenced manner. The dissertation is structured into seven chapters. The introduction chapter (Chapter One) begins with the research's background, research problem, objectives and questions, while also highlighting the study's importance. Subsequently, the chapter elaborates on the research methodology, research hypotheses, as well as limitations and organization of the thesis.

Chapter two offers an overview of the Islamic financial system as well discussions on Islamic social finance instruments central to this research. The initial section delves into the Islamic financial system, with a particular focus on the Islamic financial contracts and the prohibited elements in Islamic finance. Further, the second section focuses on the Islamic social finance instruments offering a detailed analysis of microfinance, Islamic microfinance, and zakat and its socioeconomics' importance. The third section discusses waqf, with a focus on its definition, principles, forms, and socio-economic importance.

The third Chapter discusses the literature review by delving into the discussions of existing scholarly literature related to Islamic microfinance and highlighting the conceptual framework of the study. Firstly, we discussed the theoretical underpinning of the model in light of the TPB. Secondly, empirical literature related to Islamic microfinance adoption behavior is elaborated with the gap in the academic literature identified, and a summary of the discussed literature been provided. The chapter

concludes with presentation of the conceptual framework and the development of the research hypotheses for each construct utilized in the study.

Chapter four explore the Islamic social finance sector within the Gambian context. It highlights the Gambia's economy and financial industry landscape. It further presents Islamic finance sector by delving into the sector's banking and Islamic microfinance component. Finally, a brief overview of Zakat and waqf is discussed.

Chapter Five highlights the methodological framework, offering a thorough explanation of the research method and research approach. It presents research and methods of data collection and sampling method procedure. Further, the methods of data analysis for both the quantitative and qualitative approach were highlighted in detail.

Chapter six presented the results on Islamic microfinance adoption behavior and the qualitative results. Firstly, the quantitative results are presented where analysis of the demographic information of participants, the MM and SE model results are presented. Further, the qualitative results are presented and discussed. This is followed by discussions on results, followed by conclusion.

The seventh chapter offers a summary of research findings, study implications, and limitations. It also proposes avenues for future investigation, outlines policy recommendations, and concludes.

CHAPTER II

THE ISLAMIC FINANCIAL SYSTEM AND ISLAMIC SOCIAL FINANCE: A GLOBAL PERSPECTIVE

2.1 The Islamic Financial System

Contemporary Islamic finance (IF) represents a recent paradigm of financing that has materialized within recent decades. Its emergence has been giving attention from researchers, practitioners, governments, and bankers. It is a mode of financing that is deeply rooted in the Shariah, which covers all aspects of the life of a Muslim. Consequently, all financial operations in Islamic finance should be aligned within the Shariah principles. Shariah comprises of rules rooted from the Quran and Sunnah. Shariah encompasses wide area of doctrine which include worship, morals and manners, belief, and muamalat (transactions and contracts between people). Islamic finance is categorized under the Shariah classification of contracts and commercial transactions (muamalat). Islamic finance principles prohibit business transactions that encompass interest, uncertainty, gambling, and trading in prohibitive activities, such as alcohol and pornography. Moreover, all transactions should be agreed by the people involved in the business transactions (Sara, 2020). Thus, Islamic finance is based on, among other things, ethical investments, asset-backed investments, risk-sharing financial contracts, justice, and equal distribution of wealth.

Although Islamic finance contributes a relatively small percentage to the traditional finance industry, it has expanded rapidly recently. In terms of numbers, the Islamic finance industry was USD 4 trillion in 2021, making a 17% growth in relation to the previous year, (GIFR, 2022). In terms of the portfolio of assets, about 76% of the total Islamic finance market share is accounted for by the Islamic banking sector with the gulf countries holding the largest proportion of Islamic banking assets followed by the MENA region (Aziz et al., 2020).

Islamic financial transactions must adhere to specific forbidden elements to ensure the sanctity of Islamic financial contracts. The primary shariah prohibitions are riba, gharar, and gambling. Further, the prohibitions also include cheating in all of its forms particularly in contracts, engaging in selling prohibitive activities like alcohol and

pornography (Habib, 2018). To ensure that all transactions are compatible with Islamic norms, these prohibitive elements should be avoided in any business or financial transaction. An overview of some of these forbidden elements is discussed below.

2.1.1 The Prohibition of Riba

Islamic finance is fundamentally characterized by its prohibition of riba in financial transactions. In Islamic finance, parties to financial transactions are prohibited from participating in riba-based activities, regardless of the purpose for which such activities are conducted. Consequently, riba is considered a grave transgression, as explicitly stated in the legislated Islamic sources. Riba linguistically means increase, excess, or usury, although it is generally understood conventionally to mean interest. In Islamic finance, riba is defined as the interest paid to a particular creditor by a debtor beyond the original amount as a pre-requisite for the loan. This means that riba is an unjust and undeserved income earned by a creditor which Islam prohibits in all its form. Further, riba affects the socio-economic life of those who are involved in it as it harms them severely in this world and the hereafter. The Quran explicitly mentions in several verses the prohibition of riba. In chapter 2, verse 275-276 of the Quran, it is clearly mentioned that engaging riba based transactions are prohibited. In these verses, the Quran prohibits riba and explains that riba is not like trade, even if there is mutual consent among parties in a transaction involving riba, it will still not be permissible. The Quran mentioned trading in riba as a major sin and declared a war against those who practiced it. Thus, the prohibition of riba is predicated on establishing economic justice between parties and ensure no form of exploitation is done on the other party on the basis of earning a return without sharing in the risk (Khan, 2008). While the Quran references riba in different verses, its true meaning and further elaboration are clearly provided in the sunnah. Most Islamic jurists agree that Riba is classified into two main forms: riba alnasiha (credit riba) and riba alfadl (surplus riba).

Riba alnasiha was the well-known type of riba practiced by Arabs during the pre-Islamic era. This form of riba means an increase or benefit that arises from any delay of loan or goods repayment by the borrower to the lender. Thus, in this type of riba, a stipulated premium is charged over and above the principal amount by the borrower, as a precondition for the loan or for a delay over the fixed period (AbdulRahim, 2010). This is the only type of riba mentioned in the Quran and hence termed as riba al-Quran. The other form of riba which is discussed in the sunnah is riba alfadl which relates to

barter transactions. Riba al-fadl is the sale of product over and above the quantity with a disparity or delay in delivery of the goods offered. These items are usually of the same genus and riba in these items can be found in the exchange of gold for gold, silver for silver, wheat for wheat, barley for barley, salt for salt, dates for dates as clearly mentioned in the hadith.² Thus, the hadith clearly stipulates that, the mentioned items cannot be exchange with prolong in the delivery of the items and unequal weight. Further, these items must be exchanged for each other on the spot (without delay) and in the same quantity. For instance, dates of high quality cannot be exchanged for inferior quality of a larger amount.

2.1.2 Gharar

The second major prohibition that should be avoided in Islamic finance is gharar. Gharar in the Islamic legal terminology means uncertainty or risk arising. Ayub (2007) defined gharar as the ambiguity arising from a lack of transparency concerning the object or cost in a contractual agreement. A contract involving gharar tries to protect one party at the expense of the other party in a negotiation by making one party to have more information than the other. The religion of Islam mandates that, in a financial transaction, all parties should have a transparent and clear contract for any transactions that they engaged in. Unlike the legality of riba in the primary sources of Islam, gharar has not been explicitly mentioned in the Quran. In a hadith, it is noted that the prophet prohibits a sale contract whose object is determined by chance. Gharar based transactions include issues like selling a fish that is in the water, or a bird in the sky or selling the offspring in the womb of a pregnant animal.

In Islamic finance transactions, gharar in a contractual agreement can be found in two ways: 1) ignorant of the subject matter and 2) the price. The former prohibits selling a commodity whose existence and characteristics are not certain. These include among others, lack of information about the particular product, selling an unknown object, selling a product which do not exist yet or whose specifications are not certain (salam and istisna transactions been an exemption), and deceptive transactions (Sara, 2020). Shariah scholars also prohibit selling something whose price is not specify at the time

² Source: sahih muslim, Book 10, Hadith no. 3861, available at <https://sunnah.com/muslim/22/1122>

of signing a contract. In business transactions, uncertainty cannot be completely avoided as risk taking is a condition in order for contracting parties to earn a return in Islamic finance. That is why shariah scholars distinguished between excessive gharar and minor gharar and declared that the former is not permissible. Thus, too much uncertainty of the object and cost in a transaction makes the contract null and void as far as the sharia is concerned.

2.1.3 Maisir

Maisir which is the Arabic word for gambling is one of the major prohibitive elements under the Islamic structure of business and finance. Maisir is a deceptive contract where one party makes a gain at the expense of another. It comprises of all types of gambling where one party loses or gains at the expense of the other party (Habib, 2018). The Quran warned Muslims to stay from gambling while also attaching it with intoxicant.³ Thus, the Quran clearly mentioned that maisir in all its form is not permissible as it makes people lose their wealth unjustly. An individual may stake his money for something with the hope of gaining a huge amount of money and unfortunately for him, it turns out to be a loss or damaged. That is why all modern-day lotteries and betting ‘; comes under the category of gambling and hence prohibited in Islam.

2.2 Islamic Financial Contracts

2.2.1 Mudarabah

Mudarabah represents a form of partnership or equity contracts which is considered essential in Islamic finance as it has a linked to the real economy. Mudaraba is rooted from the Arabic term “Darab fi al-ard” go on to the land in order to seek the bounty of Allah. It is a shariah based financial contract that has been in existence for centuries. Mudaraba is an investment and profit-sharing partnership that is part of an agreement between two contacting parties; rabal mal (or capital provider) and mudarib who is the entrepreneur or investor. In this type of partnership, the capital provider provides the entire capital required for a business venture, while the entrepreneur devotes his time, expertise, skills, and management to the business venture. Once the project is established, it is imperative for the parties involved to pre-agree on a profit-sharing

³ See Quran 2:219 and Quran 5:90-91

ratio prior to contract finalization. The profit-sharing ratio can be in any proportion such as 30/70, 40/60 or even 50/50 depending on the agreement of both parties at the time of effecting the contract. However, it should be noted that the profit of the business cannot be fixed before the start of the contract transaction otherwise the contract becomes null and void from a shariah perspective. Additionally, the capital of the business cannot be expressed as a percentage of the profit. In circumstances of unfavorable situations, the provider of funds (rabul mal) bears all the losses of the invested funds while the entrepreneur loses the time and energy that he puts in the business. However, the entrepreneur bears responsibility for the capital invested in case of carelessness, wrongdoing, or breach of contractual agreements.

In contemporary finance, an Islamic financial institution can participate in a mudaraba agreement with its depositors. Islamic financial institutions will acquire fund from depositors through Mudarabah and allocate these funds available to borrowers or entrepreneurs in need of fund for investment purpose. Hence, in this scenario, the Islamic financial institution becomes the mudarib and the depositors are the providers of funds (Abalkhil, 2018). The deposits will be invested in a sharing compliant schemes and profits if any will be shared among all depositors and the Islamic financial institution. Conversely, Islamic financial institution can also provide financing to entrepreneurs in need of cash through the mudaraba scheme. In this scenario, the Islamic financial institution now acts as the rabul mal while the entrepreneur is the mudarib who will provide the expertise, management, and labour. The allocation of potential profits between the Islamic financial institution and the entrepreneur is predetermined according to a decided-upon ratio. In the mudaraba contract, the Islamic financial institution may encounter the issue of asymmetric information risk. To mitigate this issue, Islamic financial institutions should ensure that, borrowers provide regular financial performance of their business activities to the bank (Yumna, 2014).

Mudarabah can be classified as unrestricted mudarabah or restricted Mudarabah. In the unrestricted Mudarabah (Mudarabah Mutlaq), the mudarib has the absolute right to invest in any permissible schemes based on his knowledge and experienced in investing in a profitable venture. For Islamic financial such as Islamic banks, this form of Mudarabah is normally applied to general investment accounts. In restricted Mudarabah (Mudarabah muqayyadah), the mudarib is only allowed to invest in a certain kind of business that the rabul mal authorized or wants him to invest in. In this

case, the *rabul mal* may specify or instruct the *mudarib* to invest the money in a particular business that the *rabul mal* deems fit or desire. For instance, the *rabul mal* may specify the *mudarib* to invest in a specific business venture, place, or a fix duration of investment. This form of *Mudarabah* is applied by Islamic bank through its specific investment accounts where the depositors specify a particular business venture that they want the Islamic bank to invest in.

2.2.2 Musharakah

Musharakah is a contract in which contracting parties enter into a partnership agreement wherein parties will mutually agree to contribute and collaborate in terms of capital and management and have similar rights and liabilities (Sara, 2020). The parties to this type of contract can be two or more parties or partners. In *musharakah*, partners will mutually agree upon the business model and operation required for the smooth establishment of the business. Partners will agree to provide capital during the formation of the business and participate in daily management and operation of the business. However, partners in a *musharakah* may agree in the contract clause that a particular partner or few partners shall take full responsibility in the management of the *musharakah*, while the remaining partners will just be sleeping partners. In this case, Usmani (1998) is of the view that the sleeping partner's entitlement to profit shall be limited to the proportion of his principal contribution.

The return-distribution ratio ought to be affirmed by all members at the time of effecting the *musharakah* (Usmani, 1998). Contributions by members can be cash or kind, however, most of the classical jurists hold the view that contributions by members should be in liquid form (Usmani, 1998). Furthermore, profits if earned are distributed based on the realized profit instead of being distributed proportionally to the initial capital investment (Usmani, 1998). This in principle, is to not allow any member gets a fixed amount of profit as this not allowed in Islamic finance. Furthermore, the profit in a *musharakah* venture cannot be guaranteed as in interest-based loan (Habib, 2018). If the business becomes, the extent of the loss will be proportionate to the amount that each member contributes to the business. For instance, if a particular partner has only invested 40% of the amount invested in the business, then that particular partner must suffer 40% of the loss (Usmani, 1998).

Islamic financial institution, specifically Islamic bank can enter into musharakah scheme where it will not be the only provider of capital but along with other business partners or depositors. The Islamic bank and participating parties will venture into varying projects with the sole aim of making return. Normally, there will be an exit clause in the agreement wherein the Islamic financial institution may withdraw gradually from the musharakah scheme by selling its share after an initial period. This kind of transaction that the bank does is called musharakah mutanaqisah. Thus, banks would under normal circumstances prefer to enter into musharakah for a limited period of time (Habib, 2018). Since profit in both Mudarabah and musharakah are not predetermined like it is in other Islamic financial contracts discussed below, the successful implementation and performance of these two Islamic financial contracts are complex to implement, thus making them less popular financing by Islamic financial institution in actual practice (Yumna, 2014).

2.2.3 Murabahah

Murabahah represents a fixed return financing and is a form of sale transaction that involve mainly two parties; the Islamic financial institutions and a client who needs financing based on murabahah. It is a resale contract with a fixed profit mark up (Abalkhil, 2018). In this contractual framework, a customer intending to purchase a product seek financing from an Islamic financial institution. The institution acquires the product on behalf of the client, who commits to repurchasing it through installment payments or deferred settlement. Notably, this commitment is not legally binding. Upon obtaining possession and ownership of the product, the Islamic financial institution assumes ownership risk until the product is transferred to the client. Moreover, a separate agreement will be signed by the institution and the customer. Once the agreement is signed, the item is subsequently transferred to the client. The payment will be the cost of the product along with the sales mark-up profit. In murabahah, the cost of the product and the mark up to be added to the original price should be disclosed at the time of initiating the contract (Abalkhil, 2018). Moreover, if the customer default on his payment or doesn't pay on time, an extra payment cannot be imposed on the customer otherwise it will be similar to conventional interest-based transactions which is not shariah compliant. Some dishonest customers take advantage of this and deliberately avoid or delay payment at the stipulated due date (Usmani, 1998). That is why some contemporary scholars such as Usmani (1998) have

suggested that upon signing the murabahah contract, an undertaking should be made by the customer in case he defaults on payment then he should be charged a specific amount. The Islamic bank's charitable fund is responsible for maintaining this designated sum, which should be exclusively allocated for philanthropic purposes rather than contributing to the financial institution's revenue stream.

Nowadays, murabahah contract has emerged as the most common Islamic financial contract that is widely used by Islamic financial institutions to finance customers' needs in countries where Islamic finance exists. Unlike mudaraba and musharakah, Murabahah is less risky, and its return is predetermined and already known once the contract of murabahah is signed. Notwithstanding, it is the most used financing mode. According to several academic studies, nearly 70 percent of the financing activities of Islamic financial institutions (IFI) provide financial transactions through murabahah contract. Murabahah is widely used as a liquidity management tool for interbank financing as well as for international trade transactions (Sara, 2020).

2.2.4 Ijarah

The Ijarah is derived from the word "ajr" meaning compensation for a service rendered to someone (Habib, 2018). The person offering the service is called ajir while the one to whom the service is offered to or the employer is called mustajir (Usmani, 1998). Technically, ijarah is a leasing contract whereby a particular asset and its usufruct is transferred to another person for a specific period in exchange of rental payment. In the ijarah contract, the Islamic financial institution through its vendor would lease an asset to its customer in exchange of a periodical rental payment. In Ijarah, the IFI that is transferring a specific asset is normally called the lessor, whereas the client is the lessee who agree to lease a specific asset for a predetermined duration. The Islamic financial institution retain possession of the asset until the lease contract concludes (Habib, 2018).

Rentals are paid periodically at a predetermined rate, and this must be determined during effecting of the leased contract (Usmani, 1998). The rental payment can be made daily, monthly, or even for a number of years. The lessor will earn profit through rental payments from the usage of the asset by the occupant, and he is responsible for protecting the asset against any major damage. It is the responsibility of the lessee to do periodic minor maintenance of the specific asset in case of minor damages and any

associated costs that may arise as a result of using the leased asset. However, in the event of heavy damage of the asset, the lessee must pay the lessor if it is caused by the lessee's disregard or misuse of the asset (Usmani, 1998). Ijarah is often utilized for the financing of both immovable and movable assets including motor vehicles, or machineries (Yumna, 2014).

Islamic banks used ijarah in two forms. The first one is the normal ijarah that is discussed above, and the other form is ijarah wa iqtina. ijarah wa iqtina which is also called ijarah muntahia bittamleek is an ijarah that transfer of ownership to the lessee once the leased period elapsed. Upon execution of the lease agreement, the lessee makes an undertaking to acquire the asset upon termination of the lease period (Habib, 2018). Consequently, the leased asset is either returned to the Islamic financial institution or sold back to the client at the conclusion of the contractual period (Sara, 2020).

2.2.5 Salam

Salam is similar to a forward sale contract in the conventional financial system although the former is permissible while the latter is not. It is a traditional financial contract that existed even before Islam. However, prophet Muhammad (pbuh) allowed it subject to conditions and instruct his companions to do based on certain criteria. The main aim of salam was to provide the farmers with cash to be able to grow their crops and meet other needs until the time of harvest (Usmani, 1998). Usmani (1998) characterized Salam as a forward sale were a seller undertakes to make future delivery of a described goods in exchange for an advanced payment during contract execution..

Salam contract comes with specific condition in regard to the commodity and the mode of payment so that gharar can be avoided. The commodity, quantity, place, date, and the price of the commodity should be known upon signing the contract. Spot Payment of the full price is binding upon the customer once the contract is signed otherwise the contract becomes null and void. The specific place of delivery and the date should be explicitly mentioned in the contract based on the agreement of the parties. Salam contacts are normally suitable for homogeneous goods such as sugar, rice, oil, agricultural products, as well as in trade finance (Habib, 2018).

Islamic financial institutions such as Islamic banks, normally practiced salam through what is called parallel salam. This form of salam has gained momentum and popularity

among operating contemporary Islamic financial institutions over the years (Habib, 2018). Salam and Parallel Salam contracts usually involve three parties. In parallel salam, the Islamic financial institution will commit to supply or make future delivery of a specific good not yet produced to the customer in exchange of an advanced payment using two separate agreements. During the first agreement, the bank is a purchaser of the commodity from a specific supplier while in the second contract, the bank is the seller of the purchased commodity from the first salam contract to the customer. However, the quality, place and date of delivery, and quantity should share similar specifications (Habib, 2018). It is important to note that, none of these two contracts should be interrelated, i.e., they should be independent of each other as per shariah rules (Usmani, 1998).

2.2.6 Istisna

Like salam contract, istisna is one of the forms of sale contract that deviates from the normal shariah requirements of a valid sale contract. Istisna originating from the word *sina*, refers to the process manufacturing a specific asset. Technically, istisna, is a contract between a purchaser and a vendor/manufacturer in which the former commission the latter to manufacture a specific asset that is in line with a given specifications within an agreed once the agreement is effected. The quality, quantity, description, and price should all be known once the contract is agreed. One of the main differences between salam and istisna contract relates to the mode of payment. Price of the commodity must be paid on spot in a salam contract whereas in istisna, the purchaser has the possibility to make spot payment, or on installment during construction, or at the time of delivering the asset. With its flexible payment options, istisna is mostly applied in real estate and in large manufacturing projects such as airports, hospitals, and schools.

Islamic financial institutions (IFI) usually offer istisna financing to its clients through parallel istisna. In this form of istisna, three parties are involved: the IFI, the client, and the manufacturer of the asset. The client approaches the IFI for financing of a specific asset. Once istisna contract is effected between the IFI and the customer, the institution will contract a manufacturer to manufacture or produce the specific asset with the exact description as agreed in the contract. The IFI will finance the production of the asset and once it is complete, the IFI will deliver the asset to the client in return of periodic payments by the client to the IFI.

2.3 Islamic Social Finance: An Overview

Islamic social finance (ISF) is a form of finance with moral values that are derived from Islamic traditions and have social benefit. ISF supports and promotes society-oriented financing geared towards uplifting the social status of poor communities (Kuanova et al., 2021). As a way of promoting Shariah-compliant Islamic financial instruments, ISF has drawn notable interest from policymakers, financial institutions, academics, and regulators. ISF is predicated on the idea that social and financial services are provided to the less affluent with the objective of enhancing the prosperity of society (Hamed, 2019). ISF's main goals are to support the socio-economic conditions of the impoverished, thereby promoting public interest (Hamed, 2020; Jouti, 2019), income and wealth redistribution, and enhance economic growth through poverty alleviation and employment creation (Ascarya, 2022; Kuanova et al., 2021)

ISF instruments mainly consist of Zakat, waqf, qard-hassan, sadaqah, infaq, Islamic microfinance, and other Islamic voluntary donations. However, ISF instruments in this study focuses on Islamic microfinance, Zakat and Awqaf. The roles and functions of each instrument are unique; however, they all share the same objectives of realizing the welfare of society in this world and the ultimate hope of entering paradise in the hereafter.

2.3.1 Islamic Microfinance

Before discussing Islamic microfinance, it is vital to provide a comprehensive discussion of microfinance from a conventional perspective.

2.3.1.1 Microfinance: Conceptual Definition

Microfinance has appeared as a crucial intervention in poverty alleviation. Microfinance has become a viable instrument for financing the poor segment of society that has remained unbanked by formal financial institutions. In most cases formal financial institutions refrain from offering financial services to the impoverished, as these categories of people are considered risky because of their inability to fulfil the requirements set forth by these institutions (Yumna & Clarke, 2011).

The definition of microfinance has been understood differently by scholars in the field, but a recurring theme across various definitions of microfinance is the facilitation of

financial services to the less privilege. The World Bank illustrates microfinance as the facilitation of microcredit, savings, insurance, and transfer to individuals or microenterprises, who may be rejected from formal financial services to enhance their livelihood (Karlan & Golberg, 2007). Microfinance includes both financial and social dimensions, with the latter focusing on poverty alleviation, capacity building, and humanitarian status (Alalawi, 2018). Clearly, from these definitions, it can be deduced that microfinance aims to empower the poor to be self-sufficient and to help improve their living standards to become productive members of the economic community. Kolawole et al. (2016) argued that microfinance has been a source of success for SMEs with limited access to formal loans from commercial banks.

2.3.1.2 The Microfinance Models

Modern day microfinance, popularly practiced in the 21st century, emerged in the Asean continent in the 1970s. Over time, the evolution of microfinance has taken different forms and models based on certain requirements. Among the most successful stories of microfinance innovations was pioneered by Prof. Muhammed Yunus of Bangladesh in 1976. Prof Yunus was with the view that the poor should have access to finance through without collateral. The Grameen model (GM) is founded on a group lending experiment, designed to provide microloans to the most economic disadvantaged people in Bangladesh, particularly rural women. Thus, women constitute about 95% of the total borrowers, since their default rate is relatively small compared to men (Rahim & Rahman, 2007).

The model groups individuals to up to five members with the purpose of extending microloans to either establish a new venture or expand current businesses. No collateral is required because repayment is based on trust and peer pressure among fellow group members. In other words, members share risk in the case of a member who reneges on his promised to pay. The duration of loan repayment is normally negotiable, and in most cases, it is paid in weekly installments. As the group lending experiment became successful, this led to the formation of the Grameen (village) Bank, with the sole aim of extending credit facilities to the wider poor population in Bangladesh (Harraf, 2008). The experiment of the GM has been successfully replicated in other jurisdictions and served as a needed financial tool for enhancing the living standards of impoverished communities and promoting growth.

The second model that gained popularity in Africa and Latin America is the village bank model with a common philosophy: “Give poor communities the opportunity and then get out of the way” (Toindepi, 2015:97). The model provides financial services to poor families through an agency responsible for the implementation of the project, and beneficiaries comprise approximately 30 to 50 members (Obaidullah & Khan, 2008). The repayment of the loan by each member to the implementing agency is usually on a weekly basis over a period of four months (Obaidullah, 2008).

The third model that was mostly practiced in India is the “Self-help Group” where groups of up to 15 members is form with the aim of mobilizing group members’ savings and providing it as loans to all members (Obaidullah, 2008).

Credit unions are another microfinance model that is popularly practiced in Africa and Asia and aims to provide loans from the savings of its members based on mutuality (Obaidullah, 2008). Furthermore, the model also aims to have a wider outreach among its members, observe financial performance, and provide capacity-building programs in relevant areas for its members (Obaidullah, 2008).

Despite the imperative role that microfinance institutions play in enhancing the livelihood of the poor, as argued by their proponents, the effectiveness of traditional microfinance programs has not really had an impact because of a number of factors, including high interest rates, high transaction costs, and high collateral (Black, 2013). As conventional microfinance operates based on interests that embed some elements of injustice and inequality, there is a need for a viable alternative to non-interest microfinancing that promotes social justice, equity, and economic empowerment of the poor.

2.3.1.3 Islamic Microfinance: Conceptual Definition and Objectives

Following the discussions of conventional microfinance and its operational models, this section will further extend the discussion from an Islamic perspective as part of the general discussion of the Islamic social ecosystem. In the previous subsection, it was noted that microfinance serves as a critical function in extending financial services to the economically disadvantaged, resulting in poverty alleviation and financial inclusion, particularly for women. It is further observed that microfinance is a means by which the poor raise their income and wealth, have access to education and health care, and empower the poor both economically and financially (Mahmood, 2019).

In contrary to the distinctive role of the conventional microfinance in extending finance to the impoverished, it has not achieved its main aim of financial inclusion, particularly in Muslim countries or Muslim majority countries. In other words, microfinance performance in terms of uplifting the poor from poverty in Muslim countries and in the Muslim majority countries has been deficient. This could be attributed to a number of reasons, among others, most Muslims confronted with poverty in Muslim-majority nations are unable to approach traditional microfinance institutions because of interest payment involved which is not in line with their religious beliefs. For instance, a greater preference for sharia-compliant microfinance services over conventional microfinance in OIC countries including Bangladesh, Nigeria, Algeria, and Indonesia has been observed and this demonstrate how Islamic microfinance can serve as a shariah-compliant financing substitute to the poor (Alpay & Haneef, 2015). Islamic microfinance has emerged over the last few decades as an alternative instrument to interest-bearing conventional microfinance. Many writers including Ahmed (2002), Obaidullah (2008), Riwayatanti (2013), and Wajdi Dusuki (2008) have noted the increasing importance of Islamic microfinance for poor Muslims that don't want to involve in interest-based transactions.

Islamic microfinance can be best described as the utilization of shariah laws in providing microcredit to the impoverished. Islamic microfinance is grounded on the idea of fairness and social solidarity, where instruments including murabahah, ijarah, salam, musharakah, and mudarabah are used to support financially excluded and vulnerable members of society. Alalawi (2018) defined Islamic microfinance as a way of poverty alleviation and economic enhancement for the impoverished and low-income recipients with strict adherence to Islamic law and regulations. From a social dimension, Islamic microfinance that promotes economic, humanitarian, religious, and ethical aspects within society. It should be noted that most contracts used in Islamic microfinance conform using the broader philosophy of Islamic finance derived from the values of Islamic ethics and norms (Hassanain, 2015). Both systems promote risk sharing among participants, entrepreneurship empowerment, and encourage the poor to participate in development activities.

Islamic microfinance promotes and encourages responsible and ethically based financial services that benefit the society. Moreover, all financing issued by Islamic microfinance institutions should adhere to the prohibition of interest, excessive

ambiguity, and gambling, as these are fundamental prohibitions that must be avoided in Islamic financial transactions. Furthermore, as regards to resource mobilization and utilization, Islamic microfinance institutions offer shariah compliant contracts such as partnership contracts for resource mobilization and sale-based contracts such as murabahah, salam etc. for resource utilization financing. These contracts are based on sale, lease, or sharing contracts that are align with ethical and moral values and they promote inclusive finance.

There are various microfinance programs that provide Shariah-compliant contracts, notably in Muslim countries. In Indonesia, the Baitul Maal Wa Tamwil (BMT) microfinance program for the poor, the Bank Rakyat, Hodeibeh microfinance program in Yemen, the Jabal-Hoss murabah-based microfinance program in Syria initiated by the UNDP, Qard Hassan's microfinance scheme in Malaysia by Yayasan Tekrun, and Bank Islam Bankladesh are some of the notable countries offering various microfinance schemes to the poor (Rahim & Rahman, 2007).

Islamic microfinance institutions can leverage on zakat and waqf instruments in their fund mobilization for poverty alleviation, as observed by many researchers. For instance, Smolo and Ismail (2011) highlighted that Islamic microfinance institutions can serve as intermediaries or agents of Zakat and waqf funds. In doing so, Islamic microfinance institutions can use Zakat and awqaf in their fund mobilization to support the poor. To achieve this, Zakat funds can be distributed to the poorest for their basic needs, whereas Islamic microfinance institutions can invest funds from the awqaf to boost the investment capital of microenterprises (Alaro & Alalubosa, 2019). Through this, Alpay & Haneef (2015) posits that the rate of default by clients of the Islamic microfinance institutions will be minimize as their consumption needs from the donations of Zakat has already been taking care of. Furthermore, besides managing Zakat funds and waqf, Islamic microfinance institutions also provide financial services to the poor through micro-credit and micro-takaful (Widiastuti, Robani, et al., 2022). Islamic microfinance as a microfinance tool for the poor segment can help enhance the development of entrepreneurship, promote risk-sharing-based ventures and moral values, and improve the social welfare of the impoverished, which will further improve the redistribution of wealth in society.

With regard to their operational activities, Obaidullah (2008) mentioned that Islamic microfinance institutions can leverage from different Shariah-compliant channels in

raising, fund utilization, and risk management. Table 2.1 provides a summary of these instruments:

Table 2. 1 Contracts used in Islamic microfinance

Islamic Finance Instruments	Forms
Fund Mobilization	<ul style="list-style-type: none"> i. Charity sources which Include awaqf, zakat, sadaqah, gift ii. Deposits such as wadiah, Mudarabah and qard-hassan. iii. Equity contract (Musharakah)
Fund Utilization	<ul style="list-style-type: none"> i. Profit and loss sharing ii. Sale based financing iii. Lease based as in Ijarah financing. iv. Qard-hassan
Risk Mitigation	falah (guarantee) which is commonly used in group lending. lateral lending and micro-takaful.

Source: Obaidullah & Khan, 2008

2.3.1.4 Islamic Microfinance and Poverty Alleviation

Poverty is a global pandemic that affects most countries, particularly developing ones. Obaidullah (2008:14) notes that poverty is the “biggest moral challenge of this century”. The World Bank has reported that a staggering 700 million people globally live in abject poverty. Each person in this category lives on less than \$2.15 per day.⁴ This is even more prevalence in the Muslim world as nearly half of global poverty comes from Muslim countries. Poverty has always been related to issues such as limited or no access to education, shelter, poor health and high mortality rates, and this is usually passed on generation after generation if efforts are not made to eradicate poverty (Putri et al., 2019). Despite improvement in global economic prosperity in recent decades, the issue of poverty prevailing across societies remains persistent as noted earlier.

International organizations, NGOs, community leaders, and development-oriented organizations have implemented programs and actions to formulate policies to eradicate poverty. Nonetheless, the initiatives and relentless attempts have not yielded

⁴ Source: <https://www.worldbank.org/en/topic/poverty/overview>, accessed: 10/05/23

positive impacts in poverty-hard-hit countries, even though billions of dollars have been spent globally on these programs. Therefore, a new system of poverty eradication and financial inclusion that is centered not solely on amazing wealth but also on moral and spiritual aspects is needed in the quest for poverty alleviation. Islamic microfinance has thus emerged as an appropriate strategy for alleviating poverty in poor communities through financial provisions using mechanisms such as grants, qard-hassan, waqf funds, and a range of other social services.

2.3.2 Understanding Concepts and Roles of Zakat in the Society

2.3.2.1 Definition of Zakat

Zakat, a pillar in the Islam religion, after sahada (creed) and prayer, underscores its significance in the redistribution of wealth from the affluent to the impoverished. Zakat payment is compulsory for Muslims who fulfilled the conditions of zakat. According to (Kahf, 2009), zakat is considered as the first pillar in Islamic economy. Zakat in Shariah perspective refers to the obligation of Muslims whose share of wealth fulfills certain stipulated conditions mentioned in the Quran and Sunnah to give a part of their wealth to designated zakat beneficiaries. More technically, *Zakat* represents a compulsory annual charge on the excess wealth and income of individuals, on the condition that their wealth and income reach *nisab* (Hamed, 2019). The term *nisab* is the minimum allowable rate for the zakatability of an item. Thus, Zakat is a mandatory charge required on Muslims prescribed by the Quran, as a religion duty and to enhance the developmental wants of the poor through alleviation of socio-economic issues and equitable re-distribution of wealth.

The term Zakat is revealed thirty times in the Quran, often on most occasions, it is associated with the command of salah (prayers) in the same verses (Qardawi, 1999). A considerable number of verses and narrations related to zakat have been mentioned in the Quran and Sunnah respectively. Zakat payment is obligatory on all adult Muslims be it male or female, with complete ownership of certain assets on the condition that the wealth has reached *nisab* and a complete year. The jurists noted that Zakat proceeds should be allocated to the categories stated in the Quran in chapter 9 verse 60 (Ahmad, 2012).

2.3.2.2 The Designated Recipients of Zakat

Allah gave clear and specific details and leaves no ambiguity with regards to beneficiaries of Zakat in the divine book (Quran). According to the Quran, Zakat proceeds are to be allocated to the deserved Zakat recipients. The Quran says in chapter 9 verse 60:

*The poor and the needy, and those employed to administer the (funds); for those hearts have been (recently) reconciled (to truth), for those in bondage and in debt; in the cause of Allah; and for the wayfarer; thus, is it ordained by Allah and Allah is full of knowledge and wisdom.*⁵

Clearly, the Quran only mentioned the eight beneficiaries of Zakat, without providing a detailed explanation to define these eight categories. However, scholars have clarified the conditions and criteria that must be met regarding allocation of Zakat to its beneficiaries.

