

Rahn Law And Practice From An Islamic Perspective In The Modern Era

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Abstract

This article discusses the concept of rahn as a debt guarantee instrument from the perspective of Islamic law and Indonesian national law. Rahn is a contract for the transfer of goods as collateral for debt that complies with Sharia principles, free from elements of usury (riba) and uncertainty (gharar). The discussion includes definitions, legal basis, conditions and pillars, types of rahn, implementation procedures, benefits, as well as common issues arising in practice. Rahn as a debt guarantee instrument from the perspective of Islamic law and Indonesian national law. The main aim of this writing is to provide a comprehensive and practical understanding of rahn as a fair and secure financing solution within the Islamic economic system. It is hoped that this article can serve as a reference that helps strengthen Sharia financial literacy and enhance public understanding of pawning practices that align with Islamic values. The method used in This article is a literature-based study involving a review and analysis of various relevant literatures, including classical Islamic fiqh sources, Indonesian laws, and contemporary references related to the practice of rahn. All data were analyzed descriptively and qualitatively to comprehensively illustrate the concept of rahn from normative, theoretical, and practical perspectives. The discussion results indicate that rahn can serve as an effective financing instrument if implemented in accordance with Sharia provisions and applicable positive law.

INTRODUCTION

In modern life, the need for collateral instruments in financial transactions is increasing, especially amidst the development of a sharia-based economic system Syarif, A. (2021).. One form of collateral in Islam that has been known since the time of the Prophet Muhammad SAW is rahn Surepno, S. (2018).. In conventional systems, collateral is generally known in the form of mortgages or fiduciaries, but in Islam, the concept of rahn has its own religious and legal values that emphasize justice, transparency, and legal certainty without involving elements of usury. This is in line with the main objective of Islamic economics, namely to create a system that is fair, sustainable, and free from exploitative practices Nufuz, A. H. (2023). Therefore, a correct understanding of rahn is important, especially in the context of implementing sharia financing in Islamic financial institutions such as Islamic banks and Islamic cooperatives.

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Furthermore, the development of the Islamic financial industry in Indonesia has encouraged the integration of Islamic law with the national legal system (Cahya, S. B. (2017)). This is evident in the increasing number of financial products that utilize Islamic contracts, including rahn.

On the other hand, challenges still arise in the form of public ignorance about the laws and procedures of rahn, as well as the lack of literature that systematically explains rahn in the context of Indonesian positive law. Ibrahim, A. (2023). Through this article, the author aims to provide a comprehensive understanding of rahn, both from a normative perspective (Islamic law and state law), theoretical perspective (fiqh muamalah), and practical perspective (implementation in the field). It is hoped that this article can serve as a reference that helps strengthen Islamic financial literacy and increase public understanding of pawning practices that are in accordance with Islamic values.

In economic life and the banking system, particularly in Islamic banking, the existence of collateral is vital. One form of collateral widely used in the Islamic world is rahn (Maulana, M. (2022)). Rahn is known in Indonesian as a pawn, but in Islamic law, rahn has a more specific meaning and rules, full of provisions to ensure that transactions comply with Sharia principles.

The concept of rahn is an important solution in avoiding the practice of usury and injustice that often occurs in conventional transactions (Anshori, A. G. (2018)). Through rahn, a debtor can submit collateral in the form of goods owned to the creditor as collateral for a debt. If the debt is paid off, the collateral is returned, but if not, the creditor has the right to sell the item to cover the debt.

METHODS

This article uses a library research method, which involves reviewing and analyzing various relevant literature, including classical Islamic jurisprudence sources, Indonesian laws, and contemporary references related to the practice of rahn. Data were collected from Islamic law books, scholarly journals, fatwa documents, and official regulations such as the Islamic Banking Law. All data were analyzed descriptively and qualitatively to comprehensively illustrate the concept of rahn from normative, theoretical, and practical perspectives. This approach was chosen to provide a comprehensive and applicable understanding of rahn as a debt security instrument from the perspective of Islam and Indonesian positive law.

