

The Practice of *Double Charges* on Gold Pawnbroking Products According to Islamic Commercial Law: A study of the sharia pawnbroker in Banda Aceh

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Abstract

This research article explores the practice of double costs in Sharia-compliant pawnbroking transactions, which is considered potentially contrary to the core principles of Islamic economics, such as justice, transparency, and the prohibition of usury. In the context of Sharia pawnbroking, the fees charged to customers generally cover administrative costs and storage services; however, in practice, these are often applied separately, thereby creating an additional burden. This situation, which is particularly prevalent in the Aceh region, raises questions regarding the compliance of such practices with the rahn contract and the principles of muamalah fiqh. This study aims to evaluate the extent to which the double-cost practice aligns with Sharia principles and to examine the regulations governing it, including OJK policies. Using a normative legal approach, this study examines legal documents, scholars' perspectives, and existing regulations. This practice indicates that applying double cost can violate principles of justice and erode public trust in Islamic financial institutions if not implemented in a proportionate and transparent manner. Therefore, a comprehensive evaluation and the formulation of stricter Sharia guidelines are necessary to ensure that Islamic financial services continue to uphold Islamic values and provide adequate protection for customers.

Keywords: Double Cost, Fiqh Muamalah, Rahn Contract, Sharia Pawnbroking, and Sharia Economic Law,

Introduction

Islamic economics is a discipline aimed at creating prosperity based on the principles of compassion and justice. In Islam, money is not merely a medium of exchange but also serves a social function to meet life's needs in a gradual manner. Wealth is regarded as a trust and a test from God, and must therefore be utilised responsibly. Islamic economics emphasises the fair distribution of wealth to create a balanced and moral society.¹

The Islamic finance sector in Indonesia continues to grow, marked by an increase in the number of institutions and in public interest in Islamic financial products. As a majority-Muslim country, Indonesia has a significant opportunity to implement the principles of Islamic economics on a broad scale. Islamic pawnbroking is also growing rapidly, offering services based on the *rahn* contract as an interest-free alternative to conventional pawnbroking.

Islamic pawnbroking employs *the rahn contract*, whereby goods are held as collateral for a debt that can be redeemed upon full repayment. Islamic pawnbroking does not charge interest, but rather administrative and storage fees, thus differing in principle from conventional pawnbroking.² In practice, there is a phenomenon known as '*double cost*', which refers to the imposition of two charges on a customer in a single transaction.³

In a broader sense, '*double cost*' refers to a situation where an individual or organization must bear expenses twice what they should, whether caused by errors in planning, inefficiency, failures in implementation, or unwise decisions. These expenses may include direct payments or indirect losses such as time, effort, and reputation. Thus, double costs encompass not only repeated payments but also the broader economic impact resulting from waste or the repetition of processes that could have been avoided. This issue is particularly prevalent in Aceh, underscoring the critical importance of transparency and fairness in implementing Islamic financing, particularly in Islamic pawnshops that use *the rahn* contract. Although maintenance fees are permitted as an alternative to interest, their application must be balanced and must not burden customers, especially those facing financial difficulties.

¹Tektona Rahmadi Indra, *Islamic Economic Law*, (Banten: PT Sada Kurnia Pustaka, 2023), pp. 17-18.

²Antonio, Muhammad Syafi'i, *Islamic Banking: From Theory to Practice*, (Jakarta: Gema Insani, 2001), p. 95

³[www.kompasiana.com Saniarani Dewintari](https://saniarani.com), "Loan Cases at Sharia Pawnshops: An Interesting Issue in Islamic Economic Law within Society". Accessed via the website: <https://saniarani/kasus-pinjaman-di-pegadaian-syariah-masalah-hukum-ekonomi-syariah-yang-menarik-di-tengah-masyarakat?>. On 10 May 2025.

Sharia financial institutions must ensure that their policies align with Sharia principles and take into account customers' socio-economic circumstances. In this context, the implementation of fair and transparent policies is vital to maintaining public trust in the Islamic financial system. If fee policies are overly burdensome, this could undermine the credibility of the Islamic financial system. Therefore, Islamic financial institutions must continually adapt their policies to better support customer comfort, without compromising Sharia principles. From the perspective of Islamic economic law, this requires thorough consideration as it has the potential to violate the fundamental principles of muamalah in Islam, namely honesty, justice, and mutual assistance (ta'awun). Islam prohibits all transactions that contain elements of riba, gharar, and zulm (injustice). Allah SWT states in the Qur'an:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُم بَيْنَكُم بِالْبَاطِلِ وَلَا تَقْتُلُوا أَنْفُسَكُمْ
إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

Meaning: "O you who have believed! Do not consume one another's wealth unjustly, except through trade conducted on the basis of mutual consent amongst you. And do not kill yourselves; indeed, Allah is Most Merciful to you." (QS. An-Nisa: 29)

This verse reminds Muslims that they should not take others' property by unlawful or unjust means, such as fraud, excessive interest, or deceit. The value emphasised is justice in every transaction, which must be based on mutual agreement between both parties. This underscores that all economic activities must be conducted fairly and transparently, whilst avoiding any form of fraud or exploitation. This verse also prohibits behaviour that may harm oneself or others, such as suicide or engaging in detrimental transactions. Therefore, this teaching aims to maintain social and economic balance within the community.

