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## Legal Problems of Gold-Indexed Land Pawn Practices in the Perspective of Islamic Economic Law: An Empirical Study in Tlonto Ares Village, Pamekasan Regency

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### Abstract

This study examines the practice of gold-indexed land pawning in Tlonto Ares Village, Pamekasan Regency, and analyzes its compatibility with the principles of Islamic Economic Law. The study addresses an important gap in the literature, as existing research on land pawn transactions has primarily focused on collateral utilization and the general legality of *rahn*, while limited attention has been given to gold-based debt valuation in rural community transactions. This research employs an empirical legal method with a qualitative socio-juridical approach. Data were collected through observation, in-depth interviews, and documentation involving pledgors (*rahn*), pledge holders (*murtahin*), religious leaders, community figures, and village officials. The findings reveal that land is used as collateral, while the debt value is converted into a specific quantity of gold at the time of contract formation and repayment is adjusted according to prevailing gold prices at redemption. During the contract period, the pledge holder also retains control over and benefits from the pledged land. The study identifies a dual-benefit structure in which the pledge holder gains both economic protection through gold indexation and additional benefits from land utilization. From the perspective of Islamic Economic Law, this practice partially supports the objective of wealth protection (*hifz al-māl*) by preserving the real value of debt. However, it also raises significant concerns regarding *riba*, *gharar*, contractual imbalance, and potential economic exploitation. Viewed through the framework of maqāṣid al-sharī'ah, the practice reflects a tension between wealth protection and the realization of justice (*al-'adālah*) and public welfare (*maslahah*). This study contributes to Islamic Economic Law scholarship by demonstrating that the legal assessment of community-based pawn transactions must extend beyond formal contractual validity to include substantive justice, proportional benefit distribution, and broader socio-economic welfare.

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## **Introduction**

Economic activities within society cannot be separated from the need for financing to meet various needs, whether consumptive or productive (Yuliono & Sunaryo, 2023). In certain circumstances, individuals often face financial constraints and therefore require assistance from others through debt-based transactions. In practice, such debt relationships are frequently accompanied by the provision of collateral to ensure security for the lender. In Islamic law, this mechanism is known as rahn (pledge or pawn), which refers to the retention of a valuable asset as security for a debt that may be used to settle the obligation if the debtor is unable to fulfill it. Fundamentally, rahn is a lawful muamalah instrument in Islam because it embodies the principle of mutual assistance (ta'āwun) and provides legal protection for the parties involved in the transaction (Alexander et al., 2023).

Over time, pawn transactions have not only involved movable assets such as gold and vehicles but have also extended to immovable property, including land (Hawariah & Anita, 2021). In many rural areas of Indonesia, land pawning remains an alternative source of financing because its procedures are considered simpler than those of formal financial institutions. This practice has been passed down from generation to generation and has become part of local customary law. Its persistence demonstrates that living law continues to exert a significant influence on social and economic relations, particularly in rural communities that maintain traditional values and local wisdom (Atikawati et al., 2025).

One form of land pawn transaction that deserves scholarly attention is the gold-indexed land pawn practice found in Tlonto Ares Village, Pamekasan Regency. In this practice, the debt value is not solely determined by the nominal amount of money provided at the time of the agreement but is linked to the price or value of gold prevailing at the time of the transaction. When the pledgor intends to redeem the pledged land, the repayment amount is adjusted according to the value of gold used as the reference at the time of redemption. This mechanism is perceived by some community members as a means of preserving the economic value of the loan against inflation and fluctuations in currency value.

Nevertheless, the use of gold as a value benchmark in land pawn transactions raises several legal issues that warrant further examination. On the one hand, gold is widely recognized as a relatively stable asset and a reliable store of value. On the other hand, fluctuations in gold prices may create substantial differences between the amount borrowed at the time of the agreement and the amount required for repayment at the time of redemption. This situation raises questions regarding transactional justice, the balance of rights and obligations between the parties, and compliance with Sharia principles that prohibit riba (usury), gharar (uncertainty), and economic exploitation.

