

Rahn Contract Construction as Micro, Small and Medium Enterprises (MSME) Capitalization Solutions in the Halal Industry Sector

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Abstract

Many players in the halal industry do not have access to formal finance. As a result, they do not have access to capital, their business does not develop, and gradually goes out of business. This article aims to develop the concept of financing with the Rahn contract scheme. So far, the Rahn contract is only understood as an agreement in a pawnshop to obtain a certain amount of loans for consumptive purposes. This article uses a type of literature review where data is obtained from a number of publications derived from journals, books, proceedings, review results, magazines or newspapers, and other sources that are considered informative. This article argues that the Rahn contract can be developed as a capitalization solution for halal industry business units in the micro, small, and medium sectors. It further suggests the development of the function of the Rahn contract as a business capitalization contract by issuing shares as Marhun for financing media. The capitalization model with this scheme is intended to develop collateral as a means of investment.

Keywords: *Rahn, collateral, investment, halal industry*

A. INTRODUCTION

Muslims basically want a guarantee of kindness for the goods they consume on a daily basis, making sure that their food and drink are made from something *halal* and *thayyib*. In the last decade, however, the worldview towards halal food has shifted towards a broader direction. Many non-Muslims choose to consume halal-branded foods because they are considered better, fragrant, quality, and healthier. In addition, both halal food and beverages, have now been transformed as new competitors in the industrial market both at the domestic and global levels.¹

The potentials of the halal industry offer a new force to create business actors engaged in the halal goods and services sector. The report, released by the State of the *Global Islamic Economic Report 2022*, states that out of 1.9 billion Muslims in the world, US\$ 2 trillion in 2021 were spent on halal products.² This is an opportunity as well as a challenge for Muslim countries, especially Indonesia, to take part in the world halal market competition. As a country with the largest Muslim majority in the world, the demand for the supply of halal products and beverages should be fairly high. Indonesia has a great opportunity to encourage its micro, small and medium enterprises (MSMEs) to move, sell and provide food and beverage products that are guaranteed halal in the community. In addition to commercial purposes, business activities in the halal sector are part of the charity of *ma'ruf nahi munkar*, which is to make and provide various main products that are of good value, appropriate, and suitable for consumption and countermeasures, hinders or completely eliminates illegitimate and harmful product in society.³

¹ Dwi Iryaning Handayani et al., "Ensuring the Halal Integrity of the Food Supply Chain through Halal Suppliers: A Bibliometric Review," *Journal of Islamic Marketing* 13, no. 7 (2022): 1457–78, <https://doi.org/10.1108/JIMA-10-2020-0329>.

² DinarStandard and Dubai Economy and Tourism, "State of the Global Islamic Economy Report," 2022.

³A. Karim Sheikh, "Reconstruction of the Meaning and Method of Application of Amar Ma'Ruf Nahi Munkar Based on the Qur'an," *Al-Idarah: Journal of Islamic Management and Administration* 2, no. 2 (2019): 1, <https://doi.org/10.22373/al-idarah.v2i2.4009>.

MSMEs are the frontline in supporting the Indonesian economy. The Ministry of Cooperatives and SMEs recorded that the number of MSMEs currently reaches 64.2 million with a contribution to GDP of 61.07% or worth 8,573.89 trillion rupiahs⁴. The contribution of MSMEs is highly expected to support national income, namely expanding job opportunities and providing employment opportunities. But until now, many business actors have been shackled by capital problems. Many business actors struggle to not even have access to formal financial institutions, so often prospective business actors have to give up halfway.⁵ According to Haryono, capital problems should not cause someone to retreat to open a business. An entrepreneur needs to fix his motivation, *mindset*, and strategy in opening or developing a business.⁶ Business actors in the MSME sector with limited capital must develop digital-based marketing.⁷ It can help everyone to start a business, without a lot of capital. However, not everyone has knowledge and experience with digital media, especially when many online loan sites are circulating illegally in society.⁸

The problem of capitalization is a classic problem that is almost experienced by every prospective new business actor. Some micro and small business actors are unable to meet the technical requirements requested by banks or other financial institutions, such as collateral or guarantees, even if the type of business

⁴ E M I Wakhyuni et al., "Encouraging Changes in Mindset and Motivation of MSME Actors During the Pandemic Period in the Padangdimpuan City Area," *Rambate* 1, no. 1 (2021): 123–28, <http://www.jurnal.una.ac.id/index.php/rambate/article/viewFile/2292/1757>.

