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FACTORS AFFECTING THE ACCEPTANCE ON AR-RAHNU (ISLAMIC BASED PAWN BROKING): A CASE STUDY OF ISLAMIC BANKING IN MALAYSIA

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Abstract

The study is to explore and examines the theoretical frameworks of factors accepting on Islamic based pawn broking (Ar-Rahnu) scheme in Malaysian using Descriptive analysis of the factors accepting Ar-Rahnu. Seven factors are Shariah View, Pricing System, Pledge Assets, Customer Service, Locality, Social and Advertisement. 200 questionnaires were distributed personally and through e-mail. 107 respondents returned the questionnaires which are usable, thereby yielding a response rate of about 53.5 percents. Data analysis methods of frequency and descriptive analysis were used to find out factors accepting on Ar-rahnu scheme in Malaysia. The result showed that the Shariah view have the highest mean score indicate that it is key criteria that all customer emphasis when they choose the services of Ar-Rahnu Scheme instead of others as they think that it is the most important factor in choosing the service. Therefore, the management of Ar-Rahnu institution should maintain this high level of Shariah compliance. On the other hand, Locality factor had the lowest mean score compare with other factor. This indicates that the locality of where the Ar-Rahnu scheme offered is least important for the respondents. It is important for the financial institutions as well as governing bodies to understand these attributes that may influence the acceptance on Ar-Rahnu scheme or services. The identified criteria have to be improved so that it may increase the level of acceptance and attract other potential customers towards Ar-Rahnu scheme.

Keywords: AR-RAHNU (ISLAMIC BASED PAWN BROKING), ISLAMIC BANKING, MALAYSIA

1.0 Introduction

Pawn shop could be assumed as a one-stop financial centre for women and men minority to obtain quick and convenient way to borrow money (Amin et al, 2007). A pawn broking services was introduced by the Chinese traders during the Malacca Sultanate in 15th century. Since then, it started to grow especially after the 19th century when tin mining were found in Larut (Johari et al, 2006).

A pawn broking provide faster cash services to customers who need cash without having to face a long processing period. However, these pawn broking are based on the conventional system involves with elements of usury (*riba*’) and uncertainties (*gharar*). The introduction of Islamic banking system in 1983 has encouraged the implementations of *Shariah* regulation in other finance institution such as insurance, trust unit and Islamic pawn broking (*Ar-Rahnu*).

Previous study has shown the important of the Islamic pawn broking to the Muslim community (Sanusi and Johari, 2006; Mohammed et al, 2005; and Ismail and Sanusi, 2005). The establishment and development of the Islamic pawn broking (*Ar-Rahnu*) scheme provide an alternative for Muslim community in the country to use a ‘*halal*’ and more appropriate pawn system suit to the *shariah* needs and requirements. It is a short term fund that is free from the elements of usury (*riba*’) and uncertainties (*gharar*).

The establishment of the *Ar-Rahnu* scheme in banking institution with an intention to provide *shariah* compliance and better alternative of financing method for Muslim community however may not be consumed at a good level of usage due to two reasons that is; A perception that banking institutions are always associate for those who has money and not suitable with a low income group with only a few gold as a pledge assets; And a possibilities that those who want quick cash may found that they are not eligible since there are red tapes in getting financing or loan from these institutions (Amin et al, 2007).

Therefore, this is one of the reasons why this studies being held. The motivation is to provide an overview on the empirical aspects towards the acceptance of *Ar-Rahnu* scheme especially the one provided by Bank Rakyat. Bank Rakyat’s *Ar-Rahnu* scheme is chosen in this study as it is the first banking institutions to introduce the scheme in 1993 after *Kedai Ar-Rahnu* being established in 1992 by Terengganu’s Islamic Pawnshop Corporation (*Muassasah Gadaian Islam Terengganu* or *MGIT*) followed by *Permodalan Kelantan Berhad (PKB)* which formed the *Ar-Rahnu* shops in Kelantan in the same year. The establishment of the *Ar-Rahnu* scheme in banking institution with an intention to provide *shariah* compliance and better alternative of financing method for Muslim community however may not be consumed at a good level of usage due to two reasons that is; A perception that banking institutions are always associate for those who has money and not suitable with a low income group with only a few gold as a pledge assets; And a possibilities that those who want quick cash may found that they are not eligible since there are red tapes in getting financing or loan from these institutions (Amin et al, 2007).

