

T.R.
ISTANBUL SABAHATTIN ZAIM UNIVERSITY
GRADUATE EDUCATION INSTITUTE
DEPARTMENT OF ISLAMIC ECONOMICS AND FINANCE



**FACTORS INFLUENCING ISLAMIC HOME
FINANCING ADOPTION IN CANADA**

MA THESIS

Afif TRIGUI

Istanbul

February-2024

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DECLARATION OF SCIENTIFIC ETHICS AND ORIGINALITY

This is to certify that this MA thesis titled “Factors Influencing Islamic Home Financing Adoption in Canada” is my own work and I have acted according to scientific ethics and academic rules while producing it. I have collected and used all information and data according to scientific ethics and guidelines on thesis writing of Istanbul Sabahattin Zaim University. I have fully referenced, in both the text and bibliography, all direct and indirect quotations and all sources I have used in this work.



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Istanbul, February 2024

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ABSTRACT

**FACTORS INFLUENCING ISLAMIC HOME FINANCING
ADOPTION IN CANADA**

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Islamic home finance is a financial product provided by Islamic financial institutions that adheres to the principles of Sharia. This study utilizes the Theory of Reasoned Action (TRA) as a framework to investigate the factors that influence customers' intentions when adopting Islamic house financing in Canada. 135 usable surveys were obtained from Canadian Muslims. The data was then analyzed with SmartPLS-SEM software to get the results. There are five determinant factors, which are attitude (ATT), religious obligation (RO), pricing (PR), and awareness (AWA), in addition to the moderating variable of government support (GS) on PR and AWA. The outcomes show that attitude, religious obligation, and awareness significantly influenced customers' intentions to use Islamic home financing, while pricing and government support were not significant. The findings would assist market players in enhancing their strategies regarding the aspects that they need to improve in order to build effective Islamic home finance products that are more competitive and appealing to customers. To the best of the author's knowledge, this is the first quantitative study that is being conducted in Canada on Islamic finance.

Key terms: Intention to Adopt, Islamic Home Finance, The Case of Canada, theory of reason action (TRA)

ÖZET

KANADA'DA İSLAMİ EV FİNANSMANININ BENİMSENMESİNİ ETKİLEYEN FAKTÖRLER

Afif TRIGUI

Yüksek Lisans, İslam Ekonomisi ve Finans

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İslami ev finansmanı, İslami finans kurumları tarafından sağlanan ve Şeriat ilkelerine bağlı bir finansal üründür. Bu çalışma, müşterilerin Kanada'da İslami konut finansmanını benimseme niyetlerini etkileyen faktörleri araştırmak için Gerekçeli Eylem Teorisini (TRA) bir çerçeve olarak kullanmaktadır. Kanadalı Müslümanlardan 135 adet kullanılabilir anket elde edilmiştir. Veriler daha sonra sonuçları elde etmek için SmartPLS-SEM yazılımıyla analiz edildi. (PR) ve (AWA) üzerindeki düzenleyici değişken Hükümet desteğinin (GS) yanı sıra Tutum (ATT), Dini yükümlülük (RO), Fiyatlandırma (PR) ve Farkındalık (AWA) olmak üzere beş belirleyici faktör vardır. Sonuçlar tutum, dini yükümlülük ve farkındalığın anlamlı düzeyde olduğunu göstermektedir. Fiyatlandırma ve devlet desteği önemli olmasa da müşterilerin İslami konut finansmanını kullanma niyetlerini etkiledi. Bulgular, piyasa oyuncularının, daha rekabetçi olabilmek ve müşteriler için daha çekici olabilmek amacıyla etkili İslami ev finansmanı ürünleri oluşturmak amacıyla iyileştirmeleri gereken yönlerle ilişkin stratejilerini geliştirmelerine yardımcı olacaktır. Yazarın bildiği kadarıyla bu, Kanada'da İslami finans üzerine yapılan ilk niceliksel çalışmadır.

Anahtar Sözcükler: Evlat Edinme Niyeti, İslami Ev Finansmanı, Kanada Örneği, gerekçeli eylem teorisi (TRA)

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LIST OF ABBREVIATIONS

IF: Islamic Finance

IB: Islamic Bank

IHF: Islamic Home Finance

IFIs: Islamic Financial Institutions

DP: Diminishing Partnership

CMHC: Canada Mortgage and Housing Corporation

BoC: Bank of Canada

CMBP: Canada Mortgage Bond Program

NAIT: North America Islamic Trust

YIMBY: Yes In My Back Yard

NIMBY: Not In My Back Yard

CAD: Canadian Dollar

GDP: Gross Domestic Production

GDPG: Gross Domestic Production Growth

IFB: Islamic Finance Advisory Board

MAC: Muslims Association of Canada

NCCM: National council of Canadian Muslims

USA: United States of America

UK: United Kingdom

MENA: Middle East and North Africa

GCC: Gulf Cooperation Council

SEA: Southeast Asia

SA: South Asia

ATT: Attitude

RO: Religious Obligation

PR: Pricing

AWA: Awareness

INT: Intention

GS: Government Support

PLS: Partial Least Square

PLS-SEM: Partial Least Square-Structural Equation modeling

PLS-PM: Partial Least Square- Path Modelling

PLS-POS: Partial Least Square- Prediction-oriented Segmentation

CB-SEM: Covariance-based structural equation modeling

IPMA: Importance-Performance Map Analysis

AVE: Average Variance Extracted

SSE: Sum of Squared Errors

SSO: Sum of Squared Total Variances

CHAPTER I

INTRODUCTION

Islamic finance, the integration of the banking and financing industry and the laws of sharia, is a new financial system that revolutionised the financial sector, including money markets, banking, investments, insurance, credit, and venture capital sectors through a new product structuring with Islamic jurisprudence in mind (Rizvi & Saba, 2017), (DIAW, 2011). El Qorchi (2005) explained the global growth that is supported by an Islamic finance infrastructure like Islamic money markets and regulatory institutions Alharbi (2016) which supports the increasing number of Islamic banks and different types of Islamic financial institutions. Islamic finance managed in the last few decades to open to different new markets and offer newer services and products that fit the needs of the markets and communities (Mansoor Khan & Ishaq Bhatti, 2008). The establishment of Muslim communities in western countries opened up new markets for Islamic finance as Muslims are religiously required to adhere to their faith when conducting financial transactions (Benaziez & Hassan, 2022). The adoption of Islamic finance is fulfilling the demand of Muslim communities, that have voluntarily excluded themselves from the conventional financial system (Tahmina, 2013). The integration of Islamic finance leads to better financial inclusion and benefit the economy of the country by bringing in foreign investments, whether the Muslim community in countries is substantial as in the United Kingdom or Surinam) or small as in Brazil or Panama (Ainley et al., 2007; Thomson Reuters, 2016).

Finance and banking sectors have a big impact on countries' economies, making it a priority to find alternatives and choices to guarantee the inclusion of all segments of the population (M. K. Hassan et al., 2022). The introduction of Islamic finance supports greater financial inclusion by luring voluntarily excluded individuals into the financial system, boosting national growth and people's financial prosperity (Ahsan & Qureshi, 2022). The Canadian government has recognized the importance of Islamic finance but has yet to take steps to fully integrate this alternative financial system (Benaziez & Hassan, 2022). a study conducted for the Canada Mortgage and House Corporation in 2008 (CMHC) refers to the need to study Muslim customers and to

understand how to incorporate IF in the country's financial system. Therefore, comprehending the determinants that drive Islamic House Financing (IHF) adoption is critical in expediting access to finance for the Canadian Muslims. Policymakers should take into account these drivers to develop a strategy for adopting IHF services, which aligns with the financial needs of Canadian Muslims and enhances their chances to home ownership (Samia, Benaziez and Rusni, 2018). Moreover, Islamic finance has emerged as an alternative financing solution combining Islamic principles with financial services. By adopting Islamic finance, Canadian government can contribute to financial inclusion and aim for a more developed financial structure by diversifying financial products which leads to innovation, sectoral growth and regulatory reforms that are parallel to market characteristics.

One way to understand Canadian Muslims perception and desire for IHF is to study their behavioral intention towards it. Behavioral intention is the inclination of consumers to exhibit specific behavioral patterns with regards to the acquisition, disposal, and utilization of a product or service (Ajzen & Fishbein, 1970). To be more specific, behavioral intention is defined as the subjective probability of a person's inclination to execute a particular action that significantly affects his behavior (Liébana-Cabanillas et al., 2018). Understanding the behavioral intention toward IHF is one of the primary goals of the Theory of Reasoned Action model (TRA), with the aim of understanding how and why people use or reject IHF products (Amin et al., 2011). Therefore, it is crucial to study the factors that determine the intention to utilizing IHF as well as adding moderating variables that affect the factors relation with the intention. In this regard, Government Support is a moderating variable that can affect the relationship between the price factor and the intention, and awareness factor on the intention to utilize IHF. The study of these variables can yield significant insights into how Canadian Muslims perceive and desire to use of IHF and help develop strategies to enhance their acceptance and adoption of IHF products and services generally. Understanding the behavioral intention toward IHF can pave the way for more efficient and effective adoption of Islamic financial services in Canada. Therefore, this thesis aims to test the desire to utilize Islamic House Financing in Canada.

1.1 Statement of the Problem

IF is practiced successfully in many regions of the world, holding 4 trillion dollars in assets, reaching 17% annual growth in 2021, and projected to hit 5.9 trillion by 2026 (Refinitiv, 2021). IF is mostly known and practiced in the GCC and Southeast Asian countries, where most of the population is Muslim. However, IF is looking to expand globally and open new markets. Some Muslim-minority countries are becoming regional and global hubs for IF, such as the UK and Luxembourg in Europe (Thomson Reuters, 2016).

Even though there are empirical studies showing the positive impact of Islamic finance on economic growth in many countries due to its global expansion, even in Western Muslim-minority countries, the Canadian government was not yet decisive with the integration of Islamic finance, thus making the procedure of establishing IF Institutions and services lengthy (Benaziez & Hassan, 2022). With the Muslim population and Canadian policymakers interest growing bigger than ever, the need for Islamic finance becomes unavoidable, and we are seeing more studies about Islamic finance in Canada (Graham, 2014; Thomson Reuters, 2016). This study examines the behavioral intention to adopt IHF and how government support moderates its relationship to awareness and pricing.

There have been many efforts to establish IF with growth and stability in Canada. Both Abdul-Rahman (2009) and Naqvi (2022) stress how important it is to work with the government and regulators. Benaziez & Hassan (2022) proposed many solutions for the integration of IF and discovered the lag of inertia among key contributors to IF. One solution found by this research is that some Canadian Muslim communities reached out to a non-Islamic financial institution to develop an Islamic product for them to use. Another solution was that bank managers should consider "empathy" and fulfill the demand of the Muslim population, as these individuals are influenced by their religiosity in their financial decisions. To show the difficulty of the North American market Tahmina, (2013) noted that one IF Institution in the US took it 10 years to break even. However, to the best of the knowledge of this researcher, no prior study was conducted regarding the intention to adopt Islamic- based home financing. Hence, the present research holds the potential to make a noteworthy impact to the expand the corpus of literature concerning the implementation of IHF in Canada and for other western countries to enhance IF adoption. Further, it can benefit the IF

product development and the Canadian real estate market as well.

1.2 The Rationale of the Study

In the recent few years, the Islamic finance industry has experienced a rapid-pace development and increased its market share of financial services and assets acquisition including the realm of opening to newer market outside the Muslim majority countries. The potential benefits of Islamic finance in Canada, such as providing financial services to the underserved Muslim communities and promoting financial inclusion, have made it an attractive alternative for many individuals and financial firms alike. Although the performance of Islamic finance relies on its adoption and acceptance by the target audiences, understanding the determinants that affect users' intentions to accept and utilize Islamic Home Finance is crucial for its successful implementation.

The aim of this thesis study is to investigate the Behavioral Intention to adopt IHF using government support as a moderating variable on pricing and awareness. The word intention refers to the habit of choosing to carry out a given action without exertion while being motivated by outside stimuli until the desired outcome is reached (Chaveesuk & Piyawat, 2021).

