

EFFECT OF RELIGIOUS OBEDIENCE FACTOR TOWARDS ACCEPTANCE LEVEL OF AR-RAHNU BY MUSLIM SMALL ENTREPRENEURS IN KELANTAN, MALAYSIA

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ABSTRACT

Ar-Rahnu can be an alternative to small entrepreneurs as one of the capital sources to undertake business when small entrepreneurs face difficulties in obtaining capital financing from banks or financial institutions. However, response of Ar-Rahnu to entrepreneurial activity is still low compared to personal purposes. Is this low response associated with the low acceptance from small entrepreneurs? Therefore, this article aims to analyze the acceptance level of Muslim small entrepreneurs in Kelantan towards Ar-Rahnu based on religious obedience factor. This study considers two research questions: 1) What the acceptance level of Ar-Rahnu among Muslim small entrepreneurs in Kelantan based on religious obedience? 2) What is the direction and strength of the relationship between acceptance level of Ar-Rahnu and religious obedience? A total of 350 respondents were selected by purposeful sampling consisting of Muslim small entrepreneurs in Kelantan. The findings were analyzed descriptively to determine the mean value, standard deviation and percentage. Inferential statistics were also used through the Pearson correlation test. The findings were analyzed using Statistical Package for Social Sciences (SPSS) version 22.0. It was found that small entrepreneurs exhibited a high level of religious obedience based on the high mean value obtained for each item. However, the Pearson correlation test showed poor relationship between acceptance level of Ar-Rahnu and religious obedience. The main findings of this study indicated that high religious knowledge among small entrepreneurs did not influence them to choose Ar-Rahnu. It turns out, though, that promotional strategies of Ar-Rahnu that often use a 'religious' approach are less effective in attracting consumers especially among small entrepreneurs.

Key words: Ar-Rahnu, Small entrepreneurs, Entrepreneurship, Religious, Kelantan

INTRODUCTION

The Malaysian government provides a variety of financial and credit assistance to entrepreneurs as one of the efforts to enhance and promote the involvement of the community in entrepreneurship sector. Hence, entrepreneurs have various options for capital sourcing to cover their business financing either provided by governments or financial institutions. Among the agencies and financial institutions that provide microcredit financing are Amanah Ikhtiar Malaysia (AIM), Tabung Ekonomi Kumpulan Usaha Niaga (TEKUN), Majlis Amanah Rakyat (MARA), Agrobank Malaysia Berhad and Small Medium Enterprise (SME) Bank.

However, there are several issues often faced by entrepreneurs, particularly small entrepreneurs who are said to have difficulty in obtaining capital financing. This is largely due to the stringent banking act on financing procedures (Baharum, 2014) as small entrepreneurs only carry out a small scale business. Hence, small entrepreneurs do not gain trust from financial institutions due to the lack of a loan repayment guarantee.

Similarly, the issue of poor service offered by microcredit institutions has made it difficult for small entrepreneurs to obtain microcredit lending facilities. Among other weaknesses include bureaucratic red tape, stringent loan conditions, high leverage interest rates, the need for high-value collateral (home and land), and guarantors, and loan repayment issues. These problems have been expressed in many studies, including Wan Yusof (1998), Mat Nor (2011), Roslan & Abd Karim (2009) and Mahmood & Mohamad (2011). Similarly, some institutions that offer microcredit loans still practice riba which is clearly against the concept of muamalat practiced in Islam. Hence, the weaknesses of microcredit loans offered by these institutions have provided alternatives to small entrepreneurs to move to Ar-Rahnu which conforms to Islamic principles, as well as providing easy, fast and non-complicated services (Bhatt and Sinnakkannu (1998), Muhamat, Rosly and Jaafar (2011) and Hassan, Ahmad and Wahab (2015).

Therefore, the problems that occur should attract small entrepreneurs to move to the Ar-Rahnu system as it is so hard to change the mind set of entrepreneurs. The society is accustomed to using conventional mortgage that has existed in Malaysia over 100 hundred years ago (Wan Abdullah, 1999), compared to Ar-Rahnu that was established in Malaysia for only 28 years ago. They are already familiar with conventional mortgage and hardly change or turn to Ar-Rahnu. They may perceive that the Ar-Rahnu services are no different from the existing conventional mortgage. This misunderstanding has blocked high response to Ar-Rahnu.

