

## CONCEPTUALISING OF MUSLIMS' IN USING AR-RAHNU SERVICES OFFERED BY MALAYSIAN ISLAMIC BANKS

Muhammad Haris Naquiuddin Muda<sup>1\*</sup>, Ainol Mardhiyah Rahmat<sup>2</sup>, Nur Rifhan A. Rahim<sup>3</sup>, Siti Noorhaslina Abd Halim<sup>4</sup>, Nur Hanisah Mohamad Razali<sup>5</sup>, Hafizuddin Md Dali<sup>6</sup>

<sup>1,2,3,4</sup>Faculty of Business and Management, Universiti Teknologi MARA,  
UiTM Segamat Campus, 85000, Segamat, Johor Malaysia

\*Corresponding Author

Email: <sup>1</sup> harisnaquiuddin@uitm.edu.my, <sup>2</sup> dhiyarahmat@uitm.edu.my, <sup>3</sup> rifhan@uitm.edu.my, <sup>4</sup> hanisahmr@uitm.edu.my, <sup>5</sup> hafizuddindali@uitm.edu.my

Received: 10<sup>th</sup> November 2023

Accepted: 14<sup>th</sup> March 2024

### ABSTRACT

*This paper aims to recognize and discuss the factors influencing the intention of Muslims to participate in Ar-Rahnu offered by Islamic banks. Despite conventional pawnshops offering a higher margin to the value of collateral higher asset values in loans compared to Ar-Rahnu, there has been a noticeable increase in the demand for Ar-Rahnu over the years. The discussions attempt to create a discourse around the factors that influence the intention of Muslims to participate in Ar-Rahnu by using the Theory of Planned Behaviour plus religiosity. The findings propose conceptual frameworks that consist of components such as attitudes, subjective norms, perceived behavioral control, and religiosity as factors influencing the intention of Muslims to participate in Ar-Rahnu. However, these frameworks remain conceptual and await validation through empirical testing by future researchers. The findings of this study will provide valuable insights for Malaysian Islamic banks to enhance their Ar-Rahnu services. By aligning their offerings with Muslims' preferences and needs, Islamic banks can foster stronger relationships with their customer base and potentially attract new clientele. This review is hoped to be valuable to the present and future Ar-Rahnu scholars interested in the evolution of literature and identifying opportunities for future research. Ultimately, this paper addresses the crucial question of the factors influencing Muslims' intention to participate in Ar-Rahnu services in Islamic banks, thus contributing to the advancement of knowledge in this field.*

**Keywords:** Ar-Rahnu, Islamic Pawn Broking, Shariah, Micro Financing Tool

### 1.0 INTRODUCTION

Ar-Rahnu is a term derived from an Arabic word. Ar-Rahnu derived from the word 'rahana' which means mortgaging. This word means mortgage (Naim, 2004). Practitioners, academicians, and other stakeholders have accepted Ar-Rahnu or Islamic pawn broking as one of the Muslims' micro-financing instruments (Ali et al., 2017).

The offer of the Ar-Rahnu scheme in banking institutions is based on the goal of providing an alternative financial service for the Muslim community that applies to the concept of Shariah (Rahman et al., 2019). Like any other business, banking institutions are concerned with a stable and profitable economy that can produce sufficient financial resources for long-term growth to attract investments (Shafai et al., 2023). Ar-Rahnu is one of the sources. Ar-Rahnu can help people who need immediate money by avoiding paying any interest to conventional pawning shops. During a downturn economy, Ar-Rahnu can be a preferred

option for individuals and micro-entrepreneurs for several reasons. The main point is Ar-Rahnu provides an immediate source of cash (Hussin et al., 2022). The individuals and micro-entrepreneurs may face financial difficulties and may require immediate cash to meet their financial obligations or keep their businesses afloat (Kassa, 2021). Ar-Rahnu offers instant cash, which can provide immediate relief and help individuals and micro-entrepreneurs navigate through the challenges of a downturn economy (Azman et al., 2020).

After three decades of implementation, comprehensive studies revealed a remarkable surge in the proliferation of Islamic pawnshops compared to conventional pawnshop institutions in Malaysia (Saiman & Zainuddin, 2022). Azila (2011) found that the amount of loans obtained from the conventional pawnshop can reach up to 85% to 90% of the asset value. Contrary to the Ar-Rahnu scheme that offers only 65% to 80% of the asset value which is a lower margin of financing compared to conventional pawnshops (Muhamad et al., 2019). Therefore, the conventional pawnshop has an advantage in terms of loan providing which is 90% compared to Islamic pawnshops that attracted the customers to pledge their assets there. However, despite these disadvantages, it is found that there are increasing demand for Ar-Rahnu financing offered by Ar-Rahnu pawnshops in Islamic banks in Malaysia. The statement aforementioned inspires this study to explore factors influencing Muslims in using Ar-Rahnu services offered by Malaysian Islamic banks.

As previously stated, there is a lack of extensive literature on this specific type of financing. In Malaysia and other Southeast Asian countries, the focus has been on conventional financing products like personal financing, credit cards, short-term loans, and others. Comparatively, Ar-Rahnu financing has received less attention. This study aims to fill this gap by providing a concise discussion supported by existing literature on Ar-Rahnu financing. Previous studies highlighted on the factors that influence the customers' perception focusing on demographic factors status, gender, age, marital status, religion, education levels, employment background, and income level of pawnshop (Muhamad et al., 2019). Another study from Hassanudin et al. (2020) extended the study and found Affect (AFF), Social factors (SF), Facilitating conditions (FC), Perceived financial benefits (PFB), Perceived risk (PR), and Acceptance (ACC). This study focuses on organisation management compared to customers' experiences.

