

THE USE OF RAHN CONTRACTS IN SHARIA PAWNSHOPS AS A CAPITAL STRATEGY FOR PAMEKASAN FARMERS

Syifatullaili

Universitas Annuqayah

syifatullaili91205@gmail.com

Maksum

Universitas Annuqayah

maksummuktie@ua.ac.id

Abstract: *This study aims to analyze the implementation of the rahn contract in Sharia Pawnshops to improve the economy of farmers in Kadur District, Pamekasan Regency. This research uses a qualitative approach with a case study type, with the research subjects including Sharia Pawnshop employees and farmers using rahn-based financing. Data was collected through interview, observation, and documentation techniques, then analyzed using the Miles and Huberman model interactively. The results of the study show that the rahn contract is effective in providing quick and easy access to capital for farmers, supporting the smooth running of agricultural production activities, and contributing to increasing household economic stability. However, its implementation still faces obstacles in the form of low financial literacy, dependence on collateral assets, and limited access to services in rural areas.*

Keywords: *Rahn, sharia pawnshop, farmer economy, sharia financing, empowerment.*

Abstract *This study aims to analyze the implementation of the rahn contract at Pegadaian Syariah and its impact on improving farmers' economic conditions in Kadur District, Pamekasan Regency. This research employs a qualitative approach with a case study design. The research subjects include Pegadaian Syariah staff and farmers who use rahn-based financing. Data were collected through interviews, observation, and documentation, then analyzed using the Miles and Huberman interactive model. The findings show that the rahn contract effectively provides fast and accessible capital for farmers, supports agricultural production activities, and contributes to household economic stability. However, its implementation is still constrained by low financial literacy, dependence on collateral assets, and limited access to services in rural areas.*

Keywords: *Rahn, Islamic pawnshop, farmers' economy, Islamic financing, empowerment.*

INTRODUCTION

The agricultural sector has an important role in supporting the economy of the people of Pamekasan Regency. Based on data from the Central Statistics Agency (BPS) of Pamekasan in 2023, the agriculture, forestry, and fisheries sectors contributed 31.69% to the region's Gross Regional Domestic Product (GDP) with a value of IDR 20.881 trillion and a growth of 4.96%.

This condition shows that the agricultural sector is still the main support for people's economic activities, especially in Kadur District where the majority of the population works as farmers.¹

The majority of the people of Kadur District work as farmers with relatively simple economic conditions. However, in running an agricultural business, farmers still face various obstacles, especially limited business capital.² The need for production costs, which include the purchase of seeds, fertilizers, agricultural drugs, and land cultivation costs, is often not comparable to the economic ability of farmers. Madura's geographical conditions, which tend to be dry and heavily dependent on rainfall, are also factors that affect the level of agricultural productivity of the community.³

Capital problems are increasingly complex because not all farmers are able to access formal financial institutions. Complicated administrative requirements, limited guarantees, and relatively long financing procedures are the main obstacles for farmers in obtaining business capital. In addition, the conventional financing system that uses interest is considered less in accordance with the sharia principles embraced by the majority of the people of Madura. The high level of *religiosity* of the community causes the need for sharia-based financial services to increase.⁴

One of the alternative financing that can be used by farmers is the Sharia Pawnshop service through the *rahn contract*. Akad *rahn* is a pawn contract in the Islamic financial system that uses valuables as debt collateral without containing elements of usury.⁵ In practice, customers can earn cash by pawning valuable items, such as gold or jewelry, and then redeeming them again within a certain period of time. This system is considered more in accordance with sharia principles because the fees charged are in the form of maintenance costs, not loan interest.⁶

The use of *rahn* contracts has considerable potential in Pamekasan Regency, especially in Kadur District. This is supported by the custom of the Madurese people who store assets in

¹<https://pamekasanhebat.com/2020/10/19/mendorong-penguatan-ekonomi-desa-melalui-cerdas-bertani>," accessed May 1, 2025 at 14.52 WIB.

