



The Effect of Consumer Perception toward Home Financing Moderated by Religious Belief

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Abstract

The effect of consumer perception toward home financing can be influenced by various factors, and one potential moderating factor is religious belief. Religious beliefs and values can significantly shape individuals' perceptions, attitudes, and behaviours, including their approach to financial matters such as home financing. This study objective to empirically test the role of religious believe for home financing selection. It also aims to investigate the effect of consumer perceptions (price, location, and service) toward home financing selection with sharia scheme moderated religious belief. The research method used is a questionnaire survey and structural equation modelling with moderation analysis by using software, namely SmartPLS03 in order to run the data about 325 respondents from consumer who buy house and used sharia scheme developer financing and Islamic banking. The result of the study reveals that price and location affect the home financing selection with sharia scheme, while service and religious belief are not significant or have no direct effect. Other finding also reveals that religious belief can strengthen the effect of price toward home financing selection with sharia scheme. It is also found that the key findings of religious belief has an effect toward the home financing selection with sharia scheme not direct effect but with indirect effect through strengthen price influenced, thus, a comprehensive view of the relationship between price, location, religious belief, and the home financing selection with sharia scheme is presented and become the baseline study for introducing essential factors of religious belief to ensure the growth of Islamic Banking financing.

Keywords: Consumer Perception, Home Financing, Location, Religious Belief, Sharia.

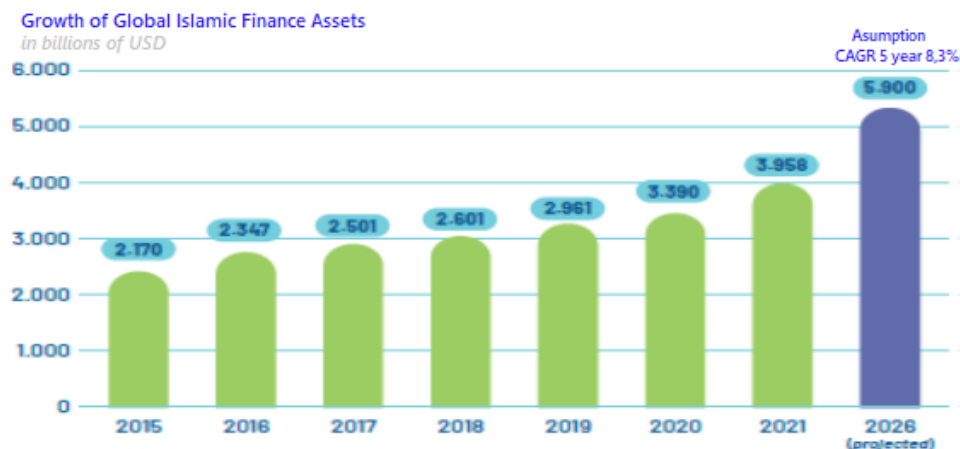
JEL Classification: C83, D01, D12, D45, G41.

1. Introduction

In Indonesia, owning a house is a top priority for most people, they are willing to pay and using debt to be able to buy a house. To achieve this goal, the community builds houses from scratch, buys existing houses, and even rents their houses first.

The trend of rising house prices has caused people to rarely be able to buy houses with cash. The solution is home buyers can buy a house through a financial institution. Indonesia offers two banking systems in home financing methods which are conventional home ownership loans and sharia home financing (Islamic mortgages) (Harefa, 2021; Sayuti and Amin, 2019; Syam et al., 2020). The concept of sharia mortgage financing is different from mortgage financing. Sharia mortgages are based on Islamic financing principles and prohibit the element of interest (Sayuti and Amin, 2022; Shaikh et al., 2022). Unlike conventional home financing, Islamic financing is based on a flat rate or profit rate (Razak and Tazwar, 2018; Wahyuni, 2018).

With the development of Islamic financial assets, which have an increasing trend with predictions of an increase reaching 8.3% (figure 1.), and the growth of Islamic banking financing that is above conventional banking, this indicates an ample opportunity in Islamic banking to increase market share to a greater extent than conventional banks. Meanwhile, one of the challenges in the development of Islamic economics is not external, it comes from internal Muslims. Ishak (2019) and Bukhari and Isa (2019) explain that religiosity plays a role in consumer decision making so that, based on the information received by consumers, this information is converted into religious belief to make a decision to use halal products. With the MUI (Indonesian Ulema Council) have issued a haram fatwa in 2000 for bank interest which includes usury, all financing carried out by Muslim consumers should after two decades of the fatwa come out to have switched to Sharia financing. In reality, the growth of sharia financing is growing, but it is still far below the market share of conventional banks (Hanif, 2019).



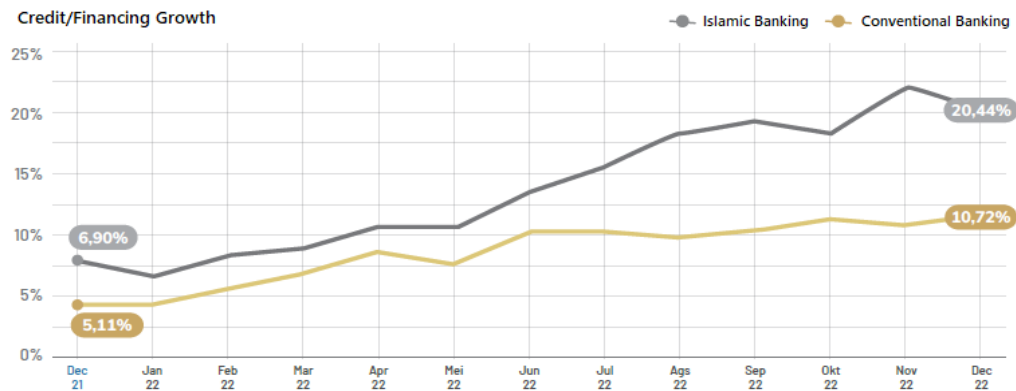


Figure 1. The Growth of Global Islamic Finance Assets and Islamic Banking Financing in Indonesia

Source: Research finding.

The development of Islamic banking financing is an exciting matter to study, with developments that are higher than conventional banks. There is a question mark, whether is it possible for the market to Islamic banking to be more than conventional banking? Hence, the outcome of this study is significant for the future growth of Islamic banking. Based on the results of the search and knowledge, the discussion of home financing with sharia schemes, in both banks and in particular non-banks, has not been studied as widely as home financing in general or conventional. The sharia scheme research that has ever been conducted by (Firmansyah and Gunardi, 2018; Wahyuni, 2018; Wulandari et al., 2016); in Malaysia by (Ismail et al., 2014; Razak and Tazwar, 2018); in Pakistan by (Ali et al., 2017; Chhapra et al., 2018; Raza, 2015); and research related to Islamic home financing and in Nigeria is conducted by (Ajetunmobi and Ibrahim, 2016; Hamza, 2016).

