



AN UNDERSTANDING OF ISLAMIC HOME FINANCING ADOPTION

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(HONS) ISLAMIC BANKING

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DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION (HONS)

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UNIVERSITI TEKNOLOGI MARA, JOHOR.

“DECLARATION OF ORIGINAL WORK”

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Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of our independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:

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LETTER OF SUBMISSION

21st June 2015

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Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached in the project paper titled “**AN UNDERSTANDING OF ISLAMIC HOME FINANCING ADOPTION**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Yours sincerely,

.....

Mohd Haziq Bin Jalaluddin
Bachelor of Business Administration
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LIST OF ABBREVIATIONS

TPB	Theory of planned behavior
TRA	Theory of reasoned action
IDT	Innovation diffusion theory
ATT	Attitude
SN	Subjective norm
PBC	Perceived behavioral control
CP	Compatibility
RA	Relative advantage
SPT	Simplicity
IHFA	Islamic home financing adoption
SPSS	Statistical package for the social sciences
BBA	<i>Bai Bithaman Ajil</i>
IMB	<i>Ijarah Muntahiyah Bittamlik</i>
BIMB	Bank Islam Malaysia Berhad

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ABSTRACT

The purpose of this study is to determine the consequences of attitude, subjective norm, perceived behavioral control, relative advantage, compatibility, and subjective norm on the adoption of Islamic home financing. An integrative approach is used in this study that combines two theories which are Theory of Planned Behavior (TPB) and Innovation Diffusion Theory (IDT). This study used 120 usable questionnaires that were distributed to the random respondent in selected locations (Melaka and Johor) using snowball sampling method. The data were collected and been analyzed through several analyses such as frequency analysis, descriptive analysis, reliability analysis, correlation analysis, and multiple regression analysis using Statistical package for the social science (SPSS) version 21.0. This study found that integrative approach is valid in the context of Islamic home financing adoption. Therefore, all independent variables were instrumental in determining the adoption of Islamic home financing. However, there are several limitations that researcher faced and limitations for Islamic banks as well. Those limitations and implications are provided for future research and also for Islamic banks itself.

CHAPTER ONE: INTRODUCTION

1.1 Introduction

This research is focus on the study of implications of the attitude, subjective norm, perceived behavioral control, relative advantage, compatibility, and simplicity on the Islamic home financing adoption. This chapter will discuss briefly about the introduction of this study, background of the study, problem statement, research question and research objective, significant of the study, hypothesis and assumption, limitation of the study and definition of terms.

The research objective is divided into two categories which are the main research objective and the specific research objectives. It is similar to the research question whereby the research questions are also divided into two categories; the main research question and specific research questions. The main research question is related to the dependent variables or basic research in this study. Meanwhile, specific research questions are related to the independent variables or supportive of the main research question.

In this research, there are two types of variables that will be discussed; the dependent variable and independent variables. The dependent variable is Islamic home financing adoption, while the independent variables are attitude, subjective norm, perceived behavioral control, relative advantage, compatibility and simplicity.

1.2 Background of Study

Islamic home financing has been implemented for so long in Malaysia. With the establishment of Bank Islam Malaysia Berhad on 1983, it was a preliminary step taken by a government to ensure Islamic banking can be offered to Muslim in Malaysia where majority of Malaysian were Muslim. Today, there are various types of Islamic banking

products have been offered by Islamic financial institutions inclusive Islamic home financing. The evolution of Islamic home financing has been increased over the years. Islamic home financing increased from RM6.8 billion as at end 2001 to RM23.3 billion as at end November 2009, contributing 17.8 percent to Islamic banking's total financing (KFH Research, 2010). This made an Islamic home financing considers as the primary function of Islamic bank (Sudin and Shanmugam, 2001). For the majority of Islamic banks, the facility is the source of income and growth (Kahf and Khan, 1992; Sudin and Shanmugam, 2001). Majority of households feels the purchase of a home is the largest financial decision of their lives (Hjalmarsson and Hjalmarsson, 2006). Considering purchasing a house, they have to spend a lot of money as much as they can in order for them to having their own house. The largest investment that most families will ever make purchasing or renting a home, provides security stability and privacy to people all over the world (Opoku and Abdul-Muhmin, 2010).

Several studies have examined the acceptance of Islamic home financing from the theory of reasoned action (TRA) in which noting the validity of the theory in such context (Abdul Razak and Abduh, 2012; Md-Taib, Ramayah, and Abdul Razak, 2008). Both studies by Md-Taib *et al*, (2008) and Abdul Razak and Abduh (2012) tests the applicability of the TRA model to predict *musharakah mutanaqisah* home financing acceptance and discovers that attitude and subjective norm are essential in determining one's willingness to choose such financing product. However, both studies does not involved integrative approach in predicting consumer's demand (Abdul Razak and Abduh, 2012; H. Amin, 2008). The present study is using integrative approach is importance for predicting the Islamic home financing adoption using the theory of planned behavior (TPB) model and the innovation diffusion theory (IDT). Therefore, the present study closes the gap and proposes a framework which combines the TPB model and the IDT model. This study is focused on determinants that influenced the Islamic home financing adoption using the TPB model and the IDT model in which the main objective is to examine the effects of attitude, subjective norm, relative advantage, simplicity, compatibility and perceived behavioral control on the Islamic home financing adoption. The TPB and the IDT are used as the baseline theories.

1.3 Problem Statement

Islamic home financing plays an important role to the Islamic banks. Although it is considered as the primary function of Islamic banks, there exist criticisms pertaining to the implementation of Islamic home financing in Malaysia. Criticisms relying solely on negative consumer's perceptions (Abdul Razak and Abduh, 2012) have "calls for a paradigm shift" to offer more emphasis on consumers' preferences (H. Amin, 2008). Nevertheless, the growth of Islamic banking does not reflect the actual control of Islamic banks on the Islamic home financing facilities as, it has actually lower market share when it is compared with conventional home loan (Thean, 2009). In report that has been published by (Thean, 2009), more customers prefer conventional home loans. Furthermore, customers are interest towards conventional home loans because of the low interest regime and due to customers' interest to settle up their loan as quickly as possible (Thean, 2009).

Besides that, there exist stories of Islamic home financing that made customers felt anxious, improper implementation of Islamic home financing has taken customers to insolvency, and also in several cases the banks decide to overwrite the *Shariah* ruling (Abu Backer, 2002; Rosly, 2005). According to Haron, Ahmad, and Planisek, (1994) customers have realized there are benefits of using Islamic home financing, which include financing based on religion, convenience and competitive pricing. Yet, customers' involvement in Islamic home financing are blocked by factors such as service quality and unfamiliarity of the services (M. Amin, Isa, and Fontaine, 2013; M. Amin and Isa, 2008). Islamic home financing was not involved any interest rate. That interest rate has been replaced by profit rate. However, Islamic home financing has been accused and this is a sort of manipulation carried out by Islamic bans (Khan, 2010). Moreover, Islamic home financing also has been criticized because of expensive monthly payment and the selling price was greater than conventional home loans. Because of this, there are some customers have gone so far contend that Islamic banking products are actually more *ribawi* than conventional products.

Other than that, Islamic banks in Malaysia did not offer Islamic home financing using the same *Shariah* principles. Every Islamic bank has their own decision in matters of whether to offer what kind of *Shariah* principles suitable to their daily operation and yet can generate a profit. There are several *Shariah* principles used as underlying contract to the Islamic home financing such as *bai bithaman ajil* (BBA), *musharakah mutanaqisah* and *ijarah muntahiyah bittamlik* (IMB).

The vital problem that motivated this study is “What are the determinants of customer adoption of Islamic home financing”? Over the years, Malaysian have been witnessed the growth of Islamic home financing, yet its volume still remains low as compared to conventional home loan. Researchers, in the area of Islamic finance, have captured the different factors contributing to the consumer acceptance on Islamic home financing products which lead to mixed results (Abdul Razak and Abduh, 2012; H. Amin, 2008; KFH Research, 2010; Thean, 2009). Thus, the current study is undertaken to give a clear picture to the determinants that influencing customer adoption towards Islamic home financing in Melaka and Johor.

1.4 Research Questions

In this study, it involves the formulation of several questions to determine the relationship between independent variables and dependent variable. The questions are classified into two categories which are main research question and specific research question. The question was developed based on variables of the research on theoretical framework.

1.4.1 Main research question

1.4.1.1 What are the determinants which could influence Islamic home financing adoption?

1.4.2 Specific research question

1.4.2.1 What is the relationship between attitudes and Islamic home financing adoption?

1.4.2.2 What is the relationship between subjective norms and Islamic home financing adoption?

1.4.2.3 What is the relationship between perceived behavioral controls and Islamic home financing adoption?

1.4.2.4 What is the relationship between relative advantages and Islamic home financing adoption?

1.4.2.5 What is the relationship between compatibility and Islamic home financing adoption?

1.4.2.6 What is the relationship between simplicity and Islamic home financing adoption?

1.5 Research Objectives

The research objectives have been developed based on research questions and been classified into two categories which are main research objective and specific research objective. Research question and research objective shall be consistent to get the final result of this network.

1.5.1 Main research objective

1.5.1.1 To investigate the relationship between several selected factors and Islamic home financing adoption.

1.5.2 Specific research objectives

1.5.2.1 To investigate the relationship between attitude and Islamic home financing adoption.

1.5.2.2 To investigate the relationship between subjective norm and Islamic home financing adoption.

1.5.2.3 To investigate the relationship between perceived behavioral control and Islamic home financing adoption.

1.5.2.4 To investigate the relationship between relative advantage and Islamic home financing adoption.

1.5.2.5 To investigate the relationship between compatibility and Islamic home financing adoption.

1.5.2.6 To investigate the relationship between simplicity and Islamic home financing adoption.

1.6 Significance of Study

This study is to obtain as much information to get better understanding regarding Islamic home financing adoption. Different customers have different adoption about Islamic home financing products. The determinants which are attitude, subjective norm, perceived behavioral control, relative advantage, compatibility, and simplicity play an important role to form customers' adoption.

First and foremost, this study is significant to individual as they will know about customer adoption towards Islamic home financing. It will help an individual to make a decision as if the individual's desire to choose Islamic home financing to finance the purchased house. With the information available, an individual has better ability in decision-making. As a fresh future graduates, the experience of holding a responsibility is essential to prove the ability of doing a research analysis to gain more knowledge and improving skills. It also helps a student to be more successful and to be more ethical in the future.

Secondly, this study is essential to organizations since they have better understanding in matters of determinants that influenced customers' adoption towards Islamic home financing. It can assist organizations to promote the best product and also offered the best value to the customers. The organizations can come out with systematic strategies and action plans to retain existing customers and to attract new customers as well.

Additionally, from this study the researcher can identify the appropriate method that can be used when doing a research analysis. Therefore, this study was important to other researchers who intend to find the sources or references for their studies. It also beneficial to academics purposes in Malaysia. Moreover, it may help them as they can study this research and obtain another variable which can be add on as their variables.

1.7 Scope of Study

This study will be focus on the determinants that influence Islamic home financing adoption. In order to be specified the data will gathered from public in Melaka and Johor, Malaysia. Several variables have been identified based on the outcomes. Attitude, subjective norm, perceived behavioral control, relative advantage, compatibility and simplicity are independent variables while Islamic home financing adoption as a dependent variable. As the location of the research, a random respondent has been selected in both locations. This is because it is convenient to have an observation on the customers' adoption towards Islamic home financing. The method for this research is planning to be questionnaire.

1.8 Limitation of Study

Firstly, this study only will cover Melaka and Johor, and therefore the results cannot be expected to explain the overall Malaysian customers towards Islamic home financing adoption. This is the limitation that the researcher may face during conducting this study.

The researcher can only distribute to customers in Melaka and Johor, and the result might be different if the researcher can cover all customers in several states in Malaysia.

