ABSTRACT
The development of the Islamic financial system in Indonesia is marked by the establishment of various Islamic financial institutions and the issuance of various sharia-based financial instruments. Essentially, Islamic financial institutions are different from conventional financial institutions, in terms of mechanisms, objectives, powers, scope, and responsibilities. The provisions and discourses contained in classical fiqh on Rahn are then adapted to modern economic developments and synergized with the needs of today's society. With the majority of the Muslim population, it is not difficult for Sharia Pawnshops in Indonesia to develop their business. Sharia pawnshops are expected to be able to conduct campaigns to the public about the use of sharia-based products. However, there are still various problems in developing sharia pawnshops in Indonesia. And, an analysis needs to conduct to uncover obstacles and find solutions in an effort to develop sharia pawnshops. The type of the research was normative legal research using a qualitative descriptive approach. The study indicates that Sharia Pawnshops are one of the financial institutions that provide effective alternative funding for the community. The growth of pawnshop profits which continues to grow in the era of the industrial revolution 4.0 and during the Covid-19 pandemic is one indicator of the success of sharia pawnshop management. In addition, sharia pawnshops can prove that they can prioritize Islamic moral values during the rapid development of financial institutions in Indonesia. However, from all of this, there are problems that need to be evaluated to improve the performance of sharia pawnshops in the future.

Keywords: Sharia Pawnshops, Pawn Products, and The Industrial Revolution 4.0.

ABSTRAK
Berkembangnya sistem keuangan syariah di Indonesia ditandai dengan didirikannya berbagai lembaga keuangan syariah dan diterbitkannya berbagai instrumen keuangan berbasis syariah. Secara esensial, lembaga keuangan syariah berbeda dengan lembaga keuangan konvensional, baik dalam mekanisme, tujuan, kekuasaan, ruang lingkup, serta tanggungjawabnya. Ketentuan dan wacana-wacana yang terdapat dalam fikih klasik tentang rahn kemudian disesuaikan dengan perkembangan perekonomian modern dan disinergikan dengan kebutuhan masyarakat saat ini. Dengan mayoritas penduduk muslim, tidak sulit bagi Pegadaian Syariah di Indonesia untuk mengembangkan bisnisnya. Pegadaian syariah diharapkan mampu melakukan kampanye kepada masyarakat tentang penggunaan produk-produk berbasis syariah. Namun tetap terdapat
berbagai problematika dalam mengembangkan pegadaian syariah di Indonesia, untuk mengungkap kendala dan mencari solusi sebagai upaya perkembangan pegadaian syariah, perlu dilakukan sebuah analisis. Jenis penelitian ini adalah penelitian hukum normatif dengan menggunakan pendekatan deskriptif kualitatif. Hasil penelitian ini menunjukkan bahwa Pegadaian Syariah sebagai salah satu lembaga keuangan yang memberikan alternatif pendanaan yang efektif bagi masyarakat. Pertumbuhan laba pegadaian yang terus tumbuh di era revolusi industri 4.0 dan di masa pandemi Covid-19 menjadi salah satu indikator keberhasilan pengelolaan pegadaian syariah. Selain itu, pegadaian syariah mampu membuktikan bahwa mereka mampu mengedepankan nilai-nilai moral Islam di tengah pesatnya perkembangan lembaga keuangan di Indonesia. Namun dari semua hal tersebut, masih terdapat permasalahan yang akan terus dievaluasi guna meningkatkan kinerja pegadaian syariah di masa yang akan datang.

**Kata Kunci:** Pegadaian Syariah, Produk Pegadaian, dan Revolusi Industri 4.0.

**A. Introduction**

The development of the Islamic financial system in Indonesia is marked by the establishment of various Islamic financial institutions and the issuance of various sharia-based financial instruments. Essentially, Islamic financial institutions are different from conventional financial institutions, among in terms of mechanisms, objectives, powers, scope, and responsibilities. Each institution in the Islamic financial institution becomes an integral part of the Islamic financial system in achieving the socio-economic goals of the Islamic community.\(^1\)

Theoretically, the practice of pawning (rahn) found in sharia pawnshops today is an innovation to the term rahn contained in classical fiqh discourse. Then, provisions and discourses contained in classical fiqh are adapted to modern economic developments and synergized with the needs of today’s society. Humans need an access to develop provisions and instructions according to what they need to life in the world and it does not conflict with the objectives of Islamic law. Islam aims to create prosperity or benefit for each individual and society, accompanied by the values of justice, honesty.\(^2\)

Sharia pawning in Indonesia is growing after the issuance of the MUI DSN Fatwa No.25/DSN-MUI/III/2002 on Rahn and the DSN MUI Fatwa No.26/DSN-MUI/III/2002 concerning Gold Rahn. Then, followed by DSN MUI Fatwa No. 68/DSN-MUI/III/2008 on Rahn Taṣājily. After that, sharia pawn services have developed in various financial

\(^1\) Adri Soemitra, *Bank Dan Lembaga Keuangan Syariah* (Jakarta: Kencana, 2016).

