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Malang, 5th September 2019

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Acceptance Letter

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Dear Njo Anastasia,

After a thorough double-blind review, we are pleased to inform you that your manuscript entitled:

Determinants of Intention of Using Mortgage in Financing Home Ownership in Surabaya

Author: Njo Anastasia; Lidya Priskila Thiosalim; Mariana Ing Malelak

Paper Number: 1119

is accepted for **ORAL PRESENTATION** in the 3rd Asia-Pacific International Conference on Management and Business Science (AICMBS-2019) organized by Master of Management, Department of Management, Faculty of Economics and Business, Universitas Brawijaya in Batu, Indonesia on October 30th – November 1st 2019 and will be published in proceedings indexed by Thomson Reuters. We highly recommend processing the further step of registration and transfer the conference fee based on the registration type to the bank account or wired transfer through PayPal listed below. To complete your registration, you should send the payment proof to aicmbs@ub.ac.id e-mail.

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**3rd ASIA-PACIFIC INTERNATIONAL CONFERENCE ON
MANAGEMENT AND BUSINESS SCIENCE
(AICMBS 2019)**



Revision Form

Dear Njo Anastasia,

Following the double-blind review, we would like to inform you that your manuscript entitled:

Determinants of Intention of Using Mortgage in Financing Home Ownership in Surabaya

Authors: Njo Anastasia et al
Paper Number : 1119

is need to be revised as follows:

Number	Revision Description
	Just need a proofread. Paper is well-written and compelling story for this scope of research and level of research. Well-done



The 3rd AICMBS 2019 Chief Executive
Dr. Kusuma Ratnawati

Determinants of Intention of Using Mortgage in Financing Home Ownership in Surabaya

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Abstract—Expensive prices of houses compels an individual to make a purchase through a third party. This study aims to test the determinants of intention of using mortgage in financing home ownership in Surabaya. Sample is gathered using purposive sampling technique in the people of Surabaya who intend to use home ownership mortgage (Kredit Pemilikan Rumah, KPR). Data analysis method used is Smart PLS. Test result shows variables such as subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity significantly affects the intention to use mortgage. The variable of attitude, however, does not. The result of this study benefits bankers so they are able to actively inform consumers of their mortgage products, in order to raise consumer's intention to use them. Furthermore, consumers will also be able to choose mortgage products according to which they think is best, and giving them a sense of security and convenience during the loan term.

Keywords—Attitude, Subjective Norms, Perceived Behavioral Control, Knowledge of Mortgage, Religiosity, Intention

I. INTRODUCTION

Shelter is one of the basic human needs which has to be fulfilled, besides food and clothing. According to data, Surabaya recorded a 6.16% growth in house prices, while Bandung only recorded 5.79%, and Medan only 1.36% [1]. This rise causes more fund to be needed to purchase a house, which can be acquired through mortgage. Bank Indonesia recorded in 2017, mortgage was the first choice in financing property purchases with 75.93% of all purchases, stage payments with 16.77%, and 7.30% in cash. Approaching the end of 2017, the national mortgage trend growth reached 10.91% compared to 2016 (7.86%) accompanied by sharia mortgage growth with 20.69% [2].

Some studies used Theory of Planned Behavior (TPB) in individual behavior in financial services such as mortgage. According to TPB theory, there are three factors affecting intention, which are attitude, subjective norms, and perceived behavioral control. Attitude is an evaluation, whether positive or negative, towards a certain behavior and someone's belief about what is felt. Subjective norms refer to the perception of an individual's agreement or disagreement towards a certain behavior. Perceived behavioral control describes the level of difficulty in the behavior as a reflection of past experiences as well as anticipation of obstacle [3, 4]. Intention of using mortgage is also affected by knowledge of mortgage [5, 6] and religiosity [7].

Decision to purchase a house using mortgage is affected by an individual's perception formed by his belief, where said belief comes from similar experiences or information from other individuals. The more information is accumulated, the stronger the belief of a person to realize his behavior will be.

On the other hand, religiosity of an individual also plays a role as a guide to direct him to use certain products according to their religious beliefs [8]. Individual's behavior along with his beliefs regarding religiosity is becoming more interesting to be studied further, as the option to use mortgage in financing home ownership is showing a growing popularity between conventional mortgage and sharia mortgage in Indonesia. The aim of this study is to test the effect of attitude, subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity towards the intention to use mortgage in financing home ownership in Surabaya.

II. LITERATURE REVIEW

Theory of Planned Behavior (TPB) states that an individual's intention in behavior is affected by three factors. The first one is behavioral belief, which is the belief in the result of a certain behavior, and the evaluation, either positive or negative, of both advantageous and disadvantageous behavior. This belief and evaluation produces attitude. The second one is normative belief, which is an individual's belief towards others or the environment in which he exist, whether they are approving or disapproving the individual's behavior. This forms the variable subjective norms. The third is control belief, which is an individual's belief based on past experiences' behavior and other things that encourage or discourage his perception on said behavior. This belief forms perceived behavioral control [3].

Attitude is an evaluation based on cognitive, affective, and behavioral intention which describes an individual's feelings in general to either encourage or discourage a certain behavior. Attitude is a strong factor of an individual's intention to do a certain action [9]. Md-Taib, Ramayah, & Razak [10] found a significant effect of attitude towards the intention in choosing ways of financing home ownership. Amin, Ghazali, & Supinah [11] stated that attitude rises as a deciding factor of an individual's acceptance towards home financing product. The higher an individual's attitude towards home financing, the higher the intention to use a financing product. Which means, attitude has a significant effect towards intention of using mortgage [12].

H₁: Attitude significantly affects intention of using mortgage

Subjective norms show social pressure an individual feels to do or not do a certain action or behavior to meet the expectation of others [13, 14]. Subjective norms' component is external, influence from family members, friends and other people on how an individual behaves. Xiao [4] stated that if A is an important person for B to approve on a certain behavior, then there is a tendency of person B to have a high intention to behave as A suggests. According to Bang, Odio,

& Reio [15], subjective norms are the best factor of an individual's intention, as there might be a chance homeowners are having difficulties as the result of being socially pressured in an effort of using mortgage. The higher an individual's social expectation to use mortgage is, the higher his intention to use mortgage in financing home ownership will be. Furthermore, subjective norms state that an individual will use home financing products if a certain amount of people in his circle have adopted those products. Subjective norms are an influencing factor in explaining the intention to use mortgage [10].

H₂: Subjective norms significantly affect the intention to use mortgage

Perceived behavioral control is the ability and belief of an individual which is felt in his behavior. Ajzen [3] defined perceived behavioral control as a perception in convenience or inconvenience in behaving while reflecting on past experiences such as anticipated hurdles and obstacles. The more an individual feels there are obstacles to do a certain behavior, the more he will perceive himself to be unnatural to said behavior, and vice versa. Amin, Abdul-Rahman, & Abdul-Razak [12] tested perceived behavioral control, which is the willingness or reluctance of an individual to use mortgage and his experience in making transactions in banking products. Home buyer's perception is focused on his ability to choose home financing products. The result shows a buyer's intention to choose financing options if he has the skill, knowledge, and financial resources available is because of the privilege he has. If perceived behavioral control is high, then the intention to use mortgage to finance home ownership will also be high.

H₃: Perceived behavioral control significantly affects intention to use mortgage

The level of product knowledge of an individual affects his information and behavior in making decisions. Knowledge is comprised of two constructs, objective knowledge (accurate information on product class which is stored in long-term memory) and subjective knowledge (an individual's perception about the information and the amount of knowledge he has on product class) which is interconnected. Subjective knowledge is considered as the level of belief of an individual regarding his knowledge, while objective knowledge refers to what he actually knows. If someone has a strong subjective product knowledge, he has more self-confidence on his ability to do consumption behavior [5]. Lin & Lin [16] stated that the level of product knowledge affects consumers' intention of purchasing. Consumers with higher product knowledge have better memory, acknowledgement, analysis, and logical capabilities than those with lower product knowledge. As a result, consumers with higher product knowledge tend to rely on intrinsic cues rather than stereotypes to make assessments on product quality, because they realize the importance of product information. Livette [17] proved product knowledge affects a person's intention to receive and use financing products.

H₄: Knowledge of mortgage significantly affects intention of using mortgage

Religiosity is a factor which guides the consumption habits of the society and at the same time has an effect on product usage, as consumers from various religions are pushed to comply with their respective religion in choosing products [8]. Religiosity is reflected from a person's attitude and behavior, and is dependent on the level of said person's religiosity. Someone with a deep commitment to his religion will be able to consistently make decisions compliant with his religion [18]. Tameme & Asutay [19] stated a religion's perception about a product is considered as a standard to product acceptance. An individual will consider buying a product if the product does not violate the principles his religion holds. Religiosity significantly affects intention to use mortgage [20, 7].

H₅: Religiosity significantly affects intention to use mortgage

III. METHODOLOGY

This study is conducted in the people of Surabaya with selections done according to purposive sampling technique, which are, aged 21 to 60 years, have a regular income, and have an intention of using mortgage to finance home ownership. The search is done by spreading questionnaires through google form. Variables studied is explained in Table 1.

TABLE 1. VARIABLES AND EMPIRICAL INDICATORS

No	Variable	Operational Definition	Empirical Indicator
1	Intention to use mortgage	Efforts an individual is doing to use mortgage	Statements about intention to use mortgage based on behavior, target, situation, and time [21]
2	Attitude	Individual's attitude in responding to things liked or disliked	Statements about cognitive, affective, and conative attitude towards mortgage [22]
3	Subjective Norms	Individual's motivation in conforming to other's opinion regarding a behavior he's about to do	Statements from family, friends, and persons of interest to the individual who supports use of mortgage
4	Perceived Behavioral Control	Individual's perception on whether or not executing behavior which reflects past experiences is easy	Statements about source of funds had, ability, and skill [5]
5	Knowledge of Mortgage	Knowledge of mortgage	Statements on individual's knowledge of mortgage products
6	Religiosity	Individual's faith reflected on his attitude and behavior	Statements on individual's faith in mortgage

After data is collected, it is then processed using SEM-PLS (Partial Least Square) 2.0, to test the relations between variables. PLS is an equation based on components or variants, which is outer model and inner model.

IV. ANALYSIS AND DISCUSSION

In accordance with sample criteria, aged 21-60 years, have regular income and intention to buy a house through mortgage, 204 respondents are acquired. Demographic descriptions of respondents can be seen in Table 2.

