

# Multi-Layered Pawning in Agrarian Indonesia: Islamic Legal Challenges and Sustainable Development Implications

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**Abstract:** This study examines the practice of multi-layered pawning in Rato Village, Bima Regency, Indonesia, which is frequently conducted without formal written agreements, thus posing risks to the original landowner (*rābin*). This practice typically involves the transfer of pawned land to a third party without the knowledge or consent of the land pawn initiator (first party), placing the *rābin* in a vulnerable economic position. From an Islamic legal perspective, this multi-layered pawning practice raises fundamental issues related to principles of justice, transparency, and property rights protection, which are core tenets in Sharia. Initially, this practice was considered part of *'urf* (custom) that was socially accepted. However, as it increasingly causes harm to the *rābin*, it transforms into *'urf fāsīd* (harmful custom), which is incompatible with Sharia principles due to its violation of justice. This research employs a qualitative method with a descriptive-analytical approach, involving in-depth interviews with local community members, village leaders, and an analysis of literature on Islamic law and sustainable development concepts. The findings reveal that multi-layered pawning not only impacts the economic stability of the landowner but also threatens the economic, social, and environmental sustainability of agrarian communities in the region. The study recommends reforms through formal regulations involving village authorities as supervisors. With strict oversight, formalized written agreements, and robust education in Sharia financial literacy, pawning practices can be directed to support fair economic sustainability for agrarian communities. This research contributes to the study of pawning law in Indonesia and provides a policy reference for enhancing welfare and economic sustainability within agrarian societies.

**Keywords:** Multi-layered Pawning; Islamic Law; Sustainable Development; Agrarian Communities.

**Abstrak:** Penelitian ini mengkaji praktik gadai bertingkat di Desa Rato, Kabupaten Bima, Indonesia, yang sering dilakukan tanpa perjanjian tertulis, sehingga

menimbulkan risiko bagi pemilik tanah asli (*rāhin*). Praktik ini umumnya melibatkan pengalihan lahan gadai kepada pihak ketiga tanpa sepengetahuan atau persetujuan penggadai tanah (pihak pertama), yang menempatkan penggadai tanah (*rāhin*) dalam posisi ekonomi yang rentan. Dalam perspektif hukum Islam, praktik gadai bertingkat ini menimbulkan masalah mendasar yang berkaitan dengan prinsip keadilan, transparansi, dan perlindungan hak milik, yang merupakan prinsip utama dalam syariah. Awalnya, praktik ini dianggap sebagai bagian dari *'urf* (kebiasaan) yang diterima secara sosial. Namun, ketika praktik ini mulai merugikan *rāhin*, statusnya berubah menjadi *'urf fasid* (kebiasaan yang merusak/merugikan), yang tidak sesuai dengan prinsip syariah karena melanggar prinsip keadilan. Penelitian ini menggunakan metode kualitatif dengan pendekatan deskriptif-analitis, melibatkan wawancara mendalam dengan masyarakat lokal, tokoh desa, serta analisis literatur terkait hukum Islam dan konsep pembangunan berkelanjutan. Temuan dalam penelitian ini menunjukkan bahwa gadai bertingkat tidak hanya berdampak pada stabilitas ekonomi penggadai tanah, tetapi juga mengancam keberlanjutan ekonomi, sosial dan lingkungan komunitas agraris di wilayah tersebut. Studi ini merekomendasikan adanya reformasi melalui regulasi formal yang melibatkan pemerintah desa sebagai pengawas. Dengan pengawasan ketat, perjanjian tertulis, dan edukasi literasi keuangan syariah yang baik, praktik gadai dapat diarahkan untuk mendukung keberlanjutan ekonomi yang adil bagi masyarakat agraris. Penelitian ini berkontribusi pada kajian hukum gadai di Indonesia dan menawarkan acuan kebijakan bagi kesejahteraan dan keberlanjutan ekonomi di masyarakat agraris.

