



# Factors influencing intention to use diminishing partnership home financing

Diminishing partnership home financing

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## Abstract

**Purpose** – The purpose of this study is 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.

**Design/methodology/approach** – Cross sectional data were collected through a survey and analysed by means of factor analysis, correlation and regression analysis.

**Findings** – Positive attitude or degree of favorableness towards the DP concept and religious and social influence are jointly responsible in determining the intention to engage in DP though the former commands greater influence.

**Research limitations/implications** – The use of convenience sampling and postgraduate students may not sufficiently capture the variations that could potentially exist in the market.

**Practical implications** – Introducing a leading Islamic finance product requires more than just a mere Shariah Board approval as customers are far more critical than has often been assumed. Demand for the home diminishing product has clearly been substantiated. It is a challenge for bankers to devise products that use the spirit of the concept very closely without compromising its salient features. Marketing strategies to consumers with different religious backgrounds have also been identified.

**Originality/value** – This study examines customers' acceptance level of a new Islamic home financing concept among multi ethnic/religion consumers with growing interest and consciousness about Islamic financial products.

**Keywords** Consumer behaviour, Islam, Finance, Personal finance, Banking, Malaysia

**Paper type** Research paper

## Introduction

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 large vacuum of demand from consumers who are conscious about involving themselves in interest or *riba*. In Malaysia alone, as of June 2006, about 50 percent of total residential property financing is funded through one of the “interest free” financial products (Bank Negara Malaysia, Key Statistics, 2006). Over the last five

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years the assets for Islamic banking have grown at an average rate of 18 percent. The evidence thus far has pointed toward a growing demand and confidence in Islamic banking and “interest free” financial products.

*Bai Bithaman Ajil* (BBA) is the most predominant concept of home financing in Malaysia. This concept treats each financing as a deferred installment sale. The bank capitalizes its profit up front in the sale of the property to the customer who in turn is required to pay a fixed sum payment until the tenure ends. It is similar to debt financing which resulted in high cost and poses a burden to one family’s budget. The BBA practiced in Malaysia is perceived not to be in compliance with the *Shariah* principle as the bank does not take the risk of ownership and liability on the property (Rosly, 2005) and thus it is not acceptable to international scholars. In addition to the non-*Shariah* compliance issue, BBA has drawn many criticisms on its pricing of the home financing notably its dependence on interest rates as a benchmark. A deferred installment sale inevitably locks itself in a fixed interest rate over the duration of the loan. When interest rate is low, the financing amount under BBA will be more expensive than that of the conventional loan. This will unnecessarily create feeling of injustice among consumers and provide incentives for some customers to switch facilities to conventional loans. Consequently, when the interest rate is higher than BBA profit rate, Islamic banks suffer losses as they cannot increase the BBA profit rate due to its fixed selling price.

Recent development in the field has brought a new home financing concept to the fore. Diminishing partnership (DP), overcomes the main criticism of BBA by forcing banks to take the risk of ownership and progressively pass the ownership to consumers. The new concept would also indirectly overcome the concern about utilizing interest rates as a benchmark by replacing it with rental income. Since the concept is new and could potentially affect the shares of home financing market, it is of significance to examine the acceptance level of the DP among multi ethnic consumers in an Islamic conscious but growing demand market such as Malaysia.

The immediate section reviews all the relevant literature before a research methodology is prescribed. This is followed by findings and a discussion of the study before a conclusion is offered.

### **Islamic banking and finance: Shariah, BBA and DP**

Islamic law (*Shariah*) of commercial transaction is fundamentally rooted on the premise of total eradication of *riba* (usury) and *gharar* (uncertainty). It balances the moral and material needs of a society to achieve socio-economic justice. The very objective of the *Shariah* is “to promote the welfare of the people, which lies in safeguarding the faith, life, intellect, posterity and property” (Al-Ghazzali, 1937). The primary goal of Islamic economics is equal distribution. Islam views that inequity is created by mass exploitation of resources to obtain maximum profit. Principles of Islamic commercial transaction are nurtured to check exploitation, inequities and the creation of economic imbalances in society by means of various concepts and principles to eradicate unjust enrichment. Central to the Islamic concept is justice. All transactions, whether they are judicial, political or private, etc. are subject to this concept (*Quran*, Al-Hijr: 85).

