

Islamic Mortgage Products: How Aware are Malaysians?

Hanira Hanafi^{1*}, Nor Hasniah Kasim² and Syairah Diyana²

¹Department of Administrative Studies and Politics, Faculty of Economics and Administration, University of Malaya, 50603 Kuala Lumpur, Malaysia

²Department of Economics, Faculty of Economics and Administration, University of Malaya, 50603 Kuala Lumpur, Malaysia

ABSTRACT

Despite its rapid growth and expansion rates, Islamic banks are striving to compete with rivalling conventional banks that have longer history and stronger foothold in local industry. Therefore, the importance of determining the level of awareness and understanding of Islamic banking products are undeniable as Islamic banks offer products and services for Muslims and non-Muslims both. This paper examines the level of awareness and understanding of Malaysian citizens towards Islamic mortgage products, with respect to demographic factor. This study has employed the convenience sampling technique. Data collection had been conducted in four Malaysian states representing the entire peninsular Malaysia, which includes Klang Valley, Pahang (Kuantan), Kedah (Alor Setar) and Johor (Johor Bharu). Questionnaires numbering 809 had been deemed as valid and complete, and had subsequently been subjected to chi-square, t-test and ANOVA tests for data analysis purposes. The results have shown that there is no significant relationship between gender and the awareness of Islamic mortgage products. However, there are significant differences between different groups of age, gender, occupation, religious affiliation and income level in the context of understanding these products.

Keywords: Awareness, consumer behaviour, demographic, understanding

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E-mail addresses:

hanira_hanafi@um.edu.my (Hanira Hanafi)

norhasniah@um.edu.my (Nor Hasniah Kasim)

syairahdiyana@gmail.com (Syairah Diyana)

* Corresponding author

INTRODUCTION

The recent years have revealed the rapid growth in Islamic banking and finance, which necessitates an investigation of public awareness towards Islamic mortgage products. Such exploration has been deemed as crucial as the knowledge and understanding of these products are beneficial in selecting the best option for home financing, either

completed or those under construction. Furthermore, understanding this issue may reflect the beauty of Islamic finance towards accommodating diversified societal needs, as the products are steeped in ethical banking theory and practice. In contrast, a lack of knowledge and understanding of these products may render them being perceived to be similar to their conventional counterpart.

Siddiqi (2006) had highlighted that implementation of any Islamic financial products required proper understanding of the objectives of *shari'ah* by linking in macroeconomic concepts and the appropriate tools. The effort is imperative as its ability to analyse complex socio-economic implications is in accordance with the spirit of *maqasid*. Furthermore, Dusuki (2008) and Gait and Worthington (2007) had also emphasized the need for *shari'ah*-based products to fulfil both legal and *shari'ah* requirements.

A hefty price tag is attached to house purchases nowadays. Most of these aspiring buyers cannot afford to pay in lump-sum, thus preferring to acquire financing from financial institutions to complete their purchases. Individuals are henceforth able to own their houses using mortgages, which is a major option for the purpose, in the modern days. However, conventional mortgages are forbidden in Islam due to the element of *riba*, defined as unjust, present in the system (Musleh, 2006). To date, Islamic banks have provided various home ownership schemes especially for Muslims seeking halal and *shari'ah* compliant mortgage arrangement.

Nevertheless, awareness for these products offered by Islamic banks is still lacking. Various studies have suggested that one of the major weaknesses of Islamic banks is low customer knowledge, awareness, and understanding of Islamic banking and its financing methods, termed as *Muḍarabah*, *Musharakah*, *Ijarah* and *Istiṣna* (Chaudhry et al., 2014; Gerrard & Cunningham, 1997; Karim & Affif, 2006; Metawa & Almosawi, 1998; Naser et al., 1999; Ramdhony, 2013; Rammal & Zurbruegg, 2007). Therefore, this paper is examining the factors that influence customer's awareness and understanding of Islamic mortgage products across various demographic factors. The findings and suggestions obtained from this research will benefit the Islamic banking sector by improving consumer relationship and enabling construction of appropriate marketing and branding strategies in the future.