Secondly, the researcher may face difficulty in obtaining information. All the data that is going to be used in this study will be obtained from primary data. For the primary data, it is difficult to obtain information through the questionnaire because there were some of the respondents reluctant to spend their time to answer and respond to the questionnaire that have been distributed.

Thirdly, the limitation of this study is accuracy of data. All the data used in this study are collected from primary data and secondary data. In the secondary data, the accuracy and reliability of the data are fully depends on the published materials. If there is any error occurs, the data would be contributed to generate wrong information for this study.

1.9 Summary

In conclusion, this chapter enclosed the problem statement, dependent variable and independent variables to help in determine the research objective and research question. The independent variable in this study is used to measure the adoption of Islamic home financing. Based on this, the researcher can gain the knowledge in regards to the factors that can influence individual to adopt Islamic home financing. In addition, it also helps Islamic banks to increase their awareness and understanding to the customers' preference and behavior. This chapter also shows researcher had summarized the factors that influence Islamic home financing adoption. The factors considered are attitude, subjective norm, perceived behavioral control, relative advantage, compatibility, and simplicity. Thus, in the next chapter will discuss about the previous researchers review to investigate the argument regarding to the factors in Islamic home financing adoption.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The second chapter is about literature review of past research and clear definition of the study. Literature review is the documentation of a comprehensive review of the published and unpublished work from secondary sources of data in the areas of specific interest to the researcher. Therefore, in this chapter, the study will discuss on several research that related to the research study. Furthermore, it also included arguments by some researchers regarding to this topic.

In addition, this chapter is an essential to clarify research problem and increase breadth of knowledge of subject area. Thus, journals and articles that related to this study are also used as a secondary source of information and used to enrich this chapter and also give a clear picture about the study. This secondary data are easily to access, relatively inexpensive, and quick obtained.

In this chapter, it will be divided into two sections which are broad and narrow aspects. The first section of this chapter contains broad aspect of this research topic. The journals used as a reference to explain more about adoption of Islamic home financing. Meanwhile, the second section is contains narrow aspect of this study. This will includes an attitude, subjective norm, perceived behavioral control, relative advantage, compatibility, and simplicity.

2.2 Islamic financing concepts: An overview

Commonly, financing involves channeling of resources from surplus holders to the deficit holders. Based on Islamic viewpoint, financing can act as a catalyst to enhance the development of socio-economic. There are two main purposes of Islamic financing. First, Islamic financing is designed for the purpose of channeling resources from wealth

holders to deficit producing or consuming units (H. Amin, Rahim Abdul Rahman, and Abdul Razak, 2014). Second, according to Kahf and Khan (1992), the main purpose of Islamic financing is to satisfy the human need to make one's wealth grow. Thus, Islamic banks serve as financial intermediaries in which they accept deposits from customers and use those deposits to provide financing to those who in need. In this current study, Islamic home financing is considered as one of the Islamic banking products or facilities offered by Islamic banks. Besides, the availability of Islamic home financing products is to satisfy home buyers' needs who are of desire to comply with *Shariah* requirements in their wealth ownership (Amin *et al.*, 2014). Muslims are encouraged to apply Islamic home financing from any Islamic banks for the purpose of shelter for himself and his family. However, Muslims are not encouraged buying house for the purpose of investment and extravagance in which it may leads one to default. It is permissible for Muslim to carry debts but it must be taken based on real needs such as taking a debt to buy house, a car, and other basic needs as human being.

In contemporary practices, Islamic banks like Bank Islam Malaysia Berhad (BIMB) has introduced effective measure in which it only offers Islamic home financing facilities to those who are qualified. BIMB's action is viewed brilliant to tackle the subprime crisis as heavily occurred in the USA (Amin *et al.*, 2014). As a human being, those who are qualified to a certain extent will face unexpected circumstances that they cannot avoid it such as flood and unemployment. Due to those circumstances, it will affect their monthly income and thus their monthly installment. Islamic banks cannot punish those clients without having a knowledge regarding the actual causes of non-payment of monthly installment. Essentially, Islamic banks shall to deal justly and fairly with their clients. In the event of the clients not being able to repay their debts, then Islamic banks are given two alternatives, either to extend the repayment date or the duration of the loan, or to convert the loan to charity (Amin *et al.*, 2014). Between the two, the second is argued to be the better option (Sudin and Shanmugam, 2001). These two alternatives have their own advantages. First, it is consistent with Islamic teaching, which supports debt cancellation to discharge debtors from bad debt liability and bankruptcy through fair and transparent means. Second, it helps Islamic banks to better

structure their banking policies, which, in turn, helps in promoting the true spirit of Islam in their offering of Islamic financing products and transactions (Amin *et al.*, 2014). According to Sudin and Shanmugam (2001), on every occasion that customers face difficulties in meeting loan repayment, Islamic banks should be supportive and this definitely in line with those advantages.

Islamic banks should not burden their clients to settle the payment within stipulated period. In another way, Islamic banks should take a proper way to handling the problem. In Islam, the importance of helping debtors in case they face financial crisis was something that should be measured. Debtors should be given proper treatment according to the way of Islam (Haniffa and Hudaib, 2007). Islamic banks urged to be more lenient with their debtors. Due to this, customers would felt more comfortable in dealing with those Islamic banks. Other than that, Islamic banks should demonstrate and communicate their debt policy in their annual reports (Haniffa and Hudaib, 2007).

2.3 Islamic Home Financing

In the study by Nayeem, Shiliwala, and Shiliwala (2009) which is “a conflict of interest: Islamic home financing in America” and argue that there are three Islamic financial institution in the USA using different Islamic home financing models. From the study that used quantitative approach, (Nayeem *et al.*, 2009) reports that bank customers choose for Islamic home financing because of the *Shariah* principle, lower monthly payment, transparency practice, interest-free practice, and 100 per cent financing. Other than that, the study also reports that recommendation, duration of financing, product range, and branch location as least criteria to be considered.

Another study done by Hanafi and Kasim (2006) that examine the “Islamic house financing: the viability of *istisna* compared to *bay bithaman ajil*”. From the study, it reports that *bay bithaman ajil* house financing might be suitable for the available house through the new concept of build and sell, meanwhile for the house which still under construction might be suitable to the *istisna* house financing. Although this study is

qualitative, it is clearly shows that there were inconsistencies between *istisna* and *bay bithaman ajil*, and it also gives a customer an option to the potential types of Islamic principal which applicable to Islamic home financing.

Furthermore, there are interesting study done by Md-Taib *et al.*, (2008) which is “Factors influencing intention to use diminishing partnership home financing”. The study explained the factors determining the selection of the home financing facility by using a convenience sampling. The intention to engage in such financing facility based on attitude of favorableness toward the financing facility, and religious and social influences. However, the study done chooses the theory of reasoned action (TRA) model instead of theory of planned behavior (TPB). Therefore, the latter is used in the current study.

On the other hand, the study done by Razak and Taib (2008) in which examine “Consumers’ acceptance on Islamic home financing: Empirical evidence on *bay bithaman ajil* (BBA) in Malaysia”. Based on the study, it reports that there is high level of dissatisfaction among the customers to use *bay bithaman ajil* because of their low intention. In addition, Muslim customers, in general, are concerned about the features of *bay bithaman ajil* notably its compliance with *Shariah*, as well as its inability to fulfill the broad objective of justice, equity and societal well-being. However, for the non-Muslim customers, they seemed to have positive beliefs on *bay bithaman ajil* and its ability to fulfill socially desirable objectives. Although the study is very useful and give a clear understanding regarding consumers’ acceptance towards Islamic home financing using *bay bithaman ajil* concept, yet to understand the consumer adoption is difficult because there is no theoretical framework proposed.

From all those studies, it indicates the different objectives, method of analyses and tested variables were used. Due to this, it leads to the different outcomes in which the study of Islamic home financing has remained unsatisfying and requires further investigation.

2.4 An Integrative Approach

A research by Gumussoy and Calisir (2009) for instance, has successfully combined theories in a number of occasions in businesses and technologies. The reasons of combining theories are threefold. Firstly, combined theories provide a multidimensional approach to comprehensively understand adoption intentions (Tan and Teo, 2000). Based on such combined theories, researcher expects that it can provide a clear picture and broader explanation of the relationship suggested in the present research. Secondly, combining various consumer theories has been successful in different setting but apparently it is not applied to an Islamic home financing's context. In a different setting, it is evidence that there are many researchers have focused on integrating to predict usage intentions by combining the strengths of each model (H. Amin, Abdul-Rahman, and Abdul-Razak, 2013; Shih and Fang, 2004; Tan and Teo, 2000; Taylor and Todd, 1995). However, there is only one research in Islamic home financing has proposed an integrated model which is research done by Amin *et al.*, (2013). Although there is a research regarding integrated model, but, the outcomes might be different because the present research was conducted at different place and also unit of analysis was different than previous research. The similarities about both research was its pioneering in integrating the two models which is TPB and the IDT to explain Islamic home financing adoption. Thirdly, empirical works have shown that integrating models are able to inflate explanatory power as the indicator of behavioral intention to use (Shih and Fang, 2004; Tan and Teo, 2000; Taylor and Todd, 1995). By combining these theories, it produce better results, reliable and valid outcomes (Amin *et al.*, 2013).

The TPB model is first created by Ajzen (1991) which has proved to be a successful model for a range of behaviors such as banking activities and e-commerce perception. However, there is a little study on the applicability of the TPB model into an Islamic home financing context (Amin *et al.*, 2013). Although there was a study regarding Islamic home financing context using TPB model, but, it remains receives a poor attention by researchers. Thus, it is very importance to study the applicability of the TPB to provide a greater understanding. In fact, TPB has been found to be useful in predicting a wide range of behaviors in social sciences (Amin *et al.*, 2013). The present

study is concerned with behaviors of one's intention towards Islamic home financing adoption.

On the other hand, the IDT model is first created by Rogers (1995). The IDT considers an innovation as an idea, practice and object. All Islamic banking facilities are derived from the *Al-Quran* and the *Hadith* inclusive Islamic home financing product. In fact, today, the practice of Islamic home financing products comes with new contracts such as *tawarruq*, forward *ijarah* and *istisna*. On the basis of this argument, thus the IDT deems to be appropriated in Islamic financing context. This study expects that the combined theories of the TPB and the IDT will provide a baseline model in predicting Islamic home financing adoption, and thus extends the applicability of such theories in a newly context of Islamic home financing (H. Amin et al., 2013).

2.5 Attitude

According to (Ajzen and Fishbein, 1975), they views attitude as the evaluative effect of positive or negative feelings of individuals in performing particular behavior. Attitude toward the behavior refers to the degree to which a person has a favorable or unfavorable evaluation or appraisal of the behavior in question (Ajzen and Fishbein, 1975). They added up that the more favorable the attitude with respect to a behavior, the stronger is the individual's intention to perform the behavior under consideration. There are so many studies done by researcher to confirm the significant effect of attitude towards on behavioral intention. One of the example, a study by Md-Taib *et al.*, (2008) that discover the significant relationship between attitude and intention to choose *musharakah mutanaqisah* home financing. This shows that attitude is importance in explaining one's intention to make a decision regarding something that they want to own. Another example is study done by Lada *et al.*, (2009) which they discover that attitude influences one's choice to choose *halal* food. Therefore, the greater the attitude on Islamic home financing products, the more likely of adoption such financing product is also greater.