However, it has been found that the use of Ar-Rahnu for personal purposes such as daily necessities, paying debt, medical, education, traveling or buying a car, is more than entrepreneurial activity purposes (Abdul Razak, 2011). This is different from the objective of Ar-Rahnu which is to aid small entrepreneurs in acquiring business capital financing. Thus, is it possible for Ar-Rahnu to achieve its objective? Are the low response and acceptance of Ar-Rahnu among entrepreneurs interrelated?

Small entrepreneurs are also seen to not take the opportunity to switch to the Ar-Rahnu system caused by a string of problems that occur from microcredit institutions. Thus, the question arises as to why the acceptance level of Ar-Rahnu by small

entrepreneurs is still low, whilst small entrepreneurs have the great opportunity to acquire financial resources from Ar-Rahnu that provides Shariah-compliant conceptual financing, as well as convenience and fast service.

The main objective of this article is to analyze the acceptance level of Ar-Rahnu among Muslim small entrepreneurs in Kelantan. Kelantan is one of the states in the East Coast of the Peninsula Malaysia which has long been exposed to Islamic-based government by Malaysian Islamic Party (PAS) until it was called the "Veranda of Mecca". Stemming from the Islamic-based leadership, therefore, it is interesting to see if the religious obedience factor influences the acceptance of Muslim small entrepreneurs in Kelantan over Ar-Rahnu which is an Islamic financial product which has been operating in the state for a long time.

Due to the issue of low response among small entrepreneur, this article aims to analyze the acceptance level of Muslim small entrepreneurs in Kelantan towards Ar-Rahnu based on religious obedience factor. There were two main questions considered in this study: 1) What is the acceptance level of Ar-Rahnu among Muslim small entrepreneurs in Kelantan based on religious obedience? 2) What is the direction and strength of the relationship between acceptance level of Ar-Rahnu and religious obedience? Thus, the discussion of this article is divided into five main sections, namely introduction, literature review, methodology, results and discussion and conclusion.

LITERATURE REVIEW

Studies on the factors that have influenced the acceptance of the community, in particular the Ar-Rahnu users have been carried out by previous researchers. For example, Mohd Sam, Tahir and Abdul Latif (2010) examined the factors affecting the acceptance of Ar-Rahnu among Agrobank users and they found that the promotion by Agrobank was less efficient as 60.76% of respondents have never heard about promotions made by the Agrobank. Likewise, Marimuthu, Lam, Razali and Kolondaisamy (2009) conducted research on the factors that influenced the user to choose Ar-Rahnu in the Klang Valley, Selangor. According to the study, advertising factors have encouraged users to choose Ar-Rahnu factors in providing understanding and knowledge to the public about Ar-Rahnu.

Similarly, Appanan and Doris (2011) investigated the factors affecting community awareness in Sungai Petani, Kedah against Ar-Rahnu. The study found that the community awareness differed according to races when the majority of Malays were more aware of the existence of Ar-Rahnu than the Indian community and other races. Meanwhile, Hsni (2009) conducted a study on the factors that determined the response of Muslim users to Ar-Rahnu and conventional pawnshops in Seberang Perai, Penang. It has been found that the lack of knowledge of local community has hindered the development of Ar-Rahnu.

Meanwhile, the price factor, such as low and reasonable storage wages, is also a driving factor for the people to choose Ar-Rahnu. For example, studies by Abdul Aziz (2008), Yahaya (2010), Appanan and Doris (2011) and Amin (2011) agreed that low storage wages is a major cause of users to choose Ar-Rahnu. In addition to price factor, service quality factor has also been discussed by previous researchers, including Mohd Noor (1996), Ismail and Ahmad (1997), Mohd Taher (2006), Amin (2011) and Yahaya (2017). For example, a study by Mohd Noor (1996), reported that comfort factor such as short waiting time and good customer services affected the community to choose Ar-Rahnu. Similarly, Amin (2011) and Yahaya (2017) found that the quality of services has the potential to influence Muslim intentions to use services provided by Ar-Rahnu.

