

Is Religiosity an Important Factor in Influencing the Intention to Undertake Islamic Home Financing in Klang Valley?

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Abstract: The paper is intended to determine whether religiosity is an important factor in influencing the intention to undertake Islamic home financing in Malaysia. A consumer survey comprised a sample of 300 Muslim respondents from various range of age and income group resided mainly in Klang Valley areas. A conceptual framework is constructed based on *Ajzen's [15] Theory of Planned Behaviour (TPB)* and research hypothesis are developed in order to focus attention on sets of factors that influences intention to use Islamic home financing in Malaysia. The findings indicated that religiosity had significant influences on the intention of Islamic home financing among Muslims in Klang Valley. In addition, this study also confirms that the TPB components namely attitude and perceived behavior are significant factors as well.

Key words: Religiosity % Islamic home financing % Customer % Islamic banking

INTRODUCTION

As home is a basic necessity, owning one is an aspiration of everyone. People fulfill the needs by means of renting, building their own house or purchasing it. However, very few people can afford to purchase a house on a cash basis [1]. Buyers normally have to go to a bank for a financing facility and the long, extended payment for home mortgage would take long term repercussion on individual's monthly income.

Home mortgage is defined as loan given by financial institutions and secured by a mortgage on real property and provide a schedule of payments of interest as well as repayments of the principal to a bank [2]. It is one of the simplest products available in the financial services [3, 4]. Malaysian Economic Report 2007/2008 reported that home financing is the largest financing services in Malaysia. Hence, home financing is a noteworthy segment of investments in our present banking practices.

Malaysian banking system implements a dual system; such as full-fledged Islamic banking with a full-fledged conventional system. Working on a parallel basis, both

systems utilize essentially the same set of banking infrastructure. However, while conventional home mortgage is an interest-based one, Islamic home financing offer an alternative features which is based on Islamic law. This subsequently provides alternative sources of consumption and financing instrument to Malaysian customers.

The paper begins by presenting relevant background to put our research in the context of Islamic home financing literature. Then, a number of hypotheses are proposed. This is followed by the results and data analysis of from the survey. The paper concludes with implications, limitations and future research directions.

Islamic Home Financing in Malaysia: The nature of the conventional home mortgages triggers the formation of the Islamic one. In property financing, a fundamental difference exists between Islamic financing and conventional loans. The former essentially buys the property from the seller or consumer (in case of refinancing) and re-sells it to consumer with profit, while allowing consumer to pay for the purchase in installments.

The latter is given on a debtor/creditor borrower/bank relationship. Thus, interest which is prohibited in Islamic principles representing the bank's cost of funds is charged. This is contrary to Shariah law. Dzulfajri and Fauziah [5] stated that the Shariah law prohibits any trading which involves interest element or usury. Thus, Islamic banks adopt several products to keep itself free from usury.

Overall, Islamic Banking is a system that follows Islamic Law (Shariah), principles and Islamic-based economics. Islamic Banking features a pre-determined profit component. Further, Shariah prohibits investing in businesses that are considered unlawful or *haram* and are deemed unethical to Islamic values. Hence, Islamic Banks have much greater social and moral responsibility to their Muslim customers as their principles of financing are fair to everyone.

In Malaysia, Bai Bithaman Ajil is the most predominant concept of Islamic home financing. Other types of Islamic home financing contracts are Ijarah, Istisna'a, [6]. Murabahah and Musharakah Mutanaqisah.

Problem Statement and Objectives: Few studies have been performed in the area of choice criteria for Islamic home financing particularly in Malaysia [7]. Dusuki and Abdullah [8] and Haron *et al.* [9] examined banking selection criteria in general, without specifying any particular products. Similarly, in other countries, a choice criterion for Islamic home financing was also largely overlooked although the researchers have focused their studies on the mortgage or home loans market [3, 4, 10, 11, 12].

