



# Customer Adoption of Islamic Banking in Tanzania's Dual Banking System: The Role of Subjective Norms Under Demographic Control

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## Abstract

The co-existence of Islamic and conventional banking in Tanzania offers customers diverse financial services under a shared regulatory framework, yet the adoption of Islamic banking remains low. This study examines the influence of subjective norms on adoption, controlling for demographic characteristics. Grounded in the Theory of Planned Behaviour, a mixed-methods convergent design was employed, using a convergent design, where quantitative and qualitative data were collected simultaneously using a survey questionnaire containing both closed-ended and semi-structured questions. The datasets were analysed separately and integrated at the interpretation stage to complement the quantitative findings. Quantitative analysis in R included descriptive statistics, reliability checks, correlations, and hierarchical regression, while qualitative data were analysed thematically in ATLAS.ti. A total of 375 completed questionnaires were obtained from bank customers in Dar es Salaam. Findings show that subjective norms significantly explain 18.8% of variance beyond demographics. Religiosity emerged as the strongest motivator, followed by cultural support, while family and peer effects were moderate, and social position and networks were weak. Overall, subjective norms exert a moderate but significant influence, with adoption shaped by a balance between social expectations and individual autonomy. These insights underscore the importance of leveraging religiosity and Shariah compliance for Muslim customers while highlighting practical financial benefits to attract broader segments.

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## Introduction

Tanzania's dual banking system, comprising Islamic and conventional banks, offers customers a range of financial products under a shared regulatory framework (Riaz et al., 2017; Saiti, 2015; Zerihun et al., 2023). Despite the availability of Sharia-compliant financial services, adoption of Islamic banking remains low, even in regions with higher Muslim populations (Alam et al., 2021; Kajuna & Abdallah, 2023). Islamic banking emphasises interest-free financing, risk-sharing, and ethical investment, aligning with customers' religious and social values (Harahap et al., 2023; Imam & Kpodar, 2010; Sulaiman & Datin, 2013). Yet, adoption paradoxically lags behind conventional banking, despite similar regulatory conditions and service quality.



Subjective norms individuals' perceptions of social pressure from family, peers, religious leaders, and the broader community – are recognised as key determinants of behaviour (Ajzen & Fishbein, 1977; Marija et al., 2015). Previous findings are mixed: while some studies report that subjective norms strongly influence adoption (Kaawaase & Nalukwago, 2021; Mohanachandran & Normala, 2019; Amin & Aman, 2016; Lajuni et al., 2017), others find religiosity or ethical investment considerations more decisive (Bananuka et al., 2019; Fauzi et al., 2021). Moreover, non-Muslim adoption suggests that perceived financial benefits may override religious influence.

Given that most evidence comes from Asia and the Middle East, Tanzania's persistently low adoption within a multicultural, dual-banking system remains underexplored. This study investigates how subjective norms influence the adoption of Islamic banking adoption in Tanzania, integrating quantitative and qualitative analyses to uncover the social and demographic dynamics shaping financial behaviour.

### **Theoretical Framework**

Subjective norms refer to individuals' perceptions of social expectations and the motivation to comply with them (Ajzen, 1991). They comprise two elements: beliefs about others' expectations and motivation to conform to those expectations. Stronger motivation increases the likelihood that behaviour aligns with perceived social pressure. The Theory of Planned Behaviour (TPB) (Ajzen, 1991) identifies subjective norms as a key determinant of behavioural intentions. In the context of Islamic banking, individuals' decisions may be influenced by family, peers, and social circles who endorse Sharia-compliant services (Albaity et al., 2022; Sattar et al., 2019; Selvanathan et al., 2018). However, the explanatory power of TPB varies by context, suggesting the need for localised investigation.

To complement TPB, the Diffusion of Innovation (DOI) theory (Rogers, 1962) explains how social positions, networks, and opinion leaders – such as educators, religious figures, and early adopters – shape the diffusion of new financial practices. Similarly, Social Cognitive Theory (Bandura, 1960) emphasises observational learning and social identity, suggesting that individuals model their behaviour on trusted role models. These theoretical perspectives provide a multi-layered framework for examining how family influence, friends' opinions, social networks, peer pressure, cultural and religious values, and social position interact to shape Islamic banking adoption in Tanzania.