Islamic economic principles share risks and rewards in wealth creation via equity rather than debt. It promotes entrepreneurship and creativity in the economic cycle. In the Islamic economic model, each individual is involved in the economic activity.

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This differs from modern capitalism where profit maximization is the sole motive and the bank is broadly content with earning interest on the loan regardless of the social and financial implications of the business. In addition, the orientation of modern capitalism does not include God and society as its integral part of acquiring wealth. As such, it does not have any restriction in the way wealth is obtained. The different approaches in the world view between Islam and modern capitalism is reflected in the practice of Islamic banking and finance of which the salient feature is the prohibition of *riba* and *gharar*.

The concept of financing in Islam differs with that of conventional financing. Loans are the main mode of financing under conventional financing using interest as a time factor for borrowed money. The *Quranic* injunction prohibits financial activities that have interest element and/or has no genuine nexus to trading activities under the *Shariah* law. This implies that money in itself has no intrinsic value and can only serve as a medium of exchange. Hence, money cannot be traded as a commodity in Islam. This differs from conventional financing where money is treated as a commodity and loans are lent out with interest as its pricing mechanism. Trading “money with money” is tantamount to *riba* which is strictly prohibited in Islam. *Riba* literally means an increase, addition, expansion or growth (Al-Zubaydi, 1306). In *Shariah*, *riba* technically refers to the “premium” that must be paid by the borrower to the lender with the principal amount as a condition for the loan or for an extension in its maturity. Ibn Manzur specifies that “what is prohibited is the extra amount, benefit or advantage received on any loan.”

BBA is among the earliest attempts in Islamic home financing products. It is by far the most predominant and widely used concept by financial institutions in Malaysia. Its concept is based on deferred installment sale whereby the banks purchase the house and later sell it to the consumer at cost plus margin. Consumers will pay the cost of the house in installments similar to the approach undertaken by the conventional loans. Critics of this concept have accused that the concept is not *Shariah* compliant as banks do not take the risk of ownership and liability of the property. Besides, the reliance on interest rate as a benchmark when determining the margin to be charged defeats the “interest free” concept.

DP or the *Musyarakah Mutanakisah* concept was introduced to overcome the main criticisms of BBA. The DP model is based on the highly successful Islamic Cooperative Housing Corporation in Toronto, Canada, established in 1981 out of necessity to avoid the Muslim community from engaging in *riba*. It is based on an equity model different from the traditional debt-based mortgage. DP focuses on joint purchase of property between customers and banks. There are three portions to the contract. First, the customer enters into a partnership (*musharakah*) under the concept of “Shirkat-al-Milik” (joint ownership) agreement with the bank. Customer pays, for example, 10 percent as the initial share to co-own the house whilst the bank provides for the balance of 90 percent. Second, the bank leases its share (90 percent) in the house ownership to the customer under the concept of *ijarah*, i.e. by charging rent; and the customer agrees to pay the rental to the bank for using its share of the property. The periodic rental amounts will be jointly shared between the customer and the bank according to the percentage share holding at the particular time. Thirdly, the customer redeems the financier’s 90 percent portion through the purchase of share until the house is fully owned by the customer. The bank takes ownership and assumes

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responsibility of the property until the financing amount is fully settled and the customer takes possession of the property.

The DP concept is *Shariah* compliant as it promotes the true spirit of Islamic banking by promoting the welfare of the people and takes care of the well being of society (Ahmad, 2000; Siddiqui, 2001; Rosly and Bakar, 2003). Since the DP rests on profit and loss sharing and not on debt as in BBA, DP is seen as not causing hardship and harm to customers. The bank takes ownership and assumes responsibility of the property until the financing amount is fully settled and the customer takes possession of the property. This addresses the principle that should be observed in Islamic sale transaction; the seller must have possession of the goods and takes liability of it before it is sold to the buyer. The concept also handles the issue over fixed interest or pre-determined profits that have been heavily criticized under BBA.

