



## EXPLAINING THE EFFECTS OF *SHARIAH* COMPLIANCE, FINANCIAL FREEDOM AND RELIGIOSITY ON ISLAMIC HOME FINANCING ACCEPTANCE IN KOTA KINABALU, SABAH

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### ABSTRACT

At present, home finance exists because the most important in someone's life is to have shelter meanwhile the house is the place to dwell in comfort with their family. Someone can have their own home by buying a house whether using cash or monthly installment. As for Islamic finance institutions, they have introduced the *Shariah*-compliant to have their own house the same goes to a conventional loan. However, a conventional loan may serve the interest that prohibited in Islam where there are known as *Riba*. Home financing gives impact to people where home financing takes a large chunk from their income. This study intends to examine the impacts of *Shariah* compliance, financial freedom, and religiosity on Islamic home financing acceptance. A total of 150 respondents are collected to meet the research objective. Likewise, SPSS software is used to analyze the research findings. The results obtained suggest that *Shariah* compliance, financial freedom, and religiosity are instrumental in determining Islamic home financing acceptance. Limitations and future research are provided.

**JEL classification:** G2.

**Keywords:** Financial freedom, Islamic home financing, religiosity, Sabah, *Shariah* compliance.

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### 1. INTRODUCTION

Islamic banking and finance in Malaysia had grown immediately and very encouraging. Islamic home financing had reached its target which is increasing over 10 years from 6.8 billion to 23.3 billion. It is crucial for the customer to understand what are the important thing and benefits that they will get to practicing Islamic finance in their daily life. Nowadays, home finance exists because the most important in someone's life is to have shelter meanwhile the house is the place to dwell in comfort with their family. Someone can have their own home by buying a house whether using cash or monthly installment. Based on Abdul-Rasak and Md-Taib's

(2011) assertion, having an own house is the main goal for many people as they are willing to involve an installment payment to buy a house.

There are four basic principles of Islamic finance that consumers need to know before applying in Islamic products which is *maysir* (gambling), *haram* (prohibited in Islam), *riba* (profit) and the last one is *gharar* (uncertainty). *Maysir* literally can be defined as a way of easily obtaining something without any effort. The term *Maysir* can apply to all activities in which a person wins or loses by mere chance. It includes all kinds of gambling. The second one is *Haram* (Prohibited Properties). However, the word *haram* has a more complex within than this basic understanding suggests in that the word mirrors a broader pattern known in many religious worldviews, bringing together a basic sense of sanctifying, with the meaning of forbidding. For example, contracts involving wine, pigs, blood, idols, and statue are not valid because Muslims were prohibited to own, use, produce, manufacture, import, or export prohibited to do business in forbidden things. Succeeding, *riba* (Profit). The word *riba* donates increase, addition, or excess. *Riba* refers to a stipulated increase over and above the loan amount that a debtor agrees to pay to his creditor concerning a specific period. Charging an extra amount for the time, irrespective of the outcome of the enterprise is considered injustice. In regards, the objectives of Shariah that wealth should benefit not only its owner but also the other contracting party and the society as a whole. Last but not least is a *gharar* (uncertainty). The meaning of ‘*gharar sale*’ and God knows best, is any sale in which *gharar* is the major component (El-Gamal, 2006). The *gharar* also can be defined as which enables a person to obtain another's property unlawfully and may subsequently lead to disputes and disagreements between them. *Gharar* means uncertainty, ambiguity, danger, or peril.

According to Islamic finance institutions, they have introduced the Shariah compliance to have their own house the same goes to a conventional loan. However, a conventional loan may serve the interest that prohibited in Islam where there are known as *Riba*. Home financing gives impact to people where the home financing takes a large chunk from their income (Bank Negara Malaysia, Key Statistics (2006), n.d.) The concept of financing in Islam differs from that of conventional financing; Islamic home financing or Islamic mortgage financing is a Shariah-based home financing and elements of interest rate are prohibited (Khir *et al.*, 2007). Unlike conventional mortgage loans, Islamic mortgage financing based on flat rate or profit rate (Rosly, 1999).

