

Analysis of Rahn Law an Islamic Economic Perspective

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Abstract

The development of the Islamic financial system gave rise to Islamic financial institutions, one of whose products is pawnshops. Pawnshops in sharia are known as Rahn which means pawn. Rahn or Pawn is a binding agreement between the creditor and the debtor in a loan and loan transaction by placing collateral on the debt. The purpose of this article is for the Analysis of the Implementation of rahn Law (pawn) in an islamic economic perspective. The method used using a skinative model with an Islamic economic approach and the analysis used is descriptive analysis. The study results show that rahn is allowed in Islamic teachings, its development has also become increasingly prevalent. Rahn is used as an economic support for people in need. The rahn law has also been allowed by islamic clerics and fatwas. However, its activities must be by the conditions, harmony and applicable policies.

Keywords: Islamic financial institutions, Sharia Pawnshops, Rahn

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1. INTRODUCTION

The development of the Islamic financial system gave rise to Islamic financial institutions whose concepts and principles differ from conventional financial institutions. Essentially, Islamic finance differs from conventional finance in terms of objectives, mechanisms, scope, powers, and responsibilities. The existence of Islamic finance is used as an achievement of the socio-economic goals of the Islamic community. In this Islamic financial institution, all activities are based on sharia principles. In Law Number 21 of 2008 which is meant by sharia principles, namely "banking activities in which contain sharia prinsip which has been lurer kan by lembaga which has w ewenang to determine fatwanya in the field of sharia. "

One of the products of Islamic financial institutions is pawnshops. Definitioni the pawnshop is a business entity that provides loan funds to people in need by exchanging debt collateral with the applicable pawn law principles. Pawnshops in sharia are known as *Rahn*, which means pawn. The concept of *rahn* in Islamic law in Surah Al-Baqarah verse 283 is as follows: "If you are on the way (and do not make

money in cash) while a writer does not take you, then there should be dependents held (by the debtor)".

Based on this verse, it can be concluded that in Islamic law pawning with the beginning of non-cash muamalah (debt) will give a sense of calm to those who owe. The verse also explains that debt by guaranteeing goods is permissible. Pawn is a binding agreement between creditors and debtors in lending and borrowing transactions by placing collateral on the debt. Goods used as pawns will turn into goods controlled by the lien recipient or who gave the loan but the goods still belong to the borrower of funds.

In its development and growth, private *rahn* (pawn) in Indonesia has increased quite well, whereas previously private *rahn* (pawn) has increased selectively and is said to have increased quite stagnantly. The covid outbreak influenced this in 2020. Private *rahn* (pawn) is increasingly widespread and can proliferate as time passes. Many private *rahn* (pawn) companies are adding branches to meet the community's needs. The factor that causes this drought is the large number of business actors who run the business of buying and selling goods. Providing pawn services will attract people to try it without having to

go to a pawnshop agency that stands under the auspices of the state. *This* private pawn provides gold pawn services, installments with a trade-in system, and pawning goods from stores. Another advantage that is of interest to the public is because in *private rahn* (pawn) it has proximity to the community, more operational systems, and locations that are easy to reach. With fast and accessible services, many people are tempted and interested in using private *rahn* (pawn) services. Based on the description above, the researcher is interested in researching the Analysis of the Implementation of *Law Rahn* (pawn) from the Islamic economics perspective.

2. METHOD

This study aims to determine the Analysis of the Implementation of *Law Rahn* (pawn) from the Islamic economics perspective. This research is a literature research with a skinative model with an Islamic economic approach and the analysis used is descriptive. The data used are primary and secondary.

3. RESULT AND DISCUSSION

Sharia Pawnshop

Pawn or *rahn* is debt financing by delivering goods as collateral or collateral in the bond of the agreement. According to scholars of the Hanafi School, *rahn* (pawn) is defined as collateral in the form of goods used to pay receivables in whole or only in part. While scholars of the Shafi'i and Hanbali schools define *rahn* (pawn) is a debt that is done by making goods as collateral if one day the customer cannot pay then the baranng will become the pawn owner. A pledge is etymologically guaranteed, eternal and permanent. In Islamic jurisprudence, pawn is known as *rahn*, which is an agreement to hold an item used as collateral. According to Sutedi (2011), sharia pawn is a concept of receivables payable in accordance with sharia, because its more appropriate form is the qardhul hasan scheme due to its usefulness for social purposes.

In carrying out *rahn* (pawn) according to H. Idris Ahmad some conditions must be met, including:

- a. The existence of Ijab Kabul
Ijab kabul can be done by correspondence such as writing statements with answers.
- b. Does not trouble the pawnee.
The purpose of not bothering the lien recipient is that if someone mortgages an item, the item may not be sold to others because the item is

collateral, and the party receiving the lien is entitled to the lien funds.

- c. Does not harm the person who pawned
This is intended so that the pawned goods are not used and taken advantage of by the pawn agency.
- d. There are *rahin* (the party who mortgages) and *murtahin* (the party who receives the pledge)
Both parties must be present in the lien transaction, but are not allowed to be guardian or replaced such as orphans and liens must not be from people who are not reasonable (crazy), other people's property and others.
- e. Pawn goods in the form of valuables
In pawning goods as collateral, goods must have good selling value and functional value.