2.6 Subjective norms

Subjective norms refer to the person's perception that most people who are important to him think that he should or should not perform the behavior in question (Ajzen and Fishbein, 1980). There are several theories suggest that subjective norms are important in shaping user behavior, for instance, TPB suggest that subjective norms, attitude, and perceived behavioral control influence a person's behavioral intention (Gumussoy and Calisir, 2009). Under significant social influence and social pressure, an individual would perform the behavior even though the individual is not in favor of performing the behavior (Venkatesh and Davis, 2000). Based on previous studies, it shown mixed result regarding subjective norm towards the behavioral intention. Some studies have shown no significant relationship between subjective norm and intention (Davis, Bagozzi, and Warshaw, 1989; Lewis, Agarwal, and Sambamurthy, 2011) and some studies have shown significant relationship between subjective norm and intention (Chan and Lu, 2004; Fu, Farn, and Chao, 2006; Taylor and Todd, 1995; Teo and Pok, 2003; Venkatesh and Davis, 2000). In many studies conducted by researchers in Malaysia (Gopi and Ramayah, 2007; Ramayah and Aafaqi, 2004) it has been shown that subjective norm is important predictor of intention to use in the Malaysian context. In the context of Islamic home financing, subjective norm suggest that individuals will be more likely to adopt Islamic home financing products if they perceive that large number of other individuals in their environment have adopted such products (H. Amin et al., 2013). Hence, it proposed that the greater the influence from other people about Islamic home financing preference, the more likely the adoption by individuals.

2.7 Relative Advantage

Relative advantage can be defined as an the degree to which the innovation is perceived as better than the idea it supersedes (Rogers, 1995). Relative advantage in Islamic home financing adoption refers to the capacity of the product to better compete when compared with conventional home loan (Amin *et al.*, 2013). Nevertheless, Islamic home financing products have strong features such as strong support by *Shariah* advisors who approve the permissibility of the products and constantly review them from time to time

(Lahsasna, 2010). Meanwhile, in conventional home loans, there is need not require *Shariah* advisors approval either the products is permissible or not. Due to this, it explains why Islamic home financing supersedes conventional home loans to a certain extent. Furthermore, relative advantage have found to be significant variable, and is positively related to the adoption of innovation in several studies (Kolodinsky, Hogarth, and Hilgert, 2004; Liu and Li, 2010; Püschel, Mazzon, and Hernandez, 2010). The study by Kolodinsky *et al.*, (2004) have examined that relative advantage is significant to adoption of electronic banking technologies by US consumer. In fact, relative advantage plays significant role in explaining mobile internet acceptance (Hernandez and Mazzon, 2007; Kolodinsky *et al.*, 2004; Liu and Li, 2010). Therefore, it proposed that the greater the relative advantage, the more positive adoption towards Islamic home financing.

2.8 Simplicity

Simplicity is viewed as the extent to which consumers perceived a new innovation as easy to understand or use. In Islamic home financing products, if the products are deemed to be easier for consumer then the tendency for their adoption will be greater. According to (Halim, Hamid, Azmin, and Nordin, 2000), simplicity is important factor in the patronage of Islamic banking. Thus, it is very important for every Islamic bank to ensure the simplicities of any kind of financing to predict consumer adoption. In the study by Premkumar and Roberts (1999) which is “Adoption of new information technologies in rural small businesses” examine that simplicity is significant for online data access. However, for e-mail, electronic data interchange (EDI) and internet has found that simplicity is insignificant. Kolodinsky *et al.*, (2004) examine the adoption of electronic banking technologies in US consumer and discovered that simplicity is significantly towards adoption. Another study by Liu and Li (2010) also found that simplicity is significantly on the use of the mobile internet. Based on those studies, it clearly shows that simplicity has a great indicator to influence customers’ adoption on Islamic home financing. Hence, if customers require less mental effort and time saving on Islamic home financing, the possibility of adoption is greater.

2.9 Compatibility

According to Rogers (1995), compatibility can be defined as the degree to which an innovation is perceived as consistent with the existing values, past experiences and needs of potential adopters. In addition, he recognizes compatibility as a critical factor in consumer adoption decision. Compatibility in Islamic home financing adoption refers to the alignment of individual's mortgage preference with individual's existing style, need and habit (Amin *et al.*, 2013). In the study by Kolodinsky *et al.*, (2004) which is "The adoption of electronic banking technologies by US consumers" define compatibility as the extent to which a new product is consistent and compatible with consumers' needs, beliefs, values, experiences and habits. From that study, it recognizes that compatibility is significant with adoption. Another study by Liu and Li, (2010), also recognizes that compatibility is significant with adoption and important in determining the diffusion process of mobile internet use in China. Furthermore, compatibility is deemed as key role in predicting internet banking adoption in Brazil (Hernandez and Mazzon, 2007). Individuals will adopt Islamic home financing products if they find such financing products are consistent with their needs and values (Amin *et al.*, 2013). Thus, compatibility plays an important role to the adoption towards Islamic home financing. It means the more compatible Islamic home financing is, the more likely the adoption of individual.

2.10 Perceived Behavioral Control

One of the components in TPB model is perceived behavioral control. Perceived behavioral control can be defined as behavior of individual is determined by his ability to control his decision (Amin *et al.*, 2013). An individual is the one who decide either to do a good thing or a bad thing. According to Ajzen (1991), the performance of individual's behavior is associated with confidence in his ability to perform such behavior. This factor is expected has influence on individual to make a decision for mortgage as long as it dealt with individual's resources (Amin *et al.*, 2013). On the other hand, Ajzen (1991) explained perceived behavioral control as "the perceived ease or difficulty of performing behavior and it is assumed to reflect past experience as well as

anticipated impediments and obstacles”. Based on the explanation by Ajzen (1991), in this study, perceived behavioral control can be deemed as perceived ease or difficulty of individual to perform the Islamic financing behavior. Prior study done by Gumussoy and Calisir (2009) which is “Understanding factor affecting e-reverse auction use: an integrative approach” has examined that there is significant relationship between perceived behavioral control and behavioral intention to use e-reverse auction. Furthermore, study by Notani (1998) which is “Moderators of perceived behavioral control’s predictiveness in the theory of planned behavior: a meta-analysis” found that perceived behavioral control is significantly related to the behavioral intention. From those previous studies, it is clearly show that perceived behavioral control is important in explaining individual’s intention. Due to this, we expect that perceived behavioral control has positive effect to the Islamic home financing adoption. Therefore, the higher the perceived behavioral control, the more likely Islamic home financing adopted

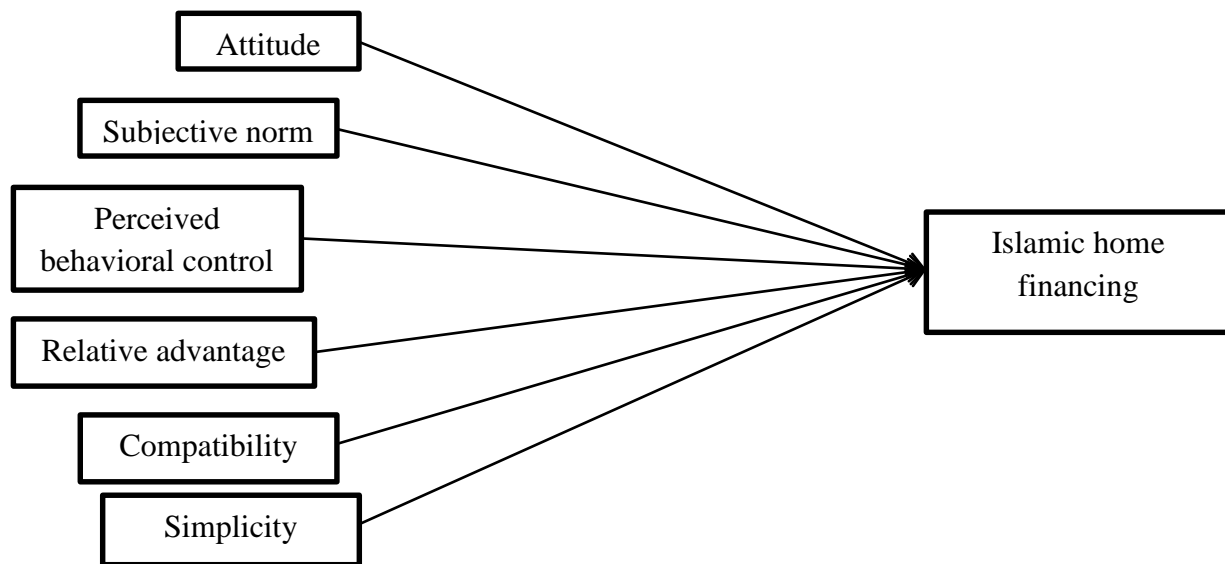


Figure 1: Factors determining Islamic home financing adoption

2.11 Summary

In conclusion, regarding those arguments by researchers from previous studies have made a decision that those variables are positively related to the adoption of individual. In the context of Islamic home financing, it means that the greater those variables are, the more likely Islamic home financing will be adopted. Although, the way those variables affect the adoption of Islamic home financing is different, yet, it leads to certain outcomes and clearly have a good result to the individual's adoption. However, it cannot simply jump into the final decision because it might be other result may occur in this study. Thus, in the next chapter, the study will come out with several hypotheses that might be useful in this study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, it focuses on the methodology that is used in this study. The data collection, survey instrument, measurement scale, sampling procedure, and variables are inclusive in this chapter. Other than that, research design is also included in which it consists of three basic aspects that are purpose of study, types of investigation, research interference, study setting, unit of analysis and time horizon, theoretical framework, hypotheses, data analysis, and conclusion. This chapter highlights the research method and the statistical technique that is used to measure the adoption of consumer to choose Islamic home financing.

3.2 Data Collection

In this study, all the information were gathered and collected from both primary data and secondary data. Collection is the process of gathering, assembling, and accumulation of information that are related to the issues in this study. Nonetheless, in order to obtain information, there are two method of data collection that has been implemented.

3.2.1 Primary data

Primary data is actually a questionnaire that has been designated for this study. This data were obtained from structured questionnaire consisting of eight parts which are demographic, attitude, subjective norm, perceived behavioral control, relative advantage, compatibility, simplicity, and Islamic home financing adoption. The questionnaire is distributed to the public and the data will be tested and evaluating using statistical software (SPSS). This study was done by questionnaire to collect the accurate data in regards to the Islamic home financing adoption.

3.2.2 Secondary data

All the research done by the previous researcher with different purposes and objectives are categorized as secondary data. Most of the data were collected from journal, articles, websites and textbook as well. The data and methodology of this study had been taken from journals and some articles in the websites. All the journals were collected from electronic library such as Academia, Emerald, Science direct, Research gate, Proquest etc. In the journal, the past data and study by other researchers were collected and used as a references to guide and help in our research.

3.3 Survey Instrument

Survey method was implemented in order to obtain information on the primary data. Survey method required some procedure for standardizing the data collection process; thus, the data obtained are consistent and can be analyzed. Survey method was done by standardized questionnaire. By having a standardized questionnaire, it will ensure the comparability of the data, speed, and accuracy of recording and facilitate processing.

Questionnaire can be defined as a formalized set of question to obtaining information from respondent. The question was developed in structured questionnaire. Structure question specify the set of response alternative and format. In this study, the questionnaire was originally adopted from H. Amin *et al.*, (2013). Two technique of question structured was used which are multiple-choice and scale. Multi-choice question provide a choice of answer and respondent have to select only one answer. Meanwhile, in a scale questionnaire the respondent were provided with a scale that has numbers or brief description associated with each category. The questionnaire for this study was divided into eight parts in a logical order to ensure that the respondent is motivated, will answer and have ease of answering the question.

In addition, researcher had conducted a fieldwork to obtain a data regarding to the adoption of Islamic home financing. The questionnaire comes with 35 types of questions that can measure the adoption of customer towards Islamic home financing. All the questions had been grouped into six adoption factors. Moreover, the questionnaire will be distributed to public in order to obtain information and in-depth knowledge about the study.

The study was conducted in Melaka and Johor, and the questionnaires were distributed to the selected locations such as Bank Islam, Bank Rakyat, Maybank Islamic etc. In the process of collecting data, snowball sampling method was used, and respondents' participation will be based on voluntary basis (self-administered). In more detail, the respondents were asked whether they would participate or not to answer the questionnaire. Once they agreed, the researcher handed over the questionnaire to be answered and the questionnaires will be collected once completed. A total of 120 questionnaires were distributed to the respondents randomly.