This article considered Islamic home financing which is structured into five sections. Section one provides an introduction to this study. The second section describes the literature review regarding Islamic home financing in Malaysia based on *Shariah* compliance and financial freedom and religiosity. Section three discusses the data collection of SPSS and others. Section 4 presents the empirical results and the last one is section 5, which concludes the paper.

## **2. LITERATURE REVIEW**

### **2.1 Islamic home financing**

By definition, Islamic home financing is a financing facility offered by an Islamic bank customer to finance the purchase of a complete or house under construction. Firstly, Islamic home financing is the primary functions of Islamic banks, For the majority of Islamic banks, the facility is a source income and growth of the economy. In Sabah, Bank Islam Malaysia Berhad (BIMB) and Bank Muamalat Malaysia Berhad

(BMMB) have considered Islamic mortgage as their key financing portfolios for profits. Islamic home financing refers to a system that complies with Islamic Law (*Shariah*). Islamic home financing shariah based home financing where the elements of interest rates and uncertainty are outlawed (Haron *et al.*, 2005; Amin, 2008). It refers to the mortgage of loans and home loans secured by the real property and provide a schedule of payment of interest and repayment of the principle to the bank (Tse, 1997).

Islamic home financing in Malaysia is based on a cost-plus arrangement or known as the *Murabahah*, which is combined with the payment of the price is deferred to future date contracts known as the *Bai Bithaman Ajil* (BBA) (Yusof *et al.* 2011). However, Muslim scholars in the Middle East countries reject the implementation of the BBA-murabahah concept in home financing because it argued to be similar to a conventional home financing (Yusof *et al.* 2011).

Bank capitalizes to profit upfront in the selling price which remains fixed at the end of tenure (Abdul-Rasak and Md-Taib, 2011). Besides, the bank does not take the risk of ownership and liability on the property (Rosly, 2005). Resulted in high cost and posed by burden customers is similar to conventional debt financing. In BBA. *Murabahah* is the concept which the bank needs to buy a property with the current price and need to sell them to the customer based on the agreed price. The price will be the same but need to plus it with the bank profit and the customer will pay the bank with the term of an installment amount. The implementation of the BBA- *Murabahah* concept is widely accepted in Malaysia, Indonesia, and Brunei (Yusof *et al.* 2011).

## **2.2 Islamic home financing acceptance**

This study focuses on Islamic home financing acceptance based on Shariah compliance and financial freedom in the Islamic world. According to a study by Naser *et al.* (1999) conducted on Jordan, the finding reveals that there are many participants highly satisfied with the Islamic bank products and services. Most significantly, the availability of Islamic home financing products to satisfy the needs of homebuyers who want to comply with the Shariah requirement on their wealth ownership (Amin *et al.* 2014). Besides, one is encouraged to take home financing facilities from Islamic banks provided that the home intended to purchase must be for the protection purpose necessary for him and his family.

Referring to Amin (2008), to investigate the acceptance of Islamic home financing is based on a survey form. The finding shows that 141 respondents have been responded and stated direct to *Shariah* principles, 100 percent financing, lower monthly payments, transparency, and free benefits are the most important factors affecting bank customer's to choose in Islamic home financing. Therefore, the acceptance of Islamic home financing through recommendations from other people, location, the longer the product in the market have poor support towards the consumers' acceptance of Islamic home financing. Likewise, KFH research (2010), investigates that practicing commendable bank services, applying elements of the shariah and Islamic principles, providing of reasonable prices in one of the consumers favors acceptance on Islamic home financing products.