Ajzen & Fishbein (1970) introduced a model known as the Theory of Reasoned Action (TRA). This theory established a connection between attitude, beliefs, behaviors, and intentions (Taib et al., 2008). Researchers have employed this theory in various contexts. Taib et al., (2008) utilized the TRA model to investigate the intentions of customers of Malaysian Islamic banks regarding Musharakah Mutanaqisah home financing Amin et al. (2009) employed this model to ascertain the intentions of undergraduate students in Malaysia to accept Islamic accounting. In brief, the TRA model has been widely applied in previous empirical studies due to its adaptability in various contexts of behavioral intentions (Amin et al., 2009, 2011; Lada et al., 2009; Mathieson et al., 2001; Ramayah & Suki, 2006; Taib et al., 2008; Yu, 2012). This latter study extends the application of the TRA model to the literature on Islamic personal financing, specifically in the context of customers of Pakistan Islamic banks. In this study, the two primary constructs of the TRA model, namely attitude and subjective norm, are employed. Additionally, the TRA model is further adapted by introducing variables such as "government support," "pricing of Islamic personal financing," and

"religious obligation." Previous empirical studies have indicated that the TRA model provides a better explanation for concepts in Islamic finance (Ramayah et al., 2009; Taib et al., 2008).

One particular area where IF is expected to make a significant impact in Canada is the real estate market and homeownership. Foreign investment in Canada is abundant due to Canada's AAA credit score rating (Thomson Reuters, 2016). Foreign investment especially from GCC countries are well aware of this opportunity. Add to that, the expanding Muslim population in Canada that are looking to settle in the country, buying a house is as important of a Canadian Muslim as it is for the rest of the population (Graham, 2014; Samia, Benaziez and Rusni, 2018). Furthermore, regarding the constructs of the TRA model, this thesis study will also evaluate the moderating effects of government support on pricing and awareness. According to Amin et al. (2011) the importance of government support has grown on moderating and elucidating variable interactions in the study of customer behavior. Government support have a substantial role in creating a competitive IF market including all market players such as IFI, regulatory bodies and customers (Boukhatem & Ben Moussa, 2018; Lai, 2015; Rethel, 2018; Rudnycky, 2017).

Therefore, to achieve the objective of this study is to examine the factors affecting behavioral intention to adopt Islamic home financing, with government support as a moderating variable, I am going to use the Theory of Reasoned Action as the methodology of choice. By attempting to understand the determinants that affect Canadians Muslims behavioral intentions and the moderating effects of government support, this research offers significant perspectives on the successful implementation of Islamic home financing in Canada.

1.3 The Significance of The Study

Studies like this, although rare, provide empirical data for both policymakers and IFIs alike to better understand the Canadian Halal mortgage market. According to (Benaziez & Hassan, 2022), the already existing IFIs and platforms offering Islamic mortgages and Halal ways to invest need a regulatory enforcement body. If we neglect the laws and regulations, these IFIs may suffer from a lack of capital and a lack of ability to create effective IF products due to many reasons, such as marketing

efficiency, bad experiences, or bad governance within the IFI itself. A good example of this is the "Qurtuba" IFI based in Montreal which suffered from a lack of capital facing the demand for mortgage financing (Samia, Benaziez and Rusni, 2018).

Therefore, understanding the factors that affect the choice of Canadian Muslims to adopt an IHF product is mandatory for these IFIs to market their products and services correctly and efficiently, focusing on important factors that have a direct positive relation with their desire and aim. Most importantly however, this study will give concrete data about Canadian Muslims preferences and constants to adopt IHF. According to experts Canada suffers from a housing bubble, and a housing shortage at the same time. The Canadian governments on a national and provincial levels have been undergoing numerous legal reforms to combat the housing crisis. for Canadian Muslims, this affects their situations as well, making it harder to stabilize and improve life quality.

1.4 The Limitations of The Study

The study concentrates solely on IHF adoption in Canada, leaving out other sides to IF and other IF products such as investing and retail goods and services products. While this study may offer valuable contributions to the specific field of IHF in Canada, future research could expand upon the findings by delving deeper into these other areas and other western countries IF perception and adoption. Moreover, this study focuses on customer perceptions and factor influencing their decisions to adopt IHF. Further studies touching on the market's size and statistics is mandatory for solid arguments to push the policymakers towards legal reforms concerning IF.

It is noteworthy that the scope of this study is confined to the Canadian context. Given the differences in economic, social, and cultural factors across various countries, future research could be conducted in other western countries to understand how IHF adoption operates within their respective contexts. This would help provide a more holistic comprehension of the determinants that impact IHF adoption globally and could contribute to the development of tailored IHF solutions for different regions.

1.5 The Research Questions and Hypotheses of The Study

1.5.1 Research Questions

The research essential question of this study is:

What are the factors that determine the desire to use Islamic home financing for Canadian Muslims? In order to adequately explore this question, it is necessary to address several subsidiary questions as follows:

- 1) Does attitude have a significant positive effect on the desire to use IHF?
- 2) Does religious obligation have a significant effect on the desire to use IHF?
- 3) Does pricing have a significant positive effect on the desire to use IHF?
- 4) Does awareness of IHF have a significant positive effect on the desire to use it?
- 5) Does government support have a significant positive moderating role in the effect of pricing on the desire to use IHF?
- 6) Does government support have a significant positive moderating role in the effect of awareness on the desire to use Islamic home financing?

1.5.2 Hypothesis

The hypotheses in this study are:

- 1) Hypothesis 1: Attitude has a significant positive effect on the desire to use IHF.
- 2) Hypothesis 2: Religious obligation has a significant effect on the desire to use IHF.
- 3) Hypothesis 3: Pricing has a significant positive effect on the desire to use IHF.
- 4) Hypothesis 4: Awareness of IHF has a significant positive effect on the desire to use IHF.
- 5) Hypothesis 5: Government support has a significant positive moderating role in the effect of pricing on the desire to use IHF.
- 6) Hypothesis 6: Government support has a significant positive moderating role in the effect of awareness on the desire to use IHF.

1.6 The Outline of The Study

This thesis will consist of five chapters. First chapter contains an introduction that discusses the background of the study, the statement of the problem, the rationale of the study, the significance of the study, research limitations, research questions and hypotheses, the outline of the study, and the definition of key terms.

Chapter two of this study is literature review that consist of the theoretical background, the hypothesis development, and the previous studies. The theoretical background discusses the concepts of IF, IHF and halal mortgaging products, the Canadian laws and regulations regarding IHF, theories and model related to behavioral intention, and The theory of reasoned action (TRA). Then the hypotheses development in this research are explained, and lastly previous studies are provided.

The third chapter discusses the methodology, research design, research settings, survey of the research, instruments, data collection, and an overview of the data analysis.

The findings and discussions are provided in chapter four. The research questions are addressed, and the hypotheses are proven. Finally, the study finishes with a broad review, followed by recommendations for potential future research in chapter five.

1.7 The Definition of Key Terms

Factors influencing intention pertains to the various elements or variables that can impact an individual's intention to engage in a particular behavior (Taib et al., 2008).

Islamic Home Financing encompasses a set of principles and mechanisms designed to circumvent the incorporation of interest and uncertainty. It delineates an alternative approach to conventional home loans, where the loan, typically secured by real property, adheres to a structured framework specifying periodic interest payments and principal repayments to the financial institution involved (Khan et al., 2021).

Adoption in Canada refers to the study's specific context, which centers on the factors that influence the Canadian Muslims to adopt IHF.

The Theory of Reasoned Action (TRA) is social psychological theory that was developed to understand and predict individual behaviors, particularly behaviors that involve a degree of volitional control (Otieno et al., 2018)

CHAPTER II

LITERATURE REVIEW

2.1 Islamic Financial Products

Islamic finance offers an alternative to conventional financial system, with significant differences in terms of restrictions and regulations derived from the principles of shariah based on Quranic and Sunnah scriptures (Azeez et al., 2016; Winarno, 2015) . The basic principles of Islamic finance can be summarized in the prohibition of interest (Riba) and contractual uncertainty, with a special focus on profit loss sharing (PLS) in accepting deposits and ethicality in sale, leasing and investing and other money transactions (Sekreter et al., 2012). Islamic finance itself as is today derived from Islamic commercial Law, a set of jurisprudential transactions following the teaching of shariah that are put to organise the eco-social relationships within civil parameters. Islamic contracts include a variety of products for different implications including sell, commerce, business, finance, and charity. Islamic financial products today are shariah-based or shariah compliant products. Shariah based are the original products unmodified to fit the legality of modern banking regulation: Ijarah, simple Murabaha, musharakah, mudharabah, salam and Istisna'a'. Modern Islamic finance contracts offer specialized short- and long-term financing, and personal finance products for personal and corporate customers such as diminishing musharakah, derivatives of Murabaha, parallel salam and parallel istisna'a', in addition to Islamic takaful insurance (Watkins, 2020). IF contracts are different in structure to provide a variety of socio-economic halal solutions. For this reason, IFI experimented with different Islamic products in efforts to develop IHF products to offer mortgage financing for Muslims accustomed to the legal framework within the country. The products developed for IHF were mostly Murabaha derivatives, Diminishing Musharakah, and Ijarah, with minor implications for Sukuk in southeast Asian countries like Malaysia (Amin et al., 2013).

Table 2.1 Islamic Home Finance Products

IHF Contract	Structure	Source
Diminishing partnership/ musharakah mutanaqisah/ home purchase plan	<p>Diminishing Musharakah is realized in two ways. The first one is the Direct Musharakah Model where the bank and the customer enters a joint partnership agreement to purchase a home and the shares in the house are split based on the contributed amounts. The client gradually buys the bank's shares at a profit margin as agreed, the client ownership of the house increased ending by owing 100% of the house.</p> <p>The second way is the bank rents its share in the property to the client and includes rent payments alongside the share's buy agreement. The second way is more commonly used and is called "leasing financing".</p>	(Dinc, 2017)
Murabahah derivatives: Bay bi-thaman ajil (BBA)/ complex murabahah/ cost plus contract/ Murabahah bil wakalah	Selling an asset with a delayed payment using a predetermined price and earning profits through installment payments.	(Anggriani et al., 2019)
Ijarah: Ijarah thumma al bai' (hire purchase)/Ijarah wa-iqtina/al-ijarah muntahia bitamleek/ijara mawsoofa bi al dhimma (Usually paired with Istisna'a contract.	A financial lease in which the bank commits to transferring ownership of a house to the homebuyer, either upon completion of the lease term or gradually in phases throughout the agreement's duration.	(Amin, 2019)

2.2 Islamic Home Finance

Housing represents the most substantial financial commitment and paramount asset for numerous families globally. It serves as a crucial determinant of quality of life for all households. In developed nations, and to a certain extent in emerging market

economies, securing adequate housing is a prioritized concern for the majority (Warnock & Warnock, 2008).

In the course of acquiring residential property, financial support becomes imperative due to the substantial monetary requisites associated with the purchase of a house. This financial backing can be categorized into two distinct forms: government-sponsored housing financing programs and financing extended by private financial institutions. Diverse forms of home financing options are available on a global scale (Yusof et al., 2017).

Islamic home financing is regarded as similar to conventional home finance with minor changes to have competitiveness at the same time acquire customer base with halal transactions in mind (Rethel, 2011). Islamic financial institutions offer Islamic home financing products since their inception. The products offered for Islamic home financing needed to fit the nature of mortgages financing (i.e., long term financing) (Warnock & Warnock, 2008)

The Islamic financial products used in Islamic home financing are: Murabaha, Ijarah or Diminishing musharakah. Islamic financial institutions introduce a modified version of these fiqhi contracts in efforts to comply with the local legal systems. Absence of product structure refinements hinders the market success of even the most intricately designed Islamic home financing model (Amin, 2020).

In Malaysia, four IHF products have been introduced in the market where every product worked as a successor to prior contracts: Public Islamic Berhad and Alliance Islamic Berhad are in place to offer IHF with a BBA contract (Bai Bithaman Ajil), which is a derived product from Murabaha. musharakah mutanaqisah is the second product and it is the only equity-based product introduced in 2007. The third product is Ijarah muntahia bil tamlik (IMBT), introduced in 2010 by CIMB. Tawarruq was introduced in 2013 by Bank Islam Malaysia Berhad mostly to replace the controversial BBA contract. However, the IFIs in Malaysia have been criticized by many studies for the lack of diversification especially that IHF needs to fulfill a wide range of financing like ready homes and houses under constriction (Engku Ali, E. R. A., 2010). At the same time IF in Malaysia lacked Creativeness and products designed for the poor and the needy (Ahmed, 2011). Malaysia has implemented a policy of governmental endorsement for Islamic finance, contributing to the overall success of Islamic finance,

including Islamic banking and financial products. The integration of Islamic finance was a deliberate part of Malaysia's government agenda, aligning with its economic growth objectives. In contrast to countries like Sudan, Pakistan, and Iran, which aimed to convert their entire financial systems to Islamic frameworks, Malaysia adopted a dual-system approach. This approach allowed Malaysia to develop Islamic finance alongside conventional banking, a strategy well-suited to its diverse, multi-racial society. This dual-system approach not only provided Malaysia with a competitive edge over unitary systems but also maintained order in the conventional banking system. It facilitated the establishment of new Islamic banks by leveraging existing conventional infrastructure and branches. This strategy effectively and rapidly disseminated Islamic banking services throughout the country in line with policy goals (Wilson, 2018). Therefore, the closest successful IF sector to western countries' banking system is the Malaysian because of the dual banking regulations.