**Kata kunci:** Gadai Bertingkat; Hukum Islam; Pembangunan Berkelanjutan; Masyarakat Agraris.

## Introduction

Pawning (*Rahn*) is one of the contractual forms used in traditional societies as a solution to urgent needs, particularly in communities that remain heavily dependent on the agrarian sector.<sup>1</sup> The village of Rato, located in the Lambu sub-district of Bima Regency, is one such community where the majority of the population works as farmers and livestock breeders.<sup>2</sup> In times of financial difficulty, such as urgent needs for living expenses, children's education, or customary ceremonies, the agrarian-based population of Rato Village often resorts to the practice of land pawning as the primary solution, without losing their main source of livelihood. Land pawning, as a form of debt collateral, is viewed as a fair solution because it provides the landowner with an opportunity to redeem their land at a later time.<sup>3</sup>

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<sup>1</sup> Lina Nur Oktavia Dkk, "Praktik Pagang Gadai Di Negari Bukit Batabiung Di Tinjau Dari Hukum Islam Dan Hukum Adat," *Jurnal Hukum Dan Hukum Islam* 11, no. 1 (2024): 334.

<sup>2</sup> Tim Penyusun BPS Kab. Bima, "Kecamatan Lambu dalam Angka" (Badan Pusat Statistik Kabupaten Bima, 2023).

<sup>3</sup> Ahmad Azhar Basyir, *Hukum Islam Tentang Riba, Hutang-Piutang Dan Gadai*. ((Bandung: Al-Ma'arif, 1983).

In the context of Islamic law, pawning is known as *Rahn*, which means using property as collateral for a debt.<sup>4</sup> In *fiqh* (Islamic jurisprudence) terminology, *Rahn* refers to the use of an item deemed valuable according to Islamic law as a guarantee for a debt. If the debtor (*Rāhin* – the one who pawns the property) is unable to repay the debt, the pawned item can be used as collateral for the repayment to the creditor (*Murtahin* – the lender). This practice is based on a principle derived from the Qur'an, which stipulates that when a transaction cannot be settled in cash, an item may be used as collateral, held by the lender to ensure the repayment of the loan.<sup>5</sup>

According to the provisions of *fiqh* regarding pawning contracts (*Rahn*), the debtor (*Rāhin*) retains the right to the pawned property until the debt is fully settled. The property owner (*Rāhin* – the one who pawns the property) has the right to redeem the land, and the creditor (*Murtahin*) has the responsibility to safeguard the pawned property, without using it, unless with the consent of the debtor. However, the creditor cannot compel the debtor to redeem the pawned item, as the heirs of the debtor (*Rāhin*) still have the right to redeem the pawned property. The implementation of the pawning contract must meet several requirements, such as the presence of a *sigbat* (formal offer and acceptance), which can be made either verbally or in writing.<sup>6</sup> According to Sayyid Sabiq, the parties involved must meet certain conditions, such as being of sound mind, having reached maturity (*baligh*), and possessing a valid asset that can be pawned as collateral.<sup>7</sup> These requirements ensure trust between the parties involved and assure the creditor (*Murtahin*) that the borrower (*Rāhin*) will repay the debt using the pledged personal property, without exceeding the agreed-upon repayment period.<sup>8</sup> However, if the pawned property requires maintenance to remain viable (e.g., livestock such as cows, horses, buffaloes, etc.), the creditor (*Murtahin*) may use the pawned property to compensate for the care and maintenance services provided for the livestock. The pawning contract is considered completed when the collateral is returned to the owner, either upon full repayment of the debt or when the collateral can no longer be maintained according to the agreement.