Since DP is a new concept designed to overcome previous weaknesses inherent in BBA, it is of interest to see if the concept is well received by customers, particularly in a multi-ethnic country with growing interest and conscious on Islamic financial products. The theory of reasoned action (TRA Ramayah and Norazah, 2005) as pioneered by Fishbein and Ajzen (1975) is used to explain the intention to use DP in home financing.

### **Applying TRA to using DP home financing**

Fishbein and Ajzen (1975) introduced the TRA in an attempt to establish a relationship among beliefs, attitudes, intentions, and behavior. It is a widely studied model from social psychology, which is concerned with the determinants of consciously intended behaviors (Fishbein and Ajzen, 1975; Ajzen and Fishbein, 1980). In TRA, two unique factors that contribute to intended behavior or behavioral intention are determined by attitude towards the behavior and subjective norm. According to Ajzen and Fishbein (1980), in order to gain deeper understanding of the factors influencing behavior, it is required to look into beliefs that individuals hold about themselves and their environment. Therefore, beliefs are viewed as underlying a person's attitude and subjective norm, and ultimately determine the intention and behavior.

Ajzen and Fishbein (1980) defined attitude as an index of the degree to which a person likes or dislikes an object and a person's attitude toward a behavior is determined by the set of salient beliefs he holds about performing the behavior. In order to predict attitude from beliefs, there are four steps as suggested by Ajzen and Fishbein (1980). First we have to elicit a subject's salient beliefs then we need to measure how a subject evaluates the outcome of each salient belief. Third, we measure the belief strength by asking a subject to indicate the likelihood that performing a behavior will result in a given outcome and lastly, to get the outcome by multiplying the product of each outcome evaluation by the corresponding beliefs strength to predict a subject's attitude.

Subjective norm is a function of normative beliefs. Subjective norm is defined as a person's perception that most people who are important to him or her think that he or she should or should not perform the behavior and his or her motivation to comply with the specific referents (Ajzen and Fishbein, 1980). A subject's attitude can be predicted by multiplying the product of each normative belief by the subject's corresponding motivation to comply (Figure 1).

The research model was derived from the Fishbein and Ajzen (1975) model of TRA and is shown in Figure 2.

**Hypotheses development**

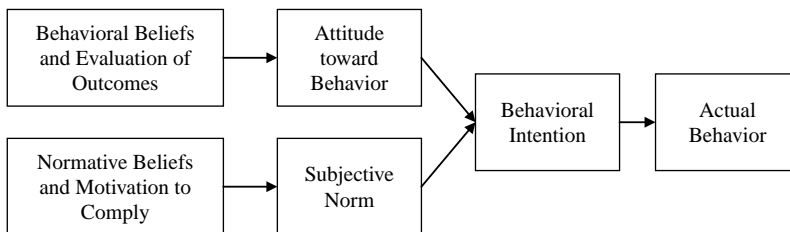
TRA has been applied in many buying behavior research and intention to buy products (Tarkiainen and Sundqvist, 2005; Rhodes and Courneya, 2003).

*Attitude*

Attitude has long been identified as a construct that guides future behavior or the cause of intention that ultimately leads to a particular behavior. In TRA, attitude is referred to as the evaluative effect of positive or negative feeling of individuals in performing a particular behavior (Fishbein and Ajzen, 1975). The more recent definition of attitude is the degree of favorableness and unfavorableness of an individuals feeling towards a psychological object (Ajzen and Fishbein, 2000). Many studies have shown the significant effect of attitude towards intention (Davis *et al.*, 1989; Mathieson, 1991; Taylor and Todd, 1995; Lu *et al.*, 2003; Shih and Fang, 2004; Rhodes and Courneya, 2003; Ramayah *et al.*, 2003, 2004, 2005; Teo and Pok, 2003; Yulihastri, 2004; Ing-Long and Jian-Liang, 2005; May, 2005; Ramayah and Mohd. Suki, 2006). In a recent study, on internet stock trading in Malaysia, Gopi and Ramayah (2007) found that attitude had a direct positive impact on intention to use an online trading system. Similarly, in this study it is expected that the intention to use DP home financing is influenced by one’s attitude.