On the other hand, the most sophisticated IF industry in a western country is the United Kingdom, a book published in 2011, Aldohni (2012) went into deep investigation to analyse the efforts by the UK regulators to establish a fully functional IF sector. five fully fledged Islamic banks and another 15 Islamic financial subsidiaries of conventional banks products offer IF products inside the UK marking the country as a pioneer in the IF industry and London as a hub for IF (Lescher, 2015). The support for IHF in the UK is exactly what the book recommended, as both the authorities and the IFIs contributed to the success of the IHF market in the UK. Under practice guide 69, the national tax authority HMRC (His Majesty's Revenue & customs) states that the three forms of contract for IHF which are: Ijara wa Iqtina, Diminishing Musharaka (also called Home Purchase Plan, HPP, by Islamic banks in the UK like Gateway Bank, AL Rayan bank and AL Ahli Islamic Bank), and Murabaha, and all Islamic mortgages are relieved from Stamp Duty Land Tax and Land Transaction Tax (SLDT5 and LTT), as is the initial transfer if the customer is the registered proprietor, meaning that IHF products are not being double taxed for their complex structure. However, only Islamic mortgages offered through Islamic Banks benefit from such exemption, other alternatives shariah compliant IHF are not recognised under this practice guide. IHF market in the UK is much broader than IBs products and various FI and IFI offer IHF for customers that don't qualify for Islamic mortgages via IBs such as Stride Up's HPP, Heylo Housing's shared ownership is a mix between HPP and ijarah as they let

the customer buy back as much or as little shares of the property as the customer wants. Way Home (shared ownership) however, the customer is only allowed to purchase back 40% of the property shares due to tax reasons. There are also PFAIDA or Primary Finance (shared ownership), CrowdToLive (crowd-funded Ijarah) (GOV.UK, 2019). The only criticism about the United Kingdom's IHF products relates to pricing, IHF products' profit rates are double the market average rates and above even high-end conventional bank rates.

In America, the establishment of IF began in the 1970s with the emergence of private IFIs. An example of such is the North American Islamic Trust (NAIT), which was established by the Muslim Students Association of the US and Canada in 1973. NAIT is a foundation that oversees the financial investments of American Muslims in educational institutions, mosques, and other religious institutions. It also offers wealth management tools, including investment products that are compliant to shari'ah principles. Avenues for American Muslims to fulfill their zakah obligations expanded at the local level, with Muslim students financing mosques, specialized social service agencies, and smaller communities dedicated to meeting their zakah obligations (Howe, 2019). The establishment of retail Islamic financial services in the USA can be linked back to the mid-1980s when the NAIT was instrumental in establishing the set of Amana funds. The rise of retail Islamic financial services took place in 2001 when an Islamic housing finance company named Guidance Residential was established and was approved for financing from the Federal Home Loan Mortgage Corporation under the program for enhancing minority house ownership. With the increasing interest in the Muslim market segment, several new players have entered the home finance business. These include HSBC Amanah in New York, Devon Bank in Chicago, and University Bank in Ann Arbor, MI (Zinser, 2017). However, the most popular IFI currently in the US is Guidance Residential having over USD 10B in funding and have financed 35000 Islamic mortgages with Declining Balance Co-ownership Program (diminishing Musharakah) product (Nayeem et al., 2009) (Stephen & Ranzini, 2007) (Guidance Residential, 2023). IF in USA remains mostly relevant because of the mutual funds' massive success like Amanah Funds (Thomson Reuters, 2016).

2.3 Home Finance in Canada

The housing and mortgage market in Canada is a serious socio-political topic. Before indulging in IHF, it is important to explain the merits behind the market to pivot the industry of IHF to the right path. The Canadian mortgages market is heavily and strictly regulated. There are many regulations from the federal government, provincial regulations and the CMHC, the regulatory body responsible for the housing market (Chu, 2023). With the housing prices at an all time high, regulations were put to guarantee smooth transactions. In 2018, a mandatory stress test was introduced by the federal government. The test represented a higher rate to the rate offered by the banks to measure the client's financial capability to pay off the mortgage (Chu, 2023). Studies showed that the stress test benefited the banks approving loans and repayments guarantee but it didn't touch on giving less loans therefore decreasing potential house ownership and disturbing the market by lowering demand (Clark & Li, 2022).

On the socio-political stand, the YIMBY (Yes In My Back Yard) is a pro-housing construction movement that rose in contrast to NIMBY (Not In My Back Yard)

movement. YIMBY supports increasing housing supply to within provinces where housing costs have escalated to unaffordable prices (Eliot Tretter & Rich Heyman, 2022). The regulations established by the authorities have proven to support a lower demand of houses compared to the supply required. In 2023, CMHC banned foreign home-purchasing which damages the rental market as well as the homeownership market by keeping low supply of newly purchased home (Leblanc, 2022). This also contradicts with the vision of the Canadian policy of immigration to reach 100 million in population by the year 2100. According to CMHC, lowering the housing supply will help displace the population of concentrated cities towards less dense areas.

However, the Canadian government proposed a different set of regulations that contradicted the aim of the CMHC. In 2020, the bank of Canada (BoC) issued Canada mortgage bond purchase program in efforts to boost economic recovery post-Covid19. The program aimed to purchase mortgage bonds in bulk in the secondary market to keep sustainable streams of liquidity under banks and mortgage lenders hands therefore allow banks to approve more mortgages and increase demand (Vergara, 2022). The authority's recent regulations showed less co-operations and leaned into heavily regulating the market instead of finding proper solutions which lagged the

supply behind demand and caused a housing bubble. According to CMHC, Canada needs to deliver 3.5 additional housing units by 2030 but is failing to meet the scheduled supply by 2.5 million units (CMHC, 2023). the gap between supply and demand is mostly in Ontario, British Columbia, Quebec, and Alberta where the Muslim population is mostly concentrated. The housing supply gap is also caused by construction shortages which could make for Istisna'a based investment vehicles following the BoC's CMB program which showcased the governments willingness to invest in mortgage supply.

2.4 Islamic Home Finance in Canada

IF model in Canada has been more of co-operatives and private IFIs than the standalone bank model. Co-operatives rely mostly on community reinvestment which is a strong movement in North America especially when we see the noticeable success of credit unions in the country (Hotiana, S. (2007). The tools and products of this model are seen the most prominent in delivering IF services to Canadians, but its major setback is liquidity shortage as it operates solely in dependence on members funds.

Table 2.2 Islamic Financial Institutions Offering Halal Products in Canada

Islamic Financial Institution	Type Of Service	Year Established	Location
Ansar Financial and Development Corporation	commercial developments and home finance	1981	Toronto, Ontario
Qurtuba Housing Cooperative	home finance and investing products	1991	Montreal, Quebec
Al-Ittihad Investments	auto and equipment finance\investments	1991	Montreal, Quebec
UM financial	home finance	2004	Toronto, Ontario
IjaraCDC	residential and commercial financing	2005	Michigan, USA
Salam Financial	commercial investing\investment products	2006	Ottawa, Ontario

AlBassam House Inc	advisory services, products structuring and short- and medium-term funding	2007	Calgary, Alberta
Manzil	home finance and investing products	2009	Toronto, Ontario
Assiboine Credit Union	home finance	2010	Manitoba
An-Nur Cooperative Corporation	Investments\home finance\retirement plans	2013	Scarborough, Ontario
WealthSimple	DIY investing	2014	Toronto, Ontario
Wahedinvest	DIY investing	2019	New York, USA
Shari'ah Portfolio	DIY investing	2020	Oakville, Ontario
EQRAZ	home finance	2023	Toronto, Ontario
Canadian Halal financial corporation.	home finance	2023	Alberta
Amana Canada Holdings	commercial loans\investment products	-	Toronto

Sources: (Benaziez & Hassan, 2022); Graham, 2014, Islamic finance Guru webpage

The table declares all efforts made by different IFIs and non-IFIs to provide IF products, these products will be classified as financing and investing.

The major issue for IF finding a strong foot hold in Canada is the financial system regulations and monetary policies. While they do not contradict with IF basis, they are not favored for the structure of IF products. This led to exploiting loopholes and structural flaws within the products that came out as fraudulent. EQRAZ (2023) stated that it has been very difficult for the last 3 decades to create a product that works with both the Shari'ah law and the Canadian law stressing that the law of the land must always be followed.

Benaziez & Hassan (2022) found that the IF products need to work with 3 different regulatory bodies: the Shari'ah law, the financial institutions law and the tax law, thus,

IF products are all about working around the problem and not the solution which can come up as suspicious.

The financial laws in Canada are all about eliminating risk and that's why its financial system is one of the best in the world, but this comes against the pillar of PLS (profit loss sharing) in the IF (Benaziez & Hassan, 2022). And for that reason EQRAZ (2023) explained why Diminishing Musharakah and having a partnership with the customers is not permissible in Canada.

Benaziez & Hassan (2022) proposed many solutions for the integration of IF, the research discovered the lag of inertia by key contributors to IF. One solution found by this research is that some Canadian Muslim communities reached a non-Islamic financial institution to develop an Islamic product for them to use. Another solution was the that bank managers should consider “empathy” and fulfill the demand of Muslim population as these individuals are influenced by their religiosity towards their financial decisions.

2.5 Need for adopting Islamic Finance in the Canadian Economy

In the last thirty years, the Islamic banking sector has experienced substantial growth, evolving into a highly dynamic industry. It is backed by a robust infrastructure that has facilitated the introduction of a range of inventive products. This growth reflects the market's acknowledgment and desire for Islamic financial products as a credible substitute for conventional financial offerings (N. Ibrahim & Sopian, 2023). The Canadian landscape offers a highly regraded and anticipated potential for IF given the increasing numbers of Muslim communities. Islamic finance has the potential to enhance the stability of the Canadian financial system by minimizing volatility, boosting liquidity, and demonstrating comparable performance to traditional mutual funds (Chaudhry, 2011).

By offering shariah-compliant products, IFI will have a positive impact on the Canadian financial system by increasing financial inclusion for Canadian Muslims. The establishment of an IB in Canada in addition to governing bodies and legal framework is crucial for IF in Canada (Benaziez & Hassan, 2022).

On the macro scale, Canada can be set to become an IF hub as the country has robust economy showcased by its AAA credit rating. The opportunity for Canada to create

an Islamic capital market and trading and issuing sukuk is open (Kadiri, 2022). Canada must undergo a large-scale infrastructure reparation which will cost the equivalent to 9% of its GDP in 2016 (Thomson Reuters, 2016). The high credit rating will attract investors from wealthy GCC, MENA and SEA countries to invest in Islamic instruments (Thomson Reuters, 2016). Equally, the establishment of a domestic IB or licencing a foreign IB will assure Canadian Muslims and foreign investors the compliance and willingness of the Canadian authorities for IF co-operation (Thomson Reuters, 2016).

Another form of common ground for Canada and IF is the openness and search for expansion and diversity. Islamic finance and banking aspire to broaden their scope, while Canada concurrently possesses opportunities for economic expansion. One avenue for achieving this expansion involves diversifying the array of financial instruments and adopting innovative approaches to transactions and business ventures (Tahmina, 2013).