However, when compared to previous studies conducted, most of the research focusing on the Malaysian context for Ar-Rahnu has been found to have limited and less comprehensive variables. As a result, there is a need for further research and improvement in this area. Due to these identified limitations, this current study aims to examine the factors that influence the intention of Muslims to participate in Ar-Rahnu scheme.

### 1.1 Ar-Rahnu Financing in Islamic Banks

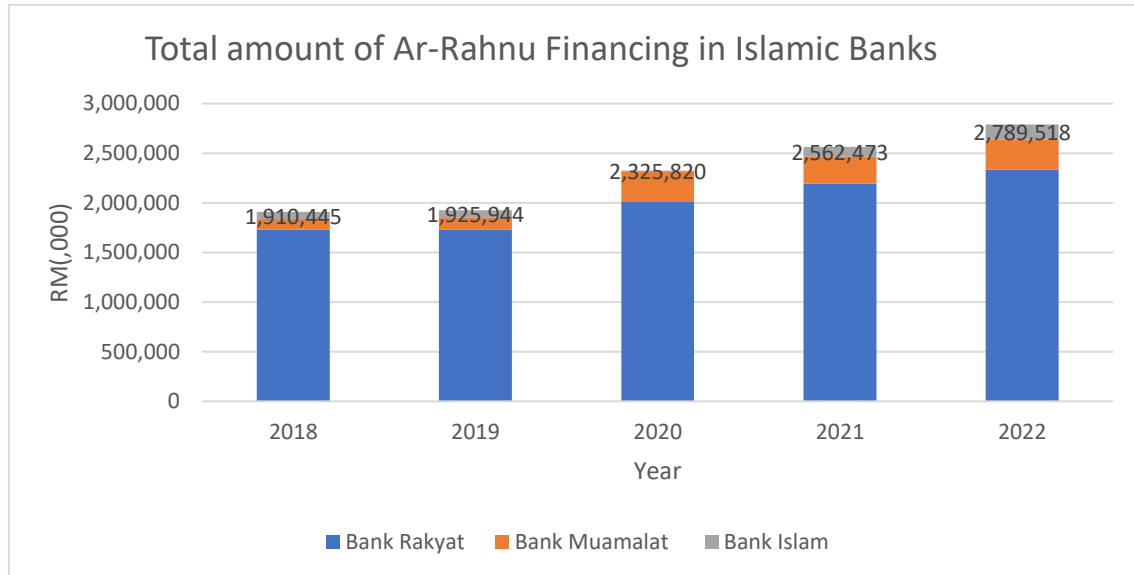
There are only three Islamic banks that provide Ar-Rahnu financing. Table 1 shows the trend of the amount of Ar-Rahnu financing in Islamic Banks. The total amount of Ar-Rahnu financing provided by Bank Rakyat, Bank Muamalat and Bank Islam shows that it was increasing consistently from 2018 to 2021 as shown in figure 1.

**Table 1.** Amount of Ar-Rahnu Financing in Islamic Banks

<b>Year</b>	<b>Bank Rakyat (RM,000)</b>	<b>Bank Muamalat (RM,000)</b>	<b>Bank Islam (RM,000)</b>	<b>Total (RM,000)</b>
2018	1,728,090	109,245	73,110	1,910,445
2019	1,728,090	126,747	71,107	1,925,944
2020	2,015,803	304,536	5,481	2,325,820

2021	2,194,779	272,570	95,124	2,562,473
2022	2,336,283	303,100	150,135	2,789,518

(Source: Annual Report Bank Rakyat, Bank Muamalat and Bank Islam in the year 2018, 2019, 2020, 2021 and 2022)



**Figure 1** Total Amount of Ar-Rahnu Financing in Islamic Bank (Source: Annual Report Bank Rakyat, Bank Muamalat and Bank Islam in year 2018, 2019, 2020, 2021 and 2022)

## 2.0 LITERATURE REVIEW

### 2.1 Ar-Rahnu

The term Ar-Rahnu, in its most literal sense, means an object that needs to be pledged or a loan guarantee. Under the Ar-Rahnu concept, the borrower (Ar-Rahin) is obliged to pledge or produce redeemable collateral or Ar-Rahnu in the form of gold or silver as a guarantee that the financing will be repaid (collateral redeemed) at the maturity of the agreement. When the borrowed amount is not repaid at maturity, the lender (Al-Murtahin) has the right to sell the collateral to recover the financing. Collateral is an important tool for financing protection by offering a guarantee to the financial institution because it decreases the risk to lenders and raises the default cost to borrowers (Cheong & Sinnakkannu, 2012). In financial terms, Rahnu refers to an object that has been paid as collateral to ensure that the debt is repaid by the debtor. The pledged contract is written to provide that security by binding the collateral to the creditor in the situation that the debtor fails to repay the loan (Muhamad et al., 2019).

There is a limited amount of literature accessible on Islamic pawns in Malaysia. However, several basic studies have been undertaken on the establishment, development, and operating structure of the Ar-Rahnu scheme. Previous studies have researched the effectiveness and acceptance of the pawn brokering mechanism in our country (Muhamad et al., 2019; Anuar, Fadilah, Shahdila and Nurul, 2019; Kambara, 2017; Abdul Rahman & Kassim, 2017; Baharum et al., 2015; Azman et al., 2015; Hamid et al., 2015; Ahmad et al., 2012; Cheong & Sinnakkannu, 2012; Sanusi & Johari, 2006; Mohammed et al., 2005). Many factors affect the choice of Ar-Rahnu by the customer, such as Shariah's view, pricing structure, and consumer service offered by the Ar-Rahnu provider. According to a study by Abdul Rahman and Kassim (2017), Muhamad et al. (2019), and Baharum et al. (2015), the acceptance of Islamic pawn brokering is strongly linked to the identification of Shariah view,

the pledged assets, and the performance of customer service. Hence, referring to the previous studies, the researchers decided to include the factors of religiosity and attitude as factors influencing the intention of the customers to participate in Ar-Rahnu services in Islamic banks.

