



**FACTORS THAT INFLUENCE DEMAND FOR ISLAMIC
HOUSING LOAN IN KOTA BHARU, KELANTAN**

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ABSTRACT

This research is conducted to study the factor that influences the demand for Islamic housing loan in Kota Bharu. The main objective of this research is to determine whether the three independent variables that have taken as measurements that are shariah compliant, convenient and attitude being influenced or not towards the dependent variable that is demand for Islamic housing loan in Kota Bharu. The study uses primary data as sources and all data used are from questionnaires with 50 respondents. The results using multiple regression analysis show that there is positive relationship between shariah compliant, convenient and attitude with demand for Islamic housing loan. However, T-statistic results shown there are all independent variables that have significant relationship with demand for Islamic housing loan variable that are shariah compliant, convenient and attitude. This study found that shariah compliant is the most influential variables towards the demand for Islamic housing loan in Kota Bharu.

CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF THE STUDY

Modern banking operations are primarily based on interest. The operation involves mainly receiving and lending money on interest which is strictly prohibited in Islam. This prohibition has created an opportunity for interest free financial products to be introduced to fill the demand from consumers who are conscious about involving themselves in interest or riba. This study considers Islamic banking in Kota Bharu. The year 1983 is the Malaysia entry into the Islamic banking industry and over the past 20 years it has succeeded in developing Islamic financial market. Islamic bank in Malaysia offer a wide range of products such as insurance, mortgages, investment instruments and large scale project financing.

On the small scale of Islamic banking activities, Malaysian bank customers are offered a various number of shariah retail products. Only few people are afford to purchase a house in Malaysian on cash, or they have to go to a bank for a financing facility. In a view of financing facility, Islamic housing loan offers financial assistance to Malaysian bank customers when to buying their dream house. The Islamic product will provide an option as alternative on interest rate based for a Malaysian bank customer to choose

the best financing package for their dream house. So, this study will be focused on the Islamic housing loan by the Malaysian.

1.1 PROBLEM STATEMENT

Buying a house is a major investment decision that is made out of necessity. Nowadays, people have realized that shariah compliant is the counterpart of the former transaction. It's based on the Religion of Islam. Many countries all over the world have introduced the Islamic financing into their financial system such as United Kingdom and Thailand. Before the establishment of Bank Islam Malaysia Berhad (BIMB) in 1983, Malaysian Muslims had no choice but to engage in a conventional housing loan which is based on debt. The increase in Muslim populations and awareness of Islamic values has led to greater demand for Islamic bank interest free products.

People are more aware about the existence of Islamic housing loan which is based on the Islam so that the demand of Islamic products is increase. Some studies argued that religion plays a significant role in shaping individual and societal attitudes and behaviors. It is also argued that religion is highly personal in nature. Religiosity is important so that can influence an individual cognitively and behaviorally. The awareness among Muslim is keep increasing towards the uses of Islamic products. The highly religious person will follow the religious schemes and thus will integrate the religion on their life. So, the research is done to measure whether the convenient, attitudes and shariah compliant are influence the demand for Islamic housing loan in Kota Bharu.

PART 1: DEMOGRAPHIC

Please tick (/) for your answer below

1. Gender

- Male
 Female

2. Race

- Malay
 Chinese
 India
 Others

3. Age

- 20-29 years old
 30-39 years old
 40-49 years old
 50-59 years old

4. Marital Status

- Single
 Married
 Others

5. Education Level

- Master
 Degree
 Diploma/STPM
 SPM

6. Profession

- Government Sector
 Private Sector
 Business
 Others

7. Monthly Gross Income

- RM 2000 – RM 2999
 RM 3000 – RM 3999
 RM 4000 – RM 4999
 RM 5000 – RM 5999
 RM 6000 – RM 6999
 Above RM 7000