⁵ Widya Gina and Jaenal Effendi, "Sharia Microfinance Institutions (MFIs) Financing Program in Improving the Welfare of Micro Business Actors (Case Study of BMT Baitul Karim Bekasi)," *Al-Muzara'ah* 3, no. 1 (2015): 34–43, <https://doi.org/10.29244/jam.3.1.34-43>.

⁶ Agus Haryono, Mokhamad Natsir, and Adi Suprayitno, "Peningkatan Kompetensi Wirausaha Melalui Perubahan Strategi Usaha Untuk Kinerja Yang Berkelanjutan," *Seminar Nasional Sistem Informasi 2017*, no. September (2017): 455–67.

⁷ Muhammad Salman Al Farisi et al., "Pelatihan Pemasaran Syariah Berbasis Digital Bagi Pelaku UMKM Di Kelurahan MekarsariCileungsi," *Jurnal Pengabdian Bina Mandiri* 1, no. 1 (2021): 1–5, <https://doi.org/10.51805/jpmm.v1i1.1>.

⁸ Fanny Novika, Nike Septivani, and I Made Indra P, "Illegal Online Loans Become A Social Disaster For The Millennial Generation," *Management Studies and Entrepreneurship Journal* 3, no. 3 (2022): 1174–92, <http://journal.yrpiiku.com/index.php/msej>.

offers potential.⁹ Even micro-enterprises are almost underserved by financial institutions and are considered to have no potential funds to repay loans, making business development in the micro sector difficult to realize.¹⁰ Therefore, this article seeks to conceptually examine the capitalization solution for MSMEs, especially in the halal industry sector with the *Al-Rahn* contract approach. This contract is commonly known in pawnshop institutions to obtain a certain amount of loans. This study is expected to develop special literature in *the Muamalah* study, especially about the *Al-Rahn* contract as an instrument of the capitalization contract.

B. METHOD

The type of research used in this study is library research. The discussion in this study was carried out based on a literature review of a number of publications relevant to the research problem. Data collection will be carried out using literature techniques where the author will later collect raw data that needs to be processed at the next stage, namely the analysis and synthesis stage. Literature is sourced from books, journal articles, research reports, survey results, newspapers, magazines and so on related to the topic of discussion. The data is analyzed using the analysis content method, which is a research method that is used to draw reflective and valid conclusions from the data based on the context. The researchers then analyzed the data by processing it in such a way that it can be concluded that the truths can be used to answer the problems in this study. The flow of analysis started from data reduction for simplification which is carried out through the selection, focusing, and validity of raw data into meaningful information to make it easier to draw conclusions. This was followed by the

⁹ Darlin Rizki et al., "The Role of Sharia Ta'awun Cooperative in Empowering the Community Economy (Case Study of Sharia Ta'awun Cooperative Klaten Regency)," *Al-Iktisab: Journal of Islamic Economic Law* 6, no. 2 (2022): 227–42, <https://doi.org/10.21111/al-iktisab.v6i2.8400>.