The researchers of these studies concentrate on the issues of Shariah perspective in terms of the pricing system, the assets pledged, the customer service, and the location of Islamic pawn brokering activities. Sanusi and Ismail (2005) studied the importance of Shariah rules in the Islamic pawning services (Ar-Rahnu). They argued that Islamic principles such as Al-Wadiah, Al-Qard Al-Hasan and Al-Ujrah must be carefully considered when forming an Islamic pawn. Similarly, Mohammed *et al.* (2005) argued that Al-Wadiah, Al-Qard Al-Hasan and Al-Ujrah make Ar-Rahnu clearly different from the conventional pawnshop. The elements of *gharar* and *riba* were eliminated in Ar-Rahnu.

There are also studies on Islamic pawn broking system that have researched on the types of items accepted as a pledge (Abdul Rahman and Kassim, 2017; Sanusi and Johari, 2006; Mohammed *et al.*, 2005). Sanusi and Johari (2006) stated that the Islamic pawn broking system only accepts gold and jewellery made of gold. Comparatively, the conventional pawn broking system accepts an item beyond the gold jewellery which includes Rolex watches, diamonds, and other valuable electronic items. Meanwhile, in Islamic banking institutions, customers can only use gold as collateral under the Ar-Rahnu schemes. This is because gold has the most consistent value as compared to other items.

In addition, it is proven in Al-Quran and As-Sunnah about the evidence for the legality of pawn-broking activity. As mentioned by Allah in the Al-Quran as follows: *"If you are on a journey and cannot find a scribe, a pledge with possession (may serve the purpose). And if one of you deposits a thing on trust with another, let the trustee (faithfully) discharge his trust and let him fear his lord."* (Quran, 2:283)

Besides, in *Sunnah* that is a secondary source of Islam, it is allowed to practise knowledge-based pawn broking activity. It is supported by the Hadith narrated by Al-Bukhari that "the Prophet (SAW) bought some food from the Jew, and with him he pawned his iron shield." It is also mentioned in the Hadith narrated by Abu Hurayrah that the Prophet (pbuh) also said that *"pawned horse-riding animals may be mounted in exchange for their expenses, and that the milk of pawned dairy animals in exchange for their expenses, and the person who rides or drinks is, therefore, liable for the costs of the animal"* (Al-Zuhayli, 2003). Based on the textual provisions of the Al-Quran and Sunnah, it can be concluded that the Ar-Rahnu scheme (collateral) in the pawning transaction is intended to ensure the repayment of the debt. The purpose of Ar-Rahnu is therefore to give the lender the right to sell the collateral in the case of default payments (Muhamad *et al.*, 2019).

The Islamic pawnshop (Ar-Rahnu scheme) may be used when the person is having a shortage of money. The most effective approach is that it offers a financial product for the lower-income community and small businesses that typically have limited resources (Anuar *et al.*, 2019). At the same time, the Ar-Rahnu scheme has become a short-term consumer loan option and a microfinance channel for small and medium enterprises (SMEs) (Kambara, 2017).

The establishment of Ar-Rahnu scheme in Malaysia is purposefully established to provide an alternative to the Muslim community, to those in need, by offering them a financing or loan option with collateral (Norudin *et al.*, 2012). It is also developed to introduce short-term financing collateral that offers interest-free financing to make Islamic finance more equitable and fairer, especially to low-and medium-income groups. (Azmi *et al.*, 2015). At the same time, the Ar-Rahnu scheme is a short-term consumer lending platform and a microfinance platform for small and medium-sized enterprises (Azila, 2011). In Malaysia, several Islamic banks have proposed Ar-Rahnu schemes, such as Bank Rakyat, Bank Muamalat Malaysia Berhad

(BMMB) and Bank Islam Malaysia Berhad (BIMB). These banks and financial institutions provide the Ar-Rahnu scheme for the same reason, which is to provide fast cash by financing.

## 2.2 Perspective Theory of Planned Behavior (TPB)

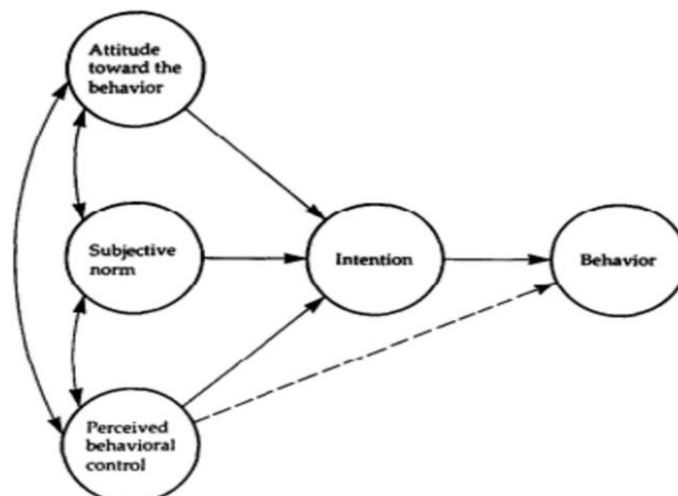
The theoretical model used in this research is based on the Theory of Planned Behavior (TPB) (Ajzen, 1991). TPB Ajzen, (1991) is an extension of the Reasoned Action Theory (TRA) and has been added to complete the TRA (Fishbein and Ajzen, 1975).