### **Method**

#### ***Research Design***

This study employed a convergent mixed-methods cross-sectional research design, which enabled both quantitative and qualitative data collection at a single point in time (Creswell & Creswell, 2018). The quantitative survey captured measurable factors influencing adoption, while qualitative follow-up questions explored underlying reasons.

#### ***Study area***

The study was conducted in Dar es Salaam, Tanzania's most prominent commercial hub and financial centre, with a population of approximately five million. It was purposively selected due to its strategic role as the country's economic capital, its diverse customer base, and high concentration of banks offering Islamic banking services, each with a sufficient customer base for sampling.

#### ***Target Population***

The target population consisted of customers from four commercial banks offering Islamic banking services in Dar es Salaam: CRDB Bank, NBC Bank, Kenya Commercial Bank (KCB), and People's Bank of Zanzibar (PBZ). Customers were selected as the unit of analysis because they are the primary



decision-makers in adopting banking products and are therefore best positioned to provide reliable data on adoption behaviour.

### **Sample Size and Sampling Technique**

The sample comprised 375 customers, determined using a conservative ratio of 25 respondents per variable, following Hair et al. (2006) and Barclay et al. (1995), to ensure a stable factor structure for seven independent and eight control variables. Respondents were surveyed across purposively selected branches of four commercial banks in Dar es Salaam offering Islamic banking windows. Branch distribution reflected network size: 16 respondents from each of seven NBC branches and seven CRDB branches, 16 from five KCB branches, and 17 from four PBZ branches. Additionally, three Islamic banking professionals were interviewed to provide institutional insights.

### **Data Collection**

Data were collected through semi-structured, in-person interviews using a questionnaire. Closed-ended Likert scale items measured customer perceptions and adoption behaviour, while open-ended questions captured richer qualitative insights.

### **Data Analysis**

The quantitative phase utilised structured survey data analysed in R statistical software (version 4.0), while the qualitative phase employed thematic content analysis in ATLAS.ti version 25. This triangulation approach provided both breadth through statistical analysis and depth through narrative exploration of respondents' experiences. Quantitative analysis began with descriptive statistics (means, standard deviations, frequencies, percentages) to characterise the sample and key variables. Reliability was assessed using Cronbach's alpha coefficient:

$$\alpha = \frac{k}{k-1} \left( 1 - \frac{\sum_{i=1}^k \sigma_{y_i}^2}{\sigma_x^2} \right)$$

Where  $k$  is the number of items,  $\sigma_{y_i}^2$  is the variance of item  $i$ , and  $\sigma_x^2$  is the total scale variance. Values above 0.70 indicate acceptable internal consistency.

Pearson correlation coefficients examined bivariate associations between variables:

$$r = \frac{\sum_{i=1}^n (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_{i=1}^n (x_i - \bar{x})^2} \sqrt{\sum_{i=1}^n (y_i - \bar{y})^2}}$$

Statistical significance was evaluated at the 0.01 level. Hierarchical multiple regression tested the incremental predictive validity of subjective norms beyond demographic controls. Model 1 included demographic variables (gender, age, education, income, ethnicity, occupation, marital status, banking experience), while Model 2 added subjective norms:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k + \beta_{SN} X_{SN} + \varepsilon$$

Model fit was evaluated using  $R^2$  and adjusted  $R^2$ :

$$\text{Adjusted } R^2 = 1 - \frac{(1 - R^2)(n - 1)}{n - k - 1}$$

The change in  $R^2$  between models was tested using:

$$F_{\text{change}} = \frac{(R_{\text{Model 2}}^2 - R_{\text{Model 1}}^2)/q}{(1 - R_{\text{Model 2}}^2)/(n - k - 1)}$$



Regression diagnostics included VIF ( $< 5.0$ ), tolerance ( $> 0.2$ ), and Durbin-Watson statistic (1.5-2.5). Standardised coefficients were used to facilitate comparison across predictors:

The qualitative component used thematic content analysis in ATLAS.ti v25. Open-ended survey responses regarding family, friends, peers, religion, culture, social position and network shaping Islamic banking adoption were analysed inductively. Open coding identified recurring patterns, followed by axial coding to form broader thematic categories. Network views visualised relationships between codes and themes.