From the perspective of Islamic Economic Law, a rahn contract must satisfy specific requirements and principles to remain within the boundaries of Sharia (Qolbi et al., 2024). Islamic scholars generally agree that the primary purpose of rahn is to secure debt repayment rather than to generate additional benefits for the lender. Therefore, any form of additional advantage directly associated with a debt relationship must be carefully scrutinized because it may conflict with Sharia principles (Faizal & Tamza, 2023). The issue becomes more complex when the pledged asset consists of productive land that can be utilized by the pledge holder during the contract period. In certain cases, the pledge holder gains economic benefits from cultivating the land while simultaneously benefiting from

adjustments in the repayment value based on gold prices. Such circumstances may create an imbalance that requires analysis from the perspective of Islamic Economic Law.

Furthermore, gold-indexed land pawn transactions illustrate the interaction between Islamic legal norms and local customary practices. In many cases, community members prioritize long-standing traditions over direct reference to classical Islamic jurisprudence or formal legal regulations. This phenomenon reflects the dynamic relationship among state law, Islamic law, and customary law in regulating economic activities within society. Consequently, the study of gold-indexed land pawn transactions is relevant not only for assessing their conformity with Sharia principles but also for understanding how communities develop and preserve traditional economic mechanisms amid the evolution of modern legal and economic systems.

The urgency of this study becomes even more evident when viewed through the objectives of Islamic Economic Law, which emphasize not only the validity of contracts but also the realization of justice, public welfare (*maslahah*), and the protection of the rights of all parties involved. The use of gold as a transaction benchmark must therefore be analyzed to determine whether it genuinely promotes fairness between the pledgor and pledge holder or instead creates economic inequality that contradicts Islamic values. This study is also important as an evaluation of community-based economic practices rooted in local customs to ensure their consistency with Islamic legal principles.

Based on the foregoing discussion, this research aims to analyze the practice of gold-indexed land pawning in Tlonto Ares Village, Pamekasan Regency, and to assess its conformity with the principles of Islamic Economic Law. The study focuses on the mechanism of the contract, the use of gold as a transaction value standard, and the legal implications arising from the practice. It is expected that this research will provide a more comprehensive understanding of the dynamics of gold-indexed land pawn transactions and contribute to the development of Islamic Economic Law scholarship, particularly in relation to rahn contracts and community-based economic practices grounded in local traditions.

Studies on land pawn transactions from the perspective of Islamic Economic Law have been conducted by various scholars with diverse focuses. However, research specifically examining the use of gold as a benchmark for land pawn repayment remains relatively limited. The first study was conducted by Armawi entitled *Analysis of Land Pawn Transactions from the Perspective of Islamic Economic Law*. The study found that land pawn practices in Ramban Kulon Village had not fully complied with Islamic Economic Law principles, particularly concerning the utilization of pledged assets by the pledge holder (*murtahin*). Nevertheless, the study focused on the general conformity of land pawn practices with rahn principles and did not examine the use of a specific value standard in determining debt and repayment (Armawi, 2025).

The second study was conducted by Surahman, Zaenal Abidin, and Haeran in an article entitled *Implementation of Agricultural Land Pawn Systems from the Perspective of Islamic Law*. This study investigated cases where pledged agricultural land was subsequently re-pledged by the pledge holder. The findings revealed several Sharia-related issues concerning control and utilization of pledged assets. Although the study also addressed land pawn transactions, its focus was on the transfer and utilization of pledged

assets rather than on determining debt values based on gold, as examined in the present research (Surahman, Zaenal Abidin, 2021).

The third study was conducted by Dasra Amri under the title *Utilization of Pledged Rice Fields from the Perspective of Islamic Business Ethics*. The findings indicated that the right to use and manage pledged rice fields remained with the pledge holder until the debt was fully repaid. The study concentrated on Islamic business ethics concerning the utilization of pledged assets, particularly agricultural land, without addressing the legal implications of using gold as a value standard in pawn transactions (Amri, 2023).