TPB deals with behavior where individuals have faced a situation in which they have incomplete control of their behavior (Ajzen, 1991). The extension of TRA, TPB, consists of three indicators, namely: behavioral attitude, a social factor called a subjective norm, and an added variable, the degree of perceived behavioral control (PBC) (Ajzen, 1991). According to Ajzen (1991), PBC is the additional component that has been added to solve the TRA limitations. Fishbein and Ajzen, (1975) introduced TPB by adding a third component that is perceived behavioral control (PBC). Although behavioral performance is closely linked to an individual's motivation to act, there are non-motivational factors that may discourage anyone from behaving in a certain way.

Both theoretically, TRA and TPB concentrate on the individual's behavioral purpose to perform a particular action. However, TPB focuses more on the problem that is not covered by the TRA and TPB introduces a third aspect that is perceived behavioral control to cover the problem that is not covered by the TRA. TPB focuses on behavioral intent and has been widely used by researchers in many fields to study behavioral intention (Ajzen, 2011; Metawie and Mostafa, 2015; Sondari, Rufaidah and Djatnika, 2015).

According to Metawie and Mostafa (2015), currently, many previous studies are built on TPB. Metawie and Mostafa (2015) further stated that studies based on TPB are concerned with the prediction of human actions from which the TPB list usually includes elements such as attitudes, subjective norms, and perceived behavioral controls. Simply, this theory explains that every human behavior represents the intention of an individual. Thus, the theory established its theory of planned behavior model, consisting of Attitude, Subjective Norm, and Perceived Behavioral Control.

Whereas this study focuses on the purposes of the Ar-Rahnu scheme, TBP is still relevant as a conceptual framework. Figure 2 below shows the model of the theory of planned behavior.



**Figure 2** Theory of Planned Behavior (TPB)

Source: Ajzen (1991) *The Theory of Planned Behavior: Organizational Behavior*

In this study, the researchers use the theory of planned behavior as a theory to investigate the intention of the use of the Ar-Rahnu scheme. The theory is chosen because it can link a specific action to people's intention to assess the possibility of a behavioral intention.

### 3.0 CONCEPTUAL FRAMEWORK

Based on the previous studies, this study has constructed a conceptual framework related to factors that influence Muslims' intention to use Ar-Rahnu services offered by Islamic banks. This conceptual framework as shown in figure 3 consists of four components which are attitude, subjective norm, perceived behavioral control and religiosity which will be discussed in the next session.

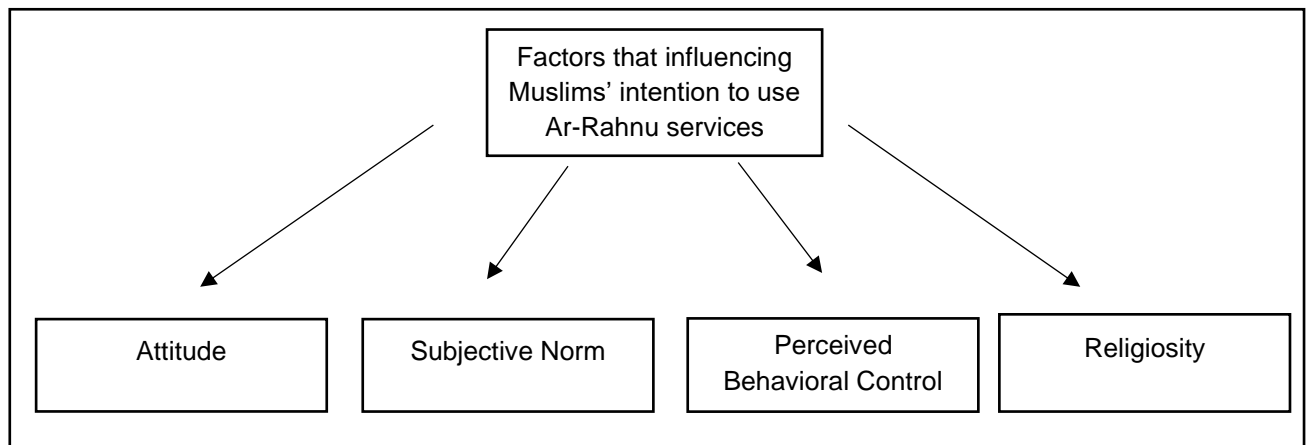


Figure 3 Conceptual Framework

#### 3.1.1 Attitude

Attitude can be described as a set of values, resulting in a value being put on the outcome of the action (Ajzen, 1991). From the Islamic perspective, attitude requires active participation and engagement of its followers across all tiers, emphasizing tangible actions over mere verbal expressions to preserve their efficacy and avoid superficiality (Aprilia & Alvien, 2023) When the outcome or result of behavior is positive, useful, helpful, attractive, advantageous, or a good thing, then a person's attitude more favourable to a person that engages in the behavior. For this research, the researchers limit the scope of the study of consumer behavior prediction theories such as the Theory Reasoned Action in Fishbein and Ajzen (1975), and the Theory of Planned Behavior (Ajzen, 1991). Due to these two theories, attitude refers to the evaluative influence of individual positive or negative feelings in the conduct of a particular behavior (Ajzen, 1991; Fishbein and Ajzen, 1975).

Several studies showed attitude is a significant element towards the intention of people. According to the study conducted in the field of Takaful by Amin et al. (2011), the online trading method by Gopi and Ramayah (2007) and Baharum et al. (2015) in Islamic pawning, can be seen that attitude plays an important role in making decision.

Amin *et al.* (2011) had been researching 176 Islamic banking clients in Malaysia. Attitude, subjective standard, and amount of knowledge were subject to multiple regression analysis. The outcome indicates that the attitude is positive and has a significant relationship with the purpose of accepting Islamic insurance (Takaful). It was found that attitude has a significant relationship with intention to accept Islamic insurance (Takaful) with a p-value is .000 (1% significant level).

