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Consumer Receptiveness of Mortgage-Based Islamic Social Finance: A Maqasid Framework by Hanudin Amin1

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Consumer Receptiveness of Mortgage-Based Islamic Social Finance: A Maqasid Framework Abstract This study proposes a workable model of the mortgage-based Islamic social finance and to test the model acceptance using a maqasid framework empirically. A questionnaire survey is employed to examine the validity of the framework developed and for this purpose, the maqasid approach is considered. The results obtained indicate that educational programme, mortgage welfare, consumer justice and Islamic debt policy are instrumental to influence the consumer receptiveness of mortgage-based Islamic social finance. Though the present work produced a fruitful outcome, yet the generalisation of the findings is somewhat limited and the application of the theory used in consumer behaviour is relatively fallen short or even unpopular in the conventional thinking. The results obtained provide better planning for Islamic banks to market their mortgages effectively. In spite of these weaknesses, this study can be an eye-opener pertinent to the likelihood to introduce a mortgage facility, where a mortgage-based Islamic social finance and a consumer

receptivity are brought into play. The Maqasid Theory of Consumer Behaviour (MTCB) is introduced. Keywords Mortgage-based Islamic social finance, Islamic social bank, Maqasid, Affordable financing.

Introduction A mortgage is defined as a legal agreement in which a consumer house purchase is typically financed by an Islamic bank while the former repays the latter that includes (principal + profit) as written in the mortgage agreement. In a mortgage transaction, the bought house is collateral to secure the financing obtained. As for Islamic banks, mortgage financing is a secured and stable portfolio due to constant monthly repayment by homebuyers (i.e. debtors). As for homebuyers, the financing facility provides a financial resource to improve their homeownership but also requires a long term financial commitment and for that their well-being of family members is, somehow, affected. This article, however, considers the need for mortgage-based Islamic social finance in the context of Malaysia to support by zakat, awqaf and sadaqah for existence and sustainability. As such, the term mortgage-based Islamic social finance is defined as the mortgage facility offered to low and moderate-income families who are in need of homeownership for improved well-being. This idea, however, is mixed-blessings. There are three (3) reasons why this mortgage is vital for households: ? Firstly, inequality of wealth distributions. The Gini index can be employed to explain the social gap in which the score of 0 representing 100 per cent perfect equality while the score of 1 demonstrating 100 per cent inequality. Department of Statistics Malaysia (2016) reports that the Gini index for urban and rural areas was 0.391 and 0.355, respectively. In Labuan and Sabah, the reported index was 0.390, implying there exists income disparity between households; ? Secondly, the house and land prices. Owing to the income disparity as mentioned, the ability of an individual to purchase a complete house or land for a house is difficult. In the past, an intermediate terrace house cost RM200,000-RM300,000 which was affordable to the medium-income groups. Today, however, the price of the house can reach up to RM1 million. This trend, however, is quite alarming. In Labuan, Malaysia alone, the price of a single storey terrace house is estimated around RM350,000- RM500,000, implying a level that is difficult to fulfil by the low-income group to make a house purchase. In fact, the prediction of the increased price of houses among local folks has also contributed to the increased price for the house. For instance, some parents buy houses today for their children to improve their children homeownership in the future. In turn, the house prices are affected out of contemporary demand by parents; and ? Thirdly, a bank's aptitude in approving the mortgage's applications. There was evidence saying that some people blame a bank for declining their financing applications. In real practice, however, the bank has put its best effort to approve the customer application for maslahah to avoid the latter to get trapped into an acute indebtedness. Those earning RM3,000 – RM5,000 have a greater risk if they think for a better home that costs them a price of RM500,000. Consumers existing financial obligations such as car and personal financing are some reasons why their applications are rejected to avoid themselves trapped in bad debts. This study expounds at least three (3) features of mortgage financing as follows: ? Firstly, absolute ownership. The ownership of the mortgage and the house are surely owned by Allah (SWT). Hence, the transacting parties should promote integrity, fairness, honesty and faith in God. Consequently, the element of piety in the mortgage is of importance to secure its purpose in providing financial assistance to needy for home ownership instead of profit maximisation. The mortgage proposed is aimed at maximising pahala of all parties involved, at least; ? Secondly, relationships of the transacting parties. The relationships that generate are significantly in extending financial resources to enable the poor and needy to get their first homeownership. The concept of brotherhood and ihsan are extended; ? ? Thirdly, the exclusion of all forms of interest in financial transactions. The element of interest charges is excluded including its "implication"; and Fourthly, the sources of knowledge. The mortgage-based Islamic social finance is prescribed in the Quran in the support of wellbeing and inner peace. In the Quran (Al- Maidah: 5:2), Allah (Azza Wa Jalla) said