In an increasingly competitive environment, banks are forced to innovate to expand and ensure that home loan products are offered. Most Indonesian banks offer sharia financing products. Besides, bank-less sharia financing products make consumers have alternative financing choices between various types of financing or home loans. However, to our knowledge, there is still a lack of research on the determinants of the selection criteria for Islamic home financing in Indonesia, and this creates a gap in the development of sharia financing, hence, the purpose of this study is to fill this gap by analyzing the important factors that strengthen consumer perceptions in choosing home financing with sharia schemes and also how religious belief strengthens consumer perceptions to choose home financing with sharia schemes. According to a study on how religious beliefs affect consumer perceptions of home financing, it can be seen that religious belief is a crucial determinate in accelerating the growth of Islamic home financing users.

2. Literature Review

The research is applied based on the theory of planned behavior. One of the common theories that helps to understand consumer attitudes and purchasing intentions, is theory of planned behavior (TPB). This model was developed by Ajzen (1985). Bosnjak et al. (2020) define the theory of planned behavior as reflecting the relationship between attitudes, subjective norms and perceived behavior towards the intention to buy sustainable products. According to this concept, a person's behavior is dictated by their goals, which are consequently impacted by their perspective on their behavior, personal norms, and their perception of their level of behavioral control (Amin et al., 2014). Obviously, in consumer studies, perceived behavioral control has been shown to be a predictor in predicting a person's behavioral intention (Teo and Beng Lee, 2010). People often have some influence over making decisions or not making decisions, which emphasizes the need of respecting one's control in a decision-making process. Research conducted by Alam and Sayuti (2011), explores that the purchase of halal food has provided proof that the hypothesis of planned behavior (TPB) is accurate. Moreover, attitude refers to the individual's perception of a particular behavior while subjective norms lead to individual subjective judgments about the preferences of others and support (Kaakeh et al., 2019). Norms represent the decision-maker's perceptions of what important persons (such friends or relatives) expect of them while deciding whether to act out or not. Ajzen (2020) states that individuals' elaborative thinking about subjective norms is the perception of whether they are expected by friends, family, and society to perform the recommended behavior. Depending on the decision-maker's perception of the existence of behavior-limiting circumstances, the perceived ease or difficulty of carrying out a behavior is referred to as behavioral control (Balushi et al., 2018).

Further, every attempt to promote Islamic home finance options would be heavily reliant on the cooperation and attitude of bank clients. The perceptions of bank clients' attitudes of the value of Islamic home financing options, whether favorable or unfavorable, are influenced by such perceptions (Amin et al., 2014). In addition to mindset, personal norms might influence the intention to use. The significance of this concept in research has been proven by several investigations. Hansen et al. (2004) investigate the intention of purchasing goods online for groceries and discovers a strong correlation between the intention and the personal norm. Gopi and Ramayah (2007) reveal that identifying the aim of an online purchase requires the use of a personal norm. They also argued that a person's impression of the possibility that an anticipated comparable group or individual will accept or disapprove of participating in a certain behavior is referred to as a norm that is subjective. Overall, the theory of planned behavior (TPB) identifies

subjective norms and attitude as factors that directly influences the behavioral intention.

2.1 The Relationship between Consumer Perception and the Selection of Sharia Home Financing Schemes

Financing often entails the transfer of funds from wealth creators to entities that produce or consume deficits. Financing is encouraged among those who believe from an Islamic perspective to support the socioeconomic growth of the "community" (Amin et al., 2014). Islamic funding has two primary goals. Firstly, Islamic finance is created to direct funds from investors to entities that produce deficits or use large amounts of money. Secondly, the primary goal of Islamic finance is to fulfill people's desire to increase their wealth (Kahf and Khan, 1992). Hence, Islamic banks act as financial intermediary firms, taking deposits from consumers and using the accumulated funds for lending others. In our study, Islamic banks are predicted to provide a variety of financing options, and Islamic home financing can be considered as one of them. However, the provision of Islamic home finance options satisfies the demands of house purchasers who seek to adhere to Shariah guidelines in their financial assets. From the previous literature, Ali et al. (2017), Islam et al. (2022), and Nayeem et al. (2009) have found a positive association between consumer perception and the selection of sharia home financing schemes.

2.2 The Relationship between Consumer Perception, Religious Belief, and the Selection of Sharia Home Financing Schemes

In a religious perspective, the human conception of reality is based entirely on knowledge, but, it is also founded on the basis of belief originating from the transcendental authority of divinity (Junaidi et al., 2022; Salam et al., 2019). The form of this conception is certainly different from one religion to another. For example, in monotheistic religion that authority is God who is called Allah and everything that comes from Him. In contrast to primitive religion which understands authority is in the form of spirit and magic (Junaidi, 2021). These conceptions then determine the social structure, behavior, and even interactions expressed by religious adherents. In contrast to later with religion as a model of reality, it deals directly with the representation of the object. More concrete, and displayed in harmony with the object of dogma, and norms. Simply, religion as a model of reality is a belief that is expressed based on space, time, and culture where religion is accepted as a conception (Dawami, 2020; Wahyoedi et al., 2021). Religion in this model then underlies the strengthening of the criteria for choosing home financing with a sharia scheme.

There are five important factors that are usually considered by consumers in choosing Islamic home financing; these five things are sharia principles, fast

service and location, price, then the reputation of the bank that provides financing as well as the terms and flexibility of the product (Saptasari & Aji, 2020). Apart from these five factors, there are other factors that influence, however, it may not be important, such as trends, lifestyle, advertising and promotions, advice from banks, and advice from housing developers. These factors are usually used by consumers in choosing a home financing provider (Biancone et al., 2020; Hamid and Masood, 2011). In this study, the five factors are classified into three variables of price, location and service while still including other factors into the dimensions of the indicators of the three variables.

In a banking selection survey conducted in Jakarta and Peninsular Malaysia where the sample centers are in Kelentang, Penang, Johor and Kuala Lumpur, it is found that reputation is a key factor that influence bank consumers in choosing a bank (Biancone et al., 2020; Dusuki and Abdullah, 2007; Aldarabseh, 2019). In addition to reputation when viewed from the perception and knowledge of Islamic financial products, the religious factor is the most important factor considered by consumers, prices, bank reputation, and service quality become further considerations (Razak and Tazwar, 2018).

