

**THE FACTORS AFFECTING CONSUMER ATTITUDE AND PURCHASE
INTENTIONS TOWARD ISLAMIC MORTGAGE FINANCE IN PAKISTAN**



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01-393191-005

A thesis submitted in fulfillment of the
Requirements for the award of the degree of
Master of Sciences in Islamic Banking & Finance

Department of Management Sciences

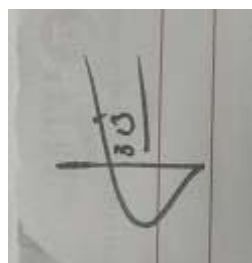
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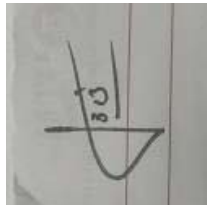
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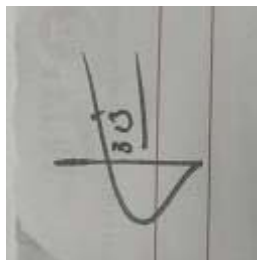
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DEDICATION

This thesis is dedicated to my parents, my brothers, my friends, and especially my wife and rest of the family, for always believing in me, inspiring me, and encouraging me to reach higher in order to achieve my goals.

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Abstract

From the very beginning in Islamic history, Muslims have been able to introduce an interest-free system that helps the producers to mobilize their resources to meet the needs of the consumers. Muslims scholars have expressed concern about interest-based activities and called for the development of alternative systems to relieve interest-based activities so that Muslims must act in accordance with their teachings in Islam. In this manner, the growing needs of Muslims traders, economist and banks have forced Muslims to develop an alternative system to meet the needs of these people. Therefore, this study has focused on determining the factors which affect the consumer attitude and purchase intention towards Islamic mortgage finance in Pakistan. In this context, the researcher has also set three important inclusion criteria for the study population; first, respondents are the current clients of sharia'a compliant banks. Second, respondents have intent to buy houses in the future. Third, respondents are in the age of 25 years old and above to specify that they are legally able to enter into a contract with banks for mortgages. Total 450 questionnaires are circulated, in which only 300 managed to be gathered from the respondents. 49 questionnaires were incomplete, leaving 251 usable questionnaires for purpose of examination. The sample size of this study has been kept to 251. The analysis has been carried out by correlation matrix, regression analysis, CFA, path assessment and model for goodness. The results determined that there is a significant influence of consumer attitude towards the purchase intention while mediation was also found. Moreover, the service quality and compatibility also had a significant influence on consumer attitude but the product choice has no impact on the consumer attitude. However, the influence of service quality and compatibility has also been found significant on purchase intention through the intervention of consumer attitude. Furthermore this study also reveals that attitude does not mediate the relationship between the product choice and service quality.

Keywords: *Consumer attitude, purchase intention, Islamic mortgage finance, Pakistan*

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Symbols/ Abbreviations

CII	Council of Islamic Ideology
IIC	Islamic Ideology Council
RCOA	Reporting Chart of Accounts
IBs	Islamic Bank
IBBs	Islamic Bank Branches
NPL	Non-Performing Loan
BBA	Bay Bithaman Ajil
TPB	Theory of Planned Behavior
TRA	Theory of Reasoned Action
MAM	Multitribute Attitude Model
TIB	Theory of Interpersonal Behavior
UK	United Kingdom
DTPB	Decomposed Theory of Planned Behavior
ATM	Automated Teller Machine
SPSS	Statistical Package for Social Sciences
AJK	Azad Jammu & Kashmir
AVE	Average Variance Extracted
CFA	Confirmatory Factor Analysis
HTMT	Heterotrait-Monotrait
SRMR	Standardized Root Mean Square Residual
NFI	Normed Fit Index