3.4 Measurement Scale

Measurement can be defined as the ability to evaluate the research variables accurately, precisely and relevantly on order to meet the research objectives (Sundram, Rajagopal, and Bhatti, 2013). Generally, in business research the measurement subject is widely known as variable. Nonetheless, scales can be defined as continued spectrum or series of categories. In business research there are actually have a great many scales or number systems. It is traditional to classify scales of measurement on the basis of mathematical comparisons that are allowable with these scales (Sundram *et al.*, 2013).

In this study, researcher had chosen to use interval scale method. Under interval scale method, the sample is arrange according to their magnitude and the scale has starting and terminating point divided into equally spaced unit (Sundram *et al.*, 2013). Therefore, all variables are measured using five-point scales (e.g. 1=strongly disagree, 5=strongly agree). The questionnaire was written in English and Malay. Back translation

was used for the translation of the language in the questionnaire (Run and Ting, 2006). The research items were adapted from various study done by other researchers and has been modified to meet the objectives in the context of Islamic home financing adoption.

3.5 Sampling Procedure

Samples can be explained as a subgroup of the population selected for participation in the study. In this study, the scope is confined to Islamic banks and banks customers only. As we know, banks primarily provide financing service to the customers. The data were collected from customers of Islamic banks in Melaka and Johor. All customers are familiar with the Islamic banking products and at the same time they also wanted to choose Islamic home financing product. In selecting respondents, they must meet the requirements that have been made which are the questionnaire only be given to the respondent who is already purchased a house using Islamic home financing and the respondent who has yet own house but potentially as a first time home buyers. The respondents were randomly selected among bank customers.

In this study, a snowball sampling was used because the total population of potential home buyers and the total population of customers that already using Islamic home financing is unknown and lack of information availability in regards to the population. In fact, the selection of snowball procedure increases sampling error but reduces total error by lowering non-response and interviewer error (Malhotra, Agarwal, and Peterson, 2006)

3.6 Variables

A variable is anything that can take on differing or varying values. The values can differ at various times for the same of different objects or persons (Sundram *et al.*, 2013). There are four types of variables which are dependent variable, independent variable, moderating variable, and intervening variable. In this study, only dependent variable and independent variables are used.

3.6.1 Dependent variable

Dependent variable can be also known as criterion variable. It is the variable of primary interest to the researcher. Furthermore, it can measure the effect of the independent variables and the outcome of the change brought about by changes in independent variables as well. The dependent variable in this study is adoption of Islamic home financing.

3.6.2 Independent variable

Independent variable can be known as predictor variable. This variable is the thing that influence the dependent variable either is positive and negative way. The variance in the dependent is accounted for by the independent variable. In this study, the independent variables are attitude, subjective norm, perceived behavioral control, relative advantage, compatibility, and simplicity.

3.7 Research Design

A research design is a key plan for collecting and analyzing which is specify the methods and procedures that will be used. Research design encloses the purpose of study, types of investigation, extent of researcher interference, study setting, unit of analysis, and time horizon.

In this study, the purpose of the study is causal research or hypothesis setting. This study wants to recognize the cause and effect between dependent variable and independent variable in Islamic home financing adoption. In addition, causal research is

used as a type of investigation because it can measure the adoption of customer towards Islamic home financing with independent variables such as attitude, subjective norm, perceive behavioral control, relative advantage, compatibility, and simplicity. One changes in independent variable might be affect the adoption of customer.

Besides that, time horizon used in this study is cross sectional. The study is carried out in which data are collected just once, over a period of months. To be detailed, this study will use single cross-sectional. There is only one sample of respondents is drawn from the target population, and information from this sample is obtained only once (Sundram *et al.*, 2013). Unit of analysis of the study is individual since the study focused on adoption of every customer of Islamic banks towards Islamic home financing in general. In order to obtain a good result, individual as unit of analysis is a good choice to provide us with in-depth knowledge.

3.8 Research Framework and Hypotheses

3.8.1 Theoretical framework

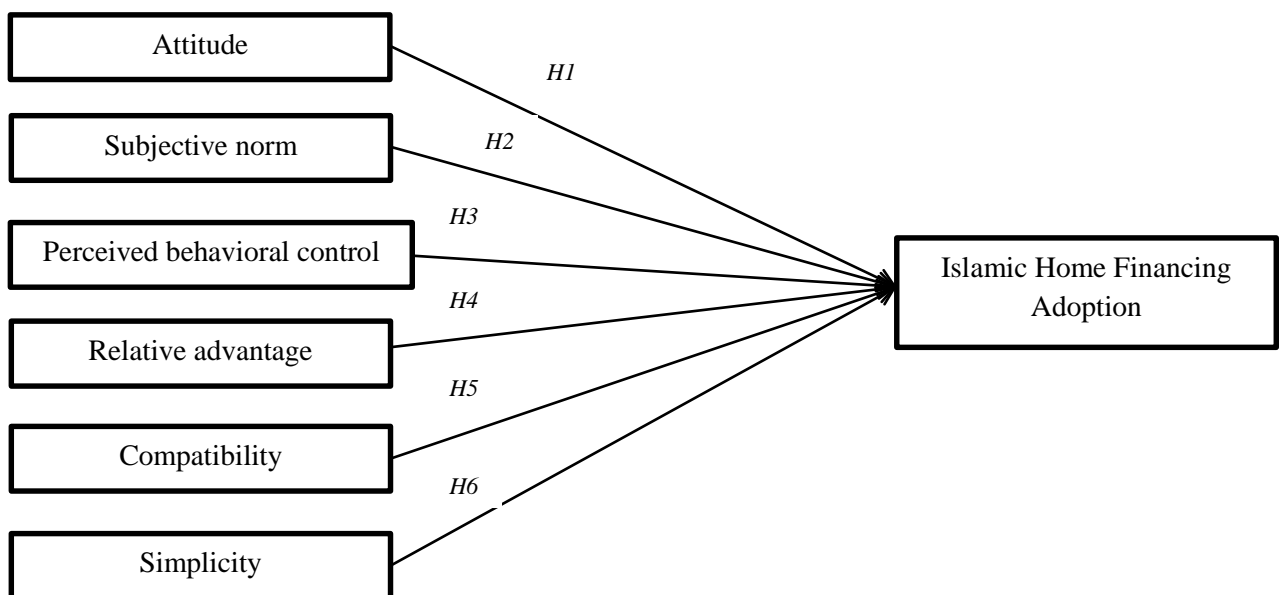


Figure 2: Theoretical framework

3.8.2 Hypotheses

A hypothesis is an unproven statement or proposition about factor and phenomenon that is of interest to the researcher. It is a tentative statement about relationship among the variable. A few hypotheses have been developed. There are:

3.8.2.1 Hypothesis 1

Ho: There is no significant relationship between attitude and the adoption of Islamic home financing.

Ha: There is a significant relationship between attitude and the adoption of Islamic home financing.

3.8.2.2 Hypothesis 2

Ho: There is no significant relationship between subjective norm and the adoption of Islamic home financing.

Ha: There is a significant relationship between subjective norm and the adoption of Islamic home financing.

3.8.2.3 Hypothesis 3

Ho: There is no significant relationship between perceived behavioral control and the adoption of Islamic home financing.

Ha: There is a significant relationship between perceived behavioral control and the adoption of Islamic home financing.

3.8.2.4 Hypothesis 4

Ho: There is no significant relationship between relative advantage and the adoption of Islamic home financing.

Ha: There is a significant relationship between relative advantage and the adoption of Islamic home financing.

3.8.2.5 Hypothesis 5

Ho: There is no significant relationship between compatibility and the adoption of Islamic home financing.

Ha: There is a significant relationship between compatibility and the adoption of Islamic home financing.

3.8.2.6 Hypothesis 6

Ho: There is no significant relationship between simplicity and the adoption of Islamic home financing.

Ha: There is a significant relationship between simplicity and the adoption of Islamic home financing.

3.9 Data Analysis

In this study, SPSS version 21.0 was used to analyze all the raw data. A number of statistical analyses are executed to obtain a good result. The main objective of data analysis is getting feel of data, which is give preliminary ideas of how good the scales are, and how well the coding and entering data have been done. Moreover, testing the goodness of the data which is can be accomplish by using reliability test meanwhile, testing hypothesis developed in this study using relevant statistical test.

Firstly, feel for the data with checking the central tendency and dispersion and it is always prudent to obtain frequency distribution for the demographic variables. It is also to acquire the mean, standard deviation, range and variance on the other dependent and independent variables. Other than that, it is also to gain an inter-correlation matrix of the variables, irrespective of whether or not the hypotheses are directly related to the analyses.

Secondly, in the test of goodness of data by using reliability test which is Cronbach's Alpha indicates how well the items in asset are positively correlated to one another (inter-item consistency reliability). It means that the closer to 1 is actually the higher the internal consistency reliability.

Lastly, to testing hypotheses we will use relevant statistical test based on objectives research question and data type. In this study, multiple regression is used in order to examine either there are relationship between dependent variable and independent variables. It is extension of bivariate correlation. The result generated from this regression is an equation that represents the best prediction of dependent variable from several independent variables.

3.9.1 Regression model

$$y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon$$

Where,

y = dependent variable which represent Islamic home financing adoption

a = constant number of equation

β = coefficient (beta value)

X_1 = independent variable which represent attitude

X_2 = independent variable which represent subjective norm

X_3 = independent variable which represent perceived behavioral control

X_4 = independent variable which represent relative advantage

X_5 = independent variable which represent compatibility

X_6 = independent variable which represent simplicity

ϵ = error available

Regression analysis is one of the most versatile and popular statistical procedure. It is a method that trying to set up a functional relation between a dependent variable and independent variable. Multiple regression analysis involved more than one independent variable. If there is only one independent variable, it will be called as a regression analysis. Briefly, a current trend in statistic is to emphasize the similarity between single regression and ANOVA, and between correlation and t-test. All of the statistical techniques are basically seeking to do a same thing which explains the variance in the level of one variable on the basis of the level of one or more other variable.

3.10 Summary

After completing this chapter, as a researcher we will be able to understand the different aspects relevant to designing a research study and can identify the scope of study, and the end of the result. Furthermore, it can be decide for the study the type of investigation needed, the study setting, unit of analysis and the time horizon of the study. Therefore, in the next chapter, all the data will be set up to analyzed using Statistical Package for the Social Science (SPSS) software. All the data has been collected and analyze will determine the final result which is it will show which one independent variables most affected dependent variable and indicate either the hypothesis can be valid or otherwise.

CHAPTER FOUR: ANALYSIS AND INTERPRETATION OF DATA

4.1 Introduction

This chapter represents the findings and analysis on this study of Islamic home financing adoption. Data analysis can be defined as a process of editing, coding, processing and analyzing the raw data for the purpose to building a kind of empirical model where relationships are carefully brought out so that some meaningful inference can be drawn. The analysis obtained will present the result of frequency analysis, factor analysis, reliability analysis, descriptive analysis, correlation analysis, and regression analysis.

In order to get a data from those analyses, Statistical package for social science (SPSS) software has been used. It is user-friendly and interactive for researcher to use and analyze all the data. The software enables to carry out various analyses and the result obtained will be used to answer the research questions and objectives.

4.2 Response rate

The scope of this study is confined to customers of Islamic bank. The data was collected from the customers of the banks in Melaka and Johor. All customers that have been selected are familiar with Islamic banking product and at the same time to choose Islamic home financing to finance their home purchase. In this study, questionnaire was chosen as the main technique to collect data because it is offered and an easy way to obtain the raw data for further analysis and it can be self-administered. A total of 127 set of questionnaires were distributed. However, only 120 questionnaires were returned with completely answer and without errors from the respondents providing a response rate of 94.5 percent. The rest which is 5.5 percent represent the questionnaires were returned with incomplete answer.