The first two recipients are considered the main recipients of zakat and are often mentioned together because of their similarities. Both the poor and needy are synonymous in meaning as they both refer to people who barely have the basic necessities to survive along with their dependents (Ahmad, 2012). Some prominent scholars including Qardawi (2002) mentioned that the poor are people whose earnings cannot satisfy their needs or can barely afford their basic needs, whereas the needy are impoverished Muslims who do not own anything. Nevertheless, there are differences in opinions among scholars regarding which of the first two categories of zakat beneficiaries is worst. Malikites and hanafites believe that the needy is more in need than the poor, while other scholars including those in the shafi and hanbali madhab have opined that the poor are in a more difficult situation than the needy (Qardawi, 2002). Nevertheless, both the poor and the needy cannot satisfy all their needs without support from other sources, including zakat (Kahf, 2009).

The third category (Amilun) are those hired by the Islamic State to collect and distribute zakat. They are usually referred to as “zakat administrators” and are employees working under the Zakat authority (Allami, 2015). This third category

⁵ Translated source: <https://www.alim.org/quran/translation/yusuf-ali/surah/9/> accessed on 20th November 2022

receives zakat not because of financial wants, but simply because they are employed by the authority to disburse Zakat funds to the destitute. Qardawi (1999) mentioned that Zakat administrators are entitled to Zakat proceeds even though, they are not under the poor and needy category. Zakat workers should be Muslim adults with sound knowledge of Shariah rulings on Zakat, and their salaries (from Zakat funds) should be based on performance, efficiency, and market rates (Qardawi, 1999).

The fourth category of recipients are those whose hearts are reconciled with the truth (*Almu'alafatu Qulubihim*). These categories include people who have recently reverted to Islam or are hoped that their hearts may soften towards Islam due to their co-existence with Muslims and to people who by giving to them may not cause any vice towards the cause of Islam (Kahf, 2009). With regard to new Muslims, Zakat proceeds can be given to them when they are in need financially so that they can socially integrate with the Muslims, especially when they face discrimination from their non-Muslim relatives. In addition, Zakat proceeds may also be granted to non-Muslims by the Zakat authority to restrain them from causing hostility to Muslims. This occurred at the era of the prophet (pbuh), when he used to give zakat to the disbelievers so that they would stop insulting the religion of Islam (Allami, 2015). Those whose hearts are soften or are closed to becoming Muslims also falls under this category. The prophet gave numerous camels to Safwan ibn Ummayyah when the Muslims became victorious during the battle of hunain, in the hope that he will accept Islam (Qardawi, 1999).

Meanwhile, some jurists opined that this category of Zakat recipients does not exist anymore as it was done purposely by the prophet and then later by his companions to encourage and promote the religion of Islam by encouraging non-Muslims to convert to Islam. For instance, during the reign of Omar ibn Khattab, he stopped given Zakat to non-Muslims with the hope that they will accept Islam because he noticed that Islamic was spreading beyond the Arabian peninsula (Qardawi, 1999). However, Al-Qardawi hold that the annulment of this verse has no evidence in the Quran and sunnah (Qardawi, 2002).

Those are in debt bondage or are under contracted slaves representing the fifth recipients of Zakat. Normally, this category received Zakat so as to liberate them as slaves through a purchase agreement with their masters.

Since slavery has been eradicated in contemporary times, scholars have differing views regarding how to apply this verse. Islamic scholars including Qardawi (1999) argued that part of Zakat proceeds can be used to ransom Muslims who are in captivity as prisoners of wars by the enemies of Islam, while other scholars infer that, this category of people should include people that are politically, economically, or ideologically oppressed by a tyrant or unjust ruler.

The sixth category of Zakat recipients are those under debts arising mainly because of their inability to repay back their debts. This is usually a genuine debt that a person may fall under which can come in different forms including among other things natural disasters like flood or earthquake, losses from business, a person become unemployed, borrowing to spend on family needs, reconciling disputes between individuals, or a deceased person (Kahf, 2009). Thus, Zakat proceeds can be paid to all these categories on the condition that the Zakat given doesn't exceed the debt incurred. However, it should be noted that Zakat proceeds will not be paid to a person under debt because of gambling, drinking alcohol or engaging in other prohibited activities under Islamic law (Qardawi, 2002).

The seventh category of zakat recipients are those on the cause of God. These recipients undertake endeavors that advance and safeguard the interests of the Islamic state or Islam in general. Qardawi (2002) mentioned that this includes people who are fighting in the path of Allah, those who promote and propagate the teachings of Islam in our contemporary times through writing, academic publishing, broadcasting, financing activities of Islamic websites, among others.

The eighth category of Zakat recipients are wayfarers or travelers who are not resident in a place and are in dire need of financial assistance to reach their final destination. Thus, a traveler who has run out of provisions be it in the form of cash or other kinds of provisions, or a person who has been apprehended by thieves on the way are all considered to be Zakat beneficiaries with an amount sufficient to make him reach his final destination (Qardawi, 2002).

2.3.2.3 Zakat Types

The two form of zakat that are primarily discussed in Islamic law are: Zakatul mal (Zakat on wealth) and zakatul fitr (zakat on oneself). The discussions in the previous

section and subsequent sections will be centered on zakatul mal. However, in this subsection, we will briefly discuss zakatul fitr.

Zakatul fitr is a small amount that every Muslim, regardless of their age, wealth, or sex pays during the month of Ramadan. The word fitr according to Qardawi 1999:24) means “returning to purity.” Zakatul fitr is the annual donation that is paid at a rate of one sar, which is equivalent to approximately 2.2 kg of the local staple food that is customarily eaten by people in a relevant country. The staple food may be rice, wheat, barley, lentils, grain, or dates, and must be paid on or before the time people go out to pray for the Eidul-fitr. In contemporary times, leading scholars, such as Qardawi, (1999), have declared that zakatul fitr can be paid in monetary value if it is more beneficial to the poor. Furthermore, the modes of collection and distribution were similar to those of the other types of zakat. Zakatul fitr serves as a means of purification for the fasting person and a means of happiness for the poor on the day of the Ramadan feast (Qardawi, 1999). A summary of the types of Zakat based on the shariah is depicted below:

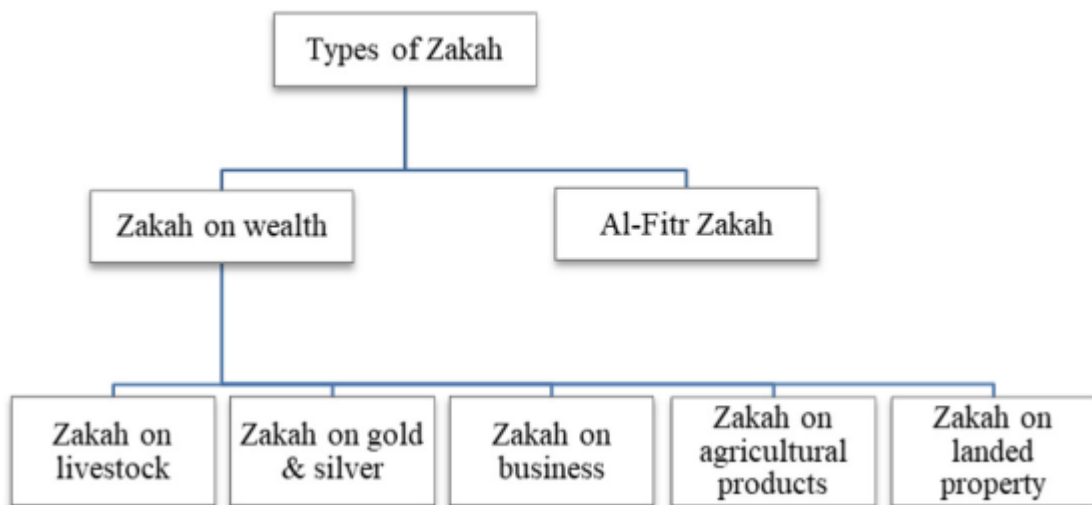


Figure 2. 1 Zakat Types

Source: Adapted from Bin-Nashwan et al. (2020)

2.3.2.4 Zakatable Assets

The prophetic narrations mentioned some of the items on which zakat is applied as the Quran has not explicitly mentioned all zakatable assets, nor does it provide the required nisab for zakatable assets (Qardawi, 1999). The Quran only mentioned gold, silver and

spoil of war explicitly as zakatable items⁶, and gave a general form of wealth as zakatable assets.⁷ This includes agricultural produce,⁸ earned income and wealth,⁹ and wealth that is drawn from the earth.¹⁰

After the demise of the prophet, the *sahaba* and the jurists deemed it essential to braden the scope of wealth categories that are subject to zakat. add more items of wealth that should be zakatable in addition to the ones that were subject to Zakat. Under the leadership of Umar bin al-Khattab, more forms of wealth were added on the list of wealth that are subject to Zakat including horses, lentils, olives, and peas. Furthermore, the jurists added more items of wealth to zakatable assets but held a difference of opinions on the forms of wealth that are Zakatable. For instance, in agricultural produce, the malikis and shafis restricts payment of agricultural goods to only those mentioned in the text (Quran and hadith) while the hanafis extend Zakat payment on all types of agricultural products (Ahmad, 2012).

Items on which Zakat are obligatory are discussed below:

Livestock: During the era of the prophet, the people in that society considered livestock such as camels, cows, goats, and sheep as a form of wealth (Kahf, 1989). These animals are recognized as wealth for its owners provided, they fulfil the criteria for Zakat as mentioned in the statement of the prophet: “*zakat is not to be paid on less than 5 camels, 30 cows, 40 goats, and sheep*”¹¹. Qardawi (1999) mentioned that livestock should be Zakatable on the condition that: i) They reach nisab (minimum allowable rate), ii) The owners have held them for an entire year, iii) They are regularly sustain by free grazing, and iv) are not used for personal use or work. However, livestock that are acquired for work like tilling, irrigation, or transportation then are

⁶ Quran 8:41

⁷ Quran 9:103

⁸ Quran 2:267

⁹ Quran 2:267

¹⁰ Quran 2:267

¹¹ Sahih Buhari, Hadith no. 1454

not included from zakat payment just like working tools in construction or machinery (Qardawi, 1999).

Agricultural Products: Agricultural produce consists of any product be it crops or harvest that grows from the land (Qardawi, 1999). Zakat is applied on all agricultural products as stated in chapter six, verse 141. Agricultural products are due upon harvest at a nisab of 652.8 kg wasq. For naturally irrigated agricultural produce, the rate is established at 10%, while for produce that uses sources of irrigation other than natural sources, the rate is 5 percent.¹²

Gold and Silver: During the era of the prophet, the primary monetary instruments were gold and silver, which took the form of dinars and dirhams, respectively (Ali, 2008). Jurists are in consensus that gold and silver are subjected to zakat (Qardawi, 1999). The Quran stipulated that holders of gold and silver should pay zakat with a stern threat of punishment in the afterlife for those who hoard it.¹³ The nisab for gold is specified at 20 dirham which weighs 85 grams, while that of silver is 200 dirhams with a weight of 595 grams. Fiat money, as it is predominantly used in our modern world, has replaced the usage of gold and silver in our daily monetary transactions across boundaries. Thus, scholars infer that the nisab for gold, which is 85 grams, is the benchmark used to estimate the nisab for money. Gold, which has a higher value than silver in contemporary times is used to determine the nisab for fiat money instead of silver since both are no longer equal in value as they used to be at the time of the prophet (Qardawi, 1999).

Fixed Assets Used for Business Use: This refers to assets used to facilitate the sale of products to the market. These include fixed and current assets such as buildings, furniture, machinery, inventories, liquid assets etc. Business fixed assets that are zakatable according to Qardawi (1999) are inventories, liquid assets, and any other circulating capital for the purpose of resale. Consequently, business fixed assets such as furniture, buildings, machineries, among others are exempted from zakat.

Stock: The idea of stocks in joint-stock companies was not in existence at the early era of islam as it appears around the 13th century (Allami, 2015). Nonetheless,

¹² See Sahih al bukhari vol.1, book of zakah, hadith no. 1483, 460

¹³ See Quran 9:34

contemporary scholars including Qardawi allude that stocks are subject to Zakat by the joint-stock company at a rate of 2.5%, similar to that of modern currencies. Stocks are a form of wealth and are considered part of the wealth of their possessor thereby enriching the possessor's financial position. Moreover, scholars differ as to whether the stockholders should pay Zakat, or the joint-stock company should pay Zakat on the stocks. Scholars such as Wahbah Al-Zuhaili and Al-Ghofeli argued that the one holding the stocks or otherwise called stockholder is subject to pay Zakat since he is the actual owner and in charge of making decisions to either gift or liquidate the stock. Conversely, scholars such as Qardawi maintain that the company managing the stock is responsible for zakat payment on behalf of the stockholders since stockholders do not make decisions in regard to the assessment of stocks for zakat payment (Allami, 2015).

2.3.2.5 Zakat Rates (Nisab)

Technically, nisab is the minimum amount of wealth upon which zakat must be paid. Nisab, as opined by some scholars, should be an amount equal to the wants of a household consisting of three people for at least a year (Qardawi, 1999). There is a nisab set for each type of zakatable asset. As it came in narration of the prophet, there is no zakat on anything less than 5 camels, 40 sheep, 100 dirhams of silver, or 5 wasq of grain, fruits, or agricultural crops (Qardawi, 1999:64). For gold, cash and silver, the minimum amount payable as zakat is 2.5 percent. The nisab for gold is pegged at 85 grams of 24 karat gold, whereas that for silver is 595 grams. Zakat on agricultural produce, also called *ushr*, varies between 5% and 10% depending on the source of water. For naturally irrigated agricultural produce, the rate is established at 10%, while the rate is 5 percent for sources of irrigation other than natural sources. For zakat on livestock, the rate of payment depends on the type or number of animals owned by the giver (Ahmad, 2012). As for the spoil of war, one-fifth are subjected to Zakat, as mentioned in the Quran.¹⁴

It is worth noting that, in contemporary times, zakatable assets have extended to include new assets that were not in existence during the classical era of Islam. Zakatable assets such as professional income and salary, shares and sukuk, short-term

¹⁴ Quran 8:41

net returns, cash in hand, and other financial investment papers are subject to Zakat (Sharif, 2013).

2.3.2.6 Administration of Zakat

The general rule in Islam is that zakat administration, in principle, should be in the hands of the sovereign state as has been the case at the time of the prophet and during the Muslims rule. The Quran in chapter 9, verse 103 emphasized the importance of taking and administering zakat. Scholars such as tabari mentioned that this verse was referring to the prophet as the leader of the Islamic state responsible to administer the collection of Zakat. (Qardawi, 1999) state that jurists agree that zakat proceeds must be paid to the Islamic state through Zakat collectors appointed by the Islamic ruler. During the prophet era, he used to send some companions including omar ibn-khattab, Ali, and Abdullah ibn Masood as Zakat administrators to different provinces of the Arabian Peninsula that were under the Muslim state (Qardawi, 1999). These companions were responsible for collecting and distributing Zakat on livestock and agriculture to prioritize areas where the Zakat funds were customarily collected.

In contemporary times, Zakat administration and management in Muslim countries falls under two main categories; countries that mandate payment of zakat and its administration is done by the state, and countries that don't mandate the management and administration of zakat. Nations including Saudi Arabia, Malaysia, Pakistan, Sudan, Yemen, and Libya have put in laws and policies that mandates their citizens and residents to pay Zakat proceeds under the state jurisdiction. On the other hand, other Muslim countries including Bangladesh, Kuwait, Jordan, Egypt, doesn't make Zakat administration mandatory. Normally, citizens and residents of these countries pay Zakat either to non-governmental institutions on a voluntary basis or at an individual level.

2.3.3 Socio-Economic Importance of Zakat

The ultimate objective of mankind in this world is to single out his lord in worship which is related to his spiritual needs. Mankind has been created in such a way that he will also need to fulfil his social and economic needs, which aids him in fulfilling his spiritual needs. Therefore, as the third pillar of the Islamic religion, Zakat serve as a significant role in both the religion and material dimensions. Apart from its spiritual and moral objectives, Zakat aims to inculcate the spirit of socioeconomic objectives in

society. Socially, *zakat* promotes brotherhood, mercy, compassion, and social justice. Economically, *Zakat* plays a crucial role in achieving prosperity within society through wealth redistribution from the affluent in the society to the poor and helps improve economic growth in a country (Widiastuti, Robani, et al., 2022). Moreover, *Zakat* can be utilized for achieving a range of socio-economic objectives incorporating the provision of social and health services, education, and enhancing the livelihood of the poor (Mohammad et al., 2021).

Although *Zakat* is an obligatory payment in Islam, the lack commitment of most Muslims in paying *Zakat* and its immense potential for generating public revenue is low, especially in the contemporary Muslim nations with few exceptions. Kahf (1999) in his estimations of *Zakat* revenues in some selected Muslim nations, mentioned that the current rate of *Zakat* collection has less or no significant effect on the warranted socio-economic development in several Muslim countries. Countries that are adopting the obligatory *Zakat* system including Pakistan, Yemen, and Saudi Arabia records a relatively low percentage of *Zakat* contributions to GDP.¹⁵

2.4 Waqf

This section will give the necessary background and information on waqf. The section will discuss an overview of the institution of waqf including its basic definition, legitimacy, forms, characteristics and socio-economic importance.

2.4.1 Waqf: Definition and Principles

Waqf (*u*in plural form), originated from the Arabic root verb *waqafa* and is literally translated as hold or confine (Kahf, 2003). Legally, *waqf* could be understood to signify holding a property made by a Muslim, for the specific objective of extracting its usufructs to benefit people socially, economically, and religiously. According to Kahf (2003) waqf means holding and preserving a specific asset with the specific objectives of extracting its usufructs for philanthropy and prohibiting the use of the property outside its defined objectives.

¹⁵ Kahf (1999) estimates show about 3% to 0.4% of zakah contributions to GDP in these countries

Classical jurists from the well-known four madhahib (schools of jurisprudence) have provided varying definitions of waqf. The definition in the Hanafi madhab, describe waqf as the preservation of the endower asset and assigning the usufructs of the asset as charity to a party chosen by the donor (Laluddin et al., 2021). The shafis and the Hanbalis defined waqf as preserving the substance of a perpetual property and then given out its usufruct to the benefit of the poor in a community (Nooraini, 2015). The definition of waqf according to Imam Malik is similar to that of the shafis and the hanbalis with the exception that the perpetuity of the waqf is not a condition, thus inferring that the property donated as waqf can be on temporary basis. Despite the varying definitions of waqf, classical jurists as well as contemporary scholars agree that waqf is to restrict a property and provides the usufructs of the property for charitable or religious benefit.

The pillars of waqf consist of four elements: the waqf founder who initiates the waqf for specific objective, the property, the designated recipients, and the declaration of offer (Haron et al., 2023). Before the advent of Islam, waqf was purely a religious exercise. However, the concept of waqf has been firstly institutionalized and regulated in the Islamic world since the prophet's era. Devoting an asset to waqf, infer that a person is transferring his/her property to Allah with the hope of earning continuous reward from Allah (Amuda, 2013).

As an endowment, *waqf* has immensely contributed to the development of societies across the Muslim world and has served as an instrument for poverty alleviation, wealth distribution, and socioeconomic benefits (Ascarya et al., 2022). Before, Islamic, waqf was mainly confined to religious purpose, however, Islam acknowledged the importance of waqf by institutionalizing it beyond a religious purpose and provided a legal framework for its operation. Thus, historically, it is observed that the institutions of waqf have been instrumental in supporting the socio-economic challenges faced by the underprivileged. Several educational institutions and social projects have been established through *waqf*. This is evident in Egypt, where the University of *Al-Azar*, which operates under the concept of waqf, provides free education from primary to tertiary levels (Kaleem & Ahmed, 2010). Furthermore, Çizakça (1998) reported that educational institutions, social and infrastructural projects were financed through *awqaf* institutions during the period of the ottoman empire.

2.4.2 Legality of Waqf

The Legitimacy of waqf originates from the sayings and practiced of prophet Muhammad. The Quran didn't explicitly describe the term waqf but has mentioned the term "sadaqa" which means charity and relates it to spending one's property in the way of Allah. In essence, Muslims are encouraged to give charity to the poor and needy which carry the essence of waqf. The Quran mentioned several verses that relate to charitable donations to help the poor. In chapter 3 verse 93 of the Quran, Muslims are encouraged to give charity in order to attain. This verse and many other are evidence of the fact that Allah has encourage upon Muslims to spend and assist the poor and needy through charity.

The prophetic narrations provide supporting evidence of the legitimacy of waqf in Islam. The prophet used to donate his items to charity to the poor throughout his prophethood and he normally exhorts his companions to donate to the poor amongst his companions. In the famous hadeeth of the prophet, the companion Abu Hurayrah RA, who reported that the prophet (p.b.u.h) said:

When a man dies, his acts come to an end, but three, recurring charity, or knowledge (by which people) benefit, or a pious son, who prays for him (for the deceased).¹⁶

According to classical Muslim scholars, particularly those in the shafi madhab, the term "recurring charity" in this narration means charity in the form of waqf and became the basis for waqf legalization in Islam by classical jurists.

The hadeeth of the second caliph, Umar RA regarding the land he has acquired in the northern Arabian Peninsula city of Khaybar is also referenced by jurists in legitimizing waqf based on the prophetic traditions. The companion Umar has asked the prophet to advise him about his newly acquired land that he wants to donate for the sake of Allah. The prophet recommended him to bequeath his land as waqf.¹⁷

¹⁶ Source: Sahih Muslim, The Book of Wills, Hadith 1631, translation retrieved from <https://sunnah.com/muslim:1631>, accessed 27 January 2024

¹⁷ See Sahih Muslim, The Book of Wills, Hadith 1632

This narration is often cited in the waqf discussion. Thus, from this tradition, the legal principles of perpetuity, irrevocability, and inalienability of the waqf property are deduced by jurists. From this narration, it is also inferred by jurists that the endowed property beside donating the usufructs to the impoverished, the nearest kin or family relatives also can benefit from a waqf property, thus the term waqf ahli (family waqf) was implied.

Another hadith about the legitimacy of waqf which jurists normally referenced is the endowment made by the companion Abu Talha. He donated the usufructs from his garden consisting of date palms as waqf following the revelation of Quranic 3:92 encouraging Muslims to donate their beloved wealth to charity (Saleh, 2022). Thus, the classical scholars trace the legality of waqf from the above-mentioned traditions and other traditions where the companions practice waqf. As a result, the practice of waqf was a common practice by the prophet, his companions and those who came after them, thus justifying its legality in the Islamic law (Luqman, 2005).

2.4.3 Forms of Waqf

Kahf (2003) opined that there are three main forms of *waqf*, depending on the objectives, waqf can be for religious, philanthropic, and family waqf.

Religious waqf is usually used for building of mosques and propagation of Islamic teachings. During prophet era, the advancement of waqf property began with the building of the mosque of Quba located in the outskirts of Madinah upon the arrival of the prophet and forms the earliest religious waqf in Islam (Rahman et al., 2024). From its inception, the mosque act as a center of religious worship and a center of religious education, culture and administration. Once this mosque was founded, other religious waqf activities were initiated.

Religious waqf in most Muslim countries consist of institutions dedicated to religious purpose including Islamic education centers, building of mosques, land for cemeteries, and other religious centers (Laallam et al., 2021). This is normally done by Muslim governments, non-governmental organizations with religious purpose, and private individuals motivated by religious and pious will.

Philanthropic waqf is the second form of waqf is designed to address the needs of the impoverished within society. Philanthropic waqf serves different objectives including providing health and education services to the people, housing for students, scientific

research, parks, building roads and dams, public goods, empowering youths, among others (Kahf, 2003). On several occasions, the prophet and his companions supported the poor people in Madinah in the form of philanthropic waqf. The well bought by Ousman for people to have free water, the palm orchard owned by Umar, whose fruits were given as charity because of the advice of the prophet, and the property with palm trees bequeathed by Abu Talha, are some of the philanthropic forms of waqf that the companions donated (Kahf, 2003).

Family waqf is the third kind of waqf. Family waqf means that a property is endowed by a founder who stipulates that the corpus from his property be given exclusively to his immediate family members such as his children, grandchildren, and other immediate family relatives, as beneficiaries of the waqf property. If all the beneficiaries in a family waqf die, the usufruct from the corpus is donated to the impoverished.

Most classical jurists maintain that the companion of the prophet, Umar RA in his reign (635-645) founded the first family waqf in Islam (Ab-Rahman et al., 2023). Quite a lot of the prophet's companions followed suit after Umar RA donated his property as a family waqf. Among his companions, Abu Talhah RA donated his property as a family waqf.¹⁸

During the later part of the classical period of Islam, is the cash *waqf* which Bulut and Korkut (2019) describe as a waqf in the form of cash that was used to support entrepreneurs who needed money for investment purposes during ottoman period. Cash waqf was first institutionalized in the 17th century by the ottomans following cash waqf's legitimacy by ottoman jurists (Muhammad et al., 2023). From a shariah standpoint, some classical jurist, are of the opinion that cash waqf is permissible in Islam (Abbasi, 2019). Similarly, the Islamic Fiqh academy approved cash waqf on the condition that the principal capital remain intact¹⁹. The cash *waqf* serves as a significant tool in generating income as it historically acted as a form of credit for the people. Cash *waqf* offers a mechanism for providing financing to small-scale

¹⁸ Source: Book of al Bukhari, 1993, under the chapter on Bequest, hadith number 605.

¹⁹ International Council of Fiqh Academy resolution number 140(15/6)

entrepreneurs, and the proceeds earned can be directed towards social or religious purposes.

Waqf property can be categorized into immovable properties which include buildings, real estate, bridges, road networks, etc. and movable properties which can be in the form of cash and liquid assets, animals, books, vehicles, etc. These waqf properties must serve as a means of benefiting its beneficiaries and promote public interest (Mutalib et al., 2023). Moreover, perishable items cannot be used as *waqf*.

2.4.4 Characteristics of Waqf

The Waqf assets donated are subjected to three main important characteristics, i.e. perpetuity, irrevocability, and inalienability. Each of these characteristics are briefly discussed below.

2.4.4.1 Perpetuity

Perpetuity means that the asset donated as waqf must be perpetual in nature. This means that once a property is declared for a charitable purpose by the endower, it should not cease to exist unless the property is destroyed. In other words, the waqf property is not limited to a specific period of time and should continue to last so long as the designated beneficiaries are benefiting from the asset of the waqf. For the endower, the perpetual nature of the assets donated means that there is a continuous reward for him for as long as the beneficiaries are benefiting from the waqf assets. Similarly, for the recipients, the perpetual nature of the waqf assets will persistently benefit them as long as the asset exist (Osman, 2012).

2.4.4.2 Irrevocability

This feature of waqf implies that once the doner of the waqf donates his property as waqf, he cannot take back the assets that he donates as waqf. In other words, once the donor declared or committed his property to waqf, his declaration becomes binding, even if the asset has not been transferred to the beneficiaries (Luqman, 2005). If revoking the assets is embedded in a clause of the waqf deed after a certain period, then this renders the waqf invalid. However, Kahf (2003) asserts that once the waqf property is no longer providing public interest or benefiting the beneficiaries, it can be revoked on the condition that the waqf property be replaced.

2.4.4.3 Inalienability:

The third condition relates to the inalienability of the waqf asset. This stipulates that subsequent to the endower's waqf declaration, the waqf property cannot be confiscated, offered as gift, or sold to any other person or used for private purposes.

2.4.5 Socio-Economic Significance of Waqf

Waqf served as a social and economic hope for the impoverished. Waqf shapes the social infrastructure, economic wheel, and cultures of Islamic society since its inception and to the present day (Nooraini, 2015). Historically, basic, and developmental needs of Muslims in almost all fields, such as the establishment of schools, health centers, mosques, religious education centers, soup kitchens, public markets, and other socio-economic services were financed through awqaf (Abbasi, 2019).

In recent times, activities involving the provision of *waqf* services have mostly been limited to religious purposes in some Muslim countries, including Gambia. These provisions include the construction of mosques, madrasas, orphanages, and graveyards (Laallam et al., 2021). Consequently, there is a need to expand and provide innovation in awqaf institutions beyond religious purposes in contemporary Muslim countries.

CHAPTER III

LITERATURE REVIEW

In the previous chapter, a background on Islamic finance and the Islamic social finance instruments which are the focus of this study was introduced. Moving forward, a well-grounded theory on behavior is essential in advancing a conceptual framework designed for the quantitative part of this study. This chapter begins with the discussion on theoretical foundation. In this section, the underlining theory that supports the quantitative objectives of this study is introduced and elaborated on. The next section focused and reviewed the empirical literature that has been discussed by academic scholars related to the thesis topic. The third and fourth section delves into the model development that this study's quantitative analysis leans on. The chapter ends with the summary of discussions elaborated in this chapter.

3.1 Theoretical Framework

The underpinning framework upon which research studies are conducted is built on theories. The theoretical framework sets the foundation of a study and is the component of the thesis that determines the association explored when the researcher developed and test theories (Crawford, 2020). Having a theoretical framework is crucial as it improves the rational for the study to better comprehend the circumstances shaping the adoption or use of Islamic microfinance in the Gambian context. The theoretical foundation leans on the theory of planned behavior (TPB) developed by Ajzen (1991). Several research discussing adoption studies utilized TPB to help understand behavioral intention and actual behavior. The forthcoming subsection elaborates on the TPB and how it is applied in this study.

Behavior is perceived in a multi-dimensional way. Different theories have been developed to examine how people behave or act in a particular manner. Among the well-known theories that has emerged in the past few decades to explain the pattern or manner in which individuals behave is the TPB. The TPB is a well-known theory in the field of socio-psychological science and seeks to elucidate the determinants of behavioral intention by considering three component- attitudes (ATT), subjective norms (SN), and perceived behavioral control (PBC) (Ajzen, 1991). Ajzen noted that

behavior is not haphazardly assumed or mindlessly performed but instead follows a consistent system of information that may be already available to an individual. The TPB provides a theoretical basis which informs the intention of a person to perform a behavior. TPB was built by Ajzen relying on the previous success of the Theory of Reasoned Action (TRA). The TRA is based on only two constructs which are attitude and subjective norm, but later Ajzen extended it by adding perceived behavioral control as another construct to account for non-volitional factors which the TRA failed to account (Ajzen, 1985). Ajzen (1991) posits that an individual participation in a specific behavior is shaped by the individual's ATT, SN, and PBC, which subsequently shape one's intention. The formulation of the TPB gave new insights into understanding why individuals prefer to engage in specific actions. Notwithstanding, the three facets of the TPB are key drivers that impact someone's intention to exhibit a distinct behavior. In other words, the theory underpins how individuals behave, which is guided by their intentions to perform the behavior. Without these three facets, Ajzen (1991) posits that lack of intent impacts the tendency of executing the behavior. The first important facet of the theory, which is ATT towards behavior encompasses a person's perception or feelings towards performing a specific behavior (Ajzen, 1991). Among the three facets of the TPB, ATT is regarded as the strongest predictor of behavioral intention (Ajzen, 2005). Thus, Ajzen & Fishbein (1985) posits ATT as performing a particular act based on someone's discretion to hold in the behavior. Ajzen (1991) noted that beliefs can shape an individual's attitude in a positive or negative way when executing a behavior. Normally, if the experience of an individual performing a behavior is positive, then the individual's attitude towards that behavior will have positive impact on the individual's intention towards the behavior, otherwise, it will lead to an unfavorable attitude, impacting the intention to perform the behavior negatively (Shaikh, 2019). Consequently, attitude influences the way we perceive a particular phenomenon. In this study, the researcher investigates how the attitude of potential customers of Islamic microfinance institution influences their intention to participate in Islamic microfinance services.

The second facet of the theory, which is SN characterizes how the environment or cultures in which a person lives influence their behavior in executing a particular behavior. In other words, the social environment in which an individual lives influences their intention to adopt actual behavior. Thus, a person's behavior to

perform may be influenced by the expectation of important people that matter to the individual such as the individual's friends, family, customs, or even cultural values (Ajzen, 1991). These people influence the individual's belief to conform with those expectations. This belief is often normative and makes the individual execute a behavior based on the social pressure that the individual faces (Ajzen & Fishbein, 1985). In this study, the researcher explores how potential customers of Islamic microfinance' social networks influence their intention to adopt Islamic microfinance. Most often individuals start to use or feel inclination towards Islamic microfinance services because their peers or close family members are using the service. Contextually, SN is the individuals' perception of how social pressure can influence their engagement of Islamic microfinance.

The third facet of the theory is the PBC which constitutes the most important component for influencing behavioral intention (Rukhsar et al., 2024). According to Ajzen, PBC means how individual ability and beliefs affect their chance of actually performing a specific behavior (Ajzen, 1991). In this scenario, the individual's ability is the control factors which may influence the individual's behavior and include the individual's prior experiences, internal motivation, resources, capabilities, and opportunities (Ajzen, 1985). Therefore, if an individual's capabilities and resources are small, the weaker is his PBC, and the opposite holds too. In the current study, the researcher investigates how potential customers of Islamic microfinance institution' PBC influences their intention to use Islamic microfinance.

Accordingly, Ajzen (1991) posits that behavioral intention can be predicted by the TPB constructs which in turn can be useful in explaining actual behavior. As posits by Ajzen (1991), behavioral belief translates to attitudes towards the desired behavior, normative belief which is the perceptions of social pressure towards the behavior an individual may have leads to SN, and control belief translates to perceived PBC. These three facets of the TPB combined to predict behavioral intention and ultimately translate into actual behavior.

The TPB is extensively utilized primarily in different fields to predict human behavior. Academics in the field of social psychology, health psychology, marketing, consumer behavior, environment, educational leadership, management etc. have utilized or applied the TPB as the core research framework to predict human behavior. For instance, TPB has been effectively employed in financial reporting (Riaz, 2021), higher

education (Shamsi, 2022), sport technology (Chang, 2020), philosophy (Andijani, 2023), social marketing (Machaka, 2021; Nkwei, 2019), language studies (Özkaynak, 2020) among others. Additionally, numerous academic studies have been strenuously examined by using the TPB as the theoretical foundation in the realm of Islamic finance, zakat, and waqf literature (Mahmoud et al., 2024; Si & Chin, 2023; Ullah et al., 2022; Zinser, 2015). These academic studies have demonstrated a successful attempt in explaining behavioral studies through the use of TPB and confirm its importance for research in various fields of Islamic social finance. As the contextualized concepts and applicability to studies related to Islamic microfinance expands, the extended TPB provides a basis and relevance in observing how behavioral intention can shape academics understand why behavior can lead to Islamic microfinance adoption.

The researcher utilized TPB as a framework for the developing the hypothesis of the quantitative part of the study. The independent variables in the current study are the TPB constructs, awareness, knowledge, and behavioral change and the independent variable is behavioral intention. Additionally, ATT serves as a mediating variable for awareness, knowledge, and behavioral change. Needless to say, the selection of the TPB as a guiding theory for this study is due to its flexibility and openness in incorporating additional variables so long as the added variable to the model enhances the variation in behavioral intention and actual behavior (Ajzen, 1991). Accordingly, researchers in Islamic finance and Islamic social finance have extended and applied TPB by adding extra variables.

3.2 Empirical Review

There is much interest among academicians in studying Islamic social finance to find solutions to contemporary socio-economic issues currently affecting the world. This section discusses and synthesizes some of the relevant existing academic research on the most critical evaluation relevant to the study. The empirical review provides the methods, instruments, and recommendations offered by different researchers in relation to the behavioral intention to use Islamic microfinance services. This section focuses on examining the empirical studies that were connected to the quantitative research of this study, specifically those that focused on Islamic microfinance-adoption nexus through the application of the TPB.

The empirical literature has noted the role of ATT in shaping behavioral intention to use Islamic finance and Islamic microfinance products. Attitude of individuals serve as a significant predictor of Islamic microfinance adoption. According to the TPB, attitude is a crucial factor influencing behavioral intention (Ajzen, 1991). For instance, Zinser (2015) investigated the reasons affecting intention to use Islamic banking by Muslims in the United States, by applying and extending the TPB. By using the SE model, the author reported that ATT was identified as the strongest significant predictor. Similarly, Mbawuni & Nimako (2017) study the determining factor of the behavioral intention to use Islamic banking in Ghana by comparing Muslims and non-Muslims groups of which the data collected was 975 respondents. The data was evaluated utilizing SE modelling, and the findings uncovered that ATT was significant. Shaikh (2019) tries to understand the factors that influence consumer's intention to accept musharakah mutanaqisah, an Islamic mortgage product, in Pakistan and Malaysia. By using the TPB as a framework, the findings revealed that attitude was found to directly and indirectly influence intention.