TABLE 2. RESPONDENTS' DEMOGRAPHIC DESCRIPTION

Information	Gender		Total	Percentage
	Male	Female		
Age				
21-30	30	25	55	27%
31-40	52	21	73	36%
41-50	34	18	52	25%
51-60	9	15	24	12%
Education				
High school	46	35	81	40%
Undergraduate	69	40	109	53%
Graduate and postgraduate	10	4	14	7%
Occupation				
Employee	51	23	74	36%
Self-employed	50	24	74	36%
Professional	17	25	42	21%
Others	7	7	14	7%
Status				
Not married	41	26	67	33%
Married	84	53	137	67%
Income				
< Rp 5.000.000	8	8	16	8%
Rp 5.000.001 – 15.000.000	43	26	69	34%
Rp 15.000.001 – 25.000.000	25	15	40	20%
Rp 25.000.001 – 35.000.000	26	19	45	22%
> Rp 35.000.000	23	11	34	17%
Domicile				
Surabaya	97	50	147	72%
Out of Surabaya	28	29	57	28%
Religion				
Christian	56	24	80	39%
Catholic	29	33	62	30%
Muslim	18	9	27	13%
Buddha	19	12	31	15%
Hindu	3	1	4	2%

Table 2 shows 36% of respondents are 31-40 years old, 53% have undergraduate degree, works as an employee and self-employed each 36%. The majority is married (67%), with an income of Rp.5.000.001 – Rp.15.000.000 (34%) and Rp.25.000.001 – Rp.35.000.000 (22%). The majority is Christian (39%) and Catholic (30%). Table 3 shows the mean value of statements used to measure variables studied, which is attitude, subjective norms, perceived behavioural control, knowledge of mortgage, and religiosity.

TABLE 3 INDICATORS MEASUREMENT

Code	Summary	Mean
Attitudes		
ATT1	Using mortgage to buy a house is very effective	4,11
ATT2	I think using mortgage is a good idea	4,06
ATT3	Using mortgage in financing home ownership is suitable to my needs	4,16
ATT4	Mortgage helps people to buy a proper house	4,07
ATT5	Mortgage is the best way to finance home ownership	4,00
ATT6	I think banks have the fund for home-ownership mortgage in the long-term	4,14
ATT7	I firmly believe in mortgage-providing instances	4,12
Subjective Norms		
SN1	People who are of importance to me use mortgage to finance their home ownership	3,90
SN2	People who are of importance to me will approve if I use mortgage to finance home ownership	4,00
SN3	People who are of importance to me think that getting a mortgage is wise	4,03
SN4	My family thinks I should use mortgage to finance home ownership	4,11
SN5	My friends think mortgage is a good idea	4,04
SN6	My friends suggest mortgage is the best way to get a house	3,94
Perceived Behavioral Control		
PBC1	I have a source of fund to pay for mortgage interest	3,82
PBC2	I have a source of fund to pay for mortgage principal	3,83
PBC3	Mortgage funding is affordable for me	3,91
PBC4	I have a legal certificate of land ownership	3,91
PBC5	I have the capabilities required to take out a mortgage	3,78
PBC6	It is easy for me to be granted a mortgage	3,96
PBC7	I can handle the complicated procedures of getting a mortgage	3,34
Knowledge of Mortgage		
KM1	I have knowledge on mortgage interest rates	3,69
KM2	I have knowledge on mortgage products	3,39
KM3	I have knowledge on mortgage procedures	3,43
KM4	I have knowledge on due dates of mortgage payments	3,76
KM5	I have knowledge on mortgage terms and conditions	3,64
KM6	I have knowledge on how to calculate monthly payments of mortgage	3,59
KM7	I have knowledge on mortgage financing	3,62
Religiosity		
RPM1	My religion allows me to make transactions with interest payments	4,02

Code	Summary	Mean
RPM2	I have reasons based on my religion, if mortgage payments are paid with interest	3,99
RPM3	Non-legally-binding transactions (only based on buyer's and seller's assumption) is allowed in my religion	3,09
RPM4	I have reasons based on my religion to use mortgage where the conditions show uncertainty (caused by changes in interest rates, political condition or economic growth)	3,22
RPM5	In my perception, mortgage is good according to my religion	3,85
RPM6	Based on religious considerations, I am allowed to take out a mortgage	3,90
RPM7	In my opinion, my religion agrees to mortgage loans	3,76
Intention		
IUM1	I will recommend the people who are of importance to me to take out home mortgage	3,95
IUM2	I intend to take out a home mortgage right now	3,93
IUM3	I intend to take out a home mortgage in the future	4,01
IUM4	I intend to take out a home mortgage even though there are interests	3,63
UM5	I intend to take out a home mortgage even though the conditions are uncertain (caused by changes in interest rates, political condition or economic growth)	3,77
IUM6	I intend to take out a home mortgage	3,83
IUM7	My intention to take out a home mortgage is high	3,84

Analyzation is followed by the measuring of Outer Model, which is convergent validity. The result shows that indicators ATT4 (0.454), RPM3 (0.350), RPM4 (0.265), and IUM5 (0.370) do not comply with loading factor as their value is less than 0.5. Those indicators are then taken out of the variable back to running data to pass the loading factor requirement. Table 4 shows that the cross loading value of each indicator is higher in its own variable compared to other variables, meaning the indicators in this study qualifies the convergent validity.

TABLE 4 CROSS LOADING

Indicator	Variable					
	ATT	SN	PBC	KM	RPM	IUM
ATT1	0,7238	0,5067	0,1324	0,1299	0,1848	0,3052
ATT2	0,7938	0,5893	0,1535	0,1771	0,2496	0,3211
ATT3	0,7710	0,5697	0,1254	0,1942	0,2325	0,3416
ATT5	0,7642	0,4977	0,1476	0,1349	0,1676	0,2524
ATT6	0,5993	0,3490	0,2545	0,2232	0,1949	0,2211
ATT7	0,6850	0,4192	0,2607	0,1899	0,2067	0,2023
SN1	0,5375	0,8312	0,2172	0,3024	0,4051	0,4130
SN2	0,5775	0,8209	0,1967	0,2226	0,3400	0,5048
SN3	0,5854	0,8084	0,2765	0,2101	0,2810	0,4209
SN4	0,5539	0,7106	0,0822	0,1405	0,2017	0,3437
SN5	0,4516	0,7513	0,3011	0,2583	0,3031	0,3523
SN6	0,4568	0,6970	0,2271	0,2220	0,3248	0,2796
PBC1	0,1681	0,2374	0,8118	0,4288	0,1846	0,3197

Indicator	Variable					
	ATT	SN	PBC	KM	RPM	IUM
PBC2	0,1902	0,2284	0,8148	0,3961	0,2396	0,3277
PBC3	0,1852	0,2534	0,7903	0,3473	0,2020	0,2946
PBC4	0,0686	0,1259	0,6614	0,3190	0,1432	0,2583
PBC5	0,2283	0,2636	0,8167	0,4241	0,1844	0,3412
PBC6	0,1472	0,1475	0,7419	0,3271	0,1326	0,2622
PBC7	0,2214	0,2041	0,6672	0,4656	0,2707	0,3055
KM1	0,1555	0,1816	0,4366	0,8279	0,1957	0,2514
KM2	0,2388	0,2463	0,3930	0,8230	0,2794	0,3323
KM3	0,2014	0,2508	0,3946	0,8522	0,2866	0,3801
KM4	0,1615	0,2125	0,4979	0,8008	0,1444	0,3110
KM5	0,1898	0,2938	0,3816	0,7803	0,1773	0,3366
KM6	0,2048	0,2150	0,4349	0,8757	0,2976	0,3407
KM7	0,2182	0,2890	0,4715	0,8850	0,2351	0,3839
RPM1	0,2734	0,4208	0,3044	0,3237	0,7723	0,4778
RPM2	0,3031	0,3733	0,1923	0,2638	0,8208	0,4800
RPM5	0,1554	0,2509	0,1575	0,2031	0,7560	0,3966
RPM6	0,1538	0,2559	0,1420	0,0825	0,7010	0,3282
RPM7	0,1619	0,1857	0,1567	0,1385	0,7390	0,3968
IUM1	0,3130	0,4256	0,2981	0,2051	0,4962	0,7109
IUM2	0,2454	0,2494	0,2558	0,2800	0,3581	0,7481
IUM3	0,2505	0,2869	0,2402	0,2732	0,1872	0,5536
IUM4	0,2146	0,3514	0,2260	0,3133	0,4607	0,7152
IUM6	0,2596	0,3364	0,3153	0,3029	0,4127	0,8464
IUM7	0,3832	0,5193	0,3810	0,3883	0,4363	0,7724

Table 5 shows that the value of Average Variance Extracted (AVE) of each variable is greater than 0.5, meaning the variables in this study are qualified for the discriminant validity test requirement. Cronbach's Alpha and Composite Reliability of each variable is greater than 0.7, so it can be concluded that the data has met the reliability test requirement.

TABLE 5 AVERAGE VARIANCE EXTRACTED (AVE) AND CRONBACH'S ALPHA

Variable	AVE	Cronbach's Alpha	Composite Reliability
Attitude	0,5268	0,8215	0,8688
Subjective norms	0,5956	0,8644	0,8979
Perceived Behavioral Control	0,5782	0,8766	0,9050
Knowledge of Mortgage	0,6984	0,9278	0,9418
Religiosity	0,5759	0,8171	0,8713
Intention to use mortgage	0,5327	0,8213	0,8708
R square	0,4658		

R-square value of 0.4658 means the dependent variable, which is intention to use mortgage, can be explained by the independent variables, which are attitude, subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity, with the value of 46.58%. The rest, 53.42% is explained by other variables not included in the proposed model. Figure 1 shows variables of subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity significantly affect intention to use mortgage in financing home ownership, as the value of t-statistics is greater than 1.96. However, the variable 'attitude' does not significantly affect it, as the value of t-statistics is less than 1.96.