From the previous studies on the factors affecting the acceptance level, various factors have been found to influence the users to choose Ar-Rahnu. Among those factors are promotion, awareness, understanding, religious, sharia compliance, staff and customer service, price or storage wages, product advantages and Ar-Rahnu location. In addition, religious obedience is also the main factor that is often considered by Muslims to choose Ar-Rahnu. Religious and sharia elements will remain as the main discussion of most scholars as the main concern is the benefits that the lender earns from extending the loan or Qardul Hassan (Ahmad et al., 2019). In fact, many of the previous studies outlined here, including Wan Abdullah (2001) stated that 48.2% of respondents chose Ar-Rahnu due to religious factors since Ar-Rahnu was implemented in accordance with Islamic law. Other studies that have agreed on the importance of religious factor in the implementation of Ar-Rahnu were Amin, Chong, Dahlan and Supinah (2007), Bhatt and Sinakkannu (2008), Nik Azman (2010), Baharum (2014) and Abdul Hamid, Abdul Rahman and Abdul Halim (2014).

However, Hashim, Akir and Kamil (2013) found that religious influence has the lowest correlation value due to religious diversity background in Sarawak. This is because the perception on Ar-Rahnu is different according to religion. According to Appanan and Doris (2011), the majority of the Muslim community was aware of the existence of Ar-Rahnu compared to the Indian and Chinese community. However, Muhamad, Ong, Katan & Soh (2019) stated that there was no significant difference in the acceptance of Ar-Rahnu between the Muslim and non-Muslim communities. Ar-Rahnu can be marketed to the whole community without having to focus on the Muslim community alone.

It is therefore important to examine the religious influence of Ar-Rahnu's acceptance level. Likewise, choosing Ar-Rahnu is one of the religious obligations because indirectly individuals can practice their religion for obtaining non-interest-bearing financing, according to Islamic principles and laws, and not approaching conventional pawnshops. In this regard, as a well-known state of Islamic city and high culture of entrepreneurship (Nik Azman, 2010), it is appropriate for this study to include small entrepreneurs in Kelantan as the sample of study. In addition, as a country with 95% Muslim community (Yaacob, 2010), this article intends to view the extent of religious obedience factor, which is believed to have influenced the acceptance of Ar-Rahnu in the state. Kelantan was also one of the earliest states that introduced Ar-Rahnu, which was around March 1992, where its residents are actively conducting small and medium entrepreneurship activities (Al Mamun & Ekpe, 2016). The persistence of

business culture and the 28-year implementation of Ar-Rahnu in Kelantan may contribute to the encouraging response to Ar-Rahnu in the state. Hence, this study aims to observe the influence of religious obedience to Muslim small entrepreneurs towards the acceptance level of Ar-Rahnu in Kelantan. A conceptual framework was constructed as the main guide in this article as shown in Figure 1.