² "Central Statistics Agency. (2023). Indonesia's Gross Domestic Product by Business Sector in the Fourth Quarter of 2022. Jakarta: BPS. Accessed from <https://www.bps.go.id>."

³ "Central Statistics Agency of Pamekasan Regency, Pamekasan Regency in 2023 Figures, (Pamekasan: BPS Pamekasan Regency, 2023)".

⁴ Khoiril Rijal, *Farmers' Adaptation Strategies to Climate Change on Madura Island*, Vol. 15, No. 2 (2022). p. 45-58.

⁵ Abd. Hannan, *Religiosity of the Madura People and Its Implications for Economic Behavior*, Vol. 18, No. 1 (2021): pp. 78-92.

⁶ Mustofa, M., *The Utilization of the Rahn Agreement in Supporting Micro Business Capital in Sharia Pawnshops.*, 10(2), (t.t.): p145-156.

the form of gold or jewelry.⁷ The existence of Sharia Pawnshops can be an alternative solution for farmers in meeting their business capital needs without having to sell their assets.⁸

However, the implementation of *the rahn contract* in supporting farming still faces several obstacles, such as the low understanding of farmers about the rahn contract procedure, limited access to Sharia Pawnshop services in rural areas, and financing incompatibility with the agricultural business cycle.⁹

Several previous studies have shown that the *rahn contract* has an important role in helping the community obtain financing quickly and in accordance with sharia principles. However, research on the use of rahn contracts as a strategy for farmers' capital in Kadur District is still relatively limited.¹⁰ Therefore, this research is important to analyze the implementation of the rahn contract in Sharia Pawnshops as an alternative to farming business financing, find out its effectiveness in helping farmers' capital, and identify various obstacles faced in its implementation.

This research is expected to contribute to the development of Islamic finance, especially related to the optimization of *rahn contracts* as a strategy for economic empowerment of farmers. In addition, the results of this research are expected to be considered for Sharia Pawnshops and related parties in increasing access to sharia financing for rural communities. Based on the problems that have been presented, this study aims to examine the impact of the rahn contract on the economic condition of the farming community in Kadur District, Pamekasan Regency. The focus of the research is not only on the contribution of the rahn contract in supporting farmers' economic activities, but also on the identification of various obstacles that arise in its implementation. In addition, this study seeks to analyze the solutions offered by Sharia Pawnshops as Islamic financial institutions in overcoming these obstacles, so that the rahn contract can function effectively as a financing instrument in accordance with sharia principles and the needs of the farming community.

⁷ Mustofa, M, "*The Utilization of the Rahn Agreement in Supporting Micro Business Capital in Sharia Pawnshops.*" Pg. 145–156., Vol.10, No.(2), (t.t.).

⁸ PT Pegadaian (Persero) Syariah, *Sharia Gold Pawn Product Guide*. Jakarta: Pegadaian Syariah Official. (2020).

⁹ Wahbah Az-Zuhaili, Wahbah Az-Zuhaili, *Fiqh Islam wa Adillatuhu, Volume 6, terj. Abdul Hayyie al-Kattani* (Gema Insani, 2011).

¹⁰ Karim, A. A., *Islamic Bank: An Analysis of Fiqh and Finance*. (Rajagrafindo Persada, (2021).

THEORETICAL STUDIES

1. Sharia Economic Theory

Sharia economics is a branch of economics that is based on Islamic values sourced from the Qur'an and Hadith. According to M. A. Manan, sharia economics is a social science that studies the economic problems of society inspired by Islamic values. Meanwhile, Prof. Dr. Zainuddin Ali defines sharia economics as a collection of legal norms sourced from the Qur'an and Hadith that govern human economic activities.¹¹

Thus, sharia economics can be understood as an economic system that uses Islamic values as a guideline in meeting the needs of human life in a balanced and equitable manner. In its implementation, Islamic economics emphasizes four main principles, namely unity, equilibrium, free will, and responsibility. These principles are the basis for every economic activity to remain in accordance with sharia provisions.