مَنْ أَخَذَ أَمْوَالَ النَّاسِ يُرِيدُ أَدَاءَهَا أَدَّى اللَّهُ عَنْهُ، وَمَنْ أَخَذَهَا يُرِيدُ إِثْلَاقَهَا أَثْلَفَهُ اللَّهُ

Meaning: "Whoever takes another's property with the intention of returning it, Allah will assist in its return. But whoever takes it with the intention of destroying it, Allah will destroy him." (Reported by al-Bukhari, no. 2387)

This hadith highlights the significance of positive intent in every action, particularly in taking another's property. If a person takes property with the intention of returning it, Allah will grant ease and assistance in the process of

its return. On the other hand, if a person seizes another's property with the evil intention of disposing of it, Allah will bring about adverse consequences that may lead to their ruin. This hadith reminds us that a sincere intention is a fundamental key in every action, for a good intention will bring ease, whilst a bad intention will bring ruin. Therefore, in-depth research is required into the practice of double costs in Sharia pawnbroking transactions to determine whether the methods used align with Sharia principles and existing fiqh muamalah rules. This research aims to uphold public trust in the Sharia financial system and prevent potential breaches of contract in the implementation of Sharia pawnbroking.

Based on the above explanation, an in-depth and objective analysis is required of the application of costs within the Islamic pawnbroking system, particularly those that lead to double charges. This is because the *rahn* contract is fundamentally of a charitable nature (*tabarru'*), intended to assist the community in meeting urgent financial needs without imposing an unduly heavy burden. Therefore, any fees charged to customers should reflect the actual costs of maintenance and administration, rather than serving as a means of generating profit that could border on hidden usury.

Furthermore, a lack of clarity in cost breakdowns and transparency in information provided to customers can create an imbalance of power between the institution and the customer. This situation risks creating an element of *zulm* (injustice), as customers find themselves in a disadvantageous position and are forced to accept the financing terms in order to meet urgent economic needs. However, according to the principles of Islamic muamalah, every contract must be based on clarity (*bayān*), mutual consent (*tarāḍī*), and a balance of rights and obligations between the parties.

Therefore, research into the application of double fees in Islamic pawnbroking is crucial, not only as a means of assessing Sharia compliance but also as a protective measure for customers and to enhance the principle of justice within the framework of Islamic finance. This research is expected to make a contribution, both academically and practically, to the formulation of fairer, clearer financing policies for Islamic pawnshops that are in harmony with the objectives of *maqāṣid al-syarī'ah*.

Theoretical Foundation

The practice of *double-cost* refers to the imposition of excessive or additional charges on consumers for services that should, in fact, be subject to a single tariff. In the service sector, the imposition of unaffordable costs or charges that do not reflect the benefits is often regarded as a form of price injustice that can reduce consumer satisfaction and trust in the company and its service provider.

Studies in Indonesia reveal that consumers' perceptions of price fairness significantly influence their behavior and satisfaction with services, as they are more responsive to costs that are deemed fair and transparent. For instance, research by Tirtayani & Aghivirwiat highlights that consumers' perceptions of price fairness play a vital role in influencing their attitudes and actions when deciding to use a service again, with important implications for building trust in service providers.⁴

From a normative legal perspective, the imposition of unfair or insufficiently transparent charges can be analyzed as a form of abuse of authority by business operators in service agreements, which contravenes the principles of fairness, transparency, and equality of position among all parties involved.

Based on DSN-MUI Fatwa No. 25/DSN-MUI/III/2002 regarding *Rahn*, the fees charged to customers at Islamic pawnshops should only cover actual expenses incurred for the maintenance and storage of the pledged goods (*mu'nah* or *ujrah*) and must not be determined based on the loan amount. Bambang Irawan argued that the setting of fees that contravene the provisions of the fatwa—for example, fees charged more than once or without a valid basis—can blur the line between remuneration for services and commercial profit elements that are inconsistent with Sharia principles.⁵

According to Sakirah 2025, All fees charged to customers must be fair, clear, and reflect the actual expenses associated with the services provided, and must be explicitly agreed upon from the outset of the agreement.⁶ Every

⁴Tirtayani, & Aghivirwati. (2024). The Influence of Price Fairness, Perceived Risk and Perceived Value on Gen Z Repurchase Intention in Bali. *Journal: Economics and Business*, 13(1), 40–53.