Recent studies have further expanded our understanding of attitude in shaping Islamic microfinance adoption. Si & Chin (2023) examined the intention to use Islamic banking products in Malaysia by employing the TPB as a theoretical foundation. Structural equation modelling was employed with 303 respondents, and the outcome uncover that attitude towards Islamic banking products was significant in influencing Malaysians' desire to use these services. In their study, Hamadou et al. (2024) examine the intention to use Islamic banking products in Cameroun with attitude as a mediating factor. TPB was used as the underpinning theory and a total of 318 respondents were fit for analysis through PLS-SEM technique. The findings indicate that ATT is crucial in shaping intentions.

These findings suggest that ATT is a significant predictor that shape behavior in adopting Islamic finance and Islamic microfinance products, reinforcing the significant role of understanding how attitude impact behavior in the domain of Islamic microfinance related studies. Additionally, mediating the role of attitude in shaping behavior can provide a comprehensive and robust understanding in shaping behavioral intention. Accordingly, having the awareness and knowledge towards the adoption of Islamic microfinance through the mediating role of attitude is crucial in behavioral studies related to Islamic finance.

Prior research has also examined the link of SN on Islamic microfinance adoption and related studies, which is crucial in determining behavioral intention. However, the influence of SN on Islamic finance adoption studies sometimes produces varying results. Bananuka et al. (2019) explored the factors shaping the intention to use Islamic banking in Uganda. The study utilized the TRA and concluded that SN was a crucial factor. While Musa et al. (2024) uncovered that SN was significant in determining financial inclusion participation through the adoption of Islamic finance contracts, Mujahidah & Rusydiana (2023) established no evidence that SN was significant in determining behavioral intention to offer cash waqf to Indonesian youths.

Therefore, Subject norms in TPB studies provides varying results in adoption studies, particularly in Islamic finance contexts. Thus, there is a need to present a more thorough understanding of how SN is essential in examining behavioral intention to use Islamic microfinance in the Gambian context.

PBC has also been highlighted in the empirical literature as a crucial factor in determining behavioral intention in studies that have applied TPB in the domain of Islamic finance and other fields. Accordingly, Muhammad et al. (2023) extended the TPB by adding the religious variable to the TPB in order to determine the impact of intention to accept cash waqf by entrepreneurs in Kano State, Nigeria. The authors employed structural equation modelling on 379 sample respondents. Their findings indicate that PBC significantly predicts the intention to adopt cash waqfs. Similarly, Maduku & Mbeya (2024) utilized the TPB to try to understand the determinants of the Muslim consumers' family takaful purchasing behavior in South Africa. The proposed model was tested based on a data collected on 235 Muslim respondents and the results revealed that PBC was crucial in explaining family takaful purchasing behavior. In comparative study between Malaysia and Indonesia, Liyana et al. (2024) investigated the factors influencing young SME managers to use Islamic Microfinance. Based on a total sample of 300 respondents collected via google forms in both countries, the author's findings reveal that besides SN, PBC has a significant impact. Similar finding was revealed by Putri et al. (2019) in which authors try to identify the factors behind MSMEs intention to seek funding from institutions of Islamic microfinance in Indonesia.

Nonetheless, other studies have noted PBC as an insignificant predictor of intention. For instance, Jamshed & Uluyol, (2024) studied the factors driving the use of Islamic banking products and services in Bangladesh. By utilizing the TPB, the authors collected data on 310 respondents through an online survey. The results indicate that PBC was insignificant.

PBC is a crucial component of the TPB and has been applied in different adoption studies, with its impact on intention in different contexts yielding varying results. Consequently, its impact on behavioral intention towards the adoption of Islamic microfinance in the Gambia warrants further investigation.

Meanwhile, some studies have extended the TPB by incorporating awareness and knowledge to determine behavioral intention through attitude. For instance, the findings from Hamadou et al. (2024) suggest that awareness is a significant determinant of behavioral intention in using Islamic banking products in Cameroon. Similarly, a significant determinant has been established between knowledge and behavioral intention, suggesting that greater knowledge of Islamic financial system is linked with a higher likelihood of using Islamic finance services among microbusiness in Pakistan (Shah et al., 2023). Furthermore, Ullah et al. (2022) conducted a study that focused on the influential factors of clients' behavioral intention in adopting Islamic microfinance products and services in Bangladesh using the TPB as a theoretical framework. The study results revealed evidence of a substantially impact of knowledge and awareness on clients' behavioral intention towards Islamic microfinance.

Table 3. 1 Summary of Important Literature

Authors	Objectives	Methodology	Findings
Zinser (2015)	Factors influencing US Muslims to use Islamic banking	Quantitative Analysis using EFA, CFA, and PLS-SEM	Among the TPB constructs, ATT was found to be the only predictor towards Muslims' intentions to use Islamic banking and financial services in the US

Shaikh (2019)	A comparative study to determine consumer's intention to use Islamic mortgage product in Pakistan and Malaysia	Quantitative analysis using SEM	All TPB constructs were significant
Mujahidah & Rusydiana (2023)	Aim to examine Muslim youths' intention to donate cash waqf in Indonesia	Quantitative analysis with TPB as the theoretical foundation, PLS-SEM analysis	SN is a significant predictor
Ghaouri et al. (2023)	To determine the factors influencing Moroccans' intention to pay zakat	Quantitative approach using SEM	ATT is a significant factor influencing intention to pay zakat.
Muhammad et al. (2023)	To study the factors behind the intention to accept cash waqf among entrepreneurs in Kano State, Nigeria.	Quantitative analysis using PLS-SEM analysis on a sample of 379 respondents.	PBC was a significant predictor
Si & Chin (2023)	examine the behavioral intention to adopt Islamic banking products and services to preserve financial stability in Malaysia	The model was based on TPB by employing Structural equation modelling technique	There was significant evidence that supports ATT's influence on behavioral intention
Bananuka et al., (2020)	To examine the role of attitude on the linkage between SN, religiosity, and behavioral intention to use Islamic banking in Uganda	Quantitative analysis using MedGraph program.	Attitude was a significant mediator on the linkage between SN and behavioral intention to use Islamic banking in Uganda
Maduku & Mbeya (2024)	To understand family takaful purchasing behavior	Quantitative analysis using Structural equation modelling	All TPB constructs were significant in influencing family takaful purchasing intention

Shah et al. (2023)	To investigate the mediating role of attitude on the adoption of Islamic finance among microbusiness owners in Pakistan	Quantitative approached using Structural equation modelling analyzed through SPSS Amos software	Knowledge directly influences intention to use Islamic through the mediating effect of ATT.
Khamis et al. (2024)	To examine the perceived inclusion of Islamic finance	Quantitative analysis using SEM	Attitude was crucial determinant of the perceived inclusiveness of Islamic finance.
Rapi & Kassim, (2023)	To examine behavioral intention to participate in micro-Takaful products in Indonesia	TPB as the theoretical framework, SEM analysis.	SN and knowledge significantly influence behavioral intention to participate in micro Takaful products.
Liyana et al. (2024)	To compare Malaysians and Indonesians' young SMEs managers behavioral intention in adopting Islamic microfinance	Quantitative approach using PLS-SEM	Both SN and PBC were crucial in explaining behavioral intention to adopt Islamic microfinance
Putri et al. (2019)	To determine MSMEs intention to seek funding from Islamic microfinance institutions in Indonesia	Quantitative approach using PLS-SEM	All TPB constructs influences MSMEs intention to seek financing from Islamic microfinance institutions.
Hamadou et al. (2024)	To examine potential customers behavioral intention to use Islamic banking products in Cameroon	Quantitative analysis using SEM	ATT was influential in predicting intention

Ullah et al. (2022)	To study the influential factors of client's behavioral intention towards Islamic microfinance	Quantitative analysis using SEM	Knowledge and awareness were significant predictors
Pauzi et al. (2024)	To examine customers' intention on patronizing halal logo in the food sector in Malaysia	Quantitative analysis using SEM Smart Pls	Both attitude and PBC were significant in explaining behavioral intention
Mahmoud et al. (2024)	To explore role of awareness of Islamic finance principles in mitigating funding challenges of MSMEs	Quantitative analysis using structural equation modelling	Awareness of Islamic finance principles is significant, and it directly impact access to finance for MSMEs by using Islamic finance products and services
Andespa et al. (2024)	To explore customers' intention to adopt Islamic finance	Quantitative analysis using structural equation modelling	The linkage between SN and PBC on intention is significantly mediated by ATT
Nizam (2024)	To explore the influence of awareness, knowledge, religion, and the perception of shariah scholars towards Islamic banks in Pakistan	Quantitative analysis using exploratory and confirmatory factor analysis	Awareness and knowledge are significant predictors

Source: Author, 2025

Although there is numerous academic literature that analyzes behavioral intention in the realm of Islamic finance by using TPB as the theoretical framework, the literature however, provides conflicting findings regarding the overall impact of the TPB variables, likely due to contextual differences in different studies. Most of the studies that applied TPB within this field have been examined in countries with well-developed Islamic finance markets. Accordingly, this highlights significant gap in the

empirical research that have applied and extended the TPB as a well-grounded theory for determining Islamic microfinance adoption behavior in the Gambia. Therefore, this study hope to fill the gap by developing a model based on the TPB to elucidate factors shaping the behavioral intention to use Islamic microfinance in the Gambia.

3.3 Conceptual Framework and Hypotheses Formation

The proposed model pinpoints the key determinants of behavioral intention to use Islamic microfinance in the Gambia. Derived from a thorough review of the literature, the study's theoretical model is anchored on the TPB as its theoretical foundation. As a framework, the TPB allows the researcher to propose and test a conceptual model with added variables to the model. In particular, the study utilizes the TPB constructs as well as incorporated three new constructs (awareness, knowledge and behavioral change) to determine behavioral intention to use Islamic microfinance. Thus, the research variables contain explanatory variables, a mediating variable, and dependent variable. The justification for adding the three variables in the TPB model is supported by the literature, and by the fact that such variables in the Gambian context have not been examined when it comes to Islamic microfinance adoption studies.

Figure 3.1 portrays the model that illustrates the relationships explored in this study. In view of the previous discussions, the proposed model is built upon the TPB variables, with the addition of three variables: awareness, knowledge, and behavioral change. Consistent with the TPB theory, the model proposed that TPB constructs influences the intention of individuals to use Islamic microfinance in the Gambia. Furthermore, the model posits that ATT will mediates the link between awareness, knowledge, and the intention to use Islamic microfinance. TPB constructs stands as the independent variables, along with awareness, knowledge and behavioral change serving as both direct and indirect variables. At the same time, attitude serves as a focused variable and a mediating variable.

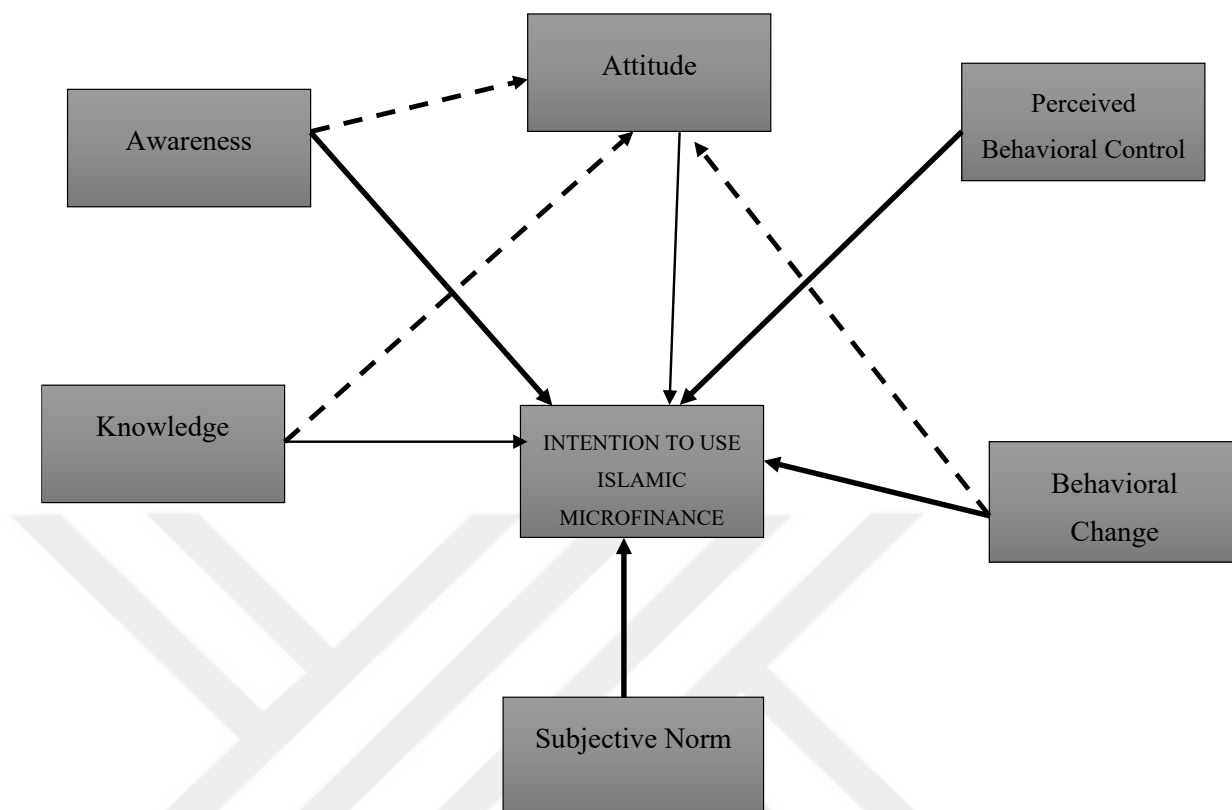


Figure 3. 1: The study’s Conceptual Framework

Source: Author, 2025

Drawing upon the TPB, the conceptual framework comprises of three sets of predictors, the first been the independent variables, followed by the mediating variable, and the dependent variables as illustrated in figure 3.1. In addition to the TPB variables, the study added awareness, knowledge, and behavioral change as independent variables, serving a double role in the model; direct variables in their relationships with the intention variable and also serving as indirect variables to the intention variable through the attitude construct which serves as a mediating variable. The inclusion of attitude as a mediator provides a broad comprehension of the concept of Islamic microfinance adoption behavior.

According to Asfoor (2024), analyzing hypotheses helps to investigate the significance and insignificance of the linkage among the variables under study. The hypotheses development in the current study leverages on the TPB to investigate the factors influencing the behavioral intention to use Islamic microfinance in the Gambia. To

achieve the research objectives, twelve hypotheses are proposed for testing. The development of each hypothesis is elaborated in the next subsections.

3.3.1 Awareness, Knowledge, Behavioral Change and Attitude

Awareness shapes an individual's attitude in accepting a product or service. Awareness is crucial because an individual cannot develop an attitude towards adopting something without been aware or having information about that particular thing (Yasmeen et al., 2019). Thus, the current study examines potential customer's awareness about Islamic microfinance in terms of its existence in the Gambia and products offering and how it influences attitude about Islamic microfinance. A plethora of scholarly works have confirmed the influence of awareness on attitudes. Accordingly, in a study by Roy et al. (2017), it was discovered that awareness significantly influences attitudes. Further, according to Al Balushi et al. (2019), awareness was a significant predictor towards the use of Islamic microfinance among SMEs in Oman. However, a number of studies have also shown that among the factors that influence attitude towards Islamic microfinance, awareness about Islamic microfinance services and products plays an insignificant role. Studies by Si & Chin (2023) and Muhammad et al. (2023) discovered that attitude towards the adoption of Islamic microfinance was not influence by awareness of Islamic microfinance products in Nigeria.

Knowledge is important for understanding attitudes, which consist of opinion and source in line with experience, comprehension, and consideration. This type of info is easily reachable and can be used for informed decisions and taking appropriate cases. Knowledge can be acquired via learning, educating, familiarity or association. In the current research, knowledge is the attitude towards comprehension of Islamic microfinance services. When people have comprehension of Islamic microfinance concepts and services, they are more expected to engage or participate in the services provided by Islamic microfinance institutions by opening an account with them. Several works have examined the significance of knowledge in shaping attitudes. posits that Mbawuni & Nimako (2017) knowledge influences consumers' attitudes toward the use of Islamic banking in Ghana. Furthermore, Ullah et al. (2022) Found that knowledge and awareness have a significant influence on behavioral intention to accept Islamic microfinance products and services among clients in Bangladesh.

Behavioral change refers to the way in which an individual behaves when he has an intention or plans to do something. Behavioral change in this study indicates the change in behavioral attitude and intentions of individuals towards the adoption of Islamic microfinance services. More particular, it relates to the individuals' ability and willingness to use Islamic microfinancing. The term behavior is sometimes associated with the term intention which the current study stands by. Effective or positive behavioral change including having the right behavior to open an account, having prudent financial planning, needs and goals, and the need to adhere to the tenets of Shariah when it comes to financial dealings, can significantly enhance the need to adopt Islamic microfinance services. Ultimately, having positive behavioral change towards Islamic microfinance services is crucial in enhancing financial inclusion.

Accordingly, these hypotheses are proposed:

H1: If a person is aware of Islamic microfinance, then (s)he has a positive attitude towards Islamic microfinance.

H2: If a person has knowledge of Islamic microfinance, then (s)he has a positive attitude towards Islamic microfinance.

H3: Behavioral change influences a person's attitude Islamic microfinance services.

H4: If a person is aware of Islamic microfinance, then (s)he has a positive intention towards Islamic microfinance.

H5: If a person has knowledge of Islamic microfinance, then (s)he has a positive intention towards Islamic microfinance.

H6: Behavioral change influences a person's intention to adopt Islamic microfinance services.

3.3.2 Factors of Intention in the Model of TPB

The factors of intention in the TPB model are ATT, SN, and PBC. Someone's attitude to perform a behavior is influenced by a set of beliefs, which determines the outcome of their actions (Ajzen, 1991). Attitude is a significant influence of a person's behavioral intention (Ajzen, 1991). Further, in the domain of applying TPB to Islamic microfinance, the term "attitude" specifically pertains to an individual's general

evaluation or sentiment towards participating in Islamic microfinance (Khamis et al., 2024).

ATT is a crucial factor of intention in the domain of Islamic finance and Islamic microfinance adoption studies. The academic literature reveals a positive and direct correlation between ATT and intention to use Islamic microfinance. As such Ghaouri et al. (2023) posits that ATT was a significant factor influencing Moroccans' intention to pay zakat. Similarly, Shaikh (2019) concludes that ATT is a significant predictor of intention to use Islamic mortgage product in Pakistan and Malaysia. Therefore, this hypothesis is proposed:

H7: If a person has a positive ATT of Islamic microfinance, then (s)he will have a positive intention to adopt Islamic microfinance.

SN is the perception of social influence to engage in or abstain from a particular behavior (Ajzen, 1991). SN is one of the crucial components in the TPB model that emphasizes social influence. SN influences a person's intention to behave in a specific manner through social pressure from superiors, friends/peers, close family members, or the community. SN has a great impact on an individual when deciding to use a particular behavior (Ajzen & Fishbein, 1985)

The influence of SN on the intention to use Islamic microfinance in the Gambia is postulated to be statistically significant. Notwithstanding, potential customers will favor to use Islamic microfinance services if they feel that their families and friends are in support of it. A number of studies have examined the link between SN and intention. For instance, Mustapha et al. (2023) study the factors influencing non-Muslim customers' acceptance of Islamic banking in Malaysia, the authors reported that the link between SN and behavioral intention was positive and significant. Similarly, Rapi & Kassim, (2023) examine the factors influencing the intention to participate in micro-takaful and found that SN plays a crucial role. Grounded on the research evidence established above, it is presumed that social factors may drive an individual to adopt Islamic microfinance services, thus leading to the formulation of the Hypothesis below:

H8: SN influence a person's intention to adopt Islamic microfinance services.

PBC is viewed as the core component in the TPB model that assesses a person's perception of the easiness or complexity he or she may experience to perform a

particular behavior, reflecting both prior experiences and anticipated challenges (Ajzen, 1991).

Thus, researchers have explored the role of PBC in predicting intentions. Contextually, PBC and behavioral intentions are postulated to be positively related. Accordingly, Maulana et al. (2018) examine the association between PBC and the intention to adopt Islamic microfinance in Indonesia, revealing a positive relationship between the two constructs. Therefore, the existing empirical evidence attach significance to indicate that PBC positively influences behavioral intention to accept Islamic microfinance. Consequently, this hypothesis is proposed:

H9: PBC influences a person's intention to adopt Islamic microfinance services.

3.3.3 Attitude as a Mediator

Attitude serves as a mediator between awareness, knowledge, and behavioral change towards the intention to adopt Islamic microfinance. In the realm of social science research, mediating variables have the potential to offer an intriguing explanation for dependent variables by means of their indirect effects (Baron & Kenny, 1986). The present study expands upon the TPB through the mediating role of attitude. As a result, findings from several academic studies have suggested the existence of a significant role between awareness, knowledge, and behavioral change on the intention, with the mediating role of attitude playing a significant part (e.g. Mbawuni & Nimako, 2017; Si & Chin, 2023). In essence, individual's attitude to participate in Islamic microfinance, is influence by his awareness, knowledge, and behavioral change towards Islamic microfinance. Subsequently, it is formulated that:

H1a: ATT mediates the linkage between awareness and intention to accept Islamic microfinance

H2a: ATT mediates the linkage between knowledge and intention to use Islamic microfinance

H3a: ATT mediates the association between behavioral change and intention to use Islamic microfinance

Figure 3.2 illustrates a concise overview of the hypotheses formulated in the context of the research framework discussions.

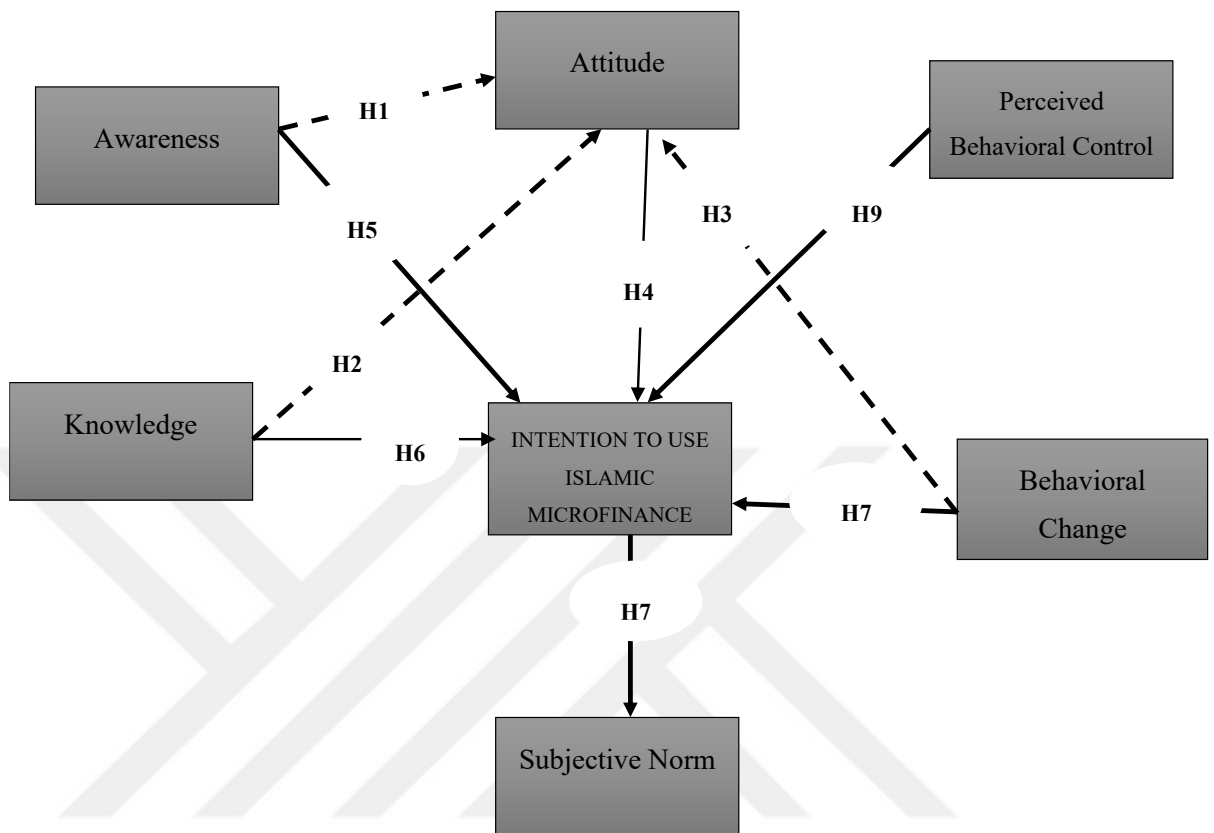


Figure 3. 1 Summary of the Study's Hypotheses

Source: Author, 2025

3.4 Summary

This chapter provides information on the literature for the study. The emergence and growth of the Islamic microfinance has turned out to be an important tool for poverty alleviation across different countries where Islamic finance is developed. Accordingly, it is crucial to identify the factors leading to the adoption of Islamic microfinance services in a country that has an evolving Islamic microfinance sector such as the Gambia. This chapter review the existing literature on Islamic microfinance adoption. The theoretical model utilized as a foundation of the study was introduced and discussed. TPB underscores the importance of determining how individuals behave when adopting a particular behavior. The empirical literature highlights the importance of the TPB in enhancing behavioral intentions to adopt Islamic finance and Islamic microfinance. In accordance with the theoretical framework and review of the existing

literature linked to the topic, a research model was established based on the TPB with three additional factors included in the research framework to better contextualize the model by focusing on the Gambia. Subsequently, a total of twelve hypotheses were formulated and components of the model were established consisting of intention, attitude, SN, PBC, awareness, knowledge, and Behavioral change.



CHAPTER IV

ISLAMIC SOCIAL FINANCE IN THE GAMBIA: CONTEXT AND DEVELOPMENTS

This chapter provides a contextual explanation of the Islamic finance and Islamic social finance industry in the Gambia. It highlighted the country's financial system while examining the fundamental theoretical ideas underlying common Islamic finance. The chapter consists of four main sections; the initial section discusses a brief overview of the background of the country in terms of its macroeconomic landscape. The second section discusses the Gambia's financial sector where the different component of the conventional financial institutions is elaborated. The third section highlights the Islamic finance industry in which the Islamic banking and Takaful component are discussed. The final section shed lights on the Islamic social finance sector which focuses on brief discussion of the Islamic microfinance, zakat, and waqf.

4.1 The Gambia: Background and Economic Overview

Situated in West Africa, the Gambia is a landlocked country bordered by Senegal in the south, north, and east, excluding for 80 km from the Atlantic Ocean to the west coast, as shown in Figure. The country stretches approximately 480 km along the Gambia River and has a total land area of 11,300 km square. As of 2022, the Gambia has a population of 2.4 million people²⁰ with an annual progression of 3.1 percent with the percentage of the population aged 25 and below accounting for about 58 percent of the total population. Nearly 56 percent of the population resides in urban areas, with the majority spread across the dense centers of the Greater Banjul Area and West Coast Region. English is the official language of the country with a multiethnic society primarily compose of five major ethnic groups with Mandinka, Fulani, and Wolof being the predominant ethnic groups. There is not much religious diversity in the

²⁰ Source: <https://www.gbosdata.org/data/40-population-and-household-characteristics/1653-poulation-total>, accessed 12 May, 2023.

country, as 96 is Muslim, and the remaining 4 percent is divided between Christianity and other indigenous traditional beliefs.

The Gambia is among the most economically challenged nations in Sub-Saharan Africa, with a proportion of its population surviving in poverty stands at 53.4 percent as of March 2022. The effect was mostly felt in rural areas, with 64.6 percent of the rural population experiencing poverty and 35.4 percent living in urban areas. However, due to the persistent increase in inflation and war in Ukraine since 2021, the poverty rate is expected to increase and severely affect the poorest households, particularly in urban areas (WORLD BANK, 2022). As one of the poorest countries, Gambia stands at 174 out of 189 countries in relation to the human development index, which falls to 0.500 compared to the same period in 2021 when it was ranked 173 out of 184 countries with an HDI of 0.501 (UNDP, 2021).

The World Bank report on Gambia's economic overview describes Gambia as a lower-middle-income country that heavily relies on tourism, rain-dependent agriculture, and remittances, with significant vulnerabilities to external shocks and a lack of viable mineral resources (WORLD BANK, 2022). The economic sector is undiversified and comprises three main components: agriculture, services, and industry. Until after the country gained independence from colonial rule, agriculture was the predominant sector and consisted of fishing, farming, livestock, and forestry. The service sector comprises tourism, real estate activities, public administration, transportation, communication, and the financial sector, whereas the industry sector consists of construction, energy, manufacturing, and other industry-related services.

Recently, the country's economic performance has observed remarkable development, specifically from 2005 to 2010, with GDP growth averaging 6-7 percent. This was driven by growth in agricultural production on the supply, tourism development, and development of the financial sector. However, the economy slowed in 2012 (3.3%) before recovering in 2013, 2014, and 2015, with estimated growth rates of 5 percent, 5.1 percent, and 4.4%, respectively (Fanneh et al., 2014). In 2018, growth was estimated at 5.4 percent before contracting in 2020 to 0.2 percent due to the COVID-19 pandemic. In 2021, the GDP rebounded to 5.5 percent (USD 2.08 billion).²¹

²¹ Source: <https://tradingeconomics.com/gambia/gdp>, accessed 13 May 2023.

Furthermore, the country's GDP in 2022 recorded a 4.3 percent increase following a rebound from the COVID-19 crisis owing to a fall in tourism, private consumption supported by sustained remittance inflows, and other related sectors. In regard to sector contribution, the service sector, which includes tourism, has the highest contribution to GDP in 2021, accounting for 62 percent, followed by agriculture and industry, comprising of 20% and 18 %, respectively (UNDP, 2021).

The macroeconomic landscape is marked by increasing debt levels, taking government debt to all time high by reaching 83.95 percent of GDP in 2022, a 0.4 percent increase from 2021, when it was 83.54 percent.²² In pursuit of economic diversification and sustainable debt, the government implemented initiatives and measures to sustain economic recovery through the national development plan 2021-2026. Furthermore, the annual inflation rate increased to an all-time high in March 2023 to 14.8 percent from 8.2 percent in the same period in 2022²³. The policy rate, which is CBG's key lending rate, stands at 14 percent as of May 2023, which is a three percent rise in the same period in 2022.²⁴

4.2 Overview of The Gambia's Financial Sector

The Gambia possesses a relatively small financial sector in relation to neighboring countries in the region and is dominated by the banking sector (WORLD BANK, 2015). Formal financial activities began in Gambia in 1971, marked by the establishment of the Central Bank of the Gambia (CBG). The CBG Act 2018, and the country's constitution mandates the institution to regulate the country's financial sector. The CBG functions is crucial in achieving and maintaining price stability and ensuring the stability of the country's currency, the Gambian dalasi. Its objectives include to oversee and regulate the financial, insurance, banking, and currency systems. Additionally, the bank promotes sustainable economic progress by ensuring the efficient utilization of the nation's resources through the efficient operation of a dynamic financial system.

²² Source: <https://countryeconomy.com/national-debt/gambia>, accessed 15 May 2023

²³ Source: <https://www.cbg.gm/current-inflation-rate>, accessed 15 May 2023

²⁴ Source: <https://www.cbg.gm/policy-rate-decisions>, accessed 16 May 2023

The financial sector are mainly conventional banks, microfinance institutions, insurance, foreign exchange bureaus, Islamic financial institutions, and other non-bank financial institutions and a single capital market. Banking institutions account roughly 75 percent of the total assets of financial institutions in the country, followed by microfinance institutions (CBG, 2020). The financial system is regulated by the guidelines of the CBG Act and the Financial Institutions Act 2003 and regulated by the CBG.

4.2.1 Overview of The Gambia's Conventional Financial Industry

In the past two decades, the Gambia's financial sector has shown remarkable growth. The banking sector is governed and regulated by the CBG. The CBG Act of 2018 and the Banking Act of 2009 are the main regulatory guidelines used to regulate and oversee the banking sector. With this Banking Act, the CBG shall be the sole regulatory authority in all matters related to banks in the country.

As of end-2022, Gambia's banking industry consisted of 12 commercial banks (dominated by private foreign banks), of which one is a fully-fledged Islamic bank. A good number of the 11 banks are subsidiaries of Nigerian banks. The total market value of the industry's assets stands at GMD 58.8 billion by the end of December 2020, representing a 15.6 percent increase in the same period in 2019 (CBG, 2020). In terms of dominance and concentration, 52.6 percent of the sector's total assets are owned by the three largest banks, while one medium-sized bank and the remaining eight banks account for 11 percent and 36.4 percent respectively of the sector's total assets, respectively (CBG, 2020). The banking sector is the most dominant and efficient industry in Gambia's financial system, characterized by adequate liquidity and profitable and highly capitalized banks. Thus, CBG is in charge of overseeing and ensuring stability within the banking industry.

Despite the impact of commercial activities due to external shocks, the banking sector in Gambia remains resilient. The data from the CBG indicate a rise in total asset growth of 15.6 percent to reach GMD 58.8 billion in December 2020, compared to the same period in 2019. Regarding financial soundness, the banking sector is highly liquid and capitalized. liquidity ratio stands at 93.5 percent as of December 2020, which is above the minimum regulatory benchmark of 30 percent. This is because of the significant holdings of treasury bills relative to the total assets. NPLs increased from 4.5% to 6.8%

between December 2019 and December 2020. Furthermore, the 12 banks had sufficient capital buffers in the event of unforeseen losses or shocks, as the risk-weighted capital adequacy ratio stood at 32.6 percent as of 2020 end, a rise of 1.2 percent in relation to the same period in 2019. Measures of performance stood at 15.33 percent for ROE and 1.90 percent for ROA by the end of December 2020 (CBG, 2020).

The insurance industry in Gambia is relatively small compared with the banking industry in terms of market share, as the sector comprises insurance companies, insurance brokers, and agents, and is mostly dominated by non-life insurance in terms of service delivery. As of December 2020, there are 12 insurance companies, two of which are Islamic operators (takaful), nine are insurance brokerage firms, and 135 are insurance agents (CBG, 2020). Non-life insurance companies dominate this industry. Ten insurance companies operate as general insurers and provide only non-life insurance services, while two of the insurance companies underwrite life insurance (WORLD BANK, 2015). By the end of 2020, non-life premium income accounted for 77.3 percent of the total industry's premium income, while life insurance premium income decreased by 3 percentage points to 22.7 percent in relation to the same period in 2020, which was mainly attributed to the Covid-19 pandemic as many subscribers surrendered and terminated their contracts. The total assets value of the insurance industry stands at GMD 302.5 million which is about 1.32 percent of GDP as of 2020 (CBG, 2020). The Insurance industry is controlled by the Insurance Act 2003, the Insurance Regulations Act 2005, and the Insurance Amendment Act 2006, that make provisions for Islamic operators.