21“...Help ye one another in righteousness and piety, but help ye not one another in sin and rancour...”

implying mortgage-based Islamic social finance is about to help needy and poor along with an effort to generate sufficient profit for continuity. In all, this paper aims to examine factors determining receptiveness of consumer of mortgage- based Islamic social finance. For this purpose, the

29Theory of Maqasid Consumer Behaviour (TMCB) is developed to capture

the distinctiveness of mortgage-based Islamic social finance. The Proposed Model of Mortgage-Based Islamic Social Finance As noted earlier, the model of this mortgage is based on the "intermediary" concept in which normal banking transactions are taken place. In the banking sector, sources of fund are emanated

from depositors and shareholders while uses of the fund are for various types of financing products. As for the mortgage model, the sources of fund are not considered as liabilities but instead of trust from muslim for the blessings of the Almighty. The uses of the fund are for the benefit of the mortgage in which a small monthly repayment is considered

27for the benefits of poor and needy. Figure 1 shows the

model. Furthermore, to make one mortgage considers as the mortgage-based Islamic social finance, some particular assumptions are needed as follows: ? Sources of funds – According to Obidullah and Shirazi (2015), based on their work on

27Islamic Social Finance Report (2015), Islamic social finance

comprising institutions rooted in Islamic philanthropy such as zakat, awqaf and sadaqah, among others. This suggests that the proper sources of funds from the mortgage are derived mainly from zakat and awqaf. No liabilities are directly incurred. These measures indeed are growing in Malaysia; ? Facility providers – This mortgage should be provided by faith-based organisations, which will be mandated by the state government to work for it or federal government in matter considers its applicability. In our case, we propose “Islamic Social Bank” which has two expertise, the bank’s expertise and the social’s expertise (managing the needs of needy); Sources of fund Falaah Allah (SWT) Uses of fund Blessings Zakat Mortgage for poor Awqaf Joint Management Mortgage for needy Sadaqah Others Report IslamicRSocial Bank Repay Collect State Islamic Religious Council Distribute Islamic worldview Figure 1. A Proposal of Model of Mortgage-Based Islamic Social Finance ? Mortgage objective – The facility provided should reflect five elements of maqasid al-Shariah, viz., life, faith, mind, belongings and descendants. The mortgage offered should protect these elements otherwise it is unqualified. Explicitly, it captures two objectives namely #1- Financial assistance to the poor and needy for owning a better affordable house #2 Promoting ummah’s well-being through subsidised homeownership; and ? Shariah contract used – The mortgage should apply Shariah contracts to reduce the implications of debts and the riba too. Needless to say,

