

A SYSTEMATIC LITERATURE REVIEW ON AR-RAHNU

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Abstract: *The purpose of this study is to identify the trends in the previous research conducted on ar-rahnu. This study employed systematic literature review on ar-rahnu on Scopus database. This study includes 15 journal articles from among 22 documents retrieved from the Scopus database. It is found that questionnaire survey was widely used in studying ar-rahnu. Diverse variables have been studied, mainly in testing independent variable-dependent variable relationships. Almost all of the studies were conducted in Malaysia, and mainly covered only certain parts of the country. Limited theories have been used in justifying the relationships in past studies. The findings from this paper can provide the basis in conducting future studies on ar-rahnu.*

Keywords: *Islamic pawn broking, Ar-rahnu, Systematic literature review, Islamic finance*

Introduction

Islamic financial system is a financial based on Islam, thus underpinned by Shariah or Islamic law. It is a system that is free from the prohibited elements including riba, gharar, and maysir, unlike its counterpart, the conventional financial system (Bahari, Shafii, & Mohd Hanefah, 2022). One of the products or services offered by the Islamic financial system is Ar-rahnu or Islamic pawn broking. Ar-rahnu enables provision of an interest-free loan to those in needs of cash. Short-term financing is given to borrowers who pawn their gold to Islamic pawnbrokers as collateral (Mohd Thas Thaker, Khaliq, Mohd Thas Thaker, Allah Pitchay, & Sakaran, 2021). Ar-rahnu is considered a micro financing facility for the low income individuals who have

difficulty in obtaining financing from the traditional banking system (Bahari et al., 2022; Ismail & Ahmad, 1997).

In Malaysia, Muassasah Gadaian Islam Terengganu became the first Islamic pawnshop being established in 1992, and followed by Pajak Gadai Islam Ar-Rahn by Koperasi Permodalan Kelantan Berhad also in 1992 (Amin & Chong, 2011; Mohd Thas Thaker et al., 2021;). Due to the overwhelming acceptance of the Muslim community, ar-rahnu evolves rapidly in Malaysia. Nowadays, ar-rahnu is offered by various types of organisations including financial institutions, bank cooperatives, and credit cooperatives. Beginning 2020, tawarruq-based ar-rahnu was introduced to replace the qard based ar-rahnu, with the aim of eliminating Shariah non-compliant risk that may exist in the qard based ar-rahnu (Amin & Hassan, 2022).

The objective of this study is important to identify the trends in the previous research conducted on ar rahnu. This will enable us to understand and appreciate ar-rahnu, and can guide us in exploring further about ar-rahnu. More research is needed to better understand ar-rahnu in justifying its superiority over the conventional pawn broking.

Background and Motivation

Existing literature need to be review in order to identify the breadth and depth of existing domain of knowledge, and consequently identify the gap in the existing research work (Xiao & Watson, 2019). A systematic literature review provides a theoretical basis for future research, as well as summarising existing research on a specific area of study (Okoli & Schabram, 2010). A systematic literature review also highlights areas that have been covered in previous research (Tamrin, Norman, & Hamid, 2017). Therefore, systematic literature review is considered a suitable method that can be used to achieve the objective of this study in identifying the trends in the previous research on ar-rahnu.

Research Question

This research is guided by a few research questions as follows:

Research Question 1: What type of study or methodology have been used in previous research?

It is important to know the type of study or methodology that have been used in previous research. This would guide future researchers in designing their studies and add to the body of knowledge, specifically in the domain of Islamic pawnbroking or ar-rahnu.

Research Question 2: What variables have been studied in previous research?

By knowing the variables that have been studied in previous research, we would be able to understand the factors that have influence on ar-rahnu, as well as the effects of ar-rahnu. Besides, having the knowledge on these variables would provide the base to future researchers in determining the variables that should be included and excluded from their studies.

Research Question 3: Which countries, regions and states became the venues for conducting the previous research?

The operations and practice of ar-rahnu in different countries are governed by different regulators and governance framework. By knowing the location of conducting the previous studies, future researchers would be able to plan in conducting their studies in the areas that have not been covered in the previous research. This would help to enrich the literature on the ar-rahnu.

Research Question 4: What are the underpinning theories used in the previous studies?

Identification of the underpinning theories used in the previous research helps us to understand the justification for the relationship among the factors studied in previous research. rahnu.

SLR Planning

The systematic literature review method employed in this research is guided by Kitchenham et al. (2009). Kitchenham et al. (2009) provides a detail procedure in conducting a systematic literature review research. Five researchers were involved in this research. Discussion was carried out among the five researchers whenever issues arise, and agreement was reached from the discussion. All researchers were involved in the three main phases of systematic literature review proposed by Kitchenham et al. (2009), including planning, execution and reporting of results.