Most studies conducted in Malaysia with regard to the Islamic banking dominantly have focused on choice criteria and patronage factors [13]. As of today, only one study has focused directly in examining the intention to undertake Islamic home financing [6]. Nevertheless, the study has specifically tested the acceptance level of new Islamic home financing during that time i.e. diminishing home financing (Musharakah Mutanaqisah) using Theory of Reasoned Action (TRA). Perhaps, another relevant study is on attitudinal differences of Malaysian customers carried out by Haque [14] which reported positive attitude of both gender. However, the study is on Islamic banking in general, not Islamic home financing. Thus, one of the objectives of this study is to add to the rare literature related to intention of potential banking customers, particularly for home buyers in undertaking Islamic home financing. Instead of TRA, the Theory of Planned Behavior (TPB) of Ajzen, [7] and Ajzen [15] is used in this

study. TPB is an extension of TRA [16] and is selected due to the inability of the latter model to deal with behaviors over which individuals have incomplete volitional control [17]. The broad research question is:

RQ1: What factors determine the intention of undertaking Islamic home financing in Malaysia?

The RQ1 is concerned with understanding the factors that encourage or discourage Islamic home financing intention. An underlying premise of the current study is that beliefs about the intent to use Islamic home financing, made necessary by the latter model's inability to deal with behaviours over which individuals have incomplete volitional control. Volitional control represents the degree to which a behavior can be performed at will [18]. Behavior that is not consciously considered cannot be explained by this theory. The TPB model explains an individual's performance of a certain behavior is determined by his or her intent to perform that behavior. For TPB, attitude towards the target behavior and subjective norms about engaging in the behavior are thought to influence intention to use Islamic home financing and TPB includes perceived behavior control over engaging in the behavior as a factor influencing intention and usage behavior.

Religiosity is considered as the main factor influencing intention to use Islamic home financing in this study. Studies have been conducted to determine the role of religiosity in shaping the individual's preferences [17, 19]. Some of the studies agreed that religiosity plays a significant role towards individual's choices but not as a single or main factor. Hence, the second research question is:

RQ2: Is religiosity an important factor in influencing intention to undertake Islamic home financing?

According to Cateora and Graham [20] and Terpstra and Sarathy [21] religion is one of the most important factor that affects marketing decisions. Arnould *et al.* [18] argued that religion plays a significant role in shaping individual and societal attitudes and behaviours and the current global resurgence of organized religiosity. Marty and Appleby [22] argued that religion provides personal as well as social identity within the context of a cosmic or metaphysical background. It is also argued that religion is highly personal in nature [19]. Religiosity is important as it is capable of influencing an individual cognitively and behaviourally. Values of religious persons differ from

those of the less religious and the non-religious. The supposition is that a highly religious person will evaluate the world through religious schemas and thus will integrate his or her religion into much of his or her life. If followers strongly accept the doctrine of their religion, they tend to abide by the rules and codes of conduct set by their religious doctrines, for example, attending regularly weekly worship services and being strictly committed to the religious practices and membership of the group. If, on the other hand, their belief in religious tenet is weak, they might feel free to behave in other ways. Hence, how strongly consumers are committed with their religiosity should be considered in understanding the nature of consumer behaviour.

Beside religiosity, other factor which may affect customers' selection is the location or surrounding environment. Therefore, this study focused in Klang Valley to discover whether religiosity level influences the intention of the Muslims who live in urban areas to undertake Islamic home financing facilities. Klang Valley is chosen because it has the highest population and huge potentials in investments of home financing. The Edge [23] reported that a sharp appreciation in the value of homes in the Klang Valley is due to its strong demand; even the 2008/2009 global financial crisis had little impact on the demand. Furthermore, the demand for property will remain strong in the long term, despite surging prices reported recently. Moreover, the strong demand would be supported by the young Malaysians because about 65 per cent of the country's population is below the age of 35 and 24 per cent are between 20 and 34. These groups certainly are the potential homes buyers.

Malaysia has about 1.7 million dwellings in the Klang Valley area with just over 7 million people, which comes about 4.1 persons of average occupancy per house. As compared to 15 years back, in the Klang Valley, the average occupancy was 7.0 persons per house.

In other words, in every house, there are three persons waiting to be independent and set up their own home. This has been the tremendous drive for the housing industry as a whole and is likely to continue. Furthermore, the Government's Performance Management and Delivery Unit (Pemandu) targets 10 million populations in Greater KL by 2020, creating a demand for one million new homes (*The Edge*, 23). Hence, based on the above potential market in Klang Valley, the focus of the paper would be on home financing within this area.

Theoretical Framework

Theory of Planned Behavior: TPB [7, 3] proposes a model about how human action is guided. It predicts the occurrence of a specific behavior provided that the behavior is intentional. The model of TPB is illustrated in Figure 1. Three variables consist of attitudes, subjective norm and perceived behavioral control predict the intention to perform a behavior.