¹⁰Eko Aristanto, "Kredit Usaha Rakyat (KUR): Affirmative Policy Options to Encourage the Development of Micro, Small, and Medium Enterprises in Indonesia," *Journal of Banking and Finance* 1, no. 1 (2019): 1–12.

presentation of the processed data in a narrative form that is systematically arranged and easy to understand followed by drawing conclusions.¹¹

C. RESULTS AND DISCUSSION

Rahn contract in economic transactions

Rahn contract is known to the wider community after the existence of the Indonesian Sharia Pawnshop institution. The successful institutionalization of Sharia Banks, BMT, BPR, and Sharia Insurance encourages the public's need for pawnshop products that apply sharia values, then the *Rahn* contract becomes a face in realizing this goal.¹² Previously, what was known about *Rahn* was a guarantee against a loan of economic value. This contract was originally part of Islamic banking products, but in its development *Rahn* contracts experienced inhibition due to the limited supporting components of *Rahn* products such as estimator resources, tools for estimating, and warehouses for storing collateral goods, banks that in fact are passive cannot support the operation of *Rahn* products, while there is a high need in the community.¹³

Before digging further, it is necessary to first define the term *rahn* in this discussion. *Al-Rahn* is of Arabic origin that has an equivalent رهن-يرهن-رهنًا which means establishing something. In *rahn* is *al-tsubût wa al-dawâm* which means 'fixed' and 'permanent'. As described by Taqiy al-Din Abu Bakr al-Husaini, the term *Rahn* means *al-tsubut* i.e. something fixed and *al-ihibas* i.e. withholding something.¹⁴ The term *Rahn* is understood by some Muslim scholars such as Al-Qurthubi as an item that is withheld by the party who gives the debt as a form of

¹¹ Putu the Great, the Great Son. Business Research Methodology. Malang: Universitas Brawijaya Press (UB Press), 2017. p 68.

¹² Luluk Wahyu Roficoh and Mohammad Ghozali, "Application of Rahn Agreement on Sharia Pawnshops," *Journal of Masharif Al-Syariah: Journal of Islamic Economics and Banking* 3, no. 2 (2018): 26–43, <https://doi.org/10.30651/jms.v3i2.1736>.

¹³ Abdul Ghofur Anshori, *Sharia Pawn in Indonesia* (Yogyakarta: Gadjah Mada University Press, 2006).

¹⁴ Maman Surahman and Panji Adam, "Penerapan Prinsip Syariah Pada Akad Rahn Di Lembaga Pegadaian Syariah," *Jurnal Law and Justice* 2, no. 2 (2017): 135–46, <https://doi.org/10.47668/pkwu.v10i2.397>.

security from a person who owes it until the debt is repaid.¹⁵ Wahbah Zuhaily also defines the term *Rahn* as withholding one of the borrower's possessions as security on the loan he received.¹⁶ Ibn Qudamah also explains that *Rahn* is a property that is used as collateral in debt so that the creditor can use the goods if the debtor is unable to pay off the loan.¹⁷ The Compilation of Economic Law Shari'a meanwhile explains *Rahn* as the control of the borrower's property by the lender as a guarantee¹⁸. Based on existing terminology, *rahn* can be understood as a guarantee for a loan of economic value, allowing it to be used by lenders if the borrower is unable to pay off the loan.

Rahn contracts are found as transaction innovations in the community. In its application, if a person owes a certain amount of money, then he pledges an item of economic value as an intermediary between them. In this banking institution, it is known as collateral, which aims to present trust and a sense of fairness between the transacting parties if at any time the borrower cannot fulfill his obligations.¹⁹ *Baitul Maal Wat Tamwil* also uses *Rahn* contract as a Gold pawn product, but this product is still constrained by the resources of collateral interpreters so it cannot compete. In another form, the *Rahn* contract can be used for credit transactions of motorbikes, cars, houses, electronic goods, or so on, if the buyer (the debtor) is unable to pay it off, then the purchased goods are sold to

¹⁵ Abu Amr Yusuf Ibn Abdullah Ibn Abdul Al-Bar Ibn Ashim Al-Numari Al-Qurthubi, *Al-Kafi Fi Fiqh Ahlu Madinah AlMaliki* (Saudi Arabia: Maktabah Al-Riyadh Al-Haditsah, 1980).

¹⁶ Wahbah Az-zuhaili, *Al-Fiqh Al-Islami Wa Adillatuhu*, III (Damaskus: Daar al Fikr, 1989).