Responses varied from strong adherence to religious and cultural norms to assertions of personal autonomy. Quotes were anonymised (P1, P2, etc.) and selected to illustrate mechanisms underlying the quantitative findings. Integration of quantitative and qualitative results occurred at the interpretation stage, with qualitative quotes embedded to support and contextualise statistical patterns.

### ***Ethical considerations***

The study adhered to the ethical standards approved by Mzumbe University. Before data collection, formal agreements were established with participating banks to ensure compliance with confidentiality requirements and organisational guidelines. Participation was voluntary, with informed consent obtained from all respondents, and anonymity maintained through the use of participant codes. Fieldwork was conducted between July and November 2024 across Dar es Salaam, Tanzania, following strict protocols to protect privacy and data integrity.

### **Variables**

The study examined Islamic banking adoption intention as the dependent variable, measured through self-reported likelihood of engaging with Islamic banking services. The independent variables representing subjective norms included family influence, friends' influence, social position, social networks, culture, religion, and peer influence. Control variables included demographic and socioeconomic characteristics: gender, age, education, ethnicity, occupation, income (TZS), marital status, and banking experience.

### **Integration of quantitative and qualitative data**

Both datasets were collected simultaneously and analysed separately using statistical and thematic approaches. Results were then merged during interpretation through a side-by-side comparison approach, allowing qualitative insights to complement and enrich statistical findings.

### **Results**

#### ***Demographic characteristics of respondents***

Results from the study show a relatively balanced gender distribution, with males representing 51.5% and females 48.5% of respondents. This near-equal representation suggests that Islamic banking services in Tanzania have broad appeal across genders, reflecting inclusive financial service provision. The age distribution indicates a mature customer base, with the largest segment being 35-50 years old (43.2%), followed by those under 35 (36.5%). Notably, 20.3% of respondents are aged 50 and above, indicating that Islamic banking attracts customers across different life stages. The concentration in the 35-50 age bracket suggests that the services particularly appeal to individuals in their prime earning and investment years.

Educational attainment shows a well-educated sample: 57.9% have completed secondary education and 21.6% hold higher education qualifications. This indicates that nearly 80% of the respondents have at least secondary education, suggesting strong financial literacy and the ability to understand Sharia-compliant banking products. Occupationally, business owners dominate the sample at 67.7%, which



is particularly significant given that Islamic banking principles and products are well-suited to entrepreneurs seeking Sharia-compliant financing for their ventures. Employed individuals constitute 20.8%, farmers 9.1%, and those in politics 2.4% of the sample, suggesting that Islamic banking has strong appeal among self-employed and business-oriented customers.

Income distribution shows that 53.3% earn less than 1 million TZS monthly, while 29.9% earn between 1-10 million TZS, indicating that Islamic banking services effectively reach lower- to middle-income segments. Higher-income earners (monthly income above 10 million TZS) represent 16.8% of the sample, suggesting that while Islamic banking primarily serves moderate-income customers, it also attracts wealthier clients.

*Table 1: Demographic Characteristics of Respondents (N = 375)*

<i>Variables</i>	<i>Classification</i>	<i>Frequency(n)</i>	<i>Percentage (%)</i>
<i>Gender</i>	Female	182	48.5
	Male	193	51.1
<i>Age range</i>	Below 35 years	137	36.5
	35-50 years	162	43.2
	Above 50 years	60	16.0
<i>Education</i>	Not attended	8	2.1
	Primary	69	18.4
	Secondary	217	57.9
	Higher education	81	21.6
<i>Ethnicity</i>	Arabs	7	1.9
	Indians	11	2.9
	Black	357	95.2
<i>Occupation</i>	Politics	9	2.4
	Farmer	34	9.1
	Employed	78	20.8
	Business	254	67.7
<i>Income (TZS)</i>	Less than 1,000,000	200	53.3
	1,000,000- 10,000,000	112	29.9
	10,000,000 – 20,000,000	44	11.7
	Above 20,000,000	19	5.1
<i>Marital status</i>	Widow	6	1.6
	Divorced	5	1.3
	Single	60	16.0
	Married	304	81.1
<i>Banking experience</i>	Below 1 year	39	10.4
	1-2 year	39	10.4
	Between 3-5 years	50	13.3
	More than 5 years	224	59.7

Banking experience is extensive, with 59.7% having over 5 years of experience, suggesting that the sample comprises established banking customers rather than novices. Another 13.3% have between 3–5 years of experience, while 16.5% have 1–2 years. Newer customers (less than 1 year) represent 10.4% of the sample. This distribution indicates a stable user base with varying levels of familiarity with Islamic banking.

