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BANKING**

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITY TEKNOLOGI MARA

SEGAMAT, JOHOR

**FACTORS INFLUENCING INTENTION TO USE DIMINISHING
PARTNERSHIP HOME FINANCING**

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19 JANUARY 2015

ACKNOWLEDGEMENT

In the name of Allah (S.W.T), the Most Compassionate, the Most Merciful, praise to Him; peace and blessing of Allah be upon His Messenger, the Prophet Muhammad (S.A.W), the last of the Prophet. There are several kind-hearted individuals who have helped me to complete my research proposal. First, I would like to take this opportunity to express my special gratitude to my advisors, sir Husnizam Hosin and Dr Faridah Najuna for their comments, wise advice, guidance, help and encouragement in the preparation of this project.

I also owe my thanks to my mates, lecturers and administrative staff of UiTM Johor who supported me in various ways in writing this report.

Last but not least, my thanks and appreciations also go to people who have willingly helped me out with their abilities. What is true and right are from Allah (S.W.T); while the mistakes and errors are entirely mine. For He is the source of knowledge. He knows best what is right and wrong. All gratitude and praise be only Him.

Thank you very much.

ABSTRACT

Diminishing partnership or *Musharakah Mutanaqisah* is the combination of the concepts of joint ownership and leasing. For example, in the context of home financing; first of all, the customer will enters into a partnership under the concept of joint ownership (*Shirkah al-Milk*) agreement with the bank. Then, the bank will leases the house to the customer under the concept of leasing (*al-Ijarah*). Diminishing partnership or *Musharakah Mutanaqisah* is the new concept introduced by Islamic banking industry for home financing contract as an alternative of the deferred payment sale (*Bai' Bithaman Ajil*) contract since *Bai' Bithaman Ajil* arises many arguments by *shariah* scholars on how it's contract looks so much like conventional loan and seen as back door *riba*. This study attempts 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. Data for this study were collected by means of a self administered survey conducted on 100 post graduate students from Universiti Sains Malaysia (USM). Methodology used for this study is by using cross sectional data that were collected through a survey and analyzed by means of factor analysis, correlation and regression analysis.

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