\(^2\) A. Djazuli, *Ilmu Fiqh : Penggalian, Perkembangan, Dan Penerapan Hukum Islam* (Jakarta: Kencana Prenada Media Group, 2005).

https://e-journal.iai-palangkaraya.ac.id/index.php/maslahah/index
institutions. Public interest in sharia pawn services is also increasing. Pawns based on sharia principles put the customers with not charged on loans but only need to pay administrative fees, storage service fees and the cost of maintaining collateral (ijārah).

With the majority of the Muslim population, it is not difficult for Pegadaian Syariah to develop its business. With many product offerings, both rahn and non-rahn, it attracts the interest of both Muslim and non-Muslim communities. Sharia pawnshops are expected to conduct campaigns to the public about the use of sharia-based products. This hope is also a challenge for sharia pawnshops to continue to always innovate the products that meet the needs of the community.

Efforts to develop sharia pawnshops are not as easy as imagined. There are many technical obstacles in the field in efforts to develop sharia pawnshops. An analysis need to conduct to find out the obstacles and find solutions in an effort to develop sharia pawnshops. Previous studies have been carried out, such as Rokhmat Subagiyo3, Surepno4, Naida Nur Alfisyahri5, and MS Shabbir6. However, research that specifically examines sharia pawnshops in the era of the industrial revolution 4.0 has not been carried out. For this reason, this article tries to analyze the obstacles, challenges, opportunities and threats for the development of sharia pawnshops in Indonesia, in the era of the industrial revolution 4.0.

B. Method

The type of the research was normative legal research7 with qualitative descriptive approach. It is a research method that describe existing phenomena, which are currently or in the past. This research does not manipulate or change the independent variables, but describes a condition as natural and the description of conditions might be presented in individual or using numbers.

3 Rokhmat Subagiyo, “Tinjauan Syariah Tentang Pegadaian Syariah (Rahn),” An-Nisbah: Jurnal Ekonomi Syariah 1, no. 1 (2014): 161–84, https://doi.org/10.21274/an.2014.1.1.161-184.
4 Surepno, “Studi Implementasi Akad Rahn (Gadai Syariah) Pada Lembaga Keuangan Syariah,” Tawazun: Journal of Sharia Economic Law 1, no. 2 (2018): 174–78, https://doi.org/10.21043/tawazun.v1i2.5090.
5 Naida Nur Alfisyahri and Dodik Siswantoro, “Praktik Dan Karakteristik Gadai Syariah Di Indonesia,” Share: Jurnal Ekonomi Dan Keuangan Islam 1, no. 2 (2012): 118–41, https://doi.org/10.22373/share.v1i2.721.
6 M S Shabbir, “Informal Shariah Pawnshop in the Traditional Markets of Surakarta,” Journal of Islamic Marketing 11, no. 2 (2020): 269–81, https://doi.org/10.1108/JIMA-09-2017-0097.
7 Diky Faqih Maulana and Abdul Rozak, “Istihsan as a Finding Method of Progressive Islamic Law in the Industrial Revolution Era 4.0,” El-Mashlahah 11, no. 2 (2021): 127–45, https://doi.org/10.23971/elma.v11i2.2981.
C. Findings and Discussion

1. History of Sharia Pawnshops in Indonesia

The history of sharia pawnshops in Indonesia is divided into two parts of historical periodization. First, the forerunner of pawning institutions brought by the Netherlands and pawnshops which adopted pawnshops from Italy. Then, the history of pawnshop institutions is divided into two, history in general and in particular.

a. History of Pawnshops in General

According to historical records, pawnshops have been known in Indonesia since 1746, which was marked by the Governor General of the VOC, Van Imhoff establishing Bank Van Leening on August 28, 1746, with an initial capital of 7,500,000, consisting of 2/3 of the capital belonging to the VOC and the rest belonging to the private sector. However, it is believed by the Indonesian people that a long time before that, the Indonesian people were familiar with pawn transactions, by carrying out the practice of debt and receivables with movable goods as collateral. Therefore, Perum Pegadaian is the first alternative facility and has been around for a long time and has been widely known by the people of Indonesia.

When the VOC went bankrupt and ended with the dissolution of the trade organization in Indonesia in 1800, the pawnshop business was taken over by the Dutch East Indies Government. During Daendels reign, regulations were issued regarding goods that could be accepted as collateral for pledges, such as cloth and others.

