The Islamic theory of consumer behaviour for ijarah home financing

ABSTRACT

Purpose – This study aims to examine the factors that determine consumer behaviour of ijarah home financing using the Islamic theory of consumer behaviour (ITCB). In particular, the specific contract used is al-ijarah muntahia biltamleek. Subsequently, the term al-ijarah muntahia biltamleek home financing is used throughout the paper. Design/methodology/approach – Drawing upon the ITCB, the present study examines patronage factors for al-ijarah muntahia biltamleek home financing. This study's data were drawn from valid 409 usable questionnaires. Findings – Partial least square results suggest that the role of iman, Islamic mortgage support and maqasid consumer index are significantly related to consumer behaviour. In turn, consumer behaviour is instrumental in determining religious satisfaction. Research limitations/implications – Two limitations were observed that provide direction for future studies. Firstly, the current study is only tested in one particular Islamic home financing product that may explain why the generalisation is an issue. Secondly, the theory is still in its infancy stage, which, of course leads to some criticisms pertinent to its parsimony and applicability to other settings. Despite these limitations, however, this study aims to suggest a so-called Islamic model of factors that can explain consumer behaviour of a particular Islamic home financing product. In particular, scrutinising the product acceptance from the context of the ITCB can open a new debate in this area. Practical implications – This study indeed reduces the theory–practice gap by suggesting new indicators that are workable to improve consumers' positive perception of Islamic home financing. Given the results obtained, the ITCB provides a better prediction for consumer behaviour of al-ijarah muntahia biltamleek home financing. Originality/value – This study expands the applicability of the ITCB to include al-ijarah muntahia biltamleek home financing.