



**AR-RAHNU AS A SOURCE OF MICROCREDIT  
FINANCING? AN EMPIRICAL INVESTIGATION  
AMONG MICROENTERPRISE IN MALAYSIA**

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## ABSTRACT

This paper aims to examine the factors that influence the usage intention towards Ar-Rahnu as a microcredit financing among microenterprise. In doing so, this study examines on the relationship between usage intentions of Ar-Rahnu with all the factors that contribute to intention of use. In an attempt to fulfill the aims of the research study, questionnaire is use as research instrument where 150 sets of questionnaires will be distributed to microenterprise in Pontian, Johor. Several variables have been identified in conducting this research that might influence the microenterprise's usage intention on Ar-Rahnu which consists of religious obligation, safekeeping fee, socioeconomic factor, service quality, locality and information. Further, there are added variable that also can be included which are subjective norm and innovation. While the sample have been taken by using non-probability sampling through convenience sampling method from microenterprise that use Ar-Rahnu. Furthermore, the data is analyzed using frequency distributions, reliability analysis, correlation analysis and regression analysis via Statistical Program for Social Science (SPSS). The expected findings indicate that all independent variables are significant positive correlated with the usage intention of Ar-Rahnu as microcredit financing. Therefore, this research study could make a useful contribution as a reference to be used by the readers and future researchers and expose to them that Ar-Rahnu or Islamic pawnbroking is one of the best options for the microenterprise get loan or borrow money safely, easily and quickly.

*Keywords: Ar-Rahnu, Islamic Pawnbroking, Usage Intention, Microcredit, Microenterprise*

# **CHAPTER 1**

## **INTRODUCTION**

### **1.0 Introduction**

The research topic that will be conducted by researcher is “Ar-Rahnu as a Source of Microcredit Financing? An Empirical Investigation among Microenterprise in Malaysia”. The content of this chapter included on background of study, problem statement, research question and research objectives. Furthermore, it also discuss on scope of study, significant of study and limitation that the researcher need to handling in this research.

### **1.1 Background Of The Study**

Low strata group and small scale traders especially microenterprise who usually has limited capital and seek to manage their financial problems so it is significant to give aid to them. Moreover, in order to have better understanding on microenterprise, it can be explained according to ADB (1997) stated that microenterprises are enterprises of the poor. Furthermore, microenterprise is a type of small business and a sole proprietorship, partnership or family business that has fewer than five employees and generally too small to access commercial services (FIELD at the Aspen Institute, 2000). Therefore, they usually will look on suitable