

An integrative approach for understanding Islamic home financing adoption in Malaysia

Abstract

Purpose

– The purpose of this paper is to investigate the effects of subjective norm, relative advantage, simplicity, compatibility and perceived behavioural control on the Islamic home financing adoption. It also examines the effects of subjective norm, relative advantage, simplicity and compatibility on attitude. Analyses of attitude as a mediating factor are also provided.

Design/methodology/approach

– Survey data from 237 usable questionnaires are employed to test the hypothesized relationships. The proposed hypothesized relationships are examined using partial least squares (PLS). Similarly, PLS is also extended to analyse attitude as a potential mediator for the relationships between subjective norm, relative advantage, simplicity and compatibility with the Islamic home financing adoption. Baron and Kenny's (1986) procedure is used to evaluate the role of attitude as a potential mediating factor in the research's framework.

Findings

– This study discovers an integrative approach that is valid in the case of Islamic home financing. The paper's results, however, have not supported the effect of compatibility on attitude towards Islamic home financing preference and it is also reported that attitude does not mediate for the relationship between compatibility and the Islamic home financing adoption.

Research limitations/implications

– This study, however, suffers from three limitations which further stimulate new researches in this area. First, this research does not consider additional measures to capture Islamic home financing adoption. Second, this study discovers attitude does not mediate the relationship between compatibility and the Islamic home financing adoption. Third, there is a possibility that attitude also serves as a moderator, however, but it is presently unconsidered.

Practical implications

– This study has several implications for Islamic banks to develop proper planning for Islamic home financing products. Those implications are provided.

Originality/value

– This study is the first research in Islamic home financing's area to integrate two models namely the theory of planned behaviour (the TPB) and the innovation diffusion theory (the IDT) in a single research in order to expound Islamic home financing adoption. This study contributes to the literature by examining an integrative approach for understanding Islamic home financing adoption in Malaysia.