A study on the relationship between service quality and customer satisfaction among Islamic banks in Malaysia showed that most of the bank's consumers who transacted with Islamic banks were satisfied with the quality of services provided by these Islamic banks (Amin, 2008; Fauzi and Suryani, 2019; Hosen et al., 2021). In Greece, from 200 surveyed consumer banks stated that the influence of media advertising, flexibility, and low payment penalties are the main factors that become the criteria in making decisions (Mylonakis, 2007). Another opinion states that the use of media can influence adults more than adolescents in making decisions (Ismail et al., 2014).

Adu-Gyamfi (2020) homeownership enhances religious practices while rental status is seen to stifle the performance of certain religious practices. In that way, religious considerations are made in the pursuance of the transition from rental status to homeownership. One of the banking studies found that the influence of people, marketing promotions, and financial benefits are important factors of consumer choice criteria in choosing a bank (Hosen et al., 2021; Syed and Hanif, 2010). On the other hand, sharia bank does not have direct access to marketing and promotion, it is because the marketing unit of Islamic banks handles conventionally where promotions are carried out by bank branch offices by bank branch office managers (Fauzi and Suryani, 2019). There are several factors that influence consumer choice in determining the provider of Islamic housing finance in Sabah, Malaysia. Other, there are seven discovery factors such as service availability, is also related to the influence of others (Hosen et al., 2021), where for married consumers, the decisive factor in making decisions is their partner

(Ismail et al., 2014). Based on theory and the above explanations, including research development and empirical evidence, the study models are described in Figure 2 below.

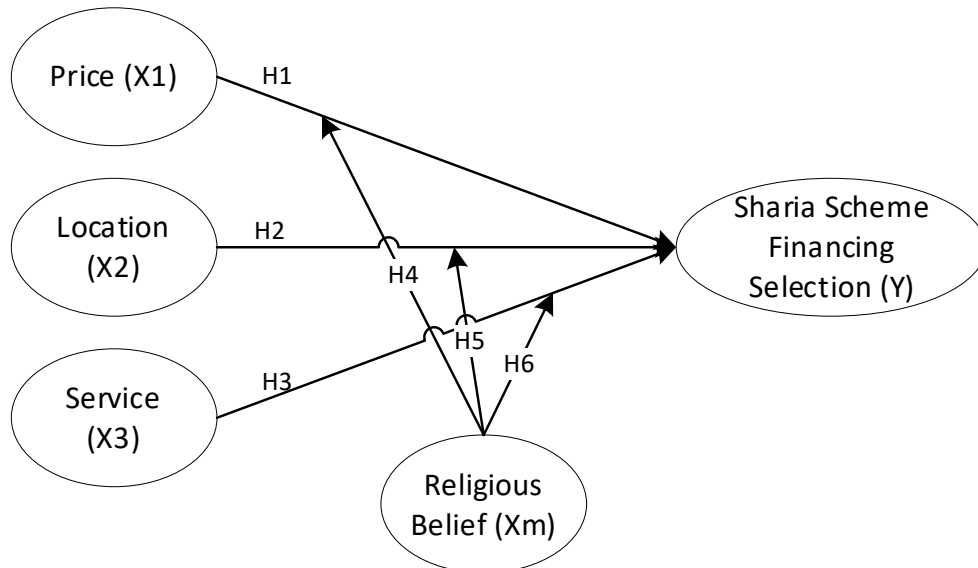


Figure 2. Research Model

3. Research Methodology

Quantitative research with a structural equation modeling (SEM) approach uses a questionnaire sample with purposive sampling and the object in the study uses the criteria of the object of the study of Muslim respondents who have made a home purchase. The research object areas in Indonesia which have 2 variations in the sharia scheme, namely the non-bank sharia scheme and the sharia scheme through Islamic banks and these areas are the areas with the highest home sales. After the data is obtained, it is analyzed by the research model using the structural equation modeling SmartPLS03.

The questionnaire uses a Likert Scale of 1 to 5 and the number of samples or respondents taken for research using the Structural Equation Modeling (SEM) method. Determination of the sample or respondents is carried out with respondents who have purchased houses in the last 2 years to ensure that the information held by respondents does not have a large gap that could cause bias in the study. According to (Loehlin and Beaujean, 2016), a good sample is the sample that reflects the population and believes the minimum sample size needed to reduce bias in all types of SEM estimates using G*power (effect size, 0,2; α , 0,05; power(1- β),0,95) 319 samples. Therefore, the total number of questionnaires distributed in this study is 325 questionnaires.

The main data collection in this study is by distributing questionnaires to home buyers in the last two years by submitting a closed questionnaire. In the

initial stage, a small number of respondents (30 samples) are selected to test the validity and reliability of the questionnaire questions. After that, if the Questionnaire questions have met the validity and reliability rules, the questionnaire will be distributed to the entire sample. The questionnaire uses a Likert scale with an ordinal scale. Before testing the hypothesis with SmartPLS03 structural equation modeling with moderation analysis, this study used the average variance extracted (AVE) indicator as a validity test. The reliability test used outer loading, Cronbach's alphas, and composite reliability indicators, and furthermore used discriminant validity to differentiate one construct from another.

Table 1. Variable Operations

| No | Variable | Concept | Indicator | Scale |
|----|---|--|---|---------|
| 1 | Price (Consumers' Perception) | Consumer perception that reflects the appropriate price according to cost incurred with those obtained to obtain goods. Item questions: - The price of the house I bought with the sharia scheme is according to my ability (P1) - The price of the house I bought with the sharia scheme reflects my daily lifestyle (P2) - The price of houses in Islamic housing or housing that implements the sharia scheme is guaranteed quality (P3) - The price level of houses in Islamic housing is more affordable compared to other housing prices (P4) | Purchasing Power (P1) Lifestyle (P2) Benefit (P3) | Ordinal |
| | | | Competitor's Price (P4) | Ordinal |
| 2 | Location (Consumers' Perception) | Location is the area or place where something is located. In this study, the location variable refers to consumer preferences for housing location and accessibility. Item questions: - Islamic housing or housing that implements the sharia scheme that you know is located in a strategic location (L1) - Islamic housing or housing that implements the sharia scheme that you know is located not far from the main road and has access to public transportation (L2) | Location Strategy Access (L1) Vehicle Access (L2) | Ordinal |
| | | | | |
| 3 | Service (Consumers' Perception) | Service is all facilities given to consumers to convince them buying a product. Item questions: | Infrastructure (S1) | Ordinal |