4.3 Frequency analysis

Table 1: Profile of respondents

	Categories	Frequencies	Percentage
Gender	Male	73	60.8
	Female	47	39.2
Age	<20	-	-
	21-30	68	56.7
	31-40	30	25.0
	41-50	18	15.0
	>50	4	3.3
Status	Single	60	50.0
	Married	60	50.0
Education	Primary school	-	-
	Secondary school	5	4.2
	Diploma	16	13.3
	Bachelor degree	82	68.3
	Master degree	17	14.2
Occupation	Professional	89	74.2
	Non-professional	16	13.3
	Self-employed	15	12.5
	Unemployed	-	-

The discussion about the demographic factors will be presented. The demographic factors are including of gender, age, status, education, and occupation. From the table above, the findings can be interpreted as follows:

Gender

After analyze the data, the researcher discovered that the male gender was contributed more to answer the questionnaire rather than female gender. This is shown on the table 1; about 60.8 percent (73) of the respondents are males. Meanwhile, 39.2 percent (47) of the respondents are females. The total of both gender who answered the questionnaire are 120 respondents.

Age

From 120 of respondents, 56.7 percent (68) of the respondents are between 21 to 29 years old, 25 percent (30) represent the respondents with the age between 31 to 40 years old, 15 percent (18) represent the respondents with the age between 41 to

50 years old, whilst only 3.3 percent (4) of the respondents with the age of more than 50 years old. Therefore, it can be concluded that the higher range of respondents who answered the questionnaire is belongs to the respondents with the age between 21 to 30 years old. The lowest range comes from respondents with the age of more than 50 years old.

Status

The respondents who answered the questionnaire were randomly selected. From 120 of respondents, 50 percent of the respondents are single and another 50 percent are respondent who already get married. Thus, the number of respondents is similar in both statuses which is 60 respondents of each status.

Education

In education background, based on the data collected, it shows that 4.2 percent (5) of the respondents finished their study in secondary school. Moreover, respondents that are diploma holders consist of 13.3 percent (16) of the respondents. Majority of the respondents are bachelor degree holder with the percentage of 68.3 (82). Another 14.2 percent is for master degree holder which represents only 17 numbers of respondents.

Occupation

The respondent's occupation who answered the questionnaire is 74.2 percent (89) for professional occupation, 13.3 percent (16) is for non-professional, and the least is self-employed with the percentage of 12.5 percent (15). Most of the respondents had their occupation in the professional level in which requires them to get at least diploma. However, most of them had their own bachelor degree and this make them has the ability and sources to choose Islamic home financing.

4.4 Normality analysis

Table 2: Skewness and Kurtosis test

Variables	Skewness value		Kurtosis value	
	Statistic	Std.error	Statistic	Std.error
Attitude	-0.875	0.221	-0.389	0.438
Subjective norm	-0.020	0.221	-1.279	0.438
Perceived behavioral control	-0.192	0.221	0.286	0.438
Relative advantage	-0.656	0.221	1.319	0.438
Compatibility	0.006	0.221	-0.513	0.438
Simplicity	-0.393	0.221	-1.060	0.438
Islamic home financing adoption	-0.902	0.221	-0.749	0.438

Data skewness and kurtosis assess the normality of the data by examining whether the results for each variable form a normal distribution or not. All skewness and statistics were found to be between -1 and +1 and all kurtosis statistics were between -3 and +3, confirming the data was normally distributed (Cavana, Delahaye, and Sekaran, 2001).

As can be seen on the table above, skewness value of attitude, relative advantage, and Islamic home financing adoption are -0.875, -0.656, and -0.902 respectively. This implies that the distribution is moderately skewed because those values are between -1 and -0.5. In addition, skewness value of subjective norm, perceived behavioral control, compatibility, and simplicity are -0.020, -0.192, +0.06, and -0.393 respectively. This implies that the distribution is approximately symmetric because those values are between -0.5 and +0.5.

In kurtosis, the reference standard is normal distribution which has a kurtosis of 3.0. In this study, all variables which are attitude, subjective norm, perceived behavioral control, relative advantage, compatibility, and simplicity have the kurtosis value of -

0.389, -1.279, 0.286, 1.319, -0.513, -1.060, and -0.749 respectively. Those values are in between -3 and +3. Therefore, based on these results, it can confirm that the data was normally distributed.

4.5 Reliability analysis

Table 3: Reliability analysis

Variables	Number of Items	Cronbach Alpha
Attitude	5	0.870
Subjective norm	5	0.783
Perceived behavioral control	5	0.871
Relative advantage	5	0.679
Compatibility	5	0.830
Simplicity	5	0.827
Islamic home financing adoption	5	0.933

The questions were measured using the reliability analysis. In reliability analysis, it helps researcher to look at the consistency and the stability of the researcher items. Reliability can be expressed in terms of stability, equivalence, and consistency. Consistency check which is commonly expressed in the form of Cronbach Coefficient Alpha is a popular method. A coefficient alpha or better known as cronbach alpha is often used to measure reliability. A value of 0.5 or less generally indicates unsatisfactory internal consistency reliability.

According to the table 3, the reliability of cronbach alpha for attitude, subjective norm, perceived behavioral control, relative advantage, compatibility, simplicity, and Islamic home financing adoption are higher than 0.5. It means that all the variables could be accepted for this study because usually cronbach alpha with 0.7 and above is acceptable (Nunally, 1978). Although the cronbach alpha for relative advantage is below 0.7 which is 0.679, however, according to Sekaran (2006), the cronbach alpha below 0.7 is acceptable, whilst the cronbach alpha below 0.6 can be interpreted as poor and above 0.8 is good. By referring to the table, it clearly shows that cronbach alpha for

attitude, perceived behavioral control, compatibility, simplicity and Islamic home financing are more than 0.80, which at the range of good.

4.6 Descriptive analysis

Descriptive statistic is the term given to the analysis of data that helps describe, show or summarize data in a meaningful way such that, for example, patterns might emerge from the data. Descriptive statistics do not, however, allow us to make conclusion beyond the data we have analyzed or reach conclusions regarding any hypotheses we might have made. They are simply a way to describe the data.

In this study, respondents were asked to indicate their perceptions and agreement towards the statement in the questionnaire, using the 5 points Likert-scale answers. The scale were ranged between 1=strongly disagree to 5=strongly agree. Based on their score for each statement, the study had found the average score (mean) for each variable. This value was then categorized to the following categories to indicate their level of perceptions towards all variables.

Table 4: Descriptive statistic

Variable	Minimum	Maximum	Mean	Std. Deviation
Attitude	3.40	5.00	4.5850	0.47609
Subjective norm	3.60	5.00	4.4817	0.36805
Perceived behavioral control	2.60	5.00	3.9817	0.54941
Relative advantage	3.00	5.00	4.1967	0.40500
Compatibility	3.00	5.00	4.3983	0.42565
Simplicity	3.20	5.00	4.3200	0.58634
Islamic home financing adoption	3.60	5.00	4.6617	0.43756

Based on the table 4, it shows that attitude has the highest mean value which 4.5850 and perceived behavioral control has the lowest mean value which is 3.9817. Overall analysis, it clearly shows that respondent's adoption towards Islamic home financing is influenced by the attitude factor. Second factor that influenced the most

adoption of respondent towards Islamic home financing is subjective norm (4.4187), followed by compatibility (4.3983), simplicity (4.3200), relative advantage (4.1967), and the least factor that influenced respondent's adoption is perceived behavioral control. The mean values ranged from 3.9817 for perceived behavioral control to 4.6617 for Islamic home financing adoption to use with small standard deviation values of 0.368505 to 0.58634. It shows that the data cluster closely around the mean.

4.7 Correlation analysis

Table 5: Correlation analysis

Variables	ATT	SN	PBC	RA	CP	SPT	IHFA
ATT	1.000						
SN	0.441**	1.000					
PBC	0.534**	0.234*	1.000				
RA	0.456**	0.320**	0.568**	1.000			
CP	0.259**	0.348**	0.328**	0.460**	1.000		
SPT	0.571**	0.381**	0.474**	0.474**	0.451**	1.000	
IHFA	0.401**	0.338**	0.105	0.379**	0.123	0.382**	1.000

*p < 0.05, **p < 0.01

A correlation analysis was conducted to identify the correlations between independent variables (attitude, subjective norm, perceived behavioral control, relative advantage, compatibility, and simplicity) towards Islamic home financing adoption. With regards to the correlation with Islamic home financing adoption, attitude, subjective norm, relative advantage, and simplicity have positively relationship to the adoption. This signifies that when customers have greater attitude, subjective norm, relative advantage, and simplicity, they tend to have greater adoption with Islamic home financing.

As reported on the table 5, the correlation results indicate that a number of significant inter-correlations among independent variables do not exceed 0.80, the odds of multicollinearity is relatively low. In order to ensure the presence of multicollinearity among independent variables, a tolerance test and variance inflation factor (VIF) is used. The result of these analyze are presented in table 6. As can be seen from these data:

- None of the tolerance levels are less than or equal 0.01 (Alam and Sayuti, 2011)
- All VIF values are well below 10 (Alam and Sayuti, 2011)

Thus, the measure selected for assessing independent variables in this study does not reach levels that indicate multicollinearity.

Table 6: Test of Collinearity

Variables	Tolerance	VIF
ATT	0.521	1.920
SN	0.733	1.364
PBC	0.565	1.770
RA	0.561	1.783
CP	0.682	1.466
SPT	0.547	1.827

4.8 Regression analysis

Table 7: Regression analysis

Variables	Beta	t-value	p-value
Attitude	0.249	2.330	0.022**
Subjective norm	0.154	1.713	0.090*
Perceived behavioral control	-0.330	-3.217	0.002**
Relative advantage	0.365	3.538	0.001**
Compatibility	-0.162	-1.729	0.086*
Simplicity	0.238	2.277	0.025**
Notes: $R^2 = 0.326$ $F = 9.217$ $\text{Sig. } F = 0.000$			

Significance at: *p < 0.10 and **p < 0.05; dependent variable: Islamic home financing adoption

Based on the table 7, the R^2 is 0.326. It implies that 32.60% of the variance in the dependent variable which is Islamic home financing adoption can be explained by the independent variables (attitude, subjective norm, perceived behavioral control, relative advantages, compatibility, and simplicity). Another 67.40% of the variance is unexplained. Other than that, the value of F-stat is 9.217 with the p-value of 0.000 indicating the F test is significant. This implies that the model as a whole statistically significant.

As can be seen on the table, attitude have significant relationship to the Islamic home financing adoption ($t = 2.330$, $p = 0.022$) at the 5 per cent significance level. This outcome are consistent with previous study of H. Amin *et al.*, (2013) and Gopi & Ramayah (2007). This implies that the more positive attitude, the more likely that adoption of Islamic home financing by customers. Similarly, subjective norm is found to have significant relationship to the Islamic home financing adoption ($t = 1.713$, $p = 0.090$) at the 10 percent significance level. This result is in line with the study by Taib, Ramayah, & Razak (2008). It means that the greater the subjective norm, the greater the Islamic home financing is chosen by a customer. Furthermore, perceived behavioral control is significantly related to the adoption of Islamic home financing ($t = 3.217$, $p = 0.002$) at the 5 percent significance level. Therefore, the Theory of Planned Behavior (TPB) is valid and acceptable to explain the Islamic home financing adoption.

On the other hand, relative advantage is found to have significant relationship with Islamic home financing adoption ($t = 3.538$, $p = 0.001$) at the 5 per cent significance level. The same result also apply to the compatibility in which it is found to have significant relationship to the Islamic home financing adoption ($t = 1.729$, $p = 0.086$) at the 10 per cent significance level. From the result also, it implies that a significant relationship between simplicity and Islamic home financing ($t = 2.277$, $p = 0.025$) at the 5 per cent significance level. Thus, from all these outcomes, it means that Initial Diffusion Theory (IDT) is valid to explain Islamic home financing adoption as well. This results also in line with the study by H. Amin *et al.*, (2013).