20bay bithaman ajil (BBA), tawarruq and murabahah are Islamic financing

products that encourage debt taking at losing one’s debt freedom. This article, however, suggests the musharakah mutanaqisah principle in governing the operation of the mortgage promoting debt equity between the transacting parties for mardhatillah. Even better “qardhul hassan mortgage financing” but it is, however, subject to profound research and development (R&D) before it can depart. This proposed mortgage model helps to stimulate homeownership among poor and needy to protect their privacy and family development. It also helps to transform home-industry where the emphasis is given on a true and real mortgage as needed by society at large that brings ummatic transformation to those in need. The mortgage, however, is a mixed blessing in that it captures a specific need of those needy and poor people at the expense of other societies. Defining needy and poor people for the mortgage also requires further research for objectivity. Despite this issue, however, the current study considers as an eye-opener to improve homeownership where Islamic social finance comes into play. Our proposed workable model here is in its infancy stage and we only aim to expose the explicit form of the model for greater work in future studies. Thus, the success of this model is relied on the smart partnership between the transacting parties (i.e. the government, society and faith-based organisation) to implement the model, where the benefits of it will be greater for a greater number of people in the nation, at least. Literature Review and Maqasid Theory of Consumer Behaviour Maqasid theory tells us about the inter-relationship from one occurrence to another. In my opinion, the theory provides answers to queries of how and why. It explains about the event about why behaviour takes place and how it happens. Typically, theory in Islamic banking literature is stemmed from the primary sources of Islam, which are of interest to protect one’s tawheed, akhlaq and fiqh for the benefit of all parties involved. It is of an assertion that a maqasid theory is a good theory that can provide a better explanation, prediction and measurement of consumer receptiveness of Islamic banking products like in the case of a tawarruq-based mortgage. The term

24maqasid al-Shariah refers to an objective of Shariah

that gives a balanced deliberation on one's life, religion, intellect, property and lineage. Choudhury (1986) offers an insightful concept of maqasid al-Shariah through the confirmation about a universal goal and specific applications that can be built on this goal to attain the hierarchy of values in Islamic law. For instance, homeownership is categorised under property in the maqasid. Auda (2010) refers maqasid to a purpose, objective, principle, intent and goal, among others. In this regard, the objectives of Shariah are of three. The first is to educate individual, the second is to establish justice and the third is to realize public interest covering all individuals to serve ummah better. After all, the Quran and the Hadith are the sources that explain why maqasid al-Shariah is needed in our society. Maqasid al-Shariah plays a vital role to offer a Shariah parameter in upholding fair financial transactions involving banks and customers. Dusuki (2008) supports an assertion that maqasid can jack up the quality of justice in social financial transactions. A well-known scholar, Chapra (2000) asserts the significance of balancing the measures between individuals' interest and ummah's interest to meet the maqasid and for that, the vision of the religion can be attained. The two visions are the promotion of socio-economic justice and well-being of individuals. Chapra (2000) suggest that the Islamic banking objectives should be at firstly (1) promoting social welfare or obligation of individuals or consumers, and secondly (2) to optimise the earning that can be drawn from their interaction with consumers at large in order to actualise the maqasid al-Shariah in Islamic banking. Chapra (2000) has influenced Dusuki (2008) in the proposal of what are objectives of Islamic banks. Dusuki (2008) provides empirical support which of these objectives is essential, firstly, profit obligation, and, secondly social obligation. He discovers that the latter plays as a primary objective of Islamic banks. These include the responsibilities to take up the welfares of their staff, customers and the general public. This also means that profit should come after social obligation takes place to promote the maqasid and for that it becomes a competitive banking weapon for Islamic social banks. This is also in light with Kamali's (2008) viewpoint who stresses the importance of fairness in terms of justice, removal of prejudice and assuaging hardship in one's action. Chapra (1992) asserts that maqasid al-Shariah is related to Islamic business activity to fulfil falah and well-being of individuals. It is also needed to promote ethical practices among individual in society. A work by Richardson (2011) provides support to Chapra's (1992) theory. The author confirms the significance of equity promotion, justice, no exploitation and protection of individual wealth and also the promotion of clean and ethical standards of doing social interactions. The inability of Islamic banks to apply these measures can be of a reason why their performance

3is still lagged behind compared with their conventional peers.