| No | Variable | Concept | Indicator | Scale |
|----|------------------------------------|--|--------------------------|---------|
| 4 | Religious Belief | - Islamic housing or housing that implements the sharia scheme that you know has complete public facilities (S1) | Environment (S2) | Ordinal |
| | | - Islamic housing or housing that implements sharia schemes that you know have a more comfortable environment (S2) | Business Reputation (S3) | |
| | | - Islamic housing or housing that implements sharia schemes that you know always provide services that don't disappoint (S3) | | |
| 6 | House Financing with Sharia Scheme | Religious belief is Muslim consumers believe in living their religion both in worship and in daily life, including in doing business. Item questions: - Financing with sharia schemes is financing that operates in accordance with sharia principles (R1) | External Beliefs (R1) | Ordinal |
| | | - I know that the MUI issued a fatwa forbidding bank interest because it is considered usury (R1) | Internal Beliefs (R2) | |
| | | - I am a person who practices religious teachings by helping others, especially those who are in trouble (R2) - I often donate wealth for the benefit of others (R2) | | |
| | | Consumer selection for home financing with sharia schemes, both cash in stages and installments to sharia developers. Item questions: - Home Financing Margins with the Sharia Scheme are not burdensome and affordable (F1) | Affordable (F1) | Ordinal |
| | | - I am interested in financing the sharia scheme because it is considered very suitable for the needs (F2) | According to needs (F2) | |
| | | | | |

Source: Research finding.

Hypothesis testing in the PLS SEM reflective model in the discussion will be separated into two parts; the first part is the effect of the independent variable on the dependent variable and the second part the moderator variable strengthens or weakens the influence of the independent variable on the dependent variable, the significance level of both uses the t-value (t_0) compared with the value of t-table (t_α).

a. Hypothesis test part one

$$\text{Hypothesis test } Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e$$

Where:

X_1 = Price

X_2 = Location

X_3 = Service

Y = Sharia home scheme financing selection

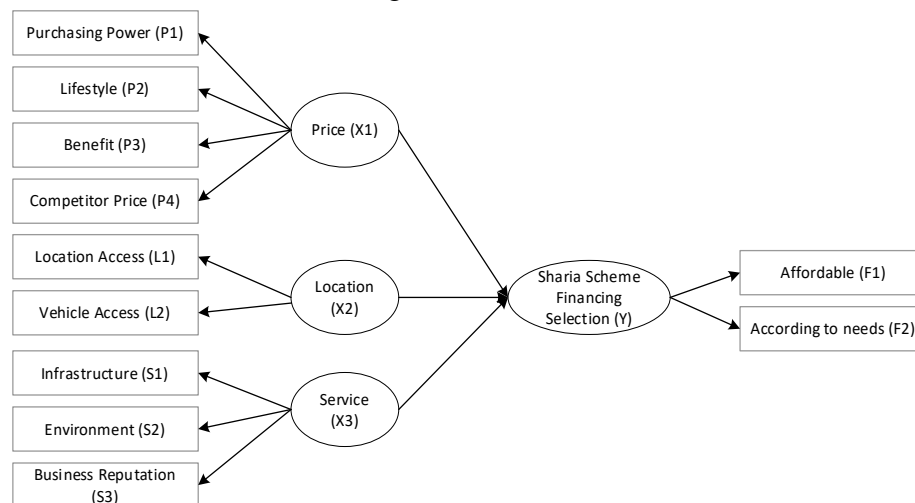


Figure 3. Specification of Research Model Part One

Source: Research finding.

Therefore, the hypotheses are:

H_0 : Price does not have a positive effect on the selection of sharia home financing schemes.

H_1 : Price has a positive effect on the selection of sharia home financing schemes.

H_0 : Location does not have a positive effect on the selection of sharia home financing schemes.

H_2 : Location has a positive effect on the selection of sharia house financing.

H_0 : Service does not have a positive effect on the selection of sharia home financing schemes.

H_3 : Service has a positive effect on the selection of sharia house financing.

- If the value of $t_0 > t_{\alpha}$, then H_0 is rejected and $H_{1,2,3}$ is accepted.

- If the value of $t_0 < t_{\alpha}$, then H_0 is accepted and $H_{1,2,3}$ is rejected.

Or

- If the significance value is $< \text{from} = 0.05$, then H_0 is rejected and $H_{1,2,3}$ is accepted

- If the significance value is $> \text{from} = 0.05$, then H_0 is accepted and $H_{1,2,3}$ is rejected

b. Hypothesis test part two

Hypothesis test

$$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_1 x_4 + \beta_6 x_2 x_4 + \beta_7 x_3 x_4 + e$$

X_1 = Price

X_2 = Location

X_3 = Service

X_m = Religious belief

$X_1 * X_m$ = Moderation of 1 religious' belief with price

$X_2 * X_m$ = Moderation of 2 religious' belief by location

$X_3 * X_m$ = Moderation of 3 religious' belief with service

Y = Sharia scheme home financing options

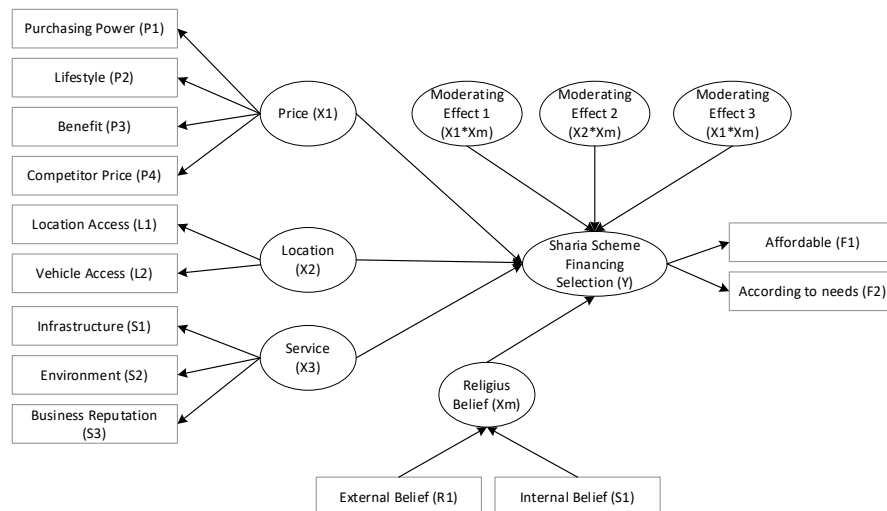


Figure 4. The Specification of Research Model Part Two

Source: Research finding.

Therefore, the hypotheses are:

H_0 : Religious beliefs do not positively moderate the price in influencing the selection of sharia home financing schemes.

H_4 : Religious beliefs positively moderate prices in influencing the choice of sharia home financing.

H₀: Religious beliefs do not positively moderate location in influencing the selection of sharia home financing schemes.

H₅: Religious beliefs positively moderate location in influencing the selection of sharia home financing schemes.