In addition, a study done by Gopi and Ramayah (2007) stated that the mindset had a strong positive effect on the intention to use the online trading method. Similarly, in this analysis, the decision to use the Islamic pawnshop is expected to be especially affected by one's attitude.

Furthermore, the results of the study examining the factors that affect the intention of the customer to use Ar-Rahnu at the Kedah Post Office by Baharum *et al.* (2015) have shown that the attitude of the customer is significant and has a positive impact on the use of Ar-Rahnu at a significant level of 0.01. Thus, it is expected from the results of the current study that the intention of Muslims to participate in Ar-Rahnu scheme has a significant impact on people's attitudes.

### **3.1.2 Subjective Norms**

In addition to the attitude, intention is affected by the subjective norm. The perceived social pressure to participate or not participate in a certain activity is a subjective norm.

This is determined by moral belief. Some behaviours were perceived by important people towards other lives (Ajzen, 1991). The subjective norm is the social pressure to behave in a specific way, taking into consideration knowledge or understanding of the positive or negative effects resulting from individuals who may exercise their impact on someone's behavior, such as parents, partners, friends, religious groups, and organisations, which are the most frequent examples cited by researchers (Amin *et al.*, 2011).

As a study conducted by Kim and Chung (2011), an individual will be affected when he or she thinks that other people have a positive attitude towards a product, thereby increasing his or her intention to buy the product. It reflects a person's perceived social pressure to perform a certain behavior. Besides that, Sumaedi *et al.* (2015) claimed that a person may act if any significant referent that he or she believes that the person should engage in behavior even if the person does not have a positive attitude towards the behavior or its consequences, but because of the influences, the person may be strongly motivated to obey the referents.

Subjective norm was found to have a positive correlation with usage intention in research conducted by Gopi and Ramayah (2007). It is shown that the subjective norm was significant at 5% and the standardized (Beta) was 0.215.

Moreover, Amin and Chong (2011) found that the subjective norm was a positive sign of intention to use the Islamic pawnshop at a significant level of 0.05. The researchers also explained that friends, family members and teachers could be agents to influence the individual's reaction to the use of Islamic pawnshops.

In this research, the experience of others may influence an individual's acceptance and usage of the product and the positive relationship between the subjective norm and the intention to participate in the Ar-Rahnu scheme is expected to be significant.

### **3.1.3 Perceived Behavioral Control**

Perceived behavioral control is affected by the availability of enough resources and willingness to overcome behavioral barriers. The further resources and obstacles individuals encounter, the greater their perceived behavioral influence and the better their desire to perform behaviors. It consists of two components control beliefs and self-efficacy (Al-Nahdi & Islam, 2011). A sense of belief in theory planned behavior is characterized by perceived behavioral control. Gopi and Ramayah (2007) suggest that there is a strong connection between perceived behavioral control and the intention to use it. The perceived behavioral

control design was applied to the model to address the limitations of the TRA (Fishbein & Ajzen, 1975).

According to Ajzen (1991), people assume that their behavior can influence action, and perceived behavioral control, along with behavioral intent, can directly predict behavioral achievement. In short, the individual intends to perform a certain behavior.

The significant effect of perceived behavioral control was also discussed in previous studies. Abdul Khalek et al. (2015) found that the desire to eat halal food among young consumers played an important role in perceived behavioral control. Similarly, the theory of planned behavior has shown that the individual's intention to pay zakah is influenced by perceived behavioral control (Huda et al., 2012). Interesting research by Hasbullah, Khairi, and Aziz (2015) showed that there is also a significant relationship between perceived behavioral control and intention to contribute to the waqf sector.

Thus, the more likely the performance of the behavior, in this case, is an increase in intention to use the Ar-Rahnu scheme. Researchers have shown that perceived behavior control accounted for considerable variance in intention and behavior and there is a positive relationship between PBC and intention (Al-Nahdi & Islam, 2011; Osman et al., 2014). In the study conducted by Osman et al. (2014), it was found that there is a positive significant relationship with intention. The p-value is .000 and the standardized (Beta) is 0.239.

Therefore, with the resources provided, the higher the trust in their ability, the more likely and more individuals to participate in the Ar-Rahnu scheme. In this research, the positive relationship between perceived behavioral control and the intention to participate in the Ar-Rahnu scheme is expected to be important.

#### **3.1.4 Religiosity**

Religiosity is a very crucial thing in human life. Religiosity is expressed in various areas of human life. Religious activity occurs not only when a person engages in ritual activity (worship), but also when he performs some other action that is guided by Allah. The level of religiosity is becoming a key determinant of Muslim consumer attitudes and behavior (Souiden and Rani, 2015).

*"Allah has permitted trade and prohibited usury" (Quran, 2:275).* All activities in Muslim life must follow the Islamic principle. As a Muslim, an individual must comply with any orders from Allah SWT, including to avoid participating in interest-based financing. The establishment of the Ar-Rahnu scheme is therefore intended to appeal to Muslims who wish to provide alternative pawn-broking services regulated by the Shariah principle which are free from *riba*, *gharar*, and other illegal elements forbidden in Islam (Ahmad et al., 2012).

As proposed in an empirical study by Amin and Chong (2011), religiosity serves as a moderator of attitudes and intentions within the theoretical framework proposed for the study on the effect of customers' intention to follow Islamic banking. They find that religion is the most important element that affects people's attitudes and behavior.

In addition, religious obedience is also the main factor that is often considered by Muslims to be the decision to participate in Ar-Rahnu. Religious and Shariah elements will remain the key focus of discussion for most scholars as the main concern is about the benefits that the lender earns from expanding the loan or Qardul Hassan (Anuar et al., 2019).

It is therefore vital to examine the religious impact of the degree of acceptance of Ar-Rahnu. Similarly, the choice of Ar-Rahnu is one of the religious obligations, because individuals can indirectly practise their religion to obtain non-interest-bearing financing per Islamic principles and laws and not conventional pawnshops.