In the view of Islamic scholars, there are differences of opinion regarding the utilization of pawned property. The Shafi'i scholars argue that the pawned item remains the property of the *Rāhin* (debtor), even though it is in the possession of the *Murtahin* (creditor), and any benefit derived from the item belongs to the *Rāhin*, unless it is voluntarily handed over to the *Murtahin*.<sup>9</sup> The Maliki scholars permit the *Murtahin* to benefit from the pawned item, provided the *Rāhin* consents to it.<sup>10</sup> Meanwhile, the Hanbali scholars allow the use of pawned items if they are livestock that can generate profit, such as milk.<sup>11</sup> In contrast, the

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<sup>4</sup> Rahmat Syafie'i., "*Konsep Gadai Dalam Islam : Antara Nilai Sosial Dan Nilai Komersial*" (Cet Ke-2. (Jakarta: Lsik, 1997), hlm. 59, 1997).

<sup>5</sup> Zainudin Ali, *Hukum Gadai Syariah*. ((Jakarta: Sinar Grafika, 2008), 2008).

<sup>6</sup> Ahmad Azhar Basyir, *Asas-Asas Hukum Muamalat (Hukum Perdata Islam)* ((Yogyakarta: UII Press, 2000), 2000).

<sup>7</sup> Sayyid Sabiq., *Fikih As-Sunah Jilid 12*. ((Bandung: Almaarif, 2009), 2009).

<sup>8</sup> Sofinayah Ghufron., *Mengatasi Masalah Dengan Pegadaian Syariah. Cet Ke-1*. (( Jakarta : Renaisan, 2005), 2005).

<sup>9</sup> Zainudin Ali, *Hukum Gadai Syariah*.

<sup>10</sup> Abdul Gafuranshori, *Gadai Syari'ah Di Indonesia*, ((Yogyakarta: GadjahMada University Press, 2011), 2011).

<sup>11</sup> Zainudin Ali, *Hukum Gadai Syariah*.

Hanafi scholars maintain that the *Murtabin* has the right to benefit from the pawned item, as they are the ones safeguarding and maintaining it.<sup>12</sup>

However, in practice, the people of Rato Village have developed a more complex form of pawning known as “multi-layered pawning” (*gadai bertingkat*). multi-layered pawning refers to a situation where the *Murtabin* re-pledges the land pawned to them to a third party, even without the knowledge of the original landowner (*Rābin*). This practice has become a common custom among the people of Rato Village and often leads to losses for the *Rābin*, as their pawned land may change hands multiple times, with no clear indication of when or to whom they should redeem their land. This exacerbates socio-economic issues, particularly for small-scale farmers who rely heavily on the land as their primary source of livelihood.

This practice of tiered pawning contradicts the fundamental principles of Islamic law, which state that the pawned item (*Marbūn*) remains the property of the *Rābin* and cannot be utilized by the *Murtabin* without the owner's consent. Furthermore, the use of the pawned land by a third party raises ethical and economic concerns, as the *Rābin* often loses control over their vital asset – the land. According to Masjfuk Juhdi, the creditor (*Murtabin*) has material rights over the pawned property, but does not have the right to use or exploit it. He explains that the creditor's right is limited to the pawn itself, and they cannot use it, as the debtor (*Rābin*) also does not have the right to exploit it. However, if the pawned property generates income, that income belongs to the debtor (*Rābin*).<sup>13</sup>

According to Ahmad Subagyo, the pawn contract essentially adds economic value to the property held as material collateral by the borrower (*Rābin*) in exchange for the loan received. Thus, the collateral received by the *Murtabin* is intended to cover part or all of the loan in the form of the pawn.<sup>14</sup> This aligns with the interpretation of a hadith narrated by Abu Hurayrah (r.a.) in which the Prophet Muhammad (PBUH) said:

*“When livestock is pawned, the one receiving it is permitted to ride it. If livestock is pawned, the person receiving it may ride it, as they have paid for the privilege of caring for it. When livestock is pawned, the creditor assumes the cost of maintaining the animal, and thus they are permitted to drink its milk.”*<sup>15</sup>

The hadith above emphasizes that the benefit derived from pawned property should relate to the cost or service of maintaining it, as the person holding the collateral assumes additional responsibility for its care. The creditor is allowed to milk the animal if it is a cow, or use the vehicle if it is a car. While benefits from the pawned property may be claimed, the costs of maintenance and care must be borne by the creditor.<sup>16</sup> Rahmat Syafe'i states that pawning is a form of reciprocal support encouraged by Islamic law.<sup>17</sup> Islamic law allows strong protection for the rights of the *Murtabin* in pawning agreements, meaning that it is permissible

<sup>12</sup> Adrian Sutedi, *Hukum Gadai Syariah* ((Bandung: Alfabeta, 2011), 2011).

