Financing System and Mechanism at Sharia Pawnshops

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ABSTRACT

Sharia Pawnshop is one of the non-bank financial institutions that provides financing services based on sharia principles through the application of rahn and ijarah contracts. This research aims to analyze the financing system and mechanism in Sharia Pawnshops and identify the sharia principles applied in each financing process. The research uses a qualitative approach with the library *research method*. Data was obtained from various secondary sources, including scientific journals, books, fatwas of the National Sharia Council-Indonesian Ulema Council (DSN-MUI), regulations of the Financial Services Authority, and official documents related to Sharia Pawnshops. Data analysis is carried out using *content analysis techniques* through the stages of data reduction, data presentation, and conclusion drawn. The results of the study show that the Sharia Pawnshop financing system is implemented transparently through the stages of financing application, collateral valuation, contract implementation, fund disbursement, storage of collateral, to repayment or auction in accordance with sharia provisions. All of these mechanisms prioritize the principles of justice, benefit, and freedom from the elements of usury, gharar, and maysir. Thus, Sharia Pawnshops are an alternative financing that is safe, accessible, and in accordance with Islamic economic values in supporting the increase of Islamic financial inclusion in Indonesia.

Keywords: Sharia Pawnshop; Financing; Rahn.

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INTRODUCTION

The development of the Islamic finance industry in Indonesia shows an increasingly positive trend along with increasing public awareness of the importance of financial transactions in accordance with Islamic principles. This condition encourages the growth of various Islamic financial institutions, both banking and non-banking, that offer products and services based on sharia contracts as an alternative to financing that is fair, transparent, and free from the practice of usury (Roficoh & Ghozali, 2018).

One of the non-bank Islamic financial institutions that has a strategic role in providing access to financing for the public is Pegadaian Shariah. This institution exists as a short-term financing solution through a pawn mechanism (rahn) based on Islamic law. In contrast to the conventional pawnshop system that charges interest on loans, Sharia Pawnshops apply rahn contracts combined with ijarah contracts as the basis for charging fees for security services. The implementation of the contract aims to maintain transaction fairness while avoiding elements of riba, gharar, and maysir in financing activities (Yuniwati, Lestari, & Alfiqoh, 2021).

The existence of Sharia Pawnshops not only functions as a financing institution, but also plays a role in increasing Islamic financial inclusion, especially for people who need funds quickly with easy procedures. Rahn-based financing products are one of the instruments that are in great demand because they provide easy access to funds without requiring customers to sell their assets. In addition, the ujrah rates charged are relatively transparent, increasing public trust in Sharia Pawnshop services (Susilawati, Ibrahim, & Kusumawati, 2022).

In its implementation, the Sharia Pawnshop financing system involves a series of mechanisms starting from financing application, collateral valuation, contract implementation, fund disbursement, storage of collateral, to repayment or auction if the customer does not fulfill his obligations. Each of these stages is carried out based on sharia provisions and the Fatwa of the National Sharia Council-Indonesian Ulema Council (DSN-MUI), so that the entire transaction process still meets the principles of justice, transparency, and protection of the rights of both parties (Zulhisyam, Sudirman, & Arsyad, 2025).

Although the concept of Sharia Pawnshop financing has developed quite rapidly, the public's understanding of the financing system and mechanism implemented is still relatively limited. Some people still think that Sharia Pawnshops have the same system as conventional pawnshops, even though there are fundamental differences in contracts, sources of institutional income, and financing cost determination mechanisms. Therefore, the discussion of the financing system and mechanism at Sharia Pawnshops is important to provide a comprehensive understanding of the implementation of the rahn contract and its operational procedures in accordance with Islamic economic principles.

METHODS

This research uses a qualitative approach with the type of library research. This approach was chosen because the research aims to comprehensively examine the financing system and mechanism of Sharia Pawnshops based on the concepts that have developed in the scientific literature and applicable regulations. Literature studies are research methods that utilize various library sources as the main source of research data without collecting data directly in the field (Zed, 2018). In addition, a qualitative approach is used to gain an in-depth understanding of the phenomenon through the interpretation of various relevant data sources (Creswell, 2023).