The microfinance sector in The Gambia serves as a vehicle in advancing the nation's socioeconomic development and addressing the financial gap of low-income earners and impoverished societies between the rural communities and urban centers. Additionally, the microfinance sector is paramount for enhancing financial inclusion, particularly among rural and low-income earners. The significance of Microfinance Institutions (MFIs) cannot be overstated significantly by fostering economic growth and contributing to poverty reduction. These institutions provide essential financial services to individuals excluded from traditional banking systems or are unable to offer collateral, thereby empowering underserved populations. In recent years, MFIs in The Gambia have witnessed remarkable growth, which has contributed crucially to the enhancement of the financial sector and advancing financial inclusion across the

country. This progress has enabled greater access to financial services, even in remote villages, providing essential support such as credit facilities for individuals and communities. Nonetheless, a huge gap is created by formal banking institutions in terms of financial exclusion, as the majority of the population, particularly rural communities, microenterprises, and low-income earners, do not satisfy the conditions of banks for documentary requirements to open a bank account (Toindepi, 2015). According to the baseline survey conducted by the CBG in collaboration with other stakeholders, 69 percent of the country's population is financially excluded from formal financial institutions (CBG, 2019). Accordingly, the majority of the Gambians used informal financial services for borrowing, saving, and insurance. Microfinance can bridge this gap by playing a significant function in extending financial services to financial exclusion.

Microfinance in The Gambia is relatively small in relation to other countries in the region such as those in Senegal and Ghana, and accounts for minor share of the population in terms of borrowers and depositors (World Bank, 2015). The Financial Institutions Act (FIA) of 1992, amended in 2003, is a legal document that regulates the operation of microfinance services in The Gambia. The sector is classified by CBG in three main categories: village savings and credit associations (VISACAs), Finance Companies (FCs), and Credit Unions (CUs). These categories form the microfinance ecosystem and play a crucial role to the sector's growth and the country's financial development. As of December 2020, the microfinance sector consists of four FCs, 10 VISACAs, and 54 CUs whose members are mostly within the urban area and are salaried workers (CBG, 2020). Recently, three Islamic microfinance institutions were granted license to operate. Microfinance evolved in the Gambia for more than four decades, though it has been largely operating informally with self-help groups and village savings and credit associations been the prominent ones. Most of the microfinance institutions in the country favor providing financial services to the women groups as they're perceived as safer and more reliable in terms of loan repayments and in contributing to the financial stability for the households than the men counterparts (Gassama et al., 2021). Besides, the first licensed microfinance institution in the Gambia, known as GAWFA was formed with the purpose of enhancing the livelihood of women. The loans given by microfinance institutions are

often used by their beneficiaries to invest in a new business or sustain an existing business.

The microfinance sector is currently dominated by conventional microfinance institutions with interest been the core of their financial activities. As majority of the population are Muslims, some Muslim communities and small enterprises would prefer not to engage in financial activities with the conventional microfinance institution because of interest which is prohibited in Islam. Thus, there's a need for an alternative faith-based microfinance institutions that can grant financial services without interest to the poor Muslims, with Islamic microfinance been the only alternative.

4.3 The Gambia's Islamic Finance Industry

The prospects of Islamic finance in the Gambia are promising, giving the authority's interest in ensuring a proper regulation, monitoring, and development of the sector. The government of the Gambia through the CBG has developed regulatory framework for the Islamic finance sector. With the adoption of dual banking system in the country, the Financial Institutions Act of 2003, now the Banking Act of 2009, used to regulates Islamic banks in the country. Following the enhancement of the sector recently, the CBG has developed a guideline for the supervision of Islamic financial institutions. The guideline seeks to outline the responsibilities of Islamic financial institutions in ensuring their operations comply with the sharia principles that are align with international standards (CBG, 2022).

The country's Islamic financial industry consists of the banking sector, microfinance institutions with credit unions, and takaful companies (CBG, 2022). As of 2024, the industry consists of one fully fledged Islamic bank, five takaful companies, and two Islamic Microfinance institutions.

4.3.1 The Gambia's Islamic Banking and Takaful Sector

The establishment of Agib Bank limited was marked as the first step on the advancement of the Islamic finance industry in the Gambia. Currently, Agib Bank is the first fully fledged Islamic bank in the financial industry of the Gambia. Agib Bank was granted license to start its operations in 1996, becoming the first fully fledged Islamic bank in the country. The 1996 financial institution act which is now called the 2009 Banking Act was amended by the CBG to provide provisions for the operations

of Islamic banking in the country. Consequently, this became a notable development in the Islamic financial industry. The bank is currently a private limited liability company, Muhammed Jah, the proprietor of Qcell (a cellular company), being the main shareholder of the bank and holding 80.74 percent of the bank's total share as of 2016. Currently, the bank provides services in retail and corporate banking, trade finance, treasury, real estate, and digital banking services. The bank has a shariah supervisory committee that ensures the bank's activities are shariah compliant. The bank operates under the shariah principles, which aims to provide shariah compliant banking services driven by the core values of honesty, tolerance, brotherhood, and teamwork (AGIB BANK, 2016).

The Bank has experienced remarkable growth recently, ranging from an increase in the number of branches to providing different products and services. The bank is currently offering shariah-compliant financial services in seven branches and two agencies across the country. In terms of financing, the most popular shariah compliant product offered by the bank is Murabahah. During the year 2022, the bank's total assets increased by 21% from GMD3.90 billion in 2021 to GMD 2.29 billion. As of the same period, the bank reported a total net profit of GMD 184, 313 million (AGIB BANK, 2022).

Takaful operations began in the country following the amendment of the insurance Act of 2003 to cater for the provisions of Takaful operations in the country. This led to the establishment of Takaful Gambia Ltd as the first takaful company offering general takaful products. Since then, four additional Takaful companies were licensed as of 2024. Four out of the five takaful companies provide general products including fire, travel, accidents, marine and medical coverage among others. Whereas only one takaful institution provides family takaful products to the general public. As of 2023, the takaful industry's total revenue premium accounted for about 21 percent (GMD 126 million) of the insurance market share (CBG, 2023).

4.4 The Gambia's Islamic Social Finance Industry

4.4.1 Islamic Microfinance Sector

Islamic microfinance in the Gambia evolved in 2021, driving by the growing interest of shariah compliant finance by Muslims and the growing interest of investors positive sentiments towards this sector. The CBG provides legal and regulatory framework for

the operations of Islamic microfinance institutions. Presently, there are two fully fledged Islamic Microfinance institutions in the country; and one Islamic cooperative providing shariah compliant financial services to its members. Since its inception, Islamic microfinance institutions are now a crucial stakeholder in the microfinance ecosystem because of the growing awareness of most Gambians regarding the existence of Islamic microfinance services and most people are showing interest in getting into opening accounts with the Islamic microfinance institutions.

The first Islamic microfinance to provide shariah compliant microfinancing in The Gambia was Yonna Islamic Microfinance. In April of 2021, Yonna Islamic Microfinance was established following licensed approval from the CBG and launch its microfinance program in accordance with the Islamic finance principles the same year. Yonna Islamic Microfinance provides microfinance services including deposit mobilization or savings, current account, and investment accounts to their clients particularly to women groups and small entrepreneurs in compliance with the shariah principles of financing. Within the past three years, Yonna Islamic Microfinance has achieved tremendous growth in terms of outreach by expanding its market network to 12 branches across most of the regions in the country which aligns with its core mission of making sure that no Gambian is financially excluded from the formal financial system.²⁵ With the growing number of branches across the country, Yonna envisaged to reach the underserved segment of the population and focus on delivering shariah compliant financial services to low income earners, small entrepreneurs, and households.

Shortly following the establishment of Yonna Islamic Microfinance, CBG granted license to APS Islamic microfinance to operate as a fully-fledged shariah compliant microfinance institution in December 2021. The institution offers full scale financial services to individuals, SMEs, and low-income owners, and with the aim of empowering women and youth support projects. APS Islamic microfinance provides different varieties of financial services tailored for small entrepreneurs, individuals, and business owners. Besides providing Islamic financing services, APS Islamic

²⁵ Source: <https://alkambatimes.com/introducing-yonna-islamic-microfinance/>, accessed 25th March 2024.

microfinance also has a social financing mechanism tool to support the welfare of the society, offered in the form of zakat management, waqf fund, sadaqah, and qard-hassan financing.

The Gambia teacher's union Islamic cooperative credit union (GTU-ICCU) is the first Islamic financial cooperative credit union in Africa as statistics from the Africa Consideration of Cooperative Savings and Credit Association (ACCOSCA) has shown. GTU-ICCU is a financial cooperative union which is a subsidiary of the Gambia teacher's union that provides shariah compliant services to teachers and members of the general public who are interested in shariah compliant financial services at an affordable service. GTU-ICCU provides different savings and loan products tailored towards customer financing, SME financing, zakat management, and waqf management. GTU-ICCU currently has six branchers across all regions of the country.

4.4.2 Zakat

The potential to alleviate poverty in the Gambia is possible given the crucial role that zakat can play if effectively collected and proper distribution mechanisms are put in place. In the Gambia, the Gambia Supreme Islamic Council (GSIC)²⁶ has taken bold steps to facilitate the collection of Zakat for onward distribution to the rightful zakat recipients. Part of the steps taken by GSIC is to form a committee that is responsible for zakat affairs. The main responsibility of the committee formed by GSIC is to collect zakat from individuals liable for zakat payment (Conateh, 2022). Another responsibility of the committee is to sensitize and educate individuals about the importance of paying zakat and encourage them to pay zakat so long as they fulfill the conditions of zakat payment laid out in the shariah. However, this committee has no legal power from the state to ensure enforcement of zakat. Nonetheless, for majority of zakat payers in the Gambia, zakat payment is normally done on individual basis. These individuals pay zakat directly to deserving beneficiaries. At the state level, there are challenges in regard to the administration and enforcement of zakat payment due to the lack of a legal institution mandated by the government of the Gambia for zakat

²⁶ GSIC is the body responsible for overseeing the affairs of all Islamic associations and organizations involved in the call of Islam (dawah) in the Gambia

management. Unlike Muslim countries with a well-regulated and supervised zakat authorities, the responsibility of zakat management rest with private organizations such as the GSIC and individuals.

Despite Zakat's potential to increase the country's GDP, Badjie (2019) noted that, between 2004 and 2018, the contribution of *Zakat* to GDP increased from 2.4% to 3.7%. Consequently, with a vibrant functional *Zakat* system, the Gambia government can tap into the potential of Zakat, thus enhancing the socio-economic lives of the poor and contributing to a higher percentage of GDP.

4.4.3 Waqf

In most Muslim countries including the Gambia, people can derive benefits from waqf for social and economic enhancement. Given that about 97 percent of the population in the Gambia are adhering to Islamic faith, the potential of waqf in alleviating poverty is tremendous. The first attempt to establish a waqf legal framework in the Gambia was made, thus waqf became an Islamic social instrument for enhancing the social and economic status of the underprivileged segments of the society. The waqf institution in the Gambia is underdeveloped, lacking specific legal provisions to regulate waqf operations in the country. Thus, waqf is operated within the local beliefs and in accordance with the rulings of the madhhab of the Malick school of thought, since majority of the Muslims in the Gambia follow the Maliki school in regard to the rulings in Islam (Sano & Kassim, 2021). There are no institutions of waqf in the country as at year end 2024.

The waqf landscape in the Gambia is largely informal and it often falls under religious and educational waqf. Religious waqf is mainly in the form of mosques constructions as the GSIC noted that over 15 mosques with an estimated amount of \$345000 are constructed annually across the country (Badjie, 2019). Other forms of waqf including educational waqf has been in place informally to support orphans' education through the building of religious schools with dormitories for Quranic education, digging of water-systems, and providing scholarship opportunities to impoverished students.

CHAPTER V

RESEARCH METHODOLOGY

This chapter gives an understanding of the research strategies that will guide the researcher to answer the research questions outlined in chapter one. In general, the chapter discusses and expounds on the research design, research methodology, and the data collection techniques of the current study. The chapter begins by discussing the research philosophy of the research and further elaborates on the mixed methodology approach employed in this study. Next, the mixed methodology approach based on quantitative and qualitative approach is discussed. Then, the chapter further discusses the sampling strategy employed by determining the sampling and sample size. Lastly, the chapter concludes by discussing the data analysis techniques, structural analysis and the qualitative analysis used in this study.

5.1 Research Design

Research design forms the core strategies and plans of a study. In particular, Sekaran & Bougie (2016) described research designs as a framework for the collection, measurement and analysis of data that a particular researcher wishes to answer. A clear and well-thought-out research design enables the researcher to carry out valuable research, specifically in the social science domain. Depending on the research question of a particular study, a researcher may use either quantitative method, or qualitative method, or a mixed of quantitative and qualitative methods. However, the justification to use the right method by a researcher is determined by factors such as the nature of the research problem, the researcher's experience, and the target audience (Creswell, 2009). The current study employs mixed methodology methods, a justification of which is discussed in the subsequent sub-sections. The next subsections discuss each method.

5.1.1 Quantitative Approach

Most of the research in the natural and social sciences involved a quantitative method. Quantitative research is the process of quantifying and analyzing the data collected through a deductive approach (Bryman, 2008). This approach as adopted in the current study involves the development and testing of hypotheses based on theory. There are

different forms of approaches used in quantitative research including experimental research and survey research (Bryman, 2008). Survey research involves a numeric description of data in which the sample data collected from a population may demonstrate people's attitudes or opinion about a particular phenomenon (Creswell, 2009). The survey method is predominantly used in social science as a means of primary data collection methods. A common instrument used in administering surveys is to employ a questionnaire. In contrast to the survey method, experimental research determines the cause and effect of a specific treatment of an outcome.

In quantitative research, the methods of collecting data and analyzing data are determined by a system of procedures, ranging from the sampling design and method, the administration of the instrument used in the research, the usage of statistical analysis, the data analysis stage, and drawing findings and conclusions from the data which is guided or supported by a theory (Bryman, 2008).

To answer research question one, two, and three of this study, the researcher utilized a quantitative approach in which primary data are obtained from individuals likely to use Islamic microfinance services. Thus, the quantitative method was designed to analyze the determinant of attitude, SN, PBC, awareness, knowledge, and behavioral change on potential customers' intention to use in Islamic microfinance services in the Gambia. Consequently, many adoption studies have been conducted using the quantitative approach, particularly in predicting behavior in the area of social science.

5.1.2 Qualitative Approach

In contrast to quantitative research, qualitative research approach puts emphasis on words instead of measuring or quantifying the data collected in research. In other words, in a qualitative research setting, researchers are more concerned with words than numbers as posited by Bryman (2008). In this respect, qualitative research is the process of generating a theory from research based on the data collected through an inductive approach (Bryman, 2008). The philosophical foundation upon which qualitative method leans is based on the constructivist and transformative knowledge claims (Creswell, 2009). Qualitative research has the advantage of providing new insights into phenomena or studies that have not been adequately explored. There are different forms of approaches used in qualitative research including participant observation, interview notes, focus groups, and texts and documents analysis. In

analyzing data from qualitative research, there are normally three adopted approaches which are data reduction and coding, displaying the data, and drawing conclusions from the data collected (Sekaran & Bougie, 2016).

In this research, the qualitative study aims to answer research questions four and five. The qualitative study consists of interviews with officials of the Islamic microfinance institutions. In particular, this approach is used to seek the opinions and experiences of staffs/managers working at Islamic microfinance institutions regarding the challenges facing the Islamic microfinance sector. It further explores the perception of Islamic microfinance officials about waqf financing and zakat through a semi-structured interview.

5.1.3 Mixed Methodology Approach

The mixed methodological approach widely used in social research requires the combination of both quantitative and qualitative research (Bryman, 2008). According to Sekaran and Bougie (2016), mixed methodology approach is often used in research when either of qualitative or quantitative research approach is not sufficient to answer the complex research problems. Therefore, an integration of both methodologies can provide a useful insights and reliable results to a research issue such as Islamic microfinance research (Ammar, 2017).

This study explores the factors shaping the behavioral intentions of prospective clients regarding the use of Islamic microfinance in the Gambian context. Additionally, this research endeavor to examine opinions and experiences of staffs/managers working at Islamic microfinance institutions. Thus, it is paramount to measure and determine causal relationships established in this study using quantitative technique and to also utilize qualitative method to seek the opinions of the staffs of the Islamic microfinance institutions in order to provide useful insights to the subject been examined. Therefore, based on the above justification, the current study used a mixed methodology in which both quantitative and qualitative are utilized to answer the research questions constructed in this study.

5.2 Research Methods

The research method discusses the tools and materials used for collecting and analyzing data. This section will delineate on the data collection method, survey instruments, interview techniques, and the sampling method utilized in this study.

5.2.1 Data Collection

In business research, Sekaran & Bougie (2016:142) noted that there are three major forms of data collection methods: conducting an interview, administering a questionnaire, and observing people. The current study utilizes questionnaire as a survey instrument to investigate the factors influencing behavioral intention to use Islamic microfinance in the Gambia. In addition, the research also employs semi-structured interviews to further investigate the perceptions of Islamic microfinance managers regarding the challenges facing the sector and their perception about waqf and zakat. The components of the different types of data collection utilized in this study are discussed in the following subsections.

5.2.1.1 The Questionnaire

In quantitative research, questionnaires are a common form of instrument designed to collect data on a particular subject of research (Sekaran & Bougie, 2016). According to Bryman (2008), questionnaires can come in different types of which electronic questionnaire is the most widely used in contemporary social research. The electronic questionnaire method was utilized to collect data. The online or electronic questionnaire has various benefits including its ability to reach wider groups or individuals who would be difficult to access. The use of online questionnaires is convenient and less costly compared to other forms of questionnaire like the postal questionnaire (Sekaran & Bougie, 2016). In other words, it is convenient and quick to administer by respondents who will just receive an email invitation or links to complete the questionnaire.

Questionnaires were used as a survey instrument in this research. Questionnaire have been employed in various prior studies (e.g., Abu Hassan et al., 2023; Maulana et al., 2018). The preparation of the questionnaire was also guided by previous research studies. Thus, items from previously used scales that are tested and validated based on previous studies are incorporated in the current study. In addition, a validity test was conducted to confirm the validity and reliability of the scales utilized in the questionnaire.

The questionnaire was designed so that respondents can answer it without the need for the researcher to be present. The questionnaire went into different rigorous reviews before it was shared to the respondents. Following the preparation of the questionnaire,

the researcher initially shared it with his supervisor and jury members for review. Once it was approved, the researcher shared the questionnaire to three faculty members at the university of the Gambia who specialized in Islamic finance in the Gambia. Following the comments and suggestions given by the informed individuals, the questionnaire was updated to enhance its quality before it was finally shared.

Meanwhile, Google form was utilized to disseminate the questionnaire and a link to the instrument was shared to the respondents by email and through various social media platforms. The questionnaire consisted of five pages including the cover letter and took about 15 minutes to complete. The privacy and confidentiality of each respondent was emphasized as the researcher did not collect emails or names of the respondents. This motivates the respondents to provide accurate information. Appendix one gives the full format of the questionnaire. Meanwhile, the Questionnaire is consisting of two sections:

Section A (Demographic Information)

The demographic characteristics consisted of six items and in terms of scaling, the items were ranked based on nominal and ordinal scales. The six items of demographic information are as follows:

- i. Gender
- ii. Age
- iii. Educational Qualification
- iv. Occupation
- v. Monthly Income

Section B: Measurement of Constructs

Section B provides questions on the constructs or variables used in this study. There are seven constructs used in this study, namely: attitude, SN, PBC, intention, awareness, knowledge, and behavioral change. Intention serves as the dependent variable and the rest of the variables serve as the independent variables with attitude also serving as a mediating variable (see section 5.2 for explanation of mediating variable). The indicators/items measuring the constructs in this study adopted the five-point Likert scale. Indeed, Likert-scale is a commonly used scale in business research and has been adopted in several studies in which TPB is utilized as a theoretical framework (Ismail et al., 2023; Raza et al., 2020; Zinser, 2015). Section B has a total

of 26 questions. To develop the measurement items for the constructs, several previous related studies were reviewed, and the items were adapted and modified based on existing studies (see table 5.1 for source of the adopted items). These measurement items of the latent constructs were previously validated scales in studies that have utilized TPB and related to Islamic finance in general. Hence, most of the wordings in the adopted scales were left unchanged and few amendments were made to suit the objectives of the present study. Meanwhile, a brief analysis of the constructs is presented below:

Attitude (ATT): Attitude towards the behavioral intention to participate in Islamic microfinance was previously studied and measured by different researcher in the empirical literature. Attitude is one of the three main components in the TPB, and it is shaped by a set of beliefs towards the outcome of the actions of individuals (Ajzen, 1991). The items measuring attitude were sourced from Muhammad et al., (2023), Ammar (2017) and Mbawuni & Nimako (2017). The authors used the Likert scale to measure attitude, and the same approach is used in this study. The indicators measuring attitude are:

ATT1: I have a favorable opinion about participating in Islamic microfinance institutions

ATT2: I would find Islamic microfinance services useful

ATT3: Using Islamic microfinance services is profitable

ATT4: Using Islamic microfinance services is a good idea

Subjective norm (SN): The impact of SN on intention has been examined in academic literature as seen in previous sections. SN is one of the three main facets of the TPB, as discussed in chapter three. Four items measuring SN in this study have been sourced and modified based on the study of (Maulina et al., 2023). The following items are used to measure SN:

SN1: People important to me will support my participation in Islamic microfinance services.

SN2: My family will support my decision to participate in Islamic microfinance services as a correct and wise decision.

SN3: People whose opinion I respect will be a trigger for my participation in Islamic microfinance services.

SN4: I am interested in participating in Islamic microfinance services with recommendations from friends and people close to me.

Perceived Behavioral Control (PBC): This assesses the degree of ease or difficulty a person may experience when engaging in a particular behavior. It is often thought to reflect not only past experiences, but also anticipated obstacles or challenges that a particular individual may face (Ajzen, 1991). In the current study, the indicators from Maulana et al. (2018) were adapted. PBC's measurement items are as follows:

PBC1: I am confident that I can easily use Islamic microfinance services

PBC 2: I think that I would be able to adhere to Islamic microfinance services if I want to.

PBC3: I think that using Islamic microfinance services would be entirely within my control

Intention: Ajzen (1991) define behavioral Intention as an individual's decision to behave in a certain manner. In the domain of this study, behavioral intention towards the participation in Islamic microfinance was previously studied and measured by different researcher in the empirical literature. The items measuring intention were adapted and modified to suit the objectives of this research from (Maulina et al., 2023), and Nur Aisyah Indarningsih et al. (2023). The measurements items for intention are as follows

INT 1: I am interested to participate in Islamic microfinance services

INT 2: I intend to use Islamic microfinance services in the future

INT3: I like to use Islamic microfinance services

INT 4: I will strongly recommend others to use Islamic microfinance services

Awareness (AW) and Knowledge (KW): Umar et al. (2022) studied the role of Islamic social finance on poverty alleviation. Awareness and knowledge were used as a construct to comprehend awareness and knowledge about Islamic microfinance in Nigeria. The current study adopted four items used to measure both awareness and knowledge from Umar et al. (2022). The items measuring are:

AW1: I'm aware of the principles of Islamic microfinance, such as no interest, uncertainty, and investment in prohibited investment, etc.

AW2: I have reasonable awareness of Islamic microfinance for economic growth and development

AW3: I am aware of the existence of Islamic microfinance institutions in the Gambia

AW4: I'm aware that Islamic microfinance undertakes underlying Islamic contracts, such as musharakah, mudarabah, murabahah, qard alhassan, etc.

KW1: I have the basic necessary knowledge about Islamic microfinance

KW2: I know that Islamic microfinance services are based on shariah principles

KW3: I have reasonable knowledge of Islamic microfinance for economic growth and development

Behavioral Change (BC): Purwanto et al. (2022) examined the intention to use Islamic microfinance in Indonesia. One of the analyzed constructs was behavioral change. Likewise, the measurement of behavioral change in this study is adapted from his study the Gambia. The items for behavioral change are as follows

BC1: I might consider using Islamic microfinance services.

BC2: I plan to use Islamic microfinance services in the near future

BC3: I intend to use Islamic microfinance services in the future

BC4: I will choose Islamic microfinance services in the future

Table 5. 1 Summary of the Constructs and Their Sources

Constructs	Number of Items	Sourced from
Attitude	4	Muhammad et al. (2023), Ammar (2017), and Mbawuni & Nimako (2017)
Subjective Norm	4	Maulina et al. (2023)
Perceived Behavioral Control	4	Maulana et al. (2018)
Intention	4	Maulina et al. (2023) and Indarningsih et al. (2023),
Awareness	4	Umar et al. (2022)

Knowledge	3	Umar et al. (2022)
Behavioral Change	4	Purwanto et al. (2022)

Source: Researcher, 2025

5.2.1.2 Validity of Research Instrument (Questionnaire)

Validity refers to the degree to which a construct accurately measures what it is intended to measure. Validity is of different forms including content validity and construct validity. However, the current study applied construct validity. Firstly, the measurement items of each construct were validated based on the existing academic literature and which were previously performed by other researchers as can be seen in table 5.1. In addition, the measurement model in SEM analysis was done to check the validity of the constructs as discussed in chapter five.

Reliability measures the extent to which items provide consistent results under the same conditions. To measure reliability, Cronbach alpha (CA) and composite reliability (CR) are used to measure reliability in this study as outlined in chapter five. Both measures range from 0 to 1 where proximity to 1 indicates higher reliability. The acceptable benchmark for both CA and CR requires a score of 0.7 and above for adequate reliability (Hair et al., 2021). Before analyzing SEM in this study, reliability was assessed using both Cronbach's alpha and composite reliability with internal consistency been established for both pilot test and actual data analysis.

5.2.1.3 Pilot test

To determine any issues with the structure, wordings, or questions regarding the questionnaire development, a pilot test is required. A pilot is done prior to the actual data collection in order to determine the reliability of the questionnaire and to make necessary adjustments. In conducting the pilot test, a sample size has to be determined. To produce accurate results, a sample size of 150 was used for the pilot test in this study. The sample from the pilot was determine by utilizing snowball sampling with a diverse range of people including lecturers at the university of the Gambia, civil servants, self-employers, and staffs working at financial institutions. However, the researcher made sure that the first selected respondents were selected from diverse groups consisting of the above-mentioned categories. Furthermore, the scales used in this study were evaluated to assess reliability by using CA.

Table 5. 2 Demographic Information of Pilot Testing

Gender	Frequency	Percentage
male	73	73.0
female	27	27.0
Total	100	100
Age		
19-30 years	61	61.0
31-40 years	24	24.0
Above 40 years	15	15.0
Total	100	100
Educational Qualification		
High school and below	11	11.0
Post-Secondary Non-Tertiary Diploma/Certificate	12	12.0
Bachelor's degree	53	53.0
Master's degree and above	24	24.0
Total	100	100
Monthly Income		
Less than GMD 2000	33	33.0
GMD 2001 to GMD 7000	14	14.0
GMD 7001 to GMD 10,000	13	13.0
Above GMD 10,000	40	40.0
Total	100	100
Occupation		
Self employed	5	5.0
Employees / Workers	24	24.0
School teacher/Lecturer	19	19.0

Student	52	52.0
Total	100	100

Source: Author, 2025

Following the dissemination of the questionnaires to various social media platforms and email via Google forms, a total of 100 responses were considered valid after some missing data were omitted. Meanwhile, the demographic information and reliability statistics of the responses from the pilot test were analyzed using SPSS version 20.

Respondents' demographic information in the pilot test is shown in Table 5.2. It indicates that the percentage of male participants (73%) surpasses that of female participants (27%). Notably, a considerable number of participants are in the 19-30 age range, consisting approximately 61% of the total participants. Moreover, the data indicates that a substantial number of respondents have at least a degree, with only a few reporting a diploma or lower level of education. The majority of respondents reported a monthly income above GMD10,000, with a considerable number earning less than GMD2000. With regard to employment, a significant number of respondents are students (52%), followed by respondents who hold professional positions in both the private and public sectors, including lawyers, physicians, accountants, and service providers.

Table 5. 3 Reliability Results Based on Cronbach's Alpha

Constructs	Number of Items	Cronbach's Alpha
Attitude	4	0.886
Subjective Norm	4	0.815
Perceived Behavioral Control	4	0.807
Intention	4	0.819
Awareness	4	0.854
Knowledge	3	0.840
Behavioral Change	4	0.939

Source: Author, 2025

Next, the researcher analyzed the reliability of the constructs using CA. As in table 5.3, the attitude variable which is measured with four items has a CA value of 0.886.

All the four items measuring SN, PBC, and Intention have CA of 0.815, 0.807, and 0.819 respectively. Similarly, CA value for the awareness variable was 0.854, knowledge, 0.840, and behavioral change had a CA value of 0.939. Therefore, CA values for all the constructs are higher than the benchmark of 0.7 and above demonstrating higher reliability of the constructs (Hair et al.,2021).

5.2.1.4 Interview

In qualitative studies, the most common methods of data collection used by researchers are interview, observation, and focus group, although interviews appear to be the most common method used in social research (Bryman, 2008). Interview in social research is a process or guide used purposely by a party in a conversation with another party (Sekaran & Bougie, 2016). According to Sekaran & Bougie (2016), interviews are o structured interview, unstructured interview, and semi-structured interview. Nonetheless, in qualitative research, unstructured interview and semi-structured interview have become more prevalent (Bryman, 2008).

Structured interview is conducted using a questionnaire where it is known by the interviewer the set of questions to be asked to the respondents at the onset. This form of interview allows the respondents to receive the same kind of questions from the interviewer, and it is commonly used in survey research (Bryman, 2008). Unstructured interview involves an informal procedure whereby the interviewer does not have a well-organized or planned set of questions to be asked to the respondents (Sekaran & Bougie, 2016). In a semi-structured interview, the interviewer typically has an interview guide which is usually open-ended questions that help the interviewer to get insights into the phenomena examined.

In the current research, the semi-structured interview method was employed. The semi-structured interview questions covered issues such as clients understanding of Islamic microfinance contracts, obstacles and challenges affecting the Islamic microfinance sector and its future prospects in the Gambia; opinion of participants regarding about waqf and zakat; and the perceptions of the Islamic microfinance institutions in using zakat and waqf funds to mobilize resources. In terms of validity of the questions, the researcher shared the questions for review to experts and comments and suggestions were incorporated by the research for better enhancement of the interview questions. The researcher conducted the interview with Yonna Islamic

microfinance, APS, Islamic microfinance, and the Gambia teacher's union Islamic corporate credit union. The interview with each institution lasted for about thirty minutes and was conducted within a month period of the research data collection period.

5.2.2 Sampling Process

Sampling is a crucial stage in social research. According to Sekaran & Bougie (2016), Sampling is the method of choosing the right respondents, objects, or events as representatives from the whole population. In research it is not possible and not feasible economically to select every element from the whole population as participants, particularly research that requires hundreds or thousands of respondents. That is why researchers make use of samples as a representation of the population. The sampling design is used to determine the sample of a study. There are two main types of sampling design, probability sampling and non-probability sampling (Sekaran & Bougie, 2016). According to Bryman (2008), probability sampling is the process in which every unit of a population has an equal and independent chance of been chosen. Conversely, non-probability sampling is the process in which units do not have equal and independent chance of been selected from a population (Bryman, 2008). Thus, research objects are selected based on a definite rationale for them to be included in the research as the researcher is most often interested in finding a specific phenomenon within these research objects.

The different types of probability sampling encompass simple random sampling, systematic sampling, stratified sampling, and cluster sampling, whereas non-probability sampling methods include convenience sampling, judgment sampling, , snowball sampling, purposive sampling, and quota sampling (Bryman, 2008; Sekaran & Bougie, 2016). For a comprehensive description of these sampling techniques, please refer to Sekaran & Bougie (2016) and Bryman (2008).

In regard to the quantitative analysis, the present `study utilized snowball sampling technique. Snowball represents a non-probability technique wherein the researcher depends on existing participants who already participated in the research and ask them to contact or share with others to help participate in the research, thereby creating a snowball effect (Bryman, 2008).

For the quantitative method, the Target population in this research was individuals who are potential customers of Islamic microfinance institutions including government employees, private employees, self-employees, lecturers/teachers and students. Meanwhile, staffs of the Islamic microfinance institutions represent the target population for the qualitative component of the study.

In social science research, determining the sample size to be used in a particular study is an important process required. The process of recruiting the whole population as the sample is not feasible in social research. Hence, there is a need for the researcher to select the right sample size to be able to validate the research hypotheses of a study. The sample size for the present study's quantitative analysis was determined based on practical constraints and statistical considerations. In regard to the practical constraints, there is no centralized database of potential customers of Islamic microfinance in the country since Islamic microfinance is still emerging, hence selecting the sample randomly was not feasible. Consequently, the researcher has to resort to snowball sampling method to determine the sample size in which respondents who are interested or have basic understanding of Islamic microfinance were reached out. These respondents ultimately share the research questionnaires with other respondents who have similar interests.

As regards the statistical considerations, the recommendation of Barclay et al. (1995) was followed by structural equation analysis. Barclay articulated the "10 times rule", where the minimum sample size must be ten times greater than the highest number of arrowheads pointing towards a construct when using structural equation modelling. In addition, for SEM analysis, Hair et al. (2017) recommended a minimum sample size of 100 for adequate statistical power. However, the study's sample size was 518, surpassing the recommendation by Hair et al. (2017) and thus ensuring the reliability and generalizability of the research findings.

Meanwhile, the sampling technique for qualitative research was based on the purposive sampling technique. Purposive sampling is a non-probability sampling technique which is often used when the sampled units are relevant to the research questions (Bryman, 2008). Each senior staff member who holds crucial positions in each of the institutions was targeted. To gather important data, an invitation to participate was handed to them along with the consent form before the actual interview took place.

5.3 Method of Data Analysis

The subsequent subsection discusses the technique of data analysis employed in present study. The study utilized a mixed methodology approach. Thus, the method of data analysis for the quantitative approach was distinct from that of the qualitative approach. Both methods of data analysis are elaborated in this section.

5.3.1 Quantitative Data Analysis

Once sample data have been collected from the target population, the subsequent step is to analyze the data. This subsection describes the instrument of data analysis, and the statistical techniques employed. Upon completion of the data collection process, a total of 525 respondents were gathered. Following that, data cleaning and screening was performed by using the Statistical Package for Social Science (SPSS) version 20. Once the data was cleaned, a total of 518 responses were deemed suitable for data analysis. The quantitative analysis of the current study was performed by using SPSS Version 20 and Smart PLS version 4.0.

5.3.1.1 Structural Equation Analysis

To test multivariate analysis involving the relationship between latent constructs, Structural Equation Modelling (SEM) is a widely employed technique in social research. The researcher utilized SEM analysis to evaluate the hypotheses using Smart pls Software version 4.0. According to Hair et al. (2010), SEM is a multivariate statistical technique that combines elements of multiple regression and factor analysis to simultaneously estimate a series of interrelated dependent relationships. Besides, SEM is used to confirm and validate a model by relying on a theoretical framework such as the TPB model (Hair et al., 2010). SEM is a commonly used model in social science research. Precisely, SEM is a popular analytical tool used in the realm of Islamic social finance as well as studies specifically involving Islamic microfinance (e.g. Mbawuni & Nimako, 2017; Raza et al., 2020;).

SEM consists of two main techniques: Covariance-Based (CB) SEM, and Partial Least Square Structural Equation Modelling (PLS-SEM). To analyze SEM based on covariance-based, it is important that the data to be analyzed be normally distributed. However, PLS-SEM does not necessitate the sample data to be normally distributed. As noted by Hair et al. (2011), PLS-SEM has been the predominant alternative used

by researchers over covariance-based because of its ability to handle complex models with a relatively small sample size.

PLS-SEM involves two important steps, the first step is the measurement model (MM) while the other step involves structural model (SM) (Hair et al., 2019). The MM evaluates the link between the constructs and their indicators. This process is referred to as construct validity and is generally analyzed in PLS-SEM using convergent validity and discriminant validity (Hair et al., 2017).

Convergent validity is the process in which measurement items of a construct share high proportion of variance in measuring the same constructs. In PLS-SEM, convergent validity is accessed by employing three techniques: Indicator loadings, Internal Consistency, and Average variance Extracted (AVE).