TPB [7, 3] is an extension of the TRA [16]. The TPB seeks to explain why people perform certain actions. They do so because they form an intention to carry out the action. Intentions are influenced by whether the person is in favor of doing it (attitude), how much the person feels social pressure to do it (subjective norm) and whether the person feels in control of the action in question (perceived behavioral control). To sum up, the more favorable the attitude and subjective norm and the greater the perceived control, the stronger the person's intention to perform the behavior in question. Finally, given a sufficient degree of *actual* control over the behavior, people are expected to carry out their intentions when the opportunity arises. Intention is, thus, assumed to be the immediate antecedent of behavior. However, because many behaviors pose difficulties of execution that may limit volitional control, it is useful to consider perceived behavioral control in addition to intention. The element of perceived behavioral control is the one that TRA was lacking and caused limitation within TRA [17].

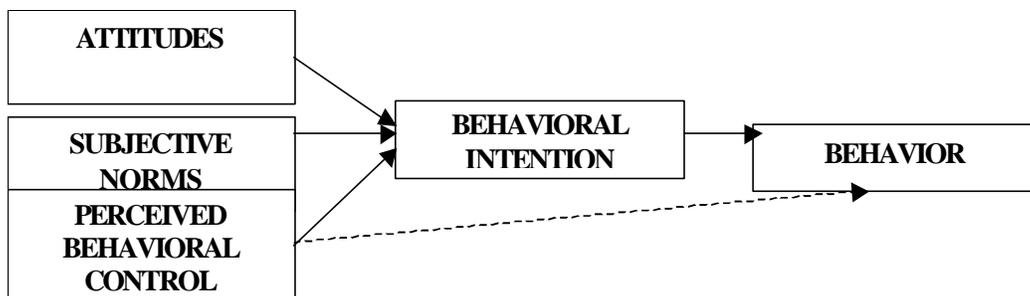


Fig. 1: The TPB (Ajzen, 1991)

Literature Review: This review features the implementations of TPB in the extant literature. It also discussed on religiosity as an important variable.

Theory of Planned Behavior (TPB): The TPB model has been used in many research and supported by empirical studies on consumption and social psychology-related studies which was conducted by Ajzen [15] and Taylor and Todd [24].

Apparently, TPB has found to be an important model in food-related areas. Using TPB, it was found that the attitude, social norm and perceived control had significance impact on intention to consume *halal* meat in France [25]. The list of foods goes further as TPB has been used to study area of purchase of organic food [26, 27, 28] and recently in 2011 in halal food purchasing [17].

Other researchers have used TPB in the information system area such as Mathieson [29], Taylor and Todd [24] and Harrison *et al.*, [30]. The list expanded to online purchasing behavior [31-35] and recently in behavioral model for pirated software purchases [36].

Religiosity: Religion is one of the most universal and influential social institutions which has significant influence on people's attitudes, values and behaviors at both the individual and societal levels. Hence, it is an important cultural factor to study [37]. Religion plays an important role in a person's lives by shaping their beliefs, knowledge and attitudes [38]. Another researcher, Kotler (2000) holds that religion is part of culture that can shape people's behavior. Furthermore, religion also specify prohibited and non-prohibited things in which influence customer's decision [38]. Overall, all previous studies supported that people who have hold certain values of religion are able to influence their actions and decisions.

Different religions such as Islam, Christianity, Buddhism and others have different belief [38]. This paper would focus on religiosity from the Islamic perspectives. Islam is not only about religion, but also the way of life (Ad-Din). In other words, Islam guides Muslims in every aspect of life, not just in specific acts of worship [39]. For example, involvement in *haram* (*forbidden*) activities such as consuming alcohol and gambling are clearly mentioned in the holy Quran. Islam is *shumul* (perfect) and *kamil* (comprehensive). Even how and what to trade, how to interact with others and what can and cannot be consumed are clearly guided within this religion. However, these norms might vary depending on different religious faiths and degree of observation [39].

The number of Muslims in Malaysia who have understood and show concern for the Islamic teachings and practices has increased recently [39]. The emerging issue is whether the growth of Islamic understanding among the Muslims really gives an impact when it comes to a matter like financing their most expensive investment. Logically, the Muslims are expected to follow every guidance of Allah. Thus, this can influence Muslim consumers more than any other factors.