In this regard, as a well-known Islamic state and a highly skilled entrepreneurship culture, Kelantan was described to be a study sample for the research to identify the factor of religion that plays a significant role in influencing the intention of small entrepreneurs in Kelantan (Yahaya & Bahari, 2018). Yahaya and Bahari (2018) have stated that a person who is knowledgeable in religious matters would prefer to use the Ar-Rahnu scheme in Kelantan. In addition, as a country with 95% of the Muslim community, this article intends to examine the extent of the factor of religious obedience that is believed to have influenced the acceptance of Ar-Rahnu in Shah Alam.

#### **4.0 CONCLUSION**

The Ar-Rahnu services provided by Malaysian Islamic banks have gained significant popularity among Muslims. This paper aims to explore and conceptualize the factors influencing Muslims' preferences for utilizing these services. By understanding these factors, Islamic banks can tailor their offerings to better meet the needs of their Muslim clientele. The researchers propose conceptual frameworks that consist of components such as attitudes, subjective norms, perceived behavioral control, and religiosity as factors influencing the intention of Muslims to participate in Ar-Rahnu offered by Islamic banks. These frameworks need to be tested by other researchers in the future.

Understanding the factors that influence Muslims' adoption of Ar-Rahnu services in the context of Malaysian Islamic banks is crucial for enhancing the relevance and effectiveness of these services. By employing a robust theoretical framework and conducting comprehensive research, this study aims to contribute significantly to the existing body of knowledge in Islamic finance and consumer behavior. This study also can help policymakers to construct comprehensive policies and banking institutions can improve products to meet customer needs according to their demands. Islamic banks can refine their policies and products to attract more customers and offer services that align with Shariah compliance. Additionally, customers can benefit from Shariah-compliant products and Islamic banks can generate more income. All the factors highlighted are consistent with the Theory of Planned Behavior plus religiosity.

#### **5.0 SUGGESTION FOR FUTURE RESEARCH**

This study calls for future researchers to conduct surveys using these factors for greater data collection. Besides, future researchers were recommended to use other variables such as service quality, confidence, and advertising effectiveness to be the factors that influence the intention towards Ar-Rahnu.

#### **CO-AUTHOR CONTRIBUTION**

The authors affirmed that there is no conflict of interest in this article. Author 1 carried out the concept and study design and overlooked the article's write-up. Author 2 wrote and critically analysed the literature review. Author 3 carried out the theoretical aspects and construction of conceptual frameworks. Author 4 focused on the interpretation of previous findings. Author 5 analysed and concluded the findings of the research and Author 6 was responsible for the final checking.

#### **ACKNOWLEDGEMENTS**

This research is not funded by any grant or other resources available to the university or research institution.

## REFERENCES

- Abdul Khalek, A., Syed Ismail, S. H., & Mohamed Ibrahim, H. (2015). A study on the factors influencing young Muslims' behavioural intention in consuming halal food in Malaysia. *Shariah Journal*, 23(1), 79-102.
- Abdul Rahman, N. N., & Kassim, S. H. (2017). Factors influencing acceptance of Ar-Rahnu: comparison between private and state Ar-Rahnu providers in Terengganu. *Middle East J. of Management*, 4(1), 39. <https://doi.org/10.1504/mejm.2017.10004506>.
- Ahmad, S. A. B., Mansor, N., & A. Nadiah, A. N. (2012). Customer acceptance on Islamic pawn broking: A Malaysian case. *Interdisciplinary Journal of Contemporary Research in Business*, 3(10), 748-763. <https://ijcrb.webs.com>.
- Ajzen, I. (1991). The theory of planned behavior. *Handbook of Theories of Social Psychology*, 1(211), 438–459. <https://doi.org/10.4135/9781446249215.n22>.
- Ali, M. N. A., Johari, Y. C., & Fatah, A. M. M. (2017). Ar-Rahnu: A review of literature and future research. *SHS Web of Conferences*, 36(4), 33. <https://doi.org/10.1051/shsconf/20173600033>.
- Al-Nahdi, M.T.S. & Islam, A. (2011). Factors influencing Malaysian Muslims to patronage halal restaurants-ambience as a mediator. *Business Review*, 6(2), 121- 133.
- Al-Zuhayli, W. (2003). Islamic Jurisprudence and Its Proof. *Financial Transaction in Islamic Jurisprudence* (Vol. 2). Dar Al-Fikr, Damascus.
- Amin, H., Abdul Rahman, A. R., Sondoh, S. L., Jr., & Ang, M. C. H. (2011). Determinants of customers' intention to use Islamic personal financing: The case of Malaysian Islamic banks. *Journal of Islamic Accounting and Business Research*, 2(1), 22–42.
- Amin, H., & Chong, R. (2011). Is the theory of reasoned action valid for Ar-Rahnu? An Empirical investigation. *Australian Journal of Basic and Applied Sciences*, 5(10), 716–726. <https://doi.org/10.5897/AJBM11.423>.
- Anuar, K.A., Fadilah, B.K., Shahdila, W.S.S., & Nurul, W. A. (2019). An Overview of the shariah issues of Rahn-based financing in Malaysia tinjauan isu-isu syariah dalam pembiayaan berasaskan al-Rahn di Malaysia. *Faculty of Syariah and Law*, 2(1), 15–29. <http://journal.kuis.edu.my/muwafaqat>
- Apriliana R., & Alvien N.A. (2023). The Effects of Islamic Marketing Mix on Millennial Generation's Intentions in Using Islamic Financial Technology. *Insight Journal*, 10(1).
- Azila, A.R. (2011). *Economic and religious significance of the islamic and conventional pawnbroking in Malaysia: Behavioural and perception analysis*. [Durham E Theses]. Durham University.
- Azman, N. N. H., Kassim, S. & Masron, T. A. (2015). Key factor influencing women Micro-Entrepreneurs to Use Ar-Rahnu: Evidence from Siti Khadijah's Market, Kelantan. *Australian Journal of Basic and Applied Sciences*, 9(28), 105-110.
- Azman, N. H. N., Zabri, M. Z. M., Masron, T. A., & Malim, N. A. K. (2020). *The Adoption of Ar-Rahnu and Financial Wellbeing of Micro-entrepreneurs in Malaysia*. <https://scite.ai/reports/10.6007/ijarbss/v10-i6/7259>.
- Azmi, S.N.S, Hussin, N., & Basiruddin, R. (2015). Examining the differences between Ar Rahnu and conventional pawn broking in compatibility towards Maqasid Shariah. *Islamic Heritage*, 455.
- Baharum, N.N., Maamor, S., & Othman, A. 2015. Examining the factors that influence customer' s intention to Use Ar-Rahnu at post office: A case study in Kedah. *Journal of Islamic Economics, Banking and Finance*, 11(4), 86–99.
- Bank Islam. (2019). *2018 Annual Report of Bank Islam*. <https://www.insage.com.my/Upload/Docs/BANKISLAM/BankIslamAR2018a.pdf#view=Full&pagemode=bookmarks>.
- Bank Islam. (2020). *2019 Annual Report of Bank Islam*. <https://www.insage.com.my/Upload/Docs/BANKISLAM/BankIslam-AR2019a.pdf#view=Full&pagemode=bookmarks>.