Importantly,

3maqasid al-Shariah is able to

minimize any diversity in society by providing a means to promote integration and interaction. Chapra (2000) believe that Islamic and conventional economies are of two different things with different societies and visions are brought into play. Accordingly, the term well-being is sourced from material and hedonism in the Western world and because of that enhancement of individuals' self-interest is important including the optimising of their wealth and sensual satisfaction. Unlike this concept, the religion of Islam gives an emphasis on iqtisad or moderation, where the interest of ummah and individuals are balanced to avoid malaise and upholding social justice. Essentially, this article intends to propose a theory that can represent a maqasid theory. It is proposed as a "Maqasid Theory of Consumer Behaviour" – MTCB. Two reasons why it is proposed. Firstly, it is a pioneering effort to promote new research to extend the theory for comparison and evaluation. Secondly, it is a pioneering effort to suggest variables capturing the theory for new debate and contribution. Furthermore, given the extant works of literature, a framework that represents the theory should capture four variables but are not confined to: ? Variable #1 – Educational programme – Islam gives a key priority to disclose any information that can help consumers make a sound decision pertinent to spending, savings and consumption. The dimensions like clear advertisement and full disclosure are of importance to deliberate; ? Variable #2 –Consumer justice - It deals with fairness, equity and impartiality as prescribed in the primary sources; ? Variable #3 – Mortgage welfare – Like in the case of a mortgage, for instance, helping bank customers in hardship and protecting their confidentiality and interest are upheld in the Islamic business philosophy, so do Islamic banks; and ? It captures both financial and non-financial supports given to customers in need. Variable #4 – Islamicity of debt policy – It defines generally as the Shariah agreement of debt policy by the banks. Shariah

29 **is the core reason of why Islamic banks do exist.**

The higher the extent

1 **of Islamicity of debt policy, the**

better is

46 **consumer acceptance of Islamic financing products. All in, the TMCB is**

a theory that is modified from maqasid al-Shariah that offers numerous

3 **benefits to banks and customers at large. From the**

banks' side,

1 **maqasid al-Shariah needs to represent in the structure, process and culture of the**

bank. The bank

1 **is expected to promote the welfare of the customer in a just and equitable**

manner for enhanced Islamic banking operations. In short, maqasid al-Shariah moderates the need for

3 **profit and social factor for Islamic banking, in turn, promoting true Islamic banking operations. From the**

customers' side, the TMCB proposed provides a better prediction

24 **for the relationship between** consumer behaviour and **maqasid al-Shariah. The**

TMCB can establish new relationships that build new debates and extension of a new idea for better empirical support. The TMCB is expected to open a new spectrum of doing research

40 **in the area of Islamic banking and finance** where **the**

benefit it offered is greater than other theories introduced in the West, at least. Consequently, this research model is proposed: Educational programme Mortgage welfare Consumer receptiveness Consumer justice Islamic debt policy Figure 2. The Research Model Though available, studies related to four factors under contemplation are fallen short. Four works, firstly by Mohammed

1 **et al. (2008), Abdul-Razak and Abduh (2012), Amin et al.**

(2014) and Amin (2017) provide a departure. Concerned with the educational programme for Islamic banks, Mohammed et al. (2008) have projected three items

10 **in measuring the performance of the banks.**

These include

30 **advancement of knowledge, instilling new skills and** improvement **and** creating **awareness of Islamic banking.** The annual report **is the**

sample used. This work discovers the Sudanese Islamic Bank (SIB) has relatively better than others in terms of the allocation of education grants. The significance of education is somehow limited when it comes to consumer perspective. The one addressed by Mohammed et al. (2008) is confined to education grants and scholarships. Due to this flaw, a work by Amin et al. (2014) extends Mohammed et al. (2008) to include consumer behaviour or consumer receptiveness. Amin et al. (2008) try to explicate it using a questionnaire survey, not intended to become as a surveyor but for the development of theory where behavioural finance comes into play. Drawing upon the maqasid al-Shariah index, this work managed to discover the significant connexion between education and consumer preference. The result obtained is fruitful that suggests education creates awareness, and awareness creates adoption. Relating to consumer justice, these two works also outline the role that can be played by consumer justice in creating demand from mortgage products, mainly by Amin et al. (2014). This study, discovers, otherwise in which consumer justice is not related to consumer receptiveness, perhaps out of poor development of battery items used and the inability of respondents to understand the motive behind the development of the items. Earlier, Mohammed et al. (2008) used to measure justice based on