Indicator loadings assess the extent to which construct accounts for the variance of its corresponding measurement item. Hair et al. (2017) suggested that indicator loading values of 0.708 or higher can be considered statistically significant. Reliability is measured using composite reliability and Cronbach's alpha. These measures assess the extent to which the indicators in a model work collectively when measuring a specific construct (Hair et al., 2021). Specifically, reliability measures the extent to which items provide the same results persistently under the same conditions. AVE measures the level to which a specific construct explains the variance of its assigned indicators (Hair et al., 2021). An AVE Value of 0.5 and above indicates statistical significance and confirms convergent validity.

Meanwhile, discriminant validity measure how indicators demonstrate higher loadings in explaining their corresponding latent constructs than on other constructs within the structural model (Hair et al., 2011). Discriminant validity is measured using any of the following: the Heterotrait-Monotrait ratio of correlations (HTMT), Fornell-Lacker criterion, and cross loadings (Fornell & Larcker, 1981; Hair et al., 2019). The current study uses all three measures in assessing discriminant validity

Following the assessment and establishment of the MM, SM, is estimated. The structural model examines and tests the link between the constructs and the dependent variable along with the mediating variables (Hair et al., 2011). The aim of the structural model is to test hypotheses by examining path coefficients, accessing the model's explanatory power, effect size, q-square, and testing the model fit.

As per the above discussions, the quantitative analysis of the current study was conducted using PLS-SEM approach, which as noted above is a suitable method for evaluating the associations between various constructs. PLS-SEM was used because of its capability to run heterogeneous data simultaneously and it includes both direct and mediating effects. Furthermore, for exploratory research, PLS-SEM is deemed as a suitable analysis (Hair et al., 2011). The current study's quantitative research was exploratory in nature as it explores the main determinants of the intention to use Islamic microfinance in the Gambia. PLS-SEM in this study has been analyzed using Smart PLS version 4.0. This software is widely used in carrying out SEM analysis in social science research. Besides, the software is user friendly and can perform overall reliability and validity and also evaluates mediation analysis.

5.3.1.2 Mediation Analysis

Mediation analysis constitutes a significant concept in business research and is essential in PLS-SEM (Hair et al., 2017). In social science research, mediation occurs when a third construct interferes among the relationship between the independent variable and the dependent variable in a model. As noted by Baron & Kenny (1986:1176), mediation analysis is to analyze the linkage between the predictor (X) and the dependent variable (Y), the predictor and the mediating variable (M), and the linkage between the mediator (M), and the predictor variable. The outcome is that all these associations should demonstrate statistical significance. Figure 5.1 provides the mediation effect by Baron & Kenny (1986).

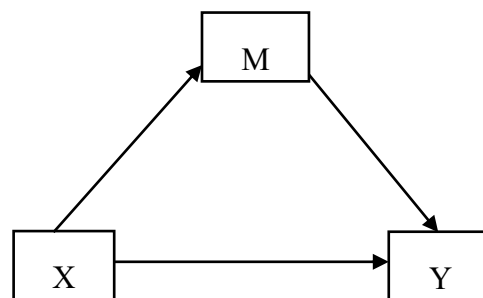


Figure 5. 1 Illustration of mediation effect

Source: Baron & Kenny (1986)

The present study utilizes boot-strapping methods to analyze mediation. Bootstrap is a process used to test the sampling distribution of a parameter estimate by resampling the data using samples (Salim, 2015). This technique is a powerful method used to test mediation effects and was developed by Preacher & Hayes (2004). It has the advantage over other bootstrapping techniques such as multi-model analysis because of its ability of not requiring the sample to be normally distributed as a pre-requisite and can allow relatively smaller samples (Hayes, 2009). The number of bootstrapping as recommended by Hayes (2009) is 5000 times resampling. This ensures that the estimated parameters and confidence intervals are accurately determined (Preacher & Hayes, 2004).

In this study, the role of attitude is examined as a mediating variable across three specific relationships. The first relationship investigates the influence of awareness on the intention to adopt Islamic microfinance. The second relationship analyzes how knowledge impacts the intention to utilize Islamic microfinance. The third relationship evaluates the effect of behavioral change on the intention to engage with Islamic microfinance.

5.3.2 Qualitative Data Analysis

Semi-structured interview was done to explore the opinions and experiences of staffs/managers working at Islamic microfinance institutions regarding the challenges facing the Islamic microfinance sector. The interview further aims to explore the perception of Islamic microfinance officials about waqf financing and zakat through a semi-structured interview. Unlike quantitative data analysis, there are no clear-cut techniques or straightforward rules that are used in research as to how data collected based on qualitative methods can be analyze (Bryman, 2008). Analyzing qualitative methods involved different methods including content analysis, thematic analysis, narrative analysis, grounded theory, and analytical induction (Bryman, 2008; Sekaran & Bougie, 2016). The present study used thematic analysis for qualitative analysis.

5.4 Summary

The present chapter gives a comprehensive explanation of the research method and research approach. The chapter begins by examining the research approach, research method, data collection methods, and the sampling technique. In the quantitative approach, a survey method was utilized to collect data for the study's constructs using

a questionnaire. The questionnaire was validated through a validity test and previous research. Following the validity of the questionnaire, the survey was conducted and statistical packages of SPSS v. 22 and Smart PIs v.4 were adopted to analyze the quantitative data. Furthermore, the qualitative method was performed through the use of the interview method. Precisely, a semi-structured interview was conducted with the Islamic microfinance institutions currently operating in the country.



CHAPTER VI

RESULTS AND DISCUSSIONS OF THE FINDINGS

This chapter discusses the results of the study. The chapter is comprised of two main sections: the quantitative section results and the qualitative section results. The quantitative analysis commences with the discussion of the respondents' demographic information, descriptive statistics of participants, MM model assessment, SE analysis including mediation analysis result. Thereafter, the chapter goes into the results of the qualitative part of the current study. Finally, the chapter was finalized with a discussion on the findings of the results.

6.1 Quantitative Analysis

This part discusses the quantitative data analysis of the current study. The quantitative data analysis presents the findings attained from the questionnaire survey and further presents the findings that answer the research questions of 1&2. Thereafter, the measurement model (MM) is discussed in order to check the reliability and validity of the model. Finally, the structural equations (SE) model of the current study is presented using path coefficients and mediation analysis.

6.1.1 Descriptive Analysis

This section begins by presenting a brief description of demographic information of respondents. In particular, the demographic characteristics discussed in this subsection are gender, age, level of education, monthly income, and occupation of respondents. SPSS 20 statistical package was used to determine the frequencies and percentages of the data. A total of 518 samples were analyzed.

6.1.2 Demographic Information of Respondents

6.1.2.1 Gender

The participants were asked to specify their gender. The respondents' profile shows that out of the total 518 respondents that participated in the survey, 71.6 percent (n=371) are male while 28.4 percent (n=147) are female. This shows that bulk of the respondents involved are male. The results are depicted in table 6.1 and figure 6.1 below.

Table 6. 1 Gender Information

Categories	Dimension	Frequency	Percentage (%)
Gender	Male	371	71.6
	Female	147	28.4
	Total	518	100

Source: Author, 2025

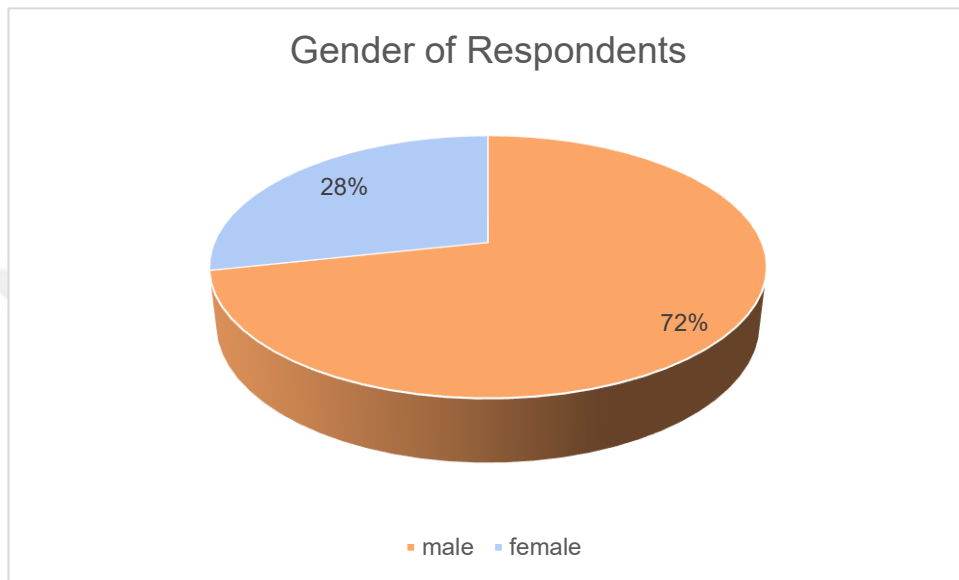


Figure 6. 1 Respondents' Gender

Source: Author, 2025

6.1.2.2 Age Structure

The age categories of the respondents spread across various age groups as shown in table 6.2 and figure 6.2. The current research considers three categories of participants, ages 19 to over 40 years. It is manifest that most of the respondents were aged between 19 to 30, accounting for about 53.7 percent (n=278) of the total participants. This is followed by the 31-40 age group with 31.5 percent (n=163) of the total participants. Table 6.2 further depicts that about 14.9 percent (n=77) of the respondents are above 40 years of age.

Table 6. 2 Respondents' Age

Categories	Dimension	Frequency	Percentage
Age	19-30 years	278	53.7
	31-40 years	163	31.5
	Above 40 years	77	14.9
	Total	518	100

Source: Author, 2025

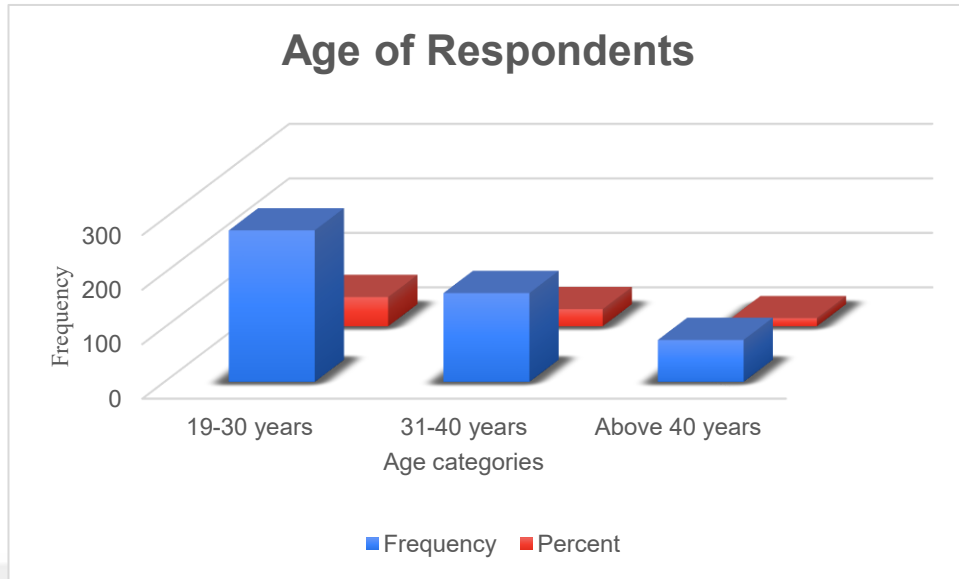


Figure 6. 2 Age Distribution

Source: Questionnaire

6.1.2.3 Educational Level of Respondents

Table 6.3 and figure 6.3 provides the frequencies and percentages of the educational level of respondents who are involved in the survey. As per the results in table 6.3, a significant portion of the respondents, approximately 52.5 percent (n=272), obtained a bachelor's degree as their highest educational qualification. Next, respondents with at least a master's degree follows as the majority representing about 27.2 percent (n=141) of the sample. Furthermore, about 12.4 percent (n=64) and 7.9 percent (n=41) of the total respondents are diploma/certificate and high school and below holders respectively.

Table 6. 3 Respondents' Level of Education

Categories	Dimension	Frequency	Percentage
Educational Qualification	High school and below	41	7.9
	Diploma/Certificate	64	12.4
	Bachelor's degree	272	52.5
	Master's degree and above	141	27.2
	Total	518	100.0

Source: Author, 2025

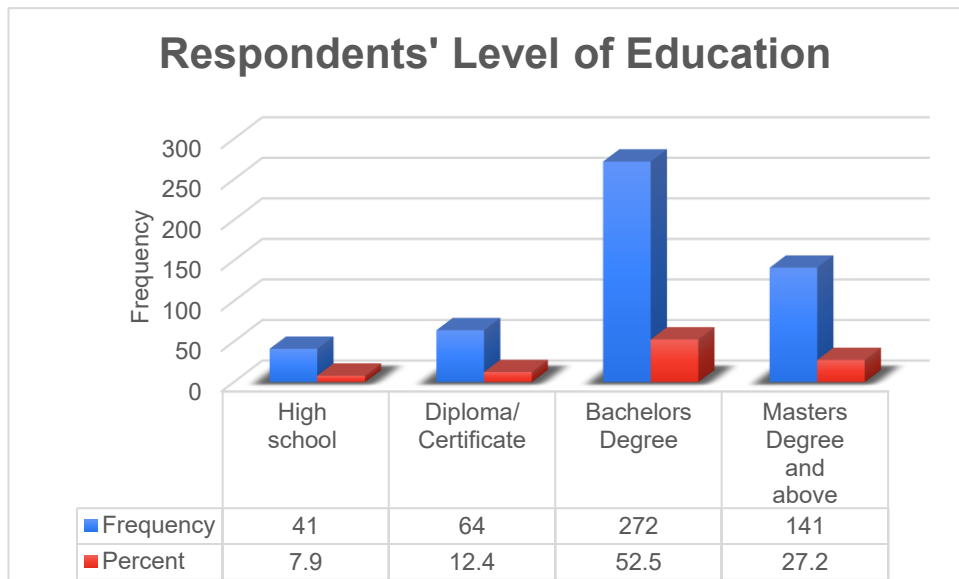


Figure 6. 3 Level of Education of Respondents

Source: Questionnaire

6.1.2.4 Monthly Income

The monthly income of the participants in this survey is ascertained as shown in table 6.4 and figure 6.4. It shows that a considerable number of respondents earn more than GMD²⁷ 10,000 in a month. This represents 54.6 percent (n=283) of the sample. Also, the results revealed that about 19.3 percent (n=19.3) earn a monthly income below GMD 2,000. Meanwhile, the number of respondents whose monthly income falls between the GMD 2,001 to GMD 7,000 and GMD 7,001 to GMD 10,000 income categories represents about 14.9 percent (n=77) and 11.2 percent (n=58) respectively.

Table 6. 4 Monthly Income of Respondents

Categories	Dimension	Frequency	Percentage
Individual Monthly Income	Less than GMD 2,000	100	19.3
	GMD 2,001 to GMD 7,000	77	14.9
	GMD 7,001 to GMD 10,000	58	11.2
	Above GMD 10,000	283	54.6
	Total	518	100.0

Source: Author, 2025

²⁷ \$1=67 GMD as of 6th November 2024.

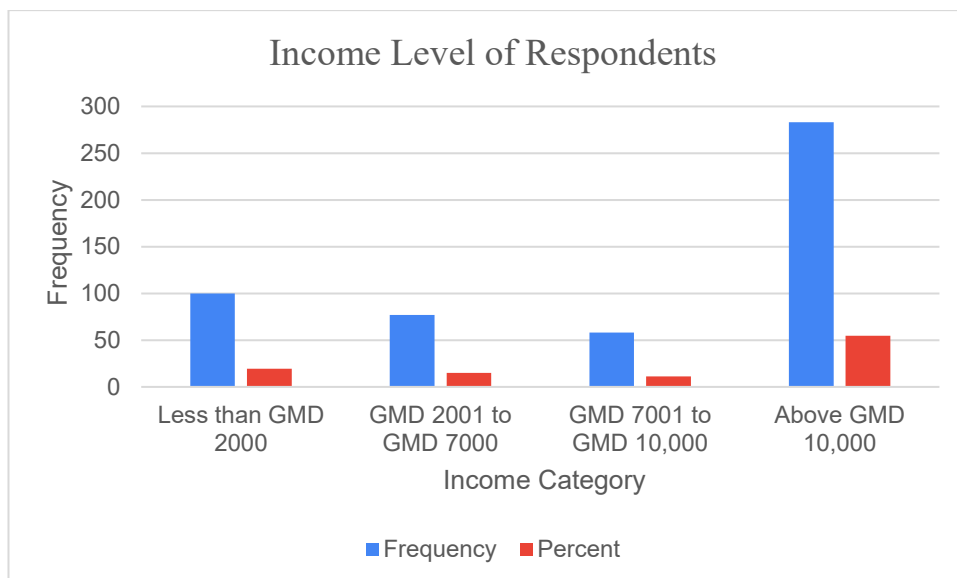


Figure 6. 4 Respondents' Monthly Income Level

Source: Author, 2025

6.1.2.5 Occupation

Table 6.5 and figure 6.5 show the occupation of respondents. It shows that a significant portion of the participants are working as professionals, denoting about 32.4 percent (n=168). The respondents under this category are working in both the private and public sectors, including accountants, lawyers, service providers, and medical doctors. This is followed by teachers/lecturers which represent about 22.2 percent (n=115) of the participants. Meanwhile, about 29.2 percent (n=151) and 10 percent (n=52) of the participants are students and working in other unspecified jobs respectively. Finally, about 6.2 percent (n=32) of the respondents are self-employed.

Table 6. 5 Occupation of Respondents

Categories	Dimension	Frequency	Percentage
Occupation	Self employed	32	6.2
	Professional (accountant, lawyer, medical doctor, etc.)	168	32.4
	School teacher/Lecturer	115	22.2
	Student	151	29.2
	Others (including blue collars)	52	10.0

	Total	518	100.0
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Source: Author, 2025

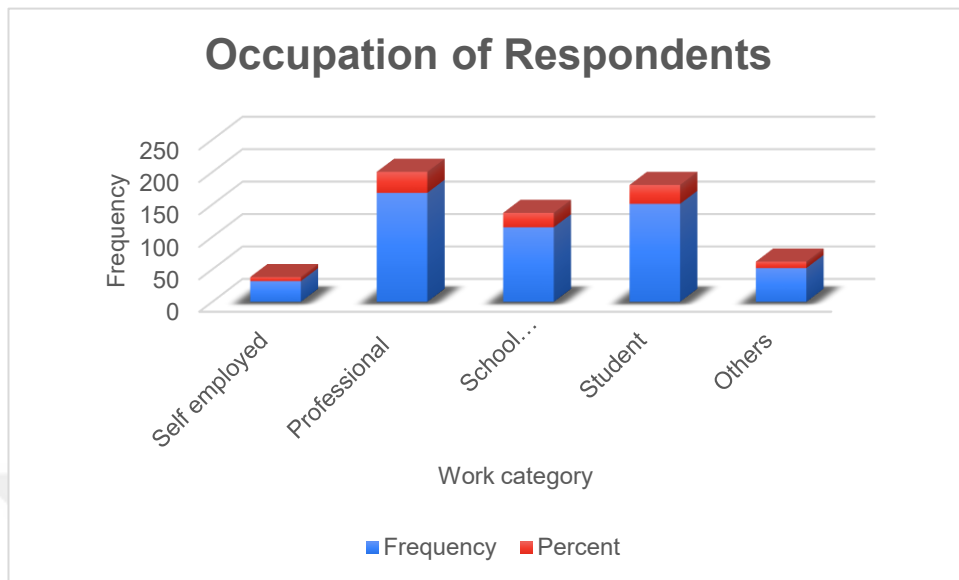


Figure 6. 5 Occupation of Respondents

Source: Author, 2025

6.1.3 Descriptive Statistics of the Variables

This section analyzes the descriptive statistics of the constructs and the dependent variable. The mean and standard deviation (SD) of the constructs is presented. As depicted in table 6.6, the mean and SD values were acquired from the descriptive analysis. The mean is the average value in a data set while the SD is a measure of variability and shows how each data set deviates from the mean value of each data set. A smaller value of standard deviation is preferred and more reliable for further analysis.

Based on the results in table 6.6, the overall mean and SD for the constructs are as follows: awareness has a mean of 3.943 and SD of 0.931, knowledge has a mean of 3.743 and a SD of 0.943, behavioral control has a mean of 4.053 and a SD of 0.9001, subjective norm has a mean of 3.776 and a SD of 0.891, and perceived behavioral control has a mean of 4.062 and a SD of 0.830. Furthermore, the table also depicts the mean of the mediating variable- attitude, which was 3.936 and a SD of 0.830, and that of the dependent variable, intention which has a mean of 4.062 and a SD of 0.879.

Table 6. 6 Descriptive Statistics of the Constructs and the Dependent Variable

Construct	N	Minimum	Maximum	Mean	Std. Deviation
Awareness	518	1	5	3.943	0.931
Knowledge	518	1	5	3.743	0.943
Behavioral Change	518	1	5	4.053	0.901
Attitude	518	1	5	3.936	0.830
Subjective Norm	518	1	5	3.776	0.891
Perceived behavioral control	518	1	5	4.025	0.830
Intention	518	1	5	4.062	0.879

Source: Author, 2025 N=Number of respondents

The average value of awareness variable in terms of the Likert scale expression is 3.943. Accordingly, this average value is close to the fourth Likert scale statement which means that most of the respondents agree to the statement “I agree”. Similarly, the mean value for the knowledge variable (3.743) and behavioral change variable (4.053) are close to the fourth Likert scale statement, which means that majority of the participants in the survey agree in the expression of the knowledge and behavioral change variables. Meanwhile, the average values of all the TPB constructs are also close to the fourth Likert scale statement which means that the majority of the participants agree to the expressions of the TPB variables. Finally, the mean score of the dependent variable (intention) is close to the fourth liker scale statement, suggesting that a significant portion of the respondents agree in the expression of the intention variable.

6.2 Structural Equation Modelling

The current study utilizes Structural Equations Model (SEM) as the main modelling technique to analyze the proposed hypothesis. SEM is a second-generation multivariate data analysis that has the ability to analyze various models simultaneously. SEM analysis consists of two main methods; CB-SEM and PLS-SEM method (Hair et al., 2011). PLS-SEM has the advantage of handling complex models and non-normal data with a large number of constructs over CB-SEM (Hair et al.,

2019). In this research, PLS-SEM method was used as the main analysis as it is a suitable method for evaluating the associations between various constructs. PLS-SEM was used because of its ability for handling small sample sizes, runs complex models including simultaneously running direct and mediating effects, and assumes normal distribution of the data (Hair et al., 2017). PLS-SEM consists of two main measures, namely, measurement model (MM) and structural model (SM).

MM was initially analyzed to confirm reliability and validity of the proposed model. After ensuring that the MM criteria have been met, the subsequent step involves carrying out a SM analysis of the path coefficients, mediation analysis, r-square, q-square, and the model's effect size (f-square).

6.2.1 Results of Measurement Model

The MM measures the linkage between constructs and their measurement items (Hair et al., 2017). The evaluation of the MM is seen as a crucial step in PLS-SEM analysis. The evaluation of the MM assessed internal consistency, construct validity, and discriminant validity.

6.2.1.1 Internal Consistency

Internal consistency was measured using composite reliability (CR) and Cronbach's alpha (CA). These measures assess the degree to which the items in a model work collectively when measuring a specific construct (Hair et al., 2021). Reliability measures the extent to which items provide the same results persistently under the same conditions. Both CR and CA are used to measure internal consistency reliability.

Firstly, CA values of the current study are shown in table 6.7. CA measures how well a list of items or indicators measures the unidimensional latent variable. The acceptable benchmark for the CA value is 0.7 and above (Hair et al., 2021). As per Table 6.7, the results of the CA for each latent construct. CA results are as follows: ATT, AW, BC, INT, KW, PBC, and SN have Cronbach's alpha values of 0.884, 0.869, 0.952, 0.842, 0.876, and 0.8669 respectively. These values are greater than the acceptable threshold of 0.7 and above indicate higher internal reliability of the constructs.

Just like CA, composite reliability was assessed to confirm internal consistency. Composite reliability provides a better estimation of internal consistency compared to

Cronbach's alpha, resulting in relatively higher reliability estimates. Composite reliability of all the constructs is higher than the acceptable threshold of 0.7 which indicates that the data satisfies the internal consistency test of the current study (Hair et al., 2011). Composite reliability generates much higher values as compared to Cronbach's alpha. It is noticed from table 6.7 that the composite reliability values are 0.920, 0.910, 0.965, 0.965, 0.905, 0.923, and 0.908 for ATT, AW, BC, INT, KW, PBC, and SN respectively.

Table 6. 7 Reliability of the Constructs (Internal Consistency)

Constructs	Items	Cronbach's Alpha	Composite Reliability
Attitude	ATT1	0.884	0.920
	ATT2		
	ATT3		
	ATT4		
Awareness	AW1	0.869	0.910
	AW2		
	AW3		
	AW4		
Behavioral Control	BC1	0.951	0.965
	BC2		
	BC3		
	BC4		
Intention	INT1	0.952	0.965
	INT2		
	INT3		
	INT4		
Knowledge	KW1	0.842	0.905
	KW2		
	KW3		
Perceived behavioral control	PBC1	0.876	0.923
	PBC2		
	PBC3		
Subjective Norm	SN1	0.866	0.908
	SN2		

Source: Author, 2025

6.2.1.2 Indicator Loadings

The measurement of the indicators' reliability was conducted using outer loadings. In essence, indicator reliability assesses the level to which a latent construct accounts for the variance of its corresponding indicator (Hair et al., 2021). The indicator loadings are assessed in order to identify indicators with high or low loadings. The recommended threshold for the indicator loadings should be 0.708 or higher in order to consider it as statistically significant (Hair et al., 2017). Although earlier studies have recommended an outer loading of at least 0.60 be considered a good indicator reliability threshold. Primarily, outer loadings of 0.708 or more indicate that 50 percent of an indicator's variance is described by its construct, ensuring acceptable reliability. However, indicators exhibiting loadings in the range of 0.40 to 0.70 should be removed from the model if it will enhance the AVE or the CR metrics. Moreover, if an indicator's loading falls below 0.4, such indicator is discarded from its Table 6.8 reveals the results of indicators and their outer loadings.

Table 6. 8 Indicator Loadings

Constructs	Items	Loadings
Attitude	ATT1	0.862
	ATT2	0.907
	ATT3	0.777
	ATT4	0.896
Awareness	AW1	0.870
	AW2	0.864
	AW3	0.828
	AW4	0.825
Behavioral control	BC1	0.893
	BC2	0.945
	BC3	0.957
	BC4	0.938
Intention	INT1	0.942

	INT2	0.948
	INT3	0.945
	INT4	0.903
Knowledge	KW1	0.888
	KW2	0.858
	KW3	0.868
Perceived Behavioral Control	PBC1	0.890
	PBC2	0.920
	PBC3	0.874
Subjective Norm	SN1	0.870
	SN2	0.905
	SN3	0.776
	SN4	0.818

Source: Author, 2025

As can be observed in Table 6.8, the loadings for all the indicators measuring a specific construct were well above the recommended threshold of 0.7, and all the constructs have higher levels of outer loadings. Specifically, loadings of the items were 0.777 to 0.907 for ATT; 0.825 to 0.870; 0.893 to 0.957 for BC; 0.893 to 0.957 for INT; 0.858 to 0.888 for KW; 0.874 to 0.920 for PBC; 0.776 to 0.905 for SN. The SN3 indicator (loading of 0.776) has the lowest outer loading, whereas indicator INT2 (loading of 0.9448) has the highest outer loading.

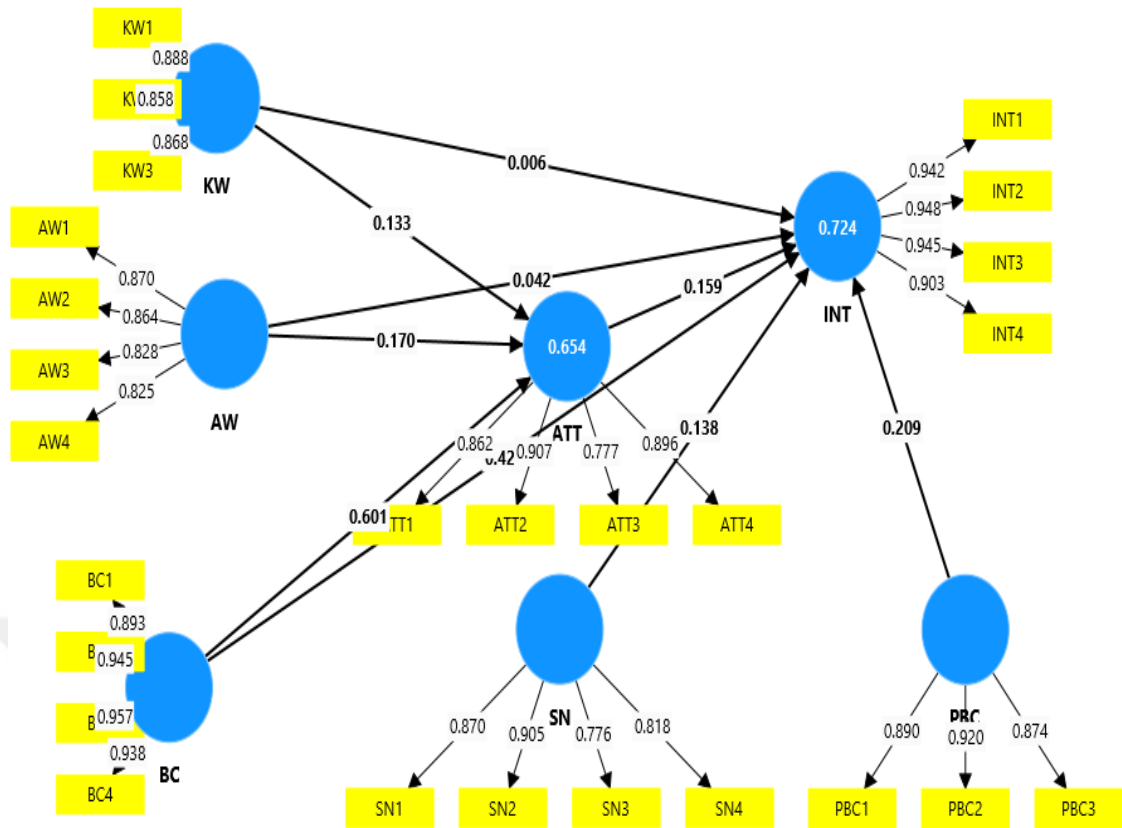


Figure 6. 6 MM with Outer Loadings

Source: Author, 2025

6.2.1.3 Convergent Validity

AVE measures how a particular latent variable describes the variance of its allocated indicators (Hair et al., 2021). An AVE Value of 0.5 and above indicates convergent validity for the measuring constructs which imply that the constructs describe more than half of variance of the indicators. As indicated in table 3, it is observed that the values of AVE for all constructs are well above the recommended threshold of 0.5 and range between 0.712 to 0.874, which means that the indicators adequately measured the constructs of the research model of the current study. Therefore, based on the results in table 6.9, convergent validity of the measurement model is established.

Table 6. 9 Convergent Validity

Constructs	Items	AVE
Attitude	ATT1	0.743
	ATT2	
	ATT3	
	ATT4	
Awareness	AW1	0.717
	AW2	
	AW3	
	AW4	
Behavioral Control	BC1	0.872
	BC2	
	BC3	
	BC4	
Intention	INT1	0.874
	INT2	
	INT3	
	INT4	
Knowledge	KW1	0.760
	KW2	
	KW3	
Perceived behavioral control	PBC1	0.801
	PBC2	
	PBC3	
Subjective Norm	SN1	0.712
	SN2	
	SN3	
	SN4	

Source: Author, 2025

6.2.1.4 Discriminant Validity

The next step after establishing internal consistency and indicator reliability is to analyze discriminant validity among the items measured in this study. Discriminant validity assesses the extent to which indicators demonstrate higher loadings in

explaining their corresponding latent constructs than on other constructs within the structural model (Hair et al., 2011). To put it differently, discriminant validity measures how a particular construct is completely distinct from other constructs in a conceptual model. Discriminant validity can be analyzed using the HTMT, Fornell-Lacker criterion, and cross loadings. The discriminant validity of the measurement model in the current study was analyzed using all the above three mentioned measures. The first approach in assessing the discriminant validity in this study is through the HTMT criterion which is a new method to measure discriminant validity in variance-based PLS-SEM (Henseler et al., 2009). HTMT measures the mean item value relationship of a construct in relation to its mean association for individual items that intend to measure a similar construct (Hair et al., 2019). According to the HTMT criterion, a model will not have discriminant validity issues if the HTMT values of its constructs do not exceed 0.85 (Hair et al., 2017; Henseler et al., 2009). As indicated in Table 6.10, none of the constructs had any discriminant validity issues.

Table 6. 10 Discriminant Validity (HTMT Criterion)

Constructs	ATT	AW	BC	INT	KW	PBC	SN
ATT							
AW	0.695						
BC	0.843	0.628					
INT	0.814	0.618	0.839				
KW	0.711	0.864	0.668	0.628			
PBC	0.81	0.618	0.753	0.796	0.613		
SN	0.714	0.553	0.673	0.712	0.563	0.742	

Source: Author, 2025 note: ATT=attitude, AW=awareness, BC=behavioral control, INT=intention, KW=knowledge, PBC=perceived behavioral control, and SN=subjective norm

According to Fornell-Lacker criterion, a model will not have discriminant validity issues if the bold diagonal values scores of the square root of the AVE is higher as compared to the non-diagonal latent variable correlations (Fornell & Larcker, 1981). Therefore, Hair et al. (2019) posits that to establish discriminant validity through Fornell and Lacker criterion, the square root of each constructs' average variance

extract should be more than its correlation with other constructs. In line with the recommendation of Hair et al. (2011), this value should be 0.5 or higher.

Table 6. 11 Discriminant Validity (Fornell and Lacker Criterion)

Constructs	ATT	AW	BC	INT	KW	PBC	SN
ATT	0.862						
AW	0.612	0.847					
BC	0.778	0.572	0.934				
INT	0.752	0.563	0.800	0.935			
KW	0.62	0.739	0.601	0.566	0.872		
PBC	0.717	0.542	0.688	0.727	0.532	0.895	
SN	0.635	0.486	0.619	0.658	0.49	0.655	0.844

Source: Author, 2025, note: ATT=attitude, AW=awareness, BC=behavioral control, INT=intention, KW=knowledge, PBC=perceived behavioral control, and SN=subjective norm

In regard to the results in table 6.11, the discriminant validity for Fornell Lacker criterion was established as each construct demonstrates a higher value compared to other constructs. Specifically, as per the bold value, ATT, AW, BC, INT, KW, PBC, and SN have values of 0.862, 0.847, 0.934, 0.935, 0.872, 0.895, and 0.844 respectively.