The fourth study was carried out by Syabila Rosaadi and Muh. Nashirudin through an article entitled *Normative Juridical Analysis of Gold Pawn Contracts (Rahn) in the Islamic Banking Legal System*. The research found that gold pawn practices in Islamic financial institutions generally complied with Sharia provisions, although several issues remained regarding storage fees and collateral valuation mechanisms. Unlike that study, which focused on gold as collateral within Islamic banking, the present research examines gold not as collateral but as a value reference in land pawn transactions practiced within rural communities (Rosaadi, Syabila, 2025)

In addition, Rofiqi's study entitled *The Practice of Hybrid Contracts (Rahn and Mukhabarah) in Agricultural Land Pawn Transactions in Paopale Daya Village* demonstrated the combination of rahn and mukhabarah contracts in the management of pledged agricultural land. While the study highlighted hybrid contractual arrangements in land management, the present research focuses on the legal consequences of employing gold as a benchmark in determining debt repayment (Rofiqi, 2023).

Based on these previous studies, it can be concluded that existing research on land pawn transactions generally focuses on the utilization of pledged assets, the conformity of rahn contracts with Islamic law, control over pledged property, and the implementation of gold pawn products in Islamic financial institutions. However, no study has specifically examined gold-indexed land pawn practices within rural Madurese communities, particularly in Tlonto Ares Village, Pamekasan Regency. Accordingly, this research offers two significant contributions. First, it investigates the use of gold as a value standard in determining land pawn redemption. Second, it analyzes the practice from the perspective of Islamic Economic Law by emphasizing principles of justice, balance of rights and obligations, and the potential presence of *riba*, *gharar*, or transactional injustice resulting from fluctuations in gold prices..

## **Method**

This study employs an empirical legal research method with a qualitative approach (Jonaedi Efendi & Ibrahim, 2018). This method was selected because the research aims to examine the practice of gold-indexed land pawning in Tlonto Ares Village, Pamekasan Regency, and to analyze its conformity with the principles of Islamic Economic Law. Empirical legal research views law not merely as a normative system but as a social reality that develops and operates within society (law in action). Therefore, this study focuses on both legal norms and their practical implementation in community-based economic transactions.

The study adopts a socio-juridical approach to examine the interaction between Islamic legal principles and local customary practices in land pawn transactions. This

approach enables the researcher to analyze not only the legal validity of the transaction but also its substantive implications in terms of justice, benefit distribution, and economic welfare. The analysis refers to the principles of *fiqh muamalah*, Islamic legal maxims (*qawā'id fiqhiyyah*), and maqāṣid al-sharī'ah as the primary normative frameworks.

The research was conducted in Tlonto Ares Village, Pamekasan Regency. This location was selected purposively because the village maintains a longstanding practice of land pawning in which debt valuation is indexed to gold prices. This practice represents a unique local economic mechanism that differs significantly from conventional *rahn* contracts in Islamic financial institutions.

The data sources consist of primary and secondary data. Primary data were obtained directly from informants involved in gold-indexed land pawn transactions, including pledgors (*rahin*), pledge holders (*murtahin*), religious leaders, community figures, and village officials. Secondary data were collected from the Qur'an, Hadith, classical and contemporary *fiqh muamalah* literature, DSN-MUI fatwas, the Compilation of Islamic Economic Law (KHES), books on Islamic Economic Law, and relevant journal articles.

Data collection techniques included observation, in-depth interviews, and documentation (Abdussamad, 2021). Observation was conducted to understand the actual mechanism of land pawn transactions. In-depth interviews were used to explore the contract formation process, gold valuation mechanisms, rights and obligations of the parties, and redemption procedures. Documentation was used to support field findings through transaction records and related documents.

Informants were selected using purposive sampling, based on their knowledge and direct involvement in the practice under study. This technique ensures that data were collected from individuals possessing relevant experience and sufficient understanding of the transaction mechanism.