**Reliability and Descriptive Analysis of Subjective Norms**

The reliability assessment of the subjective norms construct demonstrates good internal consistency. The Cronbach's alpha coefficient of 0.847 exceeds the recommended threshold of 0.70, indicating that the seven items measuring subjective norms consistently capture the underlying construct of social



influence on Islamic banking adoption. This reliability level aligns with previous studies employing the Theory of Planned Behaviour framework in the Islamic banking context (Ahmed, 2023).

*Table 2: Descriptive Statistics and Reliability Analysis for Subjective Norms*

Item code	Item statement	Mean	SD	Cronbach’s if item deleted
FAM	My family would think that it’s important for me to use Islamic banking services	2.41	1.24	.835
FRI	Friend expect me to engage in Islamic banking services	2.68	1.18	.831
INP	My position in my society compels me that I should join Islamic banking services	2.23	1.15	.828
SON	Social media information made feel I should use Islamic banking services	2.15	1.09	.841
CUL	My culture supports that I should use Islamic banking services	3.12	1.32	.825
REL	My religion suppose that I should use Islamic banking services	3.45	1.41	.823
PEE	My peers/ colleagues that are important to me would think I should use Islamic banking services	2.38	1.15	.833
Subjective norms (composite)		2.63	0.98	
Islamic banking Adoptions		3.21	1.38	
Overall Cronbach’s Alpha for subjective norms construct				0.847

Descriptive analysis reveals important patterns in social influence mechanisms. Religious influence shows the highest mean score (M = 3.45, SD = 1.41), indicating moderately intense perceived religious pressure toward adopting Islamic banking. Cultural support also demonstrates a relatively high level of endorsement (M = 3.12, SD = 1.32), reflecting the importance of cultural compatibility in financial service selection within Tanzanian society.

Conversely, modern social influence mechanisms exhibit considerably weaker effects. Social network influence records the lowest mean (M = 2.15, SD = 1.09), suggesting that digital platforms exert minimal pressure on Islamic banking adoption decisions. Similarly, social position (M = 2.23, SD = 1.15), family (M = 2.41, SD = 1.24), and peer influence (M = 2.38, SD = 1.15) all fall below the scale midpoint, indicating weak to moderate social pressure from these sources. Friends' expectations (M = 2.68, SD = 1.18) approach neutrality but remain below moderate levels.

The composite subjective norms score (M = 2.63, SD = 0.98) indicates that overall social influence toward Islamic banking adoption is moderate, suggesting that while some social pressure exists, it is not uniformly strong across all reference groups. The dependent variable, Islamic banking adoption, has a mean of 3.21 (SD = 1.38), indicating a moderate level of adoption propensity and substantial variability among respondents. This variability suggests heterogeneity in adoption readiness, highlighting opportunities for more targeted interventions.

**Correlation Analysis**

Correlation analysis reveals that all relationships were significant at the 0.01 level. Religious influence was the strongest predictor of adoption (r = 0.521), followed by cultural support (r = 0.401), family influence (r = 0.342), peer influence (r = 0.325), friends' expectations (r = 0.312), social position (r = 0.298), and social networks (r = 0.285), indicating that traditional, value - based pressures dominate over interpersonal and digital influences. The composite subjective norms variable correlated strongly



with adoption ( $r = 0.456$ ), confirming the overall importance of social influence. Inter-correlations among components ranged from 0.468 to 0.687, supporting moderate to strong associations while preserving distinct dimensions of influence.