¹⁷ Abu Muhammad Abdullah Ibn Ahmad Ibn Muhammad Ibn Qudamah Al-Maqdisi, *Al-Mughni Wa Yalihi Al-Syarh AlKabir*, VI (Kairo: Dar Al-Hadis, 2004).

¹⁸ Supreme Court - RI, *Compilation of Shari'a Economic Law* (Jakarta: Library of the Supreme Court of the Republic of Indonesia, 2011).

¹⁹ Aulia Nugraha, "Application of Surat Al-Baqarah Paragraph 282 on Sharia Banking in Indonesia (Sudi Case of Bank Syariah Mandiri and Bank Muamalat)," *ISTISMAR* 4, no. 1 (2022): 50–59, <https://doi.org/https://doi.org/10.32764/istismar.v4i1.2842>.

pay off the rest of the loan, while the excess from the sale is handed over to *Rahin*,²⁰ otherwise, if it is less then it is still *Rahin's* obligation to pay it off.²¹

In society, the application of *Rahn* has taken many forms. In a village, some people usually pawn fields, rice fields, or fruit trees as collateral to obtain a loan of equivalent value. The purpose of *Rahn* is actually to bind trust between two parties, not to seek profit. So, *Marhun* (collateral goods) is not an item with absolute ownership because its status is nothing but collateral for *Rahin* to pay the loan. It would be very wrong for *Murtahin* to feel that he had *Marhun* with absolute ownership and the freedom to obtain the highest possible benefit. As long as the *marhun* is in the custody of the *Murtahin*, then the cost of treatment has become *Rahin's* obligation whether paid along with the loan payment or outside of the principal transaction²².

Regarding the status of the guarantee or *Marhun*, scholars differ in opinion towards its use. According to Hanafiyah scholars, the person who pawns (*Rahin*) has no right to benefit from the goods if they have been handed over as collateral unless the *Rahin* gets permission from the pawn holder. Basically, it is not to be used or benefited by any party because it is a dependent (collateral) in the loan and serves as a binder between the two. Regarding *al-Marhun*, all fuqaha agreed that every legal property (*al-mal*) can be traded and legally used as collateral for the debt. The goods used as collateral can be in the form of gold, diamonds, land, and houses, and can also be securities such as stocks or bonds.

²⁰ Edi Susilo, "Shariah Compliance Akad Rahn Sharia Microfinance Institutions (Case Study of BMT Mitra Muamalah Jepara)," *Iqtishadia* 4, no. 1 (2017): 120–36, <https://doi.org/https://doi.org/10.19105/iqtishadia.v4i1.1159>.

²¹ Surepno Surepno, "Study on the Implementation of Rahn (Sharia Pawn) Agreements in Islamic Financial Institutions," *TAWAZUN : Journal of Sharia Economic Law* 1, no. 2 (2018): 174, <https://doi.org/10.21043/tawazun.v1i2.5090>.

²² Jauhairina Galini et al., "Klausul Akad Rahn," *Jurnal Al-Tsaman* 3, no. 2 (2021): 1–13, <http://ejournal.inaifas.ac.id/index.php/Al-tsaman/article/view/632>.

Development of the Halal Industry Sector

As a country with the largest Muslim majority, Indonesia has the potential to become an axis in the development of the halal industry in the world.²³ The need for halal products has become a characteristic of Indonesian consumption, either halal *lidzatihi* (the type of substance) or *lighairihi* (how to obtain it).²⁴ Currently, efforts to realize halal integrity are not enough just to arrive at the product. Halal services are also an important indicator to build a halal brand.²⁵ This means that the existence of the halal industry has become part of the development of modern society, where people are increasingly aware and concerned about the products they buy and consume. According to the *Global Islamic Economic Report* (SGIE) 2022 based on certain indicators, the development of Indonesia's halal industry has increased significantly. The report states that Indonesia is ranked 4th in the world. Indonesia has shifted to developed countries such as Turkey, Bahrain, Singapore, Kuwait, Iran, and so on. The more clear portrait of the development of the halal industry is presented in table 1.