RESULT AND DISCUSSION

UNDERSTANDING INFLATION

Etymologically, the word 'rahn' comes from Arabic, which means "something that is held" or "retained" Zen, M. (2024). In the context of Islamic law, rahn is understood as a contract for the surrender of an item that is permissible and clearly owned by a debtor to a creditor, as collateral for a certain debt Prawira, I. A. (2018). The item given as collateral is called marhun, while the person who receives the collateral is called al-rahinu Sohibi, M. (2023). According to Muhammad al-Jaziri, a contemporary fiqh scholar, rahn is a contract carried out between two parties, namely the debtor who delivers the collateral and the creditor who receives the item as security for debt repayment Antoni, A. (2020). The collateral must be handed over in actuality and not just as a promise.

Rahn is also a financial instrument free from riba (usury) and gharar (excessive uncertainty), making it fully compliant with Sharia principles. In practice, rahn is not merely the surrender of an item, but also It encompasses the contract and agreement between both parties regarding their respective rights and obligations, including the payment deadlines for debts and the procedure for returning goods. Nofinawati, N. (2014). Legal Basis: i) Al-Qur'an: Found in Surah Al-Baqarah verse 283, which allows for collateral (rahn) if debt transactions are conducted during travel and the writer is not found, ii) As-Sunnah: Reinforced by the practice of Prophet Muhammad who once pawned his armor to a Jew to obtain a food loan, iii) positive Indonesian Law: In general, rahn is recognized as a pawn (gadaai), regulated under Article 1150 of the Civil Code. In the context of Islamic financial institutions, the implementation of rahn must be based on DSN-MUI Fatwas and reinforced by Law No. 21 of 2008 concerning Islamic Banking. Essentially, rahn is a contract of mutual assistance (tabarru') that must be free from usury (riba) and elements of uncertainty (gharar). In conclusion, linguistically, rahn means detention or seizure. Determination. In terms of Islamic commercial jurisprudence (fiqh muamalah), Rahn is a contract to hold an item (marhun) of value as collateral for a debt (marhun bih)

The purpose of this holding is to provide certainty to the creditor (murtahin) that the debt will be repaid, either through direct repayment by the debtor (rahin) or from the proceeds of the sale of the collateral in case of default.

Legal Basis Of Rahn In Islam

Although the Qur'an does not contain verses that explicitly discuss rahn, the basic principles that form the legal foundation of rahn can be derived from various verses and hadiths that address debt and the responsibility of holding someone else's property Tarigan, A. A. (2012). One of the hadiths that serves as the basis for the practice of rahn is narrated by Ibn Abbas RA, which recounts that the Prophet Muhammad SAW once accepted goods as collateral for a debt.

This hadith indicates that rahn is a contract that is permissible and practiced by the Prophet as part of legitimate financial transactions. Fiqh scholars such as Imam Malik, Imam Shafi'i, and Imam Hanafi agree that rahn is a valid contract and must meet certain requirements and conditions so that it does not contain elements of uncertainty (gharar) or usury (riba). The main principle in rahn is justice and security for both parties, whether debtor or creditor.

Rahn In The Perspective Of Positive Law In Indonesia

In Indonesia, rahn is known as a pawn and is regulated in Book III of the Civil Code (KUHPerduta) concerning Contracts. Furthermore, specific regulations for rahn as part of Islamic banking products are also stipulated in Law No. 21 of 2008 concerning Islamic Muslim Banking, S. (2018).

According to the Civil Code, a pledge is a right a creditor acquires over a movable object given to him by a debtor as collateral for a debt. The debtor has the right to redeem the item once the debt is paid off. In Islamic banking practice, this pledge serves as the legal basis for banks to provide financing using the customer's property as collateral.

This regulation provides legal certainty, protects the rights of both parties, and regulates dispute resolution procedures in the event of default or failure to pay.

Rahn's Terms And Conditions

In order for a rahn contract to be valid and binding, the following conditions and pillars must be met: i) The existence of a contract (al-'Aqd): There must be an agreement between the debtor and creditor, which includes an agreement regarding the debt, collateral, and other provisions. This can be verbal or written, but written is more recommended to avoid disputes, ii) collateral (marhun): The goods must be legally and lawfully owned by the debtor, can be actually delivered, and the type and condition must be clear. Both movable and immovable goods can be used as collateral, but in practice,

rahn is usually used as movable goods, iii) Secured debt: The debt must be clear in terms of amount and term, repayment, and does not contain any elements of usury. The secured debt can be in the form of receivables or obligations that have been agreed upon, iv) delivery of goods: The pledged goods must be actually delivered to the creditor or a third party appointed as the custodian of the goods. This delivery signifies that the rahn agreement has taken place, v) Intention and shighat: Both parties must have the intention to enter into a rahn contract with full awareness and without coercion. The shighat or the words of the contract must be clear so as not to cause disputes in the future Widjajaatmadja, D. A. R. (2018).