2.6 Previous Studies

In this section, previous studies will be showcased to explain the limits of the current literature review and the need for further studies:

The study of Taib et al. (2008) aimed to examine the acceptance level of a new Islamic home financing concept -mainly diminishing partnership- by consumers in Malaysia using the theory of reasoned action as the guiding principle. The study found that religious obligation and social influence are the main drivers for the intention to use DP for IHF. This study is kind of outdated, the population was in a religiously diverse country with a dual banking system, however, IF in Malaysia is much accepted and used compared to Canada. Amin et al (2013) builds upon Taib et al (2008) testing different variables with a broader population for the sample. S24- presents the idea that buying conventional mortgage is considered un-Islamic behavior in its factor: Islamic Mortgage Support which is related to consumer behaviour. The study also has new findings on Religious beliefs and marketing which relates to Awareness in our study. The focus on good communications and services like online banking attractiveness. The religious satisfaction factor in Islamic Theory of Consumer Behaviour is a mix between Religious obligation and Attitude in the present study

Theory of Reasoned Action. Amin (2020) covers IHF from a practitioner point of view, the findings suggest more focus on key factors: Islamic Debt collection Policy, Product Type, Maqasid Al-shariah Compliance, competitive value proposition and Islamic Bankers' knowledge. Banks working on these factors will have a better customers' receptiveness towards IHF.

Kaakeh et al (2018) showcases a case study of the factors that effect the adoption of IB in a Muslim-minority country, Spain. This study is one of few attempts to case study western countries' Muslim minority community's behavioral finance. The findings indicate that the intention to utilize Islamic banking is significantly influenced by factors such as attitude, religious motivation, and awareness.

For the sake of the development of the industry of IHF in a relatively new market for IF, quantitative studies need to be carried to show the size of the demand, Muslims in Canada are the biggest minority community, but their voices are not being unified when it comes to this matter, neglecting the negativity this matter produces as Muslims are refusing to buy a home with a conventional mortgage due to religious obligations. The data provided by this study will help practitioners develop and market products that focus on community preferences.

IF in Canada is limited, and so is the literature around it, Canada is mentioned in Islamic Finance studies mostly paired with the United states to conclude the entire region of NA or with other western countries with a noticeable Muslim community like the UK or Europe (Alharbi, 2016; Hotiana, 2007; Ozden Sungur, 2013; Stephen & Ranzini, 2007). With the latter stressing the need for systematic empirical data on Muslims Attitudes towards IF, IF in Canada is mentioned to showcase the potential of the establishment of IF in Canada hinting the large Canadian Muslim population and the Canadian robust financial system which open the opportunity for foreign Investment from wealthy GCC and SEA Muslim countries(Alharbi, 2015, 2016; Hamid & Ali, 2017; Hotiana, 2007; Thomson Reuters, 2016).

Kadiri (2022) shows the potential of IF in Canada through trendy and innovative Investing vehicle: Green Sukuk, that is aligned with the Canadian green investing direction which is a shared point between the target country and IF principles.

Canada is nominated by several top journals and professionals to become an IF hub for all the right reasons: growing Muslim population, acceptance of diversity, AAA

credit rating, robust economy, etc.

two previous studies mentioned the challenges and potential of IF success in Canada. The first Benaziez & Hassan (2022), found that the reason for the lack of a robust IF infrastructure in Canada was due to government inertia towards IF, Muslim communities' inertia towards demanding their rights, and the failure of some IFIs in Canada most noticeably the UM financial scheme. The second study (Samia, Benaziez and Rusni (2018) mentioned that due to the Canadian Laws and regulations, lack of Government support and the sheer size of the big banks which hinders the competitiveness aspect of IFIs in Canada to nothing. The solution proposed was that the big banks in Canada should offer IF products. This is in line with the conclusion of the first study Benaziez & Hassan (2022) which concluded that Muslim communities in Canada should work with Non-Islamic financial institutions to develop Halal products.

Graham (2014) focused on the potential of IF in Canada reaching all aspects of IF including takaful, the study showcased theoretically the potential to turn Toronto, as well as Canadian efforts to promote IF by attending IF conferences in Bahrain and building stronger trade ties with Indonesia and Malaysia.

An estimation of the IHF market size was conducted in Hamid & Ali (2017), the paper concluded that the market size estimation is an attractive opportunity of domestic banks as well as foreign investors to become key players in this niche growing market.

Chaudhry (2011) mentions that IF in Canada is suffering from the same issues as IF in other western countries, mainly lack of government support (i.e., regulations), and awareness. The study mentions the testing of shariah compliant products by Royal Bank of Canada, which suffered from lack of demand and was scrapped off later.

Tahmina (2013) is the closest to our study in the scope of context, the interviews-based qualitative study showcased that IF suffers from external issues mainly awareness and government support which is aligned with our hypothesis. Equally, internal issues hindered the reputation and progress of the IF industry in Canada mainly lack resources and management.

CMHC reports were also beneficial in the present study as it is the governing body of the Canadian market of housing and mortgages. A very important Study published by the CMHC Henderson (2010) concluded that the development of the IHF market in

Canada is difficult in the current situation where the preferences and attitude of Muslims in Canada are unknown.

To sum up the literature review and the barriers that this study will build upon, IF in Canada is rare and limited to Co-Ops and private IFIs serving the community. However, with the rampant growth of IF globally and its attention on opening new markets to adopt IF. IF products in Canada are becoming more of a reality. IF in Canada is big in terms of investing and mutual funds, but the IHF market demand is unfulfilled, and the reason behind this drought of support is the void surrounding what makes Muslims adopt an IHF mortgage rather than an interest-based mortgage. The present study developed the hypotheses regarding IHF with more focus on the Canadian current situation. This is the first quantitative research about IF in Canada in general and IHF specially.

2.7 Theory of Reasoned Action

The Theory of Reasoned Action (TRA) is a cognitive framework designed to elucidate and forecast human behavior. Formulated by Martin Fishbein and Icek Ajzen in 1980, the theory posits that an individual's intention to engage in a particular behavior serves as the most reliable predictor of whether the said behavior will be realized. The TRA posits that two main factors influence a person's intention to perform a behavior: their attitude toward the behavior and their subjective norm. Attitude toward the behavior refers to the person's overall evaluation of it, whether they view it as positive or negative. Subjective norm refers to the person's perception of social pressure to perform the behavior. In other words, the TRA suggests that people are more likely to perform behaviors that they have a positive attitude towards and that they believe others expect them to perform. For example, a person who has a positive attitude towards recycling and who believes that their friends and family expect them to recycle is more likely to recycle than someone who has a negative attitude towards recycling or who does not believe that their social circle expects them to recycle. The TRA has been widely used to predict and explain a variety of behaviors, including health behaviors, consumer behaviors, and voting behaviors. It has also been used to develop interventions to change people's behavior (Otieno et al., 2018).

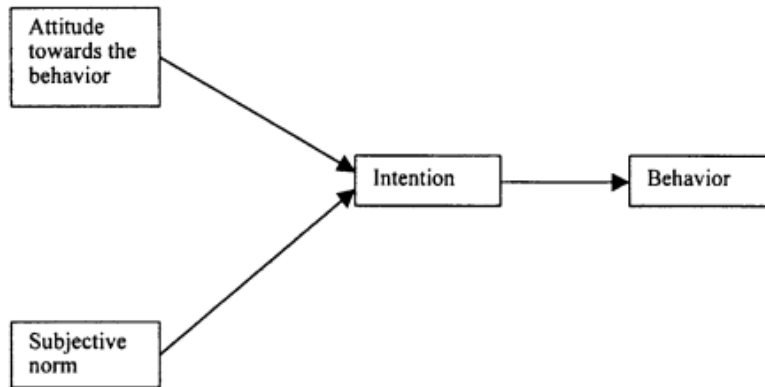


Figure 2.1 Theory of Reasoned Action (TRA)

Source: (Sutton, 2001, p. 6501)

Many researchers have tested the Theory of Reasoned Action (TRA) in different academic settings and found that it is a reliable model to explain how people decide to act and what they actually do. The TRA can measure how much people intend to perform a certain behavior and how likely they are to follow through with their intention. The TRA is based on the assumption that people are rational and logical in their choices, and that they consider the consequences of their actions. The TRA has proven to be a valid and useful tool for understanding and predicting human behavior in various domains (Sheppard et al., 1988, p. 325).

The Theory of Reasoned Action (TRA) has proven to be a versatile and effective framework for predicting and explaining a broad spectrum of human behaviors. These encompass health-related behaviors like smoking cessation, exercise, and healthy dietary choices, as well as consumer behaviors such as product adoption, brand selection, and purchase intent. Moreover, TRA has found utility in elucidating environmental behaviors, including recycling, energy conservation, and the adoption of sustainable transportation practices, along with organizational behaviors like job satisfaction, work performance, and turnover (Finlay et al., 1999, p. 2381)

CHAPTER III

METHODOLOGY AND DATA

A Research involves systematically exploring and gathering information to comprehend a particular topic or subject and essentially, it entails a methodical and organized approach to the investigative process (Mishra & Alok, 2011). Research methodology within a research context denotes the systematic approach employed to tackle research issues. It encompasses the scientific examination of the organized execution of research, with researchers elucidating the procedures employed to address a research problem. In this chapter, we will elucidate the chosen methodologies and techniques utilized to collect and analyze data relevant to the research objectives, along with the justification for their appropriateness in addressing the research problem.

3.1 The Research Design

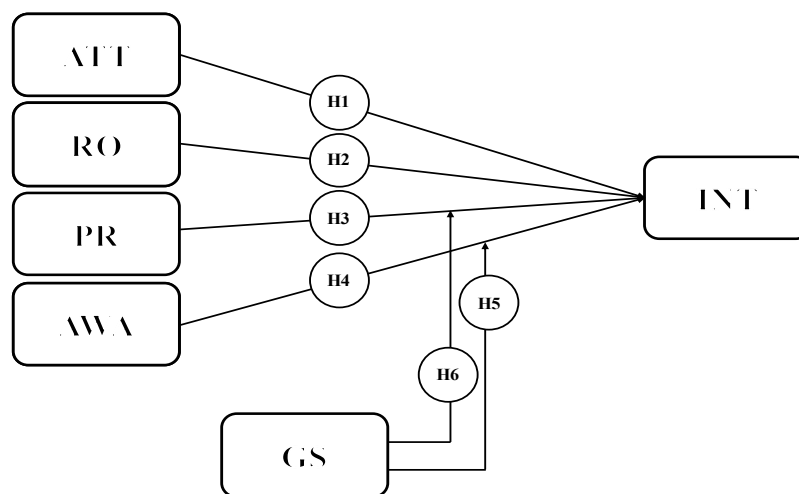
This study employs quantitative research techniques, where the emphasis is on analyzing numerical data that will subsequently undergo statistical processing. Quantitative research involves a systematic approach that includes the gathering and analysis of numerical data through statistical, mathematical, or computational methods. (Mohajan, 2020). Quantitative research provides several advantages, and some of these benefits encompass the following (Atieno, 2009; Choy, 2014; Wendy Walker, 2005):

- a) It requires careful planning of experiments, and the ability for anyone to replicate both the experiment and its findings is essential (Chin et al., 2003);
- b) It allows the researcher to measure and analyze data.
- c) Researchers aim to eliminate bias in their experiments to achieve an objective understanding of facts and phenomena.
- d) It is feasible to compare statistical data among various groups.
- e) The gathered data is quantifiable in numerical terms and holds the potential to be extrapolated to a more extensive demographic.
- f) Statistical testing is employed to assess hypotheses as it enables researchers to accurately measure data.
- g) The correct application of statistical tests can minimize errors during research.

- h) The thorough analysis of the correlation between an independent variable and a dependent variable is carried out, yielding more objective research outcomes.
- i) It stresses the utilization of extensive samples to attain a comprehensive understanding, uncovering patterns, inconsistencies, and additional insights.
- j) This method quantifies the frequency, behaviors, and occurrence patterns.
- k) Precise and quantitative measures can streamline the evaluation of grants and proposals.
- l) It is accurate, conclusive, and follows standardized procedures.
- m) It is appropriate for collecting extensive volumes of data.
- n) It indicates the extent to which specific attitudes are prevalent among individuals.
- o) Improving reliability: Researchers obtaining accurate data are more likely to achieve precise outcomes.

3.1.1 The Research Model

This study's research model has been created based on the Theory of Reasoned Action (TRA) model, in which the author modifies and adds variables, such as in figure 3.1. The Theory of Reasoned Action (TRA) has proven to be a versatile and effective framework for predicting and explaining a broad spectrum of human behaviors (Finlay et al., 1999).



Notes: ATT, attitude; RO, Religious Obligation; PR, Pricing; AWA, Awareness; GS, Government Support; INT, Intention.

Figure 3.1: Research Model

Hypothesis 1: Attitude has a significant positive effect on the desire to use Islamic home finance.