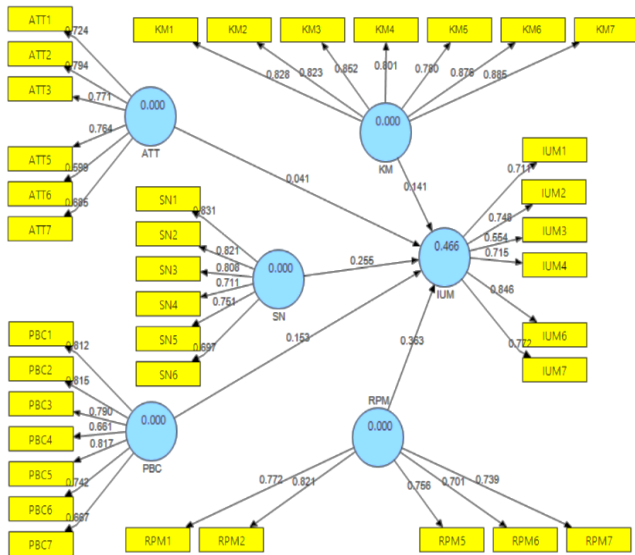


Fig. 1 Path diagram

TABLE 6 PATH COEFFICIENT IN STRUCTURAL MODEL TESTING

Effect	Original Sample	t-Stat	Decision
ATT -> IUM	0,0406	0,5915	Failed to reject H ₀
SN -> IUM	0,2547	3,3793	Reject H ₀
PBC -> IUM	0,1529	2,3373	Reject H ₀
KM -> IUM	0,1408	2,0478	Reject H ₀
RPM -> IUM	0,3628	4,8845	Reject H ₀

Effect of Attitude towards the Intention to Use Mortgage in Financing Home Ownership in Surabaya

The variable of 'attitude' does not significantly affect the intention to use mortgage. An individual's attitude is aimed towards feeling, emotions, and opinion towards mortgage products in home ownership. The transaction value of house purchasing points to buyer's financial capability. If the capability is low, the attitude formed tends to reject the intention, and vice versa. The study result however, leans to the fact that the intention to use mortgage is not affected by attitude. This is consistent with the previous study conducted by Usman & Lizam [23], that attitude does not significantly affect the intention to use mortgage in financing home ownership.

Effect of Subjective Norms towards the Intention in Financing Home Ownership in Surabaya

The variable of 'subjective norms' significantly affects the intention to use mortgage. Social pressure in the form of support given from the people who of importance to a person on whether or not they approve of what said person is about to do, is felt by said person, hence having a strong influence. When expectation to use mortgage from a respondent's person of importance is high, it will motivate his intention to fulfil the expectation and compels him to act accordingly. The background of respondents who are married leans toward the support from family to the intention to use mortgage being higher. Most of the societies in Indonesia have the spirit of mutual assistance. When a family is supporting the use of

mortgage, then indirectly, they will also help with payments to the mortgage if the he faces difficulties paying [10].

Effect of Perceived Behavioral Control towards the Intention in Financing Home Ownership in Surabaya

Variable of 'perceived behavioral control' significantly affects the intention to use mortgage. The perception of someone is intend on using mortgage, is if he has the skill, knowledge, and resources because of the privilege he has. The more an individual feels that he has the chance and the availability of resources, the stronger his intention will get. Respondent's convenience to take out mortgage contributes largely to his intention to do so. This result is in accordance with the result of Usman, Garba, & Abdula [24].

Effect of Knowledge of Mortgage towards the Intention in Financing Home Ownership in Surabaya

Variable of 'knowledge of mortgage' significantly affects the intention to use mortgage. The higher the knowledge on mortgage products is, the higher the intention to use the product will be. A person who has an advanced knowledge tends to affect his decision of intention to use it. Most respondents have knowledge about mortgage, so respondents have the intention to purchase a house through mortgage, supported with the fact that most respondents are undergraduates. This result is in accordance with the study result of Chooprayoon & Fung [6] that knowledge of mortgage affects significantly the intention to use a product.

Effect of Religiosity towards the Intention in Financing Home Ownership in Surabaya

Variable of religiosity significantly affects the intention to use mortgage. A person with a high level of religiosity will be inclined to use mortgage. An individual's self-confidence is encouraged by the religious principles in his religion [8]. Religiosity indicator contributes largely to religion, which is consumers are allowed to make transactions involving paying interest. This is because most respondents are Christian, they do not mind whether or not the products offered are sharia. The belief someone holds will guide him regarding the intention to use mortgage. This result is in accordance with the result of Hamid & Masood [7] which stated that religiosity significantly affects the intention to use mortgage in financing home ownership.

V. CONCLUSION AND SUGGESTION

Attitude does not significantly affect the intention to use mortgage in Surabaya, while variables of subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity significantly affect it. The advice that can be given to banking officials is to educate future consumers about mortgage products in advance. In the future, the expectation is to add other variables which can affect the intention to use mortgage, such as saving behavior and locus of control so the ability to explain independent variables towards dependent variables is widened.

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3rd Asia-Pacific International Conference on Management and Business Science

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No : 74 /ANC/AICMBS2019/C/XI/2019
Subject : **3rd AICMBS Publication Announcement**
Attachment : -

Dear AICMBS Participants,

With this letter, we would like to inform you that Proceedings of 3rd Asia – Pacific International Conference on Management and Business Science are still on indexing process by third – party publications. According to each publisher regulation, which is Atlantis Press and Journals, this process will take approximately eleven months. Meanwhile, the online proceeding without index will be published by Atlantis Press within two months.

Thank you and sorry for the inconvenience.

Malang, November 16th 2019

Chief Executive of 3rd AICMBS 2019



Dr. Kusuma Ratnawati, SE., MM., CFP.
NIP. 19610923 200604 2 001

Dear Mrs. Njo Anastasya, et.al

The author posing the interesting topics with title **Determinants of Intention of Using Mortgage in Financing Home Ownership in Surabaya.** After initial screening by editor and sent to two reviewers, the reviewers finds that

1. The article has a complete component (abstract, introduction, problem formulation, literature review, research methodology, discussion and conclusion).
In the introduction, the research gap must be strengthened. After that, it must be reported how your research solved the gap so that novelty was found. At the end of the introduction, add your research contribution.
2. The literature review is quite relevant but not recent (min number of references 60% of total references less than 10 years),
Many old reference sources, especially for previous research. Replace with recent. 2. If the logic of the theory that is built is strong on the development of hypotheses, the formulation of the hypothesis must explain the direction of the relationship (positive or negative).
3. Quality of Methodology are not meet standard for scientific publication
What is the reason for the sample size of 204 respondents? 2) Whose concept is used in the measurement of variables? 3) What measurement scale is used? Likert? How many categories? 4) Give reasons, why the data analysis method uses SEM-PLS, not covariance-based SEM or something else?
4. Quality of discussion is only focus on data interpretation
 - 1) The discussion must be deepened. Discuss the research results with the phenomenon that is the focus of your research. Relate your research results to supporting theory. Reinforce with previous research whose results are in accordance with your research, or whose results are different from yours. 2) In conclusion, state the direction of your research results (positive?). Are there any interesting findings from your research? 3) What are the practical and theoretical implications of your research? Suggestions are given to all stakeholders related to your research. 4) What are the limitations of your research? 5) For further research, it will be interesting if you say that the results of hypothesis testing that do not match the theory can be used as a research gap for further research, and then you must add mediating or moderating variables, and it would be even better if there were suggestions of what variables should be included in the research. in models. Add also to broaden the scope of his research so that the results can be more generalized.

Please revise within 1 weeks of acceptance this letter and in meanwhile we will publish your abstract in the due course. Again congratulations for your article that accepted in our journal to be published on Vol 10 No 1 August 2021.

Editor in chief

Dodi Wirawan Irawanto, PhD

Editor in Chief

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Determinants of Intention of Using Mortgage in Financing Home Ownership in Surabaya

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Abstract

Expensive prices of houses compels an individual to make a purchase through a third party. This study aims to test the determinants of intention to use mortgage in financing home ownership in Surabaya. The sample was selected using purposive sampling from the population of Surabaya citizens who intended to use home ownership mortgage (Kredit Pemilikan Rumah, KPR). The data was analyzed is SmartPLS. This study finds that subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity significantly affects the intention to use mortgage. Furthermore, attitude, however, does not affect it. The result of this study benefits bankers so that they are able to actively inform consumers about their mortgage products, to raise consumer's intention to use them. Consumers will also be able to choose mortgage products that suit them best, and they can have a sense of security and convenience during the loan term.

Keywords

Attitude, Subjective Norms, Perceived Behavioral Control, Knowledge of Mortgage, Religiosity, Intention

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Introduction

Shelter is one of the basic human needs which has to be fulfilled, besides food and clothing. According to the data, Surabaya recorded a 6.16% growth in house prices, while Bandung only recorded 5.79%, and Medan only 1.36% (Prabowo, 2018). Hence, more money is needed to purchase a house, which can be acquired through mortgage. Bank Indonesia stated in 2017 that mortgage was the first choice in financing property purchases with 75.93% of all purchases, stage payments with 16.77%, and 7.30% in cash. Approaching the end of 2017, the national mortgage trend growth reached 10.91% compared to 2016 (7.86%) followed by sharia mortgage with 20.69% (Bank Indonesia, 2018).

Some studies used Theory of Planned Behavior (TPB) in individual behavior in financial services such as mortgage. According to TPB theory, there are three factors affecting intention, they are attitude, subjective norms, and perceived behavioral control. Attitude is an evaluation, whether positive or negative, towards a certain behavior and someone's belief about what is felt. Subjective norms refer to the perception of an individual's agreement or disagreement towards a certain behavior. Perceived behavioral control describes the level of difficulty in the behavior as a reflection of past experiences as well as anticipation of obstacles (Ajzen, 1991; Xiao, 2008; Dalilaa, Latif, Jaafar, Aziz, & Afthanorhan, 2020). The intention to use mortgage is also affected by the knowledge of mortgage (Fürstenau & Hommel, 2019) and religiosity (Hamid & Masood, 2011; Conklin, Diop, & Qiu, 2021).

The decision to purchase a house using mortgage is affected by individual's perception formed by his belief, where said belief comes from similar experiences or information from other individuals. The more information is accumulated, the stronger the belief of a person to realize his behavior will be. In addition, the religiosity of an individual also plays a role as a guide to direct the person to use certain products according to their religious beliefs (Essoo & Dibb, 2004; Adhikari & Agrawal, 2016). Studies related to individual's behavior is carried out quite often. However, the belief that religiosity has a uniqueness that needs to be studied further, as

the option to use mortgage in financing home ownership is showing a growing popularity in conventional mortgage which is switching to sharia mortgage in Indonesia.