The data sources used are secondary data, obtained from national and international scientific journals, books on Islamic economics and finance, the Fatwa of the National Sharia Council-Indonesian Ulema Council (DSN-MUI) regarding rahn contracts and ijarah contracts, Financial Services Authority (OJK) regulations, and official documents of PT Pegadaian related to sharia financing products and mechanisms. The use of secondary data aims to obtain valid, systematic, and relevant information in accordance with the research focus (Sugiyono, 2023).

The data collection technique is carried out through documentation, namely identifying, collecting, organizing, and reviewing various literature that is related to the Sharia Pawnshop financing system. The literature used is prioritized to come from credible, up-to-date, and relevant scientific publications so that they are able to provide a strong theoretical foundation in explaining the concept and implementation of sharia financing (Nazir, 2017).

Data analysis uses content analysis with stages of data reduction, data presentation, and conclusion drawn. The data that has been collected is then classified based on the themes of discussion, such as the concept of Sharia Pawnshops, the contracts used, the financing system, operational mechanisms, and its implementation in practice. Furthermore, a descriptive-analytical interpretation was carried out to obtain a systematic picture of the financing system and mechanism in Sharia Pawnshops based on the perspective of Islamic economics (Miles, Huberman, & Saldaña, 2014).

RESULTS AND DISCUSSION

Financing System at Sharia Pawnshops

Sharia Pawnshop is a non-bank financial institution that carries out financing activities based on sharia principles. Unlike conventional pawnshops that apply an interest system, Sharia pawnshops use rahn contracts as the basis for financing transactions. In this system, the customer (rahin) hands over movable goods that have economic value as collateral to the Sharia Pawnshop (murtahin) to obtain a certain amount of funds according to the estimated value of the goods. Sharia Pawnshops' income does not come from loan interest, but from the cost of maintenance and storage services (ujrah or *mu'nah*) that have been agreed upon at the beginning of the contract (Rokhilawati & Ni'mah, 2020).

The concept of rahn in Islamic economics is a form of guarantee for debt that is justified by sharia. Terminologically, rahn is holding an item that has economic value as collateral for debt payment obligations so that the goods can be used as repayment if the debtor is unable to fulfill his obligations. This concept shows that financing through Sharia Pawnshops is not only oriented to the economic aspect, but also prioritizes the value of justice, transparency, and protection of the rights of both parties.

The basis of pawn law in Islam is also strengthened by the provisions of Article 1150 of the Civil Code regarding the right to pawn movable goods, while the implementation of sharia refers to the Fatwa of the National Sharia Council-Indonesian Ulema Council (DSN-MUI) Number 25/DSN-MUI/III/2002 concerning Rahn and Fatwa Number 26/DSN-MUI/III/2002 concerning Golden Rahn. Thus, the Sharia Pawnshop financing system has legitimacy both in terms of national law and Islamic law.

Rahn's Pillars and Conditions

The implementation of the rahn contract at the Sharia Pawnshop must meet the principles and conditions as stipulated in the fiqh muamalah. The Rukun Rahn consists of five main elements, namely:

1. Rahin, namely the party who pawned the goods.
2. Murtahin, which is the party that receives the pawned goods and provides financing.
3. Marhun, which is a commodity that is used as collateral.
4. Marhun bih, which is a certain amount of debt or financing given to rahin.
5. Sighat (ijab and qabul) as a form of agreement between the two parties.

In addition to these principles, there are several conditions that must be met in order for the rahn contract to be declared valid, including that the parties have legal skills, the pawned goods have economic value and can be traded, the goods are the legal property of the rahin or with the permission of the owner, as well as the clarity of the object of the contract and the amount of financing. The fulfillment of these principles and conditions is the basis for the creation of transactions in accordance with sharia principles.

Sharia Pawnshop Financing Mechanism

The results of the study show that the financing mechanism at Sharia Pawnshops is implemented through several systematic stages.

The first stage is financing application, which is the customer brings goods that will be used as collateral along with their identity. Furthermore, the officer conducts an appraisal of the goods to determine their economic value. The amount of financing provided is adjusted to the results of the assessment.