10 **fair dealings, affordable products and elimination of injustices,**

but their objective is not meet out of scarcity of data pertinent to justice

44 **in the operations of Islamic banks. Amin et al. (2014) though used**

the same approach as Mohammed et al. (2008), but the battery items used are unclear, having issues on reliability and validity. Despite its flaw, the work is an eye-opener about the importance of having our own theory in consumer research. The welfare programme in Islamic banking is also prioritised in Mohammed et al. (2008) study, proposing three items capturing welfare, namely,

10 **profitability, redistribution of income and wealth and investment in the vital real sector.**

Of these, Mohammed et al. (2008) find a significant effect of zakat payment by Sudanese

52 **Islamic Bank and Bank Muamalat Malaysia Berhad also play an**

important role in terms of zakat payment. These items somehow are mixed and no focus is directed to understand mortgage welfare rather generic capturing the general idea of Islamic banking. Due to this limitation, a work by Amin et al. (2014) takes a brave step by examining the role of welfare for Islamic home financing products through their efforts are yet proven. Evidently, however, they discover there is no significant effect that mortgage welfare can bring when a consumer intends to take up a mortgage.

54 **One of the reasons is that perhaps Islamic banks**

have not made mortgage welfare as an integral part of their mortgages, implying their customers clueless about it, which, in turn, can bring insignificant outcome. Not because it is not important but because it is not

practised by Islamic banks seriously. Besides these three factors, Islamic debt policy is also found important when offering the mortgage facilities. Amin (2017) discovers a significant

20relationship between Islamic debt policy and consumer behaviour. The reason of this outcome is

55based on the fact that many have been exposed about the

horror stories about Islamic home financing court cases, and at the same, it is significantly contributed to the well-being of individuals since it has a long term repercussion

1(Abdul-Razak and Abduh, 2012). Furthermore, a

work by

3Amin et al. (2017) examines consumer attitude and preference in the Islamic mortgage sector

in Malaysia. Unlike Abdul-Razak and Abduh (2012),

3this study provides new thinking about examining consumer receptiveness of Islamic

mortgage by considering 'our' own paradigm to understand the behaviour without being capturing by Western theories. Besides the significant roles brought by service quality and product choice, this study managed to discover the significant effect of debt policy

1on attitude, which in turn, affecting consumer preference.

Such a significant role occurs out of the maturity level of respondents used since they are university staff in which the information pertinent to Islamic mortgage is widely available and shared from one to another. Methodology Subjects The subject of this study is young millennials who intend to buy affordable houses using Islamic home financing products. In our context, however, affordable houses are houses that are adequate in quality, and importantly they have a reasonable price that leads to a fulfilment of homebuyers of their mortgage needs and other basic living needs. At a young age, homeownership is almost unbearable due to poor cash inflow of savings and the issue of pricing that contributes to an inability among prospective homebuyers to obtain cash financing from a bank out of a low paycheck and skyrocketed price of the house bought. This study was conducted in Labuan, East Malaysia in January 2019. Judgmental sampling was chosen. We select a respondent once he meets these criteria. ? Respondents plan to buy a property using Islamic home financing facilities; ? Respondents are millennials who

5are the existing customers of Islamic banks; and ? Respondents

are those who support the importance of Islamic social finance including mortgage-based Islamic social finance. We provide 300 questionnaires for data collection. Though 300 questionnaires were successfully distributed, however, only 268

37questionnaires were usable for further analysis of the data. Insincere responses of