To ensure data validity, this study employed source triangulation and method triangulation. Source triangulation was carried out by comparing information from multiple informants, while method triangulation involved cross-checking findings from observation, interviews, and documentation (Nurhayati et al., 2024).

### **Analytical Framework**

This study analyzes gold-indexed land pawn practices using four analytical frameworks derived from Islamic Economic Law. First, the analysis examines the conformity of the transaction with the legal principles of *rahn*, including the fulfillment of contract pillars (*arkān al-rahn*) and conditions (*shurūṭ al-rahn*). Second, the study evaluates the presence of prohibited elements in Islamic transactions, particularly *riba*, *gharar*, and unjust enrichment resulting from debt-based benefits. Third, the analysis assesses contractual justice (*al-'adālah al-'aqdiyyah*) by examining whether the rights, obligations, and benefits are proportionally distributed between the pledgor and the pledge holder. Fourth, the study applies the maqāṣid al-sharī'ah framework, particularly the indicators of wealth protection (*ḥifẓ al-māl*), justice, and public welfare (*maslahah*), to evaluate whether the transaction supports or undermines Islamic economic objectives.

### Indicators of Analysis

The evaluation of gold-indexed land pawn transactions is based on the following indicators:

Analytical Aspect	Indicators
Rahn legality	Contract validity, collateral legality, debt clarity
Prohibited elements	Presence of <i>riba</i> , <i>gharar</i> , exploitation
Contractual justice	Balance of rights, obligations, and benefits
Maqāṣid al-sharī'ah	Wealth protection, justice, welfare

### Data Analysis

Data analysis was conducted qualitatively using an interactive model consisting of data reduction, data display, and conclusion drawing (Semiawan, 2010). However, to strengthen analytical rigor, the study followed four analytical steps. First, field data were reduced and categorized based on major themes, including contract mechanisms, gold valuation systems, land utilization, and redemption procedures. Second, the categorized data were presented systematically in descriptive form to identify recurring patterns in community practices. Third, the findings were analyzed using the legal principles of *rahn*, Islamic legal maxims, and contractual justice to identify potential legal problems in the transaction mechanism. Fourth, the findings were evaluated through the framework of maqāṣid al-sharī'ah to determine whether the practice promotes justice, protects wealth, and contributes to public welfare. Through this analytical framework, the study provides a comprehensive assessment of the compatibility of gold-indexed land pawn practices with the principles of Islamic Economic Law.

## Results

### ***Transaction Mechanism of Gold-Indexed Land Pawn in Tlonto Ares Village***

Land pawning remains a widely practiced financing mechanism among rural communities in Tlonto Ares Village, Pamekasan Regency. The practice is closely related to the agrarian structure of the village, where land serves not only as an economic asset but also as the primary source of livelihood. Community members commonly use land pawning to obtain urgent funds for education expenses, healthcare, business capital, marriage costs, and other pressing financial needs.

The findings reveal that the transaction mechanism differs from conventional pawn practices generally found in formal financial institutions. In this local practice, land functions as collateral, while the debt value is linked to gold as a benchmark of value. The transaction begins with an agreement between the landowner (*rahin*) and the lender (*murtahin*) regarding the amount of money to be borrowed and the equivalent gold value at the time of contract formation.

The agreement is generally conducted informally and relies heavily on kinship, trust, and local custom. Formal written contracts are uncommon, and most agreements are based on verbal commitment witnessed by family members or respected local figures.

According to one informant:

*“The agreement is usually based on mutual trust. We rarely use formal written contracts because everyone already understands the customary rules.”*  
(Mohammad Rifa'i, personal interview, 2026)

This finding indicates that social trust and customary norms remain dominant in shaping transaction legitimacy within the local community.

**Gold Indexation and Debt Valuation Mechanism**

A distinctive feature of land pawn transactions in Tlonto Ares Village is the use of gold as a benchmark for debt valuation. Although the loan is disbursed in Indonesian rupiah, both parties first agree on the equivalent value in grams of gold based on the prevailing market price at the time of the contract.