The objective of this study is to measure the effect of attitude, subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity on the intention to use mortgage in financing home ownership in Surabaya. This study provides benefits for mortgage banks to determine service strategies by understanding the behavior of prospective debtors in accordance to their beliefs and also for prospective debtors to gain insight regarding the interest in choosing mortgage products adjusted to their beliefs.

Literature Review

Theory of Planned Behavior (TPB) states that an individual's intention in behavior is affected by three factors. The first one is behavioral belief, which is the belief in the result of a certain behavior, and the evaluation, either positive or negative, of both advantageous and disadvantageous behavior. This belief and evaluation produces attitude. The second one is normative belief, which is an individual's belief towards others or the environment in which he exist, whether they are approving or disapproving the individual's behavior. This forms subjective norms. The third is control belief, which is an individual's belief based on past experiences' behavior and other things that encourage or discourage his perception on said behavior. This belief forms perceived behavioral control (Ajzen, 1991; Dalilaa, Latif, Jaafar, Aziz, & Afthanorhan, 2020).

Attitude is an evaluation based on cognitive, affective, and behavioral intention which describes an individual's feelings in general to either encourage or discourage a certain behavior. Attitude is a strong factor of an individual's intention to do a certain action (LaMorte, 2019). Md-Taib, Ramayah, & Razak (2008) found a significant effect of attitude on the intention of choosing ways of financing home ownership. Amin, Ghazali, & Supinah (2010) stated that attitude rises as a deciding factor of an individual's acceptance towards home financing product. The

higher an individual's attitude towards home financing, the higher the intention to use a financing product. This means that attitude has a significant effect on the intention to use mortgage (Amin, Abdul-Rahman, & Abdul-Razak, 2013).

H₁: Attitude significantly affects the intention to use mortgage

Subjective norms show social pressure an individual feels to do or not do a certain action or behavior to meet the expectation of others (Alam & Sayuti, 2011; Al-Swidi, Huque, Hafeez, & Shariff, 2014). Subjective norms' component is external, through influence from family members, friends and other people on how an individual behaves. Xiao (2008) stated that if A is an important person for B to approve on a certain behavior, then there is a tendency of person B to have a high intention to behave as A suggests. According to Bang, Odio, & Reio (2014), subjective norms are the best factor of an individual's intention, as there might be a chance for homeowners are having difficulties as the result of being socially pressured in an effort of using mortgage. The higher an individual's social expectation to use mortgage is, the higher his intention to use mortgage in financing home ownership will be. Furthermore, subjective norms state that an individual will use home financing products if a certain amount of people in his circle have adopted those products. Subjective norms are an influencing factor in explaining the intention to use mortgage (Md-Taib, Ramayah, & Razak, 2008; Usman & Mohd-Diah, 2016).

H₂: Subjective norms significantly affect the intention to use mortgage

Perceived behavioral control is the ability and belief of an individual which is felt in his behavior. Ajzen (1991) defined perceived behavioral control as a perception in the convenience or inconvenience in behaving while reflecting on past experiences such as anticipated hurdles and obstacles. The more an individual feels that there are obstacles to do a certain behavior, the more he will perceive himself to be unnatural to said behavior, and vice versa. Amin, Abdul-Rahman, & Abdul-Razak (2013) and Usman & Mohd-Diah (2016) tested perceived behavioral control, which

is the willingness or reluctance of an individual to use mortgage and his experience in making transactions in banking products. Home buyer's perception is focused on the ability to choose home financing products. The result shows a buyer's intention to choose financing options if he has the skill, knowledge, and financial resources, is available because of the privilege he has. If perceived behavioral control is high, then the intention to use mortgage to finance home ownership will also be high.

H₃: Perceived behavioral control significantly affects the intention to use mortgage

The level of product knowledge of an individual affects his information and behavior in making decisions. Knowledge is comprised of two constructs, objective knowledge (accurate information on product class which is stored in long-term memory) and subjective knowledge (an individual's perception about the information and the amount of knowledge he has on product class) which are interconnected. Subjective knowledge is considered as the level of belief of an individual regarding his knowledge, while objective knowledge refers to what he actually knows. If someone has a strong subjective product knowledge, he has more self-confidence on his ability to do consumption behavior (Han, 2019). The level of product knowledge affects consumers' intention of purchasing. Consumers with higher product knowledge have better memory, acknowledgement, analysis, and logical capabilities than those with lower product knowledge. As a result, consumers with higher product knowledge tend to rely on intrinsic cues rather than stereotypes to make assessments on product quality, because they realize the importance of product information (Lin & Lin, 2007; Khairunnisa & Hendratmi, 2019). Livette (2006) and Yasin, Surati, & Herman (2021) proved that product knowledge affects a person's intention to receive and use financing products.

H₄: Knowledge of mortgage significantly affects the intention to use mortgage

Religiosity is a factor which guides the consumption habits of the society and at the same time has an effect on product usage, as consumers

from various religions are pushed to comply with their respective religion in choosing products (Essoo & Dibb, 2004; Conklin, Diop, & Qiu, 2021). Religiosity is reflected from a person's attitude and behavior, and it is dependent on the level of said person's religiosity. Someone with a deep commitment to his religion will be able to consistently make decisions compliant with his religion (Sood & Nasu, 1995). Tameme & Asutay (2012) stated that a religion's perception about a product is considered as a standard to product acceptance. An individual will consider buying a product if the product does not violate the principles his religion holds. Religiosity significantly affects the intention to use mortgage (Alam, Janor, Zanariah, Wel, & Ahsan, 2012; Hamid & Masood, 2011; Yasin, Surati, & Herman, 2021).

H₅: Religiosity significantly affects the intention to use mortgage

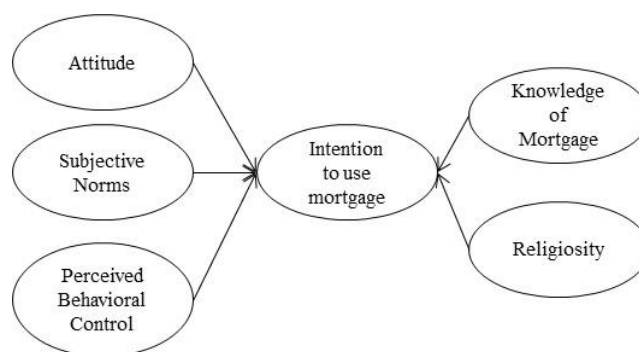


Figure 1. Theoretical Framework

Research Methods

This associative study is conducted on the sample of people in Surabaya who were selected according to purposive sampling with the criterion of aged 21 to 60 years, have regular income, and have the intention to use mortgage to finance home ownership. As a result, 204 respondents who met the criteria are obtained. The data was collected by spreading questionnaires through google form. The variables, that are being studied using a Likert scale measurement of 1 to 5 starting from strongly disagree to strongly agree, are explained in Table 1.

Table 1. Variables and Indicators

No	Variable	Operational Definition	Empirical Indicator
1	Intention to use mortgage	Efforts made by individual to use mortgage	Statements about intention to use mortgage based on behavior, target, situation, and time (Ajzen, 2020)
2	Attitude	Individual's attitude in responding to things that are liked or disliked	Statements about cognitive, affective, and conative attitude towards mortgage (Ostrom, 1969; Ajzen, 2020)
3	Subjective Norms	Individual's motivation in conforming to other's opinion regarding a behavior he's about to do	Statements from family, friends, and persons of interest to the individual who supports use of mortgage (Ajzen, 2020)
4	Perceived Behavioral Control	Individual's perception on whether or not executing behavior that reflects past experiences is easy	Statements about source of funds had, ability, and skill (Chiou, 1998; Ajzen, 2020)
5	Knowledge of Mortgage	Knowledge of mortgage	Statements on individual's knowledge of mortgage products (Usman, Garba, & Abdullahi, 2014)
6	Religiosity	Individual's faith reflected on his attitude and behavior	Statements on individual's faith in mortgage (Conklin, Diop, & Qiu, 2021)

After the data had been collected, they were then processed using SmartPLS (Partial Least Square) 2.0, to test the relations between variables. SmartPLS is an equation based on components or variants, which is outer model and inner model. SmartPLS is able to process data that have a limited number of samples with a complex model. SmartPLS is also able to test formative and reflective SEM models with different indicator measurement scales in one model. In SmartPLS, the normality of the data distribution is not a requisite, due to the use of bootstrapping method

(Hair, Hult, Ringle, & Sarstedt, 2017). This study uses a two-tailed p-value with a decision to reject the null hypothesis of no difference.

Result and Discussion

In accordance with the sample criteria, aged 21-60 years, have regular income and have intention to buy a house by mortgage, 204 respondents were acquired. The demographic descriptions of the respondents can be seen in Table 2.

Table 2. Respondents' Description

Information	Gender		Total	Percentage
	Male	Female		
Age				
21-30	30	25	55	27%
31-40	52	21	73	36%
41-50	34	18	52	25%
51-60	9	15	24	12%
Education				
High school	46	35	81	40%
Undergraduate	69	40	109	53%
Graduate and postgraduate	10	4	14	7%
Occupation				
Employee	51	23	74	36%
Self-employed	50	24	74	36%
Professional	17	25	42	21%
Others	7	7	14	7%
Status				
Not married	41	26	67	33%
Married	84	53	137	67%
Income				
< Rp 5.000.000	8	8	16	8%
Rp 5.000.001 – 15.000.000	43	26	69	34%
Rp 15.000.001 – 25.000.000	25	15	40	20%
Rp 25.000.001 – 35.000.000	26	19	45	22%
> Rp 35.000.000	23	11	34	17%
Domicile				
Surabaya	97	50	147	72%
Outside Surabaya	28	29	57	28%
Religion				
Christian	56	24	80	39%
Catholic	29	33	62	30%
Muslim	18	9	27	13%
Buddha	19	12	31	15%
Hindu	3	1	4	2%

Table 2 shows that 36% of the respondents are 31-40 years old, 53% have undergraduate degree, works as an employee and self-employed (each is 36%). The majority is married (67%), with an income of Rp.5.000.001 to Rp.15.000.000 (34%)

and Rp.25.000.001 to Rp.35.000.000 (22%). The majority is Christian (39%) and Catholic (30%). Table 3 shows the mean value of statements used to measure the variables being studied, which are attitude, subjective norms, perceived behavioural control, knowledge of mortgage, and religiosity.