This study tries to identify factors that may influence the acceptance on Bank Rakyat’s Islamic based pawn broking (*Ar-Rahnu* scheme) among the public and the customer of Bank Rakyat. This study attempts to find out those factors and customers’ acceptance in Bank Rakyat’s *Ar-Rahnu* Scheme by adapting and modifying the ARSAM model that constitute of “*Shariah View*”, “*Pricing System*”, “*Pledge Assets*”, “*Customer Service*” and “*Locality* (where the *Ar-Rahnu* scheme is offered)”. Additional two factors that are

“Social” and “Advertisement” were added to the model as suggested by Amin et al., (2007) that these factors should also be considered to further enrich the study.

2.0 Literature Review

2.1 Shariah View

“Those who devour usury will not stand as stands one whom the evil by his touch driven to madness. That is because they say: “Trade is like usury,” but Allah has permitted trade and forbidden usury” (Al Quran 2: 275).

The citation of the holy Quran shows that the *shariah* aspects especially involves with usury, should not be taken less in any transactions and any acts of business. The important of *shariah* rules in the implementation of Islamic pawn broking system was studied by Ismail and Sanusi who have argued that the Islamic principles such as *wadiah*, *qardhul Hassan* and *ujra* ought to be given a careful consideration in establishing Islamic pawn broking (Ismail and Sanusi, 2005; Bhatt and Sinnakkannu, 2008; Amin et al, 2007). The *Ar-Rahnu* become clearly different from the conventional pawnshop by the implementation of the principles of *wadiah*, *qardhul Hassan* and *ujra* that eliminated the elements of *riba* and *gharar* in *Ar-Rahnu* system. (Mohammed et al, 2005; Amin et al, 2007; Bhatt and Sinnakkannu, 2008). It was founded that the *Shariah* view has a very strong relationship with the acceptance on the Islamic based pawnshop (Amin et al., 2007).

2.2 Pricing System

The important of pricing associated with the pawnshop transactions have been examined in the study by Mohammed et al (2005) and Ismail and Ahmad (1997). The service charge imposed by *Ar-Rahnu* is comparatively low, compared to conventional pawn broking system that required an interest of about two percent (Mohammed et al., 2005). A low charge by *Ar-Rahnu* contributes to a lower cost of “loan” and help to reduce the cost burden by the customer. This is consistent with the findings by Ismail and Ahmad (1997) that the cost of getting cash from MGIT is cheaper than the conventional based pawnshop that imposed a cost of two percent for the pawned item. These findings showed that it is important for the *Ar-Rahnu* shop to offer a competitive rate that reflects the average pricing system in the market. A study by Amin et al. (2007) however showed that the pricing system is insignificant with the acceptance of the Islamic-based pawnshop. It was argued that the pricing system is the main problem in introducing Islamic-based pawnshop (Amin et al., 2007).

2.3 Pledge Asset

Gold and jewellery are valuables that always accepted merchandised by the pawnshop (Amin et al., 2007). Previous studies on pawnshop have documented that the pawned item have to be valuable (Sanusi and Johari, 2006; Mohammed et al, 2005 and Ismail and Ahmad, 1997). MGIT only accepted valuables such as gold and jewellery as pawned

items (Sanusi and Johari, 2006). Comparatively, conventional pawnshop accepts items beyond the gold and jewellery, including expensive watch such as Rolex and diamonds. The *Ar-Rahnu* scheme that is offered by Islamic banking institutions including the one offered by Bank Rakyat only accept gold as a pawned item. Presently, these institutions are silent on the usage of other materials as pledge assets (Amin et al., 2007). Gold, as a collateral item have several advantages over other items. It is easy for resale, easy determination of purity, little space for storage and generally, retained a personal ownership (Skully, 2005; Razak, ____). There is no evidence that there have institutions that have accepted any other valuable items as a pledge asset for short term loans (Bhatt and Sinnakkannu, 2008). The finding is also similar with the studies that mentioned gold and platinum as a pawned item (Mohammed et al., 2005). Beside jewellery, electronics assets also being mentioned as a pledge assets (Ismail and Ahmad, 1997). The gold items are highly accepted as pawned item because it maintain their value over a reasonable period of time and gained higher in liquidity. In term of pledge asset, Amin et al. (2007) suggested that it should be diversified and should not be limited to gold, but open to other valuable assets such as silver and Rolex watch, which are expensive in the contemporary business (Amin et al., 2007).