⁵Bambang Irawan, & Mulyono. (2013). The Application of the Rahn Contract and the Determination of Ijarah Costs in the Sharia Pawnbroking System According to DSN-MUI Fatwa No. 25/III/2002 (Case Study at PT. Pegadaian (Persero) CPS Blauran Branch). *Journal of Islamic Law Studies*, 2(2), 11.

⁶Sakirah, Wahyuni, Odang & Marzuki. (2025). An Islamic Economic Review of the Implementation of Gold Pawnbroking at Sharia Pawnshops, *Journal of Islamic Economics and Finance*, 3(1), 51–63.

fee charged should be based on actual necessity, not on securing additional profit beyond what the service provides. The imposition of double fees without an explanation of the purpose or without a clear basis risks containing elements of *gharar*, which can lead to uncertainty and disadvantage one party, thereby contradicting Sharia principles. Therefore, it is crucial to evaluate fee-setting practices within Sharia pawnbroking institutions to ensure they align with the provisions of the DSN-MUI Fatwa and the fundamental principles of *fiqh muamalah*: justice (*al-'adl*), clarity (*al-wudhūh*), and public interest (*maslahah*).

The laws governing consumer protection in Indonesia regard consumers as legally vulnerable parties requiring protection from harmful business practices. The obligation of business operators in every transaction is to provide accurate, clear, and non-misleading information regarding prices and service fees.

Meanwhile, I Nyoman Budiarta Studies on consumer protection regarding price information indicate that discrepancies between the price announced to consumers and the amount paid may be considered a violation of consumers' right to accurate and transparent information. Differences between the stated price and the actual cost can harm consumers and create a perception of injustice in the legal relationship between businesses and consumers.⁷ From a normative legal perspective, the practice of charging fees more than once or without a clear reason may be considered contrary to the principles of transparency and good faith in consumer protection law.

Results and Discussion

A. An Overview of the Practice of Double Charging at Sharia Pawnshops

Before discussing the main topic of the research, the author will outline the profile of Sharia pawnshops in Banda Aceh. Sharia pawnshops in the city of Banda Aceh are spread across several service points, including Jalan Tengku Imum Leung Bata (Lueng Bata), Jalan Teuku Nyak Arief (Syiah Kuala), and the Ulee Kareng area, which collectively offer gold pawnbroking services under the *rahn* contract. The distribution of these units demonstrates the wide

⁷I Nyoman Budiarta, M Syahrul Bahri, & Ni Made Puspasutari Ujianti. (2023). Legal Protection for Consumers Regarding Price Information on Beverage Products. *Journal of Legal Construction*, 2(3), 645–649.

access the people of Banda Aceh have to Sharia pawnshop services to meet their short-term financial needs.

As a financial institution operating under Sharia principles in a region where Islamic law is applied, Sharia Pawnshop Banda Aceh is required to conduct financing activities that are fair, transparent, and in accordance with the principles of *fiqh muamalah*. Consequently, this institution presents an interesting subject for research regarding the practice of *double charges* in gold pawnbroking services.

Based on a normative legal study of legislation, fatwas from the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), references to *fiqh muamalah*, and existing practices in the field, it has been revealed that the application of *double costs* in Islamic pawnbroking generally takes the form of the addition of two categories of costs for customers, comprising administrative fees and costs for the maintenance or storage of *collateral (ujrah al-ḥifz)*. Under the norms of the *rahn* contract, additional maintenance fees are permitted provided that such fees genuinely reflect the actual expenses required to maintain and care for the collateral and are not linked to the amount of the loan granted.

DSN-MUI Fatwa No. 25/DSN-MUI/III/2002 on *Rahn* emphasises that the responsibility for the costs of maintaining and storing the collateral in principle lies with the pledgor (*rāhin*), but the amount must not be determined based on the value of the loan⁸. This rule aims to avoid the presence of hidden *riba* elements in the practice of Islamic pawnbroking. In line with this view, *fiqh* scholars also emphasise that the *rahn* contract is of a *tabarru'* (mutual assistance) nature, and therefore must not be used as a form of commercialisation that would disadvantage either party.⁹

However, in the implementation of the Sharia pawnbroking system in Banda Aceh, administrative and maintenance fees are often charged separately and on an accumulative basis without providing clear and detailed explanations to customers. Administrative fees are usually charged at the start of the transaction for document management, whilst maintenance fees are charged periodically whilst the collateral remains in the pawnbroker's possession. This charging model creates the perception amongst the public that customers are burdened with double fees in a single financing transaction.