The objective of this research is to determine the influence of demographic factor towards the level of awareness and understanding of Islamic mortgage products among Malaysians because it could help the Islamic bank to identify the potential and ideal consumer for their products and services and hence could develop marketing strategies to the targeted group with similar characteristics. The methodology employed in this work is described after a review of the literature. Then, the findings is presented based on the results obtained before proceeding with the implications and conclusion.

Islamic Mortgage in Malaysia

In Malaysia, Islamic legislation and banking regulations are separate and co-exist alongside regulations for the conventional banking system. The establishment of Islamic banks has been legally commenced with the implementation of the Islamic Banking Act (IBA), coming into effect on 7 April 1983 which later was repealed by the Islamic Financial Services Act (IFSA) 2013. To date, these institutions offer various products and services to fulfil Islamic necessities especially for the management and assistance of financial demands. Therefore, the Muslim population may choose from various *shari'ah* compliant products to satisfy their different needs.

Among the various consumer financing products offered by Islamic banks, home and fixed assets financing is prominent and is inclusive of different contractual arrangements. They include: *Bay Bithaman*

Ajil (BBA), *musharakah mutanaqisah* (diminishing *musharakah*), *murabahah*, *ijarah* (leasing), *istisna'* (deferred delivery), and *tawarruq* (Loundy, 2013).

Table 1 depicts a comprehensive list of Islamic banks in Malaysia, alongside products they offer and the respective instrument employed towards Islamic mortgage provision. Most of the banks use BBA, *tawarruq* and *musharakah mutanaqisah* as their instruments, while *musharakah mutanaqisah* is primarily employed in home equity financing by Maybank Islamic, Public Islamic and RHB Islamic bank. Similarly, *tawarruq* has recently become popular in the local Islamic banking industry for financing or cash liquidity purposes. It can be considered as an alternative instrument to BBA/*bay' al-'inah*, whereas *tawarruq* shall continue to remain superior home financing product.

Table 1
Islamic bank and mortgage products offered

No	Name of the bank	Facility	Concept
1.	Affin Islamic Bank Berhad	Home Financing-i	MM
2.	Al Rajhi	Home Financing-i	BBA
3.	Alliance Islamic Bank Berhad	i-Wish Home Financing-i Home Complete-i	BBA Tawarruq
4.	AmIslamic Bank Berhad	Home Financing-i Flexi Home Financing-i	MM BBA
5.	Asian Finance Bank Berhad	Home Financing-i	BBA
6.	Bank Islam Malaysia Berhad	Baiti Home financing-i Property Financing-i	Tawarruq
7.	Bank Muamalat Malaysia Berhad	Muamalat House Financing Istisna'-i Property Financing-i	Istisna' Tawarruq
8.	CIMB Islamic Bank Berhad	Home Financing-i Varibale Home Financing-i Ijarah Property Financing-i	Tawarruq Tawarruq Ijarah Muntahiyah Bittamlik

Table 1 (continue)

No	Name of the bank	Facility	Concept
9.	HSBC Amanah Malaysia Berhad	HomeSmart-i	MM
10.	Hong Leong Islamic Bank Berhad	CM Flexi Property Financing-i	Tawarruq
11.	Kuwait Finance House (Malaysia)	Asset Acquisition financing-i	Ijarah Muntahia Bi Al-Tamlik Ijarah Mawsufah Fi Al-Zimmah
12.	Maybank Islamic Berhad	Commodity Murabahah Home Financing-i	Murabahah
		Commodity Murabahah Shop House Financing-i HomeEquity-i	MM
13.	OCBC Al-Amin Bank Berhad	Manarat Home-i	Ijarah Muntahiah bi Al-Tamlik
14.	Public Islamic Bank Berhad	Home Equity Financing-i ABBA House Financing-i HomeSave Financing-i	MM BBA
15.	RHB Islamic Bank Berhad	Equity Home Financing-i Equity Property Financing-i	MM
16.	Standard Chartered Saadiq Berhad	Saadiq My Home-i Saadiq My HomeOne-i	MM

Source: Author's compilation

LITERATURE REVIEW

Awareness

Apart from all Islamic contracts available in Islamic mortgage like *Bay Bithaman Ajil* (BBA), *musharakah mutanaqisah* (diminishing *musharakah*), *murabahah*, *ijarah* (leasing), *istisna'* (deferred delivery), and *tawarruq*, it is crucial to know the level of consumer awareness, understanding and perception towards Islamic finance products. Previous literature discusses mostly on the patronage factors of Islamic banks. However this section only confines to the literature related to the awareness and understanding of Islamic products.