Figure 1: Research conceptual framework

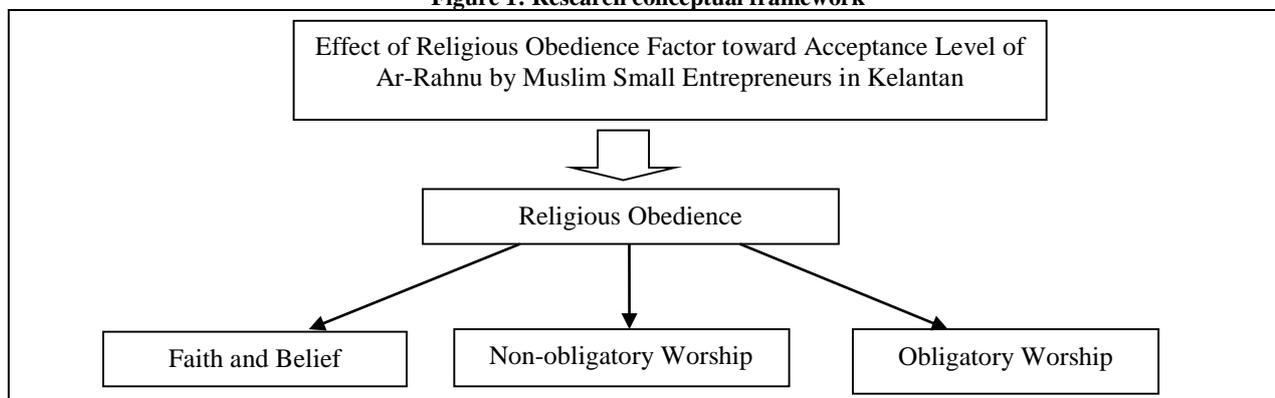


Figure 1 shows that there were three other dimensions in religious obedience, namely faith and belief, non-obligatory worship, and obligatory worship. These three dimensions have been introduced by Adnan (2010) conducted on Muslim consumers in Islamic banking. However, this article focuses only on Muslim small entrepreneurs towards Ar-Rahnu as one of the Islamic financing products or instruments financial.

RESEARCH METHODOLOGY

This article applies a descriptive and inferential statistical analysis and a simple sampling method in obtaining information from the simplest or easily accessible individuals for information (Sekaran, 2006). Sampling was done in selecting respondents who conducted entrepreneurial activities near the Ar-Rahnu premises. The sample was composed of Muslim small entrepreneurs in Kelantan. The dependent variable in this study was acceptance level, while the independent variable was religious obedience.

Questionnaires were distributed to 400 small entrepreneurs in major markets in ten districts in Kelantan, but only 350 questionnaires were returned and feasible to be processed for analysis purposes. The focus area of the questionnaire distribution was around large market in each of the selected district. The main markets involved were Pasar Besar Siti Khadijah, Pasar Besar Siti Aisyah in Jelawat, Gua Pasar Besar Musang, Pasar Besar Jeli, Pasar Besar Kuala Krai, Pasar Besar Machang, Pasar Besar Pasir Mas, Pasar Besar Pasir Putih, Pasar Besar Tanah Merah and Pasar Besar Tumpat. The distribution of respondents by districts in Kelantan is shown in Table 1.

Table 1: Respondents distribution by districts

No	District	Focus area	Total Respondent
1	Kota Bharu	Pasar Besar Siti khadijah	40
2	Bachok	Pasar Besar Siti Aisyah, Jelawat	40
3	Gua Musang	Pasar Besar Gua Musang	20
4	Jeli	Pasar Besar Jeli	20
5	Kuala Krai	Pasar Besar Kuala Krai	30
6	Machang	Pasar Besar Machang	40
7	Pasir Mas	Pasar Besar Pasir Mas	40
8	Pasir Puteh	Pasar Besar Pasir Putih	40
9	Tanah Merah	Pasar Besar Tanah Merah	40
10	Tumpat	Pasar Besar Tumpat	40
	Total	10	350

The respondents in this study involved entrepreneurs who run small businesses with total business capital starting from less than RM1000 and not exceeding RM20,000, as well as income starting less than RM1000 and not exceeding RM10,000.

The results obtained were analyzed using SPSS 22.0 software through descriptive statistic using mean, standard deviation and percentage. For the second research question, the results were analyzed inferentially using Pearson correlation. Analysis through this method was conducted to seek the influence of religious obedience factor on acceptance level of Ar-Rahnu among Muslim small entrepreneurs in Kelantan.

THE ACCEPTANCE LEVEL OF AR-RAHNU AMONG MUSLIM SMALL ENTREPRENEURS IN KELANTAN BASED ON DIMENSION OF RELIGIOUS OBEDIENCE FACTOR

This section is important to examine in detail the acceptance level of Ar-Rahnu according to three dimensions of religious obedience, namely faith and belief, obligatory worship and the practice of non-obligatory worship. The level of religious

obedience was measured using a 5-point scale, indicated by 1 as very disagree to 5 as strongly agree. This scale was then categorized into three perceptual levels, namely low, moderate and high level. The mean score between 3.5 and 5.0 was high level, while the mean score between 2.5 and 3.49 was considered to be moderate. The mean score was considered low from 1.0 to 2.49 (Oxford, 1990).