The relationship between attitude and intention has been extensively studied in some fields. A positive attitude has been shown to have a strong positive impact on intention, while a negative attitude has been shown to have a strong negative impact on intention. This relationship has been found in a variety of contexts, including consumer behavior, healthcare, and education. Several studies have demonstrated the positive impact of attitude on intention. For example, one study found that a brand attitude is the most influential factor related to the ad effect on purchase intention (Huang et al., 2010). Another study found that a positive attitude in determining work intentions after retirement (Tarkar, 2023).

Hypothesis 2: Religious Obligation has a significant effect on the desire to use Islamic home finance.

The positive impact of religious obligation on intention is due to the spiritual satisfaction it exerts on individuals' inclinations or decisions, often encouraging alignment with social norms, values, or expectations. For example, one study found that religious obligation has a direct influence on customers' intention to use Islamic personal finance in Malaysian IBs (Amin et al., 2011). Another study found that religious obligation have a direct impact on behavioral intention to use IHF products (Zhongkai, 2018).

Hypothesis 3: Pricing has a significant positive effect on the desire to use Islamic home finance.

Pricing is a crucial factor in an individual's decision-making process. Some consumers associate price directly with the value of a product. If the expenses surpass the perceived benefits, the product may be deemed to have a negative value, leading to reduced consumption. Lower prices can also impact the perceived quality of a product. For example, one study found that price is proven to have a positive and significant

effect on purchase intention (Melati et al., 2021). Another study shows that the higher the price perception, the higher the intention to buy the product (Ayub & Kusumadewi, 2021).

Hypothesis 4: Awareness of IHF has a significant positive effect on the desire to use Islamic home financing.

Awareness is a crucial factor in understanding and predicting human behavior, and it plays an important role in a variety of decision-making processes. Consumers gravitate towards purchasing products from recognized brands, driven by the expectation that these choices reflect quality-tested items that align with their future expectations. This underscores the idea that the desire to buy is intricately linked to the level of awareness a consumer has regarding a product brand. The proclivity for established brands is rooted in consumers' reluctance to explore novel options, as they prefer products from brands they are aware of and trust for their assured quality (Andriyanto, 2010). A study found that brand awareness directly has a significant positive effect on intention to buy (Maria et al., 2020). Another study also found that Brand awareness has a positive and significant effect on purchase intention (Dewi, 2018).

Hypothesis 5: Government support has a significant positive moderating role in the effect of Awareness on the desire to use Islamic home financing.

Hypothesis 6: Government support has a significant positive moderating role in the effect of Pricing on the desire to use Islamic home financing.

Government support encompasses the initiatives and policies undertaken by the government that impact the choices and actions of households, local enterprises, and international businesses. The influence of the government is substantial in shaping the landscape of Islamic banking product development (Amin et al., 2006). Given example, pre-1993, the Malaysian Government shielded Bank Islam Malaysia Berhad, the trailblazer in the Islamic banking sector, for a decade before permitting the establishment of another Islamic bank. This measure aimed to afford the bank the dedicated space to concentrate on advancing Islamic banking. Absent government support, the emergence and sustainability of a novel banking concept face formidable challenges in the face of fierce market competition. It is anticipated that the impact of government support could extend to influencing the utilization of Islamic personal financing (Amin et al., 2011).

3.1.2 Analytical Techniques

For a significant duration, researchers in the field of social science have heavily relied on statistical analysis as a crucial tool to enhance their ability to generate, examine, and authenticate research findings. The emergence of computer hardware and software has substantially expanded the range of statistical methods, particularly in recent times where technology provides accessible interfaces and broader access to a multitude of methods. Initially, researchers utilized univariate and bivariate analysis to understand data and the connections between variables. Nevertheless, given the contemporary research trends in social science disciplines, the utilization of more sophisticated multivariate data analysis techniques to grasp intricate relationships is becoming progressively imperative (Hult et al., 2022).

Over the last two decades, multivariate statistical analysis techniques have found widespread application in a variety of fields such as geology, meteorology, hydrology, medicine, industry, agriculture, economics, and many others. This surge in usage can be attributed to the growing demand for research and production facilitated by advancements in computer application technology, establishing these methods as an efficient means to address practical challenges (Shiker, 2012).

Multivariate analysis involves employing statistical methods that allow the simultaneous scrutiny of numerous variables. These variables typically encompass measurements associated with individuals, organizations, occurrences, activities, events, and other relevant entities. These indicators are commonly obtained through surveys or observations, serving as a means of collecting primary data. Alternatively, they may be sourced from databases containing secondary data (Hult et al., 2022).

The initial set of multivariate methods comprises approaches like multiple regression, logistic regression, analysis of variance, exploratory factor analysis, cluster analysis, or multidimensional scaling. These techniques are centered on exploration and dimension reduction. However, the first-generation multivariate methods are constrained by three key limitations: the suggested framework relies on a basic model that mandates the inclusion of all variables as observable and assumes that all variables are measured without error. In response to these constraints, scholars have progressively turned to the adoption of second-generation techniques, with Structural Equation Modeling (SEM) being one such example (Hair et al., 2021, p. 3).

Structural Equation Modeling (SEM) is a methodology that simultaneously explores various relationships among distinct groups of variables, employing a range of techniques. This method may encompass the incorporation of latent variables, which are either immeasurable or cannot be directly assessed in the analysis (Shiker, 2012).

The application of Structural Equation Modeling (SEM) enables researchers to adeptly build and assess intricate relationships among diverse independent and dependent variables. The theoretical constructs under scrutiny are typically latent and are appraised through indirect measures utilizing multiple indicators. In estimating relationships, Structural Equation Modeling (SEM) accounts for the potential presence of measurement errors in the observed variables. As a result, this approach attains a heightened level of precision in evaluating the abstract constructs under examination (Elangovan & Rajendran, 2015).

There are two primary classifications of SEM methodologies: covariance-based structural equation modeling (CB-SEM) and partial least squares structural equation modeling (PLS-SEM, also known as PLS path modeling) (Hult et al., 2022).

Therefore, this study employs multivariate analysis, specifically PLS-SEM (Partial Least Squares - Structural Equation Modeling). Several factors contribute to the preference for PLS-SEM as the chosen method:

- 1) It enables the simultaneous evaluation of both the measurement model and structural model (Chin et al., 2003).
- 2) It is well-suited for intricate models with hierarchical structures or the presence of mediator and moderator effects (Khoi & Tuan, 2018).
- 3) Certain analysis software might yield less clear results, requiring multiple analyses, whereas SEM-PLS provides more dependable and valid results (Wong, 2016).
- 4) The popularity of SEM-PLS analysis is increasing as an alternative to other SEM techniques like LISREL (Linear Structural Relations) and AMOS (Analysis of Moment Structures) (Aburumman et al., 2023).
- 5) SEM-PLS adopts a component-based strategy, eliminating the need for extensive sample sizes in analysis. This methodology, distinct from the covariance-based structural equation modeling approach, utilizes components for estimation. It facilitates the estimation of complex models illustrating

cause-and-effect relationships involving latent variables. Unlike covariance-based methods in structural equation modeling, PLS-PM (Partial Least Square - Path Modelling) doesn't require fitting a shared factor model to the data; instead, it entails fitting a composite model (Ramayah et al., 2016, p. 25).

- 6) The SEM-PLS method has demonstrated its ability to provide more accurate estimations of the relationships between variables when compared to other techniques. It possesses the capacity to compute both the direct and indirect impacts of variables on each other (Chin, 1998, p. 296).

Furthermore, under specific conditions, Hair et al. (2019, p. 3) advocate the utilization of PLS-SEM as the primary analytical method. Research endeavors often employ intricate structural models featuring numerous constructs, indicators, or model relationships to investigate theoretical extensions of existing theories, particularly in exploratory studies focused on theory development. Additionally, complex models may be necessary for path models that include one or more formatively measured constructs, as well as studies involving financial measures or similar types of data anomalies.

Ringle et al. developed SmartPLS, a software designed for PLS-SEM (Partial Least Squares - Structural Equation Modeling), a technique used to gauge unobservable variables through indicators. Introduced in 2005, SmartPLS has gained popularity among scholars and researchers because of its user-friendly interface and sophisticated reporting features (Aburumman et al., 2023, p. 1197).

Sander & Teh (2014, pp. 348–349) elucidate that SmartPLS functions as a statistical analysis tool specialized in PLS-SEM, a methodology designed for measuring unobservable variables through indicators. Particularly advantageous for social capital theory, which necessitates indicators to delineate specific variables, SmartPLS accommodates the description of both reflective and formative constructs in the model, employing variance methods rather than covariance. The construction of the model is rooted in theory and hypotheses, establishing paths between variables and their indicators. This facilitates hypothesis testing and the exploration of simplified relationships between variables and indicators. In essence, SmartPLS offers a transparent and comprehensible means of presenting research findings by elucidating the connections between variables and indicators.

Aburumman et al. (2023, p. 1197) further clarified that SmartPLS significantly enhances the modeling of unobservable variables. It incorporates sophisticated techniques like PLS-POS (PLS Prediction-oriented Segmentation), IPMA (Importance-Performance Map Analysis), and intricate bootstrapping methods, all while maintaining a user-friendly and easily accessible interface. The construction of the SmartPLS model is primarily grounded in theories and hypotheses, establishing paths within the model based on proposed constructs and indicators. A notable advantage of the model lies in its ability to allow researchers to easily explore and refine the structure, thereby facilitating the assessment of relationships between indicators and constructs for the purpose of hypothesis testing.

Therefore, this study employs multivariate analysis, specifically PLS-SEM (Partial Least Squares - Structural Equation Modeling), which will be examined using SmartPLS (version 3.2.9).

3.2 Data and Sampling

3.2.1 Data Collection

According to Neuman (2014, p. 9), data is a compilation of empirical evidence or information acquired through scientific procedures. In this research, the data collection method utilized involves direct or primary data collection, employing a questionnaire designed for Canadian Muslims before, during or post their process for homeownership in Canada. Primary data denotes information gathered specifically for the research problem at hand, utilizing methods deemed most suitable for addressing the research problem (Hox & Boeije, 2004, p. 593).

To test hypotheses using quantitative data, it is crucial to formulate them in a precise manner. This procedure, referred to as data coding, entails systematically organizing raw data into a format suitable for analysis using statistical software on a computer (Neuman, 2014, p. 393).

For this study, a Likert scale with five points will be employed to code the data obtained from the questionnaire. In this rating scale, a numerical value of 5 corresponds to strong agreement, 4 indicates agreement, 3 represents neutrality, 2 signifies disagreement, and 1 denotes strong disagreement.

A questionnaire was distributed in social media belonging to the category Canadian Muslims communities, as well as individuals. Both channels utilized the snowball technique to receive a higher number of respondents. The receivers of the questionnaire based on social media followers is in the tens of thousands, however only a small number of respondents was obtained compared to the receivers. This phenomenon as explained to the author was due to several reasons including: doubtfulness in IF, lack of motivation within individuals, but mostly, receivers didn't see personal benefit in filling the survey. The personal hyperlinks provided to the respondents were designed to receive input only once, thereby mitigating the possibility of duplicate answers. The questionnaire obtained a cumulative of 135 responses.

3.2.2 The Sample of The Research

This study utilizes non-probability sampling as the approach for both selection and sampling. Non-probability sampling is a sampling technique where samples are gathered in a way that doesn't ensure an equal opportunity for every participant or unit in the population to be selected. This means that some individuals in the population have a relatively higher chance of being chosen compared to others. Non-probability sampling methods include various approaches such as convenience sampling, quota sampling, purposive sampling, snowball sampling, etc (Etikan et al., 2015, p. 1).

Snowball sampling falls under the category of non-probability sampling, indicating that participants are not chosen randomly, and the findings may not be broadly applicable to the entire population. This technique involves recruiting participants for a research study based on referrals from existing participants. It is frequently employed when the target population is challenging to access or concealed. Despite its limitations in generalizability, snowball sampling can yield detailed and comprehensive insights into the experiences and perspectives of the participants (Kirchherr & Charles, 2018).

This study focuses on acceptance of Islamic Home Financing in Canada, therefore, the sample in this study is Muslims who live in Canada from different demographics and geography throughout Canada, In order to conduct an inclusive survey, the author attempted to distribute the questionnaire targeting a variety of ethnic backgrounds SA, SEA, MENA, Africans, Arabs, Given the fact that Canada is a migration-friendly

country.