Naser et al. (2013) conducted a survey among the customers of Kuwait Finance House in Kuwait and found that almost 35 years after establishing the KFH, customers were still unaware or not using many of the Islamic finance products and services. Consequently, this requires more efforts from the bank's management to familiarize its customers with all its existing products and services as well as introducing new products. Later work by Artar et al. (2016) in Turkey found that the awareness towards Islamic banking principles among the customers of Islamic banks was higher than those of conventional banks.

According to Rammal and Zurbruegg (2007), customers are insufficiently aware of the basic rules and principles in Islamic financing. However, the level of awareness of banking products does not parallel or guarantee their understanding regarding the technical terminologies and aspects of the product (Metawa & Almosawi, 1998).

Furthermore, Gerrard and Cunningham (1997) had found that Muslims were generally more aware of fundamental terms found in Islamic products compared to non-Muslims, but remained unaware of the meaning behind Islamic financial terms. Such observation has been supported by Karim and Affif (2006), Khattak and Rehman (2010), and Ramdhony (2013); most Muslims are aware of fundamental Islamic terms but do not understand the definitions of specific Islamic financial terms, such as *mudharabah*, *musharakah*, *ijarah* and more. This was supported by Muhamat et al. (2011), who showed that as long as the customers knew their objective of having the service offered by the bank, they did not really care about the nature of the financial product, such as the name of the product.

A study conducted by Naser et al. (1999) had produced contrasting report. It was observed that despite being aware of specific terminologies like *mudharabah*, *musharakah* or *murabahah*, the respondents were not users of the specific types of Islamic banking products. Furthermore, Saini et al., (2011) had revealed similar findings in South Africa, with 96.6% of the respondents being aware of Islamic banking products but yielding very low level of usage. The

findings indicated that only 20% were users of interest free investments, while 4%-8% had opted to finance their vehicles, house/property and business finance. Finally, 2%-6% had used transaction-type products.

Moreover, Chaudhry et al. (2014) had employed the interpretivism (qualitative) paradigm to highlight that customers were less aware of the differences between Islamic and conventional banking. It had also found that the banking staffs were also lacking full awareness of their Islamic banking products and services. Therefore, it is vital that each Islamic bank strives to train their staffs to be more competent, aware and knowledgeable regarding their offered products and services. This will be beneficial in educating and persuading Muslim and non-Muslim consumers both regarding the advantages offered by Islamic finance products. Such disposition requires each banking personnel to be humble, considerate, helpful and exhibit *shari'ah*-compliant principles that can correlate the clientele's religious motives and investment decisions appropriately (Hasan et al., 2012).

Demographic variables like age, gender, income level, religion, education level and occupation may influence consumer behaviours in the context of awareness for Islamic banking products. Buchari et al. (2015) conducted a study on the Islamic banks' employees in Bahrain, and he found that more than 56% employees were aware of the Islamic banking products. Statistically, there are significant differences in the awareness and attitudes towards Islamic banks' products and services when they are grouped according to gender and

education level while age and income both have insignificant differences. Earlier work by Cheteni (2014) revealed a finding from her survey in South Africa where the results indicated that gender, age, race, and qualification were statistically significant in influencing awareness of consumers. However, the findings further noted that there was a lack of understanding in the principles of Islamic Banking.

Having said that, studies on demographic factors remain scanty as there are only very few works that highlight the importance of demographic factor towards determining the level of public awareness towards the products, especially for Islamic mortgage product. This research is therefore undertaken to fill this gap.