H₀: Religious beliefs do not positively moderate the service in influencing the selection of sharia home financing schemes.

H₆: Religious beliefs positively moderate the service in influencing the selection of sharia home financing schemes.

5. Results

5.1 Profile Respondent

The composition of the research respondents re based on aspects of gender can be seen in Figure 5. Based on Figure 5, the distribution of respondents is dominated by gender 71% male and 29% female. This distribution of respondents indicates that in buying a house or financing a home purchase, men are more dominant in decision making.

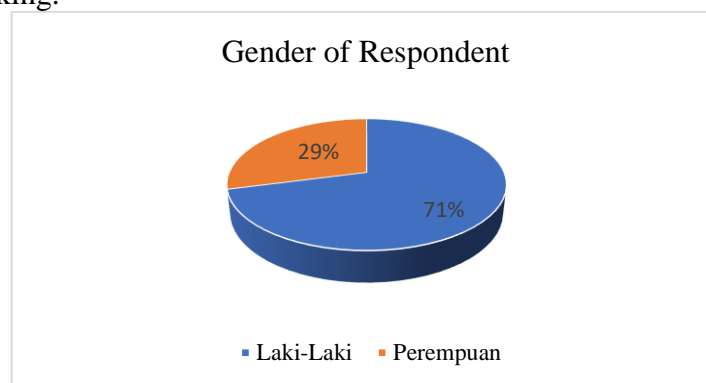


Figure 5. Respondents' Gender

Source: Research finding.

This study has a composition of respondents according to income levels which can be described in Figure 6 as follows.

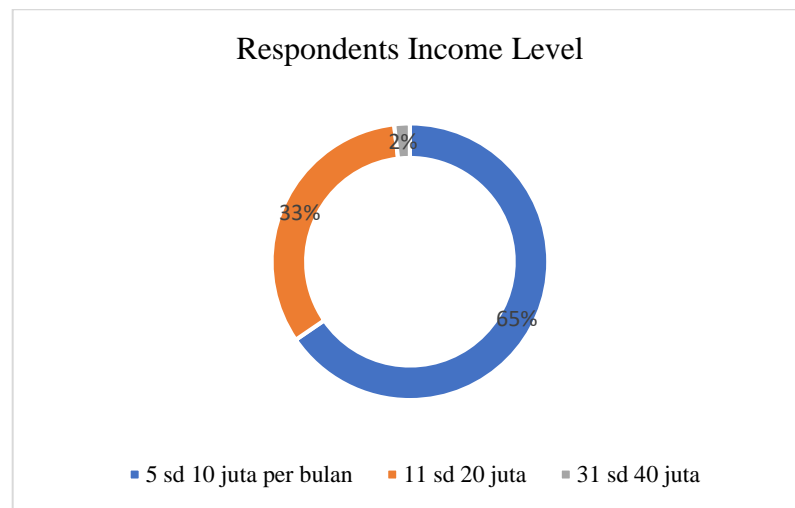


Figure 6. Respondents' Income Level

Source: Research finding.

Respondents' income categories are divided into 4 categories, but in home financing that offers a Sharia scheme, according to Figure 6, the most respondents are those who have an income of 5 to 10 million per month by 65%, and an income of 11 to 20 million per month by 33% and an income of 31 to 40 million per month by 2%. In the last 2 years, based on interviews with Islamic housing marketers, there has been a decrease in housing sales transactions and tend to purchase houses that offer Sharia schemes that are more in demand by first time home buyers.

5.2 Validity Test

PLS SEM provides two validity tests. Namely, convergent validity and discriminant validity. This study uses convergent validity because it means that a set of indicators represents one latent variable and that underlies the latent variable, the representation can be demonstrated through un-dimensionality which can be expressed through using the average value of the extracted variance (Average Variance Extracted/AVE), the test result validity in this study can be seen in Table2.

Table 2. Validity Test

| Research Variable | Average Variance Extracted (AVE) |
|---|----------------------------------|
| Consumers' Price Perception | 0,649 |
| Consumers' Service Perception | 0,686 |
| Consumers' Location Perception | 0,746 |
| Moderating Effect 1 (Price-Religious Belief) | 1,000 |
| Moderating Effect 2 (Location-Religious Belief) | 1,000 |
| Moderating Effect 3 (Service-Religious Belief) | 1,000 |
| Sharia Scheme Financing | 0,560 |
| Religious Belief | 0,595 |

Source: Research finding.

From the result of Table 2, all AVE values are above 0.5, thus, it can be said that the research variables have measurements that can be used. The next step was assessing metric discriminant validity. Different metrics can confirm that each construct is distinct from other constructs. (Henseler et al., 2015) suggested the heterotrait-monotrait ratio (HTMT) to test the discriminant validity, with a threshold value is 0.8 for a precise result. Table 3 shows that all HTMT scores were below 0.8. Therefore, if the research has passed the validity test, then the reliability test will be carried out afterwards.

Table 3. Discriminant Validity Heterotrait-Monotrait (HTMT) Values

| | Price | Service | Location | SSF | RB |
|--------------------------------|-------|---------|----------|-------|----|
| Consumers' Price Perception | | | | | |
| Consumers' Service Perception | 0.364 | | | | |
| Consumers' Location Perception | 0.458 | 0.798 | | | |
| Sharia Scheme Financing | 0.442 | 0.636 | 0.726 | | |
| Religious Belief | 0.734 | 0.576 | 0.408 | 0.530 | |

Source: Research finding.

5.3 Reliability Test

The reliability test in this study uses the Cronbach alpha value and the composite reliability value, the minimum value is 0.7, although the ideal value of these two values is greater than 0.9 in this study. The result of reliability testing in this study can be seen in Table 4.

From the result of table 4, all Cronbach's Alpha values are above 0.7, thus, it can be said that the research variables have consistency in testing; the result of Cronbach's alpha are supported by the composite reliability value which has a value above 0.9 and states that the data and research variables are reliable for testing.

5.4 Hypothesis Testing and Discussion

The result of the study in table 5 shows that the adjusted R^2 value of 0.723 can be categorized as strong, which means the ability of the independent variable to explain the dependent variable is 72.3%, the other 27.7% is explained by other factors that are not included in this research model. After seeing the value of R^2 in the PLS analysis, look at the estimated value of the path coefficient which is described in Table 6.