Table 3.1: Age Range of The Respondents

No	Age	Respondents	Percentage
1	18-24	27	20.00%
2	25-34	32	23.71%
3	35-44	33	24.44%
4	45-54	33	24.44%
5	55+	10	7.41%
TOTAL		135	100%

The data provided offers a breakdown of respondents' ages in a survey that did not specifically target any particular age group. The goal of the survey was to capture diverse perspectives across a wide range of ages. The age distribution appears relatively balanced, with each age group contributing a noticeable percentage of the total respondents. No single age group dominates the survey, indicating a diverse representation. The most significant age group appears to be 35-44 and 45-54 with 24.44%. Then following closely by age groups 25-34, with 23.71% and 18-24 with 20.00%. The 55+ age group has the smallest representation at 7.41%. While the results focus appears to be on younger adults, the inclusion of respondents from old age group (55+) is valuable. These individuals bring a wealth of life experience, and their perspectives can contribute diversity to the overall findings of the survey.

Table 3.2: Origin

No	Originality	Respondents	Percentage
1	Immigrant	99	77.95%
2	First Gen Canadian Muslim	25	19.69%
3	Second Gen Canadian Muslim	3	2.36%
TOTAL		127	100%

This table provides a breakdown of the origin of Muslims in Canada. Here’s a more detailed explanation:

- 1) Immigrants: This group represents individuals who were born outside of Canada and later moved to the country. With 99 respondents, they make up the majority, accounting for 77.95% of the total. This suggests that a significant portion of the Muslim population in Canada is composed of immigrants.
- 2) First Generation Canadian Muslims: These are individuals who were born in Canada and have at least one parent who was born outside of Canada. There are 25 respondents in this category, making up 19.69% of the total. This indicates that a considerable number of Canadian Muslims are the children of immigrants.
- 3) Second Generation Canadian Muslims: This group includes individuals who were born in Canada to parents who were also born in Canada. There are only 3 respondents in this category, accounting for 2.36% of the total. This suggests that the number of second-generation Canadian Muslims (i.e., those whose grandparents were immigrants) is relatively small compared to the other groups.

Out of the 135 respondents, 8 individuals declined to disclose their originality. So in total, 127 respondents filled it. The percentages add up to 100%, confirming that all respondents have been accounted for in these categories. This data provides insights into the generational distribution of Muslims in Canada. However, it’s important to note that these percentages only represent the respondents, not necessarily the broader Muslim population in Canada. The actual distribution in the broader population may vary depending on various factors, including immigration patterns and birth rates.

Table 3.3: Income

No	Income	Respondents	Percentage
1	<53,000 CAD	41	30.37%
2	53,000 – 106,000 CAD	52	38.52%

3	106,000 – 236,000 CAD	41	30.37%
4	>236,000 CAD	1	0.74%
TOTAL		135	100%

This table provides a breakdown of respondents based on their income levels:

- 1) Less than 53,000 CAD: This is considered lower class with 41 respondents or 30.37% of the total. This suggests that about a third of the respondents earn less than 53,000 CAD annually.
- 2) 53,000 – 106,000 CAD: This income bracket is considered middle class and has the highest number of respondents, with 52 or 38.52% of the total. This indicates that a little over a third of the respondents earn between 53,000 and 106,000 CAD annually.
- 3) 106,000 – 236,000 CAD: This income bracket is considered middle upper class includes 41 respondents or 30.37% of the total. This suggests that just a third of the respondents earn between 106,000 and 236,000 CAD annually.
- 4) More than 236,000 CAD: This is considered upper class, but it has the fewest respondents, with only 1 or 0.98% of the total. This indicates that very few respondents earn more than 236,000 CAD annually.

Table 3.4: Living Area

No	Living Area	Respondents	Percentage
1	Metropolitan Area	92	68.15%
2	Suburbs Area	32	23.70%
3	Rural/Countryside Area	11	8.15%
TOTAL		135	100%

This data provides insights into the geographical distribution of the respondents:

- 1) Metropolitan Area: The majority of respondents, 92 or 68.15% of the total, live in metropolitan areas. This suggests that most of the respondents reside in large

cities or urban centers.

- 2) Suburbs Area: A significant number of respondents, 32 or 23.7% of the total, live in suburban areas. These are typically residential areas located on the outskirts of a city or large town.
- 3) Rural/Countryside Area: Only a small number of respondents, 11 or 8.15% of the total, live in rural or countryside areas. This indicates that very few respondents reside in sparsely populated areas or small towns.



CHAPTER IV

RESULTS AND DISCUSSION

Chapter four shows the outcomes of the data analysis and the study's findings. The objective of this research is to examine the acceptance of Islamic Home Financing in Canada. By understanding the factors that impact users' intentions, this study intends to gain important insights toward the successful implementation of Islamic home financing in Canada. To achieve this objective, a survey was conducted and 135 of Canadian Muslim respondents were accepted. The results of the survey were evaluated by using a technique known as partial least squares structural equation modeling (PLS-SEM) utilizing software that was version 3.2.9 of SmartPLS. PLS-SEM is a method of multivariate analysis technique that allows the examination of intricate models with a number of different latent variables and indicators.

4.1 Measurement Model Assessment (Outer Model)

Aburumman et al (2023) elucidates that the subsequent phase in utilizing SmartPLS software involves evaluating the measurement model. The outer model, commonly referred to as the measurement model, illustrates the process by which a latent variable is gauged through its corresponding indicators. The measurement model serves to establish the interconnection between the observable constructs and the underlying construct that they signify. The identification of suitable indicators for each construct is a pivotal stage in the operationalization process, as it ensures the validity of the construct. Additionally, the measurement model endeavors to assess the degree to which the indicators (items) align with the theoretical conceptualization of the constructs. Through an evaluation of the measurement model, it is possible to confirm that the survey items effectively assess the constructs they were intended to measure. During the evaluation of the measurement model, it is crucial for researchers to meticulously scrutinize three primary facets. The aforementioned facets encompass convergent validity, internal consistency reliability, and discriminant validity. Convergent validity pertains to the extent to which a given construct is associated with other constructs that it is expected to be associated with based on theoretical grounds. The concept of internal consistency reliability pertains to the extent to which the

constituent items of a given construct exhibit coherence and uniformity with one another. Discriminant validity pertains to the extent to which a particular construct is conceptually separate from other constructs with which it is not expected to have any association. By examining these three aspects, researchers can ensure that their measurement model is both valid and reliable.

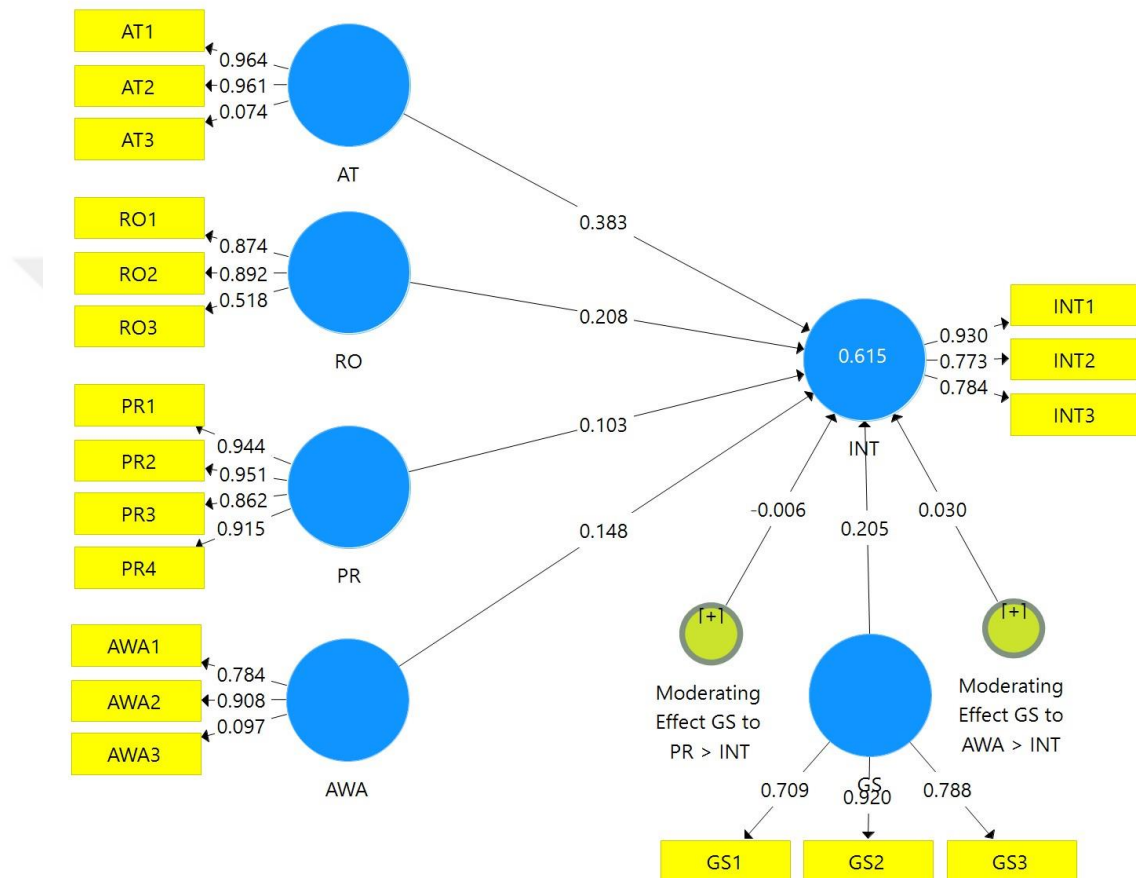


Figure 4.1: Outer Model

4.1.1 Convergent Validity

Convergent validity pertains to the extent to which a particular construct can account for the variability observed in its constituent items. Factor loadings denote the degree of correlation between a given indicator and its corresponding underlying construct. Typically, scholars ought to acknowledge and maintain indicators that exhibit a factor loading of 0.5 or greater. The reason for this is that greater factor loadings imply more robust associations between the indicators and their corresponding constructs, thereby indicating greater convergent validity. Conversely, it is advisable for researchers to contemplate the exclusion and elimination of indicators that exhibit a factor loading

below 0.4. The reason for this is that reduced factor loadings are indicative of weaker associations between the indicators and their corresponding constructs, thereby implying a lower level of convergent validity (Aburumman et al., 2023; Cheung et al., 2023; Hair et al., 2019).

Table 4.1: Factor Loadings

	AT	AWA	GS	INT	PR	RO
AT1	0.964					
AT2	0.961					
AT3	0.074					
AWA1		0.784				
AWA2		0.908				
AWA3		0.097				
GS1			0.709			
GS2			0.920			
GS3			0.788			
INT1				0.930		
INT2				0.773		
INT3				0.784		
PR1					0.944	
PR2					0.951	
PR3					0.862	
PR4					0.915	
RO1						0.874
RO2						0.892
RO3						0.518
<p>Note: AT = Attitude; AWA = Awareness; GS = Government Support; INT = Intention; PR = Price; RO = Religious Obligation</p>						

In table 4.1 showing the factor loadings of several indicators on their respective constructs. The columns represent different constructs, such as Attitude, Awareness, Government Support, Intention, Price, and Religious Obligation (AT1-AT3, AWA1-AWA3, GS1-GS3, INT1-INT3, PR1-PR4, and RO1-RO3). The rows represent different indicators for each construct. The values in the table represent the factor loadings that each indicator has on the respective construct. Factor loadings represent the correlation between an indicator and its underlying construct. Higher factor loadings indicate stronger relationships between the indicators and their respective constructs, which suggests higher convergent validity. The factor loadings should be above 0.5, however from the table we can see that there are three indicators show below 0.5, which are AT3 and AWA3. Therefore, we should eliminate these two indicators, and become like this below.