METHOD

A convenience sampling technique was used in this study, with targeted population of (a) local multi-racial citizens of various religions residing in peninsular Malaysia, (b) they should be of the economically active age of 18 years and above comprise all persons who provide the supply of labour during a specified time reference period (the last 12 month), as employed or as unemployed (without work, available for work or seeking work including students), for the production of economic goods and services, (c) currently owned a bank account in Malaysia

The data were collected in Klang Valley, Pahang (Kuantan), Kedah (Alor Setar) and Johor (Johor Bharu). The sample had been selected as such due to previous studies on Islamic mortgage (Amin, 2008;

Amin et al., 2009; Amin et al., 2014) limited to East Malaysia (Sabah) that possessed different culture, standard of living, geography and housing project types. Therefore, Klang Valley, Pahang (Kuantan), Kedah (Alor Setar) and Johor (Johor Bharu) which represent Northern region, East Coast region, Central region and Southern region of peninsular Malaysia was chosen in this study due to its well-developed city status, associated with higher housing costs secondary to strategic surrounding and higher living costs. The actual survey for data collection was in May 2016. The questionnaires were distributed simultaneously by five (5) trained administrators to respective respondents based on each region. Questionnaires (1000) distributed and returned, whereby only 809 questionnaires, were found to be valid and completed. Therefore, the response rate of 80.9% was deemed to be a sufficient response rate that ensured statistical reliability and generalizability. Several statistical methods have been subsequently applied to the data for analysis and attaining the research objectives, which includes descriptive statistics, chi-square, t-test, and ANOVA (Piaw, 2008).

Measurement

The primary data collection was conducted by employing structured questionnaires, whereby most of the attributes were derived from previous literature (Gerrard & Cunningham, 1997; Metawa & Almossawi, 1998; Naser et al., 1999; Karim & Affif, 2006; Rammal & Zurbruegg, 2007; Saini et al., 2011; Ramdhony, 2013;

Chaudhry et al., 2014). The questionnaire was divided into three sections. The first section had elicited demographic details like gender, age, religion, race, marital status, education, monthly income and occupation. The next section was enquiring the respondent's awareness of Islamic mortgage, whereas the final section was assessing their understanding of the product. The third section had employed a 5-point Likert scale, with the following responses: 1-strongly disagree, 2-disagree, 3-no view/impartial, 4-agree, and 5-strongly agree. The questionnaire had been written in both Malay and English languages. Additionally, fifty (50) questionnaires had been distributed first prior to the actual study to facilitate a pilot study among Islamic bank consumers. The pilot test was instrumental in identifying any associated problems regarding the study instruments or other aspects.

RESULTS

Descriptive Statistic

Table 2 shows the findings obtained from this study. Most of the respondents were females (55.3%), while the remaining 44.7% were males. In terms of marital status, 68.1% of the respondents were single, while 31.9% were married. The respondents were all 18 years and older as they should be within the economically active age or at least had their own bank accounts. 40.5% were between 18-25 years, 41.8% were between 26-35 years, while 12.5% were aged from 36-50 years. The remaining 5.2% were 50 years old and above.

In the context of religious affiliations, it was found that 59.3% of the respondents were Muslims, whereas the remaining 40.7% were non-Muslims who practiced Buddhism, Hinduism, Christianity and other religions (i.e. Atheism, Bahaism and Sikhism). Meanwhile, they were found to be predominantly Malays (56.4%), whereas the other races consisted of Chinese (22.5%) and Indian (20.1%). The remaining 1.0% was composed of other races (i.e. Bumiputera Sabah, Punjab and Siamese). Table 2 also summarizes the education level possessed by the respondents, where a whopping 82.1% of them possessed higher level of education (i.e. Diploma, Bachelor Degree, Master Degree, and PhD). The remaining 17.9% from the total respondents had obtained lower level of education only.

In terms of occupation, 34.9% of the respondents were students, followed by professionals (21.6%), executive (12.1%), and academician (10.8%). Others jobs, which consisted of clerk, security guard, technician make up 9.4%, while 9.0% were merchants and small businesses, 1.6% were retirees, and the finale 0.6% were unemployed. All of the respondents had their own bank accounts, with 48.5% owning account in a conventional bank, while 22.1% owns account from Islamic banks. The remaining 29.4% possessed accounts in both Islamic and conventional banks. Enquiring the possession of bank accounts is imperative to verify the respondent's banking experience.