<sup>13</sup> Masjfuk Zuhdi, *Masail Fiqhiyah* (Cet. Ke-2. ( Jakarta : Haji Masagung, 1994), 1994).

<sup>14</sup> Ahmad Subagyo., *Kamus Istilah Ekonomi Islam* ((Jakarta: Elex Media Komputindo, 2009), 2009).

<sup>15</sup> H.R Bukhari. Kitab, *H.R Bukhari. Kitab “Arbn”, Bab “Ar-Abnu Markubun Wa Mablubun”*. ((Jakarta: Cakrawala Publishing, 2009), 2009).

<sup>16</sup> Agus Salim, “Pemanfaatan Barang Gadai Menurut Hukum Islam,” *Jurnal Ushuluddin* XVIII, no. 2 (2012): 161.

<sup>17</sup> Rahmat Syafe'i, *“Konsep Gadai Dalam Islam : Antara Nilai Sosial Dan Nilai Komersial”* ((Jakarta: LSIK, 1997), 1997).

to request collateral to prevent loss. The collateral may be sold if the *Rābin* is unable to repay the loan.<sup>18</sup>

Farmers often choose to pawn their rice fields as a means to meet their livelihood needs. However, this practice becomes problematic when the recipient of the pawn takes over the management and cultivation of the land, which is the primary source of income for the family. This adds further burden to the borrower, who is unable to manage the land they have pawned in order to repay the loan. As a result, despite the original agreement not reflecting this situation, such practices have been ongoing for a long time and often force farmers to sell their land at a low price, ultimately resulting in the loss of their primary livelihood.<sup>19</sup>

The practice of pawning land within the agrarian society in Indonesia, from an Islamic legal perspective, presents a complex interaction between traditional customs and religious principles. In some areas, pawning is often conducted orally, without a written agreement from the original landowner (*Rābin*), as seen in the Simpang Tiga Regency. While this practice may align with the principle of mutual assistance, it can violate Islamic law if done without the consent of the *Rābin*, as the validity of the contract is of paramount importance in Islam. In Islam, pawning is intended to provide emergency financial assistance while safeguarding the landowner's rights, making a written agreement crucial for maintaining clarity regarding the rights and obligations of both parties.<sup>20</sup> Similarly, the "*pagang gadai*" contract in Tanah Datar, West Sumatra, involves transferring the right to manage agricultural land in exchange for a loan, often measured in gold. However, this practice contains elements of *riba* (interest) and *gharar* (uncertainty), both of which are prohibited in Islamic finance, highlighting the need for a revision of such contracts to prevent exploitation and align them with Islamic teachings.<sup>21</sup> In addition, pawning practices in other regions, such as in Gowa Regency through the "*painrang berasa*" system, involve borrowing rice with cash repayment, which, although in accordance with Islamic law, still requires evaluation to ensure its conformity with Islamic economic principles.<sup>22</sup> Pawning practices in different regions, such as in Indramayu and Jember, show variations in their implementation. In Indramayu, the profit-sharing system in rice farming cooperation is considered valid under Islamic law because it meets the requirements of a *muẓāra'ah* contract (agricultural partnership).<sup>23</sup> Conversely, in Jember, the system of leasing rice fields through a sharecropping model does

<sup>18</sup> Bagus Hermawan, "Tinjauan Hukum Islam Terhadap Penggunaan Barang Gadai Di Ikhsan Rent Krapyak Kulon Panggunharjo, Sewon, Bantul," *Az-Zarqa: Jurnal Hukum Bisnis Islam* 7, no. 2 (December 2015): 181–200, <https://doi.org/10.14421/azzarqa.v7i2.1500>.

