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UNIVERSITI
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Faculty of Business
and Management

UiTM *di hatiku*

VOLUME 5
2022

eISSN 2716-599X



772716 599000
e-ISSN 2716-599X

FBM INSIGHTS

Faculty of Business and Management

Universiti Teknologi MARA Cawangan Kedah

e-ISSN 2716-599X

The editorial board would like to express their heartfelt appreciation for the contributions made by the authors, co-authors and all who were involved in the publication of this bulletin.

Published by : Faculty of Business and Management,
Universiti Teknologi MARA Cawangan Kedah

Published date : 27 April 2022

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LEVERAGING AR-RAHNU MICRO FINANCING FOR FLOOD VICTIMS

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Malaysia was struck by a series of flash floods in December 2021, affecting numerous parts of the nation, including Kuala Lumpur, Selangor, Pahang, Kelantan, and Negeri Sembilan. These regions experienced increased rainfall, resulting in pluvial floods that caused significant property damage and fatalities. Despite a warning issued by the Malaysian Meteorological Department (MET Malaysia) on 17 December, 2021, victims and the government took little action to prepare for the inevitable. In addition, the department was accused of failing to issue a warning or update information to Malaysians on Typhoon Rai and Tropical Depression Twenty-Nine to Malaysians ("Malaysia's Meteorological dept denies claims it failed to issue rainfall warnings", 2021). At least 17 people perished as a result of the surge, and more than 60,000 people were evacuated to rescue centres (Farah Syazwani, 2021). Moreover, Malaysia was expected to have sustained damage of more than RM300 million consequent to the destruction of victims' property and infrastructure in all affected states (Nurfarahin, 2021).

The effects of a flood can be severe for victims, depending on how severe the flood was. The immediate implications of floods include loss of lives and damage to property, such as houses and vehicles. The effect of the flood will require a considerable amount of money to restore homes and fix vehicles, as most insurers exclude flood damage under most policies. The insurer provides such coverage as an optional feature with an additional premium charge of approximately 0.2 percent to 0.25 percent to the customer, and most customers do not opt for natural disaster protection in their property and vehicle insurance policies (Mohd Zaky, 2021). Therefore, victims need to use their savings or secure additional financing to fix or restore their property. To reduce the burden on victims, the government, NGOs, and private companies have announced some measures of assistance. The Malaysian Prime Minister has announced RM1,000 in aid to every household affected by the devastating flood. In addition, RM100 million has been allocated for repairing damaged infrastructure, including bridges, roads, and others (Bernama, 2021). However, the assistance may not be adequate to compensate for the loss (Free Malaysia Today, 2022). Therefore, this article provides information for the victims to consider Ar-Rahnu as an immediate access to financing for recovering the damages stemming from the flood.

According to the National Flood Forecasting and Warning System, important family documents and gold jewellery are the most critical items to save first. Victims do, in fact, carry and wear gold jewellery as an ornament on their necks, arms, and fingers. The majority of women obtain gold jewellery through inheritance, dowry, gifts, or purchase (Moors, 2013). Their gold jewellery is a valuable asset that may be liquidated, particularly during difficult economic circumstances. Ar-Rahnu has been extensively recognised and approved by the public, and victims should consider using the service. In addition, a study by Suhana et al. (2016) demonstrates that the Ar-Rahnu scheme was well-received among the rural population.

Ar-Rahnu offers a more affordable and expedient method of obtaining funding by pledging gold jewellery to the Ar-Rahnu operator (Saharan et al., 2021). The micro-financing obtained from

the Ar-Rahnu operator may be used to fix or restore victims' damaged property, thus reducing their burden. Therefore, it is recommended that the operator of the Ar-Rahnu offer a solution regarding the terms and conditions of safekeeping charges for individuals impacted by the devastation caused by the excessive rainfall. This offer can function as a form of relief assistance by Ar-Rahnu operators to alleviate the victims' burden.

In conclusion, floods have wreaked havoc on the victims' livelihoods. Property damage necessitates that victims have a considerable amount of money in order to repair and restore their property. Loss of life, particularly of the household's breadwinner, will also result in financial hardships. Thus, Ar-Rahnu intends to establish a mechanism for victims to obtain immediate financial assistance, and the Ar-Rahnu operator should take the initiative to alleviate the victims' burden.

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