According to Alam *et al* [39], although religion exercises powerful influence over personal and social behaviour of human beings, research in this area is limited. For instance, Kotler [40] mentioned the influence of religion in buying decision but did not emphasize the degree to which religion could influence the decision of buying as it is a small portion of culture.

Many of the prior and empirical work have identified that religiosity is a significant determinant of consumer attitudes and practices. In other words, religiosity could be an important means in shaping the customer's decision for their banking selection. For instance, Vitell and Paolillo [41] conclude that due to the fact that religiosity is a significant determinant of both idealism and relativism, it is indirectly a significant determinant of consumer ethical beliefs and practices.

Studies of intentions to undertake home financing were conducted on many countries. In Bahrain, Metawa and Almossawi [42](1998) concluded that religion and profit are significantly choice criteria for banking. Similarly, in Jordan, Naser, Jamal and Al-Khatib [43] concluded that religions are the choice criteria for Islamic banking. Meanwhile, in Kuwait, Metwally [44] found that strong hold to Islam is the major choice criteria for Islamic banking. This agrees with a study by Gerrard and Cunningham [45] which found that Muslims customers in Singapore choose Islamic banking because of religion factor. In addition, Okumus [46] also found that Islamic factor is the main choice criteria for banking location. Interestingly, another study found that the Muslims in United Kingdom were not aware of Islamic banking in that period. Despite lacking information about Islamic banking, they choose religion as the main selection factor.

Bley and Kuehn [47] found that the preference for Islamic banking is primarily driven by religious beliefs and not the financial knowledge. That is, the stronger the religious commitment the greater the preference for Islamic banking services. Naser, Jamal and Khatib [43] cited that consumers regard the bank's reputation followed by religious reasons as the motivation for their Islamic bank patronage.

Haque *et al.*, [14] found a significant relationship between race and perception towards Islamic banking, signaling a need to understand non-Muslim ethnic groups. Fazlan and Mohammad [13] study reinforces this need when their study showed that adoption of Islamic banking is influenced by two major factors: perceived innovation attributes and consumer characteristics.

On the religious factors as a criterion of choice among the Malays in Klang Valley, Ahmad *et al.*, [48] found that there is a significant difference between the level of religiosity and the main choice of bank. Ideally, the Muslims should only choose Islamic banking as this is what the religion requires. This research also indicates that people who are more religious tend to choose Islamic banking for their deposit or financing transaction.

However, there are many researches that test the religiosity and come out with contradictory result. For instance, Erol and El-Bdour [49] and Erol, Kaynak and El-Bdour [50] identified three key selection criteria for Islamic banks: fast and efficient services, reputation and confidentiality. Religious motivation was not a primary criterion. Haron *et al.*, [9] compared Muslim and non-Muslim commercial bank customers in Malaysia and found no significant differences in patronage factors. Both ranked fast and efficient service speed of transactions and friendliness of bank personnel as the three most important factors. Overall, studies related to Islamic banking in Malaysia have largely focused on patronage factors. Recent studies indicate a deeper need to investigate the importance of marketing Islamic banking by reinforcing proposition for market research to determine a viable Islamic economic system. Islamic banking should no longer be regarded as a business entity striving to fulfill the religious obligations but as a viable business that can win over customers [8].

Research Model and Hypothesis: The research model used in this study is shown in Figure 2. The intention to undertake Islamic home financing preceded the process

before actual undertaking. Intention reflects future behavior. Attitude is postulated to have a direct relationship with intention behavior. The relationship between subjective norms, behavioral control, social factors and habits are also posited as a direct relationship here.

Attitude toward the behavior is a person's overall evaluation of the behavior. It is assumed to have two components which work together: beliefs about consequences of the behavior (behavioral beliefs) and the corresponding positive or negative judgments about each these features of the behavior (outcome evaluations). This means that attitude refers to the degree to which a person has favorable or unfavorable evaluation or appraisal of the behavior in question [51].