Table 4. Reliability Test

| Construct | Outer Loadings | Cronbach's Alpha's | Composite Reliability | Average Variance Extracted (AVE) |
|--------------------------------|----------------|--------------------|-----------------------|----------------------------------|
| Consumers' Price Perception | | 0.769 | 0.896 | 0.812 |
| P1 | 0.911 | | | |
| P2 | 0.899 | | | |
| P3 | 0.786 | | | |
| P4 | 0.892 | | | |
| Consumers' Location Perception | | 0.782 | 0.873 | 0.696 |
| L1 | 0.841 | | | |
| L2 | 0.806 | | | |
| Consumers' Service Perception | | 0.755 | 0.859 | 0.67 |
| S1 | 0.823 | | | |
| S2 | 0.843 | | | |
| S3 | 0.787 | | | |
| Religious Belief | | 0.777 | 0.871 | 0.692 |
| R1 | 0.819 | | | |
| R2 | 0.859 | | | |
| Sharia Scheme Financing | | 0.769 | 0.867 | 0.685 |
| F1 | 0.797 | | | |
| F2 | 0.869 | | | |

Source: Research finding.

Table 5. The Coefficient of Determination (R^2) Values

| Sharia Home Financing Schemes | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
|-------------------------------|---------------------|-----------------|----------------------------|--------------------------|----------|
| R^2 | 0,759 | 0,800 | 0,052 | 14,672 | 0,000*** |
| R^2 -Adjusted | 0,723 | 0,769 | 0,060 | 12,120 | 0,000*** |

Source: Research finding.

Table 6. Testing Result of Patch Coefficient Value

| Research Variable | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (O/STDEV) | P Values |
|--|---------------------|-----------------|----------------------------|--------------------------|----------|
| Consumers' Price Perception -> Sharia Scheme Financing | 0,410 | 0,473 | 0,156 | 2,630 | 0,009*** |
| Consumers' Service Perception -> Sharia Scheme Financing | 0,131 | 0,115 | 0,155 | 0,849 | 0,396 |
| Consumers' Location Perception -> Sharia Scheme Financing | 0,369 | 0,330 | 0,140 | 2,632 | 0,009*** |
| Moderating Effect 1 (Price-Religious Belief) -> Sharia Scheme Financing | 0,159 | 0,116 | 0,409 | 2,578 | 0,037** |
| Moderating Effect 2 (Location-Religious Belief) -> Sharia Scheme Financing | -0,060 | -0,019 | 0,185 | 0,326 | 0,745 |
| Moderating Effect 3 (Service-Religious Belief) -> Sharia Scheme Financing | -0,064 | -0,079 | 0,188 | 0,338 | 0,735 |
| Religious Belief -> Sharia Scheme Financing | 0,068 | 0,078 | 0,086 | 0,796 | 0,426 |

Source: Research finding.

The result of the study in Table 6 shows significant result that have a P-Value less than 5% or 0.05, namely the price variable with a P-value of 0.009 (0.00852) and location with a P-value of 0.009 (0.00859), as well as the religious belief variable which moderates the significant price with a P-value of 0.037. While other variables, namely service variables, religious belief moderating variables on location and religious belief moderating variables on services are not significant which means the price variables and location variables affect the financing of sharia schemes, and religious belief strengthens the influence of price in influencing sharia financing schemes. However, the service variable does not affect the financing of the sharia scheme and religious belief cannot moderate the location and service in improving consumer decisions in choosing home financing for the sharia scheme.

The first part of the research model will explain the direct effect of price, location, and service variables (consumer perceptions) on the decision to choose Islamic financing schemes and the second part will explain the role of religious belief, in which the first part can be described in Figure 7 below.

Based on Table 6 and Figure 7, the hypothesis in the first part can be explained in the following.

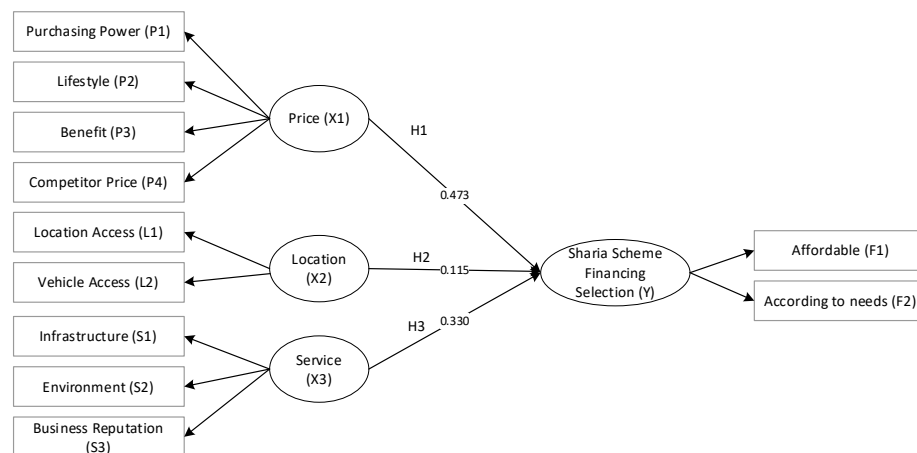


Figure 7. Testing Result of Price, Location, and Service toward Financing Selection with Sharia Scheme

Source: Research finding.

Based on Table 6 and Figure 7, the hypothesis in the first part can be explained, namely:

First Hypothesis

H₀: Price does not have a positive effect on the selection of sharia home financing schemes.

H₁: Price has a positive effect on the selection of sharia home financing schemes.

In the first hypothesis, H_0 is rejected and H_1 is accepted, this means that the price (consumer perception) has a positive effect on the selection of Islamic home financing. So that the higher the positive perception of prices, the greater the choice of Sharia home financing. The price variable explains the dimensions of purchasing power, lifestyle, benefits and competitor prices, this is the main consideration for consumer perceptions in choosing Sharia home financing, for example, if the purchasing power of the community is high, consumers will choose Sharia home financing due to the certainty of Sharia financing schemes. Having fixed installments makes the main choice compared to non-Sharia financing schemes which tend to have low interest at the beginning but after running it will be adjusted to floating interest rates which can cause an indeterminate increase in financing installments.

Second Hypothesis

H_0 : Location does not have a positive effect on the selection of sharia home financing schemes.

H_2 : Location has a positive effect on the selection of Sharia house financing.

The second hypothesis in table 6 and figure 7 shows that H_0 is rejected and H_2 is accepted. This means that location (consumer perception) has a positive effect on the selection of sharia house financing, in the location variable, there are dimensions of strategic access and vehicle access, in one of the strategic access indicators here it also emphasizes to the distance of housing from school, distance to activity center and distance for places of worship, because this is one of the important factors if housing is in the form of a cluster or in which there is no mosque so that consumers place more emphasis on strategic access to these three indicators.

Third Hypothesis

H_0 : Service does not have a positive effect on the selection of sharia home financing schemes.

H_3 : Service has a positive effect on the selection of sharia house financing.