32 questionnaires were discarded. Our

57sample size is based on 268. The profiles of

our

48respondents are presented in Table 1. Table 1. Respondents' profile

Demographic Detail N % Gender Male 126 47.0 Female 142 53.0 Education obtained Diploma/STPM 3 1.1 Degree 165 61.6 Master 72 26.9 PhD 28 10.4 Marital status Single 69 25.7 Married 199 74.3 Measures Following Churchill Jr. (1979), we develop the research items using two approaches, firstly literature analyses, and, secondly expert feedback. As for the former, all battery items developed are adapted from previous studies related. The detail descriptions are provided as follows: ? Educational programme – Three items of this variable are modified from Mohammed et al. (2008) and Billah (2006); ? Mortgage welfare - Three items of this variable are modified from Haniffa and Hudaib (2007) and Jabatan Syariah BMMB (2012); ? Consumer justice - Three items of this variable are modified from Rosly (2010) and Muneeza et al. (2011); and ? Islamic debt policy – Three items of this variable are modified from The Quran, Haniffa and Hudaib (2007) and Jabatan Syariah BMMB (2012). All items are adapted out of the fact that earlier studies have developed their battery items to capture a

45context of Islamic home financing in Malaysia. After the generation of items,

we invite 5 Shariah scholars to review and to comment on the research items. With all considerations, only a small revision is conducted. The

49items are measured using a 5-Likert scale ranging from

38a low response of strongly disagree [1] to a high response of strongly agree

[5]. As for face validity,

50a pilot test was conducted among 30 respondents in which the

battery items were corrected and improved accordingly. The finalised questionnaire was sent for an actual survey to elicit responses and feedback. Results and Analysis In analysing data, there are two stages of the data analysis are conducted, namely, measurement model that describes factor loadings, reliability and discriminant validity and structural analysis that describes the effects of the variables tested on the receptiveness. The details

1are provided as follows: Measurement model

In this work, our analysis is conducted using a two-stage approach (Chin, 2010). The approach includes

3measurement model and structural analysis, in which the former is conducted

to examine

34the validity and reliability of the model developed whilst the latter is conducted to evaluate the

pattern and significance of the relationship between one variable to another. Likewise, Table 2 presents the factor loadings for all battery items under contemplation. It is found out that all items that hypothesised to represent their own particular factor/variable are statistically significant and loaded highly in the factor that they supposed to measure. Besides, no battery

26 items loaded higher on the factor that they are not hypothesised to

gauge. Following Churchill Jr (1979), factor loadings are important in discriminating valid items from non-valid items for a specific factor that they measure. Given our results, we conclude that all battery items analysed are valid and taken

1 for further analysis of the data. Table 2. Factor

Loadings Battery item IDP1 IDP2 IDP3 CR1 CR2 CR3 EP1 EP2 EP3 CJ1 CJ2 CJ3 MW1 MW2 MW3 IDP
CR EP 0.883 0.413 0.139 0.919 0.424 0.203 0.893 0.432 0.149 0.485 0.953 0.380 0.425 0.935 0.335 0.411
0.884 0.206 0.221 0.331 0.944 0.184 0.301 0.938 0.133 0.243 0.892 0.433 0.492 0.240 0.531 0.301 0.223
0.523 0.305 0.248 0.424 0.433 0.205 0.382 0.484 0.131 0.235 0.484 0.131 CJ 0.400 0.549 0.499 0.333
0.445 0.434 0.294 0.205 0.253 0.934 0.935 0.890 0.491 0.384 0.433 MW 0.494 0.446 0.339 0.544 0.434
0.484 0.139 0.144 0.194 0.446 0.519 0.493 0.915 0.922 0.832 Note: IDP=Islamic debt policy,
CR=Consumer receptiveness, EP=Educational programme, CJ=Consumer justice, MW=Mortgage welfare.
We also run several tests covering

42 AVE, composite reliability (CR) and Cronbach's alpha for reliability.

All factors tested have produced acceptable values for CR, exceeding the

5 threshold value of 0.7 and for that all items capturing the factors are reliable. On the

same note, our AVE

43 values are also greater than the recommended value of 0.5.