The results of this study were described using descriptive statistics by percentage for each scale mean and average of mean of the items for each factor. This research can indirectly answer the question regarding the acceptance level of Muslim small entrepreneurs in Kelantan towards Ar-Rahnu based on religious obedience factor. In this section, the acceptance level of respondents depended on the respondents' consideration of religious obedience when dealing with Ar-Rahnu. Table 2 exhibits the responses of respondents on religious obedience items.

Table 2: Acceptance level of Ar-Rahnu among entrepreneurs on religious obedience

Num.	Elements	1	2	3	4	5	Mean	SD
FB	Faith and Belief							
FB1	Islam helps me to lead a better life	0.9	0.6	3.1	25.7	69.7	4.63	0.659
FB2	I accept the decree of Allah on myself wholeheartedly	0.6	0.9	3.1	26.3	69.1	4.63	0.647
FB3	Al-Qur'an is relevant and suitable to be referred to in the modern era.	0.6	1.1	3.7	25.4	69.1	4.61	0.671
FB4	I will continue to learn about Allah SWT	0.6	0.6	3.1	23.1	72.6	4.67	0.624
FB5	I believe that Allah SWT takes good care of me	0.6	1.7	4.6	22.6	70.6	4.61	0.709
FB6	I am confident that Allah SWT will help me when I pray to Him	1.1	1.4	2.6	20.0	74.9	4.66	0.707
FB7	A person's religious principles are reflected in his/her daily actions.	1.4	2.3	7.7	35.4	53.1	4.37	0.835
FB8	I pray to Allah SWT when I only need His assistance	30.0	32.6	10.9	9.7	16.9	2.51	1.436
FB9	I am confident that religion will help me enjoy a more stable and balanced life	0.9	1.4	6.6	34.6	56.6	4.45	0.754
FB10	I am really determined to inculcate religion in all aspects of life	0.9	0.9	3.1	31.1	64.0	4.57	0.681
FB11	I really believe in the existence and oneness of Allah SWT	0.9	1.1	1.7	14.0	82.3	4.76	0.625
FB12	I am convinced that if I violate the religious commands, my life would not be so peaceful	0.9	2.0	4.9	26.0	66.3	4.55	0.754
	Average Total (Mean)						4.41	
NW	Non-Obligatory Worship							
NW1	I perform <i>sunat</i> prayers like <i>Duha</i> and others every day	0.9	5.4	28.0	38.3	27.4	3.86	0.912
NW2	I take the <i>sunat</i> fasting on Monday and Thursday every week	1.4	7.7	42.3	31.7	16.9	3.55	0.909
NW3	I read al-Qur'an every day	1.4	7.4	33.7	33.7	23.7	3.71	0.958
NW4	I allocate some amount of money for sadaqah every month.	1.4	4.3	34.0	41.1	19.1	3.72	0.870
	Average Total (Mean)						3.71	
OW	Obligatory Worship							
OW1	I am fasting throughout the month of Ramadan	0.6	0.9	4.9	30.9	62.9	4.55	0.683
OW2	I perform solat five times a day	0.6	0.9	3.7	24.9	70.0	4.63	0.655
OW3	I close my aurah perfectly	0.6	0.6	10.0	36.9	52.0	4.39	0.737
OW4	I will perform hajj after all the requirements are met	0.9	0.9	5.4	34.3	58.6	4.49	0.717
OW5	I always pay zakat every year as long as I am eligible for it	0.6	0.9	5.1	30.9	62.6	4.54	0.687
OW6	I fulfill the obligation in paying off zakat every year as long as I am eligible for it	0.6	1.7	8.0	31.4	58.3	4.45	0.762
	Average Total (Mean)						4.51	

Notes: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

The first dimension of determining religious obedience was faith and belief. This dimension has twelve items that were considered very important by majority of respondents. This was due to the high mean score of 4.41. Of the twelve items, the

most prominent item that attracted most respondents was the item of believing the existence and oneness of Allah SWT (mean = 4.76). Other items that were considered important by the respondents were the items of continuous learning about Allah SWT (mean = 4.67), believing that Allah SWT will help when praying to Him (mean = 4.66), Islam helps to a better life (mean = 4.63) and accepting the decree of Allah on myself wholeheartedly (mean = 4.63). These findings demonstrated that all the items for the dimension of faith and belief have important effect as decisive factors indicated by high mean values except for item of praying to Allah SWT when needed His help (mean = 2.51). Therefore, believing in the existence and oneness of Allah SWT was the most important item in dimension of faith and belief to determine religious obedience.