The questionnaire classified the respondents according to eight income groups: less than RM2000, RM2001 –

Table 2
Respondent profile

Details	N	%
Gender		
Male	362	44.7
Female	447	55.3
Marital Status		
Single	551	68.1
Married	258	31.9
Age		
18-25	328	40.5
26-35	338	41.8
36-50	101	12.5
50 and above	42	5.2
Religion		
Muslim	480	59.3
Non-Muslims	329	40.7
Race		
Malay	456	56.4
Chinese	182	22.5
Indian	163	20.1
Others:	8	1.0
Education level		
Lower education level	145	17.9
Higher education level	664	82.1
Income Group		
Lower Income	282	34.9
Middle Income	210	26.0
Higher Income	35	4.3
None	282	34.9
Occupation		
Professional	175	21.6
Academician	87	10.8
Executive	98	12.1
Merchant / Businessman	16	2.0
Small Business	57	7.0
Student	282	34.9
Retired	13	1.6
Unemployed	5	0.6
Others	76	9.4
Bank Account		
Islamic Bank	179	22.1
Conventional Bank	392	48.5
Both	238	29.4

RM3000, RM3001 – RM5000, RM5001 – RM8000, RM8001 – RM11,000, RM11,001 – RM15,000, RM15,001 and above, and no income. For regression purposes, these income groups had been merged into 3 groups only, based on the mean of income in urban area as reported by the Department of Statistics Malaysia in 2015. They are: lower income group (less than RM3000), middle income group (RM3001 – RM8000), and higher income group (RM8001 and above). The final group does not generate any income, and are generally made up of students and unemployed respondents. The majority of the respondents were from the lower income group with 34.9%, followed by middle income group (26.0%) and higher income group (4.3%). The non-earner income group is made of 34.9% of all respondents.

Relationship between Awareness of the Customers and Demographic Variables

As awareness and the demographic variable are categorical variables, the chi-square test for independence is the most suitable test for descriptive statistics to elicit the difference awareness across demographic variables. Furthermore, most of the previous studies on awareness of Islamic banking (Abdullah et al., 2012; Buchari et al., 2015; Loo, 2010; Marimuthu et al., 2010; Rammal & Zurbruegg, 2007; Thambiah et al., 2011) have opted for the method to assess the relationship between the two variables or the differences between groups with respect to a measured variable.

Table 3 displays the results of the Chi square test and the significant value for each tested variables. The significant value needs to be below 0.05, whereas a significant value more than 0.05 is considered as not significant (Piaw, 2008).

Table 3 depicts two parts: (a) the awareness for the existence of Islamic mortgage product in general, and (b) the awareness of the types of Islamic mortgage products offered in Malaysia (i.e. *musharakah mutanaqisah*, *bai bithaman ajil*, *tawarruq*, *istisna'* and *ijarah*). For part (a), it revealed significant relationship between awareness of Islamic mortgage products with age, education, occupation, religion, and income. The Chi square value of gender ($X^2=5.692$) is a significant value more than 0.05 ($p>0.05$), indicative of no statistically significant relationship between gender and the awareness of Islamic mortgage products.

Meanwhile, part (b) reveals that the Chi square value of age, education, occupation, religion, and income for each type of Islamic mortgage products are significant ($p<0.05$). Therefore, each of these factors is significantly related with awareness of the types of Islamic mortgage products. However, gender recorded significant relationship for *musharakah mutanaqisah* and *ijarah* only. Nevertheless, as the section is reflective of general awareness of Islamic mortgage, therefore it can be concluded that it is still affected by age, education, religion, occupation and income group.

The Differences on Understanding of the Customers and Demographic Variables

Independent sample t-test had been utilized to measure the differences of Islamic mortgage product understanding according to gender, religion and education as these independent variables have two categories only (Male or female, Muslims or non-Muslims, higher education or lower education). The test allows comparison of the mean score for different groups (Leech et al., 2015). In contrast, one-way analysis of variance (ANOVA) group with post hoc test had been used for other demographic variables like age, occupation and income level as they have more than three categories in each variable. Previous researches have employed similar analysis (Amin, 2008; Buchari et al., 2015; Devlin, 2002; Hasan et al., 2012; Khattak & Rehman, 2010; Naser et al., 1999).

Firstly, independent t-test had been executed for gender, with the female respondents ($N= 447$) being associated with the understanding of Islamic mortgage products $M = 3.44$ ($SD= .71$). By comparison, the male respondents ($N= 362$) had been associated with a numerically smaller level of understanding in Islamic mortgage products $M = 3.29$ ($SD= 0.77$). To test the hypothesis, an independent sample t-test was performed (see Table 4), which was subsequently associated with a statistically significant differences, $t(807)= 2.945$, $p=.003$.