Table 6. 12 Discriminant Validity (Cross Loadings Criterion)

Constructs	ATT	AW	BC	INT	KW	PBC	SN
ATT1	0.862	0.537	0.673	0.654	0.567	0.593	0.518
ATT2	0.907	0.565	0.744	0.717	0.576	0.690	0.600
ATT3	0.777	0.452	0.535	0.531	0.440	0.517	0.473
ATT4	0.896	0.545	0.708	0.671	0.541	0.656	0.588
AW1	0.548	0.870	0.532	0.518	0.638	0.517	0.434
AW2	0.498	0.864	0.437	0.468	0.653	0.417	0.365
AW3	0.521	0.828	0.510	0.474	0.585	0.476	0.415
AW4	0.502	0.825	0.452	0.444	0.629	0.420	0.430
BC1	0.723	0.568	0.893	0.714	0.603	0.658	0.610
BC2	0.715	0.523	0.945	0.751	0.540	0.621	0.554
BC3	0.740	0.529	0.957	0.763	0.558	0.649	0.576

BC4	0.727	0.517	0.938	0.758	0.546	0.642	0.573
INT1	0.717	0.533	0.764	0.942	0.549	0.686	0.623
INT2	0.715	0.515	0.791	0.948	0.522	0.692	0.619
INT3	0.713	0.552	0.756	0.945	0.547	0.689	0.628
INT4	0.663	0.505	0.672	0.903	0.497	0.651	0.590
KW1	0.509	0.645	0.479	0.454	0.888	0.405	0.398
KW2	0.591	0.634	0.589	0.535	0.858	0.526	0.461
KW3	0.512	0.654	0.492	0.483	0.868	0.449	0.415
PBC1	0.629	0.509	0.610	0.653	0.485	0.890	0.628
PBC2	0.685	0.510	0.653	0.684	0.505	0.920	0.606
PBC3	0.609	0.433	0.582	0.613	0.436	0.874	0.520
SN1	0.557	0.446	0.563	0.607	0.448	0.588	0.870
SN2	0.611	0.455	0.575	0.641	0.461	0.599	0.905
SN3	0.428	0.339	0.386	0.417	0.326	0.431	0.776
SN4	0.522	0.382	0.537	0.519	0.398	0.569	0.818

Source: Author, 2025

Finally, discriminant validity was also assessed using cross-loading criterion which states that if the cross loadings for all items of a construct is larger than the cross loadings of its corresponding constructs then discriminant validity is established (Hair et al., 2011, 2017). Table 6.12 shows that all constructs' items indicate a cross loading that is higher than their counterparts, establishing cross loadings criterion.

6.2.2 Structural Model Assessment

The subsequent sections will focus on the results of the structural equation model. The first component of the PLS-SEM assessment is to examine the structural model (SM). The procedure in assessing the structural model as stated by (Hair et al., 2017) is given below:

Step One: Examining the collinearity issues of the SM through Variance inflation Factor (VIF)

Step Two: Evaluating the path coefficients and their statistical significance (direct and indirect effects' path coefficients).

Step three: Assessing the R-square, F-square, and Q-square of the model

6.2.2.1 Collinearity Assessment

The initial step in the evaluation of the SM is to examine if there is any collinearity issue among the constructs. Hair et al. (2017) recommended that before analyzing the structural relationship, it is paramount to test for collinearity. A common measure of collinearity used by researchers is the Variance Inflation factor (VIF). The VIF measures how one construct is impacted by another construct in the structural model. Hair et al. (2011) stated that a VIF value that is less than 3.0, but up to 5.0 indicates that there is no serious collinearity issue among the constructs in a study. Accordingly, the result in table 6.13 demonstrates that all the VIF values are well below the recommended threshold of 3 which suggests absence of collinearity among the constructs. However, ATT -> INT is above slightly 3 but below 5 suggesting less collinearity concerns. The values ranged from 1.659 to 3.344.

Table 6. 13 Variance Inflation Factor Outputs for the Constructs

Constructs	VIF
ATT -> INT	3.344
AW -> ATT	2.335
AW -> INT	2.448
BC -> ATT	1.659
BC -> INT	2.969
KW -> ATT	2.463
KW -> INT	2.519
PBC -> INT	2.542
SN -> INT	2.012

Source: Author, 2025, note: ATT=attitude, AW=awareness, BC=behavioral control, INT=intention, KW=knowledge, PBC=perceived behavioral control, and SN=subjective norm

6.2.2.2 Results of Path Coefficients

Evaluating the path coefficients is the subsequent step in PLS-SEM analysis, following the assessment of collinearity. The direct effects of the constructs were established by employing the Path coefficients and their corresponding significance values. The direct path coefficients result of the SM is shown in table 6.14 and illustrated in the SEM output as shown in figure 6.7. The results established the hypotheses of the link

between the constructs. Figure 6.7 presents the output of the SM after bootstrapping analysis and is shown with path coefficients and p-values outputs. To analyze the model's hypotheses among path coefficients, 5000 bootstrapped samples from the original sample were used to test path coefficients using Smart PIs software version 4.0.

Table 6. 14 Results of the Path Coefficients Significance Relationship

Constructs	Beta	STDEV	T stats	P values	Decision
AW -> ATT	0.17	0.05	3.418	0.000	Supported
KW -> ATT	0.133	0.045	2.985	0.001	Supported
BC -> ATT	0.601	0.038	15.994	0.000	Supported
AW -> INT	0.042	0.045	0.916	0.18	Not Supported
KW -> INT	0.006	0.041	0.138	0.445	Not Supported
BC-> INT	0.42	0.052	8.04	0.000	Supported
ATT -> INT	0.159	0.051	3.111	0.001	Supported
SN-> INT	0.138	0.041	3.367	0.000	Supported
PBC-> INT	0.209	0.053	3.947	0.000	Supported

Source: Author, 2025

Note: *Relationships are significant at $P < 1\%$, ATT=attitude, AW=awareness, BC=behavioral control, INT=intention, KW=knowledge, PBC=perceived behavioral control, and SN=subjective norm

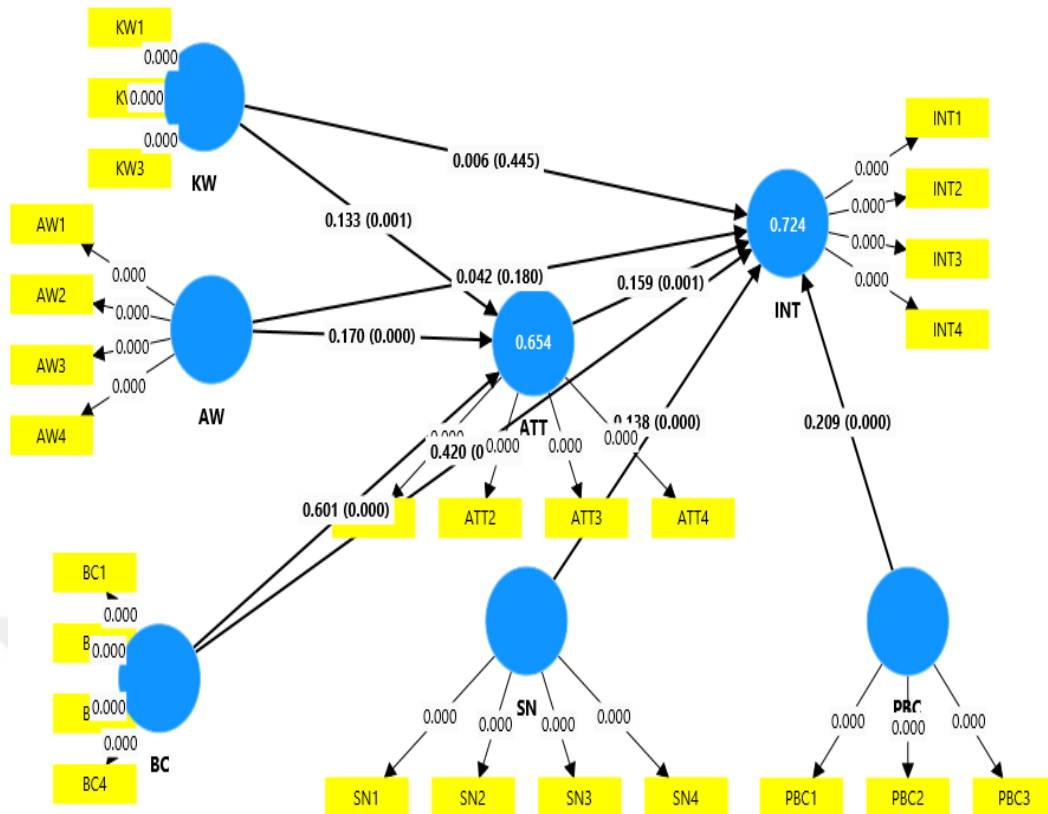


Figure 6. 7 SEM Output with Path Coefficients and P-values

Source: Author, 2025

The standardized values (beta coefficients) range between -1 and +1 with values close to +1 and -1 representing a strongly positive relationship and strongly negative relationships respectively. For values close to zero, the estimated standardized values indicate a weak association (Hair et al., 2017).

The results of the hypothesis are presented as follows:

H1: If a person is aware of Islamic microfinance, then (s)he has a positive attitude about Islamic microfinance

Table 6.14 reveals a significant association between awareness and attitude concerning the intention to participate in Islamic microfinance in The Gambia ($B=0.17$, $t=3.418$, $p<0.000$). Thus, hypothesis H1 is validated.

H2: If a person has knowledge of Islamic microfinance, then (s)he has a positive attitude about Islamic microfinance

Corresponding to the results in table 6.14, knowledge revealed a significant effect on attitude concerning the intention to participate in Islamic microfinance in the Gambia ($B=0.133$, $t=2.985$, $p<0.001$). Therefore, H2 is supported accordingly.

H3: Behavioral change influences a person's attitude Islamic microfinance services

For this hypothesis, there is a significant effect between behavioral change and attitude to participate in Islamic microfinance in the Gambia ($B=0.601$, $t=15.994$, $p<0.000$). Therefore, H3 is supported

H4: If a person is aware of Islamic microfinance, then (s)he has a positive intention towards Islamic microfinance.

Awareness have not been sufficient in explaining intention, signifying that there is not much known about Islamic microfinance in the Gambia. Table 6.14 indicate that the association between awareness and Intention towards the use of Islamic microfinance is not significant ($B=0.042$, $t=0.916$, $p<0.180$). Thus, hypothesis H4 is rejected.

H5: If a person has knowledge of Islamic microfinance, then (s)he has a positive intention towards Islamic microfinance

According to the results in table 6.14, the knowledge variable is not significantly related to intention ($B=0.006$, $t=0.138$, $p<0.445$). Hence, the hypothesis H5 is rejected.

H6: Behavioral change influences a person's intention to adopt Islamic microfinance services

The results in table 6.14 indicates that behavioral change is significantly related to intention ($B=0.42$, $t=8.04$, $p<0.000$). Therefore, hypothesis H6 is validated.

H7: If a person has a positive attitude of Islamic microfinance, then (s)he will have a positive intention to adopt Islamic microfinance

As indicated in table 6.14, the effect of attitude on intention is significant ($B=0.159$, $t=3.111$, $p<0.001$), implying that as attitude increases by one unit, intention increases by 16 percent. Therefore, hypothesis H7 is supported.

H8: SN influence a person's intention to adopt Islamic microfinance services

As depicted in table 6.14, the correlation between SN and intention towards the adoption of Islamic microfinance at the one percent significance level was found to be statistically significant and positive ($B=0.138$, $t=3.367$, $p<0.000$). This means that as subjective norm increases by one-unit, behavioral intention towards Islamic microfinance increase by 14 percent. Therefore, hypothesis H8 is supported.

H9: PBC influences a person's intention to use Islamic microfinance services.

There is a significant link between PBC and intention ($B=0.209$, $t=3.947$, $p<0.000$). Therefore, hypothesis H8 is supported.

Table 6. 15 Mediation Effect Results

Constructs	Beta	STDEV	T-stats	P values	Decision
AW -> ATT-> INT	0.027	0.013	2.138	0.016*	H1a: Supported
KW -> ATT -> INT	0.021	0.010	2.128	0.017*	H2a: Supported
BC-> ATT-> INT	0.096	0.031	3.072	0.001**	H3a: Supported

Source: Author, 2025 Note: * significant at $P<5\%$, ** significant at $P<1\%$,

Regarding the role of attitude on awareness and intention, H1a postulates Attitude mediates the link between awareness and intention. Table 6.15 shows that there is a significant effect between awareness and intention through the mediating role of attitude ($B=0.027$, $t=2.138$, $p<0.016$). Besides, there was enough evidence to support hypothesis H1a, indicating existence of mediation.

Attitude mediating the association between knowledge and intention towards the adoption of Islamic microfinance demonstrated a significant positive relationship at the one percent level of significance ($B=0.096$, $t=3.072$, $p<0.001$) as show in table 6.15. Therefore, H2a was supported.

H3a postulates that attitude serves as a mediator between behavioral change and intention to use Islamic microfinance. The results in table 6.15 confirm this hypothesis, revealing a significant indirect relationship of behavioral change on intention towards the adoption of Islamic microfinance through attitude at the five percent significance level ($B=0.021$, $t=2.128$, $p<0.017$).

The results of the path coefficients show that out of the total 12 hypotheses, 10 were accepted and two of the hypotheses (H4, H5) were not supported as they are not significant.

6.2.2.3 Assessment of R-Square

The next phase of structural model relates to analyzing the predictive power of the model. First, we assess the coefficient of determination. The assessment of the coefficient of determination was done by examining the R-square values of the endogenous construct. R-square assesses the extent to which a change in the endogenous variable is accounted for by one or more exogeneous variables. The range of R-squares is between 0 and 1, with larger values indicating greater explanatory power. Generally, R-squared values for endogenous latent constructs are classified as follows: 0.25 low, 0.50 moderate, and 0.75 substantial (Hair et al., 2017).

This study has two endogenous variables: INT as the dependent variable and ATT as the mediating variable. Table 6.16 presents the r-square value for the endogenous variable of the structural model. Based on the data in Table 6, the results indicate that the R-square for the endogenous variable (INT) is 0.724, implying that roughly 74% of the variation in INT is determined by the exogeneous variables. Consequently, consistent with Hair et al. (2021), the R-squared value for the endogenous variable is substantial. Likewise, the R-square value for the mediating variable (ATT) is 0.654, implying that roughly 65% of the variation in ATT is explained by its exogenous variables. Furthermore, as reported in table 6.17, the adjusted r-square values for both INT and ATT are not much different from the initial r-square values.

Table 6. 16 R-Square Outputs

Construct	R-square	Adjusted R-square
Attitude	0.654	0.652
Intention	0.724	0.721

Source: Author, 2025

6.2.2.4 Assessment of Q-Square

The predictive relevance of the mode's capability was ascertained using the coefficient value of the Q-square. A Q-square value greater than 0.5 is considered high, a value of 0.25 is medium, a value less than 0.25 is low, and a value of 0 is none. Geisser (1974) and (Stone, 1974) both recommended considering a value of 0.25 as predictively relevant. However, q-square value of at most zero suggests absence of predictive relevance. Table 6.17 provides the q-square of the endogenous variable and that of the mediator variable. The results indicate that the Q-square value for the

endogenous variable (INT) was 0.707, and the value for the mediator variable was 0.648. These results indicate that the model can accurately predict the data in terms of the endogenous latent variable.

Table 6. 17 Q-Square Outputs

Constructs	Q ² predict	RMSE	MAE
Attitude	0.648	0.597	0.452
Intention	0.707	0.544	0.373

Source: Author, 2025

6.2.2.5 Assessment of Effect Size (F-Square)

The F-square is used to measure the impact of the exogenous variables independently on the dependent variable. Thus, the f-square in a structural model measure the variation in r-square when a specific exogeneous latent variable is disconnected from the model. Cohen, (1998) established guidelines and noted that the impact of an independent variable is classified as high at the structural level if F-square is 0.35, medium if it is 0.15, and small if it is 0.02. The data in table 6.18 shows the f-square effects of all the independent variables have small and medium impact on the endogenous variable with the exception of behavioral change on attitude. However, the impact of knowledge on the intention variable suggested that there is no effect size between the two variables.

Table 6. 18 Effect Size Results

Constructs	F ²	F ² Effect Size
Attitude -> Intention	0.027	Small
Awareness -> Attitude	0.036	Small
Awareness -> Intention	0.003	small
Behavioral Change -> Attitude	0.629	high
Behavioral Change -> Intention	0.215	Medium
Knowledge -> Attitude	0.021	small
Knowledge -> Intention	0.000	none
Perceived Behavioral Change-> Intention	0.062	Small
Subjective Norm-> Intention	0.034	Small

Source: Author, 2025

6.2.2.6 Goodness of Model Fit

There are several tests that are used to analyze model goodness of fit. The Smart PLS software shows the analysis of Standardized Root Mean Square Residual (SRMR), Chi-Squared and the other model fit measures for both saturated and estimated models. Nonetheless, SRMR is a common measure that is used to analyze goodness of model fit in smart pls, with SRMR value of below 0.08 indicates a good model of fit (Hair et al., 2011).. The SRMR value as shown in table 6.19 is 0.049 indicating that the model in this study meets goodness of fit criteria, confirming acceptability of the model.

Table 6. 19 Goodness of Fit Outputs

Model fit	Saturated model	Estimated model
SRMR	0.049	0.056
d ULS	0.828	1.088
d G	0.428	0.453
Chi-square	1394.740	1431.336
NFI	0.888	0.885

Source: Author, 2025

6.3 Qualitative Data Analysis

This research utilized both quantitative and qualitative methods. Following the quantitative analysis, this section focuses on the qualitative analysis based on the interview conducted with two Islamic microfinance institutions and an Islamic Co-operative Credit Union which provides shariah compliant microfinance services. This section seeks to explore the major challenges affecting the Islamic microfinance sector in the Gambia. The section further seeks to determine the perceptions of Islamic microfinance institutions regarding the use of zakat and *waqf* funds to mobilize resources. A semi-structured interview was done with the following institutions: Yonna Islamic microfinance, APS Islamic Microfinance, and the Gambia teacher's union Islamic Co-operative Credit Union (GTU-ICCUG). A background study of these institutions was discussed in chapter four. Therefore, the aim of the qualitative study is to cover objectives 4 and 5. This section focused on two main parts; the first part is related to the Islamic microfinance institutions, and the second part focuses on the views and perceptions of the interviewees relating to waqf based on the interviews of the three case study institutions.

6.3.1 Defining the Main Qualitative Research Questions

A semi-structured interview was conducted to respond to the following research issue determine throughout this study:

- I. What are the major challenges affecting the Islamic microfinance sector in the Gambia?

This research question examines the challenges facing the Islamic microfinance segment from the perspective of the Islamic microfinance institutions involved in this study. The questions asked for this research question during the interview session include the following:

- a) Do clients in your institutions understand the financial contracts used in Islamic microfinance?
 - b) Rank the most popular Islamic finance contract used in your institution and why is it the most popular mode of financing in your opinion.
 - c) In your opinion and experience, what are the main challenges affecting the Islamic microfinance sector in the Gambia.
 - d) In your opinion and experience, what will be the future prospects of Islamic microfinance in the Gambia
- II. What are the perceptions of Islamic microfinance institutions regarding the use of *Zakat* and *waqf* funds to mobilize resources?

This research question seeks to investigate the view of managers of the Islamic microfinance institutions in using zakat and waqf funds to raise financing for their operations. Accordingly, the following questions were asked during the interview session under the section of this research question:

- a) Does your institution have a waqf division?
- b) what is your opinion about an Islamic microfinance institution creating a waqf division to provide cash waqf and qard-hasan loans to micro entrepreneurs?
- c) Does your institution receive and manage the disbursement of Zakat funds to Zakat recipients?
- d) What are your perceptions of Islamic microfinance institutions using Zakat and waqf funds to mobilize resources?

6.3.2 Qualitative Research Results

Here, the results of the qualitative study are presented. The qualitative data was obtained through a semi-structured interview, and the consent of the respondents was sought prior to conducting the interview. Once the respondents' consent was confirmed, the interview began. The respondents' identities were anonymously coded accordingly as shown in table 6.20.

Table 6. 20 Respondent's Information

Codes	Organization	Designation	Years of Experience	Level of Education
Participant 1	Yonna Islamic microfinance	Head of Shariah Unit	12	M.Sc. Degree
Participant 2	APS Islamic microfinance	Shariah officer	2	B.Sc. Degree
Participant 3	GTU-ICCUG	Manager	6	M.Sc. Degree

Source: Author, 2025

As shown in table 6.20, the researcher interviewed three people, one participant from each institution. Participant one is currently the head of shariah at the shariah unit of Yonna Islamic microfinance. Participant one achieves 12 years of experience working in the financial and Islamic microfinance sector and hold a master's degree in Islamic finance. Participant two is currently serving as a shariah officer at the shariah at APS Islamic microfinance. Participant two has about two years of experience at his current institution and holds a degree in economics. Participant three is currently the head of shariah at the shariah unit of Yonna Islamic microfinance. Participant three is currently the manager at the Gambia Teacher's Union Islamic Co-operative Credit Union and has about 6 years of experience working in the sector and holds a master's degree in Islamic economics.

6.3.1.1 Response to Research Question (RQ) Four

Part of the aim of this study is to explore the challenges confronting the Islamic microfinance sector based on the interview with the Islamic microfinance institutions. Therefore, this section analyses the major challenges affecting the Islamic

microfinance sector from an institutional perspective. In this section four main codes were generated based on an interview with the officials of the Islamic microfinance institutions. The four main codes are understanding of the Islamic microfinance contracts, popular contracts, challenges, and future prospects of Islamic microfinance in the Gambia. The interview questions related to RQ4 are shown in table 6.21.

Table 6. 21 Focused Coding for Research Question Four

Question: What Are the Major Challenges Affecting the Islamic Microfinance Sector in The Gambia	
Focus Coding:	
1	Clients understanding of Islamic microfinance contracts
2	Most popular Islamic micro-finance contract used in your institution and why
3	Challenges affecting the Islamic microfinance sector in The Gambia.
4	Future prospects of Islamic microfinance in The Gambia
Theme	Limited comprehension of the Islamic microfinance contracts among the clients of the institutions involved in this study, which contributes to its lack of awareness among the public.

Source: Author, 2025

Table 6. 22 Results of Focused One Coding for Research Question Four

Clients Understanding of Islamic Microfinance Contracts	
Participant 1	Fairly Understand.
Participant 2	Very few understand them, and it is only the basics.

Participant 3	Yes. The majority of them have knowledge of the common forms of financing in the institution; the murabahah, qard Hassan, diminishing musharakah.
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Source: Author, 2025

According to the participants, as shown in table 6.22, it is revealed that most of the clients in Yonna Islamic microfinance fairly understand the Islamic microfinance contracts as indicated by participant 1. He noted that most clients did not understand the Islamic microfinance contracts. However, a detailed explanation is given to the clients once they have signed a contract with the institution. For, APS Islamic microfinance, participant 2 posits that majority of their clients do not understand the Islamic microfinance products. On the contrary, participant 3 revealed that majority of their clients have basic knowledge of the Islamic microfinance contract. This according to participant 3 is because majority of their clients are Islamic studies teachers with better understanding of Islamic commercial jurisprudence. As articulated by the interviewees, it seems that most clients do not understand the contracts used by Islamic microfinance institutions when they initially have encounter with the Islamic microfinance institutions. They tend to understand the contracts fairly when they become customers of these institutions after a detailed explanation about how the contracts work is described to them.

Table 6. 23 Results of Focused Two Coding for Research Question Four

Most popular Islamic Micro-Finance Contract Used in Your Institution and Why	
Participant 1	Murabahah is popular because it's easy to understand, less risky on the side of IFI when it's secured.
Participant 2	Murabahah is a widely popular contract because of the nature of the contract which is a sale-based contract. This helps Islamic microfinance to make profit with less credit risk.
Participant 3	Murabahah has simple procedures, and it is a trade based financing that we can use to make profit and it helps us to escape the cash

	loan conundrum. Islamic financial institutions cannot give cash loan and make profit from it, therefore murabahah is the easiest product to resort to.
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Source: Author, 2025

Table 6.23 provides the views of the participants on the most popular Islamic microfinance contracts used in their respective institutions. It is evident that all participants acknowledged that Murabahah is the most common form of contract used by their clients. They articulated that because of its simplification in structuring the product, and its less riskiness, Islamic microfinance institution prefers to use this form of contract.

Table 6. 24 Results of Focus Three Coding for Research Question Four

Challenges Affecting the Islamic Microfinance Sector in The Gambia	
Participant 1	Limited awareness, lack proper guidelines and governance.
Participant 2	1. Lack of expertise in Islamic microfinance principles 2. Lack of apex sharia board 3. Lack of investment opportunities
Participant 3	1. Inadequate knowledge about the sector compared to the conventional counterpart. 2. Lack of adequate personnel who have thorough knowledge of Islamic finance. 3. There is no regular supervision from the CBG. 4. There is copy and paste among the microfinance institutions in terms of products they offer to clients.

Source: Author, 2025

The result for coding three is reported in table 6.24 presents the views of the participants of the Islamic microfinance institutions regarding the main challenges affecting the Islamic microfinance sector in the Gambia. All the participants are of the view that the Islamic microfinance sector in general faces a myriad of challenges that affects their service delivery. The participants gave divergent views on the challenges faced by the Islamic microfinance sector.

Participant one explained that awareness and good regulatory frameworks are lacking. He said that “Limited awareness, lack proper guidelines and governance”. Meanwhile,

both participant two and participant three emphasized the lack of adequate capacity and expertise in Islamic microfinance operations. The participants noted the lack of adequate staffs with adequate knowledge of the Islamic microfinance contracts and operations. According to Participant two, there is “Lack of expertise in Islamic microfinance principles” while participant three indicates “Lack of adequate personnel who have thorough knowledge of Islamic finance”. Another main issue worth mentioning is the issue stemming from the regulator’s ineffectiveness in ensuring a strict supervision and establishment of an apex shariah board for the Islamic microfinance institutions. Each Islamic microfinance has its own shariah board whose views and opinions on structuring products may differ. Hence, there is the need for an apex shariah board and regular supervision at the level of the regulator as mentioned by both participant two and three. This will ensure standardization of contracts across the sector. Finally, participant three further articulated that there is lack of originality when it comes to individual’s institutions product offering. Most of the institutions just emulate and take directly from the institutions when it comes to the products they offer to their clients. He posits “there is copy and paste among the microfinance institutions in terms of product they offer to clients”.

Table 6. 25 Results of Focus Four Coding for Research Question Four

Future Prospects of Islamic Microfinance in The Gambia	
Participant 1	Islamic Microfinance has a bright future in the Gambia.
Participant 2	The future is bright since many people are majoring Islamic finance at both UTG and IOU. This will bridge the gap of insufficient human capital in the industry.
Participant 3	There is lot of prospects for Islamic microfinance in the Gambia. The Gambia is 95 percent Muslim, therefore the sector has a prospect. The Central bank set up a unit for the microfinance sector which has personnel for the Islamic microfinance sector. The university of the Gambia also opened a specialization in Islamic finance. All these are signs of a prospect of the sector in the country.

Source: Author, 2025

Table 6.25 shows the coding analysis established on the responses giving by the participants about the future prospects of the Gambia's Islamic microfinance sector. The participants articulated that despite the challenges faced by their respective institutions some of which are related to internal challenges and others are related to external challenges, they indicate that there is a good prospect or opportunities for the Islamic microfinance sector to succeed in the Gambia. As the growing interest and awareness of the Islamic finance industry grows, there is likelihood that there will be more Islamic microfinance institutions in the future as stated by Participant one.

According to participant one, "Islamic Microfinance in the Gambia has a bright future" if empowered by all stakeholders including regulators and market players. Furthermore, participant two emphasized the importance of enhancing human capital and capacity building program in shaping the Islamic finance industry. He noted that since two tertiary institutions (University of the Gambia and International open university) are currently offering degree programs in Islamic finance, the knowledge gap will be bridged, and this will go a long way in promoting and developing Islamic finance generally and the Islamic microfinance section specifically. Participant two further expressed his opinion that "the future of the Islamic microfinance sector is bright since many people are majoring Islamic finance at both UTG and IOU. This will bridge the gap of insufficient human capital in the industry". Meanwhile, based on the interview with participant three, he articulated that most of the population in the Gambia are Muslims, the growth of the Islamic microfinance sector is promising and has a good prospect to develop in the coming years. He emphasized the importance of having staffs with strong capacity in Islamic finance at the regulatory level. Participant three further posits that "there is lot of prospects for the Islamic microfinance sector in the Gambia". The Gambia is 95 percent Muslim; therefore, the sector has a prospect. The Central bank set up a unit for the microfinance sector which has personnel for the Islamic microfinance sector. The university of the Gambia also opened a specialization in Islamic finance. All these are signs of a prospect of the sector in the country".

In summary, Islamic microfinance in the Gambia has continue to face a myriad of challenges related to human capacity, issues of regulatory policies, awareness, and untapped investment opportunities as highlighted by the participants. Nonetheless, the sector has good prospects for developing in the future.

6.3.1.2 Response to Research Question Five

This section presents the results of the interviewees' perceptions of Islamic microfinance institutions regarding the use of *Zakat* and *waqf* funds to mobilize resources. In this section four main codes were generated based on an interview with the officials of the Islamic microfinance institutions. The four main codes are waqf division, waqf division for cash waqf and qard hassan, zakat division and disbursement, and resource mobilization. The interview questions related to research question five are shown in table 6.26.

Table 6. 26 Interview Question and Focus Coding for Research Question Five

Question 5: What Are the Perceptions of Islamic Microfinance Institutions Regarding the Use of <i>Zakat</i> and <i>Waqf</i> Funds to Mobilize Resources	
Focus Coding:	
1	Waqf division
2	Waqf division to provide cash waqf and qard-hasan loans to micro entrepreneurs
3	Zakat division and disbursement
4	Resource mobilization through Zakat and waqf
Theme	

Source: Author, 2025

Table 6. 27 Results of Focus One Coding for Research Question Five

Waqf Division	
Participant 1	No
Participant 2	No
Participant 3	No

Source: Author, 2025

The interviewees were asked whether they have a waqf division at their institution. The results of focus one coding indicates that none of the Islamic microfinance

institutions have a waqf division at their respective institutions as reported in table 6.27. Thus, based on the interview with the participants, none of the Islamic microfinance institutions have a waqf division in their operations.

Table 6. 28 Results of Focus Two Coding for Research Question Four

Waqf Division to Provide Cash Waqf and Qard-Hasan Loans to Micro Entrepreneurs	
Participant 1	This will have a great impact on the economy.
Participant 2	This will be a perfect move and an excellent model to be adopted. It will serve the interest of both the entrepreneurs and the financiers. A hybrid model of both market-based and charity base model is perfect.
Participant 3	It will go a long way in boosting entrepreneurship and also in mitigating poverty in the Gambia.

Source: Author, 2025

The focus two coding asked the participants about their opinion and perception in creating a waqf fund to fund micro enterprises through cash waqf and qard-hassan. Table 6.28 shows the opinions and views of the participants regarding the utilization of cash waqf and qard-hassan to fund their clients. All the participants unanimously support the idea of creating waqf funds to further enhance the capital needs of their clients particularly the capital needs of micro entrepreneurs. Participant one emphasized that by providing cash waqf and qard-hassan, “this will eventually have a positive impact on the economy”. Furthermore, participant two indicated that having a waqf division that provides cash waqf and qard-hasan loans to micro entrepreneurs represents an ideal and beneficial model, supporting the interests of both entrepreneurs and financiers. He further posits that the combination of market-based and charity-based strategies offers a balanced and effective framework for success. Meanwhile, participant three welcome the idea of waqf division and articulated that it will significantly enhance entrepreneurship while helping to reduce poverty in The Gambia. In his words, he responded that “It will go a long way in boosting entrepreneurship and also in mitigating poverty in the Gambia”.

Table 6. 29 Results of Focus Three Coding for Research Question Four

Zakat Division and Disbursement	
Participant 1	No
Participant 2	No, it doesn't. But it's working on it as it's drafting some Zakat policies.
Participant 3	We will begin that before the end of the year 2024. We are working on the policies.

Source: Author, 2025

The focus three coding focused on whether the participants' institution receives and manages the disbursement of Zakat funds to Zakat recipients. The results in table 6.29 indicates that none of the Islamic microfinance institutions receive and disburse zakat at their respective institutions. However, participants two and three pointed out that their respective institutions are working on policies related to Zakat.

Table 6. 30 Results of Focus Four Coding for Research Question Four

Resource Mobilization Through Zakat and Waqf	
Participant 1	It will help a lot in expanding resource mobilization.
Participant 2	Using charity base models of Zakat and waqf will be an efficient move. As it will minimize the risk of credit default creating a win-win situation.
Participant 3	It is a good idea and ideal instrument in fighting poverty.

Source: Author, 2025

The focus four coding presents the results of the views and perceptions of Islamic microfinance institutions in using Zakat and waqf funds to mobilize resources. Participants were sought to provide their opinions about resource mobilization through zakat and waqf. Table 6.30 indicates that all participants are affirmative to the idea, and it would go a long way in expanding the revenue based on their institutions. According to participant one, utilizing zakat and waqf will help a lot in expanding resource mobilization efficiently. Furthermore, participant two articulated that utilizing a charity-based model, such as Zakat and waqf, can be a highly effective

strategy. He further posits that utilizing zakat and waqf will help reduce the risk of credit defaults, benefiting both lenders and borrowers, thereby creating a mutually advantageous situation. Meanwhile, participant three posits that utilizing a charity-based model, such as Zakat and waqf is an effective and appropriate tool for addressing and reducing poverty.

6.4 Discussions of the Findings

This section will elaborate on the results of this study. It starts with giving an overview of the descriptive analysis of the measurement model results and the structural analysis in respect of each hypothesis analyzed in this study. The section also discusses the findings from the qualitative analysis.

6.4.1 Respondents' Characteristics and Findings of the Measurement results.

Most of the respondents are male, representing 70% of the total participants. Moreover, 83% of respondents were between 19 to 40 years old. By level of education, the analysis shows that respondents holding at least a bachelor's degree had the most significant representation, accounting for about 80% of the total respondents. Next, in regard to monthly income, a considerable number of respondents earn more than GMD 10,000 in a month, accounting for about 54.6 percent. Lastly, most of the respondents are working as professionals, students, and as lecturers/teachers, totaling about 84% of the total respondents.

Descriptive statistics were also analyzed. The results indicate that all constructs have mean values close to 4, suggesting that most respondents conform with the statements in relation to the topic. These findings suggest that the majority of participants agree with the statements in relation to the constructs as reflected by the average scores near the "agree" level on the Likert scale.

The MM model shows the robustness of the model used in this study, with variables been found to have satisfactory internal consistency as indicated by the values of the CA and CR. The indicator reliability results indicate that all measurement items produced satisfactory outer loadings, signifying that more than 50 percent of an indicator's variance is explained by its construct. Furthermore, a high convergent validity that ranges between 0.712 to 0.874 is proven for the model used, with AVE numbers been well above the threshold. The HTMT, Fornell-Lacker criterion, and cross loadings tests demonstrated that there was no discriminant validity issues with

our model. Finally, the model of the study found no collinearity issues among the variables as all the variables indicate a VIF values of less than 5 which is the recommended threshold.

6.4.2 Findings of the Hypotheses

6.4.2.1 Awareness and Attitude

The findings from hypotheses H1 show that awareness is a significant predictor of attitude. According to this result, hypothesis H1 was supported. This finding demonstrates that increasing awareness about Islamic microfinance through advertisements, sensitization, and educational programs, may substantially improve attitudes towards adopting Islamic microfinance. Meanwhile, this finding conforms with empirical studies such as Roy et al. (2017), who discovered that awareness positively influences the attitude to use Islamic microfinance. Additionally, a work by Al Balushi et al. (2019) concluded that awareness was a significant predictor towards the acceptance of Islamic microfinance among SME owners in Oman. Further, Nizam (2024) argued that awareness positively influences the attitude of shariah scholars towards Islamic banks in Pakistan, suggesting that Islamic banks should enhance the awareness and adoption of Islamic banks products by supporting educational programs geared towards improving Islamic banks customer awareness.

6.4.2.2 Knowledge and Attitude

Hypothesis H2 was accepted. According to the finding of H2, an individual with good familiarity about the products provided by Islamic microfinance institutions will have a positive attitude, which eventually influences the individual's intention to use Islamic microfinance. Thus, it can be asserted that knowledge that is combined with experience and skills is crucial in shaping attitude of individuals when it comes to the behavioral intention in adopting new products, in this case, adopting Islamic microfinance. Similar result of this finding corroborated with the study of Bananuka et al. (2020) in which the authors concludes that knowledge about Islamic microfinance is a significant predictor of attitude towards the acceptance of Islamic microfinance services and products. Similarly, the finding concurs with the work of Ullah et al. (2022) who reveal that awareness has a significant impact on behavioral intention to accept Islamic microfinance products and services among clients in Bangladesh. Additionally, a study by Haron et al. (2023) indicates that the level of knowledge

significantly influences the attitude to accept benefitdonor concept among waqf stakeholders in Malaysia. Thus, individuals with basic or adequate knowledge about how Islamic microfinance operates and knows the products they offered from a sharia points of view will eventually have a positive attitude for adopting or accepting Islamic microfinance services and products.