There is a fundamental difference between the conventional pawnshop system and the sharia pawnshop system. In conventional pawnshops, the position of the company is a passive party, not involved with the customer’s business activities. It is different with the sharia pawn system. For certain products, it requires the company to be involved in reviewing the productive business occupied by the customer. In this case, the sharia pawnshop has a pawn mission, as follows.

1) Social mission, in practice, is to help citizens to gain access to the financial sector.
2) The business mission, is the basic embodiment of being a financial institution.

Studying the history of pawnshops, it found the Government Regulation no. 10 of 1990 on Perum Pegadaian, changing the status of pawnshops from a Service Company

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8 Zainuddin Ali, *Hukum Gadai Syariah* (Jakarta: Sinar Grafika, 2008).
9 Ali.
to a Public Company (PERUM). This means that the pawnshop is designated as a Sole Business Entity within the Ministry of Finance of the Republic of Indonesia, which is authorized to distribute loan money on the basis of the pawn law with the following objectives:

1) Supporting government programs in the economic field on the basis of pawn law.
2) Prevent bondage practices, illicit pawnshops, usury, and unreasonable loans.

In an effort to improve the efficiency and effectiveness of lending, especially to the lower middle class, micro, small and medium enterprises, the Pegadaian Public Company (PERUM) was established under Government Regulation Number 10 of 1990 on Transfer of Forms of Pegadaian Service Companies (PERJAN) Become a Public Company (PERUM) Pegadaian, as has been replaced by Government Regulation Number 103 of 2000 on Public Company (PERUM) Pegadaian, it needs to change the legal entity form of a Public Company (PERUM) Pegadaian to a Limited Liability Company (PERSERO) based on Government Regulation of the Republic of Indonesia No. 51 of 2011 on the Change of Legal Entity of a Public Company (PERUM) Pegadaian to a Limited Liability Company (PERSERO), State Gazette of the Republic of Indonesia of 2011 No. 132 (PP No. 51 of 2011). With the establishment of a Limited Liability Company (PERSERO), the Public Company (PERUM) Pegadaian was declared disbanded and PP No. 103 of 2000 is declared invalid.

Based on article 1 paragraph (2), PP No. 51 of 2011, all rights and obligations, assets and employees of the Pegadaian Public Company (PERUM) were transferred to the relevant Public Company (PERSERO). PP No. 51 of 2011 and then followed up with the Deed of Establishment of the Company (PERSERO) PT. Pegadaian No. 01 dated April 1, 2012 made before Nanda Fauz Iwan, S.H., Notary in South Jakarta, which has been approved by the Minister of Law and Human Rights as referred to in the Decree of the Minister of Law and Human Rights No. AHU- 17525.AH.01.01.Year 2012 dated April 4, 2012 and registered in the Company Register No. AHU- 0029230.AH.01.09. Year 2012 dated April 4, 2012, and announced in the State Gazette

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10 Ali.
https://e-journal.ian-palangkaraya.ac.id/index.php/maslahah/index

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of the Republic of Indonesia No. 36 dated 3 May 2013, Supplement to the State Gazette of the Republic of Indonesia No. 24525 (Deed of Establishment).\textsuperscript{11}

2. **History of Sharia Pawnshops in Particular**

The forerunner of the pawning institution came from Italy which later expanded throughout the European Plain. In Indonesia, the issuance of PP No. 10 dated April 1, 1990 might be an early milestone in the rise of pawnshops. The PP emphasizes the mission that must be carried out by pawnshops to prevent the practice of usury. This mission did not change until the issuance of PP/103/2000 which has been used as the basis for the pawnshop's business activities until today.

Many parties believe that the operation of pawnshops before the MUI fatwa dated December 16, 2003, regarding bank interest, is under the Islamic concept, although it must be admitted later that several aspects reject this assumption. In addition, the history of sharia pawnshops in Indonesia always relate to the will of the Islamic community to carry out pawn transactions based on sharia principles and government policies in developing economic practices and financial institutions following the values and principles of Islamic law. This is motivated by the rise of aspirations from members of the Islamic community in various regions who want the implementation of Islamic law in various aspects, including sharia pawnshops. In addition, the growing popularity of Islamic economic business practices and has a bright opportunity to be developed.\textsuperscript{12}

Based on the need, the government issued laws and regulations to legally legitimize the implementation of business practices following the sharia, such as sharia pawning. Therefore, the government together with the DPR formulated a draft legislation which was later ratified in May into Law no. 10 of 1998 on Banking. The law aims to provide an opportunity to be applied in sharia-compliant economic practices under the protection of positive law. Based on this law, Islamic financial institutions (LKS) have been created.