- Bank Islam. (2021). 2020 Annual Report of Bank Islam. <https://www.insage.com.my/Upload/Docs/BANKISLAM/Bank%20Islam%20Integraed%20Annual%20Report%202020.pdf#view=Full&pagemode=bookmarks>.
- Bank Islam. (2022). 2021 Annual Report of Bank Islam. <https://www.insage.com.my/Upload/Docs/BANKISLAM/Bank%20Islam%20Integrated%20Annual%20Report%202021.pdf#view=Full&pagemode=bookmarks>
- Bank Islam. (2023). 2022 Annual Report of Bank Islam. <https://www.insage.com.my/IR/interactiveAR/BIMB/interactiveAR2022/>.
- Bank Muamalat. (2018). 2017 Annual Report of Bank Muamalat. <https://www.muamalat.com.my/downloads/corporate-overview/annual/2017.pdf>
- Bank. (2019). 2018 Annual Report of Bank Muamalat. Muamalat <https://www.muamalat.com.my/downloads/corporate-overview/annual/2018.pdf>.
- Bank Muamalat. (2020). 2019 Annual Report of Bank Muamalat. <https://www.muamalat.com.my/downloads/corporate-overview/audited/Audited-Report-31st-Dec2019.pdf>.
- Bank Rakyat. (2019). 2018 Annual Report of Bank Rakyat. [https://www.bankrakyat.com.my/d/about/financial\\_info/69/attach/Annual%20Report%202018%20ENG.pdf](https://www.bankrakyat.com.my/d/about/financial_info/69/attach/Annual%20Report%202018%20ENG.pdf).
- Bank Rakyat. (2020). 2019 Annual Report of Bank Rakyat. [https://www.bankrakyat.com.my/d/about/financial\\_info/82/attach/Annual%20Report%202019.pdf](https://www.bankrakyat.com.my/d/about/financial_info/82/attach/Annual%20Report%202019.pdf).
- Bank Rakyat. (2021). 2020 Annual Report of Bank Rakyat. [https://www.bankrakyat.com.my/d/about/financial\\_info/97/attach/BKRM\\_AR\\_2020\\_ENG.pdf](https://www.bankrakyat.com.my/d/about/financial_info/97/attach/BKRM_AR_2020_ENG.pdf)
- Bank Rakyat. (2022). 2021 Annual Report of Bank Rakyat. [https://www.bankrakyat.com.my/d/about/financial\\_info/109/attach/AR%202021%20%20Full%201g%20FINAL.pdf](https://www.bankrakyat.com.my/d/about/financial_info/109/attach/AR%202021%20%20Full%201g%20FINAL.pdf).
- Bank Rakyat. (2023). 2022 Annual Report of Bank Rakyat. [https://www.bankrakyat.com.my/d/about/financial\\_info/120/attach/AR%202022%20\(ENGLISH\)%20FINAL\\_.pdf](https://www.bankrakyat.com.my/d/about/financial_info/120/attach/AR%202022%20(ENGLISH)%20FINAL_.pdf)
- Cheong, C. W. H., & Sinnakkannu, J. (2012). Ar- Rahnū: Opportunities and Challenges in Malaysia. *SSRN Electronic Journal* December, 1-11. <https://doi.org/10.2139/ssrn.2112809>.
- Fishbein, & Ajzen. (1975). Belief, attitude, intention and behavior: An introduction to theory and research. *Contemporary Sociology*, 6(2), 244. <https://doi.org/10.2307/2065853>.
- Gopi, M. & Ramayah, T. (2007). Applicability of theory of planned behaviour in predicting intention to trade online: Some evidence from a developing country. *International Journal of Emerging Markets*, 2(4), 348-360.
- Hamid, M. A., Rahman, I. A., & Halim, A. N. A. (2015). Key factors influencing customers to use Ar-Rahnū (Islamic Pawn Shop) in Malaysia: Evidence from Bank Rakyat. *International Journal of Interdisciplinary Research and Innovations*, 3(4), 73-80.
- Hasbullah, N.A., Khairi, K.F., & Aziz, M.R. (2016). Intention to contribute in Corporate Waqf: Applying the Theory of Planned Behaviour. *UMRAN - International Journal of Islamic and Civilizational Studies*, 3(1), 39-48. <https://doi.org/10.11113/umran2016.3n1.39>.
- Hassanudin, M. T. T., Khaliq, A., Mohd Thas Thaker, M. A., Allah Pitchay, A., & Sakaran, K. C. (2020). Drivers of Ar-Rahnū (pawn) acceptance: Malaysian evidence. *Journal of Islamic Marketing*, 12(7), 1241-1259. <https://doi.org/10.1108/JIMA-08-2019-0161>.
- Huda, N., Rini, N., Mardoni, Y., & Putra, P. (2012). The Analysis of attitudes, subjective norms, and behavioral control on Muzakki's Intention to Pay Zakah. *International Journal of Business and Social Science*, 3(22), 271-279. [https://ijbssnet.com/journals/Vol\\_3\\_No\\_22\\_Special\\_Issue\\_November\\_2012/24.Pdf](https://ijbssnet.com/journals/Vol_3_No_22_Special_Issue_November_2012/24.Pdf).
- Hussin, M. H., Sulaiman, N. S. M., Razak, A. A., Muhammad, F., & Shaarani, A. Z. M. (2022). *Customers' Satisfaction Level of the Ar-Rahnū YaPEIM Service Quality in the Muallim District, Perak*. <https://scite.ai/reports/10.6007/ijarbss/v12-i11/15355>.