2.4 *Customer Service*

Service in is not a tangible object that can be felt or touched, which distinguishes service from tangible products. Customer service plays an important role in the conventional based pawnshop. The pawnshop should offer a quick and convenient way to borrow money. Pawnshops are more convenient compared to banking institutions. Consumers go to the pawnshops due to the poor credit worthiness and rejections from the traditional financial institutions on their loan application. Hence, service factor is also important for *Ar-Rahnu* services. The *Ar-Rahnu* services must maintain the customer's record, confidentiality of the record and fair treatment on the customers regardless of their religion and race. It is important to stress on the customer service, in order to strengthen the customer based, beside the concerns on the *Shariah* view (Mohammed et al, 2005). A study by Amin et al (2007) also revealed that the customer service was significantly related to acceptance on the Islamic based pawnshop (Amin et al., 2007).

2.5 *Locality (Where the Ar-Rahnu Scheme is offered)*

Location is a significant factor for the development of a pawnshop (Mohammed et al., 2005). The study proposed that individuals and customers tend to choose pawnshop that are near to their houses. Another study on the location of the pawnshop was by Ismail and Ahmad (1997) that highlighted the important of a pawnshop business to have a good consideration on the location in setting up the pawnshop business. They also argued that a barrier to entry into a pawnshop business is small. Ironically, most of the pawnshops are built in the town areas to accommodate the customer to do pawning transactions (Ismail and Ahmad, 1997). However, a study by Amin et al., (2007) showed that locality of the Islamic based pawnshop is less important in introducing or establishing the Islamic based pawnshop system (Amin et al., 2007).

2.6 *Social Factors*

Social influence comes in many shapes and could be viewed in traditional values, socialisation, peer pressure, opinion, sales and marketing. It takes place when a person's thinking, opinions or accomplishments are affected by other persons. Three broad varieties of social influence are compliance, identification and internalisation (Kelman, 1957). According to Deutsch and Gerard (1958), informational social influence is an influence to accept information from others as evidence about reality. It arises when people are uncertain, either because stimuli are basically confusing or because there is social differences (Deutsch and Gerard, 1958). In terms of Kelman's typology, informational influences led to private acceptance.

As for a pawn broking, a quick procedure and lower transaction cost compared to traditional financial institutions, interest rates, credit worthiness of the consumer, duration of loans, confidentiality and operating hours are among factors that seem to be considered (Ismail and Ahmad, 1997). Perceptions and a problem of shame also among factors related to the involvement with pawn broking (Schrader, 2000).

2.7 *Advertisement*

Advertisement is the process through which companies attempt to convince customers to purchase their products (Brazell et al., 2006). A person may know about the pawnshop by an advertisement or by passing the pawnshop and asking a friend (Schrader, 2000). The study by Schrader revealed that advertising is less important for the pawnshop's customer. The awareness of customers may give big impact in developing a good advertising about pawn broking (Sam et al., 2010).

Pawn broking belongs to chains of prevalent branch network. A contemporary online technology and particular computer programme has been designed in optimising the pawn broking operations. Today's pawn brokers are more parallel to banks or insurance company offices in their outward show compared to the previous image. Sometimes, the pawn broker made an aggressive advertisement in television, radio and newspaper about their services (Schrader, 2000).

The effectiveness of the advertising could be seen in the study by Alex Biel (1990) which found that there is a correlation between advertising expenditure and the market share (Biel, 1990). However, it is contrasting with the study by Abraham and Lodith that only 46 percent of the established brand received positive sales impact from advertising (Adcock et al., 1998).