Table 3. Indicator Measurement

Code	Summary	Mean
Attitudes		
ATT1	Using mortgage to buy a house is very effective	4,11
ATT2	I think using mortgage is a good idea	4,06
ATT3	Using mortgage in financing home ownership is suitable to my needs	4,16
ATT4	Mortgage helps people to buy a proper house	4,07
ATT5	Mortgage is the best way to finance home ownership	4,00
ATT6	I think banks have the fund for home-ownership mortgage in the long-term	4,14
ATT7	I firmly believe in mortgage-providing instances	4,12
Subjective Norms		
SN1	People who are important to me use mortgage to finance their home ownership	3,90
SN2	People who are important to me will approve if I use mortgage to finance home ownership	4,00
SN3	People who are important to me think that getting a mortgage is wise	4,03
SN4	My family thinks I should use mortgage to finance home ownership	4,11
SN5	My friends think mortgage is a good idea	4,04
SN6	My friends suggest mortgage is the best way to get a house	3,94
Perceived Behavioral Control		
PBC1	I have a source of fund to pay for mortgage interest	3,82
PBC2	I have a source of fund to pay for mortgage principal	3,83
PBC3	Mortgage funding is affordable for me	3,91
PBC4	I have a legal certificate of land ownership	3,91
PBC5	I have the capabilities required to take out a mortgage	3,78
PBC6	It is easy for me to be granted a mortgage	3,96
PBC7	I can handle the complicated procedures of getting a mortgage	3,34
Knowledge of Mortgage		
KM1	I have knowledge on mortgage interest rates	3,69
KM2	I have knowledge on mortgage products	3,39
KM3	I have knowledge on mortgage procedures	3,43
KM4	I have knowledge on due dates of mortgage payments	3,76
KM5	I have knowledge on mortgage terms and conditions	3,64
KM6	I have knowledge on how to calculate monthly payments of mortgage	3,59
KM7	I have knowledge on mortgage financing	3,62
Religiosity		
RPM1	My religion allows me to make transactions with interest payments	4,02
RPM2	I have reasons based on my religion, if mortgage payments are paid with interest	3,99
RPM3	Non-legally-binding transactions (only based on buyer's and seller's assumption) is allowed in my religion	3,09
RPM4	I have reasons based on my religion to use mortgage where the conditions show uncertainty (caused by changes in interest rates, political condition or economic growth)	3,22
RPM5	In my perception, mortgage is good according to my religion	3,85
RPM6	Based on religious considerations, I am allowed to take out a mortgage	3,90
RPM7	In my opinion, my religion agrees to mortgage loans	3,76
Intention		
IUM1	I will recommend the people who are of importance to me to take out home mortgage	3,95
IUM2	I intend to take out a home mortgage right now	3,93

Code	Summary	Mean
IUM3	I intend to take out a home mortgage in the future	4,01
IUM4	I intend to take out a home mortgage even though there are interests	3,63
UM5	I intend to take out a home mortgage even though the conditions are uncertain (caused by changes in interest rates, political condition or economic growth)	3,77
IUM6	I intend to take out a home mortgage	3,83
IUM7	My intention to take out a home mortgage is high	3,84

The analysis was followed by measuring the Outer Model, which is the convergent validity. The result shows that ATT4 (0.454), RPM3 (0.350), RPM4 (0.265), and IUM5 (0.370) do not comply with the loading factor as their value is less than 0.5. Those indicators are then taken out of the variable back to running data to pass the loading factor requirement.

Table 4 shows that the cross loading value of each indicator, which is higher in its own variable compared to other variables, meaning that the indicators in this study qualify the convergent validity.

Table 4. Outer Loading Value

Indicator	Variable					
	<i>ATT</i>	<i>SN</i>	<i>PBC</i>	<i>KM</i>	<i>RPM</i>	<i>IUM</i>
ATT1	0.7238	0.5067	0.1324	0.1299	0.1848	0.3052
ATT2	0.7938	0.5893	0.1535	0.1771	0.2496	0.3211
ATT3	0.7710	0.5697	0.1254	0.1942	0.2325	0.3416
ATT5	0.7642	0.4977	0.1476	0.1349	0.1676	0.2524
ATT6	0.5993	0.3490	0.2545	0.2232	0.1949	0.2211
ATT7	0.6850	0.4192	0.2607	0.1899	0.2067	0.2023
SN1	0.5375	0.8312	0.2172	0.3024	0.4051	0.4130
SN2	0.5775	0.8209	0.1967	0.2226	0.3400	0.5048
SN3	0.5854	0.8084	0.2765	0.2101	0.2810	0.4209
SN4	0.5539	0.7106	0.0822	0.1405	0.2017	0.3437
SN5	0.4516	0.7513	0.3011	0.2583	0.3031	0.3523
SN6	0.4568	0.6970	0.2271	0.2220	0.3248	0.2796
PBC1	0.1681	0.2374	0.8118	0.4288	0.1846	0.3197
PBC2	0.1902	0.2284	0.8148	0.3961	0.2396	0.3277
PBC3	0.1852	0.2534	0.7903	0.3473	0.2020	0.2946
PBC4	0.0686	0.1259	0.6614	0.3190	0.1432	0.2583
PBC5	0.2283	0.2636	0.8167	0.4241	0.1844	0.3412
PBC6	0.1472	0.1475	0.7419	0.3271	0.1326	0.2622
PBC7	0.2214	0.2041	0.6672	0.4656	0.2707	0.3055
KM1	0.1555	0.1816	0.4366	0.8279	0.1957	0.2514
KM2	0.2388	0.2463	0.3930	0.8230	0.2794	0.3323
KM3	0.2014	0.2508	0.3946	0.8522	0.2866	0.3801
KM4	0.1615	0.2125	0.4979	0.8008	0.1444	0.3110
KM5	0.1898	0.2938	0.3816	0.7803	0.1773	0.3366
KM6	0.2048	0.2150	0.4349	0.8757	0.2976	0.3407
KM7	0.2182	0.2890	0.4715	0.8850	0.2351	0.3839
RPM1	0.2734	0.4208	0.3044	0.3237	0.7723	0.4778
RPM2	0.3031	0.3733	0.1923	0.2638	0.8208	0.4800
RPM5	0.1554	0.2509	0.1575	0.2031	0.7560	0.3966
RPM6	0.1538	0.2559	0.1420	0.0825	0.7010	0.3282
RPM7	0.1619	0.1857	0.1567	0.1385	0.7390	0.3968
IUM1	0.3130	0.4256	0.2981	0.2051	0.4962	0.7109

Indicator	Variable					
	<i>ATT</i>	<i>SN</i>	<i>PBC</i>	<i>KM</i>	<i>RPM</i>	<i>IUM</i>
IUM2	0.2454	0.2494	0.2558	0.2800	0.3581	0.7481
IUM3	0.2505	0.2869	0.2402	0.2732	0.1872	0.5536
IUM4	0.2146	0.3514	0.2260	0.3133	0.4607	0.7152
IUM6	0.2596	0.3364	0.3153	0.3029	0.4127	0.8464
IUM7	0.3832	0.5193	0.3810	0.3883	0.4363	0.7724

Table 5 shows that the value of Average Variance Extracted (AVE) of each variable is greater than 0.5, meaning that the variables in this study for the discriminant validity test requirement. Cronbach's Alpha (CA) and Composite Reliability (CR) of each variable is greater than 0.7, so it can be concluded that the data has met the reliability requirement.

Table 5. Outer Loading Analysis based on Composite Reliability, Cronbach's Alpha, Average Variance Extracted

Variable	CR	CA	AVE
Attitude	0.8688	0.8215	0.5268
Subjective norms	0.8979	0.8644	0.5956
Perceived Behavioural Control	0.9050	0.8766	0.5782
Knowledge of Mortgage	0.9418	0.9278	0.6984
Religiosity	0.8713	0.8171	0.5759
Intention to use mortgage	0.8708	0.8213	0.5327
R-square	0.4658		

R-square value of 0.4658 means the dependent variable, which is intention to use mortgage, can be explained by the independent variables, which are attitude, subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity, with the value of 46.58%. The remaining 53.42% is explained by other variables not included in the proposed model. Figure 1 shows that subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity significantly affect the intention to use mortgage in financing home ownership, as the value of t-statistics is greater than 1.96. However, 'attitude' does not significantly affect it, as t-statistics is less than 1.96.

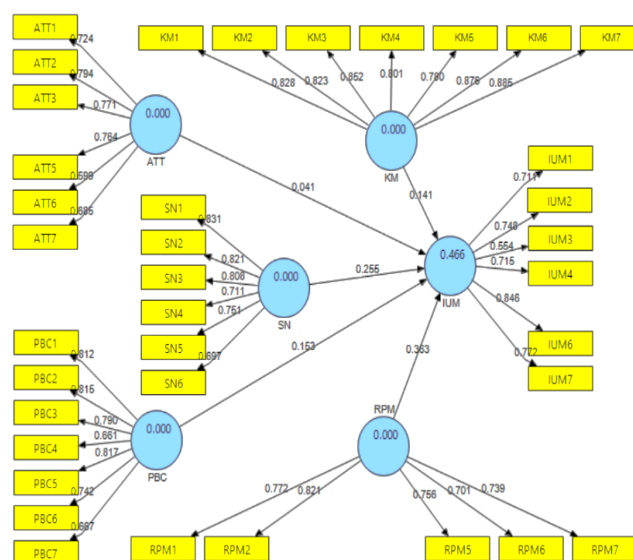


Figure 2 Final Model Path-analysis

Table 6. Path Coefficient Model

Effect	Original Sample	t-Stat	Decision
ATT -> IUM	0.0406	0.5915	Failed to reject H ₀
SN -> IUM	0.2547	3.3793	Reject H ₀
PBC -> IUM	0.1529	2.3373	Reject H ₀
KM -> IUM	0.1408	2.0478	Reject H ₀
RPM -> IUM	0.3628	4.8845	Reject H ₀

The effect of attitude on the intention to use mortgage in financing home ownership in Surabaya

An individual's attitude is aimed at the feeling, emotions, and opinion about mortgage products in home ownership (LaMorte, 2019). However, the test results show that 'attitude' does not significantly affect the intention to use mortgage. This is consistent with the previous study of Usman & Mohd-Diah (2016), that attitude does not significantly affect the intention to use mortgage in financing home ownership. The

transaction value of house purchasing points to buyer's financial capability. If the capability is low, the attitude tends to reject the intention, and vice versa.