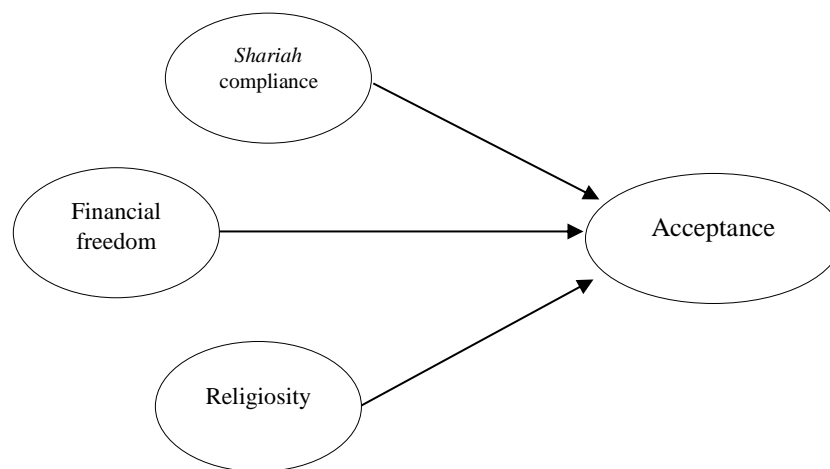
On the contrary, based on Amin *et al.* (2014) state that marital status, ethnicity, occupation, and religious predictors also can determine the acceptance of consumers on Islamic home financing. Ahmad *et al.* (2008) assert that consumers will be realized to the benefits of Islamic home financing due to financial benefits and religious

benefits however the consumers' involvement in choosing Islamic home financing is based on factors like Islamicity of product, transaction costs, and influenced by people surrounding. Some Malaysians still prefer to use conventional loans as their home loans rather than Islamic home financing because of competitive advantaged rooted in conventional home loans. Thus, Amin *et al.* (2014) stated that the factors need contributing to consumer acceptance on Islamic home financing products are of the utmost importance.

### 2.3 Research hypotheses

This study shows how the processing of the research model is ongoing. There are many studies that have been using this model in their writing links with acceptance of Islamic home financing in many disciplines (health science, marketing, IT adoption) and related with the variables which are *Shariah* compliance, financial freedom, and religiosity. According to Resa-Jalilvand (2012), the majority of the studies agree that behavioral intent is a more powerful predictor of the actual behavior.

Therefore, the foregoing of the literature review in this study was formed based on a developing framework. Consistent in the concept shown, this study used a research model to describe how the impacts of the variables can make acceptance on Islamic home financing. The model was developed regarding the relationship between shariah compliance and financial freedom towards Islamic home financing acceptance. Figure 1 shows a model of the hypothesized relationships investigated in this study.



**Figure 1: The proposed research model.**

### 2.4 Shariah compliance

*Shariah* is an Arabic term, which means "the way" or "a path to a watering-place", "a clear path to be followed" and more precisely, "the way which leads to a source" (Laldin, 2006). Drawing upon the notion, we can understand that *Shariah* is the path, which the believer has to tread to obtain guidance in this world and deliverance in the next. Technically, the word shariah is come from al-Qurtubi as the canon law of Islam, all the different commandments of Allah SWT to mankind. Hence, the shariah represents the body of Islamic teaching any system, which were revealed to prophet SWT through the revelation of the *Quran* and later from the Prophet's Sunnah. Yet, *Shariah* compliance is the compliance of Islamic banks with the principle *Shariah* to

avoid 3 basic principles which are (*riba*, *gharar* and *maysir*) (Maswadeh, 2014). *Shariah* compliance also refers to transactions or activities which are performed according to the rules and standards of the *Shariah*. Islamic banks are financial institutions that operate following *Shariah* principles of Islamic law. On the other hand, *Shariah* compliance is a transaction that needs to be in line with (*maqasid Shariah*). Hence, *Shariah* compliance is the concept of *halal toyyiban* (permissible) and abstaining from the prohibited (*haram*) as commanded by God. Most importantly, the bank is operating based on the Islamic *Shariah* provisions, especially concerning procedure muamalat in Islam. 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-Ghasali, 1937). Besides, the IFIs must ensure that all their transaction was *Shariah* compliance, not only their form and legal technicalities but more importantly, in their economic substance which should be premised on the objective outlined in *Shariah*, also known as *maqasid al-Shariah*. *Shariah* will be a guideline on Islamic products, especially on Islamic home financing and this model were measured by how *Shariah* compliance preventing acts that are prohibited in Islam.