These results are in tandem with Fornell and Larcker (1981) proposal in which AVE values that

59 greater than 0.5 are meeting the convergent validity.

Furthermore, our Cronbach's alpha test also reveals favourable outcomes in which all constructs' items have produced the intended value of greater than the threshold of 0.6. This concludes the battery items

56 representing the constructs are having internal consistency. Table

3. Reliability Factor

23 AVE Composite Reliability R Square Cronbach's Alpha IDP 0.807 0.926 - 0.881 EP 0.869 0.952 - 0.925 CJ 0.848 0.944 - 0.

910 MW 0.817 0.930 - 0.889 CR 0.855 0.946 0.687 0.915 Note: IDP=Islamic debt policy, CR=Consumer receptiveness, EP=Educational programme, CJ=Consumer justice, MW=Mortgage welfare. Furthermore,

Table 4 presents the results pertaining to the discriminant validity.

35 All values examined for the respective factors are greater than the threshold value of 0.

7, implying there exists the discriminant validity for the factors under contemplation. Our results are in line with

47 Fornell and Larcker's (1981) proposal, in which they assert that the

discriminant validity established when the

33 square root of the AVE for the given factor is greater than the correlation shared with other factors

under consideration. The details of this assertion are given in Table 4. Table 4. Discriminant validity Factor
IDP EP CH MW CR IDP 0.899 EP 0.199 0.932 CJ 0.311 0.273 0.921 MW 0.497 0.192 0.380 0.904 CR
0.395 0.335 0.360 0.421 0.925 Note: IDP=Islamic debt policy, CR=Consumer receptiveness,
EP=Educational programme, CJ=Consumer justice, MW=Mortgage welfare. Structural analysis The results
obtained as reported in Table 5 suggest that consumer justice has the highest influence on consumer
acceptance ($\beta = 0.420$ & $t = 6.667$) followed by Islamic debt policy ($\beta = 0.343$ & $t = 6.876$). This finding indicates
that bank customers intend to take up the mortgage when the treatment emanated from the mortgage is fair
and it is accessible to all layers of individuals in our society. This element needs to be embedded in the
mortgage model. This finding also indicates that bank customers will consider Islamic debt policy when they
are satisfying the fair treatment that comes without discrimination to prospective customers. The
respondents are also believing that consumer justice and Islamic debt policy is somehow related in which
the latter is part of the former. Regardless of these, banks that offer actual Islamic debt treatments can be
potential to be patronised by bank customers. Table 5. Structural analysis Pathway Beta SD t-value
Supported CJ ? CR 0.420 0.063 6.667 Yes EP ? CR 0.125 0.038 3.277 Yes IDP ? CR 0.343 0.050 6.876
Yes MW ? CR 0.141 0.061 2.317 Yes Note: IDP=Islamic debt policy, CR=Consumer receptiveness,
EP=Educational programme, CJ=Consumer justice, MW=Mortgage welfare. Likewise, the results also
suggest that mortgage welfare has a higher influence on consumer receptiveness ($\beta = 0.141$ & $t = 2.317$) than
educational programme ($\beta = 0.125$ & $t = 3.277$). The reasons are two-fold. The results reveal that mortgage
welfare is greater than an educational programme since the former has a direct influence when one decides
to take up the mortgage than that of the latter. Individuals could have been expected to react mostly
because of the packages of welfare provided by service providers. If the welfare programme is accessible
and available, one tends to opt it first before the educational programme comes into play. The educational
programme is only considered when it is relevant and has a direct input to make a decision to take up the
mortgage facility. To sum up, all proposed hypotheses are validated empirically and