The effect of subjective norms on the intention to use mortgage in financing home ownership in Surabaya

Social pressure in the form of support given from the people who are **important** to a person on whether or not they approve of what said person is about to do, is felt by said person, hence having a strong influence (LaMorte, 2019). When the expectation to use mortgage from a respondent's person of importance is high, his intention to fulfil the expectation **and to act accordingly** will rise. The variable of 'subjective norms' significantly **and positively** affects the intention to use mortgage. The background of respondents who are married leans toward the support from family to the intention to use mortgage being higher. Most of the societies in Indonesia have the spirit of mutual assistance. When a family is supporting the use of mortgage, then indirectly, they will also help with payments should he faces difficulties paying. The test result is similar as Md-Taib, Ramayah, & Razak (2008) study in Malaysia.

The effect of perceived behavioral control on the intention to use mortgage in financing home ownership in Surabaya

A person's perception of the intention to use a mortgage, if he has the skill **and** knowledge, is available because of the privilege he has. Perceived behavioral control is the perceived ability and confidence an individual possesses in performing a behaviour. The more **an individual perceive** that he has the opportunities and availability of resources, the stronger his intention will be. Respondent's convenience to take out mortgage contributes largely to his intention to do so. As shown in the test results that 'perceived behavioral control' **significantly and positively** affects the intention to use mortgage, according to the result of Usman, Garba, & Abdula (2014) that application of perceived behavioral control can predict **the**

intention of using mortgage in financing homeownership in Nigeria. .

The effect of knowledge of mortgage on the intention to use mortgage in financing home ownership in Surabaya

A person who has an advanced knowledge tends to affect his decision **on the** intention to use it. The result of 'knowledge of mortgage' test **shows** a significant positive **effect on** the intention to use mortgage. The higher the knowledge on mortgage products is, the higher the intention to use the product will be. Most respondents have **the** knowledge **about using mortgage**, such as the amount of loan interest, the amount of installments, and the payment method, so the respondents have the intention to purchase a house through mortgage, supported by the respondent's undergraduate education background. This result is in accordance with the result of Chooprayoon & Fung (2010) that knowledge of mortgage affects significantly the intention to use a product.

The effect of religiosity on the intention to use mortgage in financing home ownership in Surabaya

An individual's self-confidence is encouraged by the religious principles of his religion (Essoo & Dibb, 2004). This study proves that religiosity has significant positive effect on the intention to use mortgage. A person with a high level of religiosity will be inclined to use mortgage. Religiosity indicator contributes largely to religion, which is consumers are allowed to pay mortgage and make transactions with interest payments, because most respondents are Christian, they do not mind whether or not the products offered are sharia compliant. The belief someone holds will guide him regarding the intention to use mortgage. This result by Hamid & Masood (2011) that religiosity significantly affects the intention to use mortgage in financing home ownership.

Conclusion, Limitation and Recommendation

Subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity

significantly positive affect on the intention to use mortgage. On the other hand, attitude has no significantly affect. Attitude is an evaluation based on cognition and affective that it is a strong factor to intention. Conflicting results may be due to heterogeneous demographic conditions related to income and religiosity. Therefore, attitude needs to be further investigated and can be developed with the locus of control as the moderating variable in order to explain the intention and proceeds on the decision to use mortgages. Theoretically, the results of this study are very useful for understanding individual behavior from a psychological perspective in making decision related to financial sector. Practically, the benefits for banks that have mortgage products are to be able to develop marketing strategies for offering mortgage products by providing education related to conventional mortgage and sharia mortgages.

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Determinants of Intention of Using Mortgage in Financing Home Ownership in Surabaya

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Abstract

Expensive prices of houses compels an individual to make a purchase through a third party. This study aims to test the determinants of intention to use mortgage in financing home ownership in Surabaya. The sample was selected using purposive sampling from the population of Surabaya citizens who intended to use home ownership mortgage (Kredit Pemilikan Rumah, KPR). The data was analyzed is SmartPLS. This study finds that subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity significantly affects the intention to use mortgage. Furthermore, attitude, however, does not affect it. The result of this study benefits bankers so that they are able to actively inform consumers about their mortgage products, to raise consumer's intention to use them. Consumers will also be able to choose mortgage products that suit them best, and they can have a sense of security and convenience during the loan term.

Keywords

Attitude; Subjective Norms; Perceived Behavioral Control; Knowledge of Mortgage; Religiosity; Intention

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Introduction

Shelter is one of the basic human needs which has to be fulfilled, besides food and clothing. According to the data, Surabaya recorded a 6.16% growth in house prices, while Bandung only recorded 5.79%, and Medan only 1.36% (Prabowo, 2018). Hence, more money is needed to purchase a house, which can be acquired through mortgage. Bank Indonesia stated in 2017 that mortgage was the first choice in financing property purchases with 75.93%

of all purchases, stage payments with 16.77%, and 7.30% in cash. Approaching the end of 2017, the national mortgage trend growth reached 10.91% compared to 2016 (7.86%) followed by sharia mortgage with 20.69% (Bank Indonesia, 2018).

Some studies used Theory of Planned Behavior (TPB) in individual behavior in financial services such as mortgage. According to TPB theory, there are three

factors affecting intention, they are attitude, subjective norms, and perceived behavioral control. Attitude is an evaluation, whether positive or negative, towards a certain behavior and someone's belief about what is felt. Subjective norms refer to the perception of an individual's agreement or disagreement towards a certain behavior. Perceived behavioral control describes the level of difficulty in the behavior as a reflection of past experiences as well as anticipation of obstacles (Ajzen, 1991; Xiao, 2008; Dalilaa, Latif, Jaafar, Aziz, & Afthanorhan, 2020). The intention to use mortgage is also affected by the knowledge of mortgage (Fürstenau & Hommel, 2019) and religiosity (Hamid & Masood, 2011; Conklin, Diop, & Qiu, 2021).

The decision to purchase a house using mortgage is affected by individual's perception formed by his belief, where said belief comes from similar experiences or information from other individuals. The more information is accumulated, the stronger the belief of a person to realize his behavior will be. In addition, the religiosity of an individual also plays a role as a guide to direct the person to use certain products according to their religious beliefs (Essoo & Dibb, 2004; Adhikari & Agrawal, 2016). Studies related to individual's behavior is carried out quite often. However, the belief that religiosity has a uniqueness that needs to be studied further, as the option to use mortgage in financing home ownership is showing a growing popularity in conventional mortgage which is switching to sharia mortgage in Indonesia.

The objective of this study is to measure the effect of attitude, subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity on the intention to use mortgage in financing home ownership in Surabaya. This study provides benefits for mortgage banks to determine service strategies by understanding the behavior of prospective debtors in accordance to their beliefs and also for prospective debtors to gain insight regarding the interest in

choosing mortgage products adjusted to their beliefs.

Literature Review

Theory of Planned Behavior (TPB) states that an individual's intention in behavior is affected by three factors. The first one is behavioral belief, which is the belief in the result of a certain behavior, and the evaluation, either positive or negative, of both advantageous and disadvantageous behavior. This belief and evaluation produces attitude. The second one is normative belief, which is an individual's belief towards others or the environment in which he exist, whether they are approving or disapproving the individual's behavior. This forms subjective norms. The third is control belief, which is an individual's belief based on past experiences' behavior and other things that encourage or discourage his perception on said behavior. This belief forms perceived behavioral control (Ajzen, 1991; Dalilaa, Latif, Jaafar, Aziz, & Afthanorhan, 2020).

Attitude is an evaluation based on cognitive, affective, and behavioral intention which describes an individual's feelings in general to either encourage or discourage a certain behavior. Attitude is a strong factor of an individual's intention to do a certain action (LaMorte, 2019). Md-Taib, Ramayah, & Razak (2008) found a significant effect of attitude on the intention of choosing ways of financing home ownership. Amin, Ghazali, & Supinah (2010) stated that attitude rises as a deciding factor of an individual's acceptance towards home financing product. The higher an individual's attitude towards home financing, the higher the intention to use a financing product. This means that attitude has a significant effect on the intention to use mortgage (Amin, Abdul-Rahman, & Abdul-Razak, 2013).

H₁: Attitude significantly affects the intention to use mortgage

Subjective norms show social pressure an individual feels to do or not do a certain action or behavior to meet the expectation of others (Alam & Sayuti, 2011; Al-Swidi, Huque, Hafeez, & Shariff, 2014). Subjective norms' component is external, through influence from family members, friends and other people on how an individual behaves. Xiao (2008) stated that if A is an important person for B to approve on a certain behavior, then there is a tendency of person B to have a high intention to behave as A suggests. According to Bang, Odio, & Reio (2014), subjective norms are the best factor of an individual's intention, as there might be a chance for homeowners are having difficulties as the result of being socially pressured in an effort of using mortgage. The higher an individual's social expectation to use mortgage is, the higher his intention to use mortgage in financing home ownership will be. Furthermore, subjective norms state that an individual will use home financing products if a certain amount of people in his circle have adopted those products. Subjective norms are an influencing factor in explaining the intention to use mortgage (Md-Taib, Ramayah, & Razak, 2008; Usman & Mohd-Diah, 2016).

H₂: Subjective norms significantly affect the intention to use mortgage

Perceived behavioral control is the ability and belief of an individual which is felt in his behavior. Ajzen (1991) defined perceived behavioral control as a perception in the convenience or inconvenience in behaving while reflecting on past experiences such as anticipated hurdles and obstacles. The more an individual feels that there are obstacles to do a certain behavior, the more he will perceive himself to be unnatural to said behavior, and vice versa. Amin, Abdul-Rahman, & Abdul-Razak (2013) and Usman & Mohd-Diah (2016) tested perceived behavioral control, which is the willingness or reluctance of an individual to use mortgage and his experience in making transactions in

banking products. Home buyer's perception is focused on the ability to choose home financing products. The result shows a buyer's intention to choose financing options if he has the skill, knowledge, and financial resources, is available because of the privilege he has. If perceived behavioral control is high, then the intention to use mortgage to finance home ownership will also be high.

H₃: Perceived behavioral control significantly affects the intention to use mortgage

The level of product knowledge of an individual affects his information and behavior in making decisions. Knowledge is comprised of two constructs, objective knowledge (accurate information on product class which is stored in long-term memory) and subjective knowledge (an individual's perception about the information and the amount of knowledge he has on product class) which are interconnected. Subjective knowledge is considered as the level of belief of an individual regarding his knowledge, while objective knowledge refers to what he actually knows. If someone has a strong subjective product knowledge, he has more self-confidence on his ability to do consumption behavior (Han, 2019). The level of product knowledge affects consumers' intention of purchasing. Consumers with higher product knowledge have better memory, acknowledgement, analysis, and logical capabilities than those with lower product knowledge. As a result, consumers with higher product knowledge tend to rely on intrinsic cues rather than stereotypes to make assessments on product quality, because they realize the importance of product information (Lin & Lin, 2007; Khairunnisa & Hendratmi, 2019). Livette (2006) and Yasin, Surati, & Herman (2021) proved that product knowledge affects a person's intention to receive and use financing products.