Table 3
Awareness on Islamic mortgage products across demographic

Variables	Gender		Age		Education		Occupation		Religion		Income	
	X ²	Sig	X ²	Sig	X ²	Sig	X ²	Sig	X ²	Sig	X ²	Sig
(a) Heard the existence of Islamic mortgage products	5.692	0.058	40.506	0.000*	39.914	0.000*	111.154	0.000*	8.907	0.012*	79.197	0.000*
(b) Products:												
Musharakah Mutanaqisah (diminishing partnership)	7.467	0.024*	30.361	0.000*	41.110	0.000*	58.343	0.000*	39.770	0.000*	31.404	0.000*
Bai Bithaman Ajil (differed payment sale)	0.185	0.912	23.546	0.001*	65.301	0.000*	78.599	0.000*	68.754	0.000*	61.039	0.000*
Tawarruq	0.706	0.703	38.223	0.000*	36.313	0.000*	62.368	0.000*	40.238	0.000*	44.294	0.000*
Istisna' (deferred delivery)	0.493	0.781	32.294	0.000*	47.225	0.000*	67.057	0.000*	41.645	0.000*	41.641	0.000*
Ijarah (leasing)	6.099	0.047*	14.448	0.025*	81.567	0.000*	35.135	0.004*	59.575	0.000*	28.510	0.000*

*Significant at 5%

Table 4
T-Test comparison of understanding on Islamic mortgage by gender

Gender	Male (N=362)		Female (N=447)		p-value	Effect size
	Mean	SD	Mean	SD		
Mean	3.2904	0.7736	3.4446	0.7128	0.003*	0.2075
SD	0.7736	0.7128	0.7128	0.7128		

*Significant at 5%

Furthermore, religion (see Table 5) revealed a significant difference for the scores by Muslim (M=3.63, SD= .73) and non-Muslim (M=2.99, SD= .57) conditions;

$t(383) = 13.351, p = .000$. These results reinforce the impact of religion towards understanding Islamic mortgage, with a large effect size that is more than 0.80.

Table 5
T-Test comparison of understanding on Islamic mortgage by religion

		Muslims (N=480)	Non-Muslims (N=329)	t-value	p-value	Effect size
Religion	Mean	3.6375	2.9935	13.351	0.000*	0.9822
	SD	0.73131	0.57993			

*Significant at 5%

In contrast, one-way ANOVA test between groups with post-hoc test was conducted for age, education, occupation, and income level (see Table 6) to compare their effects on understanding of Islamic mortgage products. Consequently, there is a significant effect of age group on

understanding of Islamic mortgage products for $[F(3, 805) = 5.278, p = 0.001]$, with a very small effect size of 0.019. Post hoc comparisons indicated that the mean score for age 26-35 years (M = 3.09, SD = 0.71) and age of 50 and above (M = 3.29, SD = 0.69) respectively is statistically significant.

Table 6
One-way Anova for age, occupation, income level and education level

		df	Sum of Squares	Mean Square	F	p-value	Effect size
Age	Between Groups	3	8.631	2.877	5.278	0.001*	0.019
	Within Groups	805	438.807	0.545			
Occupation	Between Groups	8	23.175	2.897	5.462	.000*	0.051
	Within Groups	800	424.262	0.530			
Income level	Between Groups	3	20.270	6.757	12.733	.000*	0.045
	Within Groups	805	427.167	0.531			
Education level	Between Groups	6	1.585	0.264	0.475	0.827	0.003
	Within Groups	802	445.852	0.556			

*Significant at 5%

Furthermore, occupation has also yielded a significant effect on understanding at the $[F(8, 800) = 5.462, p = 0.000]$. The post hoc comparison has also revealed its significant effect on understanding for

almost all types of occupations, except professionals and retirees. Therefore, the understanding of Islamic mortgage is impacted by occupation.