Someone will make a loan first to buy a long-term asset like a house. In essence, the *Quran* prohibits any transaction that has an element of interest or has no genuine relationship in carrying out trading activities under shariah law. On the other hand, money can't be traded as a commodity in Islam (Ahmad and Hassan, 2006). The differentiate between Islamic loan financing despite conventional loan financing is based on interest (*riba*). In *Shariah*, *riba* (usury) technically refers to the premium that must be paid by the borrower to the lender with the principal amount as for condition for the loan or an extension in its maturity (Chapra, 1985). According to the previous study conducted by Ullah (2014) show the positive content showed that *Shariah* compliance status is highest among Islamic banks and *Shariah* violation is high in investing activities because of lack of knowledge and sincerity in complying shariah. The authors also make the assumption that shariah compliance is the most indispensable function of the Islamic bank's conduct in Bangladesh and the study was mostly found to comply with the *Shariah*. The second study that accepts *Shariah* compliance to be a guideline is a study that conducted by Rosly (2005) reveals that shariah compliant can avoid the costly errors that might lead to litigations and loss during the competitiveness on Islamic financing business. We base our argument based on a work by Amin *et al.* (2014) who finds a significant relationship between Islamicity of product and adoption. Their definition of 'Islamicity of a product' is nothing by *Shariah* compliance. Accordingly, the Islamicity of the product is instrumental in determining the acceptance of Islamic home financing. Hence, H1 is hypothesized as:

H1 There is a significant relationship between *Shariah* compliance and Islamic home financing acceptance

## 2.5 Financial freedom

By definition, financial freedom is defined as one's ability to maintain his existing lifestyle although he has a long term mortgage to service. Importantly, financial freedom in our context is related to the ability to free himself from a financial burden once he signed a mortgage agreement, maintaining his existing desired lifestyle, the

fulfillment of basic needs, and the ability to move on without depending on others. These jointly define financial freedom of Islamic home financing.

Generally, financial freedom is an indicator of the openness of a financial system (Vyas, 2013). This measure indicates the degree of government interference in the financial sector, considering regulation, financial products, and the allocation of credit; the freedom of foreign banks to operate; and the degree of regulation of financial market activities. Higher values indicate fewer restrictions on financial freedom. Financial freedom is generally understood as a state to do anything whenever you want (Vyas, 2013). Besides, the choice is the most important thing that freedom can decide how and where we live our lives. Not only that financial freedom also can eliminate negative things from our lives while also bringing in elements that make us happy.

This study, however, intends to evaluate the impact of Financial Freedom on Islamic home financing acceptance out of two particular methods. Firstly, it is understood that Financial Freedom and the take of Islamic home financing are positively correlated. The higher the extent of Financial Freedom, the better is acceptance. Secondly, Financial Freedom is associated with recurring income that improves one's ability in financial Freedom and for that, it's linked to Islamic home financing patronage. However, to the best of our knowledge, the theory exists when no study conducted on the impact of Financial Freedom on Islamic Home Financing acceptance.

For instance, the previous study was conducted by Vyas (2013) reveals that financial freedom was significant among the female since the women are the weaker concerning support and finances. The findings of this study stated that planning for financial freedom is bliss and that can lead to a high-quality life. Another previous study conducted by Chortareas *et al.* (2012) reveals financial freedom on how financial freedom shapes the effect of the changes in bank ownership on cost efficiency. The findings reveal that financial freedom was accepted and the foreign presence can improve bank efficiency, primarily in countries with high financial freedom. This study, however, has underestimated the significance of behavioural finance but at least the work provides a point for the departure. In essence, the financial freedom can be measured by how consumers deal with their own debt. In Hadith, the Prophet Muhammad once said 'the soul of believer hangs on his debt until he is repaid. Therefore, debt is very much in the emphasized on Islam. Hence, H2 is hypothesized as:

H2 There is a significant relationship between financial freedom and Islamic home financing acceptance

## **2.6 Religiosity**

Religion is the one universal on influence people's attitudes, values, and behaviors between individual and society levels. However, there are many types of religions such as Islam, Christianity, Buddhism, and others have different beliefs and trust in their tradition. Therefore, in the same context, the study in religiosity had found to be one of the factors on Islamic home financing acceptance that can influence two variables together which is shariah compliance and financial freedom.