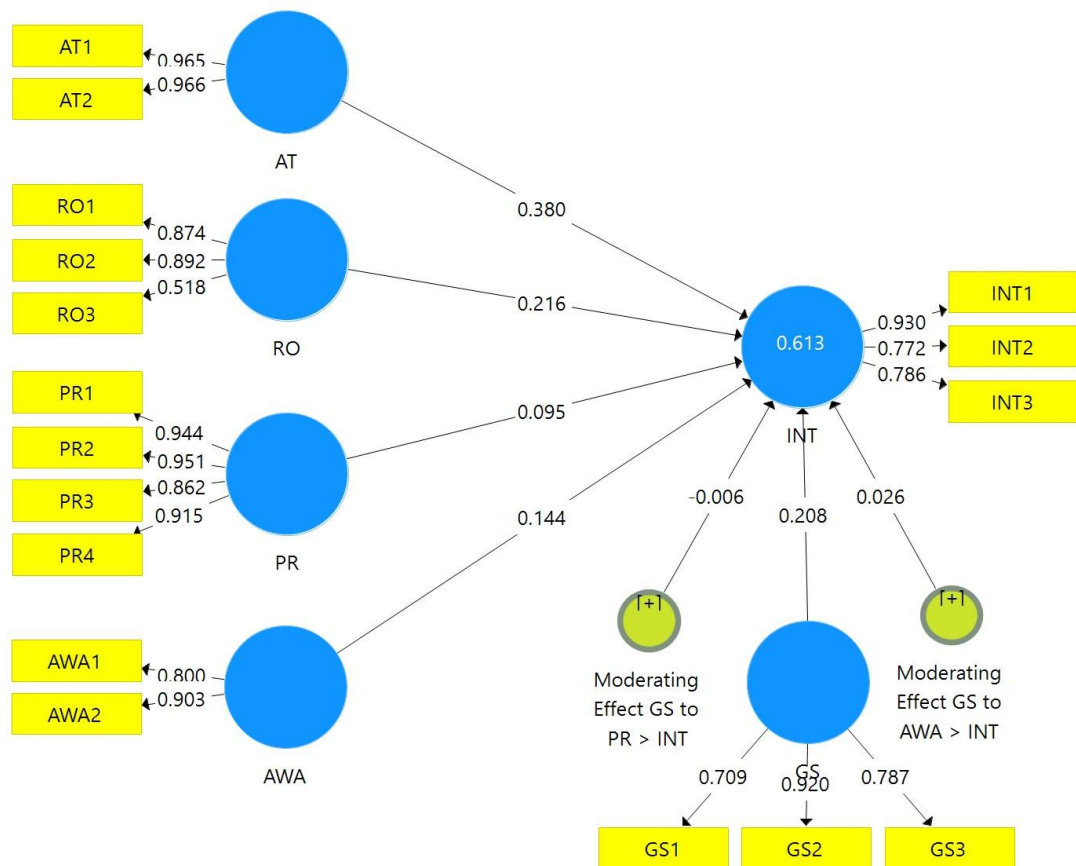


Figure 4.2: Outer Model after Elimination

Table 4.2: Factor Loadings after Elimination

	AT	AWA	GS	INT	PR	RO
AT1	0.965					
AT2	0.966					
AWA1		0.800				
AWA2		0.902				
GS1			0.709			
GS2			0.920			
GS3			0.787			
INT1				0.930		
INT2				0.771		
INT3				0.787		
PR1					0.944	
PR2					0.951	
PR3					0.862	
PR4					0.915	
RO1						0.876
RO2						0.893
RO3						0.524
Note: AT = Attitude; AWA = Awareness; GS = Government Support; INT = Intention; PR = Price; RO = Religious Obligation						

4.1.2 Internal Consistency Reliability

Aburumman et al (2023) explained that internal consistency reliability pertains to the extent to which the items comprising a construct exhibit consistency with one another. The evaluation of this can be accomplished through the utilization of two primary assessments, namely Cronbach's alpha and composite reliability. Cronbach's alpha is a statistical measure that offers an approximation of the reliability of a given set of

observed indicator constructs, by analyzing their inter-correlations. Composite reliability is a measure that evaluates the extent to which a group of items consistently reflects the underlying construct. Empirical studies report internal consistency reliability, as measured by Cronbach's alpha and composite reliability. Typically, Cronbach's alpha and composite reliability values ranging from 0.60 to 1 are commonly acknowledged as acceptable. The assessment of convergent validity can be accomplished through the utilization of Average Variance Extracted (AVE). The variable AVE denotes the proportion of variance in the indicators that can be accounted for by their corresponding constructs. Higher AVE values indicate higher convergent validity. A frequently employed criterion for assessing Average Variance Extracted (AVE) is 0.5, indicating that a minimum of 50% of the variability in the indicators should be explained by their respective constructs. By examining both factor loadings and AVE, researchers can gain a better understanding of how well a construct is able to explain the variance of its items. This can provide valuable information about the validity of the construct and its ability to accurately assess the underlying concept for which it was intended (Aburumman et al., 2023; Cheung et al., 2023; Hair et al., 2019).

Table 4.3: Construct Reliability and Validity

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
AT	0.926	0.965	0.931
AWA	0.633	0.842	0.727
GS	0.733	0.850	0.656
INT	0.774	0.870	0.692
PR	0.939	0.956	0.844
RO	0.674	0.819	0.613
Note: AT = Attitude; AWA = Awareness; GS = Government Support; INT = Intention; PR = Price; RO = Religious Obligation			

The cronbach's alpha assesses the internal consistency or reliability of a scale or questionnaire. It measures how well the items within a construct (e.g., a set of survey questions) correlate with All of the cronbach's alpha values above 0.6 generally indicating good internal consistency. The composite reliability ratings for all constructs ranged from 0.633 to 0.926, so these values represent the composite reliability for each scale or subscale. Higher values are generally desirable, indicating stronger internal consistency. All of the AVE is higher than 0.5, it means that he construct has more variance from its indicators than it has error.

4.1.3 Discriminant Validity

The evaluation of discriminant validity is employed to gauge the degree to which a given construct is conceptually separate from other constructs that are not related in theory. The Fornell-Larcker criterion is a technique utilized to assess the discriminant validity. The methodology involves assessing the square root of the average variance extracted (AVE) for each construct and comparing it with the correlations between that particular construct and all other constructs. Discriminant validity of a construct is indicated when its correlations with all other constructs are surpassed by the square root of the Average Variance Extracted (AVE) of the construct (Aburumman et al., 2023; Cheung et al., 2023; Hair et al., 2019).

Table 4.1: Fornell-Larcker Criterion

	AT	AWA	GS	INT	PR	RO
AT	0.965					
AWA	0.292	0.853				
GS	0.562	0.327	0.810			
INT	0.703	0.411	0.585	0.832		
PR	0.190	0.025	0.144	0.253	0.919	
RO	0.692	0.395	0.512	0.667	0.237	0.783
Note: AT = Attitude; AWA = Awareness; GS = Government Support; INT = Intention; PR = Price; RO = Religious Obligation						

Table 4.4 shows the Fornell-Larcker criterion, a technique utilized to evaluate the discriminant validity of a research study. The various constructs, namely Attitude, Awareness, Government Support, Intention, Price, and Religious Obligation are represented by the columns and rows. The table displays the correlations among the constructs. The diagonal of the table displays the square root of the average variance extracted (AVE) for each construct, running from the top left corner to the bottom right corner. The approach of utilizing the Fornell-Larcker can be employed for evaluating discriminant validity through this approach. As per this particular criterion, it can be inferred that a construct exhibits discriminant validity if its square root of AVE surpasses its correlations with all other constructs, which are represented by the values in its respective row and column. The data presented in the table demonstrates that all of the constructs meet the Fornell-Larcker criterion, indicating that they possess discriminant validity. The rationale behind this is that the square root of the mean variance extracted (AVE) for each construct, which is presented on the diagonal, surpasses its correlations with all other constructs, as demonstrated in both its corresponding row and column.

4.2 Structural Model Assessment (Inner Model)

The structural model, commonly referred to as the inner model, concerns itself with the connections that exist between unobserved variables and latent constructs. In the structural model, the focus is on understanding and analyzing the connections and interdependencies among these constructs. The primary objective of performing a structural model assessment is twofold: firstly, it aims to assess the model's predictive aptitude, and secondly, to investigate and comprehend the relationships among the different constructs involved in the analysis (Aburumman et al., 2023).

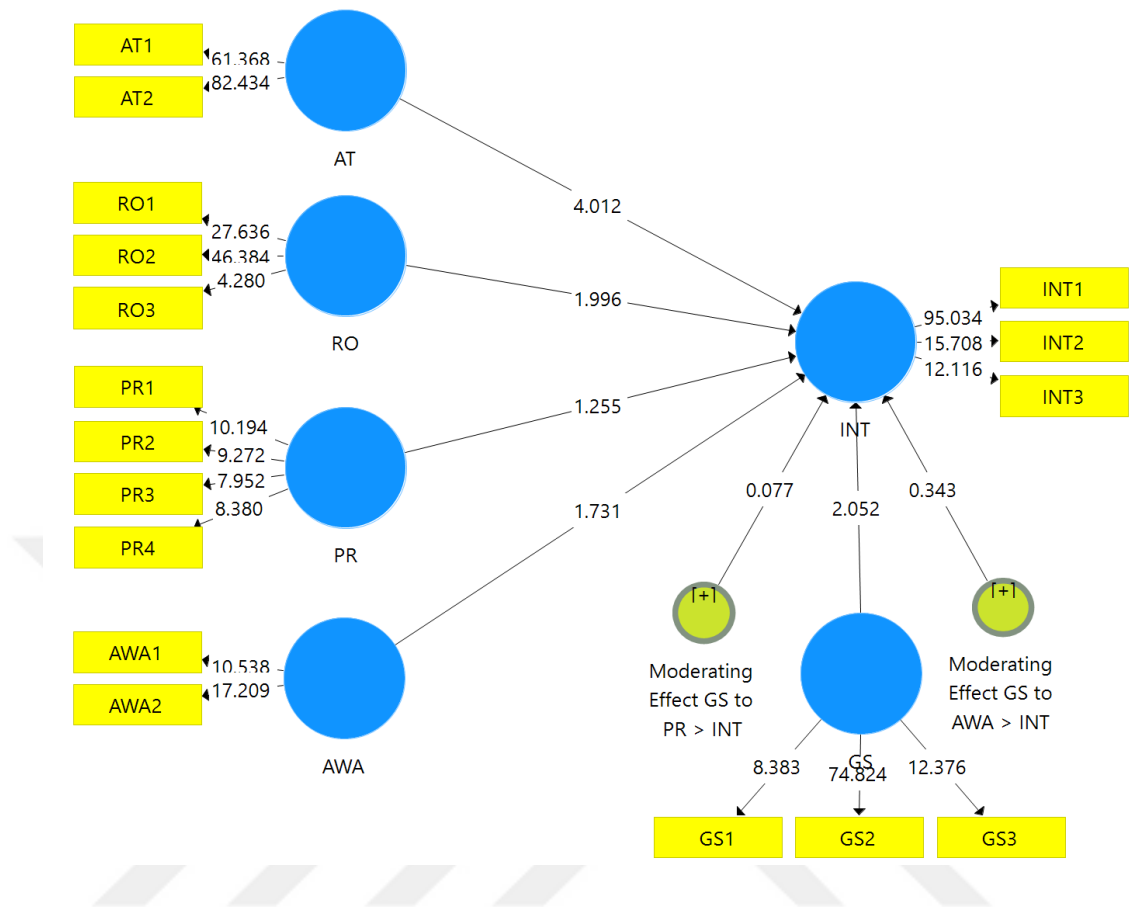


Figure 4.3: Inner Model

4.2.1 R Square

R-squared (R^2) is a statistical metric that quantifies the extent to which the independent variables account for the variation in the dependent variable. The measure denotes the goodness-of-fit of the model and the level of explanatory power of the independent variables in accounting for the variance observed in the dependent variable (Aburumman et al., 2023; Hair et al., 2019).

Table 4.5: R Square

	R Square	R Square Adjusted
INT	0.615	0.594
Note: INT = Intention		

An R Square of 0.615 means that approximately 61.5% of the variability in the

dependent variable "INT" is explained by the independent variables. This is considered a moderate to high level of explanatory power. An R Square Adjusted of 0.594 means that, after adjusting for the number of predictors in the model, approximately 59.4% of the variability in the dependent variable "INT" is still explained.

4.2.2 Q-Squared

Table 4.6: Q-Squared

	Q² (=1-SSE/SSO)
INT	0.390
Note: INT = Intention	

Q-squared method is employed for evaluating the predictive relevance of a latent variable (Janadari et al., 2016). It provides information regarding a model's capacity to predict the dependent variables through the utilization of independent variables. It is calculated as one subtracts the ratio of the sum of squared errors (SSE) to the sum of squared total variances (SSO) (Hair et al., 2019). In this result, a Q² of 0.39 means that approximately 39% of the total variation in the dependent variable "INT" is explained by the predictive model.