2.8 *Acceptance*

It is generally acceptable fact that pawnshop is the one-stop financial centre for women and men minority to obtain a quick and convenient way to get a loan (Amin et al., 2007). Acceptance is a person's agreement to experience a situation, to follow a process or condition (often a negative or uncomfortable situation) without attempting to change it,

protest, or exit (Wikipedia). It is a general agreement that something is true, reasonable, or cannot be changed (Macmillan, 2002). Individual acceptance towards something is believed to be influenced by their perceptions. An individual could be a user or a client of particular products or services, or anyone who selects, organises and interprets information inputs to create a meaningful picture of that particular product or service. It depends not only on the physical stimuli, but also on the stimuli's relation to the surrounding field and on conditions within individuals (Sam et al., 2010).

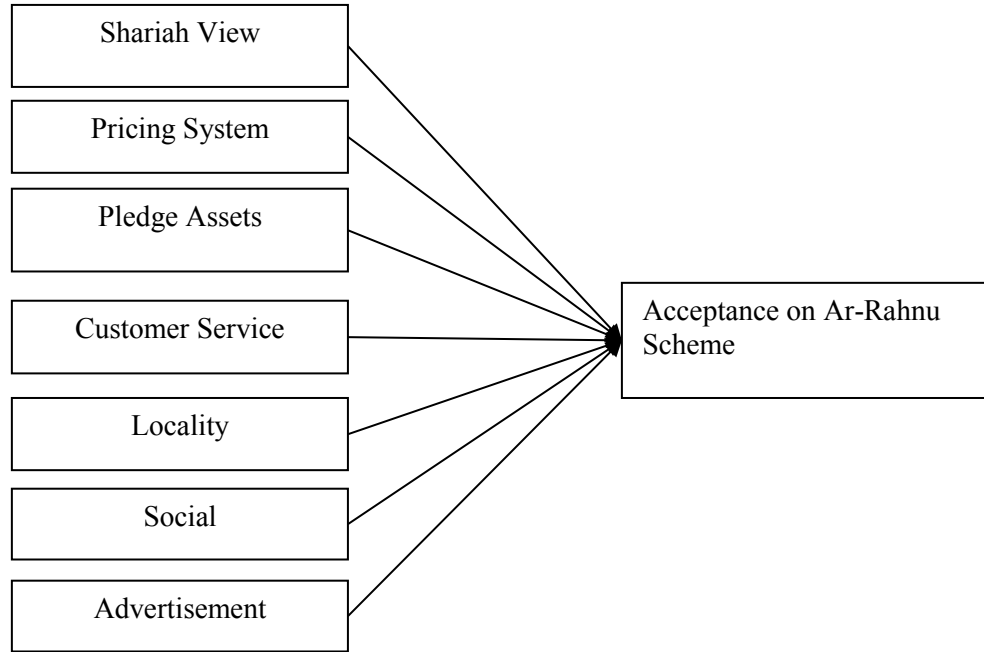
In terms of a customer, each of them has their own perception with respect to whether the product purchased or service received meets their requirements or not. This is so-called customer acceptance, which is the degree of acceptance level of customers towards certain products or services. Customer acceptance can be said to be equal to customer satisfaction. Because if their acceptance level is high for a certain service, this means that they accepted and were satisfied with the service received, they may receive the service again next time or maybe encourage their friends and families to use the service.

In the real world, unsatisfied customers tend to create negative word-of-mouth and convey their negative impression to other customers (Lewis, 1991; Newman, 2001; Caruana, 2002). These positive and negative word-of-mouth communications are very useful in Asian countries such as Malaysia, where social life and culture are structured in a way to improve social relationships among them.

Cronin and Taylor (1992, 1994) mentioned that service quality is a vital antecedent of customer satisfaction. Othman and Owen (2001) also stated that there is a strong link between service quality and customer satisfaction.

3.0 Conceptual framework

The conceptual framework of the study is based on the model of ARSAM with additional variables as showed in the Figure 1.



4.0 Data Collection

This study utilized the survey method of primary data collection and the unit analysis used is the individual who are a customer of the *Ar-Rahnu* scheme and persons who are tend to use the scheme. The questionnaire is modified from the questionnaire of Amin et al (2007) which is used in the model of ARSAM and of Othman and Owen (2001) which is used in CARTER model.

A convenience sample was chosen due to better chances for the researcher to receive all or almost all the questionnaires back and that there will be a good response rate (Bryman and Bell, 2007). 100 questionnaires were distributed personally to the government office, friends and relatives and another 100 questionnaires distributed through e-mail made a total of 200 questionnaires distributed to respondents.