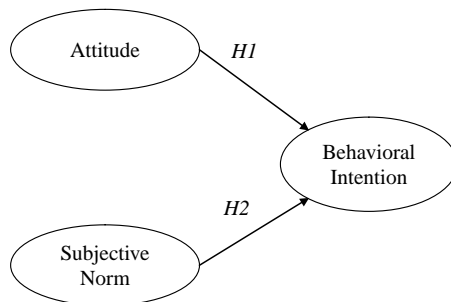
Hence, the proposed hypothesis is:

- H1. The more positive the attitude towards DP, the greater is the intention to use the DP.



Sources: Fishbein and Ajzen (1975); Ajzen and Fishbein (1980)

**Figure 1.**  
Theory of reasoned action (TRA)



**Figure 2.**  
Research model

*Subjective norm*

Subjective norm is an original construct from TRA that deals with the influence of social environment or social pressure on the individuals and thus on behavioral intention (Fishbein and Ajzen, 1975). Subjective norm is defined as the individual's perception of the likelihood that the potential referent group or individuals approve or disapprove of performing the given behavior (Fishbein and Ajzen, 1975; Ajzen, 1991). Subjective norm is shown as a direct determinant of behavioral intention in TRA (Fishbein and Ajzen, 1975), TPB (Ajzen, 1991) and DTPB (Taylor and Todd, 1995). The rationale to this, 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).

Studies have shown mixed result regarding subjective norm as a predictor of intention. Some have shown no significant relationship between subjective norm and intention (Davis *et al.*, 1989; Mathieson, 1991; Chau and Hu, 2001; Lewis *et al.*, 2003) and some studies have shown significant relationship between subjective norm and intention (Taylor and Todd, 1995; Venkatesh and Davis, 2000; Teo and Pok, 2003; Chan and Lu, 2004; May, 2005; Jen-Ruei *et al.*, 2006). Again in many studies conducted in Malaysia (Ramayah *et al.*, 2003, 2004; Yulihastri, 2004; Gopi and Ramayah, 2007) it has been shown that subjective norm is an important predictor of intention to use in the Malaysian context. Hence, the next hypothesis is proposed is:

H2. The stronger the subjective norm, the greater is the intention to use DP.

**Research methodology***Sample, procedure, and instruments*

Data for this study were collected by means of a self administered survey conducted on 300 post graduate students from three public universities in Klang valley namely the International Islamic University Malaysia (IIUM,  $n = 140$ ), Universiti Teknologi MARA (UiTM,  $n = 90$ ) and Universiti Putra Malaysia (UPM,  $n = 70$ ). Post graduate students from these universities were chosen using a purposive sampling technique to represent the existing and potential house owners in this country as there is no official population frame to represent all present and potential house buyers. Post graduate students are also chosen due to their maturity, working experience and thus able to make decision needed for this study. Since this study is about home financing, post graduate students are potential buyers with good purchasing power. According to Singhapakdi *et al.* (1996), students are considered a valid sample for exploratory study and when items in the questionnaires are pertinent to the respondents who answer. The instruments to measure the study variables were derived from published literatures. The structure of the questionnaire was adapted from the sample standard questions of Fishbein and Ajzen (1975) used by Ramayah *et al.* (2003), Yuserrie *et al.* (2004) and Gopi and Ramayah (2007) in the Malaysian context.

A pilot study was carried out to test understanding of the questionnaires that were used and record the time taken for the respondents to answer the questions. This was carried out on 30 post graduate students from the IIUM. In addition, the questionnaires were also given to three *Shariah* scholars and five lecturers to go through to ensure that the concepts used are clear and relevant for Islamic financing.