H₄: Knowledge of mortgage significantly affects the intention to use mortgage

Religiosity is a factor which guides the consumption habits of the society and at the same time has an effect on product usage, as consumers from various religions are pushed to comply with their respective religion in choosing products (Essoo & Dibb, 2004; Conklin, Diop, & Qiu, 2021). Religiosity is reflected from a person's attitude and behavior, and it is dependent on the level of said person's religiosity. Someone with a deep commitment to his religion will be able to consistently make decisions compliant with his religion (Sood & Nasu, 1995). Tameme & Asutay (2012)

stated that a religion's perception about a product is considered as a standard to product acceptance. An individual will consider buying a product if the product does not violate the principles his religion holds. Religiosity significantly affects the intention to use mortgage (Alam, Janor, Zanariah, Wel, & Ahsan, 2012; Hamid & Masood, 2011; Yasin, Surati, & Herman, 2021).

H₅: Religiosity significantly affects the intention to use mortgage

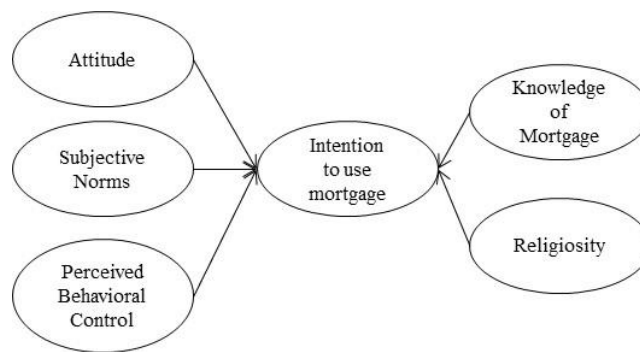


Figure 1. Theoretical Framework

Research Methods

This associative study is conducted on the sample of people in Surabaya who were selected according to purposive sampling with the criterion of aged 21 to 60 years, have regular income, and have the intention to use mortgage to finance home ownership.

As a result, 204 respondents who met the criteria are obtained. The data was collected by spreading questionnaires through google form. The variables, that are being studied using a Likert scale measurement of 1 to 5 starting from strongly disagree to strongly agree, are explained in Table 1.

Table 1. Variables and Indicators

No	Variable	Operational Definition	Empirical Indicator
1	Intention to use mortgage	Efforts made by individual to use mortgage	Statements about intention to use mortgage based on behavior, target, situation, and time (Ajzen, 2020)
2	Attitude	Individual's attitude in responding to things that are liked or disliked	Statements about cognitive, affective, and conative attitude towards mortgage (Ostrom, 1969; Ajzen, 2020)
3	Subjective Norms	Individual's motivation in conforming to other's opinion regarding a behavior he's about to do	Statements from family, friends, and persons of interest to the individual who supports use of mortgage (Ajzen, 2020)
4	Perceived Behavioral Control	Individual's perception on whether or not executing behavior that reflects past experiences is easy	Statements about source of funds had, ability, and skill (Chiou, 1998; Ajzen, 2020)
5	Knowledge of Mortgage	Knowledge of mortgage	Statements on individual's knowledge of mortgage products (Usman, Garba, & Abdullahi, 2014)
6	Religiosity	Individual's faith reflected on his attitude and behavior	Statements on individual's faith in mortgage (Conklin, Diop, & Qiu, 2021)

After the data had been collected, they were then processed using SmartPLS (Partial Least Square) 2.0, to test the relations between variables. SmartPLS is an equation based on components or variants, which is outer model and inner model. SmartPLS is able to process data that have a limited number of samples with a complex model. SmartPLS is also able to test formative and reflective SEM models with different indicator measurement scales in one model. In SmartPLS, the normality of the data distribution is not a requisite, due to the use

of bootstrapping method (Hair, Hult, Ringle, & Sarstedt, 2017). This study uses a two-tailed p-value with a decision to reject the null hypothesis of no difference.

Result and Discussion

In accordance with the sample criteria: aged 21-60 years, have regular income and have intention to buy a house by mortgage, 204 respondents were acquired. The demographic descriptions of the respondents can be seen in Table 2.

Table 2. Respondents' Description

Information	Gender		Total	Percentage
	Male	Female		
Age				
21-30	30	25	55	27%
31-40	52	21	73	36%
41-50	34	18	52	25%
51-60	9	15	24	12%
Education				
High school	46	35	81	40%
Undergraduate	69	40	109	53%
Graduate and postgraduate	10	4	14	7%
Occupation				
Employee	51	23	74	36%
Self-employed	50	24	74	36%
Professional	17	25	42	21%
Others	7	7	14	7%
Status				
Not married	41	26	67	33%
Married	84	53	137	67%
Income				
< Rp 5.000.000	8	8	16	8%
Rp 5.000.001 – 15.000.000	43	26	69	34%
Rp 15.000.001 – 25.000.000	25	15	40	20%
Rp 25.000.001 – 35.000.000	26	19	45	22%
> Rp 35.000.000	23	11	34	17%
Domicile				
Surabaya	97	50	147	72%
Outside Surabaya	28	29	57	28%
Religion				
Christian	56	24	80	39%
Catholic	29	33	62	30%
Muslim	18	9	27	13%
Buddha	19	12	31	15%
Hindu	3	1	4	2%

Table 2 shows that 36% of the respondents are 31-40 years old, 53% have undergraduate degree, works as an employee and self-employed (each is 36%). The majority is married (67%), with an income of Rp.5.000.001 to Rp.15.000.000 (34%) and Rp.25.000.001 to Rp.35.000.000

(22%). The majority is Christian (39%) and Catholic (30%). Table 3 shows the mean value of statements used to measure the variables being studied, which are attitude, subjective norms, perceived behavioural control, knowledge of mortgage, and religiosity.

Table 3. Indicator Measurement

Code	Summary	Mean
<i>Attitudes</i>		
ATT1	Using mortgage to buy a house is very effective	4,11
ATT2	I think using mortgage is a good idea	4,06
ATT3	Using mortgage in financing home ownership is suitable to my needs	4,16
ATT4	Mortgage helps people to buy a proper house	4,07
ATT5	Mortgage is the best way to finance home ownership	4,00
ATT6	I think banks have the fund for home-ownership mortgage in the long-term	4,14
ATT7	I firmly believe in mortgage-providing instances	4,12
<i>Subjective Norms</i>		
SN1	People who are important to me use mortgage to finance their home ownership	3,90
SN2	People who are important to me will approve if I use mortgage to finance home ownership	4,00
SN3	People who are important to me think that getting a mortgage is wise	4,03
SN4	My family thinks I should use mortgage to finance home ownership	4,11
SN5	My friends think mortgage is a good idea	4,04
SN6	My friends suggest mortgage is the best way to get a house	3,94
<i>Perceived Behavioral Control</i>		
PBC1	I have a source of fund to pay for mortgage interest	3,82
PBC2	I have a source of fund to pay for mortgage principal	3,83
PBC3	Mortgage funding is affordable for me	3,91
PBC4	I have a legal certificate of land ownership	3,91
PBC5	I have the capabilities required to take out a mortgage	3,78
PBC6	It is easy for me to be granted a mortgage	3,96
PBC7	I can handle the complicated procedures of getting a mortgage	3,34
<i>Knowledge of Mortgage</i>		
KM1	I have knowledge on mortgage interest rates	3,69
KM2	I have knowledge on mortgage products	3,39
KM3	I have knowledge on mortgage procedures	3,43
KM4	I have knowledge on due dates of mortgage payments	3,76
KM5	I have knowledge on mortgage terms and conditions	3,64
KM6	I have knowledge on how to calculate monthly payments of mortgage	3,59
KM7	I have knowledge on mortgage financing	3,62
<i>Religiosity</i>		
RPM1	My religion allows me to make transactions with interest payments	4,02
RPM2	I have reasons based on my religion, if mortgage payments are paid with interest	3,99
RPM3	Non-legally-binding transactions (only based on buyer's and seller's assumption) is allowed in my religion	3,09
RPM4	I have reasons based on my religion to use mortgage where the conditions show uncertainty (caused by changes in interest rates, political condition or economic growth)	3,22
RPM5	In my perception, mortgage is good according to my religion	3,85
RPM6	Based on religious considerations, I am allowed to take out a mortgage	3,90
RPM7	In my opinion, my religion agrees to mortgage loans	3,76
<i>Intention</i>		
IUM1	I will recommend the people who are of importance to me to take out home mortgage	3,95
IUM2	I intend to take out a home mortgage right now	3,93
IUM3	I intend to take out a home mortgage in the future	4,01
IUM4	I intend to take out a home mortgage even though there are interests	3,63
UM5	I intend to take out a home mortgage even though the conditions are uncertain (caused by changes in interest rates, political condition or economic growth)	3,77
IUM6	I intend to take out a home mortgage	3,83
IUM7	My intention to take out a home mortgage is high	3,84

The analysis was followed by measuring the Outer Model, which is the convergent validity. The result shows that ATT4 (0.454), RPM3 (0.350), RPM4 (0.265), and IUM5 (0.370) do not comply with the loading factor as their value is less than 0.5. Those indicators are then taken out of the

variable back to running data to pass the loading factor requirement. Table 4 shows that the cross loading value of each indicator, which is higher in its own variable compared to other variables, meaning that the indicators in this study qualify the convergent validity.