2. Rahn's Theory

Akad rahn is a form of contract in Islamic economics related to the pawn system. Etymologically, al-rahn means to remain, eternal, or to hold something. In Islamic legal terms, *Rahn* It means making an item as collateral for the debt so that the item can be used as repayment if the debtor is unable to pay its obligations.¹²

The basis of the law of the rahn contract is found in the Qur'an surah Al-Baqarah verse 283

وَإِنْ كُنْتُمْ عَلَى سَفَرٍ وَلَمْ تَجِدُوا كَاتِبًا فَرِهْنَ مَقْبُوضَةً فَإِنْ مِنْ بَعْضِكُمْ بَعْضًا فُلْيُودِ الَّذِي أُوْتِمِنَ
أَمَانَتَهُ وَلْيَتَّقِ اللَّهَ رَبَّهُ وَلَا تَكُنْ مِمَّا الشَّاهِدَةَ وَمَنْ يَكْتُمْهَا فَإِنَّهُ آتِمٌ قَلْبُهُ وَاللَّهُ بِمَا تَعْمَلُونَ عَلِيمٌ ۚ ۲۸۳

"And if you are on a journey (and do not agree with cash) and you do not get a writer, then there should be a lien held (by the debtor)"¹³

which explains the possibility of the existence of dependent goods in non-cash transactions. In addition, there is also a hadith of the Prophet Muhammad PBUH *which states that he once pawned armor to a Jew as a guarantee for the purchase of food in time (HR. Bukhari).*

São Paulo *Rahn* It is a financing instrument in the Islamic economy that allows a person to obtain funds by guaranteeing valuables without containing elements of usury. The characteristics of the rahn contract are as follows:

¹¹ To Anshori, *Digitalization of Sharia Economy*". Journal of Islamic Financial and Business Economics, Vol.7 No.1,2016, p. 4.

¹² Rahmat Shafi'i, *Fiqh Muamalah, Bandung*: (Pustaka Setia, 2000). Page 159.

¹³ QS. Al-Baqarah: 283.

- a. The goods used as collateral must have economic value.
- b. It does not contain elements of riba and gharar.
- c. There is ijab and qabul as a form of clear agreement.
- d. Collateral can be executed if the debt cannot be repaid.¹⁴

3. Sharia Pawnshops

Sharia pawnshops are financial institutions that carry out financing activities based on sharia principles. This institution provides loan services to the public with a pawn system in accordance with Islamic provisions, without implementing an interest system (riba).¹⁵

In the perspective of sharia, the term "*Sharia*" refers to the rules or decrees of Allah SWT that govern all aspects of human life. Etymologically, sharia means the right path or the right direction of life. Therefore, Sharia Pawnshops operate based on sharia principles in providing financial services to the community.

Economic improvement

According to the Great Dictionary of the Indonesian Language (KBBI), economic improvement is a process or effort to improve the economic conditions of individuals and communities. Economic improvement includes various aspects such as increasing income, purchasing power, productivity, and overall community welfare.

In the context of this research, economic improvement can be interpreted as a change in the economic condition of farmers for the better through access to capital in accordance with sharia principles, so as to be able to increase their productivity and welfare.¹⁶

RESEARCH METHODS

This study uses a qualitative approach with a case study type of research. According to Suharsimi Arikunto, a case study is an intensive, detailed, and in-depth study of a certain symptom. This approach is used to understand in depth the implementation of *the rahn* contract at Sharia Pawnshops and its impact on improving the economy of farmers in Kadar District, Pamekasan Regency.

¹⁴ Ascarya, *Sharia Bank Contracts and Products*. (Rajawali Press, 2007), p. 34.