6.4.2.3 Behavioral Change and Attitude

Hypothesis H3 indicates a significant linkage between behavioral change and attitude regarding Islamic microfinance use. It is noted in this that in terms of the significance of the constructs, behavioral change demonstrates a stronger significance value, signifying the importance of behavioral control in predicting attitude towards the use of Islamic microfinance in Gambia.

6.4.2.4 Awareness, Knowledge, and Behavioral Intention

Results of statistical test for hypothesis H4 produce no significant direct relationship between awareness and intention to use Islamic microfinance in the Gambia. Thus, there was a lack of sufficient evidence to support H4 at both the one percent and five percent significance levels, indicating that H4 was not supported. Here, awareness implies the level of understanding of Islamic microfinance concepts, principles, contracts, and its existence in the Gambia. It was evident from the findings that most of the respondents were not aware of the services provided by Islamic microfinance institutions. This finding conforms with that of Si & Chin (2023), but contradicts the finding of Hamadou et al. (2024). Nevertheless, Si & Chin (2023) study the intention to use Islamic banking products and services to preserve financial stability in Malaysia and discovered that awareness towards Islamic banking products was insignificant. The authors noted that this lack of significance could be attributed to the fact that most people know about Islamic banking products and hence awareness may not be crucial variable in influencing Malaysians' intention to adopt Islamic banking products. Likewise, Muhammad et al. (2023) found no significant evidence that awareness influences the intention to accept cash waqf among entrepreneurs in Kano state, Nigeria. The authors recommend regulators establish and provide awareness programs geared towards promoting cash waqf donations from potential waqf donors.

Similarly, hypothesis H5 was not accepted. This implies that there was no sufficient evidence to support H5 at both the five percent and one percent significance level. Hence, the statistical test for H5 was not supported.

6.4.2.5 Behavioral Change and Behavioral Intention

Hypothesis H6 revealed a significant direct association between behavioral change and intention. Moreover, there is evidence to support H6. Behavioral change in this context involves the process of changing behavior, attitudes, beliefs, habits, and actions towards the intention to use Islamic microfinance and benefiting from it. As per the results revealed from the hypotheses tests, potential customers may consider using Islamic microfinance services based on their positive behavior towards Islamic microfinance in general.

6.4.2.6 Attitude and Behavioral Intention

The findings of this study support hypothesis H7. This finding implies that prospective customers with a positive attitude towards Islamic microfinance are more inclined to exhibit a stronger intentions to participate in Islamic microfinance services. Therefore, it can be inferred that people's attitudes towards participating in Islamic microfinance grow when they believe that the services provided by Islamic microfinance institutions are reasonably priced, of good quality in terms of service delivery, and fulfill their religious obligation to avoid interest while also enhancing the quality of their lives. This result is not only consistent with the TPB (Ajzen, 1991) but also with the results obtained in several other similar studies (e.g. Khamis et al., 2024; Si & Chin, 2023). Although this finding aligns with most findings related to this topic, Maulana et al. (2018) study was inconsistent with the current study's finding of attitude's impact on behavioral intention to use Islamic microfinance.

6.4.2.7 Subjective Norm (SN) and Intention

Hypothesis H8 analyzes the extent to which SN influence intention. The results reveal that the influence of SN on intention was positive and significant. Therefore, the findings provide statistical support for H2. The results means that social influence from friends and family, in particular, may play a crucial role in shaping individuals' behavioral intention to participate in Islamic microfinance. In essence, the environment surroundings that a person may find himself plays a part in shaping the person's behavior in adopting new things.

The finding of H8 is in line with the findings of TPB model that posits that SN significantly influence behavioral intention (Ajzen, 2005). This finding is also conformed with the studies by Haron et al. (2023), Maulana et al. (2018), and Musa et al. (2024). For instance, Musa et al. (2024) established a positive and significant linkage between SN and intention to adopt Islamic finance products in Nigeria. Hence, it can be concluded that the decision to adopt or accept Islamic microfinance services is subject to social groups influence from family, peers, friends, and the environment in which an individual lives.

6.4.2.8 Perceived Behavioral Control (PBC) and Intention

Hypothesis H9 was supported. The findings show that perceived behavioral control is significant, thereby supporting H3. In essence, the statistical test of H9 indicates that behavioral intention can be significantly influence by the perceived behavior of individuals who are confident that they can easily use Islamic microfinance services and adhere to it. The finding of this result is consistent with the TPB model that posits that PBC significantly influence intention (Ajzen, 2005). Further, the results concur with the findings of Khalequzzaman et al. (2023) in which the author reported that PBC had a significant effect on intention to use Islamic microfinance in Indonesia. This implied that individuals who plan to use Islamic microfinance in the future are convinced that they will be able to efficiently adopt Islamic microfinance services drawing upon their internal capabilities and external resources in their possession.

6.4.2.9 Relationship Between Awareness, Knowledge, Behavioral Change on Intention Through the Mediating Effect of Attitude

The findings discovered that attitude is a crucial mediator between awareness and knowledge. Both hypotheses H1a and H2a are supported. Consequently, the direct effect of awareness and knowledge on intention was not significant implying partial mediation. This means that attitude has a full mediation impact with awareness and knowledge because the direct relationship between awareness and knowledge on intention to use Islamic microfinance was not significant.

Consistent with this finding, are the investigations done by Bananuka et al. (2019) and, Mustapha et al. (2023) in which both authors conclude that attitude concerning the intention to adopt Islamic microfinance is a significant mediator between awareness and knowledge towards the intention to use Islamic microfinance. Another

study by Shah et al. (2023) also confirmed attitude to be a significant mediator between knowledge and behavioral intention to adopt Islamic finance among microbusiness owners in Pakistan. In the same direction, the acceptance of H3a suggest that attitude is a significant mediator in the relationship between behavioral change and intention towards the acceptance of Islamic microfinance in the Gambia.

6.4.3 Discussion on the Qualitative Results

The qualitative results highlight the crucial insights into the challenges facing the Islamic microfinance sector in the Gambia. Based on the interview with the staffs of the Islamic microfinance institutions, most clients of the institutions have limited, or no understanding of the contracts offered by Islamic microfinance institutions. This limited awareness about Islamic microfinance impedes the sector's prospects and the need to improve outreach and provide sensitization programs in raising awareness and understanding of the products offered by the Islamic microfinance institutions. Furthermore, participants highlight several challenges affecting the Islamic microfinance sector including low financial literacy, regulatory challenges, and capacity constraints with low qualified staffs. Despite the challenges, participants are optimistic about the prospects of the sector by noting that the government is working on providing robust regulatory support for the sector. Also, educational institutions including the university of the Gambia has started Islamic finance degree program which will help fill the capacity gap in Islamic finance. Finally, all participants affirmed the need to integrate zakat and waqf for resource mobilization which is seen as a viable Islamic finance tools in providing capital to micro entrepreneurs and providing social welfare to the poor for poverty alleviation. Therefore, the qualitative findings underscore the importance of Islamic microfinance and Islamic social finance in alleviating poverty and enhancing financial inclusion in national development.

6.5 Conclusion

The data analysis of the current study was divided into quantitative and qualitative analysis. Quantitative analysis focuses on answering question one, while the qualitative analysis focuses on answering question two.

The Quantitative analysis presented the findings of the descriptive and PLS-SEM analysis. A total of ten hypotheses out of twelve were supported and two hypotheses

were not supported. The qualitative study focused on the three Islamic microfinance institution. The information collected from these three institutions was analyzed and discussed.



CONCLUSION AND RECOMMENDATIONS

The aim of this study is to explore the Islamic social finance industry in The Gambia through a structural equation modelling approach. In light of the study's objectives, the study responded to the following four research questions:

RQ1: What is the level of awareness, knowledge, and behavioral change on attitude towards Islamic microfinance participation in the Gambia?

RQ2: What is the level of awareness, knowledge, behavioral change, and TPB constructs on intention towards Islamic microfinance participation in the Gambia?

RQ3: Does attitude mediate the linkage between awareness, knowledge, and behavioral change in relation to the adoption of Islamic microfinance?

RQ4: What are the major issues and problems affecting the Islamic microfinance sector?

RQ5: What are the perceptions of Islamic microfinance institutions regarding the use of *Zakat* and *waqf* funds to mobilize resources?

This chapter presents the conclusions and recommendations derived from the study. The chapter begins by providing a summary of the research and study's major findings, followed by the theoretical and practical implications, the limitations of the research, as well as suggested recommendations based on the study's findings. The study ends with a concluding statement underlining the important features of both the chapter and the study's findings.

7.1 Summary of the Thesis Chapters

Islamic microfinance is considered to be an important mechanism or tool in alleviating poverty, particularly in countries where Islamic microfinance programs are developed. The current study comprises of 6 chapters. Chapter 1 gives a background study of the research and discusses the objectives of the research which were quantitative and qualitative in nature. The quantitative method aims to explore the factors influencing the behavioral intention in using Islamic microfinance services in The Gambia, whereas the qualitative method aims to explore the challenges impacting the Islamic microfinance sector in the Gambia. The qualitative objective further aims to

investigate the perception of Islamic microfinance managers in utilizing zakat and waqf fund to mobilize resources for financing.

To start with, chapter one provides discussions on the background of the study, problem statement, research objectives, the importance of the research, overview of the research methodology as well as limitations, research hypotheses, and organization of the research.

Chapter two discusses a comprehensive concept of the Islamic social instruments used in this study, with a specific focus on Islamic microfinance, zakat, and waqf. The chapter begins with an overview of the Islamic financial system, concentrating on the principles and prohibitions outlined by scholars regarding the Islamic financial system and the Islamic financial contracts commonly discussed in the Islamic finance literature. Furthermore, the chapter examines the concepts of Islamic microfinance with a comparative analysis with the conventional microfinance, and its role in poverty alleviation. The chapter closes with a discussion of the concepts, legality and economic importance of Zakat and waqf.

Chapter three shed lights on the literature review, delving into the discussions of existing scholarly literature related to Islamic social finance and highlighting the conceptual framework that supported the quantitative aim of the current study. To achieve the quantitative aim of this study, a conceptual framework was established based on the TPB as the underlying foundation guiding the research questions. Several works in the field of social science have applied this theory in explaining behavior. Consequently, the TPB acted as the theoretical background and merged concepts and ideas from research related to Islamic finance. The TPB constructs were identified as the main independent factors with awareness, knowledge, and behavioral change acting as extended factors, thereby developing twelve hypotheses.

Chapter four discusses the current state and development of the Islamic social finance industry in the Gambia. It starts with an overview of the Gambian economy and the Gambia's financial system structure. It then discusses the Gambia's Islamic financial system by focusing on Islamic banking, takaful, and Islamic microfinance. Lastly, the chapter provides a brief overview of zakat and waqf in the country highlighting the operational challenges faced by these institutions.

Chapter five presented the methodological section discussing the research approach. The research employed mixed methodology approach to provide evidence that forms the foundation of this study. The quantitative approach utilized questionnaire to gather primary data from potential customers of Islamic microfinance using a snowball non-probability sampling technique. As highlighted earlier, measurement items in the questionnaire were tested and validated with the recommendation of experts and through pilot test assessment. Following the actual data collection process, a total of 518 responses were used for the statistical analysis. In addition to the primary data, the study also utilized secondary data including journal articles, reports related to the topic, official government documents and websites, and relevant textbooks that aid the conduct of this research. The study utilized PLS-SEM in analyzing the quantitative data. It started with the MM model analysis in which the reliability and validity of the proposed model was assessed. Then, the SM was assessed in order to answer the hypotheses proposed in this study. Meanwhile, the qualitative data was collected through semi-structured interview administered on the senior officers of Islamic microfinance institutions, while thematic analysis was used for the qualitative data from the interview.

In chapter six, the statistical results of the data collected were analyzed as well as the results of the qualitative study were highlighted. The data analysis results in chapter five were divided into quantitative and qualitative analysis. The data gathered from 518 respondents was analyzed using SPSS version 20.2 and Smart PLS version 4.0. Whereas the data gathered from the semi-structured interview with the officials of the Islamic microfinance institutions was analyzed using content analysis. In analyzing the quantitative data, a preliminary analysis involving demographic information of respondents of respondents as well as descriptive statistics of the constructs were analyzed using SPSS Version 20.2. In analyzing the demographic information of respondents, the analysis showed that most of the respondents were male (about 72%), all of them aged between 19 years and 30 years, mostly educated with a university degree, having professional roles, with an income of more than GMD 10,000. The descriptive analysis results show slightly higher mean scores for all the constructs. Furthermore, The PLS-SEM analysis was conducted focusing on assessing the MM model and the SE model utilizing Smart PLS software version 4.0. The measurement model results demonstrate that the indicator reliability for all indicators demonstrate

high values of outer loadings, exceeding the cut off value of 0.708 which implies that all the indicators explain more than 50% of the variance in the constructs as suggested by (Hair et al., 2017). Furthermore, the convergent validity in the measurement analysis for all the constructs demonstrates high values of AVE ranging from 0.712 to 0.874, exceeding the threshold value of 0.5. The discriminant validity is also validated using the three tests of HTMT, Fornell-Lacker criterion, and cross loadings and all the tests prove that each measurement items has one single construct (Fornell & Larcker, 1981; Hair et al., 2019). Moreover, no collinearity issues are found which demonstrates that all the VIF values are well below the tolerance levels of less than 3.0, but up to 5.0 which suggests absence of collinearity among the constructs.

Then, to measure the predictability of the model and its predictive relevance, we analyzed the results of R-square and Q-square. Based on the R-square, both intention and attitude as endogenous variables showed strong predictability with intention of 72.4% and attitude 65.4%. The Q-square values for the constructs exceed zero which means that the model has strong predictive relevance as noted by Hair et al. (2019). Furthermore, the impact of the predictor on the model shows the f-square effects of most of the exogenous variables have small and medium impact on the endogenous variable. Finally, the study assessed the model goodness of fit using the SRMR criteria. The SRMR value was 0.049 indicating that the model in this study meets goodness of fit criteria, confirming acceptability of the model.

The qualitative analysis was conducted using thematic analysis to answer research questions four and five which provide crucial findings for the current study. The fourth research question address the major issues and problems affecting the Islamic microfinance sector. The fifth research question elaborates on the perceptions of Islamic microfinance institutions regarding the use of *Zakat* and *waqf* funds to mobilize resources.

7.2 Summary of Key Findings

This section briefly provides a summary of the findings. The first research question was based on the main factors that predict intention. In this research, TPB constructs were significant. Firstly, this study found that attitude was a significant predictor of intention to use Islamic microfinance in Gambia. This finding demonstrated that attitude is crucial in determining intention to use Islamic microfinance in the Gambia.

Thus, majority of the respondents affirm that using Islamic microfinance services is a good thing and can provide lucrative opportunities. Indeed, the more positive is the attitude of individuals towards Islamic microfinance, the more probable they are to use its services.

Similarly, the first research question looked into the impact of SN on intention. The empirical findings found that the effect of subjective norm on intention was significant. This finding corroborates with previous works that have demonstrated the significance of subjective norm in influencing intention to accept Islamic microfinance in the Gambia. This finding indicates that the opinions of others significantly influence their behavior to use Islamic microfinance. In other words, this finding demonstrates that peer influence such as family and friends, and the environment in which an individual lives may trigger their behavioral intention to participate in Islamic microfinance services.

Furthermore, the findings also demonstrate that PBC has significant influence on intention. This result conforms with previous studies as noted earlier. Thus, the more confidence individuals are towards Islamic microfinance, the stronger would be their behavioral intention to adopt it. Also, this finding suggests that potential customers of Islamic microfinance in the Gambia are more likely to increase their adoption of Islamic microfinance services if they perceived that they can easily use and adhere to it within their control.

Meanwhile, in addressing the first research question, awareness, knowledge and behavioral change were used as an extension to the TPB. The research confirmed that awareness does not significantly impact the intention to use Islamic microfinance as the results of hypothesis H1 has indicates. Likewise, the association between knowledge and behavioral intention is not significant as knowledge was not directly effective in explaining the behavioral intention to accept Islamic microfinance in the Gambia. This is because most of the survey participants did not have basic understanding about the principles of Islamic microfinance. Thus, lack of knowledge about Islamic microfinance can be ascribed to a lack of comprehension of the Islamic finance principles by the respondents and the lack of effective advertisements about Islamic microfinance by stakeholders in Islamic finance. The results also found that behavioral change significantly impact the intention to use Islamic microfinance.

However, in examining the direct association between awareness and knowledge on attitude, this study's findings reveal that both awareness and knowledge were able to effectively influence attitude regarding Islamic microfinance. This indicates that participants in this study are aware and have positive attitude about Islamic microfinance in the Gambia, thus, having awareness and knowledge can lead to a positive attitude concerning the adoption and participation of Islamic microfinance services. Similarly, behavioral change significantly and positively influences attitude towards Islamic microfinance.

The second research question was to determine the mediating role of attitude on intention. To answer this question, three hypotheses were developed and tested. Hypothesis H1a investigates the association between awareness and intention through the mediating role of attitude. This relationship suggests that awareness about Islamic microfinance has an impact on individuals' attitude towards the intention to use Islamic microfinance in the Gambia. This finding is consistent with other studies. Similarly, Hypothesis H2a assessed the relationship between knowledge and intention through attitude and the results imply that a statistically significant exist, thereby supporting hypothesis H2a. This mediation effect suggests that. In addition, hypothesis H3a tested the role of attitude in the linkage between behavioral change and intention. The analysis supports hypothesis H3a and demonstrates that the impact of behavioral change on intention to use Islamic microfinance is strong and positive.

The qualitative study results indicated that Islamic microfinance institutions faced a lot of challenges that needs to be address. The results from the qualitative study sought the views of senior staffs of the Islamic microfinance institutions regarding the main challenges affecting the Islamic microfinance sector in the Gambia. All the participants are of the view that the Islamic microfinance sector in general faces a myriad of challenges including limited awareness about Islamic microfinance, capacity constraints when it comes to understanding Islamic microfinance among staff of Islamic microfinance institutions and lack of proper guidelines and governance of Islamic microfinance institutions. Furthermore, the interview information revealed that there is strong evidence that suggested that participants approved the idea of utilizing zakat and waqf funds to mobilize resources.

7.3 Implications of the Study

The findings of this research provide some significant theoretical and practical implications. As regards theoretical implications, the model is built on the applicability and extension of the TPB. The TPB is widely used in social psychological research in predicting behavioral intention and actual behavior to perform certain task (Ajzen, 1991). In the current study, TPB is applied and extended. The inclusion of the additionally factors in the TPB model can significantly enhance our understanding of Islamic microfinance adoption behavior, more importantly in the context of the Gambia. There are several studies that have integrated and extended the TPB in explaining behavior in the context of Islamic social finance in different countries. However, to the present researcher's knowledge, the present study is the first study that empirically extended the TPB variables in the realm of Islamic microfinance by focusing on the Gambia. Thus, the outcome of the research has provided support to the extended TPB. As regards to the findings, it is established that the behavioral intention to accept Islamic microfinance is influence by the antecedents of the TPB and the extended variables incorporated in the model. Furthermore, this study has been validated through MM and SE model analysis. Accordingly, the extension of the TPB by incorporating three predictors- awareness, knowledge and behavioral change has emerged as a theoretical facet in the context of Islamic microfinance in the Gambia.

Meanwhile, the current study provides significant methodological contributions, specifically towards the TPB. This study utilized the TPB, which is a well-known and established theory that is tested in different cultural settings. The quantitative study applies the TPB to examine the behavioral intention to use Islamic microfinance in the Gambia. The study employed rigorous statistical analysis to establish the reliability and the validity of the survey instruments. Additionally, the research contributed by testing the proposed framework of the study by using structural equation modelling. SEM is a modern multivariate statistical technique that enables researchers to combine elements of multiple regression and factor analysis to simultaneously estimate a series of interrelated dependent relationships in a precise and comprehensive way (Hair et al. 2010).

This research has proven to have practical implications on the behavioral intention-Islamic microfinance adoption nexus. To begin with, government, policy makers, and practitioners in the Islamic microfinance sector might employ the findings of this study

to foster the expansion of the Islamic finance sector and push potential customers to increase their use of Islamic microfinance services. Additionally, a broad awareness and knowledge programs should be created in order to incentivize people to adopt or participate in Islamic microfinance services.

To conclude, the study's findings has been substantial to the literature of Islamic microfinance adoption behavior as well as made crucial practical contributions.

7.4 Limitation of the Study and Suggestions for Further Research

This study is subject to some limitations that require future research enquiry and empirical studies in this field. Additionally, limitations of the current study are beyond the researcher's ability to resolve, hence suggestions for further studies are proposed in each limitation raised.

The first limitation arises from the sampling method utilized which was based on non-probability sampling technique. As a result, the outcomes of the study may not be generalized. Hence, further studies can employ other sampling methods in order to provide more generalization of the study.

Secondly, in terms of the conceptual model, the exogeneous variables in this study could only explain 72.4% of the intention to accept Islamic microfinance in the Gambia. Thus, further research should be investigated to uncover the other variables that explain the other 27.6%.

Third, the extended constructs in the TPB model are limited to only three variables (awareness, knowledge, and behavioral change) and one mediator (attitude). Thus, apart from attitude as a mediator, other factors such as religiosity, compatibility, and financial literacy can also be included as extended factors in the TPB model and tested as mediators in the relationship observed in this study. Therefore, future research may also incorporate additional constructs by investigating the impact of these additional factors in predicting behavioral intention to accept Islamic microfinance.

In addition, this research is cross-sectional in nature which cannot examine differences in behavior across time, in addition to the time constraints and cost challenges the researcher faced. It is not certain that the findings will remain significant over the years to come as the behaviors of people change over time in a specific context. Thus, future researchers should incorporate a longitudinal study in order to provide greater

explanatory power and better valuable findings and to further provides a broader understanding of Islamic microfinance adoption in the Gambia.

Fourth, the current study did not test any moderating effect on the predicted variable. Accordingly, it is essential to undertake future research by considering the moderating effect which may yield new insights and contribute to the conceptual model used in this study. In doing so, the adopted conceptual model could then be explored and based on the results, the current study's findings can be further refined and examined based on the added moderating variables on the predicted variable. Possible moderating variables that could be added to the conceptualized model include demographic factors such as gender, level of experience, education, and income. In addition to the limitations mentioned about this research not conducting any moderation effect, the current research made use of only one mediating variable. Nonetheless, it would be significant to conduct a more comprehensive mediating analysis, specifically by considering the other antecedents of the TPB as mediating factors.

Since this study focused on the Gambia which has its social and cultural settings, a comparative study with another country could be conducted in order to capture differences in participants' diversity and variability. Additionally, the current study only explores and measures the behavioral intention of individuals to use Islamic microfinance in the Gambia without measuring the actual behavior which is a core TPB tenet. Therefore, future studies can extend the conceptual model applied in this study by incorporating the actual behavior of individuals regarding Islamic microfinance adoption.

7.5 Policy Recommendations

This study is crucial to the academic literature by exploring factors that influence behavioral intention of individuals about Islamic microfinance adoption in The Gambia. It has also been significant in examining the broader challenges facing the Islamic microfinance sector in the country. In accordance with the findings of this study, this research suggests some recommendations that may improve the performance Islamic microfinance institutions as well as to provide a levelling environment for the current and potential users of Islamic microfinance services in the Gambia. The following recommendations are proposed:

- Since the study's findings reveal the relationship between awareness and intention about Islamic microfinance is not significant, the study recommends policymakers, and Islamic microfinance institutions to focus on rigorous awareness and marketing programs and informing the public about Islamic microfinance products and services especially targeting workers in government and private sectors who are yet to use Islamic microfinance services.
- From the literature and qualitative findings, it is observed that there are no tailored regulatory frameworks guiding the operations of Islamic microfinance institutions in the Gambia. As the apex authority responsible for the regulation of financial institutions, the Central Bank of The Gambia in collaboration with stakeholders including the government should initiative policy reforms aims at providing legal and regulatory guidelines and an oversight mechanism for Islamic microfinance institutions. This will ensure compliance, transparency, and public trust which may ultimately enhance the performance of Islamic microfinance institutions in the country.
- There is a need for targeted capacity building programs for staffs working in Islamic microfinance institutions. As identified in the qualitative analysis of this thesis, lack of trained staffs about Islamic microfinance principles has been a major challenge impeding the performance of the Islamic microfinance institutions. Therefore, the Central Bank of The Gambia in collaboration with the University of the Gambia must initiate training program for staffs of Islamic microfinance institutions in Islamic finance contract structuring, instruments used in Islamic microfinance, products promotion and outreach among others.
- There is the need to initiate educational campaigns that would enhance public attitude, awareness, and perception of the task of Islamic microfinance institutions in promoting financial inclusion and alleviating poverty.
- Moreover, collaboration between states, local governments, and other stakeholders is crucial to encouraging the formulation of more Islamic microfinance institutions and in providing support to the existing ones by creating more awareness of their services and products. By increasing public awareness of their operations, it is possible to enhance the effectiveness of these institutions in serving their communities.

- During the interview with Islamic microfinance institutions, it was observed that participants affirm the need for integrating zakat and waqf for fund mobilization. Consequently, the government of The Gambia in collaboration with the Gambia Supreme Islamic council and other religious bodies should collaborate in ensuring the zakat and waqf ecosystem is fully supported. A national zakat and waqf fund should be created and the government should provide operational guidelines that will provide a roadmap for how zakat and waqf funds can be utilized by Islamic microfinance institutions. The proper utilization of zakat and waqf as resource mobilization by Islamic microfinance institutions will ultimately help alleviate poverty and align with the country's development goal.
- Overall, the government and the Central Bank of The Gambia should lead the initiative in the above proposed recommendations, and other stakeholders including Islamic microfinance institutions, religious bodies, educational institutions, shariah scholars, and local bodies should jointly collaborate in ensuring the successful implementation of these recommendations.

7.6 Summary

Islamic social finance instruments of zakat, waqf, and Islamic microfinance discussed in this study are an important mechanism that can enhance financial inclusion and helps alleviate poverty if properly administered in the Muslim world and beyond.

This study was undertaken to explore the behavioral intentions of individuals to accept Islamic microfinance. It underscored the importance of understanding what variables influences intention to use Islamic microfinance by applying and extending the TPB. Additionally, this study has also explored the challenges facing the Islamic microfinance and about zakat and waqf utilization for fund mobilization by Islamic microfinance institutions currently operating in the Gambia. The aim of the study was based on quantitative and qualitative approach. To achieve quantitative objectives, a conceptual model was developed and tested. The findings of this study have provided strong evidence that the TPB constructs significantly impacted the behavioral intention to accept Islamic microfinance services. Further findings also show a significant relationship of awareness, knowledge and behavioral change on the attitude towards Islamic microfinance. Although the direct impact of awareness and knowledge on behavioral intention was not significant, both were significant when mediated with attitude providing a more robust and comprehensive understanding of adoption

behavior. Additionally, qualitative data was gathered through semi-structured interviews with senior officers from Islamic microfinance institutions operating in the country. For analyzing the qualitative data, thematic analysis was employed. The findings of this study will undoubtedly contribute extending the present knowledge on the study of Islamic microfinance adoption behavior.



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APPENDICES

Appendix One: Questionnaire

Socio-economic Information

1. Gender: Male [] Female [] category scale
2. Age: Below 18 [] 19 - 30 [] 31 – 40 [] Above 40 []
3. Level of education
 - High school and below
 - Diploma/Certificate
 - Bachelors Degree -
 - Masters Degree and above
5. Occupation
 - Self employed
 - Professional (accountant, lawyer, medical doctor, etc)
 - School teacher/Academic
 - Student
 - others:
6. Monthly Income: ratio scale
 - Less than GMD 2000
 - GMD 2001- GMD7000
 - GMD 7001-GMD 10000
 - Above GMD10,000

Part B

No	Content	1	2	3	4	5
	Awareness					
1.	I'm aware of the principles of Islamic microfinance					

2.	I have reasonable awareness of Islamic microfinance for economic growth and development					
3.	I know the existence of Islamic microfinance institutions in the Gambia					
4.	I'm aware that Islamic microfinance undertakes underlying Islamic contracts, such as musharakah, mudarabah, murabahah, qard alhassan, etc.					
	KNOWLEDGE of ISLAMIC MICROFINANCE					
5.	I have the basic knowledge about Islamic microfinance					
6.	I know that Islamic microfinance services are based on shariah principles					
7.	I have reasonable knowledge of Islamic microfinance for economic growth and development					
	BEHAVIORAL CHANGE					

8.	I might consider using Islamic microfinance services.					
9.	I plan to use Islamic microfinance services in the near future					
10.	I intend to use Islamic microfinance services in the future					
11.	I will choose Islamic microfinance services in the future					
ATTITUDES TOWARDS ISLAMIC MICROFINANCE PARTICIPATION						
12.	I have a favorable opinion about participating in Islamic microfinance institutions					
13.	I would find Islamic microfinance services useful					
14.	Using Islamic microfinanceservices is profitable					
15.	Using Islamic microfinance services is a good idea					

	SUBJECTIVE NORM					
16.	People important to me will support my participation in Islamic microfinance services.					
17.	My family will support my decision to participate in Islamic microfinance services as a correct and wise decision.					
18.	People whose opinion I respect will be a trigger for my participation in Islamic microfinance services.					
19.	I am interested in participating in Islamic microfinance services with recommendations from friends and people close to me.					
	PERCEIVED BEHAVIORAL CONTROL					
20.	I am confident that I can easily use Islamic microfinance services					
21.	I think that I would be able to adhere to Islamic microfinance services if I want to.					
22.	I think that using Islamic microfinance services would be entirely within my control					
	INTENTION					
23.	I am interested to participate in Islamic microfinance services					

24.	I intend to use Islamic microfinance services in the future					
25.	I like to use Islamic microfinance services					
26.	I will strongly recommend others to use Islamic microfinance services					

Part B: Semi-Structure Interview Questionnaire

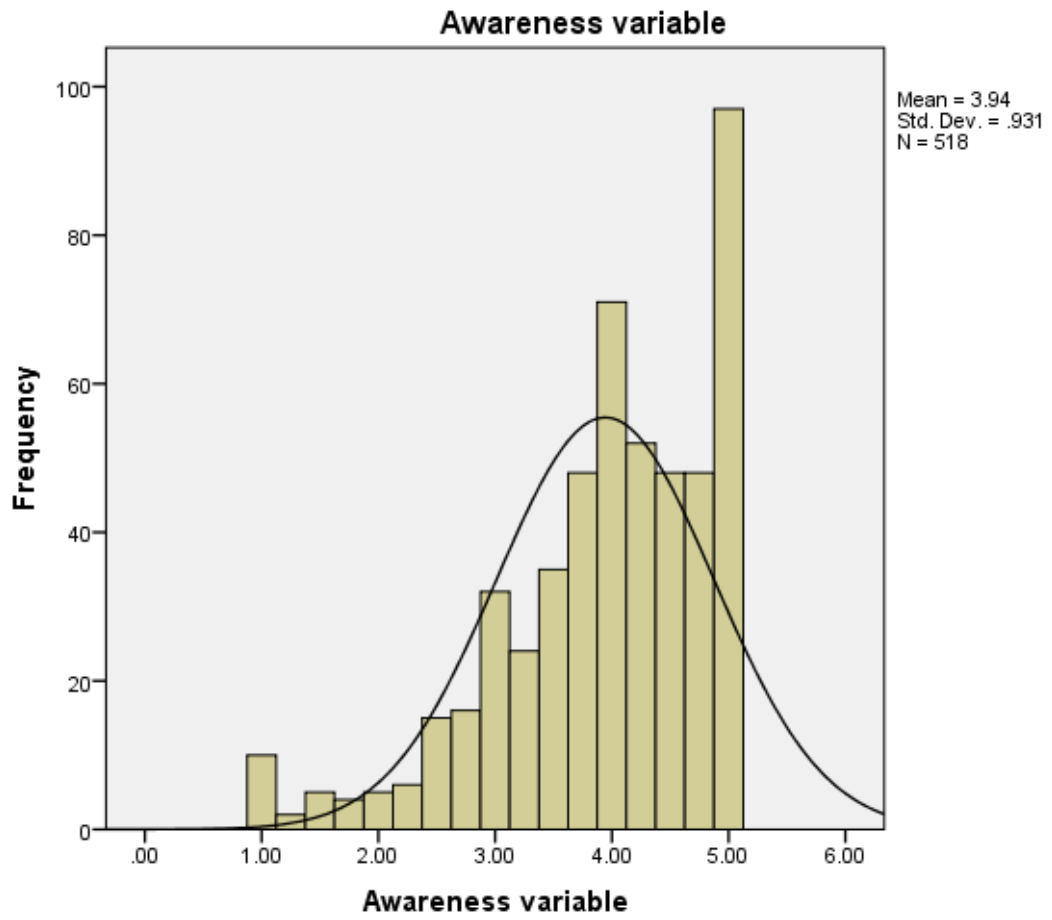
This section forms the qualitative part of my study. The aim of the qualitative study is to sought the views of experts in the Islamic microfinance institutions about the major issues and problems affecting the Islamic microfinance sector and to further examine their perceptions in using *Zakat* and *waqf* funds to mobilize resources. It aims to answer research question RQ4 &RQ5

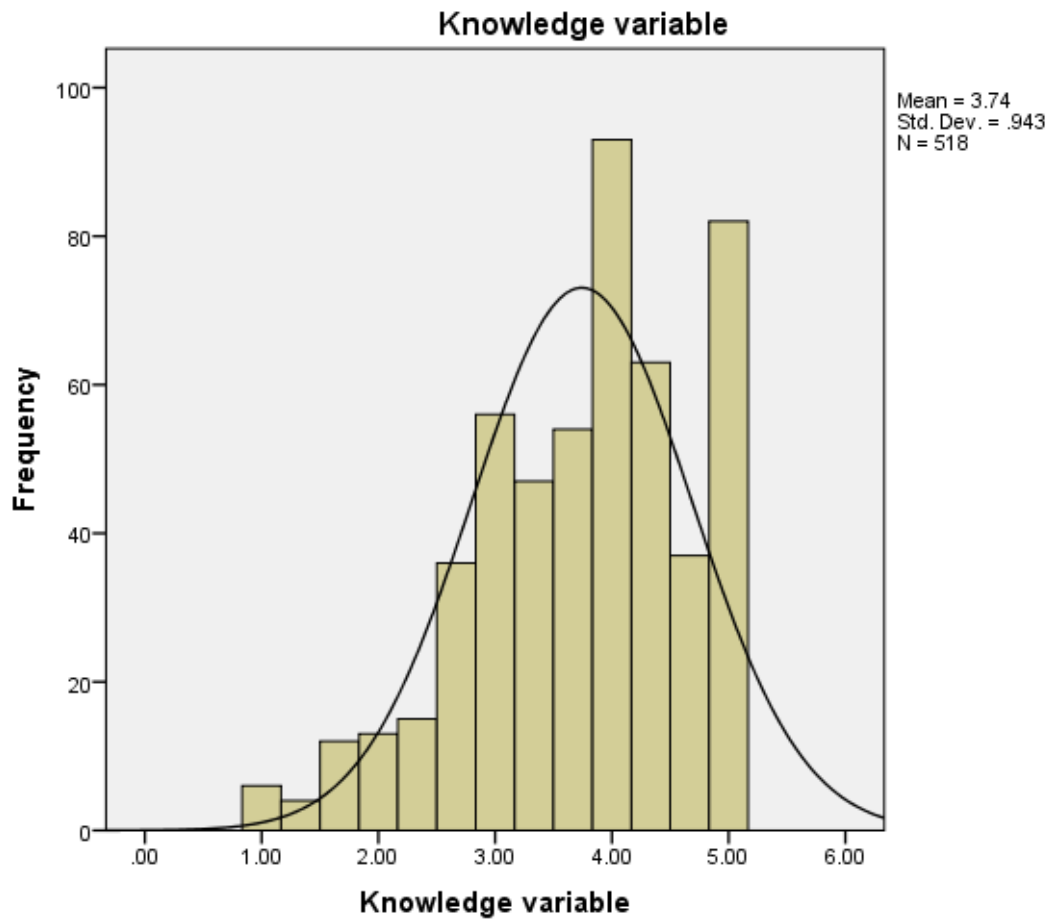
1. Name of Institutions....
2. Which year did your institutions starts operations?
3. What are the Objectives of your institution
4. In your opinion, do clients in your institutions understand Islamic finance contracts?
-Yes -No
Comments:....
5. Rank the most popular financing used in your institutions (1 is the most popular, 7 is less popular)
 1. Salam
 2. Mudarabah
 3. Musharakah
 4. Ijarah
 5. Salam
 6. Murabahah
 7. Qard Hassan
6. In your opinion why is it the most popular mode of financing?
7. In your opinion and experience, what are the main challenges affecting the Islamic microfinance sector in the Gambia.