Table 4. Outer Loading Value

Indicator	Variable					
	<i>ATT</i>	<i>SN</i>	<i>PBC</i>	<i>KM</i>	<i>RPM</i>	<i>IUM</i>
ATT1	0.7238	0.5067	0.1324	0.1299	0.1848	0.3052
ATT2	0.7938	0.5893	0.1535	0.1771	0.2496	0.3211
ATT3	0.7710	0.5697	0.1254	0.1942	0.2325	0.3416
ATT5	0.7642	0.4977	0.1476	0.1349	0.1676	0.2524
ATT6	0.5993	0.3490	0.2545	0.2232	0.1949	0.2211
ATT7	0.6850	0.4192	0.2607	0.1899	0.2067	0.2023
SN1	0.5375	0.8312	0.2172	0.3024	0.4051	0.4130
SN2	0.5775	0.8209	0.1967	0.2226	0.3400	0.5048
SN3	0.5854	0.8084	0.2765	0.2101	0.2810	0.4209
SN4	0.5539	0.7106	0.0822	0.1405	0.2017	0.3437
SN5	0.4516	0.7513	0.3011	0.2583	0.3031	0.3523
SN6	0.4568	0.6970	0.2271	0.2220	0.3248	0.2796
PBC1	0.1681	0.2374	0.8118	0.4288	0.1846	0.3197
PBC2	0.1902	0.2284	0.8148	0.3961	0.2396	0.3277
PBC3	0.1852	0.2534	0.7903	0.3473	0.2020	0.2946
PBC4	0.0686	0.1259	0.6614	0.3190	0.1432	0.2583
PBC5	0.2283	0.2636	0.8167	0.4241	0.1844	0.3412
PBC6	0.1472	0.1475	0.7419	0.3271	0.1326	0.2622
PBC7	0.2214	0.2041	0.6672	0.4656	0.2707	0.3055
KM1	0.1555	0.1816	0.4366	0.8279	0.1957	0.2514
KM2	0.2388	0.2463	0.3930	0.8230	0.2794	0.3323
KM3	0.2014	0.2508	0.3946	0.8522	0.2866	0.3801
KM4	0.1615	0.2125	0.4979	0.8008	0.1444	0.3110
KM5	0.1898	0.2938	0.3816	0.7803	0.1773	0.3366
KM6	0.2048	0.2150	0.4349	0.8757	0.2976	0.3407
KM7	0.2182	0.2890	0.4715	0.8850	0.2351	0.3839
RPM1	0.2734	0.4208	0.3044	0.3237	0.7723	0.4778
RPM2	0.3031	0.3733	0.1923	0.2638	0.8208	0.4800
RPM5	0.1554	0.2509	0.1575	0.2031	0.7560	0.3966
RPM6	0.1538	0.2559	0.1420	0.0825	0.7010	0.3282
RPM7	0.1619	0.1857	0.1567	0.1385	0.7390	0.3968
IUM1	0.3130	0.4256	0.2981	0.2051	0.4962	0.7109
IUM2	0.2454	0.2494	0.2558	0.2800	0.3581	0.7481
IUM3	0.2505	0.2869	0.2402	0.2732	0.1872	0.5536
IUM4	0.2146	0.3514	0.2260	0.3133	0.4607	0.7152
IUM6	0.2596	0.3364	0.3153	0.3029	0.4127	0.8464
IUM7	0.3832	0.5193	0.3810	0.3883	0.4363	0.7724

Table 5 shows that the value of Average Variance Extracted (AVE) of each variable is greater than 0.5, meaning that the variables in this study for the discriminant validity test requirement. Cronbach's Alpha

(CA) and Composite Reliability (CR) of each variable is greater than 0.7, so it can be concluded that the data has met the reliability requirement.

Table 5. Outer Loading Analysis based on Composite Reliability, Cronbach's Alpha, Average Variance Extracted

Variable	CR	CA	AVE
Attitude	0.8688	0.8215	0.5268
Subjective norms	0.8979	0.8644	0.5956
Perceived Behavioural Control	0.9050	0.8766	0.5782
Knowledge of Mortgage	0.9418	0.9278	0.6984
Religiosity	0.8713	0.8171	0.5759
Intention to use mortgage	0.8708	0.8213	0.5327
R-square	0.4658		

R-square value of 0.4658 means the dependent variable, which is intention to use mortgage, can be explained by the independent variables, which are attitude, subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity, with the value of 46.58%. The remaining 53.42% is explained by other variables not included in the proposed

model. Figure 1 shows that subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity significantly affect the intention to use mortgage in financing home ownership, as the value of t-statistics is greater than 1.96. However, 'attitude' does not significantly affect it, as t-statistics is less than 1.96.

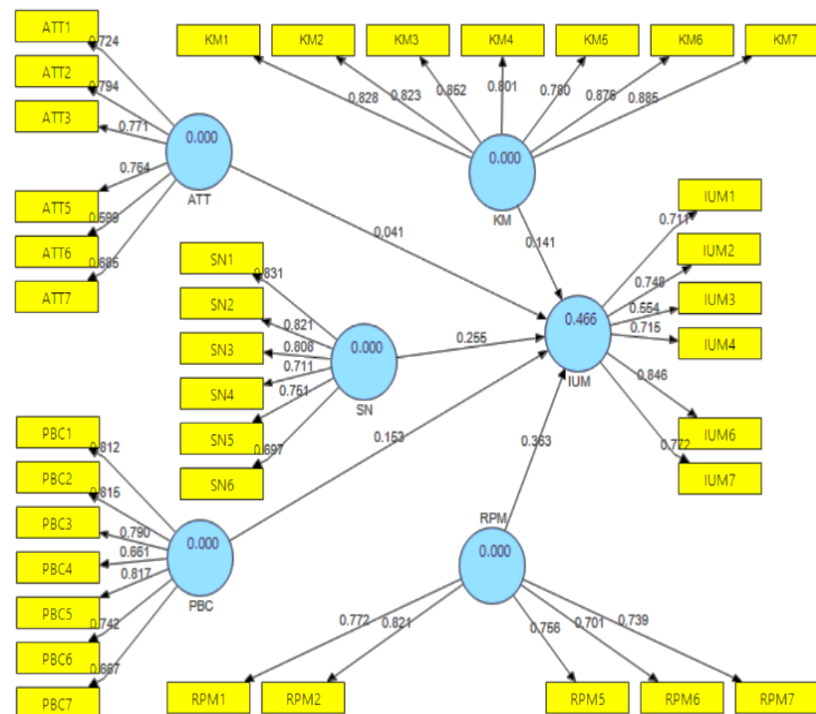


Figure 2. Final Model Path-analysis

Table 6. Path Coefficient Model

Effect	Original Sample	t-Stat	Decision
ATT -> IUM	0.0406	0.5915	Failed to reject H ₀
SN -> IUM	0.2547	3.3793	Reject H ₀
PBC -> IUM	0.1529	2.3373	Reject H ₀
KM -> IUM	0.1408	2.0478	Reject H ₀
RPM -> IUM	0.3628	4.8845	Reject H ₀

The effect of attitude on the intention to use mortgage in financing home ownership in Surabaya

An individual's attitude is aimed at the feeling, emotions, and opinion about mortgage products in home ownership (LaMorte, 2019). However, the test results show that 'attitude' does not significantly affect the intention to use mortgage. This is consistent with the previous study of Usman & Mohd-Diah (2016), that attitude does not significantly affect the intention to use mortgage in financing home ownership. The transaction value of house purchasing points to buyer's financial capability. If the capability is low, the attitude tends to reject the intention, and vice versa.

The effect of subjective norms on the intention to use mortgage in financing home ownership in Surabaya

Social pressure in the form of support given from the people who are important to a person on whether or not they approve of what said person is about to do, is felt by said person, hence having a strong influence (LaMorte, 2019). When the expectation to use mortgage from a respondent's person of importance is high, his intention to fulfil the expectation and to act accordingly will rise. The variable of 'subjective norms' significantly and positively affects the intention to use mortgage. The background of respondents who are married leans toward the support from family to the intention to use mortgage being higher. Most of the societies in Indonesia have the spirit of mutual assistance. When a family

is supporting the use of mortgage, then indirectly, they will also help with payments should he faces difficulties paying. The test result is similar as Md-Taib, Ramayah, & Razak (2008) study in Malaysia.

The effect of perceived behavioral control on the intention to use mortgage in financing home ownership in Surabaya

A person's perception of the intention to use a mortgage, if he has the skill and knowledge, is available because of the privilege he has. Perceived behavioral control is the perceived ability and confidence an individual possesses in performing a behaviour. The more an individual perceive that he has the opportunities and availability of resources, the stronger his intention will be. Respondent's convenience to take out mortgage contributes largely to his intention to do so. As shown in the test results that 'perceived behavioral control' significantly and positively affects the intention to use mortgage, according to the result of Usman, Garba, & Abdula (2014) that application of perceived behavioral control can predict the intention of using mortgage in financing homeownership in Nigeria. .

The effect of knowledge of mortgage on the intention to use mortgage in financing home ownership in Surabaya

A person who has an advanced knowledge tends to affect his decision on the intention to use it. The result of 'knowledge of mortgage' test shows a significant positive

effect on the intention to use mortgage. The higher the knowledge on mortgage products is, the higher the intention to use the product will be. Most respondents have the knowledge about using mortgage, such as the amount of loan interest, the amount of installments, and the payment method, so the respondents have the intention to purchase a house through mortgage, supported by the respondent's undergraduate education background. This result is in accordance with the result of Chooprayoon & Fung (2010) that knowledge of mortgage affects significantly the intention to use a product.

The effect of religiosity on the intention to use mortgage in financing home ownership in Surabaya

An individual's self-confidence is encouraged by the religious principles of his religion (Essoo & Dibb, 2004). This study proves that religiosity has significant positive effect on the intention to use mortgage. A person with a high level of religiosity will be inclined to use mortgage. Religiosity indicator contributes largely to religion, which is consumers are allowed to pay mortgage and make transactions with interest payments, because most respondents are Christian, they do not mind whether or not the products offered are sharia compliant. The belief someone holds will guide him regarding the intention to use mortgage. This result by Hamid & Masood (2011) that religiosity significantly affects the intention to use mortgage in financing home ownership.

Conclusion, Limitation and Recommendation

Subjective norms, perceived behavioral control, knowledge of mortgage, and religiosity significantly positive affect on the intention to use mortgage. On the other hand, attitude has no significantly affect. Attitude is an evaluation based on cognition and affective that it is a strong factor to intention. Conflicting results may be due to

heterogeneous demographic conditions related to income and religiosity. Therefore, attitude needs to be further investigated and can be developed with the locus of control as the moderating variable in order to explain the intention and proceeds on the decision to use mortgages. Theoretically, the results of this study are very useful for understanding individual behavior from a psychological perspective in making decision related to financial sector. Practically, the benefits for banks that have mortgage products are to be able to develop marketing strategies for offering mortgage products by providing education related to conventional mortgage and sharia mortgages.

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