Regression Model

$$y = 2.148 + 0.249X_1 + 0.154X_2 - 0.330X_3 + 0.365X_4 - 0.162X_5 + 0.238X_6 + \epsilon$$

Where,

y = dependent variable which represent Islamic home financing adoption

a = constant number of equation

X_1 = independent variable which represent attitude

X_2 = independent variable which represent subjective norm

X_3 = independent variable which represent perceived behavioral control

X_4 = independent variable which represent relative advantage

X_5 = independent variable which represent compatibility

X_6 = independent variable which represent simplicity

ϵ = error available

In the regression model, y indicates dependent variable which represents Islamic home financing adoption. Based on this model, it helps the researcher to determine the relationship between Islamic home financing adoption with all the factors constructed. Constant number of equation shows the value of 2.148. It indicates that if Islamic home financing adoption is zero, the regression equation predicts that all the factors are 2.148. In addition, X_1 is the first factor that influences Islamic home financing adoption which is attitude. It shows that attitude has positive relationship on Islamic home financing adoption if one percent of attitude increase, it will leads Islamic home financing adoption increase by 0.249 percent. Thus, the study can reject H_0 for and accept the H_a for hypothesis 1. Due to this, if customer have positive attitude on Islamic banking products offered by Islamic banks, the adoption will be greater.

Furthermore, X_2 represents second factors that influence Islamic home financing adoption that is subjective norm. From the regression model, it clearly shows that subjective norm has positive relationship on Islamic home financing adoption as well where if one percent of subjective norm increase, the adoption of Islamic home financing will increase by 0.154 percent. Thus, the study can reject H_0 and accept H_a for hypothesis 2. In the context of subjective norm, if customer perceived they have enough support and courage from their family, friends and also people around them, the likelihood for them to choose Islamic home financing will be greater.

However, X_3 which represent perceived behavioral control has negative relationship on Islamic home financing adoption. It indicates that if one percent of perceived behavioral control decreases, the adoption of Islamic home financing will increase by 0.330 percent. Although it has negative relationship on Islamic home financing adoption, however, this factor was retained due to its significant p-value which is significant at 5 percent significance level. Thus, this study can reject the H_0 and accept the H_a for hypothesis 3. In regards to the perceived behavioral control, although customer feels that they have less skill, knowledge and even financial resources, their desire still want to adopt Islamic home financing where possible. This is because all of the respondents were Muslim and they have faith in Islamic home financing in which the validity of the financing was approved by *Shariah* advisors.

On the other hand, X_4 which represent relative advantage has positive relationship on Islamic home financing adoption and it is also found to be the most influencing factors. Based on the model, it implies if one percent relative advantage increase, it will leads to increase Islamic home financing adoption by 0.365 percent. Therefore, the study can reject H_0 and accept H_a in the hypothesis 4 due to its significant of p-value. Relative advantage can be defined as the capacity of the product to better compete with conventional home loans. One of the advantages that Islamic home financing have is a strong features such as strong support by *Shariah* advisors who approve the permissibility of the products. Due to this, it makes the customers especially Muslim customers to adopt Islamic home financing.

Another factor X_5 which represents compatibility has negative relationship on Islamic home financing adoption. On the regression model, it indicates that if one percent of compatibility decreases, it will increase the adoption of Islamic home financing by 0.162 percent. However, this factor was retained due to its significant p-value in which significant at 10 percent significance level. Thus, the study can reject H_0 and accept H_a in the hypothesis 5. Although Islamic home financing is not compatible with the respondent's style or need, in fact their intention to adopt Islamic home financing is higher because of religious obligation. As a Muslim, one is prohibits to engage in any transaction that involve interest rate and it makes individual to rather choose Islamic home financing than conventional home loan. This is because Islamic home financing do not involve with any interest rate and it is comply with the *Shariah* requirement.

Lastly, the factor that also influence Islamic home financing adoption is X_6 which represents simplicity. Based on the result, it shows that simplicity has positive relationship towards Islamic home financing adoption where if one percent of simplicity increases, the adoption of Islamic home financing also increase by 0.238 percent. Thus, this study also can reject the H_0 and accept the H_a for the hypothesis 6 due to its significant of p-value. In the context of Islamic home financing, simplicity can be explained as if the product is easy to use or understand, the adoption might be greater. Customers felt that Islamic home financing is very easy to use and understand. They were provided with enough knowledge and explanation by Islamic banks. With the knowledge and skill they have, to adopt Islamic home financing is not something difficult for them and everything seems easier for them to understand.

4.9 Findings

Table 8: Findings of study

Research objectives	Hypotheses constructed	Result
To investigate the relationship between attitude and Islamic home financing adoption.	H1: There is a significant relationship between attitude and Islamic home financing adoption.	ACCEPTED [because p-value is less than 0.05]
To investigate the relationship between subjective norm and Islamic home financing adoption.	H2: There is a significant relationship between subjective norm and Islamic home financing adoption.	ACCEPTED [because p-value is less than 0.10]
To investigate the relationship between perceived behavioral control and Islamic home financing adoption.	H3: There is a significant relationship between perceived behavioral control and Islamic home financing adoption.	ACCEPTED [because p-value is less than 0.05]
To investigate the relationship between relative advantage and Islamic home financing adoption.	H4: There is a significant relationship between relative advantage and Islamic home financing adoption.	ACCEPTED [because p-value is less than 0.05]
To investigate the relationship between compatibility and Islamic home financing adoption.	H5: There is a significant relationship between compatibility and Islamic home financing adoption.	ACCEPTED [because p-value is less than 0.10]
To investigate the relationship between simplicity and Islamic home financing adoption.	H6: There is a significant relationship between simplicity and Islamic home financing adoption.	ACCEPTED [because p-value is less than 0.05]

In this study, all the hypotheses (H1, H2, H3, H4, H5, and H6) are accepted at the 5 and 10 per cent significance level. This implies that the greater the attitude, subjective norm, relative advantage and simplicity, and the lower the perceived behavioral control and compatibility, the more likely the adoption of customer towards Islamic home financing. In addition, based on the result, relative advantage is found as the most influencing factor to the Islamic home financing. This is because subjective norm has the highest number of beta which is 0.365.

4.10 Summary

As a conclusion, the data was analyzed using SPSS software version 22.0 as mention before. It is found that all the independent variables (attitude, subjective norm, perceived behavioral control, relative advantage, compatibility and simplicity) have positive relationship with Islamic home financing adoption. Hence, all the hypotheses construct at the early of the study were accepted at 5 per cent and 10 percent significance level. In the next chapter, it is about the discussion of recommendations that suitable concerning all these result obtained.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter will be covered the conclusion of the study, discussion of findings, suggestions or recommendations and suggestions for future research as well. The data collected in this study were keyed into Statistical Package for Social Science System (SPSS) software. This software enables to carry out various analyses. After completing and analyzing data, this study is able to help and improvise the level of all determinants towards Islamic home financing adoption.

This study was conducted about five months, and the researcher has tried to learn the determinants that lead to the adoption of customer to choose Islamic home financing. Although the researcher has used the same dependent and independent variables like previous study, but researcher believe that different result will appear in this study and it would be help the other researcher for the future research. Therefore, the researcher comes with the summarizing of the finding and will give several recommendations to help future researchers who wish to carry out additional research on this topic.

5.2 Discussions and findings

This study is done to determine the factors that could influence the adoption of Islamic home financing among customer of Islamic bank in Melaka and Johor. After all the data collected have been through various analyses, it is found that all the factors that could influence Islamic home financing adoption are very importance. Attitude, subjective norm, perceived behavioral control, relative advantage, compatibility and simplicity are observed to be significant. Of these, attitude, perceived behavioral control, relative advantage and simplicity are significant at 5 per cent significance level whilst subjective norm and compatibility are significant at 10 per cent significance level.

With the concern to attitude, researcher thinks it is necessary for Islamic banks managers to adjust customer's attitude in advance. This is because some Muslims have bad attitude on Islamic banking products which in turn hinder the performance of the bank. Thus, the management should improve their services in order to promote customer's positive attitude. Moreover, as Islamic bank offers the financing that meet the requirements of *Shariah*, they also should meet the expectations of customers'. This will leads to the positive attitude by customers'. On the other hand, in this study also examined that subjective norm as one of the factor that influences adoption of Islamic home financing. It was clearly understood that customers tend to choose Islamic home financing if they were supported by their family, friends and neighbors and to all people around them. Consequently, Islamic banks should be able to create a supportive social environment so that it would be help to promote Islamic home financing.

This study also examined that perceived behavioral control is significant but negatively related to Islamic home financing adoption. This implies that although, customer perceives they have less supports and resources, the Islamic home financing adoption will be positive. Due to this, Islamic banks should be able to provide a professional advice support whenever the customers facing a problem. It is very important because direct communication between professional advisor and customer could make things very understandable. Besides that, relative advantage, compatibility and simplicity are also determined to be influential factors on Islamic home financing adoption. These three factors are important as indicators to make Islamic home financing attractive in every way. Hence, strengthening a better feature of Islamic home financing, designing an easy to choose product and meeting different goal of mortgage for different consumers are still imperative goals for new development of Islamic home financing (H. Amin *et al.*, 2013).

In addition, this study was used integrative approach by combining TPB model and IDT model and it was proved the validity of integrative approach by seeing to the all independent variables (attitude, subjective norm, perceived behavioral control, relative advantage, compatibility and simplicity) as influential factors on Islamic home financing.

This implies that the greater variables (attitude, subjective norm, relative advantage and simplicity), the more likely that Islamic home financing will be adopted. It is also implies that the lower the variables (perceived behavioral control and compatibility), the odds of Islamic home financing will be adopted is greater. Overall, with the presence of integrative approach, hopefully, this study could provide a deep understanding and broader explanation in regards to the factors for Islamic home financing adoption.

5.3 Recommendations for future research

This study has focused on the factors determining the Islamic home financing. It is also important to the other researcher who might have an interest to investigate in respect to adoption of customer towards Islamic home financing. Although the study has found that all the factors that influence Islamic home financing are significant, however, the study suffers some limitations. With the limitations that the study faced, hopefully, it could provide a better direction for future research.

Firstly, the study does not provide additional factors that might have positive relationship on Islamic home financing adoption. Therefore, future research is anticipated to close this gap by determine what the others factors that have a possibility affect to the adoption of customer. Hopefully, those factors could provide more efficient result than this study.

Secondly, the study does not provide evidence whether the respondents indeed have the intention to choose Islamic home financing to finance their home purchased or not. This is because the current study sought some respondents as potential home buyers who are also the customers of Islamic bank. Thus, it is recommended for future research to investigating the background of respondents if possible to produce a better analysis in regards to the Islamic home financing adoption.

Thirdly, the sample of this study is confined only to a respondent in Melaka and Johor. Thus, the result cannot be expected to explain the overall behavior of Malaysian towards Islamic home financing. The future research is anticipated to escalating a sample size by adding up the location of study such as cities like Kuala Lumpur, Shah Alam and Johor Bahru. These locations will be worthy to be considered as location for future research. In spite of these limitations, this study offers new insight of the factors that contribute customer's adoption on Islamic home financing.

Lastly, the finding from this study is based on limited and short period of observations. The researcher use shorter period of time in doing this observation. Thus, it is recommended for future research to increase the range of the period study. It should be carried out for a longer duration than this study so that the results could become more significant.

5.4 Summary

This study has focused on the factors determining the adoption on Islamic home financing. The result of present study showed that integrative approach which consists of TPB model and IDT model is a valid model that can be used to predict adoption of customers on Islamic home financing. It was also shown that all the independent variables (attitude, subjective norm, perceived behavioral control, relative advantage, compatibility and simplicity) are good predictors of adoption. Therefore, Islamic banks should take all these factors into their consideration when promoting Islamic banking products in order to attract Muslims or even non-Muslims to choose Islamic banking products as their first choice. The researcher hopes this study and its findings could help Islamic banking sector to create new ideas on how to achieve customer's satisfaction. Last but not least, the researcher hopes this study could help other researchers to continue the research related to Islamic banking products.