⁸ DSN-MUI Fatwa No. 25/DSN-MUI/III/2002

⁹ *Ibid.*

This practice is frequently observed in Aceh province, particularly in gold pawnbroking, where Islamic pawnshops are among the financial institutions most commonly chosen by the public to meet short-term funding needs. As a region that officially implements Islamic Sharia law, Aceh has high expectations for the application of principles of justice and transparency in all Sharia financial transactions. Consequently, the practice of charging fees deemed too high or unclear can lead to dissatisfaction and reduce public trust in Sharia pawnshops. Previous research has revealed that a lack of clarity in the methods used to determine fees for *ijarah* and *rahn* transactions within Islamic financial institutions can cause customer dissatisfaction and reduce public trust.¹⁰

Furthermore, differences in fee policies across various Islamic pawnshop units also contribute to the perception of double charging, commonly referred to as '*double cost*'. The absence of clear technical guidelines on standard metrics and methods for setting fees results in each institution having its own internal policies. This situation underscores the importance of enhanced regulation, standard operating procedures, and stricter oversight to ensure that gold pawnbroking practices in Islamic pawnshops remain consistent with the principles of Islamic economic law and adhere to the primary objective of the *rahn* contract, which is to provide convenience and protection to those in need of short-term financing.

B. Analysis of the Compatibility of the '*Double Cost*' Practice with *the Rahn Contract*

From the perspective of *fiqh muamalah*, the *rahn* contract is fundamentally categorized as a *tabarru'* contract, meaning a donation, gift, charitable fund, or alms.¹¹ This contract serves as security for a debt (*dain*), so the existence of the item used as collateral (*marhūn*) is intended solely to provide peace of mind to the lender (*murtahin*), not to serve as an object of economic exploitation. Therefore, the scholars of *fiqh* agree that all forms of charges imposed on the pledgor (*rāhin*) are only permissible to the extent of covering the costs of maintaining and storing the pledged item, which must be tangible and concrete.¹²

¹⁰Desiyanti, N. A., Wahyudi, S. A. I., & Huda, B. *A Review of Ijarah Contract Practices and Their Renewal in the Development of Islamic Economics at the Indonesian Islamic Pawnshop Institution*. Al-Urban: Journal of Islamic Economics and Islamic Philanthropy, Vol. 7, No. 2 (2023).

¹¹ Nasrun Harun, *Fiqh of Transactions*, (Jakarta: Media Pratama, 2000), p. 82.

¹² *Ibid*

DSN-MUI Fatwa No. 25/DSN-MUI/III/2002 on *Rahn* clearly stipulates that the costs of maintaining and storing the pledged item are the responsibility of *the rāhin*, but these costs must not be based on the total loan amount granted. This rule aims to prevent any indication of hidden usury (*ribā khafi*) in Sharia-compliant pawnbroking practices. If maintenance costs are linked to the loan value or set unreasonably, such practices risk deviating from the social intent of the *rahn* contract.¹³

In the practice of *double charging*, the simultaneous collection of administrative and maintenance fees without a clear explanation may potentially cause customers to feel aggrieved. From a fiqh perspective, administrative fees are permissible only if they genuinely reflect the expenses incurred by the financial institution in the contract process, such as document management and record-keeping. If a *double-cost* practice occurs where administrative and maintenance fees are charged repeatedly without clarity or a basis for the calculation, the *rahn* contract risks shifting from a *tabarru'* contract to a contract with commercial elements. A contract with commercial elements involves seeking maximum profit without regard for others' capacity.¹⁴

This analysis shows that the application of double-charging practices in gold pawnbroking has the potential to violate the principles of justice (*'adl*) and balance (*tawāzun*) within the context of Islamic economics. The principle of justice (*'adl*) is defined as behavior and endeavor that respects the rights of every individual fairly, without bias, and is grounded in truth and equality in human interactions.¹⁵

The principle of balance (*tawāzun*) in ownership and profit has a profound moral dimension; in Islam, balance also encompasses ecological and spiritual dimensions. Profit obtained without regard for environmental balance is considered a form of *isrāf* (excess) and *fasād* (corruption).¹⁶

The practice of *double charging* violates the principles of justice (*'adl*) and balance (*tawāzun*), particularly if it is not supported by a level of transparency and clear cost breakdowns from the outset of the agreement. The principle of

¹³ *Ibid*

¹⁴ Abbas Arfan, *99 General Principles of Fiqh Mu'amalah: Typology and Their Application in Islamic Economics and Islamic Banking*, (Malang: UIN MALIKI Press, 2013), p. 129.