According to Koenig *et al.* (2000), religion can be defined as an organized system of beliefs, practices, rituals, and symbols designed to facilitate closeness to the sacred

or transcendent (God, higher power, or ultimate truth/reality). In other words, religions can be assumed as an understanding of one's relation and responsibility to others in living together in a community. While religiosity can be defined as the extent to which an individual is committed to the religion he or she professes and its teachings, such as the individual's attitudes and behaviors reflect this commitment (Johnson *et al.*, 2001). Therefore, religiosity can be measured by belief (taqwa) in god.

Based on the previous study conducted by Hirschman (1983) said that religiosity is about studying the consumer consumption process, she argued that the religion can influence the political views and socio-economics status which means the religiosity is acceptable used to measure on shariah compliance and financial freedom. Thus, based on the previous study conducted by, he reveals that there was a significant result between religiosity and consumer behavior. These variables used many methods that can measure religiosity on consumer behavior research. That to say, religiosity is flexible to measure any variables used in methods including the Islamic home financing acceptance. Referring to a study by Amin, stated that the more the religious consumer, the more the consumers' attitude will be influenced by religious consideration. Hence, the study reveals that the religious will be reflected in acceptance of Islamic home financing whether the consumers had different religiosity levels instead.

However, there are limited studies between religiosity and Islamic home financing acceptance. Alam *et al.* (2012) and Amin (2017) have examined the relationship between religiosity and Islamic home financing acceptance, and both jointly reported the significant impact of religiosity on the receptiveness. Therefore, H3 is proposed as:

H3 There is a significant relationship between religiosity and Islamic home financing acceptance

### **3. METHODOLOGY**

#### **3.1 Subjects**

The unit of analysis is bank customers. The data are collected by Kota Kinabalu. The reasons are two-fold. Firstly, Kota Kinabalu is equipped with growing housing construction along with the existing stocks of houses, which are resold and rented by the original owners. Secondly, a growing number of millennials in Kota Kinabalu is another reason why their selection valid out of the fact they are the potential bank customers for mortgages.

A total of 150 sample sizes were collected to survey the potential of Islamic home financing acceptance. According to Hair *et al.* (2016), the larger the sample size, the more provides precision and consistency of analysis results. Judgemental sampling was chosen to conduct the survey. The authors are selected once they meet these criteria:

- Aged between 25 years old above;
- Respondents are those who have never owned a house before but intend to buy one in the future; and
- They're the existing customers of Islamic banks.

The authors had been provided 170 questionnaires for data collection. The questionnaires were successfully collected were 150 and used for further analysis.

**Table 1: Profile of respondents.**

Demographic	Description	N	%
Gender	Male	43	28.7%
	Female	107	71.3%
Age	25-29	95	63.3%
	30-34	16	10.7%
	35-39	11	7.3%
	40-44	12	8%
	45-49	10	6.7%
	>50	6	4%
Ethnic	Bumiputera Sabah	67	44.7%
	Bumiputera Sarawak	5	3.3%
	Melayu	62	41.3%
	Cina	3	2%
	India	2	1.3%
	Others	11	7.3%
Salary	<1000	28	18.7%
	1001-2000	50	33.3%
	2001-3000	40	26.7%
	3001-4000	18	12%
	>4000	14	9.3%
Occupation	Private company	50	33.3%
	Government	62	41.3%
	By self	38	25.3%

### 3.2 Measures

Based on the questionnaire provided, the measurement scale will be used in a different method. Section A will be measured by multiple-choice which is the respondents need to select the choices based on their life. For example, if the respondent is a male gender, he will pick up a male answer. Section B will be the same as section A where the respondents need to pick up the answer based on their own experiences in Islamic home financing products. Section C will be different rather than section A and section B where this section needs to measure the answer based on the scale provided. Besides, this is the only question to know the behavior of consumers towards the products. Likert Scale is used to gauge the consumer perception response. The details of the scale are:

- “1” – strongly disagree;
- “2” – Disagree;
- “3” – Slightly agree;
- “4” – Agree; and
- “5” – Strongly agree

This approach is similar to the previous study by Amin *et al.* (2011). Yet, the authors keyed in all responses using Statistical Package for Social Science (SPSS) 25.0 to analyzing data from 150 respondents. To examine the significance of each result, SPSS was applied to get the result.