Many studies have shown the significant effect of attitude towards intention [52-57]. In a recent study by Alam *et al.* [39] it was found that attitude has a significant and positive effect on pirated software. Based on the above findings, attitude can be considered as an important part of predicting and describing the banking customer to subscribe Islamic home financing. Thus, the following hypotheses need to be sustained:-

H1 = the more positive the attitude towards IHF, the greater is the intention to use the Islamic home financing

Based on empirical studies, Fishbein and Ajzen [16] and Ajzen [15] subjective norm is defined as the individual's perception of the likelihood that the potential referent group or individuals approve or disapprove of performing the given behavior. Subjective norm is shown as a direct determinant of behavioral intention in TRA [16] and TPB [15]. If social expectations are that people should perform in the behavior in question, then the individual should be more likely to do so. Conversely, if social expectations are that people should not perform in the behavior, then the individual should be less likely to do so. Venkatesh and Davis [58] found that under significant

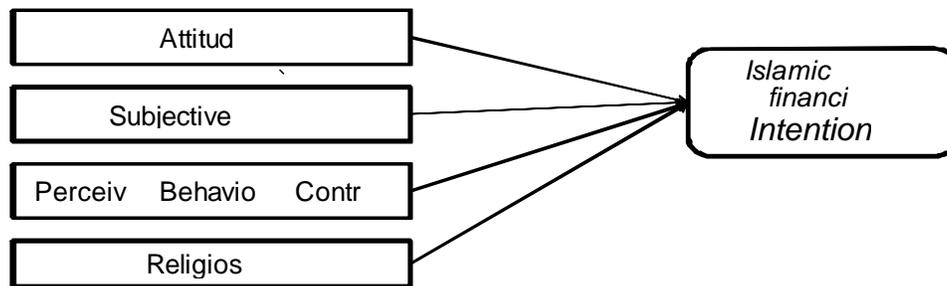


Fig. 2: A Schematic Diagram of the Conceptual Framework

social influence and social pressure, an individual would perform the behavior even though the individual is not in favor of performing the behavior.

Studies on subjective norm as a predictor of intention have shown mixed result. Studies conducted by Davis *et al.*, [52], Mathieson [29] and Lewis *et al.* [59] reported that no significant relationship between subjective norm and intention. While some other studies have shown significant relationship between subjective norm and intention [2, 24]. In Malaysia, Ramayah *et al.*, [54-55], Yuliharsi [60]; Gopi and Ramayah [61] have reported that subjective norm is an important predictor of intention to use in the Malaysian context.

For this study, undertaking Islamic home financing is seen as socially desirable behavior. Hence, in this study, we would like to propose the following hypothesis:-

H2 = the stronger the subjective norm, the greater is the intention to use Islamic home financing

Perceived behavioral control is the extent to which a person feels able to enact the behavior. It has two aspects: how much a person has control over the behavior; and how confident a person feels about being able to perform or not perform the behavior. It is determined by control beliefs about the power of both situational and internal factors to inhibit or facilitate the performing of the behavior. In other words, the more the control the customer feels about undertaking Islamic home financing, the more likely they will do so. In this study, perceived behavioral control is the ability to subscribe for Islamic home financing. Therefore, the hypothesis is:-

H3 = the higher level of behavioral control the stronger is the intention to use Islamic home financing

In addition to the TPB component in influencing the customers' intention towards selecting the Islamic home financing, religiosity also plays a significant role towards shaping customers' direction.

Religion is an important cultural factor to study because is one of the most universal and influential social institutions that have significant influence on people's attitudes, values and behaviors at both the individual and societal level [37]. Religiosity is likely to have an important influence on a customer's ethical beliefs and this will be reflected in their daily conduct and commitment [15]. Vitell and Paolillo [41] make conclusion from their study that the religiosity is a significant

determinant of both idealism and relativism and it is indirectly a significant determinant of consumer ethical beliefs and practices. Giorgi and Marsh [62] reported that an individual's religious favor normally has a positive effect on his ethics. However, Scutte and

Scutte and Hosch [63] stated that religiosity is a difficult construct to measure since there are several definitions of religiosity. To support this, they proposed three different measures of religiosity which focus on cognitive aspects such as religious attitudes, beliefs, behavioral and experiential.

Religiosity, in its broadest sense, is a comprehensive sociological term used to refer to the numerous aspects of religious activity, dedication and belief (religious doctrine). Another term that would work equally well, though it is less often used, is religiousness. In its narrowest sense, religiosity deals more with how religious a person is and less with how a person is religious (in practicing certain rituals, retelling certain myths, revering certain symbols, or accepting certain doctrines about deities and afterlife).