Rahn (pawn) also has principles in the *rahn* (pawn) contract in Islamic financial institutions according to Mustofa (2016), namely;

- a. The Principle of Tawhid (Faith)
In this principle tawhid becomes the foundation of Islamic teachings, where the universe's creator is Allah including all resources on earth. The ultimate possessor is Allah, while man can have a quick manner as a test of entrustment from God. This principle has three philosophies in Islamic economics, namely first, this world with everything in it belongs to Allah and his creatures run according to what He wants. Second, the creator of all creatures is god and creatures must submit to god. Third, the end of the doomsday will affect people's economic attitudes and behavior.
- b. The principle of Ta'awun (Please help)
In this principle, helping activities must be carried out to help each other improve the standard of living in the business world and theeconomy. In Sura Al-Maidah 4:2 it is explained that please help in doing good things in virtue and piety and do not help in bad things such as enmity or cruelty. This principle of ta'awun indicates that humans and religion have a strong relationship with the development of activities and activities carried out.
- c. Business Principles (Tijarah)
The Prophet Muhammad emphasized this principle if it is essential to do business or trade in human life. To achieve prosperity in trading and seeking profits, it is necessary to use a method by

sharia law. If pawn activities do not follow sharia rules, it will devastate its operations, especially on its customers.

Based on this principle, which is used as a reference in developing and improving the quality of sharia pawnshops (*rahn*). In the *rahn* (pawn) business must be based on mutual pleasure and behavior between the two parties to avoid tyranny and feel disadvantaged between one party. In addition, it is also to avoid gambling, fraud and other actions.

Sharia Pawnshop Products

According to Lestari (2021) there are several sharia pawnshop products as follows:

a. Pawnshop Rahn

Pegadaian *rahn* is a pawnshop whose products are by providing loans through a pawn system engagement based on sharia principles. The process of this *rahn* pawnshop is like a KCA pawnshop, but the capital lease is not charged to its customers. In this *rahn* pawnshop using *ujrah* which is calculated based on how much the estimated guarantee is given.

b. Arrum Pawnshop

Arum pawnshop is a pawnshop with financing services using sharia schemes, which in this pawnshop is intended for entrepreneurs or business people in the scope of micro businesses. This pawnshop uses a guarantee in the form of a motor vehicle BPKB. However, if micro business actors do not have it, it can be replaced with another guarantee, namely gold.

c. Pegadaian Amanah

Pegadaian Amanah is a pawnshop that provides loans for motor vehicle ownership to permanent employees working in a particular company agency and small micro entrepreneurs. The loan is given from the calculation of repayment capacity based on the salary or income earned by the customer.

Pawn goods can be classified based on several types: goods or objects in jewelry such as gold, silver, diamonds, and pearls. Narang is in vehicles such as motorcycles, tricycles, and cars. Electronic goods such as televisions, computers, refrigerators, and radios. Items in the machinery category include motor vehicle engines, and sewing machines. As well as household goods such as textile, clothing, cloth, and glassware that still have economic value.

Akad Rahn

Sharia-wise, the contract of *rahn* (pawn) is divided into two types: *shahih* and *ghairu shahih*. A valid agreement is a contract from the party who makes the contract based on conformity with the pillars and requirements of sharia principles. While the *ghairu shahih* contract is a contract in which it is not by sharia principles that can harm the pawnee (Darsono, 2017: 49). The implementation of the *rahn* contract must also be based on the pillars that have been determined, namely the existence of guarantees (*marhun*). Collateral in *rahn* (pawn) is a guarantee that must and has use value or valuable, can be traded, utilized at the time of handover of the *rahn* contract (pawn). The second pillar is *marhun bih*, the meaning of this pillar is that *rahn* (pawn) is carried out with a mandatory and fixed debt process. Collateral used as a contract in *rahn* (pawn) that has economic value will be valued with money that can be used to pay debts, then the amount of debt money received by the lien recipient is an estimate of the economic value of the mortgaged goods. Because in the *rahn* (pawn) system this is binding, the price of the goods used in *rahn* (pawn) is based on the last sale and purchase price to determine the nominal that will be given clearly and definitely. In practice, *marhun* is estimated according to its value, sharia pawnshops provide estimation services on the value of an item carried out by *rahn*, this service is provided because sharia pawnshops have accurate estimators. The last pillars of *rahn* (pawn) are *shighah*, *ijab* and *qabul*. In harmony make a statement that shows that collateral is willing to be mortgaged in exchange for debt money. In practice, this harmony has been fulfilled because both parties signed a Letter of Proof of Rahn (SBR) in Pegadaian Syariah, which contains an agreement for the *rahn* transaction.