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APPENDIX (a)



Dear Sir/Madam

I am carrying out survey entitled

“AN UNDERSTANDING OF ISLAMIC HOME FINANCING ADOPTION”

This set of is being prepared as part of course requirement for BBA Program –
UiTM Graduate School of Business

Your kind cooperation and response are very much appreciated. Confidentiality of your response is therefore assured as this survey is solely intended for academic purposes. Your identity will not be disclosed because information will be in aggregate for instead of individual responses.

Thank you.

MOHD HAZIQ BIN JALALUDDIN

2013233596

QUESTIONNAIRE

ISB 672

AN UNDERSTANDING OF ISLAMIC HOME FINANCING ADOPTION

Dear respondent,

I am part 6 student of BBA (Hons) Islamic Banking from the Faculty of Business Management in UiTM Johor and am currently conducting a research on customer adoption. I would to appreciate it if you could take a moment to answer all these questions. All information will keep confidential. Thank you for your time and cooperation.

SECTION A: DEMOGRAPHIC

1. Gender (*Jantina*)

Male (<i>Lelaki</i>)	
Female (<i>Perempuan</i>)	

2. Age (*Umur*)

Below 20	
21 -30	
31 – 40	
41 – 50	
>50	

3. Marital status (*Status perkahwinan*)

Single (<i>Bujang</i>)	
Married (<i>Berkahwin</i>)	

4. Level of education (*Tahap pengajian*)

Primary school (<i>Sekolah rendah</i>)	
Secondary school (<i>Sekolah Menengah</i>)	
Diploma (<i>Diploma</i>)	
Bachelor degree (<i>Sarjana muda</i>)	
Master degree (<i>Sarjana</i>)	

5. Occupation (*Pekerjaan*)

Professional (<i>Profesional</i>)	
Non-professional (<i>Bukan profesional</i>)	
Student (<i>Pelajar</i>)	
Self-employed (<i>Bekerja sendiri</i>)	
Unemployed (<i>Tidak bekerja</i>)	

Section 1

Please indicate your level of agreement on the following statements. The rating is from 1=Strongly Disagree to 5=Strongly Agree

Code		Strongly Disagree 1				Strongly Agree 5
SECTION B: INDEPENDENT VARIABLES						
ATTITUDE (Kelakuan)						
ATT1	I feel choosing Islamic home financing is a wise idea (<i>Saya berasa memilih pembiayaan perumahan Islam adalah idea yang bijak</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
ATT2	I feel choosing Islamic home financing is a good idea (<i>Saya berasa memilih pembiayaan perumahan Islam adalah baik</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
ATT3	I like to choose Islamic home financing (<i>Saya suka untuk memilih pembiayaan perumahan Islam</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
ATT4	Islamic home financing is one of the best Islamic banking products (<i>Pembiayaan perumahan Islam adalah salah satu produk terbaik di dalam perbankan Islam</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
ATT5	Choosing Islamic home financing is beneficial (<i>Memilih pembiayaan perumahan Islam adalah berfaedah</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
SUBJECTIVE NORM (Norma subjektif)						
SN1	Most people who are important to me would think that choosing Islamic home financing is a wise idea (<i>Kebanyakan orang berkepentingan kepada saya berpendapat bahawa memilih pembiayaan perumahan Islam adalah idea yang bijak</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
SN2	Most people who are important to me would think I should choose Islamic home financing (<i>Kebanyakan orang yang berkepentingan kepada saya berpendapat bahawa saya sepatutnya memilih pembiayaan perumahan Islam</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5

SN3	My family who are important to me would think I should choose Islamic home financing (<i>Ahli keluarga saya berpendapat bahawa saya sepatutnya memilih pembiayaan perumahan Islam</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
SN4	Most people who are important to me think that Islamic home financing is beneficial (<i>Kebanyakan orang yang berkepentingan kepada saya berpendapat bahawa pembiayaan perumahan Islam adalah berfaedah</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
SN5	Most people are assume me familiar with the need of Shariah (<i>Kebanyakan orang menganggap saya sudah biasa dengan keperluan Syariah</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
PERCEIVED BEHAVARIOL CONTROL (Persepsi terhadap pengendalian tingkah laku)						
PBC1	I would be able to choose Islamic home financing (<i>Saya berkebolehan untuk memilih pembiayaan perumahan Islam</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
PBC2	I have the resources to choose Islamic home financing (<i>Saya mempunyai sumber untuk memilih pembiayaan perumahan Islam</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
PBC3	I have the ability to choose Islamic home financing (<i>Saya berkeupayaan untuk memilih pembiayaan perumahan Islam</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
PBC4	It would be easy for me to obtain Islamic home financing in the next 12 months (<i>Ia akan memudahkan saya untuk mendapatkan pembiayaan perumahan Islam dalam masa 12 bulan akan datang</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
PBC5	It would be easy for me to repay my Islamic home financing (<i>Ia akan memudahkan saya untuk membayar balik pembiayaan perumahan Islam saya</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
RELATIVE ADVANTAGE						
RA1	Choosing Islamic home financing makes it easier to have my own house (<i>Memilih pembiayaan perumahan Islam memudahkan</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5

	<i>saya untuk memiliki rumah sendiri)</i>					
RA2	Considering all tasks, Islamic home financing could assist my home ownership (<i>Mengambil kira semua tugas, pembiayaan perumahan Islam dapat membantu pemilikan rumah saya</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
RA3	Choosing Islamic home financing has more advantages and it is important to me (<i>Memilih pembiayaan perumahan Islam mempunyai banyak kelebihan dan sangat penting bagi saya</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
RA4	I would prefer taking Islamic home financing if it were recommend by a professional society (<i>Saya lebih suka mengambil pembiayaan perumahan Islam jika ia disarankan oleh golongan professional</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
RA5	I would personally taking Islamic home financing even if it is more expensive than conventional home loan (<i>Saya akan mengambil pembiayaan perumahan Islam secara peribadi walaupun ia lebih mahal daripada pinjaman rumah konvensional</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
COMPATIBILITY (Keserasian)						
CP1	Islamic home financing fits my needs (<i>Pembiayaan perumahan Islam sesuai dengan keperluan saya</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
CP2	Islamic home financing is completely compatible with my current situation (<i>Pembiayaan perumahan Islam adalah serasi dengan keadaan saya sekarang secara keseluruhannya</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
CP3	Islamic home financing fits my style (<i>Pembiayaan perumahan Islam sesuai dengan gaya saya</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
CP4	Islamic home financing is compatible with our culture and values (<i>Pembiayaan perumahan Islam serasi dengan budaya dan nilai masyarakat kita</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5

CP5	Using Islamic home financing fits well with the way I like to manage my finances <i>(Menggunakan pembiayaan perumahan Islam paling sesuai dengan cara saya menguruskan kewangan saya)</i>	○1	○2	○3	○4	○5
SIMPLICITY (Kemudahan)						
SPT1	Learning to choose Islamic home financing services would be easy for me <i>(Mempelajari untuk memilih perkhidmatan pembiayaan perumahan Islam akan memudahkan saya)</i>	○1	○2	○3	○4	○5
SPT2	If I choose Islamic home financing, it would easy for me to do so <i>(Jika saya memilih pembiayaan perumahan Islam, ia akan memudahkan saya untuk berbuat demikian)</i>	○1	○2	○3	○4	○5
SPT3	If I choose Islamic home financing, it would easy for me due to my previous Islamic banking experience <i>(Jika saya memilih pembiayaan perumahan Islam, ia akan memudahkan saya kerana saya mempunyai pengalaman di dalam perbankan Islam sebelum ini)</i>	○1	○2	○3	○4	○5
SPT4	My interaction with a Islamic home financing is a clear and understandable <i>(Interaksi saya terhadap pembiayaan perbankan Islam adalah jelas dan difahami.)</i>	○1	○2	○3	○4	○5
SPT5	Overall, I believe that a Islamic home financing is easy to use <i>(Keseluruhannya, saya percaya bahawa pembiayaan perumahan Islam adalah mudah untuk digunakan)</i>	○1	○2	○3	○4	○5
SECTION C: DEPENDENT VARIABLE						
ISLAMIC HOME FINANCING ADOPTION (Penerimaan pembiayaan perumahan Islam)						
IHFA 1	My general intention to choose Islamic home financing is very high <i>(Keinginan saya untuk memilih pembiayaan perumahan Islam adalah sangat tinggi)</i>	○1	○2	○3	○4	○5
IHF2	I will think about choosing Islamic home financing services <i>(Saya akan memikirkan berkenaan untuk memilih perkhidmatan pembiayaan perumahan Islam)</i>	○1	○2	○3	○4	○5

IHFA 3	I will choose Islamic home financing services in the future (<i>Saya akan memilih perkhidmatan permbiayaan perumahan Islam pada masa akan datang</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
IHFA 4	I will choose Islamic banking products (<i>Saya akan memilih produk perbankan Islam</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5
IHFA 5	I will definitely recommend Islamic home financing to others (<i>Saya akan menyarankan pembiayaan perumahan Islam kepada orang lain</i>)	<input type="radio"/> 1	<input type="radio"/> 2	<input type="radio"/> 3	<input type="radio"/> 4	<input type="radio"/> 5

APPENDIX (b)

Summary of literature review

NO	REFERENCE	OBJECTIVE	METHODOLOGY	DEPENDENT	INDEPENDENT	FINDING
1.	Md-Taib, Ramayah, & Abdul Razak (2008)	To examine the acceptance level of a new Islamic home financing concept, diminishing partnership (DP), by consumers in Malaysia using the theory of reasoned action as the guiding principle.	Cross sectional data were collected through a survey and analyzed by means of factor analysis, correlation and regression analysis	Intention	1. Attitude 2. Subjective norm	Positive attitude or degree of favorableness towards the DP concept and religious and social influences are jointly responsible in determining the intention to engage in DP though the former commands greater influence.
2.	Lada, Tanakinjal, & Amin (2009)	To test the applicability of the theory of reasoned action (TRA) in predicting the intention to choose <i>halal</i> product among Malaysian consumers.	A structured questionnaire used to elicit responses from consumers using a convenience sampling technique. A total of 458 responses were received.	Intention	1. Attitude 2. Subjective norm	Attitude and Subjective norm were found to be positively related to the intention, with subjective norm being the more influential predictor.
3.	Alam & Sayuti (2011)	Ajzen's Theory of Planned Behavior is used as a theoretical framework with the aim of extending prior research examining <i>halal</i> food purchasing behavior in Malaysia.	Data are collected through self-administrated questionnaires. This paper uses multiple regression analysis to identify the factors affecting <i>halal</i> food purchasing behavior of Malaysian consumers.	Intention	1. Attitude 2. Subjective norm 3. Perceived behavioral control	The multiple regressions indicate that all the factors have positive and significant influence on <i>halal</i> food purchasing intention.
4.	Abdul Razak & Abduh (2012)	This study aims to examine customers'	This study gauges customers' perception on the salient features of	Intention	1. Attitude 2. Subjective norm	The result from structural equation modeling shows that customers'

		attitude upon diminishing partnership home financing and their intention to subscribe into the financing scheme	diminishing partnership home financing from Islamic banks through a survey of 504 respondents.			intention for diminishing partnership is more influenced by their subjective norm compared to their attitude toward diminishing partnership home financing.
5.	Amin, Abdul-Rahman, & Abdul-Razak (2013)	To investigate the effects of subjective norm, relative advantage, simplicity, compatibility and perceived behavioral control on the Islamic home financing adoption. It also examines the effects of subjective norm, relative advantage, simplicity and compatibility on attitude. Analyses of attitude as a mediating factor are also provided.	Survey data from 237 usable questionnaires are employed to test the hypothesized relationship. The proposed hypothesized relationships are examined using partial least square (PLS). PLS also extended to analyze attitude as a potential mediator. Baron and Kenny's (1996) procedure is used to evaluate the role of attitude as a potential mediating factor.	Islamic home financing adoption	<ol style="list-style-type: none"> 1. Attitude 2. Subjective norm 3. Perceived behavioral control 4. Relative advantage 5. Compatibility 6. Simplicity 	This study discovers an integrative approach that is valid in the case of Islamic home financing. The paper's results, however, have not supported the effect of compatibility on attitude towards Islamic home financing preference and it is also reported that attitude does not mediate for the relationship between compatibility and the Islamic home financing adoption.
6.	Amin (2008)	To investigate the choice of criteria for Islamic home financing in Malaysian Islamic banks. This study was established a specific rank of choice criteria for Islamic home financing.	Used a quantitative study similar to what was employed by previous researchers. Primary data collected by self-administered questionnaires involving a sample of 150 Malaysian bank customers in Labuan, Malaysia. Data were analyzed using frequencies, independent samples <i>t</i> -test and ANOVA	Choice criteria of Islamic home financing	<ol style="list-style-type: none"> 1. Choice criteria for home loans 2. Choice criteria for banking 	The result suggest that " <i>Shariah</i> principle", "lower monthly payment", "transparency practice", interest-free practice", and "100 per cent financing" are the first five decision criteria considered as being very important. The least criteria are "recommendation", "longer financing period", "product range" and "branch location"