¹⁵ Munandar, Aris, and Ahmad Hasan Ridwan. *Justice as a principle in Islamic economics and its application to mudharabah*. *Maqdis: Journal of Islamic Economic Studies*, Vol. 7, No. 1 (2023).

¹⁶ Lailatul Khuriyah, *Maximising Profit in Islamic Economics*, *As-Sahla: Journal of Islamic Studies*, Vol. 1, No. 1, (2025).

justice requires that no party be disadvantaged in a transaction, whilst the principle of balance emphasizes the need for harmony between the rights and obligations of all parties involved. The imposition of excessively high costs can place customers at a disadvantage and run counter to the objective of asset protection (*hifz al-māl*) within the framework of *maqāṣid al-syarī'a*.¹⁷

In certain situations, the application of *double charges* can bear a striking resemblance to hidden usury, as customers ultimately end up paying more than they should for maintenance. Although it does not take the form of direct interest, the collection of disproportionate fees can yield a profit for the financial institution, which essentially resembles usury. Therefore, the author emphasises the importance of the principle of prudence in determining fee policies, so as not to violate the prohibitions *against riba, gharar, and zulm* in business transactions.¹⁸ Consequently, the compatibility of *the double-cost* practice in gold pawnbroking under a *rahn* agreement depends heavily on clarity, proportionality, and its relevance to the actual costs. The setting of costs may be considered valid under Sharia if clearly explained from the outset of the agreement, agreed upon by all parties, and does not exceed what is necessary for the maintenance and storage of the goods serving as collateral. However, if fees are charged excessively and without transparency, this practice risks deviating from the nature of the *rahn* agreement as a *tabarru'* contract and contravening the principle of justice in *fiqh muamalah*.

C. Review of OJK Regulations and Policies

From a regulatory perspective, the Financial Services Authority (*Otoritas Jasa Keuangan [OJK]*) has the authority to regulate and supervise the operations of Islamic pawnbroking institutions in Indonesia. This regulation is set out in Article 1(1) of OJK Regulation No. 31/POJK.05/2016 on Pawnbroking Businesses, which states:

“Pawnbroking business refers to all activities relating to the provision of loans secured by movable property, safekeeping services, valuation services, and/or other services, including those conducted in accordance with Sharia principles”.

¹⁷Galuh Nashrullah Kartika Mayangsari R and H. Hasni Noor, *The Concept of Maqashid Al-Sharia in Determining Islamic Law*, *Al-Iqtishadiya: Journal of Islamic Economics and Islamic Economic Law*, Vol. 1, No. 1, (2019).

¹⁸Al-Zuhaili, *Islamic Jurisprudence and Its Evidence* (Volume V), (Damascus: Dār al-Fikr, 2011), pp. 182–185.

These regulations cover aspects of licensing, organisational structure, as well as the principles of prudence and consumer protection. The regulations emphasise that the operation of Sharia pawnbroking must be conducted in accordance with Sharia principles, including upholding transparency and fairness in the setting of fees for customers.¹⁹

The OJK also places emphasis on the principle of consumer protection through Article 1(4) of OJK Regulation No. 6/POJK.07/2022 on Consumer and Public Protection in the Financial Services Sector, which states:

“Consumer and Public Protection is an effort to provide knowledge and understanding of financial services products and/or services to be used or utilised by consumers and/or the public, and an effort to provide legal certainty to protect consumers in the fulfilment of their rights and obligations in the financial services sector”.

The Financial Services Authority requires financial institutions to provide accurate, transparent, and unambiguous information regarding products and the fees charged to consumers.²⁰ This principle aligns with the fundamental values of Islamic economics, which prohibit *gharar* and ambiguity in commercial contracts.

However, research findings indicate that existing regulations have not clearly defined the limits and mechanisms for imposing gold pawnbroking fees in *rahn* contracts in detail. The OJK’s regulations on sharia pawnbroking activities remain general in scope and focus more on institutional aspects and the principle of prudence, without providing clear technical guidelines regarding fee standards, the basis for calculating fees, and a clear distinction between administrative fees and *ujrah al-hifz*. This situation results in Islamic pawnbroking institutions having considerable freedom to set fee policies based on their internal decisions.