The third hypothesis in Table 6 and Figure 7 show that H_3 is rejected and H_0 is accepted. This means that the service (consumer perception) has no effect on the choice of sharia home financing, where in the service variable there are two dimensions, namely, the dimensions of business ethics and facilities & infrastructure. However, consumers still think that this variable is not a variable that affects the selection of sharia financing schemes, based on discussions with one of the developers, this is because the offerings of facilities and infrastructure provided by developers tend to be the same and do not differ, so that consumers

do not perceive that there is one special difference that makes them different in choosing sharia financing schemes, while this business ethic is related to consumers who buy more houses for their first purchases so they do not know in depth the business ethics or services of one developer to another.

Based on Table 6 and Figure 7 explanation of part one, it can be concluded that the variables that directly affect the selection of financing for the sharia scheme are price and location variables. After discussing the findings of the first part, we will discuss the second part, namely the role of religious belief in moderating the influence of price, location, and service on the selection of Sharia financing schemes which are depicted in Figure 5 below:

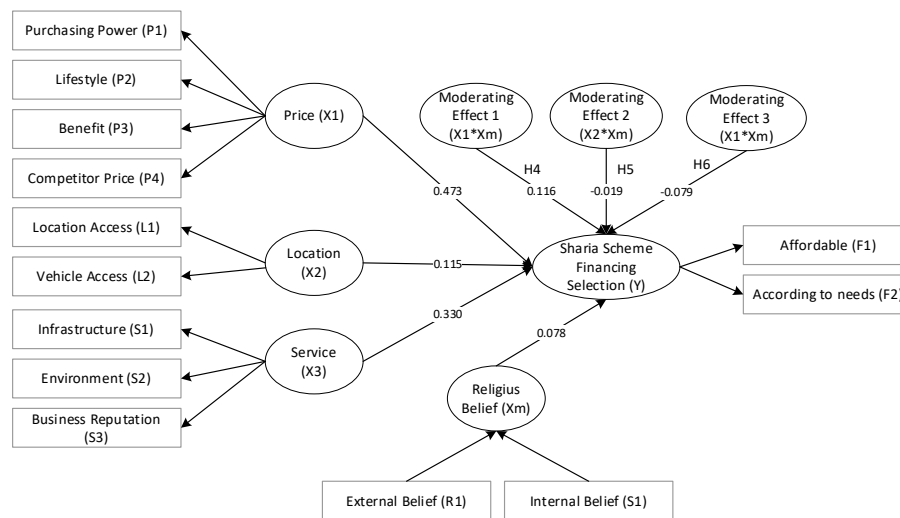


Figure 8. Testing Result of Religious Belief Moderated by Price, Location, and Service Effects toward Financing Selection with Sharia Scheme

Source: Research Finding.

Based on Table 5 and Figure 5, the hypothesis in the second part can be explained in the following.

Fourth Hypothesis

H₀: Religious Beliefs do not positively moderate the price in influencing the selection of sharia home financing schemes.

H₄: Religious Beliefs positively moderate prices in influencing the choice of sharia home financing.

The fourth hypothesis in table 6 and figure 8 show that H₀ is rejected and H₄ is accepted. It means that religious beliefs moderate the price positively in influencing the choice of sharia home financing. The stronger the consumer's religious beliefs, the more influence the price variable (consumer perception) will

have on the selection of Islamic financing schemes. Consumers who have strong religious beliefs will solidify their choices in choosing sharia financing schemes, although in practice, based on the responses of research respondents, some state that sharia financing schemes are not more flexible and more expensive than conventional or non-sharia financing schemes.

Fifth Hypothesis

H₀: Religious Beliefs do not positively moderate location in influencing the selection of sharia home financing schemes.

H₅: Religious Beliefs positively moderate location in influencing the selection of sharia home financing schemes.

The fifth hypothesis in table 6 and figure 8 shows that H₅ is rejected and H₀ is accepted, this means that religious beliefs do not positively moderate the location in influencing the choice of sharia home financing. This not significant moderation is reinforced by the response of respondents which explains that the value of the high response is not dominant, none of which exceeds 70%. It indicates that religious belief has not been able to strengthen consumer perceptions in this case location in influencing the choice of sharia home financing, although in the second hypothesis the location directly influences the selection of sharia home financing schemes.

Sixth hypothesis

H₀: Religious Beliefs do not positively moderate the service in influencing the selection of sharia home financing schemes.

H₆: Religious Beliefs positively moderate the service in influencing the selection of sharia home financing schemes.

The sixth hypothesis in table 6 and figure 8 show that H₆ is rejected and H₀ is accepted. It means that religious beliefs do not positively moderate the service in affecting the selection of sharia home financing. This moderation insignificance is reinforced by the third hypothesis which shows that it is not significant, the influence of services on the selection of houses for the sharia scheme, and based on discussions with developer resource persons, consumers prioritize the price factor over the services provided, especially with the concept of developers who rarely integrate the construction of religious facilities into The public facilities development agenda is first, but the developer prefers to provide public facilities for worship facilities for the construction to be handed back to the housing community to build it after occupying it, however, the developer still proposes a design based on the concept of the housing it sells. From the sources, it can be seen that service is not the main factor in determining the selection of a house with a Sharia scheme.

6. Discussion

From the findings, three things become highlighted in this study: First, price (consumer perception) affects the choice of Sharia home financing, and second, location (consumer perception) affects the choice of Sharia home financing. Thirdly, religious belief can increase the influence of price (consumer perception) in the choice of Sharia home financing. An in-depth discussion will focus on these three things, starting with looking at the similarities with similar research to apply the findings in order to the benefits and make policies to be produced.

The first discussion of price (consumer perception) affects the choice of financing for this Sharia scheme. Following research states that in choosing Islamic financing or conventional financing, the most important factor is the price of competitors' because consumers will compare which one is more profitable for consumers. (Firmansyah and Gunardi, 2018; Hamid and Masood, 2011; Razinah et al., 2019). In this study, the price variable (consumer perception), four dimensions are included in the indicators of the price variable, which is; purchasing power, benefits, competitor prices, and lifestyle. The dimensions indicators become the main elements in determining the price variable (consumer perception) affecting the selection of sharia financing schemes. Purchasing power will affect the selection of sharia home financing schemes in the focus group. The discussion conducted by consumers will prioritize the appropriate purchasing power to choose home financing. Consumers are more likely first to ask about the sharia scheme of home financing. If the consumer turns out to be unable to fulfil it due to lower purchasing power than the appraisal of Islamic banks, the consumer will look for another affordable financing. Maybe other financings to conventional financing options or conventional banks. In addition to the purchasing power of the benefits of influencing the choice of sharia home financing, this benefit is based on how well the selection of sharia home financing is with the benefits received by consumers. This development is based on the differences in the instalment pattern of Islamic banks and conventional banks, for example; before there was a sharia BTN, consumers always had the perception that BTN was the only bank that had home financing with a fixed instalment scheme, but with its development, BTN changed its financing concept to equate it with the conventional concept of floating rate or instalments based on floating interest rates and the fixed instalment scheme was submitted to BTN sharia. Hence, the difference in benefits between Islamic and conventional banks can be seen clearly (Firmansyah & Gunardi, 2018). Based on the description that has been disclosed, price (consumer perception) remains the main factor in consumers choosing sharia home financing schemes.