Religious commitment plays an important role in people's lives through shaping their beliefs, knowledge and attitudes. These religious commitments and beliefs influence the feelings and attitude of people towards their consumption in every aspect of life including the selection of financing facilities. Furthermore, it is the religion which specifies prohibited and non-prohibited things which influence customer's selection decision. For this study, religiosity is the factors affecting the customer's intention to undertake Islamic home financing. Hence, the hypothesis is:-

H4 = the stronger the customer's religiosity, the greater is the intention to use Islamic home financing

Method

Sample and Procedure: The sampling frame used in this study was distributed to potential Muslim customers in Klang Valley. In gathering the primary data, we had personally distributed the survey questionnaires to the 300 respondents. We choose potential customers in Klang Valley due to a huge business centre within the area. Survey questionnaires were personally distributed and collected from the respective respondents, yielding a response rate of 100 per cent. The technique of sampling used in this study was non-probability convenience sampling method because it was a viable alternative, due to the constraint of time, speed, costs and conveniences in order to obtain enough respondents.

Table 1: Socio-Economic Background Of The Respondent

Gender	Frequency	%
Male	144	48
Female	156	52
Race		
Malay	290	96.67
Chinese	3	1.00
Others	7	2.33
Age group		
19-25	52	17.33
26-50	232	77.33
51-65	16	5.34
Educational Level		
Under SPM/STPM	7	2.33
SPM/STPM	31	10.33
Diploma/Degree	225	75
Masters/PHD and above	37	12.34
Monthly income		
Below 1,000	24	8
1,000-3,000	85	28.33
3,000-5,000	122	40.67
5,000-10,000	56	18.67
10,000 and above	13	4.33

Table 2: Test of Collinearity

Variable	Tolerance	VIF
Perceive Behavior Control	.492	2.032
Subjective Norm	.521	1.920
Attitude	.435	2.298
Religiosity	.582	1.718

From the total of 300 respondents that took part in this study, majority was female (52 percent). In addition, the Malay group was the highest contributors of the total respondents (97.67 percent). Other ethnics comprised of Chinese, Indian, Indonesian, Pakistani and Tanzanian represent less than 4 percent of the respondents. Most of the respondents are within the age group of 26-50 as the distribution of questionnaires merely targeted people of working age.

Measures: All items intended to measure the variables in this study were adopted from previously validated instruments. The construct of subjective norm and behavioral intention was measured with scales adapted from Venkatesh and Davis [58]. The measures focused on intention to undertake Islamic home financing. Perceived behavioral control and attitude were assessed with measures reported by Taylor and Todd [24].

The measures of religiosity were adapted from Alam *et al.* [17]. All the religiosity items were previously tested by Alam *et al.* study in 2011 [17]. Measures of attitude (five items), subjective norms (five items), perceived behavioral control (six items) and intention (five items), religiosity (seven items) were measured. All the questions used a six-point Likert scale in which 1 indicated “strongly disagree,” 2 indicated “disagree,” 3 indicated “slightly disagree,” 4 indicated “slightly agree,” 5 indicated “agree,” and 6 indicated “strongly agree.” Regression analysis was used to analyze the data.

Reliability: The internal reliability of the items was verified by computing the Cronbach’s alpha [64]. Nunnally suggested that a minimum alpha of 0.6 sufficed for early stages of research. The Cronbach’s alpha estimated for attitude was 0.909, subjective norm was 0.861, perceived behavioral control was 0.823 behavioral intention scale was 0.970 and religiosity was 0.722. As the Cronbach’s alpha in this study were all much higher than 0.6, the constructs were therefore deemed to have adequate reliability.

Normality of Data and Multicollinearity: This study involves a relatively large sample (300 respondents) and therefore, the central limit theorem could be applied and hence there is no question on normality of the data. Two major methods were utilized in order to determine the presence of multicollinearity among the independent variables of this study. These methodology involved calculation of both a tolerance test and variance inflation factor (VIF). The result of these analyzes are presented in Table 2. As can be seen from these data:

- ⊆ None of the tolerance levels is # 0.01 and
- ⊆ All VIF values are well below 10.

Thus, the measures selected for assessing independent variables in this study do not reach levels indicate of multicollinearity. The acceptable Durbin-Watson range is between 1.5 and 2.5. In this analysis, Durbin-Watson value of 1.922, which is between the acceptable ranges; show that there were no auto correlation problems in the data used in this research. Thus, the measures selected for assessing independent variables in this study do not reach levels of multicollinearity.