¹⁵ Nurhayati, *Understanding the Concepts of Sharia, Fiqh, Law and Ushul Fiqh*, Volume 2 Number 2 July-December 2018), p-ISSN: 2549-GH-ISSN: 2654-4970 p.127.

¹⁶ Muhammad Zaldy Febry, *Muhammad Zaldy Febry Family Planning Program in Improving Family Welfare*, Volume 2, No 2 (May 2024).

The location of this research was carried out at the Sharia Pawnshop Pakong Branch, Pamekasan Regency, as well as the farming community in Kertagena Daja Village, Kadur District, Pamekasan Regency. This location was chosen because the community uses a lot of rahn contracts as an alternative financing in meeting economic and agricultural business needs.

The informants in this study consist of employees of Sharia Pawnshops and farming communities who have used or are using rahn contract services. The selection of informants aims to obtain relevant data on the implementation of *the rahn contract* and its impact on the economic condition of farmers.

The technique of determining informants is carried out purposively, which is based on certain considerations in accordance with the purpose of the research. Informants are selected based on several aspects, namely people, structure, point of view, time, geographical conditions, and activities related to the use of rahn contracts.

The data collection techniques in this study were carried out through interviews, observations, and documentation. The interviews were conducted in an unstructured manner to obtain in-depth information from Sharia Pawnshop employees and farmers who use the *rahn contract*. Observation was carried out by directly observing activities related to the use of rahn contracts in the lives of farmers. Meanwhile, documentation is used to obtain written data sourced from institutions and individuals related to the research.

The validity of the data in this study was tested using four criteria, namely credibility (internal validity), transferability (external validity), dependability (reliability), and confirmability (objectivity). This test is carried out to ensure that the data obtained is truly valid and can be scientifically accounted for.

The data analysis technique used is qualitative descriptive analysis with the Miles and Huberman model, which includes four stages, namely data collection, data reduction, data presentation, and conclusion drawn. Data collection is carried out by collecting information from the field according to the focus of the research. Data reduction is done by selecting and simplifying relevant data. The presentation of data is carried out in the form of an organized narrative, while the drawing of conclusions is carried out to answer the formulation of research problems based on the data that has been analyzed.

DISCUSSION

Analysis of Asset-Based Financing and Its Limitations

The findings of this study are also in line with the concept of *asset-based microfinance*, where access to financing is determined by the ownership of collateral.¹⁷ This can be seen from the practice of Sharia Pawnshops which require collateral such as gold as the basis for determining the loan value.

However, this model has limitations because not all farmers have valuable assets, so access to financing is not fully inclusive. This is reinforced by the informant's statement that shows the limitations of access and understanding, as conveyed by Ahmad Siraji:

"I've never tried anything like Rahul Gandhi, I just want to know what he thinks."

In addition, the limited amount of financing is also an important issue in the implementation of the rahn contract. Hoseimah states:

"Sometimes it's enough, sometimes it's a little less."

These findings show that the effectiveness of the rahn contract is highly dependent on the value of the guarantee owned by the customer. Thus, in the context of sharia financing theory,

The Utilization of Akad Rahan in the Farmer Economy in Kadur District

A modification of the concept is needed to not only be oriented to asset guarantees, but also to consider productive business capacity.¹⁸

Based on the results of the research, *the rahn contract* at the Sharia Pawnshop has a positive impact on the economic condition of farmers in Kadur District, especially in the aspects of access to capital, smooth business, and household economic stability. These findings show that the rahn contract functions as an alternative financing instrument that is adaptive to the needs of the seasonal agricultural sector.

Empirically, farmers use *rahn* contracts to meet capital needs in the early phases of agricultural production, such as the purchase of seeds, fertilizers, and labor costs. As stated by Ahmad Siraji:

"The hardest thing is when planting, because you have to buy seeds, basic fertilizers, rice field ploughing costs and others. All of that costs a lot."

¹⁷ Ismail, *Islamic Banking*. Jakarta: Kencana Prenadamedia Group, 2011).

