

**COMPARISON ON FACTORS AFFECTING ISLAMIC AND
CONVENTIONAL HOME FINANCING IN MALAYSIA**

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ABSTRACT

The purpose of this study is to compare the factors that influence the home financing between Islamic and conventional banks. Besides, this study also determines whether independent variables such as gross domestic price, housing price, interest rate, and stock price negatively or positively affect the home financing and whether the model significantly explain the change home financing in Malaysia.

This research is conducted by gathering all the data of the variables from BNM statistical bulletin and Data Stream from 2007 to 2016 quarterly. After that, all the data that have been collected will be converted into data form and process by using Microsoft Excel and EViews to obtain the useful result. Data will be analysed in term of normality test, autocorrelation test, heteroscedasticity test, ramsey's RESET test, and unit root test.

At the end, it can be concluded that for Islamic home financing, there is only one variable which stock price that is not significant to the dependent variable while for conventional, all the independent variables are significant to the dependent variables. As for both, Islamic and conventional home financing, it is concluded that only interest rate have a negative relationship with home financing in Malaysia at the point where the increase in interest rate will increase the housing loan in Malaysia.