TYPES OF RAHN

In the literature of Islamic jurisprudence and financial practice, rahn is divided into several types based on purpose and nature: i) Basic Rahn: This is a rahn provided as collateral for the principal debt. This is usually the most common and most widely used type of rahn, ii) Rahn Thamani: A Rahn given as collateral for rent, fines, or damages. This type is used when someone rents out goods or property and wants to secure the payment, iii) Rahn Ju'li: Rahn given voluntarily without any debt. For example, someone entrusts their goods to another person as collateral for a certain kindness or trust, without any debt. Setiawan, I. (2023).

RAHN IMPLEMENTATION PROCEDURES

The implementation of a rahn agreement must be carried out in accordance with clear procedures and regulations to protect the rights of both parties. The procedures for implementing a rahn agreement typically include: i) Rahn Contract: This is carried out through an agreement that outlines the terms of the debt, collateral, repayment period, and the rights and obligations of each party. This agreement can be made in writing to avoid disputes, ii) delivery of Goods: The pledged goods must be actually delivered to the creditor or a third party appointed as custodian. This delivery must be clearly documented, iii) Security of Goods: The creditor is obliged to look after the goods properly and is not permitted to use or damage the goods during the rahn period, iv) Debt Settlement: The debtor must settle the debt according to the terms of the contract. Once the debt is settled, the collateral must be returned immediately, v) return of Goods: After the debt is settled, the creditor is required to return the collateral to the debtor. If the debtor fails to pay, the creditor has the right to sell the goods in accordance with applicable procedures.

In summary, for a Sharia pawning (Rahn) to be valid, basically there must be a clear agreement contract free from usury, valid collateral (own and lawful property), definite debt, and most importantly, the item must be physically handed over to the lender, all conducted with sincere intention without coercion

BENEFITS AND FUNCTIONS OF RAHN

Rahn has various important benefits in the world of Islamic economics and finance, including: i) Provides real guarantee: Rahn provides a sense of security for creditors because there are goods that are actually handed over as collateral, ii) Avoiding usury elements: In contrast to the interest system in conventional banking, rahn is purely a guarantee without additional interest costs, iii) Facilitates access to financing: Debtors can obtain business capital by providing goods as collateral without having to sell them. Increases trust in transactions: With clear guarantees, both parties feel safer and their rights are guaranteed Hafidah, N. (2013).

PROBLEMS AND SOLUTIONS IN RAHN

Damage or loss of collateral: The creditor is obliged to take good care of the goods and is responsible if damage or loss occurs. The debtor fails to pay: If the debtor is unable to pay the debt, the creditor has the right to sell the collateral with appropriate procedures and use the proceeds of the sale to cover the debt, Disputes over the value of goods: Sometimes disputes arise regarding the value of the goods pledged, requiring an independent appraiser or court decision. Problem solving is usually done through deliberation, mediation, or through sharia court institutions to ensure justice for both parties

RAHN COMPARISON WITH OTHER GUARANTEES

Rahn: Involves the actual delivery of goods to the creditor as collateral for the debt. Fiduciary: Transferring ownership of goods to the creditor, but the goods remain with the debtor. Typically used for movable property such as vehicles. Mortgage: Guarantee for immovable objects such as land and buildings, without physical delivery of the goods. Each type of guarantee has different rules and procedures according to the type of goods and legal requirements Latif, A. (2025).

CONCLUSION

Rahn or Sharia Pawn is a safe and fair way to borrow money because this transaction is free from interest (usury). For a Rahn agreement to be valid, three main things must be fulfilled: first, there must be a clear written agreement regarding the debt and its term; second, the collateral (for example, gold) must be owned by the borrower, permissible (halal), and directly handed over to the lender; and third, the lender is obliged to safeguard the collateral without using it and may only charge a reasonable custody fee, not interest. Thus, Rahn serves as a debt security that provides mutual assistance and avoids exploitative practices.

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