Out of the numbers, 96 respondents returned the questionnaire directly to the researcher, while 11 respondents returned the questionnaires through e-mail made a total of 107 respondents returned the questionnaires which are usable (valid and completed), thereby yielding a response rate of about 53.5 percents. The response rate is within the acceptable response rate and furthermore, it is based on a convenience sample (Bryman and Bell, 2007). The rate is also considered sufficiently enough for statistical reliability and generalisation (Tabachnick and Fidell, 1996; Stevens, 2002). The respondents consist of

Ar-Rahnu customers and non customers (that have a favour for the *Ar-Rahnu* scheme) from various genders, ages, races, religions, occupations, level of educations, and income levels, in order to give better mixture and to increase the generalization of the result.

Table 1 presents the frequency analyses of demographic for 107 respondents involved in this survey are shown in the Table 5.1. From the analyses, most of the respondent is not a customer of *Ar-Rahnu* scheme, only 43 respondents (40.2 percent) are the user of *Ar-Rahnu* scheme. Among the users, 40 respondents (93 percent) are the customer of *Ar-Rahnu* Scheme provided by Bank Rakyat. Most of the user have been used the scheme for less than a year (62.8 percent), with only two (4.7 percent) respondents used the scheme for more than five years. About 55.8 percent of the user have been visited the *Ar-Rahnu* scheme for two to three times and 37.2 percent of them (16 respondents) just pay a one-time visit to the *Ar-Rahnu* scheme. Only one respondent (2.3 percent) have been visited the *Ar-Rahnu* scheme for more than five visit.

The analysis also showed that the respondents are quite balance in gender, with male constituting 52.3 percents (56 respondents) of all respondents, while the female constitute 47.7 percents (51 respondents). In relation to age, 13.1 percents of respondents aged between 18 to 25 years old, while majority of them aged between 26 to 40 years old with 65.4 percents. There is one respondent age above 55 years old participated in the survey contributed about 0.9 percent of the respondent, and the balance with 20.6 percents aged between 41 – 55 years old.

In terms of race, 98.1 percents of respondents are Malay, followed by Chinese respondents with 1.9 percents. There are no respondents from Indian and other races take part in the research. The feedbacks from respondents also showed that most of respondents are Muslim in religious with 98.1 percents followed by Buddhist with 1.9 percent. This is co-related with the aspects of races where 105 respondents of this survey are Malays where the religion of Malays are Islam, and two of the respondents are Chinese, where they are mostly Buddhist.

The result reported in Table 1 also indicate that in terms of respondents' education background, majority of them or about 82.2 percents had get the tertiary education level with 34 respondents or 31.8 percents have a diploma while 30 respondents (28 percents) hold a degree and 24 respondents (22.4 percents) had undergo and have a post graduate qualifications. For type of profession, about 47.7 percents of respondents are Government employee, private sector employee and self employed contributed about 18.7 percents of respondents respectively, while 15 percents are from other types of employment such as students and housewives.

As depicted in Table 1, the majority or 41.1 percent of the respondents earn a monthly income between RM2,500 to RM5,000, followed by 35.5 percents of the respondents with monthly income group below than RM2,500. A total of 21.5 percents of the surveyed respondents earn between RM5,000 to RM10,000 per month, while another 1.9 percents or two of the respondents earn more than RM10,000 per month.

Table 1: Profile of the respondents

No.	Profile	Description	Frequency	%
1.	Status	Customer	43	59.8
		Not a Customer	64	40.2
2.	<i>Ar-Rahnu's</i> Institution (customer)	Bank Rakyat	40	93.0
		Other Institution	3	7.0
3.	No. of Years Involve	< 1 Year	27	62.8
		2 – 3 Years	14	32.6
		4 – 5 Years	-	-
		> 5 Years	2	4.7
4.	No. of Visit	Only Once	16	37.2
		2 – 3 Times	24	55.8
		4 – 5 Times	2	4.7
		Above 5 Times	1	2.3
5.	Gender	Male	56	52.3
		Female	51	47.7
6.	Age	18 – 25 years	14	13.1
		26 – 40 years	70	65.4
		41 – 55 years	22	20.6
		56 years and above	1	0.9
7.	Race	Malay	105	98.1
		Chinese	2	1.9
		Indian	-	-
		Others	-	-
8.	Religion	Muslim	105	98.1
		Buddhist	2	1.9
		Hindu	-	-
		Christian	-	-
		Others	-	-
9.	Education	Secondary	19	17.8
		Diploma	34	31.8
		Graduate	30	28.0
		Post Graduate & above	24	22.4
10.	Profession	Government Employee	51	47.7
		Private Employee	20	66.4
		Self Employed	20	85.0
		Others	16	100.0
11.	Monthly Income	< RM2,500	38	35.5
		> RM2,500 – RM5,000	44	41.1
		> RM5,001 – RM10,000	23	21.5
		> RM10,000	2	1.9