<sup>19</sup> Dan M. H. Harun. Yanti, Erna, *Tinjauan Hukum Islam Terhadap Sistem Gadai Tanah Di Kecamatan Tawangmangu*. (Diss. Universitas Muhammadiyah Surakarta, 2016, 2016).

<sup>20</sup> Wahyudi Wahyudi and Mariana Mariana, "Menggadaikan Kembali Tanah Gadai," *Jurnal Tabqia: Jurnal Ilmiah Pemikiran Hukum Islam* 18, no. 2 (July 30, 2024): 88–97, <https://doi.org/10.61393/tahqia.v18i2.228>.

<sup>21</sup> Vima Tista Putriana, "Examining a Distinctive Loan Contract 'Pagang Gadai' Practiced in a Muslim Society: An Islamic Finance Perspective," *Journal of Islamic Accounting and Business Research*, May 29, 2024, <https://doi.org/10.1108/JIABR-10-2023-0341>.

<sup>22</sup> St. Saleha, Nurfiah Anwar, and Andi Zulfikar Darussalam, "Tinjauan Ekonomi Islam Terhadap Praktik Painrang Berasa (Peminjaman Beras) Di Desa Bontolempang Kabupaten Gowa," *AHKAM* 3, no. 2 (March 30, 2024): 432–51, <https://doi.org/10.58578/ahkam.v3i2.2848>.

<sup>23</sup> Zainuri Zainuri, Rizal Maulana, and Ali Aminullah, "Praktik Kerjasama Pertanian Sawah Dalam Perspektif Hukum Islam Di Desa Mekarjaya Kecamatan Gantar Kabupaten Indramayu," *Jurnal Manajemen Dan Pendidikan Agama Islam* 2, no. 1 (January 23, 2024): 117–27, <https://doi.org/10.61132/jmpai.v2i1.66>.

not meet the conditions of *Ijārah* (lease) in Islamic law, as it lacks a clear agreement regarding management rights.<sup>24</sup>

Pawning practices using the *Rahn* contract, as practiced in Meureudu, Pidie Jaya, provide an alternative to conventional pawning by offering interest-free loans, in line with the guidelines of the National Sharia Council (Dewan Syariah Nasional - DSN). *Rahn* in Islamic jurisprudence is designed to support families through financing without interest, differing from conventional pawning, which often involves *riba*.<sup>25</sup> In this context, *riba* is not just the addition of a nominal interest (usurious interest), but any form of exploitation that could harm either party (whether the *Rāhin* or *Murtabin*).<sup>26</sup> The *Rahn* system emphasizes the principles of mutual trust and security, where the pawned property serves as collateral without unfair exploitation of the owner. However, challenges related to transparency regarding the collateral still need to be addressed to strengthen public trust.<sup>27</sup>

Overall, traditional pawning practices across various regions in Indonesia reflect local economic needs. However, aligning these practices with Islamic law requires careful consideration of justice and transparency, as well as the prohibition of *riba* (interest) to protect the more vulnerable parties involved in the transaction.<sup>28</sup> This approach aligns with the goals of sustainable development in agrarian communities, which not only encompass economic aspects but also social and environmental protections, ensuring that resources continue to benefit future generations.

In several studies, such as those conducted in Tanah Datar and Simpang Tiga, a pattern was found where *murtabin* (lenders) often take advantage of the pawned land without the consent of the *rāhin* (borrowers).<sup>29</sup> However, in Rato Village, this practice has evolved into what is known as *gadai bertingkat* (multi-layered pawning), where the *murtabin* not only utilizes the land but also re-pawns it to a third party. The practice of multi-layered pawning in Rato Village has become a more complex phenomenon compared to pawning practices in other areas. There is limited research specifically addressing tiered pawning in the context of Islamic law and its impact on agrarian societies. This study aims to fill this gap by using Rato Village as a case study. The relevance of this research extends not only to the local context but also to a broader understanding of Islamic law and economics, given its impact on the social and economic stability of the community.