Table 3: Regression Result

Variables	β	t-value	p-value
Perceived Behavior Control	.161	2.207	0.029**
Subjective Norm	.073	1.033	0.303
Attitude	.354	4.560	0.000*
Religiosity	.252	3.752	0.000*

Notes: Significance at: * $p < 0.01$, ** $p < 0.05$, $R^2 = 0.505$, adjusted $R^2 = .495$; dependent variable: Intention to undertake Islamic Home Financing

Hypothesis Testing: Table 3 presents results of a multiple regression analysis used to evaluate the strength of the proposed relationship. Four hypotheses were formulated and all the variables retain after testing the reliability. The individual hypotheses were tested using a multiple regression prediction model following the guidelines established by Hair et.al [65] with intention as the dependent variable.

The result obtained, as shown in Table 3, revealed that H1, H3 and H4 were found to be significant in the prediction model. The results that provide support to the Hypotheses H1, H3 and H4, that is the relationship between perceive behavior control ($\beta = 0.161$ and $p < 0.05$), Attitude ($\beta = 0.354$ and $p < 0.001$) and Religiosity ($\beta = 0.252$ and $p < 0.001$) towards the intention to undertake the Islamic home financing.

However, one of the independent variables, subjective norm, was found not to be significant on the intention to undertake the Islamic home financing ($\beta = 0.73$ and $p < 0.303$).

DISCUSSION

The main objective of this study is to determine whether religiosity is the most important factor influencing the intention to undertake Islamic home financing in Klang Valley. The result shows that the independent variable which is perceived behavior control, attitude and religiosity explain 50.5 percent of the variance in the intention to undertake the Islamic home financing.

The study depicted that perceived behavior control; attitude and religiosity have significant and positive effects which influence the intention to undertake Islamic home financing. Attitude is an important factor in influencing people intention in undertaking the Islamic home financing because those with high positive attitudes appeared to have greater intentions to undertake the Islamic home financing facility.

The study also confirmed that perceived behavior control has a significant effect on the intention to undertake Islamic home financing. The relationship is

positive which means that the greater impact of control in explaining variability in behavior is not unusual. Eagly and Chaiken [66] and Bonne Verbeke [67] summaries studies concerning various behavioral criteria have reported similar findings. Ajzen [15] suggested that by increasing the effort to achieve goal, control could directly affect the behavior. Similarly, the study also approved that religiosity has an important role in affecting the intention to undertake Islamic home financing.

Regarding the subjective norm, there is no direct and significant relationship with the intention to undertake the Islamic home financing. Therefore, H2 was not supported. However, this finding contrary to the findings by Kamariah and Muslim [68]. The possible explanation on this matter is that, the respondents have more knowledge about the Islamic home financing. Therefore, they make decision based on their own experience and knowledge, considering little about others' opinion.

Implication of the Findings: As expected, based on the findings, it is appeared that the TPB model acts as an effective component in predicting intention of undertaking Islamic home financing among Muslims in Malaysia. Similarly, the religiosity level of the customers also plays a significant role towards influencing their intention. This justifies the hypothesis which states that the stronger the customer's religiosity, the greater is the intention to use Islamic home financing.

As the aspiration of the Government is to develop Malaysia as Asia's Islamic financial hub, the relevant authority in banking sectors have to encourage the undertaking of Islamic banking products to be at par with the conventional one. Similarly, for home financing facilities, the Government should assist first time buyers through its policies to encourage the public to choose the Islamic home financing.

In tandem, the Islamic banking institutions also need to offer their support to stimulate the market by providing a comprehensive, better quality of products and services to the customers. This is important as customers, particularly, in urban areas will prefer banking institutions which offer better quality of products and services. In addition, the target to transform Malaysia to become high income nation status by 2020 needs a significant support from all parties, particularly, the Islamic banking institutions and finance sectors.

Fortunately, the existing Islamic home financing is receiving positive response among the public. This is due to the emerging of more attractive Shariah contracts for home financing offered by the Islamic banking

institutions. In this study, more than 50 percent of the respondents agreed that there is a huge different between Islamic and conventional home financing. This also could give indicator and guidance for Islamic banking institutions in developing strategies to attract more Muslims to undertake Islamic home financing.

In addition, the study has created some level of awareness on the existence of Islamic home financing in the market. Hence, this could improve the perceptions of the Muslims with regards to Islamic home financing. Past research should provide guidance in developing these perceptions, beliefs and attitudes.