The second dimension in the determination of religious obedience was the practice of non-obligatory worship. This dimension covered four items, but the item with the highest mean score was practicing non-obligatory worship such as dhuha prayer and others daily (mean = 3.86) with 38.3% of respondents agreed, while 27.4% strongly agreed. Although the other three items in this dimension were less noticeable by the respondents, all the items such as charity practice (mean = 3.72), reciting the Quran daily (mean = 3.71) and fasting every Monday and Thursday (mean = 3.55) obtained high mean score. In addition, the average mean score was still in high category of 3.71. This showed that all of these items have important influence as the determinant of the dimension of non-obligatory worship. Hence, the most important item to be considered in the dimension of non-obligatory worship as a determinant of religious obedience was regarding the aspect of setting up non-obligatory prayers.

Furthermore, the third dimension in the determination of religious obedience was the obligatory worship which has six items. All items were considered very important by the respondents and have tremendous influence in determining obligatory worship dimension. This can be seen from the high mean score of 4.51. Additionally, item of fardhu prayers five times a day showed the highest mean value of 4.63 with 70% of the respondents was strongly agreed and 24.9% agreed. Thus, all the items for the dimension of obligatory worship must show a positive impression and play an important role as a determinant to the construct of religious obedience.

The findings showed the strengths of these three dimensions as the determinants of religious obedience. Therefore, respondents were seen to have positive acceptance levels for all items in the religious obedience. This suggested that the respondents have good assumptions on all aspects involving religion. Hence, the implementation of Ar-Rahnu institutions needs to emphasize the construct of religious obedience which determines the acceptance level of consumers especially in their efforts to enhance marketing activities.

RELATIONSHIP BETWEEN ACCEPTANCE LEVEL OF AR-RAHNU AND RELIGIOUS OBEDIENCE FACTOR

This analysis was conducted to examine the findings of the relationship between acceptance level of Ar-Rahnu and religious obedience factor which has three main dimensions, i.e. faith and belief, obligatory and non-obligatory worship. The results of the correlation analysis of acceptance levels of Ar-Rahnu with religious obedience factors are shown in Table 2.

Table 2: The results of the correlation analysis of acceptance levels of Ar-Rahnu with religious obedience

	Acceptance Level	Faith and Belief	Non-Obligatory Worship	Obligatory Worship
Acceptance Level	1			
Faith and Belief	.154**	1		
Non-obligatory Worship	.177**	.258**	1	
Obligatory Worship	.178**	.748**	.422**	1

** $P < 0.01$

Based on Table 2, the results indicated the positive and significant relationship between the acceptance level of Ar-Rahnu and all dimensions of religious obedience factor. However, the strength of the relationship between the acceptance level of Ar-Rahnu and religious obedience lied within the weakness of the three dimensions; faith and belief ($r = 0.154$, $n = 350$, $p < 0.01$), non-obligatory worship ($r = 0.177$, $n = 350$, $p < 0.01$) and obligatory worship ($r = 0.178$, $n = 350$, $p < 0.01$). There was also a weak relationship between faith and belief with non-obligatory worship ($r = 0.258$, $n = 350$, $p < 0.01$), while the strength of the relationship between non-obligatory and obligatory worship ($r = 0.422$, $n = 350$, $p < 0.01$) was at moderate level. Furthermore, high strength of relationships between the two variables was observed between faith and trust with obligatory worship ($r = 0.748$, $n = 350$, $p < 0.01$).