The big demand from the public for the services of Perum Pegadaian has made Islamic financial institutions also consider the pawnshop sector. It is a sector that might be slightly behind than many other Islamic financial institutions. Whereas, in Islamic

\textsuperscript{11} PT. Pegadaian (Persero), “Informasi Tambahan (Intam) Ringkas Tahap IV Tahun 2021,” n.d., https://www.pegadaian.co.id/uploads/laporan/Intam_Ringkas_Obligasi_dan_Sukuk_Pegadaian_Tahap_IV_Tahun_2021.pdf.

\textsuperscript{12} Ali, *Hukum Gadai Syariah*. 

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economic discourse, pawnshops are also one of the social and financial transaction practices that were practiced at the time of the Prophet Muhammad SAW which promised to protect the people's economy. Perum Pegadaian took the initiative to collaborate with PT Bank Muamalat Indonesia (BMI) in practice sharia pawning as a diversification of its pawn business. So, in May 2002, a collaboration was signed between the them to launch a sharia pawn, namely BMI as the funder. The development of Islamic-based products is increasingly widespread in Indonesia, including pawnshops. Perum pawnshops issue Islamic-based products called Islamic pawnshops. Basically, Islamic-based products have characteristics, such as not charging interest in various forms because of usury, setting money as a medium of exchange not as a traded commodity and doing business to obtain compensation for services and profit sharing.

Pegadaian Islam or known as Rahn, in its operation uses the Fee Based Income (FBI) or muḍārabah (profit sharing) method. Because customers in using marhumbih have different purposes, for example for consumption, paying school fees or additional working capital. The use of the muḍārabah method is not yet appropriate. Therefore, pawnshops use the Fee Based Income (FBI) method. The operational concept of Islamic pawnshops refers to the modern administrative system, namely the principles of rationality, efficiency and effectiveness that are aligned with Islamic values.

The operational function of Islamic pawnshops is carried out by the branch offices of Islamic pawnshops/Islamic Pawn Service Units (ULGS) as an organizational unit under the guidance of the Other Business Division of Perum Pegadaian. ULGS is an independent business unit that is structurally separate from the conventional pawn business. Pegadaian Islam was first established in Jakarta with the Islamic Pawn Service Unit (ULGS) Dewi Sartika Branch in January 2003. This was followed by the establishment of ULGS Surabaya, Makassar, Semarang, Surakarta and Yogyakarta in the same year until September 2003. In the same year, four offices of the conventional pawnshop branch in Aceh became the Islamic Pawnshop.14

3. **Legal Basis of Sharia Pawnshops in Indonesia**

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13 Ali.
14 Nurul Huda and Mohamad Heykal, *Lembaga Keuangan Islam (Tinjauan Teoritis Dan Praktis)* (Jakarta: Prenadamedia, n.d.).
a. Legislation

Starting from Law No. 7 of 1992 which was later refined into Law No. 10 of 1998 on Banking. The government has officially legalized sharia-based pawning activities to operate freely in all Indonesia, but it must also meet the requirements determined by law.\(^\text{15}\)

UU no. 21 of 2008 on Sharia Banking is one of the juridical umbrellas in providing guarantees for business certainty, and also guarantees legal protection for every sharia banking business activity. This law provides freedom of space and movement for the Islamic bank to develop and create innovations in various Islamic banking products and services, as well as provide clear and firm signs on what can and cannot be done from Islamic banking, including regulating sanctions, criminal sanctions and administrative sanctions against sharia banking when violating the provisions stipulated in the law.\(^\text{16}\)

POJK No. 31/POJK.05/2016 on Pawnshops, consists of Chapter XIII and 65 Articles on the pawnshop business which explains that the legal basis for supervision of the pawnshop business is needed to create a sound pawnshop business, provide legal certainty for pawnshop business actors, and protect consumers. In the General Provisions Article 1 (2), the Pawnshop Company is a private pawnshop company and a government pawnshop company is regulated and supervised by the Financial Services Authority regarding the Form of Legal Entity, Ownership and Capital.\(^\text{17}\)

There are two types of legal entities in a pawnshop, namely limited liability companies and cooperatives. In a Pegadaian Company of a limited liability company, the shares can only be owned by the Republic of Indonesia, local governments, Indonesian citizens and/or Indonesian legal entities. Meanwhile, the ownership provisions for a pawnshop company of a cooperative legal entity follow the provisions of the laws and regulations in the cooperative sector.