Table 3: Pearson Correlation Matrix

Variables	FAM	FRI	INP	SON	CUL	REL	PEE	SN	IBA
FAM	1.000								
FRI	.614**	1.000							
INP	.571**	.623**	1.000						
SON	.542**	.598**	.625**	1.000					
CUL	.523**	.519**	.537**	.558**	1.000				
REL	.485**	.468**	.481**	.501**	.687**	1.000			
PEE	.601**	.658**	.624**	.598**	.544**	.472**	1.000		
SN	.802**	.823**	.821**	.804**	.798**	.756**	.814**	1.000	
IBA	.342**	.312**	.298**	.285**	.401**	.521**	.325**	.456**	1.000

\*Note: \*Correlation is significant at the 0.01 level (2-tailed). FAM = Family Influence, FRI = Friends Expectation, INP = Social Position, SON = social networks, CUL = Cultural Support, REL = Religious Influence, PEE = Peer Influence, SN = Subjective Norms Composite, IBA = Islamic Banking Adoption

**Hierarchical Regression Analysis**

Hierarchical regression analysis tested the incremental predictive validity of subjective norms beyond demographic control variables. Model 1, containing only demographic variables, demonstrated modest predictive power ( $R^2 = .082$ , Adjusted  $R^2 = .063$ ,  $F = 4.312$ ,  $p < .001$ ), explaining 8.2% of the variance in Islamic banking adoption, indicating that demographics alone provide limited explanatory power.

Adding subjective norms in Model 2 substantially improved prediction, accounting for 27.0% of variance ( $R^2 = .270$ , Adjusted  $R^2 = .252$ ,  $F = 14.894$ ,  $p < .001$ ). The  $R^2$  change of .188 indicates that subjective norms account for an additional 18.8% of variance beyond demographics, and the F-change statistic ( $F = 101.463$ ,  $p < .001$ ) confirms this improvement is highly significant, supporting the incremental validity of subjective norms.

The Durbin-Watson statistic of 1.876 falls within the acceptable range (1.5-2.5), indicating that residuals are independent and free from autocorrelation bias. The marked increase in explained variance from Model 1 to Model 2 highlights the centrality of subjective norms in shaping Islamic banking adoption, validating the Theory of Planned Behaviour's emphasis on social influence as a determinant of behavioural intentions.

Table 4: Hierarchical Regression Model Summary

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	SE	F	Sig. F	ΔR <sup>2</sup>	ΔF	Sig. ΔF	D-W
1: Demographics	.287	.082	.063	1.336	4.312	.000	.082	4.312	.000	
2: Demographics + SN	.520	.270	.252	1.194	14.894	.000	.188	101.463	.000	1.876

Note: Predictors in Model 1: Gender, Age, Education, Income, Ethnicity, Occupation, Marital Status, Banking Experience. Predictors in Model 2: Model 1 + Subjective Norms Composite. Dependent Variable: Islamic Banking Adoption

**Regression Coefficients and research objective**

Examination of standardised regression coefficients reveals the relative contribution of each predictor to Islamic banking adoption. In Model 2, subjective norms emerge as the strongest predictor ( $\beta = .448$ ,  $t = 10.073$ ,  $p < .001$ ), indicating that a one standard deviation increase in subjective norms corresponds to a 0.448 standard deviation increase in adoption intention, controlling for demographics. Education also remains significant in Model 2 ( $\beta = .098$ ,  $t = 2.038$ ,  $p = .042$ ), suggesting that higher educational



attainment is associated with increased adoption propensity, independent of social influence. Age shows a marginal effect ( $\beta = .089, t = 1.836, p = .067$ ), with older respondents demonstrating slightly higher adoption intentions. Gender, income, ethnicity, occupation, marital status, and banking experience show non-significant effects in both models.

Multicollinearity diagnostics confirm the validity of regression estimates: all variance inflation factors (VIFs) are below 1.3, well below the threshold of 5.0, and all tolerances are above 0.2, indicating collinearity does not bias coefficient estimates. These findings highlight the centrality of subjective norms over demographic factors in shaping adoption intentions.

The research question of whether subjective norms significantly influence Islamic banking adoption receives strong empirical support. The standardised coefficient of 0.448 ( $p < .001$ ), combined with the substantial  $R^2$  change of .188 ( $p < .001$ ), provides compelling evidence that social influence plays a crucial role in shaping adoption intentions, independent of demographic characteristics. This finding validates the Theory of Planned Behaviour's prediction that subjective norms are a key determinant of behavioural intentions.