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## Results

### *Profile of respondents*

A total of 320 respondents participated in the survey, however only 300 questionnaires 94 percent were useable. The remaining 20 questionnaires that were not fully completed were excluded from the analysis.

The respondents' distribution by universities indicated that 47 percent were from the IUM, 30 percent from UiTM and 23 percent from UPM. The distribution by program study comprise post graduate students pursuing business, finance and economics at Masters level 88 percent and PhD level 12 percent. As for home financing status, 41 percent had already owned a house whilst 59 percent do not have a house yet. About 94 percent of those who do not own a house yet indicated that they intend to buy a house within the next 20 years. Thus, in total 290 respondents or 97 percent of the respondents have either owned a house or plan to buy one. Table I provides the profile of the respondents.

### *Goodness of measures*

To assess the goodness of measure of the instrument used in this study we undertook the factor analysis to assess validity and the inter-item consistency measure of Cronbach  $\alpha$  was used to assess the reliability.

A factor analysis with varimax rotation was carried out to validate whether the respondents perceived the two constructs of attitude and subjective norm to be distinct. The results showed a two-factor solution and the total variance explained was 76.05 percent of the total variance. KMO measure of sampling adequacy was 0.91 indicating sufficient intercorrelations. Kaiser and Rice (1974) suggest that if a KMO measures 0.90+, then sample adequacy is considered "marvelous" while the Bartlett's Test of Sphericity was significant ( $\chi^2 = 2,154.88, p < 0.01$ ). Table II shows the results of the factor analysis. These results confirm that each of these constructs is unidimensional and factorially distinct and that all items used to measure a particular construct loaded on a single factor.

Table III provides the mean, standard deviation and reliability coefficients for the study variables. The reliability values were all above the 0.7 value suggested by Nunnally (1978) as such we can conclude that the variables were reliable measures. The mean values ranged from 3.72 for subjective norm to 3.93 for intention to use with small standard deviation values of 0.64-0.86.

Table IV presents the inter-correlations of the main variable where we can see that there is predictive validity as both the attitude and subjective norm was significantly ( $p < 0.01$ ) correlated to the criterion which is intention to use. Discriminant validity was also established as the correlation between the independent variables is not perfectly correlated or not correlated at all where their correlation coefficients range between 0 and 1. Although the correlation value between attitude and subjective norm is high (0.720), this does not violate any of the regression assumptions notably multicollinearity. This is so as readings for VIF and condition index are 2.078 and 18.824, respectively, way below the threshold normally accorded.

### *Hypotheses testing*

To test the hypotheses generated a multiple regression analysis was used. The results are presented in Table V. The  $R^2$  was 0.771 indicating that 77.1 percent of the variation

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	Frequency	Percentage
<i>Gender</i>		
Male	164	54.7
Female	136	45.3
<i>Marital status</i>		
Single	158	52.7
Married	137	45.7
Divorced	5	1.6
<i>Age</i>		
Below 20	–	–
20-30	183	55.3
31-40	98	32.7
41 and above	36	12
<i>Race</i>		
Malay	163	61
Chinese	45	15
Indian	7	2.3
Others	65	21.7
<i>Religion</i>		
Islam	250	83.3
Buddha	41	13.7
Hindu	4	1.3
Christian	5	1.7
<i>Current qualification</i>		
Diploma	3	1
Degree	251	83.7
Master	46	15.3
<i>Working currently</i>		
Yes	188	62.7
No	112	37.3
<i>Working experience</i>		
< 1 year	63	21
1-5 years	87	29
6-10 years	74	24.7
11-20 years	69	23
> 20 years	7	2.3
<i>Monthly income</i>		
< 3,000	134	44.7
3,001-5,000	96	32
5,001-10,000	53	17.7
10,001-20,000	13	4.3
> 20,000	4	1.3
<i>Job designation</i>		
Officer	86	28.7
Manager	48	16
Senior manager and above	17	5.7
Lecturers	39	13
Others	110	36.6