The capital in the Pawnshop sector is determined based on the scope of the business area, namely the district/city or province where, this capital must be paid in cash and in full on behalf of the Pawnshop through commercial banks or Islamic

\(^\text{15}\) UU No. 10 Tahun 1998 on Perbankan
\(^\text{16}\) UU No. 21 Tahun 2008 on Perbankan Syariah
\(^\text{17}\) POJK No. 31/POJK.05/2016 on Usaha Pegadaian

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commercial banks in Indonesia. Article 4 (2) explains that the amount of Paid-up Capital of the Pawnshop Company is set at least Rp. 500,000,000.00 (five hundred million rupiah), for the scope of the regency/city business area; or Rp. 2,500,000,000.00 (two billion five hundred million rupiah), for the scope of the province's business area.\textsuperscript{18}

b. Fatwa of the Indonesian Ulema Council

The National Sharia Council Fatwa Number 25/DSN-MUI/2002 on Rahn. This fatwa is the operational basis for sharia pawnshops. The General Provisions set by DSN-MUI in pawn licensing are as follows:

1) The *murtahin* (the recipient of the goods) has the right to hold the *marhun* (the goods) until all the debts of the *rahin* (the one who delivered the goods) are repaid.

2) *Marhun* and its benefits remain the property of *rahin*. In principle, *marhun* should not be used by *murtahin* except with the permission of the *rahin*, without reducing the value of *marhun* and using it only to replace the cost of maintenance and care.

3) The maintenance and storage of *marhun* is basically the responsibility of the *rahin*, but it can also be done by the *murtahin*, while the cost and maintenance of the storage remains the responsibility of the *rahin*.

4) *Marhun* Sales

   a) When it is due, the *murtahin* must warn the *rahin* to immediately pay off the debt.

   b) If *rahin* is still unable to pay off the debt, then *marhun* is forcibly sold/executed through an auction according to sharia.

   c) The proceeds from the sale of *marhun* are used to pay off debts, unpaid maintenance and storage costs and selling costs.

   d) The excess of the sale proceeds belongs to *rahin* and the deficiency becomes *rahin*’s obligation.\textsuperscript{19}

The National Sharia Council Fatwa Number 26/DSN-MUI/III/2002 on Rahn Emas states that this fatwa allows pawning using gold based on the Rahn principle. The fatwa stipulates that the costs of storing goods (*marhun*) are charged by the pawnbroker

\textsuperscript{18} OJK, *POJK Nomor 31/POJK/2016* (Jakarta: Otoritas Jasa Keuangan, 2016).

\textsuperscript{19} Fatwa Dewan Syariah Nasional No. 25/DSN-MUI/III/2002 Tentang Rahn

https://e-journal.iain-palangkaraya.ac.id/index.php/maslahah/index
(rahin), but this fatwa also provides a limitation that the amount charged to the pawnbroker is based on the expenses actually incurred. This fatwa stipulates:

a. *Rahn* Gold is allowed based on the principle of *rahn* (see DSN Fatwa number: 25/DSN-MUI/III/2002 on *Rahn*).

b. The cost of storing goods (*marhun*) is charged by the pawnbroker (*rahin*).

c. The costs as referred to paragraph 2, are based on expenses that are actually needed.

d. The cost of storing goods (*marhun*) is carried out based on the *ijārah* contract.

In this Fatwa, the gold pawn combines three forms of transactions. The forms are *qarḍ*, *rahn*, and *ijārah* transactions. Short-term loans provides customers to use a *qard* contract, which is a loan without using interest, where gold is used as collateral for the loan using a *rahn* contract. Meanwhile, the fees and costs for storing goods (gold) charged to customers based on the *ijārah* contract.

The National Sharia Council Fatwa Number 68/DSN-MUI/III/2008 on *Rahn Tasjily* has considered a form of Sharia Financial Institution (LKS) service that is needed by the community. It is loans or other transactions that cause debts and receivables by providing guarantees. The goods are controlled and used by the debtor. In addition, the creditor has the right to easily execute the collateral which is controlled by the debtor in the event of a default. And, the MUI National Sharia Council needs to stipulate a fatwa on *Rahn Tasjily* to serve as a guideline.

The fatwa explained that *rahn tasjily* is a guarantee in the form of money but the collateral (*marhun*) must remain in the control of the utilization of *rahin* and the proof of ownership is submitted to the *murtahin*. *Rahn tasjily* or what can be called a sharia fiduciary guarantee is allowed. The costs must be paid by *rahin*, in principle the same as in the practice of sharia pawning. Meanwhile, in the execution of *rahn tasjily* objects, in principle, they follow the same provisions as the execution of *rahn* described in the fatwa of the National Sharia Council.

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20 Fatwa Dewan Syariah Nasional No. 26/DSN-MUI/III/2002 Tentang Rahn Emas

21 Ahmad Chairul Hadi, “Menimbang Gadai Emas Sebagai Instrumen Investasi Syariah,” *Al-Iqtishad* 4, no. 2 (2012), https://doi.org/10.15408/aiq.v4i2.2531.