*Table 5: Hierarchical Regression Coefficients*

Variables	Model 1	Model 2	t	Sig.	VIF
(Constant)	$\beta$ 2.845	$\beta$ 1.124	t 3.876	Sig. .000	
<b>Demographics</b>					
Gender	-.068	-.052	-1.102	.271	1.124
Age	.112*	.089	1.836	.067	1.287
Education	.145**	.098*	2.038	.042	1.156
Income	.087	.046	0.942	.347	1.234
Ethnicity	-.023	-.018	-0.388	.698	1.089
Occupation	.068	.054	1.116	.265	1.178
Marital Status	.042	.031	0.647	.518	1.092
Banking Experience	.094	.072	1.528	.127	1.145
<b>Independent Variable</b>					
Subjective Norms	-	.448*	10.073	.000	1.298

\*Note: \*\*\* $p < 0.001$ , \*\* $p < 0.01$ ,  $p < 0.05$ . *Dependent Variable: Islamic Banking Adoption*

**Individual Subjective Norms Components Analysis**

Regression of individual subjective norms components on Islamic banking adoption revealed religion as the strongest predictor ( $\beta = .421, t = 9.145, p < .001$ ), reflecting Tanzania's religiously informed social norms. Cultural support ranks second ( $\beta = .198, t = 4.041, p < .001$ ) and independently predicts adoption despite a moderate correlation with religion ( $r = 0.687$ ). Family influence was significant ( $\beta = .142, t = 2.731, p = .007$ ), consistent with Tanzania's collectivist culture, where family input carries weight in major decisions, while peer influence showed a moderate effect ( $\beta = .128, t = 2.286, p = .023$ ). Friends' expectations ( $\beta = .098, t = 1.782, p = .076$ ), social position ( $\beta = .076, p = .176$ ) and social networks ( $\beta = .063, p = .286$ ) were non - significant. These findings indicate that traditional, authority-based social influences, religion, culture, and family dominate adoption decisions, whereas horizontal peer and digital pressures exert minimal impact.



Table 6: Individual Subjective Norms Components Predicting Islamic Banking Adoption

Component	$\beta$	SE	t	Sig.	Rank
REL - Religious Influence	.421	.046	9.145	.000***	1
CUL - Cultural Support	.198	.049	4.041	.000***	2
FAM - Family Influence	.142	.052	2.731	.007**	3
PEE - Peer Influence	.128	.056	2.286	.023*	4
FRI - Friends Expectation	.098	.055	1.782	.076	5
INP - Social Position	.076	.056	1.357	.176	6
SON - Social Networks	.063	.059	1.068	.286	7

\*Note: \*\*\*p < 0.001, \*\*p < 0.01, p < 0.05. Dependent Variable: Islamic Banking Adoption. All components were entered simultaneously with demographic controls.

### Discussion

The results demonstrate that subjective norms significantly influence Islamic banking adoption decisions among Tanzanian bank customers, explaining 18.8% of the variance beyond demographic factors ( $\beta = .448$ ,  $t = 10.073$ ,  $p < .001$ ). This finding reinforces the Theory of Planned Behaviour (Ajzen, 1991), confirming subjective norms as a key predictor of behavioural intention. In Tanzania, social influence operates mainly through traditional authority structures such as religious leaders, cultural norms, and family expectations, while friends, peers, and social networks exert minimal independent impact. This dominance of vertical authority over horizontal influence reflects the country's hierarchical, collectivist social order, where compliance with respected authority outweighs peer persuasion and digital influence. Overall, these findings affirm that social influence mechanisms significantly shape financial service adoption in developing-economy contexts.

The dominance of religious influence as the strongest social determinant of Islamic banking adoption ( $\beta = .421$ ) aligns with Islamic banking's religious-ethical foundations. Perceived religious obligation and endorsement appear to be the most potent motivators of adoption, reflecting the influence of religious leaders and teachings in shaping financial behaviour. Qualitative evidence supports this pattern, with respondents stating, "For us Muslims, we are not supposed to use a banking system that involves riba" (P19) and "Islamic banking supports Islamic beliefs" (P20). However, this same religious framing also defines the market's boundaries. Non-Muslim respondents expressed exclusionary perceptions - "I don't use Islamic banking as I am not a Muslim" (P22) and "That is the banking product for Muslims" (P23), indicating that religion both drives and delimits adoption. This dual effect aligns with findings by Kartika and Santoso (2022) and Taujiharrahan & Alfianto (2024), who show that while religion encourages Muslim adoption, it can simultaneously discourage participation among non-Muslims.