The eight steps of conducting systematic literature review by Okoli and Schabram (2010) is implemented in this study, including purpose of the literature, protocols, literature search, quality appraisal, practical screening, data extraction, synthesis of studies and writing the review. As indicated earlier, the purpose of this study is to identify the trends in the previous studies on ar-rahnu. This would assist in answering the research questions of this research. The research protocol of this research includes setting of the research objective, determination of the research questions, and performing the systematic literature review as the method in conduction this research. As for the literature search, this research used Scopus database as it publishes quality and impactful research. In terms of the quality appraisal, only journal articles were selected as they went through stringent peer review process before the articles could be published. Then, practical screening was carried out to exclude articles written in Malay language and conducted on the conventional pawnbroking, as this research would only study articles on ar-rahnu and written in English. Data extraction was carried out on the selected journal articles. The data extracted include the author; year; journal name; type of study or methodology; variables studied; country, regions and states; and underpinning theory. This is followed by synthesising the extracted data to recognise the trends in the previous research. Finally, the whole process of conducting the systematic literature review would be written.

Execution of the SLR

Scopus database was searched using primary string searches and results in 22 documents. Irrelevant documents were excluded. Only journal articles were selected, thus reducing the number of documents to 18 documents consisting of only journal articles. As only articles in English would be reviewed, an article written in Malay language was excluded, resulting in 17 articles. Since the focus of this study is on Islamic pawnbroking, a study on Taiwanese pawnbroking industry was excluded, leaving 16 articles. Finally, an article was excluded since it was a teaching case study on an Islamic bank, thus was not relevant for this study. Therefore, only 15 articles were reviewed. The selected empirical studies are listed in Table 1.

Table 1: Selected Empirical Studies

No.	Authors	Journal
P1	Abdul Razak & Asutay (2022)	Research in International Business and Finance
P2	Amin & Hassan (2022)	International Journal of Ethics and Systems
P3	Bahari et al. (2022)	Global Journal Al-Thaqafah
P4	Mohd Thas Thaker et al. (2021)	Journal of Islamic Marketing
P5	Yahaya (2020)	International Journal of Business and Society
P6	Ali et al. (2018)	Opcion
P7	Nik Azman et al. (2018)	ISRA International Journal of Islamic Finance
P8	Mohd Azli et al. (2017a)	Pertanika Journal of Social Sciences and Humanities
P9	Mohd Azli et al. (2017b)	Jurnal Pengurusan
P10	Nik Azman et al. (2016)	Intellectual Discourse
P11	Hisham et al. (2013)	Middle-East Journal of Scientific Research
P12	Mansor et al. (2013)	Asian Social Science
P13	Sharif et al. (2013)	Asian Social Science
P14	Zakaria et al. (2013)	International Business Management
P15	Amin & Chong (2011)	Australian Journal of Basic and Applied Sciences

Results and Findings

The review of the 15 selected articles resulted in the following findings which would be used to answer the research questions:

Research Question 1: What type of study or methodology have been used in previous research?

Of the 15 studies selected, 11 were questionnaire surveys, and four other studies were qualitative studies employing multiple methodologies, as shown in Table 2. This indicates that questionnaire survey has been the most popular method in conducting studies on ar-rahnu.

Table 2: Methodology Employed in the Studies

Paper No.	Methodology
P1	
P2	
P4	
P5	
P6	
P7	Questionnaire survey
P8	
P9	
P10	
P12	
P15	
P3	Interview and document review
P11	Library and archive research
P13	Domain analysis
P14	Library research and interview

Research Question 2: What variables have been studied in previous research?

Table 3 shows the variables in the previous studies. It is observed that ar-rahnu has been studied from different perspectives as indicated by the list of diverse variables studied by previous researchers. All the studies listed in Table 3 were conducted through questionnaire survey, except P3 and P14 which were carried out through interview.

Table 3: Variables Studied

Paper No.	Variables
P1	<ul style="list-style-type: none"> - Financial inclusion (IV) - Ar-rahnu adoption (IV/DV/Mediator) - Individual well-being (DV) - Societal well-being (DV) - Use of loan for consumption (Moderator) - Use of loan for production (Moderator)
P2	<ul style="list-style-type: none"> - Islamic religiosity (IV) - Islamic altruism (IV) - Islamic debt collection policy (IV) - Acceptability of tawarruq-based ar-rahnu (DV)
P4	<ul style="list-style-type: none"> - Affect (IV) - Social factors (IV) - Facilitating conditions (IV) - Perceived financial benefits (IV) - Perceived risk (IV) - Acceptance of ar-rahnu (DV)
P5	<ul style="list-style-type: none"> - Intrinsic factors (IV) - Acceptance of ar-rahnu (DV)
P6	<ul style="list-style-type: none"> - Brand image (IV) - Brand loyalty (IV) - Perceived value (IV) - Ar-rahnu brand equity (DV)
P7	<ul style="list-style-type: none"> - Shariah compliance (IV) - Satisfaction (IV) - Collateral (IV) - Locality (IV) - Use of ar-rahnu (DV)
P8	<ul style="list-style-type: none"> - Benefits (IV) - Sacrifices (IV) - Trust (DV) - Long-term relationship (DV)
P9	<ul style="list-style-type: none"> - Benefits (IV) - Sacrifices (IV) - Long-term relationship in ar-rahnu (DV)
P10	<ul style="list-style-type: none"> - Shariah compliancy (IV) - Satisfaction (IV) - Collateral (IV) - Locality (IV) - Service charges (IV) - Use of ar-rahnu (med) - Financial self-sufficiency (DV)

