

## **Is the theory of reasoned action valid for Ar-Rahnu? An Empirical investigation**

### **Abstract**

This study examines the applicability of theory of reasoned action (TRA) in a context of Islamic pawnshop using structural equation modelling (SEM). The present study presents a simplified theory of TRA, hence it is intended to test whether the two constructs in the theory are acceptable or not in a newly context of Islamic pawnshop. The simplified theory is tested using survey data from 250 respondents. Out of these, only 221 questionnaires are found to be usable whilst the rest are omitted owing to the incomplete responses. The results reveal that attitude was significantly related to the intention to use Islamic pawnshop. Subjective norm was also significantly associated with the intention to use Islamic pawnshop. In sum, the present study provides us valuable insights for service providers to future planning of Islamic pawnshop businesses.