The information contained in table 1 describes the development conditions of the halal industry in various countries in the world. From this data, Indonesia has the main prospects in the *halal food* sector, which is in second place with a score of 71.1, *modest fashion* in third place with a score of 68.0, and *Islamic finance* in sixth with a score of 91.0. In the *Pharma and cosmetics* sector, Indonesia still needs to make more serious efforts to encourage halal certification of pharmaceutical and cosmetic products. As for the *Muslim-Friendly Travel and Media and Recreation* sectors, there is still homework for Indonesia. In the list,

²³ aisyah Ayu Musyafah1 Et Al., *Pengembangan Pariwisata Halal Dalam Rangka Mewujudkan Indonesia Sebagai Pusat Pariwisata Halal Dunia*, 2020.

²⁴Auliya Izzah Hasanah, Rizka Fauziah, and Rachmad Rizqy Kurniawan, "The Concept of Halal And Thayyib Food In The Perspective Of The *Qur'an*," *Ulumul Qur'an: Journal Of Qur'anic Science And Tafsir* x , no. x (2021): 10.

²⁵ Muhammad Bilal Majid, Irfan Sabir, and Tooba Ashraf, "Consumer Purchase Intention towards Halal Cosmetics & Personal Care Products in Pakistan," *Global of Research in Business & Management* 1, no. 1 (2015): 45–53, https://www.researchgate.net/profile/Muhammad-Majid-10/publication/338801113_Consumer_Purchase_Intention_towards_Halal_Cosmetics_Personal_Care_Products_in_Pakistan/links/5e30420d92851c7f7f089fb5/Consumer-Purchase-Intention-towards-Halal-Cosmetics-Personal.

Indonesia has not been able to step on the tenth rank, even though Indonesia is the most popular world tourist destination.²⁶ Therefore, this is a concern for policymakers, related stakeholders, and community support to encourage the development of halal tourism. It is necessary to make adequate regulations in the form of operational standards and technical standards for halal tourism.

Table 1. Development of Halal Industry Based on Indicators

Rank	Islamic Finance	Halal Food	Muslim-Friendly Travel	Modest Fashion	Pharma and Cosmetics	Media and Recreation
1	Malaysia	Malaysia	Malaysia	UEA	Singapura	Malaysia
2	Suadi Arabia	Indonesia	Singapura	Turkey	Malaysia	Singapura
3	Bahrain	Turkey	Turkey	Indonesia	Netherlands	UEA
4	Kuwait	Russia	Bahrain	China	Belgium	China
5	UEA	UEA	UEA	Spain	France	Turkey
6	Indonesia	Kazakhstan	Tunisia	Italy	Egypt	UK
7	Iran	Singapura	Saudi Arabia	Singapura	Turkey	Netherlands
8	Oman	Saudi Arabia	Kuwait	France	UEA	Belgium
9	Qatar	South Afrika	Kazakhstan	Malaysia	Indonesia	Germany
10	Jordan	Australia	Morocco	Germany	UK	US

The transfer of functions and tasks for handling halal products from LPPOM-MUI to BPJPH indirectly opens up a stimulus for the realization of the halal ecosystem, through the transfer of legislation, authority, and finance.²⁷ To realize the halal ecosystem in Indonesia requires the right transformation strategy. The presence of the halal industry does not mean eliminating the existence of a long-standing industry, nor does it carry an ideological mission that is elusive, but it needs to be viewed as a global phenomenon in a positive current. As the market segment is developing, there are innovations in business activities, and society is getting closer to a style of consumption that represents its religious beliefs. This characterizes the global society, which began to care about the goods they were going to buy and consume. Making Indonesia the new home of the halal industry,

²⁶ I Gede Gita Purnama Arsa Putra Ida Bagus Gede Paramita, "New Normal Bagi Pariwisata Bali Di Masa Pandemi Covid-19," *Jurnal Ilmiah Pariwisata Agama Dan Budaya* 5, no. 2 (2020): 57–65, <https://doi.org/10.36275/mws>.