5.0 Findings

The mean, standard deviation of 10 highest ranked customer preferences items is showed in the Table 2. This is to look on the important of these elements to the respondents relating to the customer preferences and the acceptance of the *Ar-Rahnu* scheme or the Islamic pawn broking system. The result shows that the factor of ‘*Shariah View*’ dominated the choices of the respondents as their preferences on the *Ar-Rahnu* scheme. Elements of “*Al Quran* and *Sunnah* as a souce of business”, “operations based on Islamic law and principle”, “interest free”, and “uncertainties free” ranked in the top tenth place as important to the respondents. Others factors are ‘Customer Service’: “issuance of receipt”, “security of transactions”, “fair treatment upon all religion”, and “customer’s confidentiality”; and the factor of ‘Pledge Asset’: “pawner’s belongings” and “all type of gold”.

Table 2: Ten highest ranked influence factor by respondent

Elements	Factors	N	Mean	Std. Deviation	Rank of Mean
Issuance of a Receipt	CS	107	4.45	.676	1
Al Quran and Sunnah as a Source of Business	SV	107	4.36	.706	2
Operations based on Islamic law and principle	SV	107	4.34	.713	3
Security of Transaction	CS	107	4.26	.664	4
Interest Free	SV	107	4.23	.875	5
Pawner's Belonging	PA	107	4.17	.771	6
Uncertainties Free	SV	107	4.13	.825	7
Fair Treatment upon all religion	CV	107	4.10	.752	8
Accept All Type of Gold	PA	107	4.09	.759	9
Customer's Confidentiality	CS	107	4.06	.787	10
Valid N (listwise)		107			

Note: CS: Customer Service, SV: *Shariah View*, PA: Pledge Asset

The ten lowest ranked of the elements of the factor that influence the acceptance on *Ar-Rahnu* scheme are as per Table 3. Unlike the top ten places which are dominated by the elements in the ‘*Shariah view*’ factor, the lowest ten places are dominated by the elements in the factor of ‘Locality’. The means showed that respondent are opts to choose between 3 (neutral) and 4 (Agree) with a minimum score of “1 = Strongly Disagree” and maximum score of “5 = Strongly Agree”. All elements of (five elements) ‘Locality’ are in tenth lowest ranked. The elements of “near to residential”, “near to workplace”, “near to public transportation”, “near to business centre”, and “available parking space” are among the lowest ten places indicating that these elements are less preferred by the respondents on their acceptance towards *Ar-Rahnu* Scheme.

Table 3: Ten lowest ranked influence factor by respondent

Elements	Dimension	N	Mean	Std. Deviation	Rank of Mean
Information From Advertisement is Better	A	107	3.83	.986	24
Completion of A Business in A Short Time	CS	107	3.79	.740	25
Gather Information Through Advertisement	A	107	3.64	.794	26
<i>Ar-Rahnu's</i> Advertisement is More Interesting	A	107	3.55	.815	27
Availability of Parking Space	L	107	3.53	.872	28
Near to Business Centre	L	107	3.53	.828	29
Near to Public Transportation	L	107	3.49	.828	30
Near to Workplace	L	107	3.48	.793	31
Advertisement About <i>Ar-Rahnu</i> is Seen Everywhere	A	107	3.36	.924	32
Near to Residential Area	L	107	3.33	.844	33
Valid N (listwise)		107			

Note: A: Advertisement, CS: Customer Service, L: Locality

The means of the elements of the acceptance on the *Ar-Rahnu* scheme are as per Table 4. The results shows that the overall results are between 3 (neutral) and 5 (strongly agree) on the acceptance of the *Ar-Rahnu* Scheme. The results shows that the means for “awareness on Bank Rakyat’s *Ar-Rahnu* scheme” is the highest with an average scale of 4.33, followed by “overall acceptance” with an average scale of 4.08, “*Ar-Rahnu* scheme is good” with an average scale of 3.67, “readiness to use Bank Rakyat’s *Ar-Rahnu* scheme” with an average scale of 3.82, “high quality of services” with an average scale of 3.79 and the “recommend to friends and families” with an average scale of 3.73.