For example, if a borrower receives IDR 30,000,000 when the gold price is IDR 1,500,000 per gram, the debt is recorded as equivalent to 20 grams of gold. Upon redemption, repayment is calculated according to the current market value of 20 grams of gold rather than the original nominal amount.

This mechanism can significantly affect repayment obligations, particularly when gold prices rise.

*Table 1. Illustration of Gold-Based Debt Valuation*

Loan Amount	Gold Price at Contract	Gold Equivalent	Gold Price at Redemption	Repayment Amount
IDR 30,000,000	IDR 1,500,000/gram	20 grams	IDR 2,000,000/gram	IDR 40,000,000

The table shows that a rise in gold prices directly increases the redemption burden borne by the pledgor.

According to village officials:

*“Gold is considered more stable than money. That is why people use gold to maintain fairness in transactions.”*

(Rismawati, personal interview, 2026)

From the community’s perspective, this mechanism protects the real economic value of the lender’s funds against inflation and currency depreciation.

**Economic Benefits and Distribution of Risk**

The findings further indicate that the transaction structure creates unequal economic consequences between the pledgor and the pledge holder. During the pawn period, the pledged land remains under the control of the pledge holder, who possesses full rights to cultivate, manage, and benefit from agricultural production.

This arrangement allows the pledge holder to obtain direct economic benefits from agricultural yields throughout the contract period. In many cases, this period extends for several years because the pledgor faces difficulties in accumulating sufficient funds for redemption.

According to one respondent:

*“Once the land is pawned, the lender fully controls it until the debt is repaid. All harvests belong to the lender.”*

(Sahrawi, personal interview, 2026)

This arrangement creates a dual-benefit structure for the pledge holder:

1. Protection of loan value through gold indexation
2. Economic gain from land utilization

Meanwhile, the pledgor faces two major risks:

1. Loss of access to productive land
2. Increasing redemption costs due to rising gold prices

Table 2. Distribution of Economic Benefits and Risks

Party	Benefits	Risks
Pledgor (Rahin)	Access to urgent funds	Loss of land use, higher repayment burden
Pledge Holder (Murtahin)	Gold-value protection, land benefits	Limited liquidity during contract

This finding suggests a significant imbalance in the distribution of economic benefits.

### **Key Legal Issues from the Perspective of Islamic Economic Law**

The empirical findings reveal four major legal issues in gold-indexed land pawn transactions.

1. Potential Riba through Excessive Benefit  
The pledge holder receives additional economic benefits through both land utilization and gold price appreciation.
2. Potential Gharar in Repayment Value  
The repayment amount remains uncertain because it depends on future gold prices, which fluctuate over time.
3. Contractual Imbalance  
The rights and obligations of the contracting parties are not proportionally distributed.
4. Potential Conflict with Maqāṣid al-Sharī'ah  
Although the practice supports wealth protection (*ḥifz al-māl*), it may undermine justice (*al-'adālah*) and public welfare (*maslahah*).

According to one informant:

*"Sometimes the gold price increases too much, making it difficult for people to redeem their land."*

(Nur Azizah, personal interview, 2026)

This statement reflects the practical burden experienced by pledgors and illustrates the tension between preserving economic value and maintaining transactional justice.

## **Discussion**

### **Gold Indexation as an Instrument of Wealth Protection**

The findings indicate that the use of gold as a benchmark in land pawn transactions emerged as a local economic response to preserve the real value of debt amid inflation and fluctuations in currency purchasing power. In the context of Tlonto Ares Village, gold is perceived as a more stable store of value than cash, making it an acceptable reference for maintaining economic fairness in debt repayment.

From the perspective of Islamic Economic Law, this practice may initially be understood as an effort to achieve *ḥifz al-māl* (protection of wealth), one of the primary objectives of maqāṣid al-sharī'ah. The principle of wealth protection emphasizes preserving economic value and preventing unjust loss in transactions. In this context, the use of gold

indexation may serve as a mechanism to protect the lender from the declining purchasing power of money caused by inflation.