²⁷ Fauzul Hanif Noor Athief et al., "Analisa Otoritas Lppom Mui Pasca Diberlakukannya Uu 33 / 2014 Tentang Jaminan Produk Halal : Legalitas," *IJTIHAD: Jurnal Hukum Dan Ekonomi Islam* 16, no. 1 (2014): 95–115, <https://doi.org/http://dx.doi.org/10.21111/ijtihad.v16i1.7370>.

of course, requires concrete steps in preparing regulations, and building infrastructure for production needs. Investment in the halal industry sector can be a solution to overcome several problems that hinder, especially infrastructure development. Furthermore, investment has a close relationship with national income, good investment presents a positive business climate, and increased investment will have a good impact on the production process, increasingly vigorous business activities, then have an impact on binding household consumption.

Halal Industry Development Strategy with Al-Rahn Investment Concept

The potential of the halal industry is a blessing in itself for the country with the largest Muslim majority. The agency that handles population recorded the total population of Indonesia on December 31, 2022 has reached 273.87 million people, where Islam is the religion with the most dominant adherents reaching 238.09 million people or 86.93%.²⁸ This is a business opportunity that should not be missed, as well as a challenge for the government in preparing a regulatory package along with adequate infrastructure. Currently, the law that handles halal certification is contained in Law No. 33 of 2014 concerning the guarantee of halal products. This law mandates that every product circulating in the community must be guaranteed to be halal. Therefore, it is necessary for every business unit, both micro, small and medium, and large, to certify their products so that they can be circulated in the community.

In many countries, investment is the main solution in solving various problems in the field of development, especially regarding capitalization. This means that the halal industry sector requires investment facilities to encourage infrastructure development that accommodates the production process from

²⁸ Viva Budy Kusnandar, "As many as 86.93% of Indonesia's population is Muslim as of December 31, 2021," [databoks.katadata.co.id, 2022, https://databoks.katadata.co.id/datapublish/2022/02/12/sebanyak-8693-penduduk-indonesia-beragama-islam-pada-31-desember-2021](https://databoks.katadata.co.id/datapublish/2022/02/12/sebanyak-8693-penduduk-indonesia-beragama-islam-pada-31-desember-2021).

upstream to downstream. Both the Islamic financial sector, the halal food and beverage industry, halal logistics, halal tourism, medical and pharmaceutical as well as fashion models, all need investment support to stimulate their existence. Currently, efforts to realize halal integrity are not enough on products; halal services are also an important indicator to build a halal brand.²⁹ Halal logistics is a good example. This industrial field requires facilities and infrastructure in the form of ports, air cargo, trucks, containers, and so on which aims to ensure that the goods produced are guaranteed halal to reach consumers.³⁰ There is also halal tourism that provides facilities in the form of sharia-standard hotel facilities, adequate transportation, comfortable worship locations, and places to eat and drink that are guaranteed halal, which can support the branding of halal tourism in Indonesia.³¹ Other sectors such as food and beverages require supply chain facilities that are guaranteed halal, and the equipment used, supply of raw materials, manufacturing processes, and the finished product requires facilities that ensure the halal status of the product can be maintained.

As explained above, *Rahn* contracts are generally used as contracts in pawn transactions. In this section, the author tries to compile a capital concept using *Rahn's* contract approach in a company with halal certification. The company in question is a micro, small, and medium business unit in the community, which generally has difficulty gaining access to formal financial institutions and collateral issues as can be seen in Figure 1.

²⁹ Majid, Sabir, and Ashraf, "Consumer Purchase Intention towards Halal Cosmetics & Personal Care Products in Pakistan."

³⁰ Euis Saribanon, Okin Purba, and Lira Agushinta, "Efektifitas Pelaksanaan Logistik Halal," *Jurnal Manajemen Bisnis Transportasi Dan Logistik* 5, no. 3 (2019): 319–30, <http://library.itl.ac.id/jurnal>.

