

UNIVERSITI TEKNOLOGI MARA

**FACTORS INFLUENCING
ACCEPTANCE OF AR-RAHNU: A
STUDY BETWEEN CUSTOMERS IN
BANK RAKYAT PERAK AND
QUANTITATIVE STRUCTURE**

NOR SYAFIQAH BINTI CHE UMAR

Academic writing submitted in partial fulfilment of the
requirements for the degree of
Diploma in Muamalat

Academy of Contemporary Islamic Studies

January 2021

ABSTRACT

The introduction of Islamic pawn broking (*al-Rahnu*) in Malaysia has seen as a new micro credit instrument in providing cash borrowing facility to lower income communities. The Muslims individuals' especially needy people are reliant on this institution as their financial resources and necessities fulfillment. Al-Rahnu as well as reflected to Islamic business operation are must conducted according to Shari'ah principles whereas the process transaction is must show transparent and free of ambiguity and element of *riba*. Thus, it is important to have a study of Ar-Rahnu practice in Islamic finance industry as the Muslim communities have put trusted to the system institution, in fact, the number of demands in Ar-Rahnu has shown increased by over the years until present. In an attempt to fulfill the aims of the research study, the interview will be conducted to selected institution cooperatives. This study will be given a focus to factors influencing acceptance of ar-rahnu among customers in Bank Rakyat. This will describe an overview of Islamic pawn broking (al-Rahnu) concepts and analyze its actual modus operation implemented by cooperatives. Nevertheless, by conduct a study of Ar-Rahnu scheme according Shari'ah framework theory and the challenges, perhaps we might get a clear clarification of al-Rahnu practice in cooperative and be useful for the businesses and government in considering the future development related to Ar-Rahnu pawnshops. Now, the rising cost of living and the strict banking act about financing procedure causes Ar-Rahnu is one of the alternative ways for those on low incomes to borrow money easily and quickly without incurring any high profit rate. This study aims to knowing the factors of customers to use Ar-Rahnu in Bank Rakyat Perak. A survey of 130 respondents was conducted. Next that is, the use of shariah views, attitudes, prices and customer service as a factor will help researchers to know the factors that most influence customers to use Ar-Rahnu.

ACKNOWLEDGEMENT

Firstly, I wish to thank God for giving me the opportunity to embark on my Diploma and for giving me strength of mind, spirit and ability to go through all the journeys in completing this research paper. With helps and permission from Allah, I succeeded in finishing this research paper. My gratitude and thanks go to my supervisor Mohammad Kamari Taib, my beloved lecturer Dr. Salimah and all the lecturer Acis because give a guidelines and tips to fulfil this thesis. Thank you for the support, patience and ideas in assisting me with this project.

Special dedication to my beloved parents, Mr. Che Umar and Mrs. Faridah for their endless supports, loves and cares. Finally, a sincere appreciation goes to all my dearest friends who never give up in giving me support, information and assistance to complete this research paper.

A special thanks is also extended to those who have indirectly provided comments and helpful suggestions especially to all the respondents of this study. Last but not least, thanks to any other individual whom I may not recognized by name but still gave their support and cooperation. May Allah S.W.T reward the kindness of everyone that I have mentioned above.

Thank You

TABLE OF CONTENTS

	Page
AUTHOR’S DECLARATION	ii
ABSTRAK	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS / NOMENCLATURE	xi
 CHAPTER ONE INTRODUCTION	 1
1.1 Research Background	1
1.2 Problem Statement	1
1.3 Research Objectives	2
1.4 Research Questions	3
1.5 Scope of The Study	3
1.6 Significance of The Study	4
1.7 Previous Study	4
 CHAPTER TWO LITERATURE REVIEW	 5
2.1 Introduction	5
2.1.1 Concept of Ar-Rahnu	6
2.1.2 Qard Al-Hasan	7
2.1.3 Wadiah Yad Dhamanah	7
2.2 Factor Affecting Customer acceptance towards Al- Rahnu	8
2.2.2 Locality	9
2.2.3 Service Quality	10
2.2.4 Pledge Asset	10

2.2.5	Shariah View	11
2.3	Relationship Value in Al-Rahnu Transaction	12
2.4	Implementation Ar-Rahnu by Yapeim	13
CHAPTER 3 RESEARCH METHODOLOGY		15
3.1	Introduction	15
3.2	Research Instruments	15
3.3.1	Research Participants	16
CHAPTER FOUR RESULTS AND DISCUSSIONS		17
4.1	Introduction	17
4.2	Reliability Analysis	18
4.3	Frequency Analysis and discussion	20
4.4	Demographic Profile	35
4.4.1	Ar-Rahnu Acceptance Stage (Islamic Mortgage Tax System)	36
4.1.2	Acceptance Factors Against Ar-Rahnu (Islamic Mortgage Tax Scheme)	40
	Conclusion	45
CHAPTER FIVE CONCLUSION AND RECOMMENDATIONS		46
5.1	Introduction	46
5.2	Summary of the research	46
5.2	Recommendations	48
5.3	Conclusion	49
REFERENCES		51
APPENDICES		52