22 Hafidz Abdurrahmad, *Bisnis Dan Muamalah Kontemporer* (Bogor: Al-Azhar, 2015).
Rahn tasjily must meet the general provisions as described in the National Sharia Council fatwa No.25/DSNMUI/III/2002 on Rahn, and also meet the special provisions contained in the National Sharia Council fatwa No.68/DSN-MUI/III/2002, are:

a) Rahin submits proof of ownership of the goods to the murtahin;

b) Rahin authorizes the murtahin to execute the goods when occurs a default or failure to pay off the debt;

c) The utilization of marhun goods by rahin must be within reasonable limits according to the agreement;

d) Murtahin may charge fees for maintaining and storing marhun goods (in the form of valid proof of ownership or certificates) which are charged by rahin;

e) The amount of the cost of maintaining and storing marhun goods should not be related to the amount of the loan granted;

f) Rahn Tasjily's financing insurance costs are charged by Rahin.

4. Sharia Pawnshop Products in Indonesia

To meet the needs of the community, sharia pawnshops do not only issue pawn products, but also non-pawn products. As reported from the official sharia pawnshop website, these products are:

a. Rahn Products

1) Sharia Gold Pawn

Pawn Gold Financing from Pegadaian Syariah is the right solution to the need for fast funds that are sharia-compliant. It is fast processing, safe storage. The collateral goods are in the form of gold jewelry, gold bars, diamonds, smartphones, laptops, other electronic goods, motorcycles, cars or other movable goods.

The advantages of this product are, Gold Pawn Service is available at more than 600 Sharia Pawnshop outlets in all Indonesia, the application procedure is very easy. The loan procedure is very fast which only takes 15 minutes, Loans (marhun bih) ranging from 50 thousand to 1 billion and above, loans with a term of 4 months and can be extended many times, repayment can be made at any time with a mu'nah calculation during the loan period, Process loans without having to

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23 Fatwa Dewan Syariah Nasional No. 68/DSN-MUI/III/2008 Tentang Rahn Tasjily
24 Pegadaian Syariah, “Pegadaian Syariah,” n.d., https://pegadaiansyariah.co.id/web/.

https://e-journal.iain-palangkaraya.ac.id/index.php/maslahah/index
open an account and *Marhun bih* receipts in cash or transferred to customer accounts.

2) **Hajj Portion/Arrum Hajj Financing**

Pegadaian Syariah Hajj Portion Financing is a financing to get a portion of the Hajj pilgrimage according to sharia with an easy, fast and safe process. Obtaining hajj portion financing of hajj savings can be used directly to obtain hajj portion numbers. The advantages are, certainty of portion numbers, Easy process, Gold and Hajj documents are safely stored in pawnshops, Mu'nah 0.95% estimated, Professional service, Affordable maintenance costs for collateral goods, the gold guarantee can be used to pay off the hajj costs when it is paid off, Minimum Gold 3.5 g, Minimum loan of Rp. 1,900,000 to Rp. 25,000,000 with period of 1-5 years.

3) **Pawn Gold in Sharia Installments/Arrum Gold**

Gadai Emas Installment Syariah is a pawnshop product to provide cash loans with jewelry (gold and diamonds) as collateral. Loans can be paid in installments through an easy and sharia-compliant process. The advantages of this product are loans starting from Rp. 1 million - Rp. 500 million, credit limit 95% of the estimate, term of 12, 18, 24, and 36 months, Admin fee Rp. 70,000 and mu'nah costs 0.95% per month of the estimated value.

4) **Rahn Hasan**

Rahn Hasan is a *rahn* with a *mu'nah* maintenance rate of 0% of the estimate, with a period of 60 days. Maximum *marhun* bih Rp. 500,000.

5) **Rahn Flex**

Rahn Flex is the provision of loans with guaranteed movable goods according to sharia, high loan ceilings and daily deposit fees. The advantages are discount on deposit fees for loans below the highest ceiling, free administration fee, loan money is received in full without deductions, can be extended, in installments or add loans, credit limit of 96%, 94%, or 93%, term of 10 days, 30 days, 60 days, minimum 5 days, and Great discount for loans below the highest ceiling.
6) Rahn Bisnis

Rahn Bisnis is a pawnshop product to provide cash loans to business owners with gold collateral (bars or jewelry). The advantages of this product are loans starting from Rp. 100,000,000 to more than Rp. 1 billion (BMPK), *mu'nah* ranging from 0.38-0.55% per 10 days, credit limit 87% of the estimate, Term of 4 months and *mu'nah* contract Rp. 100,000

b. Non Rahn Products (Micro)