Implementation of Rahn Law (pawn) in the perspective of Islamic economics

The legal basis of *rahn* as a muamalah activity can refer to postulates based on the Quran, hadith, ijmak, and fatwas of DSN-MUI. One of them is in Q.S. Al Baqarah 2:283 which reads:

﴿وَإِنْ كُنْتُمْ عَلَى سَفَرٍ وَلَمْ تَجِدُوا كَاتِبًا فَرِهْنِمْ مَقْبُوضَةً فَإِنْ أَمِنْ بَعْضُكُمْ بِبَعْضٍ فَلْيُؤَدِّ الَّذِي أُؤْتِيَ أَمَانَتَهُ وَلْيَتَّقِ اللَّهَ رَبَّهُ وَلَا تَكْتُمُوا الشَّهَادَةَ فَإِنَّهُمْ قُلُوبُهُ وَاللَّهُ بِمَا تَعْمَلُونَ عَلِيمٌ﴾

Translation: *"If you are on the way (and not in cash) and you do not have a writer, then let there be dependents held (by the debtor). However, if some of you believe in others, let the believer fulfill his commission (his debt) and let him fear Allah his Lord; and do not hide your testimony. Moreover, whosoever concealeth it, he is a sinner in heart; Allah knows what you do".*

The Ministry of Religious Affairs of the Republic of Indonesia explains that in the nature of the hadiths narrated by HR. Bukhari and Muslim also state that "the Prophet (peace be upon him) once used his armor as collateral to buy food from Jews on credit".

The foundation for operationalising sharia pawns is the National Sharia Council Fatwa number: 25/DSN-MUI/III/2002 dated June 26, 2002 concerning rahn. That one form of financial services that is the community's need is a loan by pawning goods according to debt guarantees, Islamic Financial Institutions need to respond to the community's needs in their products, so that sharia principles carry them out. The National Sharia Council considers it necessary to establish a fatwa to serve as a guideline on Rahn, namely withholding goods as collateral for debts. *Rahn* (pawn) has several advantages when compared to other financial institutions, including a short speed of realization time. When there are customers who come with pawns or collateral, at that time the loan process debt will be immediately disbursed and given to the customer. The second advantage is a specific requirement that relieves the community and can support its economy. The last advantage is the purpose of the customer pawning the goods for what. Because in sharia principles must be clear direction and purpose, then when the pawner mortgages the goods must explain what the purpose is for so that the contract made by the pawner can adjust appropriately.

The law of Rahn (pawn) in the perspective of Islamic economics is almost the same as conventional pawnshops but in an Islamic perspective it is required to use and be based on Islamic principles. Most scholars agree to allow the law of rahn. Because from its history the Messenger of Allah has also done rahn. From this history, scholars do not oppose the existence of rahn in Islam. In the time of the Prophet, rahn was done because he did not want to burden and trouble his companions so that rahn could overcome the community's economic difficulties. Rahn can be done

when traveling or not traveling. The impression that debt-receivable transactions are only carried out in transit, as Q.S al-Baqarah (2): 283 states that rahn transactions are carried out at the time of travel. This happens because there are often urgent needs on the way. Meanwhile, finding witnesses or recording officers (notaries) is brutal while on the way.

The systematics of rahn activities is how customers come to pawn agencies and submit their guarantees (*marhun*) to Islamic banks (*murtahin*) provided that the guarantees are moving objects or have economic and selling value. Then an agreement will be made between the customer (*rahin*) and the Islamic bank (*murtahin*). The next step is the signing of a debt financing contract, and the delivery of collateral which will then be realized loan funds. In this transaction, the lien agency does not provide additional costs beyond the estimated amount of collateral. File costs such as stamp duty and notarial deeds are borne by borrowers or customers (Surepno, 2018).

The agreement that needs to be known and agreed upon together in the rahn transaction is the period of storage of goods and loan payments set at each entity, in this case it varies but the average is only four months. In addition, customers also get leeway in sharia rahn rules, namely being able to redeem collateral at any time before the period (maximum rmpat months) and pay loan installments by paying in advance and making repayments at the same time as paying for savings services (Bazir, 1983).

If there is a problem in this rahn, such as customers who cannot pay loan installments, the pawnshop will execute collateral to be sold. The acquisition price from the sale of the guarantee will be the customer's right if there is a difference. The provisions in the sharia rahn if within approximately one year the difference money is not taken, it will be handed over to the Amil Zakat Agency as Zis. Islamic mortgages or sharia pawns will only benefit through rental costs instead of loan interest given to customers (Choitunnisak, 2020).

This study provides results that are by those conducted by Lubaba (2020) which states that based on the pillars of the rahn contract in practice starting from *marhun*, *marhun bih*, *shighah*, and *'aqidaini* are by sharia theory, but there are still some things that must be clarified to get the correct practice in sharia theory. Meanwhile, research conducted by Manahaar (2019) provides results if the implementation of sharia

pawns in Indonesia has proliferated and with this rahn reduces the act of riba in a lending and borrowing transaction such as bank interest.

4. CONCLUSION

Rahn (pawn) implementation has proliferated along with the development of an increasingly advanced era, where many people need financial institutions that are easy and fast practices to meet their needs. Sharia pawnshops are one of the institutions that are in great demand by the public, judging from the easy and fast process on the other hand it has also applied its Islamic principles or sharia principles. The law of rahn has also been permissible by Islamic scholars and fatwas. However, its activities must be by the terms, pillars and applicable policies.

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