7.	Teo & Pok (2003)	To identify the attitudinal, social and perceived behavioral control factors that would influence the adoption of internet banking.	Online questionnaire was designed on the World Wide Web (WWW). Respondents participated through extensive personalized e-mail invitations as well as postings to newsgroup and hyperlinks from selected web sites.	Intention to adopt internet banking	1. Attitudinal 2. Social 3. Perceived behavioral control	The result revealed that attitudinal and perceived behavioral control factors rather than social influence, play a significant role in influencing the intention to adopt internet banking
8.	Shih & Fang (2004)	To understand how an individual's belief, embracing attitude, subjective norm and perceived behavioral control can influence intention.	Two version model of TPB – use and decomposed - are examined and compared to the TRA. Data are collected from 425 respondents and structural equation modeling is used to analyze the responses.	Intention	1. TRA (attitude, subjective norm) 2. TPB (attitude, subjective norm and perceived behavioral control)	Result generally support TRA and TPB and provide a good fit to the data.
9.	Gumussoy & Calisir (2009)	The study aims to understand factors affecting e-reverse auction usage in companies by integrating three important theories.	Used LISREL 8.54, data collected from 156 employees working in the procurement department of companies in 40 different countries was used to test the proposed research model.	Intention	1. Perceived behavioral control 2. Subjective norm 3. Perceived usefulness 4. Perceived ease of use 5. Compatibility	Result indicated that 76% of employees' intention to use e-reverse auction is explained by subjective norm, perceived behavioral control and perceived usefulness. Among them subjective norm have the strongest effect.
10.	Davis, Bagozzi, & Warshaw (1989)	This research addresses the ability to predict peoples' computer acceptance from a measure of their intention, and the ability to explain their intention in terms of	It is used longitudinal study of 107 users, intention to use a specific system, measured after a one-hour introduction to the system, were correlated 0.35 with system use 14 weeks later.	Intention	1. Attitude 2. Subjective norm 3. Perceived usefulness 4. Perceived ease of use 5. Related variables	Perceived usefulness is strongly influenced peoples' intention explaining more than half of the variance in intentions at the end of 14 weeks. Perceived ease of use had small but significant effects on intention. Attitude only partially mediated

		attitude, subjective norm, perceived usefulness, perceived ease of use, and related variables.				the effects of these beliefs on intention. Subjective norm had no effect on intention.
11.	Kolodinsky, Hogarth, & Hilgert (2004)	This study explores factors that affect the adoption or intention to adopt three e-banking technologies and changes in these factors over time.	Used a Federal Reserve Board commissioned data set.	Adoption or Intention	<ol style="list-style-type: none"> 1. Relative advantage 2. Complexity/simplicity 3. Compatibility 4. Observability 5. Risk tolerance 6. Product involvement 	This study found that relative advantage, complexity/simplicity, compatibility, observability, risk tolerance and product involvement are associated with adoption.
12.	Püschel, Mazzon, & Hernandez (2010)	To propose an integrated framework to investigate the adoption intention of mobile banking technology and to test it in Brazilian context.	A total of 666 respondents from the most economically developed cities in Brazil were surveyed. The sample comprised 333 mobile banking users and 333 mobile banking non-users. Partial least squares was used to analyze the proposed framework's construct relations.	Intention to adopt using mobile banking	<ol style="list-style-type: none"> 1. Attitude 2. Self-efficacy 3. Compatibility 4. Perceived behavioral control 5. Result demonstrability 6. Technology facilitation Resource facilitation 7. Perceived ease of use 8. Image 9. Subjective norm 10. Testability 11. Relative advantage 12. Visibility 	For non-users, the framework was able to explain approximately 69 percent of the dependent variable variation, which is figure higher than those obtained in previous study. For the current users of mobile banking, only 27 percent of the dependent variable variation was explained by framework. In this study, relative advantage has significant relationship on adoption.
13.	Liu & Li (2010)	To investigate the diffusion process of mobile internet use (MIU) in China and to explore the determinants driving MIU	A survey was conducted to collect data to empirically assess the research model. A total of 736 usable responses were collected using a questionnaire derived from	Mobile internet use	<ol style="list-style-type: none"> 1. Relative advantage 2. Complexity/simplicity 3. Compatibility 4. Observability 5. Use context 6. Perceived enjoyment 	The results have found that perceived enjoyment to be the most influential motivator. Perceived complexity/simplicity, and perceived compatibility are

			previous research. Both the structural equation model and partial least square were used.			significant on the use of the mobile internet
14.	Hernandez & Mazzon (2007)	To investigate adoption of new technologies and tests this method by looking into the determination of internet banking adoption in Brazil	A total of 600 respondents living in one of the biggest cities in Brazil were sampled for interviewing; 300 were internet bank users, 150 were internet but not internet bank users, and 150 were neither internet not internet bank users.	Internet banking adoption	<ol style="list-style-type: none"> 1. Relative advantage of control 2. Compatibility with lifestyle 3. Image 4. Subjective norm 5. Self-efficacy 6. Relative advantage of security and privacy 7. Results demonstrability 8. Trialability 	The main effects of eight variables proved significant to the internet banking adoption.
15.	Notani (1998)	To assess the robustness of the theory and delineate conditions that moderate support for the theory.	Used a matrix of aggregated effect sizes, a causal model was estimated to assess the significance of the casual relations specified in the theory.	Behavioral intention	<ol style="list-style-type: none"> 1. Attitude 2. Subjective norms 3. Perceived behavioral control 	The results show that perceived behavioral control is a stronger predictor of behavior when it is operationalized as a global measure; is conceptualized to reflect control over factors primarily internal to an individual; is used for nonstudent samples and familiar behaviors. Perceived behavioral control also found to be a stronger predictor of behavioral intention.
16.	Gopi & Ramayah (2007)	To identify factors that influence the intention to use internet stock trading among investor in Malaysia	A structured questionnaire was used to collect data from investors who are aware of internet stock trading in Malaysia. Out of 300 questionnaire only 144 were usable	Behavioral intention	<ol style="list-style-type: none"> 1. Attitude 2. Subjective norm 3. Perceived behavioral control 	Findings show that attitude, subjective norm and perceived behavioral control has a direct positive relationship towards behavioral intention to use internet stock trading.

APPENDIX (c)

FREQUENCY ANALYSIS

Statistics

		GENDER	AGE	STATUS	EDUCATION	OCCUPATION
N	Valid	120	120	120	120	120
	Missing	0	0	0	0	0

GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	73	60.8	60.8	60.8
	Female	47	39.2	39.2	100.0
Total		120	100.0	100.0	

AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30	68	56.7	56.7	56.7
	31-40	30	25.0	25.0	81.7
	41-50	18	15.0	15.0	96.7
	>50	4	3.3	3.3	100.0
	Total	120	100.0	100.0	

STATUS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	60	50.0	50.0	50.0
	Married	60	50.0	50.0	100.0
Total		120	100.0	100.0	

EDUCATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary school	5	4.2	4.2	4.2
	Diploma	16	13.3	13.3	17.5
	Bachelor degree	82	68.3	68.3	85.8
	Master degree	17	14.2	14.2	100.0
	Total	120	100.0	100.0	

OCCUPATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Professional	89	74.2	74.2	74.2
	Non-professional	16	13.3	13.3	87.5
	Self-employed	15	12.5	12.5	100.0
	Total	120	100.0	100.0	

RELIABILITY ANALYSIS

Reliability Statistics

(ATTITUDE)

Cronbach's	
Alpha	N of Items
.870	5

Reliability Statistics

(SUBJECTIVE NORM)

Cronbach's	
Alpha	N of Items
.783	5

Reliability Statistics

(PERCEIVED BEHAVIORAL)

Cronbach's	
Alpha	N of Items
.871	5

**Reliability Statistics
(RELATIVE ADVANTANGE)**

Cronbach's Alpha	N of Items
.679	5

**Reliability Statistics
(COMPATIBILITY)**

Cronbach's Alpha	N of Items
.830	5

**Reliability Statistics
(SIMPLICITY)**

Cronbach's Alpha	N of Items
.827	5

Reliability Statistics (IHFA)

Cronbach's Alpha	N of Items
.933	5

DESCRIPTIVE ANALYSIS

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ATT	120	3.40	5.00	4.5850	.47609
SN	120	3.60	5.00	4.4817	.36805
PBC	120	2.60	5.00	3.9817	.54941
RA	120	3.00	5.00	4.1967	.40500
CP	120	3.00	5.00	4.3983	.42565
SPT	120	3.20	5.00	4.3200	.58634
IHFA	120	3.60	5.00	4.6617	.43756
Valid N (listwise)	120				

CORRELATION ANALYSIS

Correlations

		ATT	SN	PBC	RA	CP	SPT	IHFA
ATT	Pearson Correlation	1	.441**	.534**	.456**	.259**	.571**	.401**
	Sig. (2-tailed)		.000	.000	.000	.004	.000	.000
	N	120	120	120	120	120	120	120
SN	Pearson Correlation	.441**	1	.234*	.320**	.348**	.381**	.338**
	Sig. (2-tailed)	.000		.010	.000	.000	.000	.000
	N	120	120	120	120	120	120	120
PBC	Pearson Correlation	.534**	.234*	1	.568**	.328**	.474**	.105
	Sig. (2-tailed)	.000	.010		.000	.000	.000	.252
	N	120	120	120	120	120	120	120
RA	Pearson Correlation	.456**	.320**	.568**	1	.460**	.474**	.379**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	120	120	120	120	120	120	120
CP	Pearson Correlation	.259**	.348**	.328**	.460**	1	.451**	.123
	Sig. (2-tailed)	.004	.000	.000	.000		.000	.180
	N	120	120	120	120	120	120	120
SPT	Pearson Correlation	.571**	.381**	.474**	.474**	.451**	1	.382**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	120	120	120	120	120	120	120
IHFA	Pearson Correlation	.401**	.338**	.105	.379**	.123	.382**	1
	Sig. (2-tailed)	.000	.000	.252	.000	.180	.000	
	N	120	120	120	120	120	120	120

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

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

MULTIPLE REGRESSIONS

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.571 ^a	.326	.291	.36853

a. Predictors: (Constant), SPT, SN, PBC, CP, RA, ATT

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.437	6	1.239	9.127	.000 ^b
	Residual	15.347	113	.136		
	Total	22.784	119			

a. Dependent Variable: IHFA

b. Predictors: (Constant), SPT, SN, PBC, CP, RA, ATT

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.148	.505		4.252	.000
	ATT	.229	.098	.249	2.330	.022
	SN	.184	.107	.154	1.713	.090
	PBC	-.263	.082	-.330	-3.217	.002
	RA	.394	.111	.365	3.538	.001
	CP	-.166	.096	-.162	-1.729	.086
	SPT	.177	.078	.238	2.277	.025

a. Dependent Variable: IHFA