

UNIVERSITI TEKNOLOGI MARA

**UNDERSTANDING THE CONCEPT
OF AR-RAHNU: RESEARCH
AMONG THE STUDENTS
ACADEMY OF CONTEMPORARY
ISLAMIC STUDIES (ACIS) UITM
DUNGUN**

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ABSTRACT

Ar-Rahnu is a simplistic, short-term financing strategy that is carried out in a short period of time and is free of usury. It is presented to the community by pawning jewellery to various ArRahnu institutions such as banks or pawn shops as collateral to loans. Ar-Rahnu is most often recognised as a type of micro-credit loan or financial instrument used to assist low-income individuals in meeting their requirements or as capital for a company. In general, Ar-Rahnu is a novel idea in the nation, despite the fact that the mortgage transaction is one of the oldest loan transactions in Malaysia, according to history. The Ar-Rahnu contract is intended to enable a mortgage as collateral to a debt nor is it intended for a profitable investment. Therefore, if there are such elements in the Ar-Rahnu contract, the proceeds of exploitation and profits earned are treated as *riba*. This is because based on the main purpose of Ar-Rahnu is to help individuals, small traders or low-income groups provide their financial needs without having to use other alternatives such as interest-bearing loans and complicated financing procedures act as capital for small traders. Therefore, it is also intended as an education funding assistance to help sustain the small agricultural industry. Therefore, this study was conducted to identify whether the students from the Academy of Contemporary Islamic Studies (ACIS) at UiTM Dungun understand the concept of Ar-Rahnu practiced in Malaysia. In line with the objectives of the study, qualitative analysis through in-depth interview techniques were conducted on several students of the Academy of Contemporary Islamic Studies (ACIS) who are at UiTM Dungun on the extent of their understanding of the concept of Ar-Rahnu or Islamic pawnshop. Based on the results of the study obtained found that on average they understand about the concept of Ar-Rahnu introduced, however, there are a handful of students who do not understand the concept of Ar-Rahnu in depth.

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