Table 4: Acceptance on *Ar-Rahnu* scheme ranked item by the respondents

Elements	N	Mean	Std. Deviation	Rank of Mean
Awareness on BR's <i>Ar-Rahnu</i> Scheme	107	4.33	.877	1
Highly Accepted	107	4.08	.826	2
<i>Ar-Rahnu</i> Scheme is Good	107	3.96	.686	3
Readiness to use BR's <i>Ar-Rahnu</i> Scheme	107	3.82	.899	4
High Quality Standard of Service	107	3.79	.789	5
Recommend to Friends & Families	107	3.73	.842	6
Valid N (listwise)	107			

The Table 5 showed the mean value for each influence factor’s dimensions and acceptance on *Ar-Rahnu* scheme after perform transformation. The table showed that the means scale for all of the influence factors and the acceptance on the *Ar-Rahnu* scheme

are between 3 (neutral) and 5 (strongly agree). In term of ranking among the influence factors, the “*Shariah View*” is ranked in the first place with a mean scale of 4.27, followed by “Pledge Asset” (4.10), “Customer Service” (4.05), “Social” (3.96), “Pricing System” (3.94), “Advertisement” (3.65) and “Locality” (3.47).

The result showed that the “*Shariah view*” have the highest mean score indicate that it is key criteria that all customer emphasis when they choose the services of *Ar-Rahnu* Scheme instead of others as they think that it is the most important factor in choosing the service. Therefore, the management of *Ar-Rahnu* institution should maintain this high level of *Shariah* compliance. On the other hand, “Locality” factor had the lowest mean score compare with other factor. This indicates that the locality of where the *Ar-Rahnu* scheme offered is least important for the respondents. However, in the researcher view, this factor is still need to be considered in setting up a pawnshop business as it is still a significant factor for the development of a pawnshop (Mohammed et. al., 2005).

Table 5: Summary of descriptive statistics of all influence factors studied

Variables	N	Mean	Std. Deviation	Rank of Mean
INFLUENCE FACTORS				
<i>Shariah View</i>	107	4.2664	.69046	1
Pledge Assets	107	4.0997	.61295	2
Customer Service	107	4.0479	.58596	3
Social Factor	107	3.9556	.66483	4
Pricing System	107	3.9439	.71647	5
Advertisement	107	3.6542	.63280	6
Locality (where <i>Ar-Rahnu</i> Scheme is offered)	107	3.4710	.67307	7
Valid N (listwise)	107			
ACCEPTANCE ON AR-RAHNU SCHEME				
Valid N (listwise)	107	3.9517	.62989	

6.0 Conclusion

It is very crucial to prudentially understand the importance of acceptance on *Ar-Rahnu* scheme on the *Ar-Rahnu* services. In fact, the *Ar-Rahnu* institutions as well as the governing bodies can now identify the elements which influence the acceptance on the *Ar-Rahnu* products and services. In other words, they can now put their focus and resources more towards these elements as a strategy to attract more potential customers. In a nutshell, a remarkable opportunity of growth and profitability awaits Islamic based pawning system (*Ar-Rahnu*), mainly as it has the expertise and experience to operate on a community-based model. For those who believe that monetary transactions must be based on ethical and moral principles, *Ar-Rahnu* scheme has the right products to offer. With the increasing demand, more *Shariah* compliant services will be fast developed to fulfil the needs of the customers. As such, there is a great potential for *Ar-Rahnu* scheme to

succeed in Malaysia. To complement this growth and to further bring *Ar-Rahnu* scheme success to a superior level, more studies are needed in Malaysia to analyze the acceptance of this system by the Muslim and non-Muslim consumers from various racial, ethnic and religious backgrounds.

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