This finding aligns with Chapra (2008), who argues that Islamic economic principles seek not only legal validity but also the preservation of economic stability and fairness in wealth circulation. Similarly, Dusuki and Bouheraoua (2011) emphasize that economic transactions in Islam should protect wealth while maintaining justice and social balance.

However, wealth protection in Islamic law cannot be understood solely from the perspective of one party. The preservation of wealth must be balanced with fairness for all contracting parties. Therefore, while gold indexation may benefit the pledge holder by preserving the real value of the loan, its implementation becomes problematic when it shifts disproportionate economic burdens onto the pledgor.

This finding extends previous studies by Armawi (2025) and Surahman et al. (2021), which primarily focused on land pawn practices in relation to the permissibility of collateral utilization. Unlike those studies, the present research demonstrates that the central legal issue lies not only in collateral utilization but also in the use of gold-based debt valuation, which introduces a new layer of complexity in Islamic legal analysis.

### **Dual Economic Benefits and Potential Riba**

One of the most significant findings of this study is the existence of dual economic benefits accruing to the pledge holder. The empirical evidence demonstrates that the pledge holder benefits from two sources simultaneously: first, through the preservation of debt value via gold indexation; second, through economic gains generated from cultivating and utilizing the pledged land.

This dual-benefit structure raises important concerns in Islamic Economic Law, particularly regarding the prohibition of *riba* and unjust enrichment. In classical *fiqh muamalah*, the fundamental objective of *rahn* is to secure debt repayment rather than to generate additional profit for the lender. This principle is closely related to the legal maxim:

كُلُّ قَرْضٍ جَرَّ مَنَفَعَةً فَهُوَ رِبَا

*Every loan that generates benefit has the potential to constitute riba.*

The findings suggest that the pledge holder's benefits may exceed what is permissible under a standard *rahn* arrangement. When the lender receives economic returns from both land productivity and gold price appreciation, the transaction shifts from a debt-security mechanism toward a profit-generating arrangement.

This finding supports Rofiqi's (2023) argument that hybrid contracts involving *rahn* and agricultural management may create complex legal consequences, particularly when one party accumulates disproportionate benefits. However, the present study offers a more specific contribution by identifying the simultaneous operation of value appreciation and land exploitation as a unique source of potential injustice.

From this perspective, the legal concern is not merely whether the contract is formally valid but whether its substantive consequences align with Islamic economic ethics. Excessive economic benefit concentrated in the hands of the pledge holder may indicate a hidden form of exploitation, particularly when the pledgor enters the agreement under urgent financial necessity.

### ***Contractual Justice and Economic Imbalance***

The principle of justice (*al-'adālah*) occupies a central position in Islamic Economic Law. Justice requires proportional distribution of rights, obligations, risks, and economic benefits among contracting parties. Therefore, transactional legitimacy is determined not only by mutual consent but also by the fairness of outcomes.

The findings reveal a substantial imbalance in the distribution of economic rights and risks in gold-indexed land pawn practices. On the one hand, the pledge holder enjoys protection from inflation, benefits from land productivity, and bears relatively limited economic risk. On the other hand, the pledgor loses access to productive land while simultaneously facing uncertain and potentially increasing repayment obligations.

This imbalance suggests that formal consent alone is insufficient to establish justice. As emphasized by Laldin and Furqani (2013), Islamic contracts must ensure equitable outcomes rather than merely satisfying procedural requirements. Consent obtained under financial distress may not reflect equal bargaining power, thereby raising concerns about substantive fairness.

This finding also resonates with the Islamic legal maxim:

لا ضرر ولا ضرار

*There shall be neither harm nor reciprocating harm.*

The application of this principle indicates that transactions should avoid imposing excessive harm on any party. When gold price increases significantly and prevents the pledgor from redeeming the land, the resulting harm may conflict with the ethical foundations of Islamic Economic Law.