**Table I.**  
Profile of respondents



Items	Attitude	Factor Subjective norm	Communalities
Engaging in DP home financing is equitable	0.794		0.775
Engaging in DP home financing equity method of computation is fair	0.845		0.832
Engaging DP home pricing is flexible	0.774		0.636
Engaging DP share ownership is rewarding	0.804		0.761
Engaging in DP joint ownership is beneficial	0.806		0.796
Engaging DP home financing is <i>Shariah</i> compliant	0.561		0.556
Most people whose opinion I value would approve of my engagement in DP home financing		0.846	0.798
Most people who are important to me think that I should engage in DP home financing		0.876	0.848
It is expected of me that I should engage in DP home financing		0.806	0.843
Eigenvalue	5.916	0.930	
Percentage of variance (76.06 percent)	65.73	10.33	

**Note:** One item from the attitude measure was dropped due to low correlation

**Table II.**  
Factor analysis results

Variable	Number of items	Cronbach $\alpha$	Mean	SD
Attitude	6	0.877	3.89	0.64
Subjective norms	3	0.899	3.72	0.78
Intention	3	0.955	3.93	0.86

**Table III.**  
Mean, SD and reliability  
of the main constructs

Variable	Attitude	Subjective norm	Intention
Attitude	1.000		
Subjective norm	0.720*	1.000	
Intention	0.744*	0.760*	1.000

**Note:** \* $p < 0.01$

**Table IV.**  
Intercorrelations  
of the main variables

Variable	Standardized $\beta$
Attitude	0.451**
Subjective norm	0.479**
$F$	479.73**
$R^2$	0.771
Adjusted $R^2$	0.769

**Notes:** \* $p < 0.05$ ; \*\* $p < 0.01$

**Table V.**  
Result of multiple  
regression analysis

in intention to use can be explained by the two independent variables and the  $F$ -value of 479.73 was significant at the 0.01 level. Attitude was positively ( $\beta = 0.451, p < 0.01$ ) related to intention to use and so was subjective norm ( $\beta = 0.479, p < 0.01$ ). Thus,  $H1$  and  $H2$  of this study are fully supported. A closer examination of the  $\beta$  values shows that in this context subjective norm was a more influential predictor of intention to use compared to attitude. This is expected as in a collectivistic culture like Malaysia the subjective norm or pressure is very important source of compliance.

### Discussion and conclusion

Results from the study confirm that positive attitude has influence over the intention to engage in DP. Similarly, subjective norm is also found to be positively related to the intention to engage in DP. Religious and social influence from the referent group has affected the intention to use DP. This finding is in agreement with many of the earlier Malaysian customers acceptance based studies (Ramayah *et al.*, 2003, 2004, 2005; Yulihastri, 2004; Ramayah and Mohd. Suki, 2006; Gopi and Ramayah, 2007). It is apparent that although attitude is an important determinant of intention to use DP, subjective norm remains as a better predictor as evidenced by its higher coefficient value. Since DP is an "interest free" financial product whose existence is heavily guided and validated by the *Shariah* law, obviously this has contributed to subjective norm being a better determinant than attitude. Opinions voiced by *Ulamak* (panel of chief priests) or *Shariah* board members; family members and peers influence an individual's intention to use DP. The results also demonstrate the importance of religious and social influence and or pressure to make a decision.

The findings have confirmed the acceptance of DP amongst Malaysian consumers. Having been exposed to mainly BBA as a choice for Islamic home financing, Malaysian consumers have also noted the inherent weaknesses in BBA. The Islamic debt-based home financing fares no better than the conventional home financing since they are both subjected to similar (if not the same) way of computing profit/income. For some who are more religiously inclined, the decision to use BBA may not be an option. Therefore, the introduction of DP is considered timely. Results from this study have substantiated the willingness of consumers to accept a new product that is not just better in *Shariah* compliance but could also potentially bring in significant savings to consumers. The acceptance of this concept is not restricted to just Muslims but also to consumers with different religious background. This is evidenced by half of the non-Muslim consumers with a high intention of engaging in DP.