³¹ Rahmat Saleh and Nur Anisah, "Pariwisata Halal Di Aceh : Gagasan Dan Realitas Di Lapangan," *Sahafa Journal of Islamic Communication* 1, no. 2 (2018): 79, <https://doi.org/10.21111/sjic.v1i2.2849>.

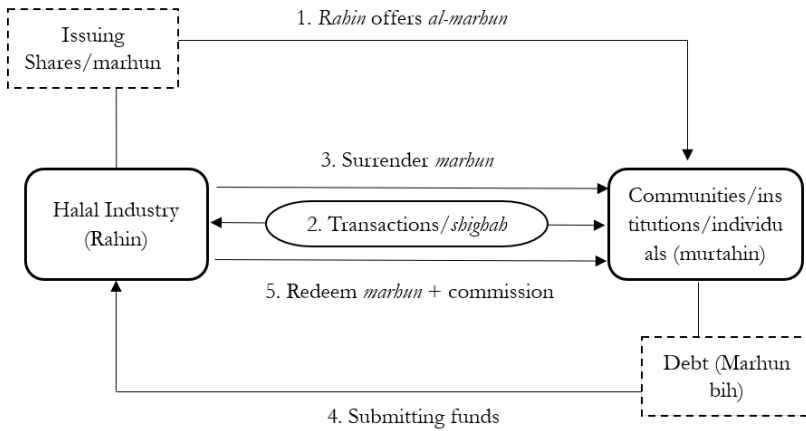


Figure 1. Capitalization Concept using *Rahn* contract

The picture above is a funding concept using a *Rahn* contract. As understood, *Rahn* is known as a type of pawnshop contract for movable goods. It is also possible that it is used to fund a business unit such as the halal industry. The above concept is more clearly presented through the following points:

1. *Rahin* offering *Marhun*

This section is an important first stage in which *Rahin* offers *Marhun* or collateral goods to the public, institutions, or financiers to obtain funding. *Marhun* is a pawn object that has economic value. In this case, halal industrial companies can issue shares from their business units as a form of guarantee if they do not have collateral. As Kurniawan & Nugraheni assert, shares can be used as a lien object because shares mean movable objects that can be pledged in a lien or fiduciary institution.³² Putra also argues that shares can be used as collateral to support business development, he added that guarantor institutions that suit all their characteristics are more primary in Fidus institutions.³³ Therefore, business units that have been accredited halal can issue shares to support production and complete financial affairs.

³² Kurniawan & Nugraheni (2012)

³³ Putra (2018)

2. Creating a transaction (*Shighah*)

The second stage is to make a transaction with the prospective *Murtahin* (lender). *Murtahin* can come from the general public, owners of individual funds, lien or fiduciary institutions, cooperative institutions, and so on who can receive collateral in the form of securities. The transaction made is a *Rahn* contract, which is to mortgage business ownership in the form of securities to obtain a certain amount of funds. Making a transaction with a variety of needs must pay attention to the principles that apply among people of association. In addition to being qualified and harmonious, it also should fulfill a number of principles, namely the principles of freedom, equality, justice, willingness, honesty, benefits, and writing.³⁴ This principle is taken from the spirit of the Qur'an and Sunnah so that the transaction is not solely for the purpose of winning over both parties but there is a general purpose is concern for the surroundings who are directly and indirectly involved or affected by the transactions made. However, there are conditions that can cancel an agreement including the situation where there is a compulsion to make a transaction, a mistake in the object of the contract, and the existence of fraud.

3. Surrendering *Marhun*

Collateral goods can only be submitted when both parties have agreed to make a transaction. The condition of collateral goods is that they must be goods that are controlled by *rahin*, must not be a booty, of economic value, and must not be borrowed goods or pledged to other parties. Against the guaranteed use of *Marhun*, the National Sharia Council held in fatwa No. 25/DSN-MUI/III/2002 regarding collateral suggests that *Marhun* and its benefits remained the property of *Rahin*. In principle, *Marhun* should not be used by *Murtahin* except with *Rahin's* permission, without reducing the value of *Marhun* and its benefits are just a substitute for its maintenance and

