

**CHAPTER 4**  
**USAGE OF AR-RAHNU AMONG WOMEN**  
**ENTREPRENEURS IN KOTA BHARU,**  
**KELANTAN**

*Al Amin Mohd Purdzi, Ainul Syafiqah Abdul Aziz,  
Yuvashangkari A/P Ananthan, Zurain Mahamod and Mohd Afifie Mohd  
Alwi*

**INTRODUCTION**

ar-Rahnu, also known as the Islamic pawnbroking system, is a financial instrument widely practised in Malaysia, including Kelantan. Ar-Rahnu allows individuals to obtain short-term financing by pledging their valuable assets, predominantly gold, as collateral. The practice of ar-Rahnu is based on the principles of Islamic finance, which prohibit the charging of interest (*riba*). It is an acknowledged fact to expect that ar-Rahnu is an Islamic banking product known by a few people. According to (Amin & Chong, 2011), ar-Rahnu is a way to give people short-term finance to pawn their jewellery in a bank or pawnshop. The ar-Rahnu scheme was started in 1983 when an Islamic bank operating based on Shariah was established to meet the demands of the Muslim community. Malaysia wants an Islamic financial system to facilitate them to deal safely (Yusuff & Huda, 2015). In this situation, ar-Rahnu systems have been introduced for offering pawnshop services that are free from the element of usury and *gharar*, and it is fair compared to the charge service with conventional pawnshops that are more predicated on interest rates and exploiting users. The study of this topic is better to understand the usage of ar-Rahnu as a microcredit instrument and regarded as one of the main short-term financing alternatives