¹⁸ Karim, Adiwarmam A, 2010. *Islamic Bank: An Analysis of Fiqh and Finance*. Jakarta: PT Raja Grafindo Persada.

This shows that the need for agricultural capital is seasonal and increases in the early phases of production. In this condition, the *rahn contract* is a financing solution that is able to answer the short-term liquidity needs of farmers.

In addition, *the rahn contract* also helps the smooth running of agricultural production activities because farmers can obtain capital quickly without having to sell their assets. Thus, farming business activities can continue to run optimally.

The agricultural sector has the characteristics of high capital requirements in certain periods, activities that require large capital at certain times (not throughout the year). In this context, the *rahn contract* is a financing solution that is able to answer the short-term liquidity needs of farmers.

Application of the Rahn Agreement to Farmers in Kadur District Theoretically, *rahn* in *fiqh muamalah* is defined as the delivery of goods as debt collateral that allows a person to obtain financing without the element of usury. In this perspective, *rahn contracts* are included in the category of *tabarru' contracts* which are oriented towards helping (*ta'awun*).

Findings in the field show that the concept has been applied in the practice of Sharia Pawnshops in Kadur District, where farmers obtain financing by pledging valuables such as gold. This system does not use interest, but maintenance costs (*ujrah*), so it is in accordance with sharia principles.

Thus, there is a compatibility between the *rahn theory* in *fiqh muamalah* and the practice of financing in Sharia Pawnshops, especially in the aspect of avoiding *riba* and applying sharia principles. *Rahn* in *fiqh muamalah* is defined as the delivery of goods as debt collateral, so as to allow the debt owner to obtain financing without the element of usury.¹⁹ In this perspective, *rahn contracts* are included in the category of *tabarru' contracts* which are oriented towards helping (*ta'awun*).²⁰ This is in line with practice in the field, where the fees charged are in the form of *ujrah* (custody fees) instead of interest, so that they are in accordance with sharia principles.

Obstacles and Solutions in the Implementation of the Rahn Agreement

This shows that institutional aspects in sharia financing have an important role in improving the accessibility of financial services. The effectiveness of the institution is not only

¹⁹ Antonio, M. S, *Sharia Banks from Theory to Practice*. Gema Insani Press. Jakarta: Gema Insani Press. 2001).

²⁰ Ascarya, *Syariah Bank Contracts & Products* (Rajawali Press, 2015).

determined by compliance with sharia principles, but also by the ease of procedures, speed of service, and the level of customer understanding of financing products.

On the other hand, Pegadaian Syariah has provided solutions through simplifying procedures, accelerating fund disbursement, and flexibility in financing periods. This is acknowledged by Sulaiha:

"The process is quick, fairly easy, and not as complicated as other loans."

This shows that the institutional aspect in sharia financing has run quite well. According to Antonio, the effectiveness of Islamic financial institutions is highly determined by ease of access, transparency, and compliance with sharia principles.²¹

Thus, it can be interpreted that the rahn contract not only functions as a financial instrument, but also has a social dimension in helping the economic sustainability of the farming community. However, its effectiveness is still limited because it is influenced by asset ownership, financial literacy, and access to information.

Therefore, strengthening is needed in the form of Islamic financial education, expansion of financing inclusion, and product innovation so that the rahn contract is not only a temporary solution, but also an instrument for sustainable agricultural economic empowerment.

CONCLUSION

Based on the results of research on the implementation of the rahn contract at Sharia Pawnshops on the economic conditions of farmers in Kadur District, Pamekasan Regency, it can be concluded that the contract *Rahn* It has an important role in helping farmers' access to capital, especially in the early phases of agricultural production which requires considerable costs. Akad rahn provides short-term financing facilities through a sharia-based pawn system without usury, thus helping the smooth running of farming activities.