#### 4. EMPIRICAL FINDINGS AND DISCUSSION

Our data are further analyzed for the measurement model before structural analysis is conducted. The latter considers multiple regression to answer the research objective. The details are provided.

Table 2 indicates that all battery items examined have been loaded according to their hypothesized variables, in which all items are loaded more than the recommended value of 0.6, confirming their discriminant validity. In more detail, four items representing *Shariah* compliance are found to be statistically significant and appropriate in measuring the construct. The same outcome is also found in religiosity and financial freedom.

**Table 2: Factor loadings for IVs**

Construct	Loadings		
	<i>Shariah</i> compliance	Religiosity	Financial freedom
S4	.862		
S2	.779		
S1	.776		
S3	.760		
R2		.867	
R3		.853	
R4		.732	
R1		.701	
F4			.821
F2			.803
F1			.774
F3			.749
Cronbach's alpha	.883	.853	.906
Eigenvalue	6.507	1.490	1.067
% of variance	54.221	12.421	8.891
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.865		
Bartlett's Test of Sphericity	Chi-Square 1279.352 (.000) df = 66		

Based on variance, it is reported that the first important factor is *Shariah* compliance (54.211%), followed by religiosity (12.421%) and financial freedom (8.891%). Regardless of these variance results, we retain all of them for Cronbach's alpha analyses, which then found to be reliable as seen in Table 2. The same analysis is also conducted for the dependent variable and the outcome is reported in Table 3. All items representing the dependent variable (acceptance) are also valid and appropriate in representing the construct. The details are provided in Table 3.

**Table 3: Factor loadings for DV.**

Construct	Acceptance
A2	.919
A4	.887
A1	.886
A3	.796
Cronbach's alpha	.883
Eigenvalue	6.507
% of variance	76.237
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.779
Bartlett's Test of Sphericity	Chi-Square 392.711 (.000) df = 6

To examine the research objective, the present study is aimed at extending the application of multiple regression. The details are provided in Table 4.

**Table 4: Hypothesis testing results.**

Construct	Standardised Beta	<i>t</i> -value	<i>p</i> -value
Financial freedom	.152	2.130	.035
<i>Shariah</i> compliance	.482	6.468	.000
Religiosity	.267	4.110	.000
F-value	76.177 (.000)		
R Square	.613		
Adjusted R Square	.605		

Note: \**p*<.05; \*\**p*<.01, *ns* non-significant

Based on Table 4, it is discovered that *Shariah* compliance has a greater impact on the acceptance of Islamic home financing, followed by religiosity and financial freedom. It is explained that *Shariah* compliance was significantly related to the acceptance (*t*=6.468; *p*-value = .000). This finding aligns with a result reported by Amin *et al.* (2014) in which the Islamicity of the product (defined as *Shariah* compliance) is statistically significant and influential in determining bank customers' acceptability. This finding is significant to Islamic home financing products out of the following reasons:

- Islamic home financing products are subject to a close examination by *Shariah* advisors for *Shariah* compliance. *Shariah* compliance is borne of Islamic banking existence; and
- The battery items used to reflect the underlying nature and definition of *Shariah* compliance as a construct.

Religiosity is also instrumental in determining the acceptance (*t*=4.110; *p*-value = .000). The result obtained is in tandem with these two works, Alam *et al.* (2012) and Amin (2017) who report a significant relationship between religiosity and Islamic home financing acceptance. We justify why based on these premises:

- Religiosity and any muamalat activities by *Muslims* are gone together and are treated as ibadah if the intention and conative are done in an Islamic way for *mardhatillah*; and
- The battery items proposed have been based on these two works, only context and time of spectrum determine the discrepancy.