Practices regarding fee setting among Sharia pawnbroking institutions in Banda Aceh, in terms of fee categories and the amounts charged to consumers. Differences in these practices not only lead to variations in the application of Sharia principles but may also create legal uncertainty for consumers,

¹⁹ Article 1(1) of Regulation of the Financial Services Authority of the Republic of Indonesia No. 31/POJK.05/2016 on Pawnbroking Businesses

²⁰Article 1(4) of Regulation of the Financial Services Authority of the Republic of Indonesia No. 6/POJK.07/2022 on Consumer and Public Protection in the Financial Services Sector

particularly regarding transparency and fairness in *rahn* contracts.²¹ In this situation, the imposition of gold pawnbroking fees that are not clearly explained from the outset of the agreement may create the perception of double-charging, which is detrimental to customers.

Weak technical regulations on fees in Islamic pawnshops may undermine public confidence in Islamic financial institutions. Transparency regarding fees is a crucial element of the principle of Sharia compliance, given that *the rahn contract* is essentially a charitable act (*tabarru'*) and is not intended to generate profit. If fee standards are not clearly defined – whether regarding the amount, the basis of calculation, or the distinction between administrative fees and *ujrah al-hifz* – there is a risk of unfair fee practices that may disadvantage customers. This contradicts the principles of justice and consumer protection in Islamic economics, as set out in DSN-MUI Fatwa No. 25/DSN-MUI/III/2002 on *Rahn*, as well as the principles of prudence and transparency stipulated in the Financial Services Authority's regulations concerning pawnbroking operations. Therefore, it is important to strengthen regulations by drafting more specific technical guidelines to reduce differences in practice across institutions and maintain public confidence in Islamic pawnbroking.

D. The Impact of *Double-Cost* Practices on Public Trust

In the context of gold pawnbroking services at the Banda Aceh Sharia Pawnshop, the application of an unbalanced and unclear *double cost* directly impacts public trust. Sharia gold loan products provided by Sharia pawnbroking institutions are services that offer funds to customers requiring cash quickly to meet their needs by pledging the gold jewelry they own. For the maintenance of these pledged items, customers must pay maintenance fees to the financial institution.²² Consequently, the fee-imposition policy in this service significantly influences public perception of the alignment of pawnbroking practices with the principles of *fiqh muamalah*, particularly regarding fairness and transparency in contracts.

Trust is a vital asset to the growth of Sharia-based pawnbroking, as people choose Sharia-based financial institutions not only for economic

²¹Indah Purbasari & Sri Rahayu, *Analysis of the Application of the Rahn (Pawn) Contract and the Imposition of Rahn Administrative Fees in Islamic Pawnshops (An Empirical Study at the Pemekasan Branch of the Islamic Pawnshop)*, Journal: Islamic Economic Law, Vol. 1, No. 1 (2017).

²²Iwan Setiawan, *The Application of Gold Pawnbroking in Islamic Banks from the Perspective of Islamic Economic Law*, Al-Daulah: Journal of Islamic Law and Legislation, Vol. 6, No. 1, (2016).

reasons but also because of a spiritual conviction that the gold pawn transactions they undertake comply with Sharia rules. The practice of gold lending has become a financial solution for the public, particularly in Indonesia, where the majority of the population adheres to Islam. As Sharia-compliant financial institutions continue to grow rapidly, Sharia pawnshops have emerged as an option that not only provides Sharia-compliant products but also upholds public trust in the principles of justice, halal compliance, and transparency.²³ In practice, questions frequently arise about the extent to which gold pawnbroking activities at these Islamic pawnshops align with Islamic law. One crucial issue concerns the setting of administrative fees and storage charges, which in practice are often difficult to distinguish from usury if not implemented in accordance with Sharia provisions.²⁴ When the imposition of administrative and maintenance fees is not clearly and comprehensively communicated from the outset of the *rahn* agreement, this can trigger perceptions of unfairness and suspicion of deviations from the principles of fiqh muamalah, which emphasize integrity and transparency in transactions.

Deviations in the application of Sharia principles, including the setting of unbalanced or unclear fees, can lead to negative public perceptions regarding the institution's credibility. This situation not only damages the reputation of Sharia financial institutions as entities upholding Islamic values, but also risks reducing public participation in utilising Sharia financial products. If this issue is allowed to persist, such practices are feared to hinder the sustainable progress of the Islamic financial system and divert it from the primary objective of the Islamic economy, namely the creation of welfare and the protection of the community's wealth (*hifz al-māl*).

The author's analysis indicates that if the practice of double-charging in gold pawnbroking products continues without adequate analysis and monitoring, it could damage the reputation of Pegadaian Syariah Banda Aceh as an institution that upholds the principles of justice and mutual benefit. The imposition of costs deemed burdensome to customers may lead to dissatisfaction and erode public trust in the entire Islamic financial system, particularly in areas highly sensitive to the application of Islamic law.