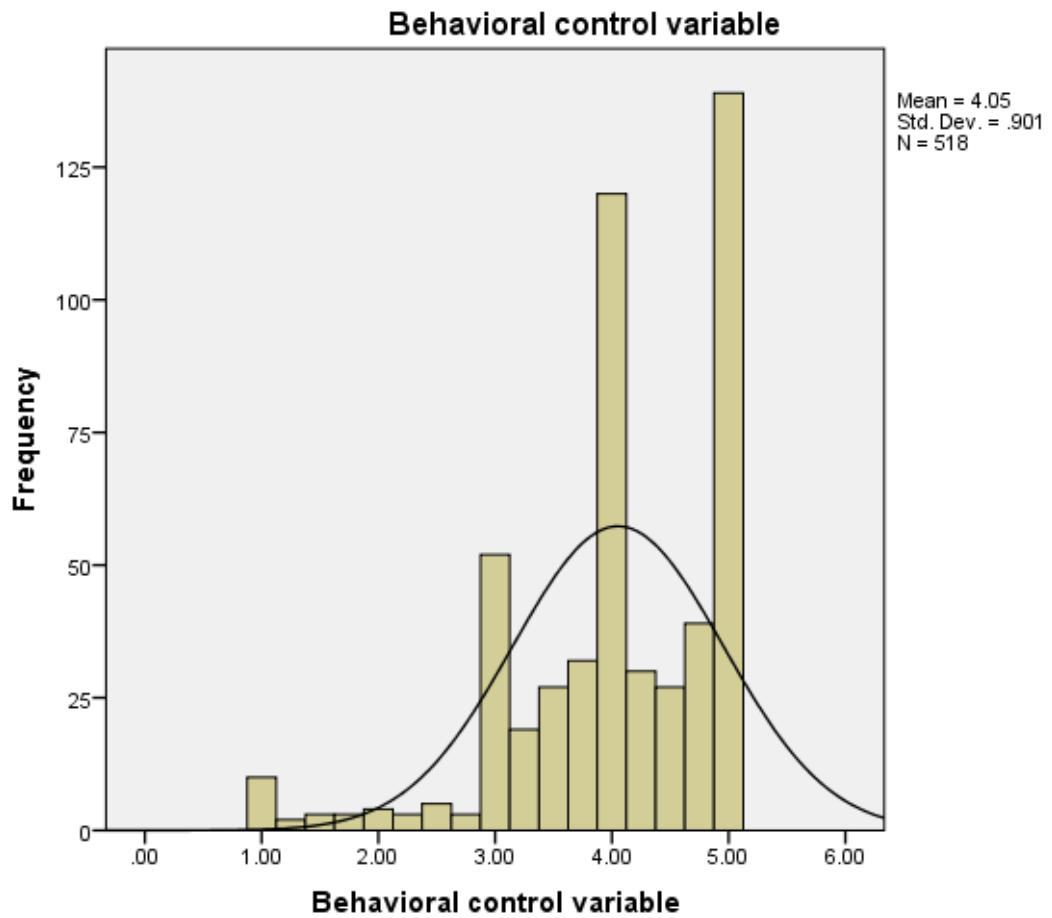
8. In your opinion and experience, what will be the future prospects of Islamic microfinance in the Gambia
9. Do you have a waqf division in your institution?
-Yes -No
10. If yes, can you explain how a waqf division works in your institution?
11. If no, what is your opinion about an Islamic microfinance institution creating a waqf division to provide cash waqf and qard-hasan loans to micro entrepreneurs.

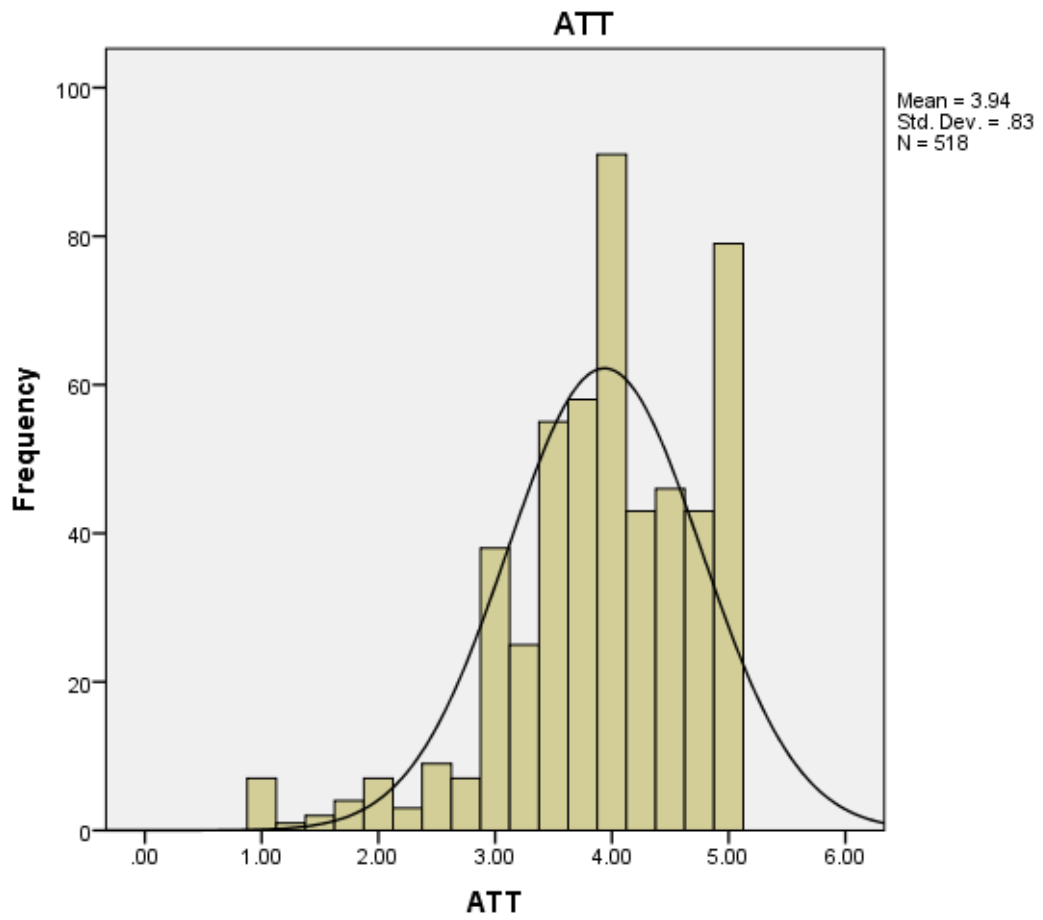


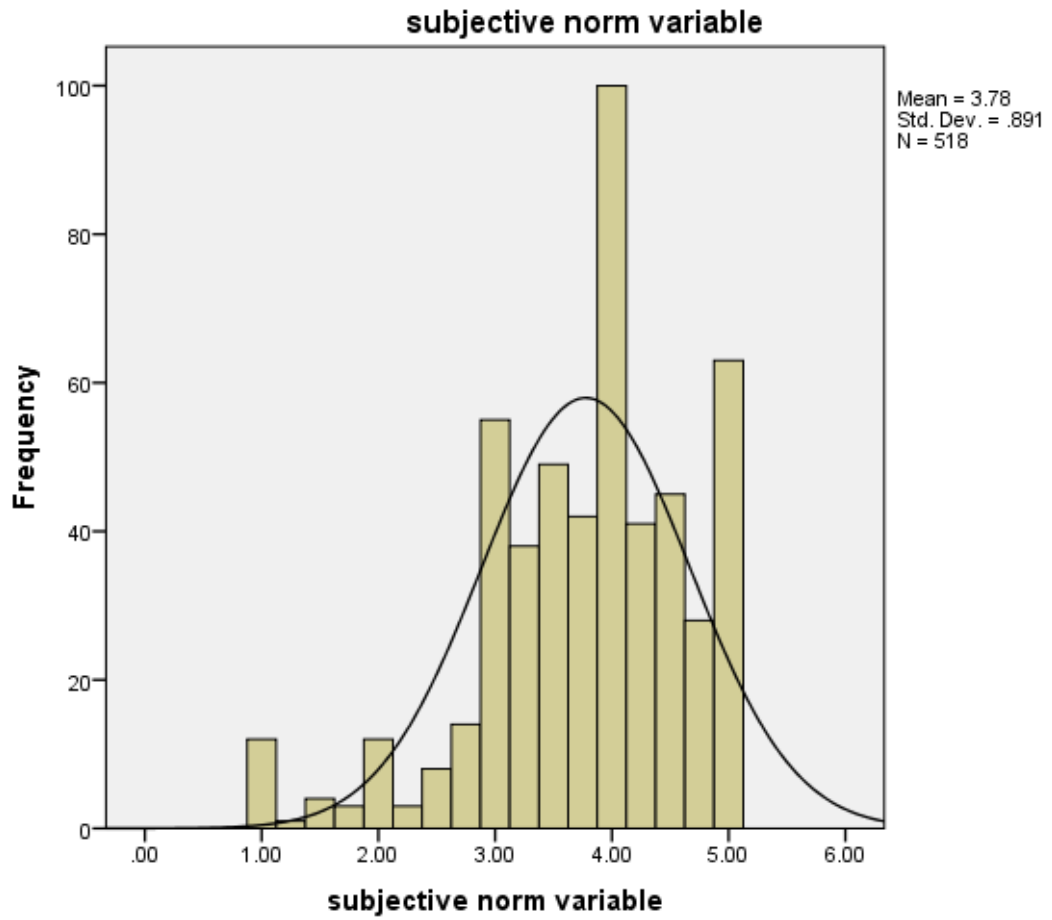
Appendix Two: Quantitative outputs based on SPSS & Smart Pls

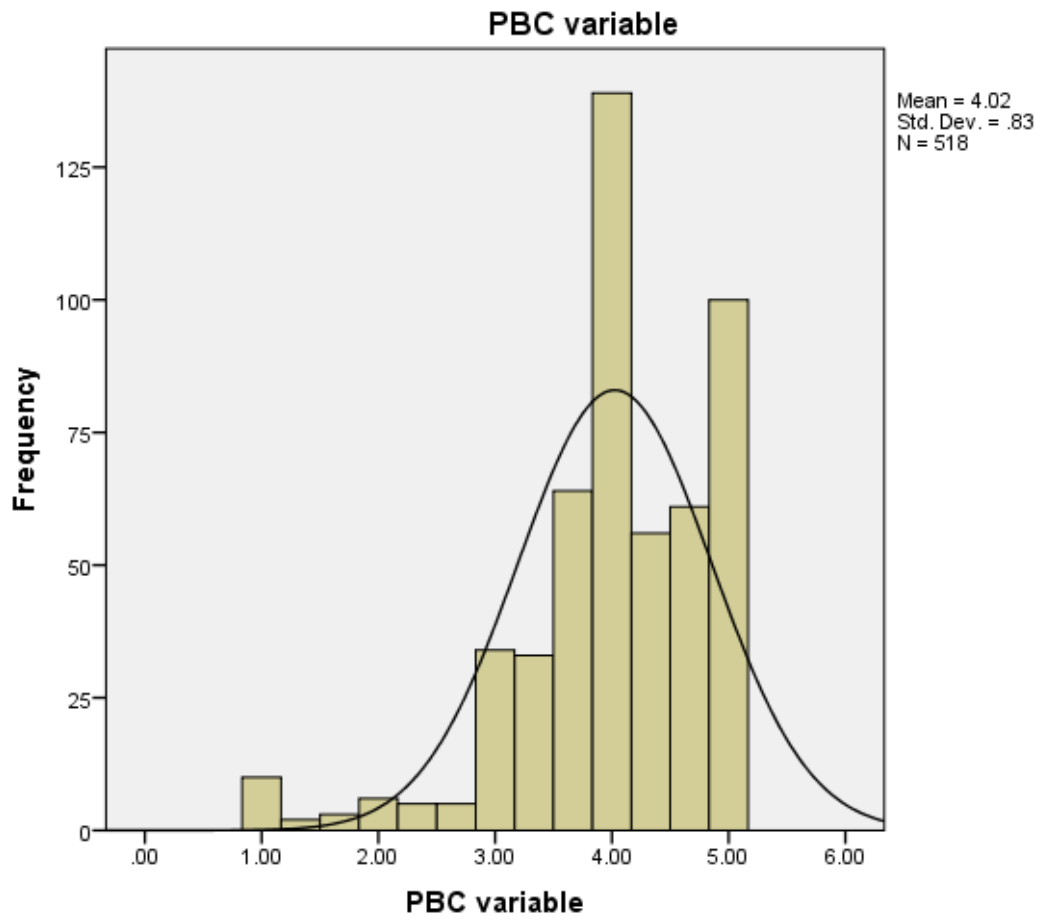


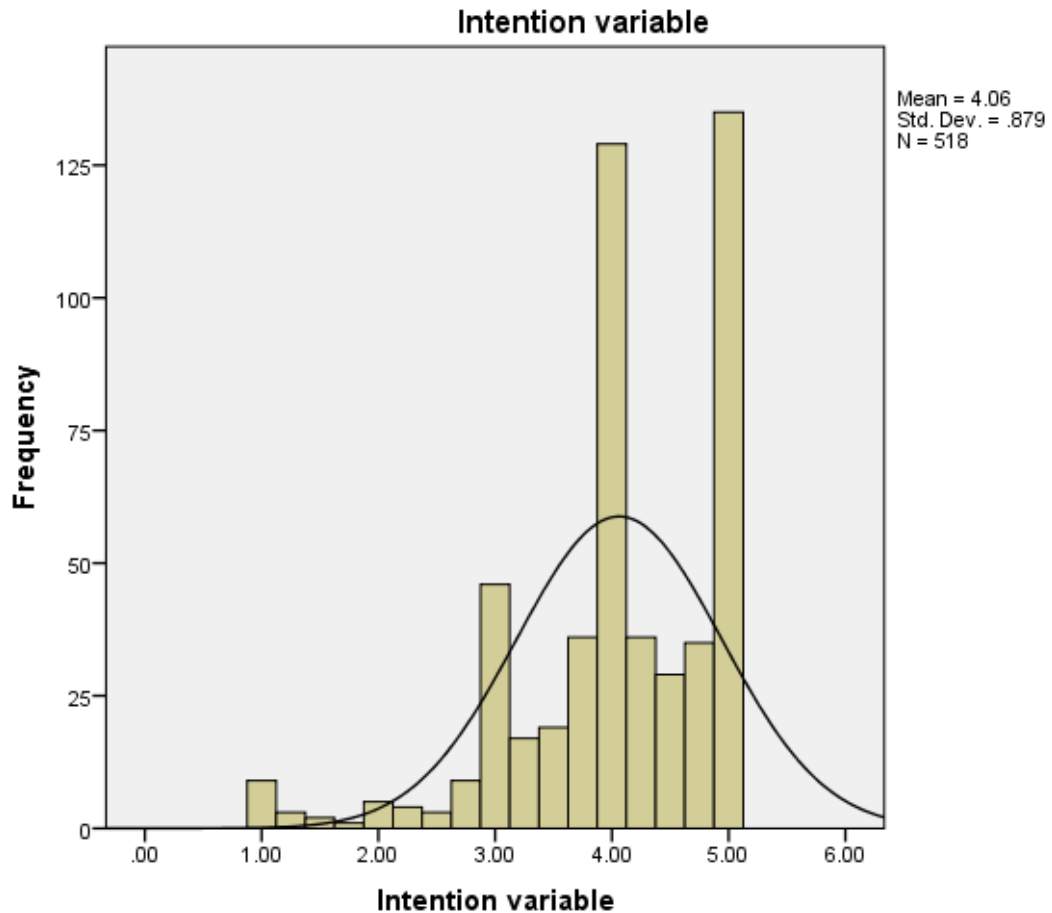












Correlation

	INT	AW	KW	BC	ATT	SN
INT						
AW	.561**					
KW	.561**	.739**				
BC	.798**	.569**	.595**			
ATT	.744**	.607**	.610**	.769**		
SN	.641**	.478**	.476**	.606**	.620**	
PBC	.726**	.537**	.524**	.686**	.709**	.642**

** P<1% (2-tailed).

Construct	Minimum	Maximum	Std. Deviation	Skewness	Kurtosis
AW1	1	5	1.070	-1.405	1.530
AW2	1	5	1.065	-0.747	0.080
AW3	1	5	1.066	-1.394	1.457
AW4	1	5	1.199	-0.669	-0.416
KW1	1	5	1.139	-0.500	-0.524
KW2	1	5	1.044	-1.245	1.227
KW3	1	5	1.058	-0.459	-0.309
BC1	1	5	0.953	-1.194	1.618
BC2	1	5	0.968	-1.038	1.017
BC3	1	5	0.967	-1.269	1.838
BC4	1	5	0.972	-0.993	0.949
ATT1	1	5	0.956	-0.780	0.497
ATT2	1	5	0.933	-1.236	1.854
ATT3	1	5	1.054	-0.452	-0.214
ATT4	1	5	0.922	-1.262	1.809
SN1	1	5	1.003	-0.701	0.355
SN2	1	5	1.004	-0.886	0.562
SN3	1	5	1.146	-0.646	-0.209
SN4	1	5	1.074	-0.846	0.198
PBC1	1	5	0.946	-1.076	1.374
PBC2	1	5	0.880	-1.370	2.565
PBC3	1	5	0.958	-0.894	0.702
INT1	1	5	0.943	-1.135	1.449

INT2	1	5	0.934	-1.204	1.760
INT3	1	5	0.940	-1.150	1.631
INT4	1	5	0.943	-1.034	1.009

Total Effects

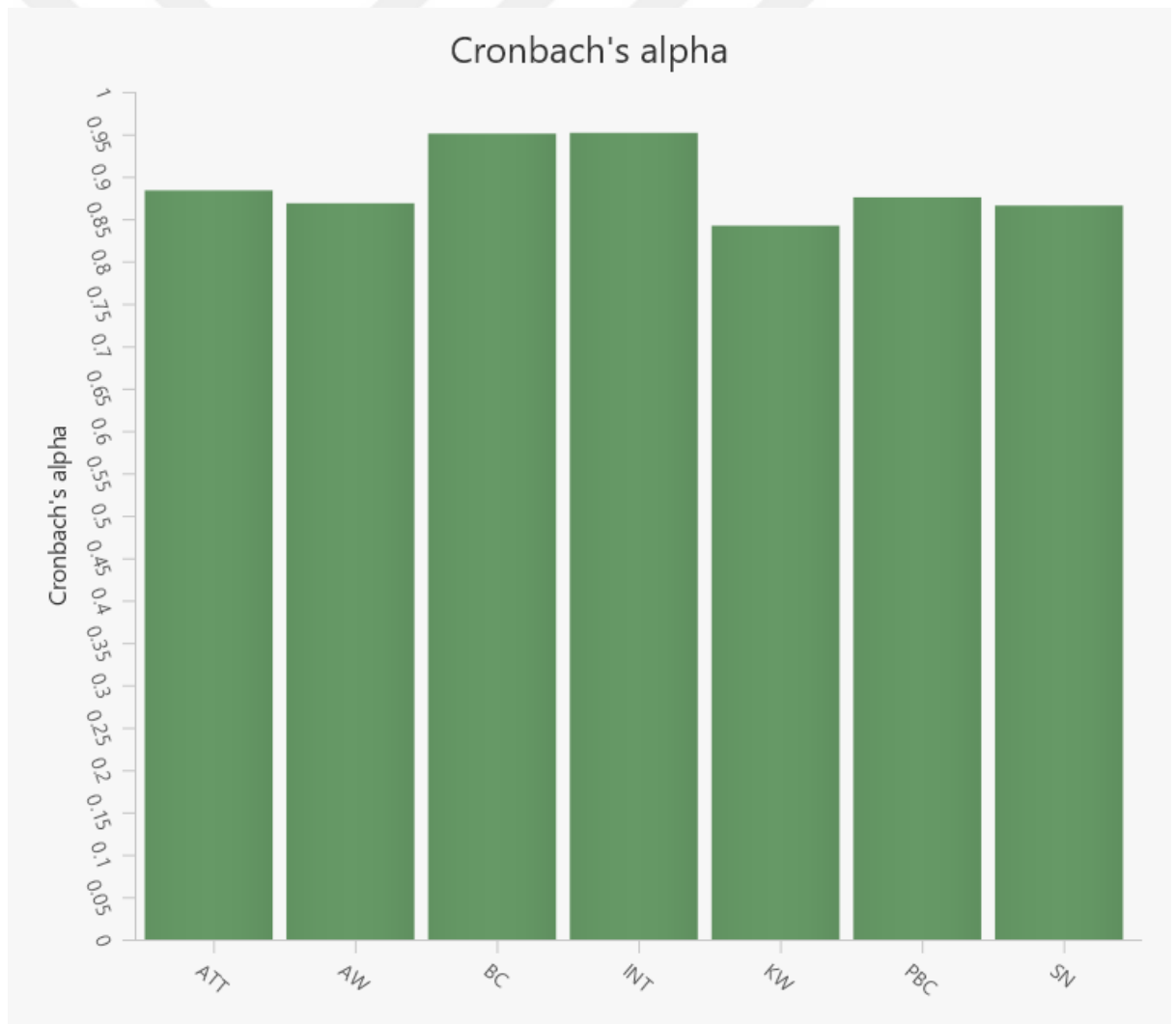
Constructs	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
ATT -> INT	0.159	0.16	0.051	3.111	0.001
AW -> ATT	0.17	0.17	0.05	3.418	0
AW -> INT	0.069	0.07	0.044	1.552	0.06
BC -> ATT	0.601	0.6	0.038	15.994	0
BC -> INT	0.515	0.515	0.048	10.705	0
KW -> ATT	0.133	0.133	0.045	2.985	0.001
KW -> INT	0.027	0.027	0.044	0.613	0.27
PBC -> INT	0.209	0.207	0.053	3.947	0
SN -> INT	0.138	0.139	0.041	3.367	0

Q-Square

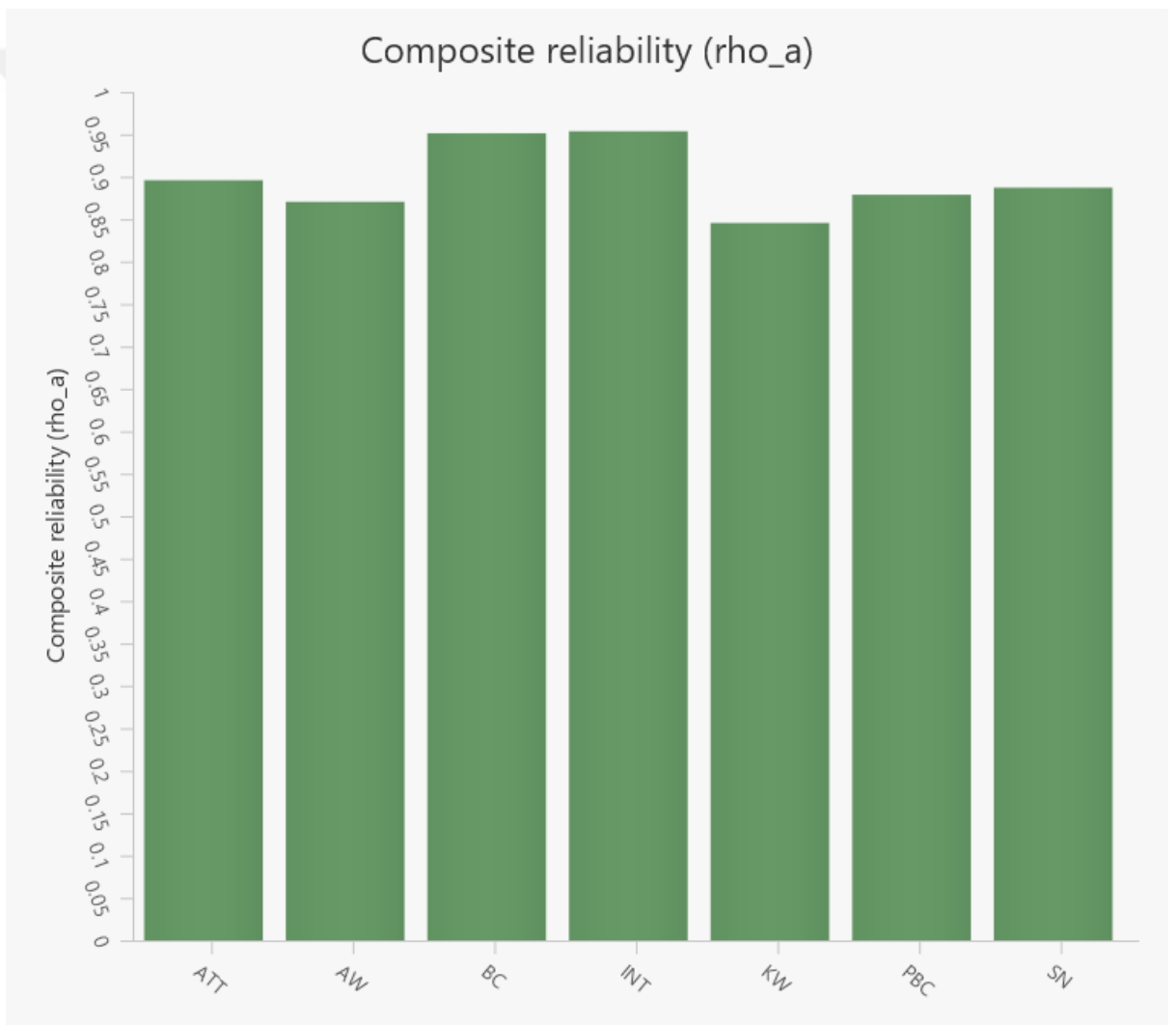
	Q ² predict	RMSE	MAE
ATT	0.648	0.597	0.452
INT	0.707	0.544	0.373

model fit		
	Saturated model	Estimated model
SRMR	0.049	0.056
d_ULS	0.828	1.088
d_G	0.428	0.453
Chi-square	1394.74	1431.336
NFI	0.888	0.885

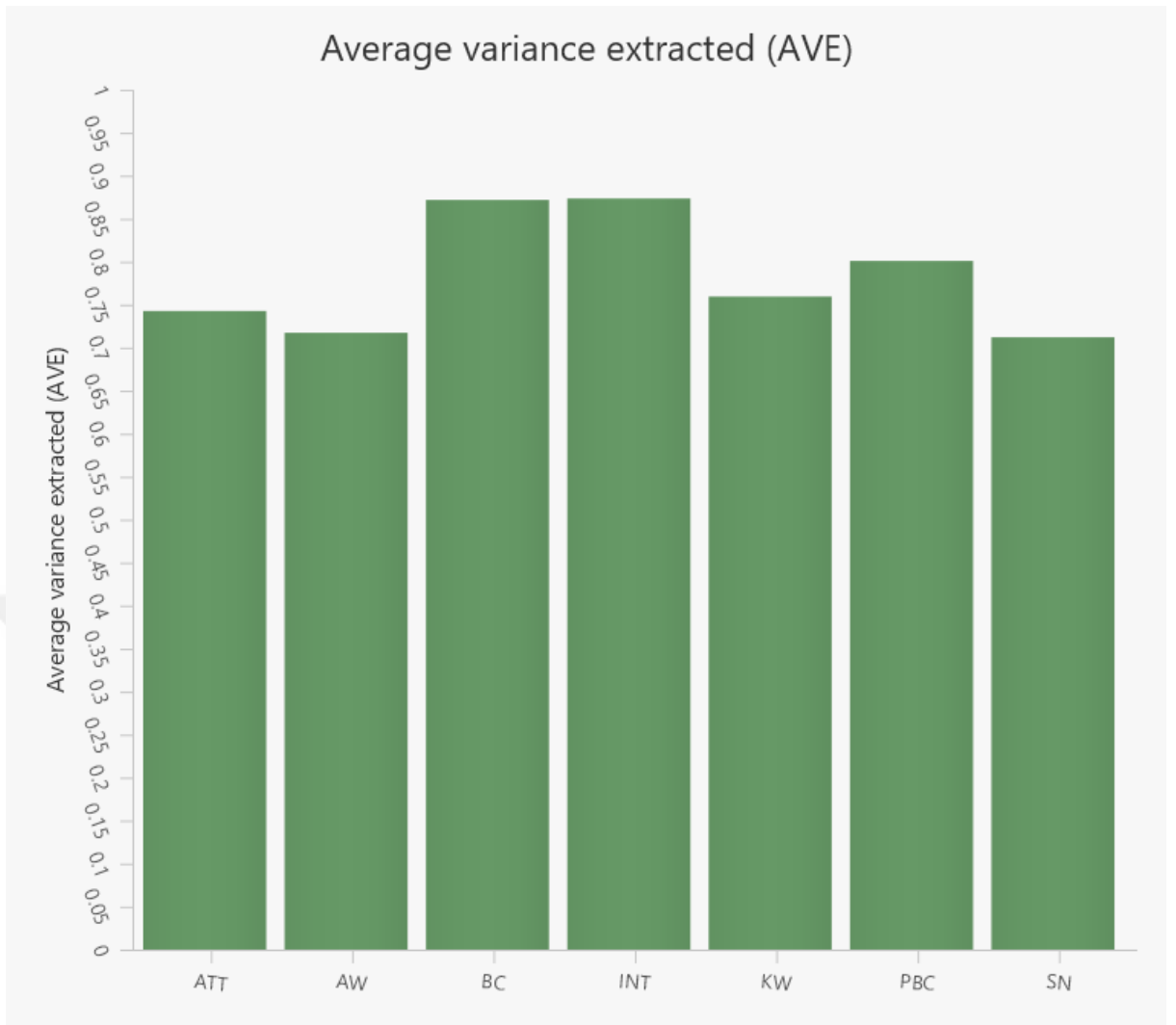
Cronbach alpha chart



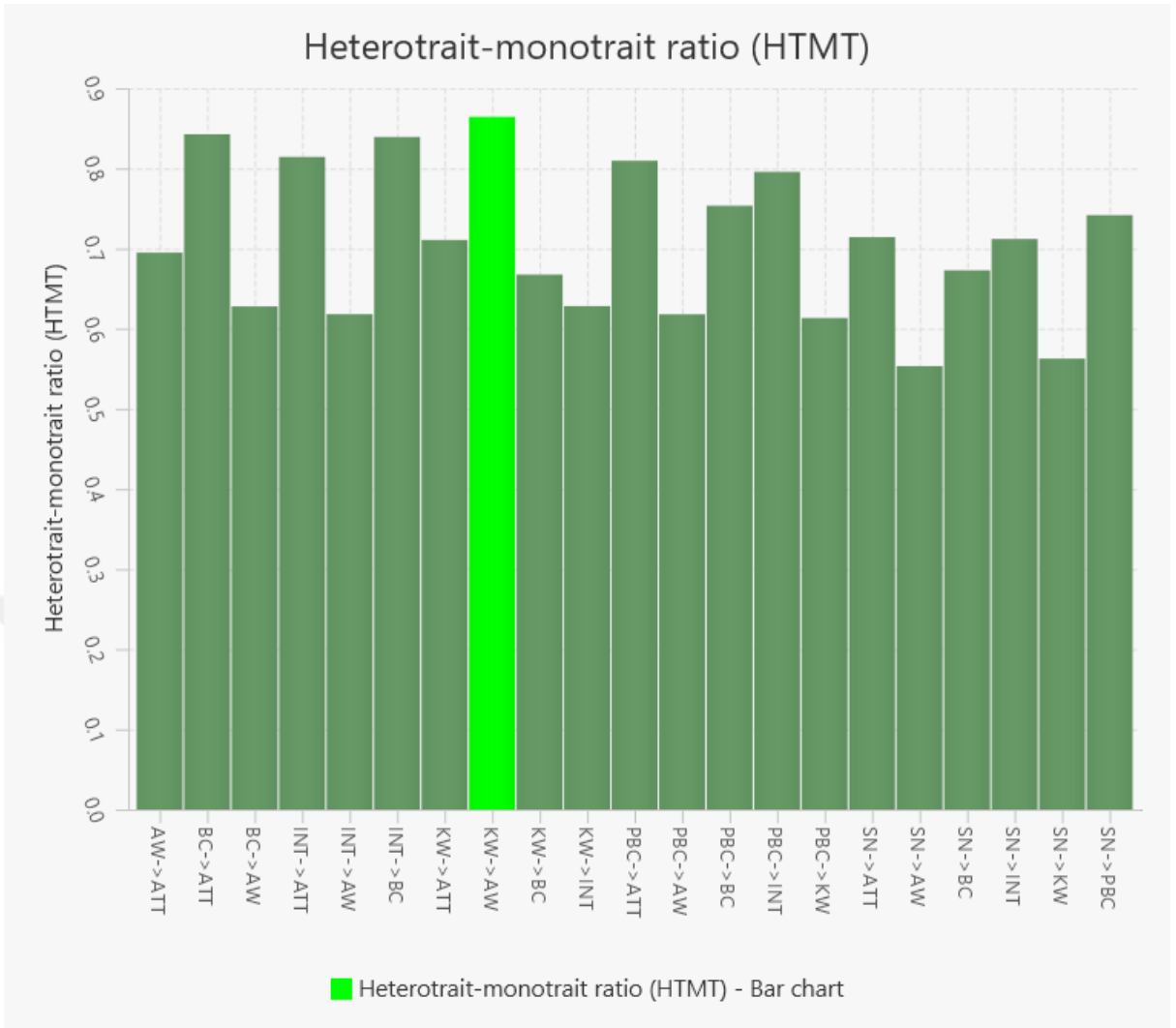
Composite reliability chart



AVE Chart



HTMT Bar chart



Robustness Test

Constructs	Beta	P values
ATT -> INT	0.164	0.002*
AW -> ATT	0.18	0.002*
AW -> INT	0.058	0.232
BC -> ATT	0.567	0.008*
BC -> INT	0.393	0.046*
KW -> ATT	0.117	0.019*
KW -> INT	0.037	0.376
SN -> INT	0.146	0.001*
PBC -> INT	0.159	0.002*
QE (ATT) -> INT	0.011	0.695
QE (AW) -> ATT	0.011	0.708
QE (AW) -> INT	0.01	0.678
QE (BC) -> ATT	-0.029	0.229
QE (BC) -> INT	-0.025	0.559
QE (KW) -> ATT	-0.025	0.426
QE (KW) -> INT	0.05	0.046
QE (PBC) -> INT	-0.072	0.053
QE (SN) -> INT	0.048	0.098

Source: Smart Pls Output

Note: *Relationships are significant at $P < 5\%$, ATT=attitude, AW=awareness, BC=behavioral control, INT=intention, KW=knowledge, PBC=perceived behavioral control, and SN=subjective norm