Compared with Rosaadi and Nashirudin (2025), who found that gold pawn practices in Islamic financial institutions generally comply with Sharia principles due to regulated valuation mechanisms, this study reveals a contrasting situation in informal rural transactions. The absence of institutional regulation creates greater potential for economic imbalance and transactional injustice.

### ***Evaluation through Maqāṣid al-Sharī'ah***

The findings of this study demonstrate that gold-indexed land pawn practices involve a complex tension between wealth protection and justice realization. This tension becomes more evident when evaluated through the framework of maqāṣid al-sharī'ah.

From one perspective, the practice supports *ḥifẓ al-māl* by protecting the lender's economic value against inflation. This objective is important because Islamic law recognizes the need to preserve wealth and maintain economic security.

However, maqāṣid al-sharī'ah extends beyond wealth protection. It also emphasizes justice, welfare, and the prevention of harm. Therefore, a transaction cannot be considered fully compliant with Islamic legal objectives if it protects wealth while simultaneously producing economic hardship for one of the parties.

The findings suggest that gold-indexed land pawn practices in Tlonto Ares Village reflect a partial realization of maqāṣid al-sharī'ah. The practice succeeds in protecting wealth but falls short in ensuring justice and balanced welfare distribution. This indicates

that the current transaction mechanism does not fully embody the holistic objectives of Islamic Economic Law.

A more equitable transaction model is therefore necessary. Several alternative mechanisms may be considered, including limiting the lender's right to utilize pledged land, introducing profit-sharing arrangements for agricultural yields, or establishing repayment mechanisms that cap excessive gains resulting from gold price fluctuations.

Ultimately, this study demonstrates that evaluating local economic practices through *maqāṣid al-sharī'ah* provides a more comprehensive understanding of transactional justice. Such an approach enables Islamic Economic Law to function not merely as a framework of legal permissibility but as a system that promotes fairness, balance, and sustainable welfare in society.

## Conclusion

This study concludes that the practice of gold-indexed land pawning in Tlonto Ares Village, Pamekasan Regency, represents a unique community-based financial mechanism in which land serves as collateral while gold functions as the benchmark for determining debt value and repayment. Although the loan is disbursed in cash, the debt is converted into a specific quantity of gold at the time of contract formation, and repayment is adjusted according to prevailing gold prices at the time of redemption. In addition, the pledged land remains under the control of the pledge holder throughout the contract period, allowing the pledge holder to benefit from its agricultural productivity.

From the perspective of Islamic Economic Law, this practice reflects a complex legal and ethical tension. On the one hand, the use of gold as a valuation benchmark may support the objective of wealth protection (*ḥifẓ al-māl*) by preserving the real economic value of debt against inflation and currency depreciation. On the other hand, the practice raises significant concerns regarding contractual justice, particularly when fluctuations in gold prices increase the redemption burden for the pledgor while the pledge holder simultaneously benefits from the utilization of the pledged land.

The principal contribution of this study lies in demonstrating that gold-indexed land pawn practices create a dual-benefit structure for the pledge holder, resulting in a concentration of economic advantages that may lead to imbalance, exploitation, and potential conflict with the principles of *rahn*. This finding shows that the legal assessment of community-based economic practices cannot be limited to formal contractual validity alone but must also consider substantive justice, proportional benefit distribution, and broader socio-economic consequences.

Viewed through the framework of *maqāṣid al-sharī'ah*, the practice partially fulfills the objective of wealth protection but does not fully achieve justice (*al-'adālah*) and public welfare (*maslahah*). Therefore, a reconstruction of the transaction mechanism is necessary to ensure greater alignment with the principles of Islamic Economic Law. Such reconstruction may include limiting the economic benefits derived by pledge holders, introducing more equitable benefit-sharing arrangements, and designing repayment mechanisms that prevent excessive burdens on pledgors. These measures are essential to ensure that local economic practices remain consistent with the core Islamic values of fairness, balance, and social welfare.

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