P12	- Demographics - Customer acceptance of ar-rahnu
P15	- Attitude (IV) - Subjective norm (IV) - Ar-rahnu usage intentions (DV)

Research Question 3: Which countries became the venues for conducting the previous research?

Table 4 indicates that all of the previous studies were conducted in Malaysia, except P11 and P13. P11 was conducted through library and archive research, while P13 was carried out through domain analysis. It can be observed that most of the studies conducted in Malaysia were carried out only in a limited number of states, except P1 which was carried out throughout Malaysia.

Table 4: Countries where the Studies were Conducted

Paper No.	Countries
P1	Malaysia (all regions)
P2	Malaysia (Klang valley)
P3	Malaysia
P4	Malaysia (Klang valley)
P5	Malaysia (State: Kelantan)
P6	Malaysia (Klang valley)
P7	Malaysia (States: Kelantan, Terengganu, Kedah)
P8	Malaysia (Central Zone)
P9	Malaysia (Central Zone)
P10	Malaysia (State: Kelantan)
P11	N/A
P12	Malaysia (State: Terengganu)
P13	N/A
P14	Malaysia
P15	Malaysia (State: Sabah)

Research Question 4: What are the underpinning theories used in the previous studies?

Only 6 out of the 15 selected studies were supported by theories, as shown in Table 5. It can be observed that there has been a limited number of theories that were used to justify the relationship among the variables in the past studies.

Table 5: Underpinning Theories in the Studies

Paper No.	Underpinning Theories
P2	- Islamic Theory of Consumer Behaviour
P4	- Decomposed Theory of Planned Behaviour - Adaptive Cost Theory - Social Cognitive Theory - Social Exchange Theory - Perceived Risk Theory - Technology Acceptance Model
P7	- Informal Credit Market Theory

P8	- Social Exchange Theory
P9	- Relationship Value - Social Exchange Theory
P15	- Theory of Reasoned Action - Theory of Planned Behavior

Discussion

Although majority of previous were conducted through questionnaire survey, the numbers are quite small, considering the 12-year span of articles on ar-rahnu published in the Scopus-indexed journal, starting with the first article in 2011. More research should be conducted on ar-rahnu including through questionnaire survey to increase our understanding on this Shariah-compliant facility.

More studies should be conducted with mediators and moderators, as past studies have been concentrating in studying independent variable-dependent variable relationship. By including the mediating and moderating effects in the studies, researchers can better understand and appreciate ar-rahnu.

Future studies should be conducted in other countries that practice ar-rahnu such as Indonesia, as past studies were conducted only in Malaysia. Besides that, more studies should be conducted throughout Malaysia, as past studies were carried out only in certain parts of Malaysia.

As the number of underpinning theories used in past studies was very limited, this suggests that it is not compulsory for journal articles published in Scopus to have underpinning theories. Nevertheless, it is good to have the theories as it helps to justify the relationship among variables in a study.

Conclusion

This study can assist future researchers in obtaining an overview of the existing studies on ar-rahnu. There has been a limited number of studies on ar-rahnu as shown by the 22 documents that appear through the search made in the Scopus database. After a series of filtering, only 15 journal articles were synthesised to answer the research questions.

The result indicated that questionnaire survey was the widely used method in studying ar-rahnu. The use of questionnaire enables testing of variables under different relationships, as justified by the underpinning theory. However, research on ar-rahnu is still limited despite its existence for 30 years. Thus, more research should be conducted on this domain.

The result also shows that past studies on ar-rahnu have been conducted from various perspectives, as indicated by the diversity in the variables studied. Nevertheless, past studies have been focusing on studying independent variable-dependent variable relationship. Therefore future studies should consider including moderators and mediators in their studies, as this will increase our understanding of ar-rahnu.

High focus was given in the previous studies on ar-rahnu in Malaysia, despite the fact that ar-rahnu is also practised in other countries such as Indonesia. Past studies have also been conducted mainly in a limited number of states in Malaysia. Therefore, future studies should also be conducted in other countries to gain understanding of ar-rahnu in other countries.

Studies involving the whole Malaysia should also be conducted to provide a better understanding on ar-rahnu in different parts of Malaysia.

Limited theories have been used in previous studies, despite the fact that these studies were published in Scopus-indexed journals. Future studies should include theories to support and justify the relationship among the variables. This will make the findings from the studies to be more and sound and reliable.

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