26 found to be statistically significant and related, implying the present research framework is

acceptable. Conclusion and Recommendation This study has examined consumer receptiveness of mortgage-based Islamic social finance using a maqasid framework. Respondents perceive that consumer receptiveness is determined by consumer justice, followed by Islamic debt policy, mortgage welfare and lastly educational programme. In other words, consumers show positive perceptions regarding the ability of justice, Islamic debt policy, mortgage welfare and educational programme to meet their financial mortgage needs. As a result, banks can provide sufficient information about these factors to potential consumers, which may function as a reliable source of information and can help them to make a sound decision. Though websites of Islamic banks are essential, somehow, the reliability of the websites is dependent on how often the banks update the information available on websites. As such, a constant update at least for every 5 minutes can be of help to improve the relevance and usefulness of mortgage facilities offered. In more detail, we provide the following contributions: Theoretical contributions This work introduces a new

framework that captures the effects of consumer justice, Islamic debt policy, mortgage welfare and educational programme on consumer receptiveness. Our empirical findings indicate that these factors are statistically significant and for that, the hypothesised hypotheses are found valid. On the same note, the maqasid framework is also found relevant and for that, it is a new measure that can be employed for future studies, where Islamic banking products and services are brought into play. Another theoretical

41 **contribution of the current study is the** inclusion **of** customer perceptions of **the**

factors involved based on the cognitive belief evaluations, which in turn, can deliver valuable insights into potential home buyers' cognitive processes. On the same note, this study also

51 **makes a** substantial **contribution to the body of knowledge**

by reducing the gaps in consumer mortgage behaviour/receptiveness. More importantly, this work provides empirical support for the factors under contemplation to explicate consumer receptiveness in the context of mortgage-based Islamic social finance. Methodological contributions Our study here provides also a methodological contribution pertinent to the development of constructs' items related to consumer justice, Islamic debt policy, mortgage welfare and educational programme on consumer receptiveness. We find no specific battery items that represent these factors. We build up the items by examining some ideas expressed by earlier works (e.g. Billah,

39 **2006; Haniffa and Hudaib, 2007; Mohammed et al., 2008;**

Jabatan Syariah BMMB, 2012). The measurement scales are developed specifically by eliciting responses by five Shariah scholars, who are pious and knowledgeable on mortgage facilities. In this study, each factor proposed has three battery items and consistently applied to other factors and further, they are enhanced through interviews with Shariah scholars as well as a pilot test involving 30 respondents (not reported in this study). Yet, the battery items develop can also be employed and to be generalised into other Islamic banking products without confining themselves to Islamic home financing products, alone. Practical contributions This study generally provides a general guideline on how to improve consumer receptiveness using so-called Islamic yardsticks. In their marketing, managers of the mortgage in should pay attention to the fairness of the financial treatments, related to consumer justice and Islamic debt policy. The factors recognised in this study can determine consumer receptiveness and allow managers of Islamic social bank to focus on developing better plans to improve visibility and thus demand. This indicates that our findings are not only served as a source of reference but also can act as a directive that can be fully optimised to strengthen the marketing strategies should Islamic social bank introduce. All taken, our findings are able to educate mortgage managers even to existing Islamic bank about how to maintain the competitive advantage

53 **of Islamic home financing products** through **the** inclusion **of** zakat, waqf **and**

sadaqah. Likewise, no studies can immune from any limitations and the same goes to the present study. We outline two main limitations to drive future works in this area: ? Firstly, this work is confined to a specific city of Labuan in Malaysia that can explicate its limitations and so do its contribution to the body of knowledge. Results obtained may not be fully generalisable to include other bank customers from untested market segments. Future works may learn on how to cover the geographies to include Indonesia, Brunei and Philippines to extend the research findings; and ? Secondly, our contributions are confined to the variables under contemplations, in which only four factors are proven to be essential to predict consumer receptiveness of mortgage. Our PLS model presents 68.7 per cent of the variances explained in the consumer receptiveness, implying about 31.3 per cent of its variances are drawn from other factors, not tested in the present model. Despite these flaws, the present study provides us with an improved understanding about a framework that explicates consumer receptiveness of mortgage-based Islamic social science and perhaps this work can become as a source of reference to guide more academic research by academicians and action research by practitioners pertinent to the feasibility of the mortgage implementation. Acknowledgement This study

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