Limitation and Future Direction: The limitations of the study are discussed to clearly establish the boundaries and to identify future avenues for research. First, due to time and situational constraints, the respondents were only limited to the Klang Valley area, which covers Kuala Lumpur and its suburbs and adjoining cities and towns in the state of Selangor. The results were generalizing mainly from the convenience sampling obtained to represent the overall population. Nonetheless, the study received encouraging responses from the respondents and future researches could be conducted on this basis.

This study has limitations of sampling bias as it was difficult to obtain a truly representative sample. The samples were mainly resided in Kuala Lumpur, based on convenience sampling method. It is important to note that there might be regionalization of the respondents. Hence, generalizing the results of the study of the overall population needs to be done cautiously.

The number of respondents for this research may not be substantive enough for such behavioral research, especially in measuring intention as majority of respondents are Malay Muslims, with small percentage of other ethnic Muslims. Hence, the results of this study cannot be generalized to the entire Malaysian population. This exploratory research could be improved in the future research through more empirical cross-cultural and cross-country studies, involving other Muslim ethnics in Malaysia. In addition, future research could be extended to investigate similarities and distinguishing characteristics of home buyers from various nationalities. The study could also be based on broader set of cultural values, involving the Muslims and non-Muslims to provide additional insights in terms of consumer behavior and purchase decisions, regardless of their religiosity.

As highlighted above, future research needs to cater to followers of other religions beside Islam as potential respondents. By doing this, respective religiosity level of

customers towards the intention to undertake Islamic home financing could be ascertained. Besides, the future research on potential correlations between some of the independent variables could also be conducted to reveal other implications towards influencing the intention of undertaking the Islamic home financing.

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Appendix A: Factors that affect Islamic Home Financing

Please (%) the appropriate number for your Islamic Home Financing. Please indicate the response that best describes your agreement or disagreement

	Strongly Disagree	Disagree	Moderately disagree	Moderately Agree	Agree	Strongly Agree	Attitude
1. I like Islamic Home financing because it is Shariah Compliant (free from riba)	1	2		3	4	5	6
2. Engaging in Islamic home financing is good because of its product advantages	1	2		3	4	5	6
3. I like Islamic Home financing because of its beneficial to me (profit rate)	1	2		3	4	5	6
4. Taking Islamic home financing would be good for me	1	2		3	4	5	6
5. Having Islamic home financing would be peace of mind to me (nor fluctuation in repayment amount)	1	2		3	4	5	6
<i>Subjective Norm</i>							
1. Most people who are important me support me taking Islamic home financing	1	2		3	4	5	6
2. Most of my friends/colleagure have taken Islamic finance agreed that Islamic finance is better than conventional	1	2		3	4	5	6
3. When it comes to a matter of home financing, I would like to be like my friends	1	2		3	4	5	6
4. I choose Islamic home financing based on recommendation from friends and relatives	1	2		3	4	5	6
5. People who I listen to could influence me to use Islamic home financing							
<i>Perceived Behavioural Control</i>							
1. I am confident that I would take Islamic home financing for my next home purchase	1	2		3	4	5	6
2. I am confident that I would like Islamic home financing even if is more expensive	1	2		3	4	5	6
3. I am confident that I would take Islamic home financing even if the bank personnel advice me take conventional financing	1	2		3	4	5	6
4. I am sure I would be able to undertake Islamic home financing	1	2		3	4	5	6
5. Taking Islamic home financing is entirely within my control	1	2		3	4	5	6
6. I have recources, knowledge and ability to undertake Islamic home financing	1	2		3	4	5	6
<i>Intention</i>							
1. I intend to choose Islamic home financing	1	2		3	4	5	6
2. It is likely that I will take Islamic home financing	1	2		3	4	5	6
3. I expect to undertake the Islamic home financing in future	1	2		3	4	5	6
4. I predict I will take Islamic home financing	1	2		3	4	5	6
5. I plan to undertake Islamic home financing for my home financing	1	2		3	4	5	6
<i>Religiosity</i>							
1. I regularly offer prayer five times a day	1	2		3	4	5	6
2. I fast regularly during Ramadhan	1	2		3	4	5	6
3. I regularly recite the Holy Quran	1	2		3	4	5	6
4. I pay Zakat fitrah every year if I meet the prescribed criteria	1	2		3	4	5	6
5. I try to follow Islamic conjunctions in all matters of my life	1	2		3	4	5	6
6. I always try to avoid minor and major sin	1	2		3	4	5	6

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