Factors influencing home refinancing decision among muslim customers

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The objective of this study is to determine the factors influencing home refinancing among Muslim customers in Malaysia. For conventional banks, the common reasons are interest rate and monthly payment reduction of the loan. However, these reasons might not be applicable for bank customers who refinanced their loans by switching from conventional to Islamic home refinancing schemes. The study distributed 150 survey questionnaires for Muslim bank customers at 11 states and Federal Territory of Kuala Lumpur in February to March 2011. The findings indicated that reasons for refinancing were fluctuation of home financing profit rate, reduction of maturity period and monthly payment, good services of new banks and awareness among respondents to align their belief with their daily financial and economic practices. This study enhances the understanding of academics, scholars and bankers on factors influencing home refinancing activities, especially among Muslim customers in Malaysia. It is suggested that the future research can be done to compare home refinancing activities with the real changes in profit rates.

Home refinancing; Islamic banks; Muslim customers

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