³⁴ Zubair & Hamid (2016)

maintenance costs. In addition, the amount of maintenance and storage costs for *Marhun* should not be determined based on the loan amount. In sharia pawnshops, usufructuary rights to collateral can be transferred under the terms of *Ijarah* (lease) without being followed by a transfer of ownership of the goods.³⁵

4. Handing over the funds

To determine the amount of loan given to *Rahin*, according to the *Rahn* agreement, an appraisal is carried out on the pledged object or goods. It aims to find out the face value of mortgaged goods. This section requires estimator resources and tools to estimate. Therefore, it requires a third party who is professional and is seen as capable of conducting assessments. Islamic financial institutions cannot support *Rahn* contracts due to difficulties in providing estimator resources, and tools for assessing, and storage of pawn goods.³⁶ So, after the value of the guarantee can be measured and determined by the economies of scale, a certain amount of funds or financing can be handed over to *Rahn* (halal business unit).³⁷

5. Redeeming *Marhun*

After receiving financing or a certain amount of funds from *Murtahin*, the next obligation is to redeem the collateral or return the principal of the loan along with the commission. The principal of the loan is the funds obtained from goods that are mortgaged for *Rahin* use. The commission is

³⁵ Anesa Arispen, Asep Ramdan Hidayat, and Zaini Abdul Malik, "Analisis Fatwa DSN-MUI Terhadap Penentuan Biaya Ijarah Dalam Sistem Gadaai Syariah Di Pegadaian Syariah Situsaeur Bandung," in *Prosiding Keuangan Dan Perbankan Syariah*, vol. 2, 2016, 115–22, <https://doi.org/ISSN: 2460-6561>.

³⁶ Anshori, *Gadaai Syariah Di Indonesia*; Iwan Setiawan, "PENERAPAN GADAI EMAS PADA BANK SYARIAH PERSPEKTIF HUKUM EKONOMI ISLAM," *AL-DAULAH: Jurnal Hukum Dan Perundangan Islam* 6, no. 1 (2016): 188–2013, <https://doi.org/https://doi.org/10.15642/ad.2016.6.1.188-213>; Mayang Rosana, "EKSISTENSI PEGADAIAN SYARIAH DALAM UPAYA PENINGKATAN PENINGKATAN EKONOMI USAHA MIKRO KECIL MENENGAH," *AHKAM* 7, no. 1 (2019): 65–90, <https://doi.org/https://doi.org/10.21274/ahkam.2019.7.1.65-90>.

³⁷ Qurrotul Aini and Muslimin, "Implementation of Psak No. 107 on Rahn (Gold Pawn) in Sampang Sharia Pawnshop," *Proceedings of SeNAPaN 1*, no. 1 (2021): 457–69.

about the cost of guarding or maintaining collateral goods as long as the goods are under the supervision of *Murtahin*. The amount of commission fees should not be determined from the amount of the loan because it is calculated usury. *Murtahin* is obliged to remind *Rahin* to pay the debt (*Marhun bih*). If *Rahin* is unable to pay off the debt, then *Murtahin* has the right to sell or auction the collateral item. As for the excess of sales, after deducting the principal of the loan, maintenance costs, and sales tax, the excess must be handed over to *Rahin*.

D. CONCLUSION

So far, *Rahn* contract has always been associated with the existence of pawn institutions, and therefore the meaning of guarantees is only fixed on objects such as motorcycles, cars, houses, land, and so on. This article attempts to develop *Rahn's* function as a business capitalization agreement by issuing shares as *Marhun* for financing media. The analysis unit focuses on the types of businesses that have been certified halal. Generally, financing contracts in Islamic financial institutions are known as *Mudharabah* and *Musyarakah*. The proposed scheme resembles a loan credit in banks. However, the financing scheme using the *Rahn* contract approach is aimed at MSEs who do not have access to formal financial institutions and cannot join the capital market. It must be noted, however, that entrepreneurs with financing agreements with the *Rahn* scheme require an understanding of shares, and this is a limitation in this article.

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