The second discussion, locations (consumer perceptions) affect the choice of home financing for this Sharia scheme. According to research conducted by (Hamza, 2016; Razak and Tazwar, 2018), location is an essential factor in house

selection. Islamic banks will provide appraisal more based on strategic access to activity centers and road access that can enter cars. In the location variable of this study, two main dimensions are indicators of the location variable, namely, strategic location access and vehicle access. In focus group discussions, strategic location access is developers' main concern in developing their housing. The closer the location to the center of activity, the more consumers will consider the benefits of the location. Location can facilitate consumer activities and vehicle access regarding the costs of these activities so that it will affect consumer price perceptions. In addition, based on the research findings, it turns out that religious belief cannot moderate location (consumer perception) to influence the choice of sharia home financing. The selection of sharia home financing schemes is based on the psychological theory, and the idea is that religious belief is more likely to indirectly influence the selection of sharia home financing. When consumer perceptions are influenced by religious belief, religious belief can have an indirect effect or have an indirect effect on the selection of sharia home financing schemes. Strong perceptions of location on the selection of sharia home financing can create new information to develop a research model. The research model focuses on religious belief as an indirect effect on the selection of sharia home financing.

The third discussion of religious belief can strengthen the influence of price (consumer perception) on the choice of sharia home financing. The result was not different from (Hamza, 2016). The result states that when religious belief has a role in determining someone's choice. By strengthening the influence of public perception on his choice, the price variable emphasizes consumer perceptions, so it can be said that there are clear relationship. (Amin, 2008; Hamid and Masood, 2011) findings explain; "although not explicitly related to the choice of home financing, the results of this study explain how prices (consumer perceptions) can affect the choice of home financing by taking into account the level of consumer confidence in the fatwa or sharia regulations".

Price and location have a significant impact on home financing selection with a Sharia scheme because the growth of house prices is higher than the growth in customer income; because of that, customers want to buy houses with affordable prices and strategic location; strategic location can reduce the burden to pay financing instalments. Meanwhile, the finding of this research aligns with Khan et al. (2021) in their research that service does not affect Islamic home financing; henceforth, religious belief supports Sharia compliance and affects Islamic home financing selection. This happens because, in considering Islamic home financing, the most substantial factor is affordable prices; religiosity can increase the effect of prices on Islamic home financing if there are two price options for determining to buy a house between the Islamic and conventional financing systems, even though the Islamic financing system costs higher than conventional, then with a

religious level firm belief will choose to buy a house with an Islamic system. Although, religious belief can increase the price effect for Islamic home selection, but affordable prices are becoming critical. The limitations of the study are to address only consumer perception. Future research can add expert experience to confirm the results and become more robust.

This study in formulating the religious belief variable uses two dimensions that are used as indicators, namely, the dimensions of external belief and internal belief; external belief is related to how respondents understand all rules related to Muamalah, which emphasizes more information on MUI fatwas related to usury and other things that distinguish between sharia financing schemes with non-sharia or conventional schemes. While the internal belief is more about the respondent's self-assessment of the worship performed, these two dimensions will complement each other to measure the religious belief variable. In the analysis of respondents' opinions there is a high response 100% related to external belief, namely knowing that the MUI is an institution that is believed to make fatwas for Muslims in Indonesia, so that the MUI fatwa is a rule that must be followed, and the existence of an MUI fatwa and the argument that forbids usury, but even though respondents already consciously know this, but in the respondent's perception there are still things that weaken this belief with the consideration that if the financing of the sharia scheme is not 100% carried out by a sharia institution which can be burdensome for the respondent to choose it and also when the respondent has chosen to finance with a sharia scheme with high power. Limited purchases, it turns out that when appraisals do not meet, so if consumers want to use home financing with a sharia scheme, consumers have to add the initial capital to buy a house (in practical terms, it is called a lower ceiling because the calculation of financing guarantees or financing requirements is not fulfilled). In contrast, in the financing, non-sharia scheme respondents get financing according to the purchasing power respondents.

7. Conclusion

Studies conducted on price, location, and service (consumer perceptions) of the selection of sharia home financing, as well as religious belief as a moderator variable and developed have an indirect influence on the selection of sharia home financing in Indonesia which were analyzed through descriptive, explanative, and empirical research, can be concluded as follows:

Price (consumer perception) affects the choice of financing for the Sharia scheme. In this study, the price variable (consumer perception) in which there are four dimensions that are included in the indicators of the price variable, namely; purchasing power, benefits, competitor prices and lifestyle, based on the dimensions entered, these indicators become the main elements in determining the

price variable (consumer perception) affecting the selection of sharia financing schemes, purchasing power will affect the selection of sharia home financing schemes, thus, consumers will give more attention to the appropriate purchasing power for selecting the best home financing. In addition to the purchasing power of the benefits that influence the selection of sharia home financing, this benefit is based on how well the selection of sharia home financing is with the benefits received by consumers.

Location (consumer perception) affects the selection of home financing, location is an important factor in house selection, and Islamic banks will provide more appraisals based on strategic access to activity centers and road access that can enter cars. In the location variable of this study, there are two main dimensions that are indicators of the location variable, namely, strategic location access and vehicle access, in FGD strategic location access is the main concern of developers in developing their housing, the closer the location is to the center of activity, the consumers will consider the benefits of the location in facilitating consumer activities and vehicle access regarding the costs of these activities.

Religious belief strengthens the effect of price (consumer perception) on the choice of sharia home financing. This study in formulating the variable of religious belief uses two dimensions that are used as indicators, namely, the dimensions of external belief and internal belief, external belief related to how respondents understand all the rules that related to Muamalah, which emphasizes more information on MUI fatwas that related to usury and other matters that distinguish between sharia financing schemes and non-sharia or conventional schemes. However, the internal belief is more about the respondent's self-assessment of the worship performed by the respondent, these two dimensions will complement each other to measure the religious belief variable. The limitation for this research does not include the perception of all stake holders, so that in future research it can be added from the point of view of the stake holders offering this scheme and willingness to pay customers.

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