To further understand the potential differences in view or behaviour by consumers with different religious backgrounds, we further partition the data into Muslim and non-Muslim consumers and re-run the same model. Results as displayed in Table VI suggest that the intention to use DP by Muslim consumers is equally driven by their attitude and subjective norms though the latter commands slightly more influence than the former. Conversely, non-Muslim consumers' intention of engaging in DP is heavily influenced by perceived social pressure although attitude is also an important predictor. It is interesting to note that non-Muslim consumers view DP differently from the Muslim consumers. Whilst it is undeniable that DP concept is economically and socially desirable, a pre-requisite to consumers' acceptance, the non-Muslim consumers' intention of engaging in DP is driven more by how their peers, families, and loved ones (referent groups) think they

should behave. This finding has a direct impact onto the marketing strategies for financial institutions when promoting DP to non-Muslim consumers. Similarly, slightly different marketing strategies (ones that focus more onto the salient features of DP and its compliance with *Shariah* law) need to be instituted for Muslim consumers. The findings also concur with many of the previous researches which suggests that religion can influence consumer attitude and behavior in general (Pettinger *et al.*, 2004; Bonne *et al.*, 2007). More importantly, this study has demonstrated that a mere approval of the *Shariah* Board is not sufficient to market the product(s) as Islamic finance leader(s) as normally assumed by many bankers. As this case has proven, consumers are far more critical on the structuring side of the products than discussed and assumed before.

### Conclusion

The main motivation for this paper stems from the emergence of a new concept in Islamic home financing that could overcome weaknesses inherent in a previous debt based concept of BBA. The new concept, DP, requires joint ownership and liability by both banks and owners; and uses rental income as a benchmark in determining the fair pricing. These salient features of DP have led to the concept being perceived as more *Shariah*-compliant than BBA, a debt-based financing. To put the concept into use (practice) would require a significant departure from banks' normal practice, i.e. of using interest rate as a means of fixing income or profit. However, the move is expected to be welcomed by consumers as it would reduce their financing costs significantly.

Given the importance of home financing and the potential of penetrating Islamic conscious market world wide, this study is set to examine factors that are likely to influence the intention to use the DP product by using TRA. Findings confirm TRA's reasoning in that consumers' intention to engage in DP is highly influenced by their attitude and subjective norms although the latter commands greater influence than the former. This is understandable as sensitive subject such as *Shariah* compliant issue requires approval from a religious recognized body. As a result, a great deal of importance is attached to religious and social influence through potential referent groups.

Results have demonstrated the customers' acceptance of DP and their willingness to engage in DP should such a product come into existence. More importantly, the study has demonstrated that customers are far more critical on the structuring side of the products than discussed and assumed before. Managers should be made aware that a mere approval from the *Shariah* Board is not enough to push the product as the leader

Variable	Standardized $\beta$	
	Muslim consumers	Non-Muslim consumers
Attitude	0.432**	0.248*
Subjective norm	0.438**	0.603**
<i>F</i>	227.739**	39.098**
<i>R</i> <sup>2</sup>	0.648	0.625
Adjusted <i>R</i> <sup>2</sup>	0.645	0.609

Notes: \* $p < 0.05$ ; \*\* $p < 0.01$

**Table VI.**  
Result of multiple  
regression analysis  
for Muslim and  
non-Muslim consumers

in Islamic finance. Findings from this study also demonstrate that the marketing strategies to be used to promote DP to Muslim and non-Muslim consumers should vary. More emphasis should be given towards promoting the salient features of DP to Muslim consumers whilst pushing the products to the non-Muslim customers via their referent group. The pertinent question now is if bankers are willing to offer such a product (following strictly the spirit of the concept)? Though there is evidence of some banks beginning to think and talk about the new concept, others have taken the lead by offering the product to the market albeit still relying on interest rate as the benchmark. It is a challenge for the banks to do away with interest rate and with the facts that rental income may not necessarily be following the same trend as that of interest rate. However, supply always comes on the heels of demand (Collier, 2007).

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