Cultural support –the second strongest predictor of Islamic banking adoption –indicates that societal acceptance beyond religious mandates significantly shapes adoption behaviour. Qualitative insights highlight this distinction between religious and cultural influences: "In Tanzania, culture and religion are two different things" (P17), and "My culture has little or no influence on finance" (P18). These views suggest that culture influences adoption through social legitimacy and community acceptance rather than religious obligation. This finding aligns with Khamis et al. (2024), who emphasise the need for Islamic financial institutions to align products with socio-cultural and economic contexts to enhance market relevance.

The weak effects of social media and peer networks contrast with patterns in developed economies, where digital platforms and peer influence more strongly shape customer behaviour. Respondents explicitly dismissed digital influence, stating "I use social mainly to see advertisements or to advertise, not to search for a loan" (P15) and "I can't rely on social media to make a financial decision" (P16). These perspectives reflect limited trust in digital platforms for major financial decisions, consistent with



Tanzania's development stage and the enduring dominance of traditional authority structures. This finding aligns with FSDT (2024), Aziz and Afaq (2018), and Bananuka et al. (2019), who contend that in developing-country contexts, adoption is driven more by direct social and cultural influence than digital channels.

Family and peer influences demonstrated moderate effects in the quantitative analysis, yet qualitative responses reveal substantial heterogeneity in how individuals perceive these influences. Some respondents emphasised autonomy: "A loan is a personal issue" (P1), "My family does not influence me" (P2), and "My family's opinion does not matter in this decision" (P3)- while others acknowledged substantial familial impact: "My family's opinion strongly pushes me toward Islamic [banking]" (P4). Similarly, peer influence ranged from rejection ("Friends' expectations do not influence me" [P6] and "Financial matters are personal, so I don't usually discuss with friends" [P8]) to acknowledgement ("Friends' expectations strongly influence me" [P7]). This heterogeneity explains the moderate quantitative effects and underscores individual differences in susceptibility to interpersonal influence. The finding aligns with Sayuti and Amin (2021) and Soud and Sayilir (2017), who observed significant perceptual differences between Muslim and Non-Muslim respondents in Tanzania.

Social position influence showed weak effects, with respondents noting "I don't feel pressured by society to adopt Islamic banking" (P11), "I have never seen a society influence a person to take a loan anywhere" (P12), and "My social position has no effect" (P13). These responses indicate that broader societal expectations exert minimal pressure on banking choices, although one respondent acknowledged "My social position strongly compels me" (P14), again revealing individual variation.

The modest overall subjective norms mean ( $M = 2.63$ ) suggests that social pressure toward Islamic banking exists but is not dominant, reflecting a balance between religious-cultural influence and individual financial autonomy. This implies two customer segments: one motivated by religious endorsements and another guided by practical, benefit-driven reasoning. Banks should engage with religious leaders and institutions to build legitimacy among religiously motivated customers, while simultaneously communicating practical benefits to attract autonomy-oriented decision-makers who prioritise "cost-benefit" considerations (P10) over social expectations. This aligns with Jamshed et al. (2024), who found that service quality, tangible benefits, convenience, trust, and Shariah compliance shape Islamic banking adoption intentions.

The study confirms the Theory of Planned Behaviour in Tanzania, showing that subjective norms significantly predict Islamic banking adoption beyond demographics, with religion as the primary driver, culture and family as secondary influences, and peers and digital channels exerting minimal impact, highlighting the dominance of traditional authority in financial decisions.

### Conclusion

Subjective norms significantly shape Islamic banking adoption in Tanzania, accounting for 18.8% of the variance beyond demographics. Religious influence is the strongest driver, reflecting Sharia-compliant banking's ethical foundations, while family, peer, and broader social pressure play moderate to minimal roles. Although religious legitimacy encourages Muslim adoption, it may deter non-Muslims, constraining growth. Adoption reflects a balance between social and financial autonomy. The findings validate the Theory of Planned Behaviour, reveal demographic distinctions in susceptibility to social influence, and highlight the need to balance religious endorsements with practical benefits and inclusive strategies to drive Islamic banking adoption.



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