4.2.3 Path Coefficient

Table 4.7: Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
AT -> INT	0.380	0.383	0.095	4.012	0.000
AWA -> INT	0.144	0.136	0.083	1.731	0.084
GS -> INT	0.208	0.200	0.102	2.052	0.041

Moderating Effect GS to AWA > INT -> INT	0.026	0.025	0.074	0.343	0.731
Moderating Effect GS to PR > INT -> INT	-0.006	-0.020	0.071	0.077	0.939
PR -> INT	0.095	0.094	0.076	1.255	0.210
RO -> INT	0.216	0.221	0.108	1.996	0.046
Note: AT = Attitude; AWA = Awareness; GS = Government Support; INT = Intention; PR = Price; RO = Religious Obligation					

Table 4.7 provides information about the path coefficients, sample means, standard deviations, T-statistics, and P-values for various paths in the structural model that will be explain the discussion section.

4.3 Discussions of The Results

In this discussions section focuses on providing answers to the research questions, determining ascertaining the extent to which the hypotheses are substantiated by the data, and examine their relevance to the existing literature.

4.3.1 Hypothesis 1

Hypothesis 1: Attitude has a significant positive effect on the desire to use Islamic home finance.

From table 4.7 a t-statistic of 4.012 and a p-value of 0.000 suggest that the relationship is statistically significant. The Original sample is 0.380 which indicates positive relationship. Meaning that **the hypothesis is supported by the result**. Indeed, the research revealed that the predominant factor influencing a Canadian Muslim's inclination to utilize Islamic Home Finance is their attitude. This discovery underscores the crucial role that attitude plays in shaping an individual's intention to adopt Islamic Home Finance. A positive and robust attitude toward Islamic Home

Finance increases the likelihood that a Muslim will choose to use it. Conversely, if an individual holds an unfavorable attitude toward Islamic Home Financing, the probability of their utilization decreases. This result aligns with the outcomes of earlier studies on the subject. For instance, attitude has a strong positive correlation with the intention to utilize Murabaha finance (Atal et al., 2022). The impact of attitude on consumers' intentions to utilize Islamic financial products was found to be statistically significant (Saygılı et al., 2022). A notable and positive correlation exists between attitude and the intention to purchase halal bakery products (Aditami, 2016). Attitude significantly influenced customers' intention to use Islamic home financing (Yi & Zhongkai, 2018). Positive attitude has influence over the intention to engage in diminishing partnership home financing (Taib et al., 2008).

4.3.2 Hypothesis 2

Hypothesis 2: Religious obligation has a significant positive effect on the desire to use Islamic home finance.

From table 4.7 a t-statistic of 1.996 and a p-value of 0.046 suggest that the relationship is statistically significant. The Original sample is 0.216 which indicates positive relationship. Meaning that **the hypothesis is supported by the result**. It shows that the religious customers prefer to select Islamic home finance. If Islamic banks adhere closely to Sharia principles, there is an increased probability that Muslims will opt for and utilize Islamic banking products (Atal et al., 2022). This result aligns with the outcomes of earlier studies on the subject. For instance, religious obligation significantly influenced customers' intention to use Islamic home financing (Yi & Zhongkai, 2018). The role of iman is significantly related to consumer behaviour for ijarah home financing (Amin, 2019). *Maqasid al-Shariah* compliance is significantly related to the receptiveness of Islamic home financing (Amin, 2020). Religiosity is regarded as essential variable influencing the desire to adopt Islamic banking in Spain (Kaakeh et al., 2018).

4.3.3 Hypothesis 3

Hypothesis 3: Pricing has a significant positive effect on the desire to use Islamic home finance.

From table 4.7 a t-statistic of 1.255 and a p-value of 0.210 suggest that the relationship is not statistically significant. The Original sample is 0.095 which indicates negative relationship. Meaning that **the hypothesis is not supported by the result**. Customers assess the price and benefit aspects of utilizing IBs, shaping their attitude toward these institutions, yet this evaluation does not directly impact their intention (Albaity & Rahman, 2019). Previous study also found that price is not significantly influenced customers' intention to use Islamic home financing (Yi & Zhongkai, 2018).

4.3.4 Hypothesis 4

Hypothesis 4: Awareness of IHF has a significant positive effect on the desire to use Islamic home financing.

From table 4.7 a t-statistic of 1.731 and a p-value of 0.084 suggest that the relationship is not statistically significant. The Original sample is 0.144 which indicates positive relationship. Meaning that **the hypothesis is not supported by the result**. Consumers make purchases of products associated with familiar brands, driven by the expectation that these products have undergone quality testing and will meet their future needs. Thus, it can be inferred that purchasing desire and interest are influenced by the extent of a consumer's awareness of a product brand. Consumers typically choose to buy products from brands they are aware of, as they tend to be hesitant to try something new and prefer products with established brands that have been tested for quality (Maria et al., 2019). In the context of Malaysian Islamic banking, Customer awareness has a substantial influence on their intention to use Islamic financing products and services. A customer's intention to use Islamic financial products is significantly influenced by their level of awareness (M. A. Ibrahim et al., 2017). This result contradicts with the outcomes of earlier studies on the subject. For instance, awareness is important factor affecting the intention to use Islamic banking (Kaakeh et al., 2018). Product knowledge has a positive and significant effect on purchase intention (Ayub & Kusumadewi, 2021). Awareness towards Islamic banking significantly influenced the intention to use Islamic banking (Albaity & Rahman, 2019). The study indicates

whether individuals are aware or unaware of Islamic Home Financing, the awareness level doesn't seem to have a substantial impact on their intention to use it

4.3.5 Hypothesis 5

Hypothesis 5: Government support has a significant positive moderating role in the effect of pricing on the desire to use Islamic home financing.

From table 4.7 a t-statistic of 0.077 and a p-value of 0.731 suggest that the relationship is not statistically significant. The Original sample is -0.006 which indicates negative relationship. Meaning that **the hypothesis is not supported by the result.**

4.3.6 Hypothesis 6

Hypothesis 6: Government support has a significant positive moderating role in the effect of awareness on the desire to use Islamic home financing.

From table 4.7 a t-statistic of 0.343 and a p-value of 0.731 suggest that the relationship is not statistically significant. The Original sample is 0.026 which indicates negative relationship. Meaning that **the hypothesis is not supported by the result.**

Before 1993, BIMB, the first Islamic bank in the industry, had a ten-year exclusive period from the Malaysian Government before another similar bank was allowed. This was to let the bank concentrate on the growth of Islamic banking. Without the government's support, a novel banking idea would struggle to survive and thrive in a highly competitive market (Wilson, 2018). However, the author also try to examine directly between Government Support and Intention, we observe a original sample of 0.208, indicating a positive relation. The T-statistic of 2.052 the P-value of 0.041 confirms the statistical significance.

In summary, while there is evidence of a positive and significant relationship between Government Support on Desire to use Islamic home finance directly, but not moderately like in the results do not provide strong support for Hypothesis 5 and 6. This result aligns with government support was found to be insignificant predictor of customers' intention to use Islamic personal financing in Malaysia (Amin et al., 2011)

CHAPTER V

CONCLUSION

This chapter evaluates explicitly the overall results of this study by summarizing the findings related of this study for extracting the essence of the problem object as determined in this study.

5.1 Summary of The Study

The objective of this research is to examine the determinants affecting the behavioral intention to adopt IHF in Canada. The study uses the TRA model as the theoretical framework and focuses on 5 constructs: Attitude, Religious obligation, Pricing and Awareness. This research additionally examines the moderating effects Government support on Pricing and Awareness. The study proposes six hypotheses and tests them using Partial Least Squares - Structural Equation Modeling on a sample of 135 respondents.

Table 5.1: Conclusion of The Results

H1: Attitude has a significant positive effect on the desire to use Islamic home finance.	Accepted
H2: Religious obligation has a significant positive effect on the desire to use Islamic home finance.	Accepted
H3: Pricing has a significant positive effect on the desire to use Islamic home finance.	Rejected
H4: Awareness of IHF has a significant positive effect on the desire to use Islamic home financing.	Rejected
H5: Government support has a significant positive moderating role in the effect of pricing on the desire to use Islamic home financing.	Rejected
H6: Government support has a significant positive moderating role in the effect of awareness on the desire to use Islamic home financing	Rejected

In conclusion, the analysis indicate that Attitude and Religious obligation have a significant positive impact on Behavioral Intention to adopt IHF in Canada. It also

revealed that Pricing and Awareness has no significant effect on the adoption of IHF. Additionally, the moderating roles of Government support do not have any moderating effects on Pricing and Awareness, but Government Support directly has significant positive impact. This research contributes to the currently existing data on IF in Canada, a nation with a significantly influential Muslim community and a growing IF industry. In addition, data obtained from this research benefits understand the factors that influence Muslims to adopt IF products in a non-Muslim country. Moreover, they offer valuable perspectives for practitioners, policymakers, and marketing Teams who aspire to grow and enhance the market of IHF in Canada.

5.2 Limitation

This study being a pioneering quantitative study on IHF in Canada by nature has limitations. The most noticeable to the author is the scarcity of literature surrounding IF in Canada. However, the study should open doors to further studies to be conducted on the country and other western countries with a significant Muslim Population mainly the UK and the USA, where IF is popular, but the literature lacks empirical findings. In addition, other factors mainly social Influence and Product knowledge were not tested in this study.

The study also lacked a bigger sample of respondents. Even that the data was enough to run the test and get reliable results that can be generalized, the more cases the more accurate quantitative studies are.

5.3 Recommendation

The purpose of a study is to fill a gap in the literature or to push beyond the boundaries of the current knowledge. Canada remains a void in the literature of IF, contradicting the global development of the segment externally and its growing Muslim population and the opportunity to attract foreign investment internally. To the best of the author's knowledge, this is the first quantitative study that is conducted in Canada on IF. A Liaison from the Canada-based Islamic Finance Advisory board (IFB), Tahmyna Qazi observed that the primary challenge encountered by Muslims is the scarcity of halal mortgage products in the country. Nevertheless, she noted that the Canadian Muslim consumers' active engagement is contributing to the market's evolution more

significantly than in some other Western countries. In an interview with Salam Gateway (J. Hassan, 2021). The first step to fulfill the demand of Canadian Muslims is to develop an arrangement where the community leaders like the Muslim Association of Canada (MAC) and National Council of Canadian Muslims (NCCM), the Canadian authorities such as the BoC and CMHC, IFIs like EQRAZ and ANSAR ACHC, as well as Islamic advisory boards such as (IFB). These market players need to work hand in hand to establish a regulated market that is competitive in price and appealing in structure and shariah compliance.

Based on this, here are some suggestions and recommendations:

For policymakers, it is essential to establish a beneficial and supportive atmosphere for Islamic Finance and the adoption of Islamic Financial products, such as providing licensing for IBs, new regulations and educational programs like university courses or programs. Policymakers should create institutions that regulate the IFIs and products and services to insure they are compatible with shariah principles and cater the needs and preferences of Islamic finance users.

For practitioners, it is essential to augment the performance expectancy, and customers prioritizing by improving the quality, legality, simplicity, convenience, and affordability of the services. Practitioners should also leverage the religious adherence of customers by providing frequent reminders, education and improvements showing differences with Interest-based products and the need of compliance with their faith. Moreover, practitioners should foster the behavioral intention of customers by improving marketing and raising more awareness about Islamic Finance. Customers who don't know the difference between IHF and the conventional counterpart as well as customers who has no knowledge about IHF are untapped market that needs to be gained through appealing products and respected reputation.

5.4 Contribution

As Islamic Finance keeps growing at a rapid pace and exploring newer markets, the coverage of the significant Muslim population living in western country like Canada becomes a key factor to unlock this niche market and have the knowledge to market and develop the correct products. Understanding the factors that influence the desire of Muslims to adopt IHF and translating and including these factors in the marketing

and products will help boost IHF popularity as well as customers satisfaction.

By obtaining empirical data, we equip industry practitioners and policymakers with actionable insights of substantial value. By investigating IHF in Canada, we gain valuable insights into the potential of IF as an industry and the mindset of Canadian Muslims.

The study further adds to the literature surrounding the determinants of adoption of Islamic Finance, the adoption of IHF, and the needs for the success of the industry in a western country. Most of the studies conducted on IHF are done in Muslim countries, especially Malaysia where Islamic Finance is extremely popular. For Canada, few studies have been conducted on IF, however, no previous study was quantitative.



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