The findings in this section highlighted the relationship between the acceptance level and the three dimensions of religious obedience. These findings suggested that the direction of relationship between acceptance levels of Ar-Rahnu with every dimension of religious obedience was positive and significant. This proved that the stronger the acceptance levels of small entrepreneurs towards religious obedience factors, the higher the priority of small entrepreneurs to choose Ar-Rahnu. Although these three dimensions showed a significant and positive relationship between acceptance levels of Ar-Rahnu and religious obedience, but their relationship was at a very weak level. Apparently, the real motivation of acceptance levels of Ar-Rahnu among Muslim small entrepreneurs in Kelantan was not due to their obedience with the Islamic religion, but there were other factors that prompted small entrepreneurs to choose Ar-Rahnu. Ar-Rahnu is one of the financing products implemented in accordance with Islamic law, and it should be an option for the Muslim community.

These findings were similar to that of reported by Hashim, Akir and Kamil (2013) who agreed that the Shariah obedience factor has the lowest correlation value due to the religious diversity factor in society in Sarawak. Thus, the aspect of religion is not a

major impetus for Muslims to choose Ar-Rahnu, though Ar-Rahnu is one of the Islamic financial products. The community chooses to use Ar-Rahnu to fulfill their needs only not influenced by their religion.

Meanwhile, the strength of the relationship between the behaviour of non-obligatory with obligatory worship showed a moderate relationship. This finding is supported by Abdul Wahab, Othman, Nasirun and Abdul Ghani (2018) in their study that Islamic practice moderate relationship. The strength of the relationship between the dimension of faith and belief with the dimension of obligatory worship was at the highest level. This is a sequence of these two dimensions involving the main points in Islam that need to be advanced because of its obligation to fulfill it. Hence, the findings showed that the strength of relationships built between the dimensions of religious obedience lied within weak, moderate and high level.

A study by Lubis (2006) postulated that although the majority of Kelantanese are Muslim and religious, the conventional financial institutions are more preferred by the small entrepreneurs than Islamic financial institutions. This indicated that high religious obedience has insignificant influence on the tendency of entrepreneurs to mortgage. This is also supported by Muhammad Yoesoef (2014) that although the population of Aceh, Indonesia has 98% of Muslims, a moderate acceptance level of the Bank Syariah Mandiri product was shown by the population. Awang, Abdullah and Jusoh (2011) also agreed that the acceptance of Islamic societies towards Islamic banking is more geared towards consumerism and not due to high religious obedience. Thus, religion does not necessarily influence the behavior of Muslim entrepreneurs to choose Islamic financing. However, a contradict statement is reported by Sunaryo (2012) that individuals who have high religious obedience levels will pay more attention to religious law and at the same time will do business according to Islam.

CONCLUSION

Overall, the findings showed that Muslim small entrepreneurs in Kelantan have positive acceptance levels for all items in religious obedience. This proved that the respondents have a good response to all aspects involving religion. However, high level of religious obedience did not affect Muslim small entrepreneurs in Kelantan to accept Ar-Rahnu. It demonstrated that religious obedience was not the main factor that encouraged small entrepreneurs to choose Ar-Rahnu even though Ar-Rahnu provides Islamic financing.. Nevertheless, there could be other dominant factors that may encourage Muslim small entrepreneurs in Kelantan to choose Ar-Rahnu as intrinsic factor (internal stimulus) or extrinsic factor (external stimulus) and this requires further research on the factors in future.

The acceptance level of Ar-Rahnu among small entrepreneurs was high, but religious obedience was not significant with the acceptance of Ar-Rahnu. The main findings of this study indicated that high religious knowledge among small entrepreneurs did not influence them to choose Ar-Rahnu. Thus, the promotional strategies of Ar-Rahnu that often use the 'religious' approach, such as Shariah-compliant include low wage, no hidden charges, no usury and gharar, are less effective in attracting consumers particularly among small entrepreneurs. Although they are Muslims with strong religious views and beliefs, these are not the driving factors for them to choose Ar-Rahnu as a product of Islamic financing. Apparently, there may be other factors that are more influential.

This study can contribute to the Ar-Rahnu institution to seek effective ways to increase the number of users in the future, particularly among entrepreneurs, and not only emphasize promotional strategies that rely on 'religious' and 'Islamic' images to attract consumers. The implication is that Ar-Rahnu institutions need to take into account other factors that influence consumer acceptance and response in order to highlight Ar-Rahnu as a capital investment to the small entrepreneurial sector.

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