Moreover, there is a significant effect of level of income upon the understanding of Islamic mortgage at the $[F(3, 805) = 12.733, p = 0.000]$, with a very small effect size of .045. The post hoc comparisons also revealed a significantly different mean score for the higher income group ($M = 3.98, SD = 0.16$) compared to the middle income ($M = 3.22, SD = 0.77$), lower income ($M = 3.34, SD = 0.75$) and non-earner ($M = 3.45, SD = 0.64$), $p = 0.000$. Therefore, understanding of Islamic mortgage is also affected by income level.

In terms of education, there is no significant effect towards understanding of Islamic mortgage at $[F(6, 802) = 0.475, p = 0.827]$, with a very small effect size of 0.003. Thus, it does not affect understanding of Islamic mortgage. Hence, this section can be concluded that there are significant effects of gender, age, religion, income level and occupation on understanding of Islamic mortgage products.

DISCUSSIONS

The variable of customer characteristics should be the main concern in different aspect of adoption of this study. This is due to the importance of consumer or specific demographic variable characteristics as a predictor in targeting decision. In the context of awareness on Islamic mortgage products, the findings had depicted that 52.3% of the respondents were aware of the existent of Islamic mortgage. However, the knowledge about each type of products offered by Islamic banks were very low, as more than 80% had never heard or unsure of it.

Furthermore, the results on the relationship between awareness and demographic variable had indicated significant relationship between age, education, occupation, religion, and income level, except gender. Since the objective of the establishment of Islamic banks is to provide alternative banking to Muslims for interest-free banking system, therefore, it is understood that the main reason for the customers in choosing Islamic mortgage is due to the religious factor. Moreover, this finding is consistent with the previous studies conducted by Tameme and Asutay (2012). The lack of significant relationship for gender may be attributable to the equal treatment and access both genders have towards financing facilities in Malaysia. In contrast, other demographic variable like the group aged 26-35 years is the age bracket for settling down (i.e. regular occupation and marriage), rendering them the potential target group for house purchases via mortgages. Similar reasoning can be applied in different occupation, whereby different career fields or specialization may have exposed them to more Islamic mortgage products. Moreover, based on life cycle hypothesis, there is an increasing need for home ownership for the respondents within this age as they have steady income and most have growing family that requires a proper house to live in.

The independent t-test for gender has resulted in significant difference between genders towards understanding Islamic mortgage products; the mean score showing that females have higher understanding

compared to males. Moreover, religious affiliations have shown statistical differences between Muslims and non-Muslims, with Muslims possessing higher level of understanding with the mean score of ($m=3.63$) compared to non-Muslims. This can be explained by the higher potential of understanding of Islamic mortgage products by Muslims due to the Arabic terminologies used for the products. Therefore, Muslims are more likely to be familiar and understand them compared to non-Muslims, who may have difficulties understanding the meaning and even the correct pronunciation of the products (Khattak & Rehman, 2010).

Thus, the study has shown that there is significant difference for all demographic variables with understanding of Islamic mortgage products, except for education. Education level has been found to be significantly related with awareness of Islamic mortgage, but there is no significant difference toward understanding them. Therefore, this indicates that being aware of a banking product is not equivalent with consumer understanding regarding the technical aspects and terminologies of the item (Gerrard & Cunningham, 1997; Karim & Affif, 2006; Metawa & Almosawi, 1998; Ramdhony, 2013).

CONCLUSION

Although Islamic mortgage products is available in market for more than three decades, conducting a study on awareness and understanding of the subject is still relevant as past studies have revealed a low awareness of among Malaysians.

By exploring this issue in-depth, it reflects Islamic bank's commitment towards promoting Islamic mortgage products via various marketing strategies. Proper marketing and promoting of Islamic products would enable the bankers to increase the awareness and knowledge on part of the customers, especially on the capability of Islamic finance to remove harm observed in conventional counterpart, and promoting justice to the society as a whole, in accordance with the teaching of Islam. More importantly, it is believed that the future of Islamic banking lies in the idea not to sell Islamic products to only Muslims, but rather to sell them to anybody, on the basis of inherent advantages including ethicality over other financial alternatives. In other words, other than emphasizing on the element of free-interest and good service quality, Islamic mortgage products can also be promoted according to their ethical merits that are capable of safeguarding overall consumer and societal interests. Therefore, the element of "ethics/value/fairness" may greatly benefit all customers irrespective of their religions.

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