²³Dwi Amelia Haliza and Makhsushi Zakiyah, *Analysis of Factors Influencing Public Interest in Pawn Transactions at PT. BPR Syari'ah Dinar Ashri, Aikmel Branch, East Lombok Regency*, Journal: Accounting, Vol. 1, No. 02, (2024).

²⁴Muhlisah Lubis, *The Concept of Conducting Gold Pawnbroking Auctions at Pegadaian Syariah from an Islamic Law Perspective*, Journal: J-Mabisya, Vol. 1, No. 1 (2020).

Furthermore, DSN-MUI Fatwa No. 25/DSN-MUI/III/2002 regarding *Rahn* indirectly underscores the importance of transparency and reasonableness in the costs of maintaining pledged goods to prevent injustice. Non-compliance with this principle in gold pawnbroking may hinder the achievement of Sharia objectives (*maqāṣid al-syarī'ah*), particularly in asset protection (*ḥifẓ al-māl*) and public welfare. Therefore, continuous evaluation of the application of fees for gold pawnbroking products at the Banda Aceh Sharia Pawnshop is necessary to ensure consistency with the principles of *fiqh muamalah* and maintain public trust.²⁵

E. Legal Implications of Islamic Economics Based on Legislation

Within the scope of positive law in Indonesia, the application of *double costs* to Sharia gold pawn products not only creates issues in *fiqh muamalah* but also has implications for Sharia economic law regarding compliance with applicable legislation. As a financial institution, the Islamic pawnbroking institution operates under the supervision of the Financial Services Authority (OJK) and is required to conduct business operations in accordance with the principles of prudence, transparency, and consumer protection.

Financial Services Authority Regulation No. 31/POJK.05/2016 on Pawnbroking emphasizes that the conduct of pawnbroking business, including sharia pawnbroking, must be carried out with due regard to the principles of transparency of information and fair treatment of customers. Article 21(1) of Financial Services Authority Regulation No. 31/POJK.05/2016 on Pawnbroking Business states:

*“Pawnbroking companies are obliged to meet the minimum ratio between the Loan Amount and the appraised value of the Collateral when granting a Loan to a Customer, unless the Customer expressly states in writing that they wish to receive a lower Loan Amount”.*²⁶

This provision stipulates that pawnbroking businesses must provide customers with accurate, clear information about the costs, benefits, and risks of their products, and that this information must not give rise to any misunderstanding. If double charging is carried out without an open and detailed explanation from the outset of the agreement, it may breach the principles of transparency and consumer protection as set out by the OJK.

²⁵*Ibid*

²⁶*Ibid*

Furthermore, from the perspective of Islamic economic law, DSN-MUI Fatwa No. 25/DSN-MUI/III/2002 on *Rahn* serves as the primary normative reference for assessing the validity of fees charged in Islamic pawnbroking contracts. The fatwa emphasises that costs for the maintenance and storage of goods used as collateral must not be directly linked to the loan amount, but must instead refer to the actual costs incurred. In other words, applying an unbalanced double cost that does not reflect actual costs may conflict with the DSN-MUI fatwa and be considered a practice inconsistent with Sharia principles.

Law No. 21 of 2008 on Sharia Banking does not specifically regulate the practice of *double costs* in Sharia pawnbroking. However, this law contains the fundamental principles of Islamic economic law, which are general in nature and applicable to all Islamic financial institutions, including Islamic pawnshops.²⁷ Article 2 of Law No. 21 of 2008 on Islamic Banking states:

“In conducting its business activities, Islamic banking is based on Sharia principles, economic democracy, and the principle of prudence”.

The Sharia principles referred to encompass the values of justice (*‘adl*), balance (*tawāzun*), and public interest, which form the primary foundation of every Sharia financial transaction. Furthermore, Article 26 of Law No. 21 of 2008 clearly states that all products and services in Islamic banking must comply with the fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI). This regulation holds significant implications for the implementation of Islamic gold pawnbroking, as DSN-MUI Fatwa No. 25/DSN-MUI/III/2002 on *Rahn* explicitly stipulates that the only costs that may be charged are for the maintenance and storage of the physical collateral. Therefore, the practice of double charging, which is inconsistent with the provisions of the fatwa, may be regarded as a breach of Sharia principles as outlined in Article 26 of Law No. 21 of 2008 on Islamic Banking.