Economically, the use of contracts *Rahn* It has a positive impact on the smooth running of agricultural businesses and the economic stability of farmers' households, because farmers can get funds quickly without having to sell their assets. However, the effectiveness of the contract *Rahn* is still influenced by the ownership of assets that are used as collateral, so that not all farmers can access financing optimally.

²¹ Antonio, M. S, *Sharia Banks from Theory to Practice Theory to Practice*. Gema Insani Press. Jakarta: Gema Insani Press.

In terms of the suitability of theory and practice, the implementation of the rahn contract at Sharia Pawnshops has been in accordance with the principles of fiqh muamalah, especially in the avoidance of riba and the application of costs *Ujrah* in lieu of interest. This shows that normatively the rahn contract has run in accordance with sharia provisions.

However, in practice, there are still several obstacles, such as limited guarantees, limited amounts of financing, and low financial literacy of some farmers. For this reason, strengthening efforts are needed in the form of improving Islamic financial education, expanding access to services, and innovating financing products so that contracts *Rahn* can play a more optimal role as an instrument for sustainable economic empowerment of farmers.

REFERENCES

- Anshori, On. 2020, *Digitalization of Sharia Economy". Journal of Sharia Economics*, Vol.7 No.1, Pages 1-10.
- Hannan, Abd. "The Religiosity of the Madura People and Its Implications for Economic Behavior." *Journal of Islamic Studies*, Vol. 18, No. 1, 2021, pp. 78–92.
- Antonio, Muhammad Syafi'i. , 2001. *Sharia Banks from Theory to Practice*. Gema Insani Press. Jakarta: Gema Insani Press.
- Ascarya. *Sharia Bank Contracts & Products*. Jakarta: Rajawali Press, 2015.
- Ascarya. *Sharia Bank Contracts and Products*. Rajawali Press, 2007.
- Ismail. *Islamic Banking*. Jakarta: Kencana Prenadamedia Group, 2011.
- Karim, Adiwarmn A, 2010. *Islamic Bank: An Analysis of Fiqh and Finance*. Jakarta: PT Raja Grafindo Persada.
- Karim, Adiwarmn A, 2014. *Islamic Bank: An Analysis of Fiqh and Finance*. Fifth Edition. Jakarta: Rajawali Press.
- Khoirul Rijal, (2022). *Farmers' Adaptation Strategies to Climate Change on Madura Island*. Pages 45-58. Vol. 15, No. 2.
- Febry, Muhammad Zaldy. "Family Planning Programs in Improving Family Well-Being." *Journal of Community Empowerment*, Vol. 2, No. 2, May 2024, pp. 55–67.
- Mustofa, M. "The Utilization of the Rahn Contract in Supporting Micro Business Capital in Sharia Pawnshops." *Journal of Sharia Economics and Finance*, Vol. 10, No. 2, 2021, pp. 145–156.
- Nurhayati. "Understanding the Concepts of Sharia, Fiqh, Law and Ushul Fiqh." *Journal of Sharia Economic Law*, Vol. 2, No. 2, July–December 2018, pp. 124–134.
- PT Pegadaian (Persero) Syariah, 2020, *Guide to Sharia Gold Pawn Products*. Jakarta: Pegadaian Syariah Official.
- Rahmat Shafi'i. 2000, *Fiqh Muamalah*. Bandung: Pustaka Setia.

Wahbah Az-Zuhaili, 2011 Wahbah Az-Zuhaili,. *Fiqh Islam wa Adillatuhu, Volume 6, terj. Abdul Hayyie al-Kattani*. Echo of the Insane.

Rijal, Khoirul. "Farmers' Adaptation Strategies to Climate Change on Madura Island.

Central Statistics Agency. (2023). Indonesia's Gross Domestic Product by Business Sector in the Fourth Quarter of 2022. Jakarta: BPS. Accessed from <https://www.bps.go.id>,"

"<https://pamekasanhebat.com/2020/10/19/mendorong-penguatan-ekonomi-desa-melalui-cerdas-bertani>," accessed May 1, 2025 at 14.52 WIB