1) Vehicle Installment/Trust

Pegadaian Syariah Installment Vehicle is the provision of sharia-based loans to micro/small entrepreneurs, internal and external employees as well as professionals, for the purchase motorized vehicles. The advantages of this Vehicle Installment Sharia Pawnshop are vehicle Installment Service is available at Sharia Pawnshop outlets in all Indonesia, the application procedure is quick and easy, affordable down payment, low administrative costs and fixed installments, financing period ranging from 12 months to 60 months, Transactions following the sharia principles that are fair and reassuring, minimum loan money 5 million and maximum 450 million (*marhun bih*), and Administration (*mu'nah* contract) Rp. 200,000 for a car and Rp. 70,000 for motorbike

2) Sharia Business Loans/BPKB Arrum

Arrum BPKB is sharia financing for the development of Micro, Small and Medium Enterprises (MSMEs) with the guarantee of BPKB for Motor Vehicles. If the customer has a business for 1 year, it is possible to take Arrum BPKB products with BPKB collateral. If you do not have a business, it means that the collateral is the vehicle and proof of ownership.

The advantages of this product are the transaction process with sharia principles is fair and reassuring according to the DSN-MUI fatwa, flexible term financing starting from 12, 18, 24, and 36 months, Pegadaian provides attractive and competitive rates, the service procedure is simple, fast and easy, Pegadaian only keeps BPKB, vehicles can be used by customers, *marhun bih* (loan money) ranging from 1 million - 400 million, Administration of 1% of loans, loans of 100 million and above are not subject to *mu'nah* contract.

3) Pawn Certificate/Rahn Tasjily Land
Pegadaian Syariah Pawning Certificate Financing is a sharia-based financing provided to regular income people, micro/small entrepreneurs and farmers with land certificates and HGB guarantees. The advantages of this product are credit limit of Rp. 1.000.000 - Rp. 200,000,000.

c. Investment

1) Gold Installment

Sharia Gold Installment is a service for selling gold bars to the public in cash or installments with an easy process and flexible. Sharia Gold Installments can be an alternative safe investment option to realize future needs, such as performing the pilgrimage, preparing for the costs of children's education, owning a dream house and a private vehicle.

The advantages of this product are easy process with professional service, Safe investment alternative to maintain asset portfolio, As an asset, gold bullion is highly liquid to meet urgent funding needs, There is a choice of gold bars with a weight ranging from 5 grams to 1 kilogram, Gold bars can be bought by way of cash purchases, installments, collective (groups), or social gathering, Down payment ranging from 10% to 90% of the value of the precious metal, and the installment period starts from 3 months to 36 months. The requirements are for cash purchases, customers simply come to the Pegadaian Outlet (Gallery 24) by paying the value of the Precious Metal to be purchased and for purchases in installments, customers can determine the pattern of installment payments according to their wishes.

2) Gold Savings

Gold Savings Pegadaian is a gold balance deposit service that makes it easier for people to invest in gold. The Pegadaian Gold Savings product allows customers to invest in gold easily, cheaply, safely and reliably.

The advantages of this product are, available in all pawnshop outlets and through the sharia digital service pawnshop application or Sharia pawnshop agent, competitive selling and buyback prices, low administration and management costs, Guaranteed 24 carat, customers can make buybacks starting from 1 gram, Gold printing orders can be made starting from 1 gram pieces, Customers can transfer to a Gold Savings account starting from 0.1 grams, Professionally and
transparently managed, and customers can purchase Gold Savings (Top Up) starting from 0.01 grams.

d. Other Products
   1) Remittance Pawnshop
      Services for sending and receiving money from home and abroad at competitive costs in collaboration with several international remittances. The advantages of this product are the transaction process is safe and reliable, competitive costs, the sender and recipient do not have to have a bank account and Transactions in real time.
   2) Payment Multi Online
      MPO is a service for paying various monthly bills (electricity, telephone, PDAM), buying credit, buying train tickets, paying BPJS health insurance, paying for finance, paying for TV subscriptions, etc. The advantages of this product are payments in real time, thus providing certainty and convenience in transactions, Competitive costs, payment can be made for more than one bill, the procedure is easy and in one service counter, can be done through the Digital Pegadaian application, each customer can make payments for more than one bill, and the customer does not have to have an account at the bank. The requirement is that the customers simply come to Pegadaian outlets to bring and submit customer numbers for electricity bills, telephone, cellphone credit, PDAM, train tickets, and so on.

5. The Challenges of Sharia Pawnshops in Indonesia in The Era of the Industrial Revolution 4.0

The presence of Islamic banking institutions that continue to develop is accompanied by the presence of sharia-based financial institutions. The sharia pawnshop is a media to develop the concept of a sharia-based economy in Indonesia. The sharia economic development is a very natural thing, due to Indonesia is a country with the largest Muslim population in the world.