Similarly, financial freedom is also reported to have an impact on acceptance (*t*=2.130; *p*-value = .035). Our finding here extends the generalization of Vyas (2013) to our context of Islamic home financing and creates more literature to Islamic home financing body of knowledge. Our battery items (4) are valid and for that, they are contributing to the significant outcome of the present work.

Jointly, these factors, if they are properly gauged, will provide a direction for future planning of Islamic bankers to strengthen the offered of Islamic home financing products.

## **5. CONCLUSIONS, IMPLICATIONS AND FUTURE STUDIES**

This study explains the effects of *Shariah* compliance, financial freedom, and religiosity on acceptance of Islamic home financing mainly from the context of Sabahan in Sabah, Malaysia. The results obtained indicate that all variables under contemplation are statistically significant, and they might bring up some implications in various ways. These include theoretical, methodological, and practical contributions. The details are given.

Firstly, this study theoretically contributes to the body of knowledge specifically related to the context of Islamic home financing products. In more detail, the result of the study reveals that the most significant between the three variables were *Shariah* compliance, followed by financial freedom and religiosity. *Shariah* compliance the most important variables on Islamic home financing acceptance based on the result reveals. This might explain that this work contributes to Islamic home financing literature by providing the latest empirical evidence to support the relationship between *Shariah* compliance, financial freedom, religiosity, and the acceptance in the context of the Islamic banking industry. We also contribute to the literature by proposing the mentioned factors as a multidimensional construct and each construct has four battery items. The inclusion of these factors to the literature can help to provide more substantial knowledge in understanding how bank customers patronize Islamic home financing products, where empirical investigation comes into play.

Secondly, the findings obtained show that the proposed research model is practical on the acceptance of Islamic home financing. Thus, providing better directions for the Islamic banks to strengthen the market share of Islamic home financing industry in Malaysia based on three variables. The findings suggest that Islamic banks shall include *Shariah* compliance, financial freedom, and religiosity when extending the products to the public at large. Any form of product development shall consider these issues, where the considerations of consumer behavior are brought into play. We would like to say here that the findings obtained are useful in helping bank managers to gain a better understanding of the important factors that contribute to the formation of acceptance. Consequently, given this assertion, we believe that Islamic banks can contribute an improved offered of Islamic home financing products by developing effective customer service via continuous improvement in terms of staff knowledge on *Shariah* compliance, consumer financial education, and the inculcation of religiosity in the conduct of Islamic home financing products. Even better, the developing Believers of Islamic Home Financing "BIHF" can be of advantageous to improve the market share and competitiveness of the product. Therefore, the findings obtained can provide valuable insights to bank managers in identifying essential factors and for that, a focus can be taken care of to improve the product's competitiveness in the eyes of potential bank customers.

Thirdly, our research has suggested new battery items to capture the variables under consideration. Based on our literature analyses, we discover there exist limited measurement items that were reported to validate the battery items for *Shariah* compliance, financial freedom, and religiosity. Therefore, our current job is employing different disciplines to discover appropriate items in representing the constructs under contemplations. These battery items are discovered through literature analyses and then earned a screening process through a pilot test. The final product indicates that the battery items capturing the three variables each are valid and reliable. In more detail, each factor proposed comes with four battery items, jointly

important to define the underlying nature of factor under consideration, what they suppose to gage.

Though we earn interesting outcomes that can be drawn from the research. Several drawbacks need acknowledgment. Firstly, our work though considers new battery items, but the products are not earned an advantage from a viewpoint of *Shariah* scholars who are experts and knowledgeable in the area concern. Secondly, the factors that we are using are confined to three only and for that generalization is an issue to be considered. To address, future studies may invite *Shariah* scholars to improve the breadth and depth of the analyses that are emanated from the interviews' outcomes of these scholars. Future studies may consider the integration of other factors and theories as well to extend the findings.

Despite these limitations, this work provides new insight into factors determining Islamic home financing in Sabah, Malaysia, and for that new contributions are expected where *Shariah* compliance, financial freedom, and religiosity are brought into play.

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