Based on the regulations outlined above, it can be concluded that the application of *double costs* to Sharia gold pawn products, which is unfair and unclear, has the potential to contravene Law No. 21 of 2008 on Sharia Banking, particularly regarding the application of Sharia principles, compliance with the DSN-MUI fatwa, and the protection of consumer rights. Therefore, although Islamic pawnbroking has specific regulations, the values and

²⁷ Law No. 21 of 2008 on Islamic Banking

principles of Islamic economic law contained in the Islamic Banking Law remain an important normative reference for evaluating the appropriateness of cost practices in rahn contracts.

CONCLUSION

A. Conclusion

Based on the results of the research and discussion regarding the practice of double costs in gold pawnbroking products according to fiqh muamalah (a study of the Banda Aceh Sharia Pawnshop), it can be concluded that the application of double costs in the form of administrative fees and maintenance fees (*ujrah al-ḥifz*) still occurs in Sharia pawnbroking practice. Normatively, the imposition of maintenance and storage fees for collateral is permitted in the rahn contract, as explained in DSN-MUI Fatwa No. 25/DSN-MUI/III/2002, provided that these fees reflect actual expenses and are not directly linked to the loan amount.

However, the analysis indicates that the practice of double charging may deviate from the principles of the rahn contract if administrative and maintenance fees are charged separately, on an ongoing basis, and without clear explanation to the customer from the outset of the agreement. This situation may cause the rahn contract to shift from one of a *tabarru'* (mutual assistance) nature to a commercial one, thereby contradicting the principles of justice (*'adl*), balance (*tawāzun*), and protection of assets (*ḥifz al-māl*) in fiqh muamalah.

From a regulatory perspective, although the Financial Services Authority (OJK) has established the management of Islamic pawnbroking businesses through OJK Regulation No. 31/POJK.05/2016 and emphasised consumer protection through OJK Regulation No. 6/POJK.07/2022, technical regulations regarding the amount of fees, the basis for calculation, and a clear distinction between administrative costs and *ujrah al-ḥifz* have yet to be detailed. The absence of these technical guidelines allows for policy discrepancies among Islamic pawnbroking institutions, and may lead to legal uncertainty and a perception of unfairness among customers.

Furthermore, the practice of unbalanced and opaque double fees has been found to undermine public trust, particularly in Banda Aceh where Islamic Sharia law is applied. Public trust is the cornerstone of the sustainability of Islamic financial institutions. Consequently, fee burdens perceived as excessively heavy and unclear can damage the reputation of

Islamic pawnshops and reduce public participation in using Islamic gold pawn products. Consequently, this study concludes that the practice of double fees on gold pawn products is only acceptable under Sharia law if it adheres to the principles of transparency, proportionality, and direct relevance to actual costs, and is agreed upon at the outset of the contract. Conversely, if the practice of double fees does not align with these principles, it may conflict with *fiqh muamalah*, the DSN-MUI fatwa, and the spirit of Islamic economic law. Consequently, continuous evaluation, strengthening technical regulations, and stricter supervision are required to ensure that gold pawnbroking practices in Sharia pawnshops truly reflect the values of justice, the public interest, and customer protection.

B. Recommendations

1. To Sharia Pawnshops

Sharia Pawnshops, particularly in Banda Aceh, are recommended to conduct a comprehensive review of the fee policies applied to gold pawn products, especially regarding the distinction between administrative fees and maintenance fees (*ujrah al-hifz*). Any fees charged to customers should genuinely reflect the actual costs, be clearly explained from the outset of the agreement, and should not be recurring or burdensome. This aspect is crucial to ensure that gold pawnbroking practices align with the principles of the *rahn* contract, which is of a *tabarru'* nature, and to maintain public trust in Sharia-compliant financial institutions.

2. To the Financial Services Authority (OJK)

The Financial Services Authority is expected to design and establish more detailed technical guidelines on fee-setting standards for Sharia-compliant gold pawn products, including limits on the reasonableness of fees, the calculation principles used, and clear mechanisms for distinguishing administrative costs from *ujrah al-hifz*. This tightening of regulation and supervision is considered essential to prevent double charging, which could harm consumers and contravene the principles of consumer protection and Islamic economic law.

3. To the Public or Customers

Sharia pawnbroking services are advised to be more proactive and thorough in understanding the contract terms, including the details of the fees applied to gold pawn transactions. This critical approach is essential to ensure that

customers have equal bargaining power and to avoid potential losses caused by unclear fees in the contract.

4. For Future Researchers

Future research is expected to examine the practice of *double costs* in Islamic gold pawnbroking using more detailed empirical methods, such as inter-regional comparisons or statistical analyses investigating the impact of costs on customer welfare. Furthermore, further studies could also investigate the role of Sharia supervision and the effectiveness of OJK regulations in preventing deviations in the practice of *rahn* contracts at Islamic pawnbroking institutions

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