- Kambara, K. (2017). Economics of Ar-Rahnu (Islamic Pawnbroking): Issues and Cases in Brunei Darussalam. *Jurnal Hadhari: An International Journal*, 12(2), 87-96. <https://ejournals.ukm.my/jhadhari>.
- Kassa, E. T.. (2021). *Socioeconomic determinants of micro and small enterprise growth in North Wollo and Waghimira Zone selected towns*. <https://scite.ai/reports/10.1186/s13731-021-00165-5>.
- Kim, H. Y., & Chung, J. E. (2011). Consumer purchase intention for organic personal care products. *Journal of Consumer Marketing*, 28(1), 40–47.
- Metawie, M., & Mostafa, R. H. A. (2015). Predictors of Egyptian university students' charitable intentions: Application of the Theory of Planned Behavior Business Administration Department Ain Shams University. *International Journal of Business and Social Science*, 6(8), 204–215.
- Mohammed, N., Daud, N. M. M., & Sanusi N. A. (2005). Analisis skim Ar-Rahnu: Satu kajian perbandingan dengan pajak gadai konvensional. *Prosiding Seminar Kewangan dan Ekonomi Islam: Pengukuhan dan Transformasi Ekonomi dan Kewangan Islam*, 29- 30 Ogos, Esset-Bangi, Selangor Darul Ehsan, Malaysia.
- Muhamad, H., San, O. T., Katan, M., & Ni, S. W. (2019). Factors that influence the customers' perception towards Ar -Rahnu (Islamic Pawn Broking Product) in Selangor, Malaysia. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 9(2), 126–137.
- Naim, M. A. (2004). Sistem gadaian Islam. *Islammiyyat*, 26(2), 39-57.
- Norudin, M., Bashir, A. S. A., & Nurul, N. A., (2012). Customers' acceptance on Islamic Pawnbroking: A Malaysian case. *Interdisciplinary Journal of Contemporary Research in Business*, 3(10), 748-763. <https://journal-archieives15.webs.com/748-763.pdf>.
- Osman, A. D., Jusoh, Amlus, & Khotob, N. (2014). Exploring the relationship between environmental knowledge and environmental attitude towards pro- environmental behaviour. *American-Eurasian Journal of Sustainable Agriculture*, 8(8), 1–4. [www.aensiweb.com/aejsa.html](http://www.aensiweb.com/aejsa.html).
- Rahman, A. I. H., Hashim, R., Othman, A. S., & Aziz, A. (2019). Factors Affecting the Acceptance of Ar-Rahnu (Islamic Pawnshop). *The Macrotheme Review*, 4(25), 15- 23.
- Saiman, M. Z., & Zainuddin, A. A. R. M. (2022). Al-Rahnu system as an alternative to conventional pawnbroking for Muslim community in Malaysia: An analysis study of legal framework and jurisdiction on the governance of al-Rahnu. *Journal of Contemporary Islamic Studies (JCIS)*, 8 (1), 1-11.
- Sanusi, N., & Ismail, A. (2005), A panel data analysis of the determinants of Malaysian Islamic bank returns: 1995-2004. *Paper in Islamic Economics and Finance*, 508.
- Shafai N.A, Ahmad Badri A.F, & Mohd Zulkifli S.A. (2023). *Determinants of Profitability: Evidence from Banking Sector in Malaysia*.
- Sondari, M. C., Rufaidah, P., & Djatnika, S. (2015). Using Theory of planned behavior in predicting entrepreneurial career intention. *International Academic Research Journal of Business and Technology*, 1(2), 137–141.
- Sumaedi, S., Bakti, I. G. M. Y., Rakhmawati, T., Astrini, N. J., Yarmen, M., & Widianti, T. (2015). Patient loyalty model: An extended theory of planned behavior perspective :A case study in Bogor, Indonesia. *Leadership in Health Services*, 28(3), 245-258.
- The Noble Qur'an. (n.d.). *Surah Al-Baqarah ayah 275*. <https://quran.com/2/275>.
- The Noble Qur'an. (n.d.). *Surah Al-Baqarah ayah 283*. <https://quran.com/2/283>.
- Yahaya, S., & Bahari, Z. (2018). Level of acceptance of Muslim Small-Scale Entrepreneurs in Kelantan towards Ar-Rahnu. *International Journal of Academic Research in Business and Social Sciences*, 8(5), 836–854.