The next stage is the implementation of the rahn contract accompanied by an ijarah contract for the cost of storing goods. After the contract is agreed, the financing funds are disbursed to the customer, while the collateral is kept safely by Pegadaian Syariah during the financing period.

At maturity, customers have several alternatives, namely paying off all their obligations and taking back the collateral, extending the pawn period according to the provisions, or if they are unable to pay off their obligations, the goods can be auctioned based on sharia procedures. The auction proceeds are used to pay off debts and costs that are the customer's obligations, while the excess sales proceeds are returned to the owner of the goods.

The mechanism shows that Pegadaian Syariah applies the principle of transparency because all costs are explained from the beginning of the contract and there is no element of interest in the transaction.

Sharia Pawnshop Financing Products

Based on the results of the study, Pegadaian Syariah has several financing products that are tailored to the needs of the community, namely:

1. Rahn, which is financing with guarantees for movable goods such as gold, vehicles, and electronic goods.
2. Amanah, which is the financing of motor vehicle ownership for employees and micro business actors.
3. Arrum, which is micro business capital financing with a vehicle BPKB guarantee or gold so that the vehicle can still be used for business activities.

4. Arrum Haji, which is financing to obtain a portion of the departure of Hajj with a gold guarantee.

The diversity of these products shows that Sharia Pawnshops not only function as pawn institutions, but also become an alternative to community financing that is flexible and in accordance with the needs of various segments.

Operational Support Aspects of Sharia Pawnshops

The effectiveness of the implementation of Sharia Pawnshops is influenced by several important aspects, namely aspects of legality, capital, human resources, institutions, operational systems and procedures, and sharia supervision.

The legality aspect is the main basis for the implementation of Sharia Pawnshops through government regulations and DSN-MUI fatwas. In terms of capital, institutions must have adequate capital to support the distribution of financing as well as the storage of pawned goods. The human resource aspect also has an important role because employees are required to understand the concept of fiqh muamalah, sharia contracts, and the operational mechanism of Sharia Pawnshops.

Furthermore, the institutional aspect serves to strengthen the position of Sharia Pawnshops as a financial institution that is different from conventional pawnshops. Meanwhile, operational systems and procedures must always refer to sharia principles so that the entire financing process runs fairly and transparently. To ensure sharia compliance, all operational activities are supervised by the Sharia Supervisory Board (DPS) which is in charge of ensuring that every product and transaction is in accordance with sharia regulations.

Implications of the Discussion

The results of the study show that the Sharia Pawnshop financing system is a real implementation of the rahn concept in the Islamic economy. All financing mechanisms are designed to provide easy access to funds to the community without containing elements of riba, gharar, or maysir. Cost transparency, contract clarity, and supervision by the Sharia Supervisory Board are the main factors that distinguish Sharia Pawnshops from conventional pawnshops. Therefore, Sharia Pawnshops have a strategic role in increasing Islamic financial inclusion while providing alternative financing in accordance with Islamic economic principles.

CONCLUSION

Sharia Pawnshop is a non-bank financial institution that provides financing based on sharia principles by using the rahn contract as the main contract and ijarah as the basis for charging fees for storage and maintenance services of collateral. The financing system applied is different from conventional pawnshops because it does not charge interest, but service fees (*ujrah* or *mu'nah*) that have been agreed transparently from the beginning of the contract so as to avoid the elements of usury, gharar, and maysir.

The financing mechanism at Sharia Pawnshops is carried out through several stages, namely financing application, collateral assessment, contract implementation, fund disbursement, storage of collateral, and repayment or auction if the customer is unable to fulfill his obligations. All of these processes are carried out in accordance with sharia principles and applicable provisions so as to provide legal certainty, protection for the parties, and create fair and transparent transactions.

In addition, the operational success of Sharia Pawnshops is supported by aspects of legality, capital, human resources, institutions, operational systems, and supervision by the Sharia Supervisory Board. With various financing products offered, such as Rahn, Amanah, Arrum, and Arrum Haji, Pegadaian Syariah is able to become an alternative financing that is easily accessible, safe, and in accordance with the needs of the community. Therefore, Pegadaian Syariah has a strategic role in expanding Islamic financial inclusion while supporting the development of an Islamic financial system based on the values of justice, benefit, and sustainability.

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