PT. Pegadaian Syariah continues to experience rapid development, through the director of pawnshop products, Harianto Widodo, explain in February 2021, the growth
of sharia pawns was recorded at 2% despite the Covid-19 pandemic. Harianto Widodo also stated that his party targets the sharia pawn business to grow by around 10%.  

Quoted from the *Warta Ekonomi* page, PT. Pegadaian showed positive performance throughout the 2020 fiscal year with an increase in Operating Income which increased by 24.27% from 2019, from 17.67 trillion to 21.96 trillion. In terms of assets, it rose 9.40%, in 2019 assets amounted to 65.32 trillion to 71.47 trillion in 2020. The number of customers served also increased by 22.15%, from 13.86 million people to 16, 93 million people. As for the turnover of financing disbursed, there was an increase of 13.34% from 2019, from 145.63 trillion to 165.06 trillion in 2020. In June 2020, *rahn* or sharia pawning rose slightly from 7 trillion to 7.18 trillion in July 2020.

Based on data from the Brief Additional Information Phase IV 2021, the business network of PT. Pegadaian (Persero) has 1 head office, 12 regional offices, 540 Pawnshop Branches, 102 Sharia Pawnshop Branches, 2,888 Branch Service Units and 557 Sharia Branch Service Units.

**The Problems of Sharia Pawnshops in Indonesia**

In a study conducted using SWOT analysis, internal and external factors were found that influence the development of sharia pawnshops in Indonesia, presented in table 1:

| Table 1: The Development of Sharia Pawnshops in Indonesia<sup>28</sup> |
| Internal Factors | External Factors |
| Strengths | Opportunities |
| Muslims support sharia pawns | Many people are aware that interest is haram |
| Easy and cheap administrative requirements | The tendency of people to choose sharia product financing |
| Guaranteed goods are insured | Community interest does not only come from the Islamic community |
| The products offered are varied and supported by the community | The existing non-sharia pawnshops are not very attractive to the public |
| The loan period can be extended without having to pay administrative fees | |

**Weaknesses**

| | Threats |
| Limited branch offices | Products in sharia pawnshops have begun to be applied to banking |
| Lack of human resources, so there are | |

<sup>25</sup> Kontan, “Bisnis Gadai Syariah Masih Terkontraksi Di Tahun Ini,” 2021, https://keuangan.kontan.co.id/news/bisnis-gadai-syariah-masih-terkontraksi-di-tahun-ini.

<sup>26</sup> Aziz Rahardyan, “Kinerja Pegadaian Tumbuh Positif Di Periode Pandemi, Ini Penopangnya,” 2020, https://finansial.bisnis.com/read/20200914/89/1291540/kinerja-pegadaian-tumbuh-positif-di-periode-pandemi-ini-penopangnya.

<sup>27</sup> (Persero), “Informasi Tambahan (Intam) Ringkas Tahap IV Tahun 2021.”

<sup>28</sup> Randi Saputra and Kasyful Mahalli, “Analisis Potensi Dan Kendala Pengembangan Pegadaian Syariah Di Kota Medan,” *Jurnal Ekonomi Dan Keuangan* 2, no. 4 (2014), https://jurnal.usu.ac.id/index.php/edk/article/view/11682.
employees who have double duties

The lack of human resources who really understand sharia contracts

Poor service quality

Insufficient place for storage of collateral goods

The assumption that sharia pawnshops are related to religious fanaticism

The difficulty of eliminating the mechanism of interest that has taken root in the community

Based on table 1, the evaluation for sharia pawnshops in developing their business are: first, maximizing service to provide convenience to customers. Second, improve facilities and infrastructure as well as ease of transactions. Third, build cooperative relationships with other financial institutions. Fourth, increase the number of service offices so that they are easily accessible to the public. Fifth, cooperating with lower middle class community groups to carry out disseminate information, Provide skilled human resources for marketing to attract customers.

D. Conclusion

Sharia Pawnshops is one of the financial institutions that provide effective alternative funding for the community. The growth of pawnshop profits which continues to grow in the era of the industrial revolution 4.0 and during the Covid-19 pandemic is one indicator of the success of sharia pawnshop management. In addition, sharia pawnshops can prove that they can promote Islamic moral values in the midst of the rapid development of financial institutions in Indonesia. However, from all of these things, problems will continue to be evaluated to improve the performance of the sharia pawnshop in the future. Steps taken include maximizing services to provide comfort to customers, improving facilities and infrastructure as well as ease of transaction, build a cooperative relationships with other financial institutions, increase the number of service offices so that it can be easily accessed by the public, cooperate with lower-middle-class community groups to carry out information and provide skilled human resources for marketing to attract customers.

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