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<sup>24</sup> Bachrul Ulum and Silvi Ivana Ramadhani, "Akad Sewa Menyewa Lahan Sawah Dengan Sistem Rendeman Persepektif Hukum Ekonomi Syariah (Studi Kasus Di Dusun Potok Barat Desa Sukowono Jember)," *Tabsyir: Jurnal Dakwah Dan Sosial Humaniora* 2, no. 2 (November 15, 2023): 67–77, <https://doi.org/10.59059/tabsyir.v2i2.638>.

<sup>25</sup> Zaharullah Zaharullah, "TINJAUAN HUKUM EKONOMI SYARIAH TERHADAP MEKANISME PELAKSANAAN RAHN PADA PT PEGADAIAN SYARIAH MEUREUDU PIDIE JAYA," *HEI EMA: Jurnal Riset Hukum, Ekonomi Islam, Ekonomi, Manajemen Dan Akuntansi* 3, no. 1 (January 15, 2024): 31–46, <https://doi.org/10.61393/heiema.v3i1.196>.

<sup>26</sup> Ahmad Hujaj Nurrohm, Landy Trisna Abdurrahman, and Khairul Imam, "Usury in Online Loans and Pay Later: From Historical Perspective to Its Contextualization on Modern Practice," *Az-Zarqa': Jurnal Hukum Bisnis Islam* 15, no. 2 (December 28, 2023): 283–306, <https://doi.org/10.14421/azzarqa.v15i2.3303>.

<sup>27</sup> Assabikunal Awwalun and M Mas'al, "Pawn Law In Perspective 4 Madzhab And Its Application In Shari'a Pawnshops," *Journal of Social Science (JoSS)* 2, no. 2 (March 5, 2023): 309–14, <https://doi.org/10.57185/joss.v2i2.55>.

<sup>28</sup> Nurrohm, Abdurrahman, and Imam, "Usury in Online Loans and Pay Later."

<sup>29</sup> Tongat and Isdian Anggraeny, "Exploring Pawn and Its Legal Practices in Indonesia: A Study of Challenges and Solution," *Journal of Law, Policy and Globalization* 73 (2018): 134–38.

Based on this background, several fundamental research questions arise: How does the mechanism of multi-layered pawning in Rato Village operate, and what are the socio-economic impacts of this practice on the local agrarian community? Moreover, it is essential to understand whether the practice of multi-layered pawning in Rato Village aligns with the principles of Islamic law and the concept of sustainable development, and how this custom can be regulated to prevent harm to the parties involved, particularly the *rābin*, who are often in a vulnerable economic position.

The primary objective of this study is to analyze the practice of multi-layered pawning in Rato Village from the perspective of Islamic law and its impact on the economic sustainability of the local agrarian community. The study also aims to provide recommendations on how pawning practices can be more fairly and sustainably regulated in accordance with Islamic principles, offering better protection for landowners. By gaining a deeper understanding of this practice, it is hoped that this research will contribute to studies on pawning law in Indonesia and provide a reference for policymakers in developing pawning regulations that support the welfare and economic sustainability of agrarian communities.

This research employs a qualitative method with a descriptive-analytical approach. Data was collected through in-depth interviews with the people of Rato Village, including community leaders, pawning practitioners (*rābin* and *murtabin*), and third parties involved in the multi-layered pawning system. Additionally, the study relies on literature reviews referencing Islamic law texts, the concept of sustainable development related to pawning, and other relevant documents. The gathered data is analyzed using an Islamic law approach and sustainable development theory to assess the alignment of multi-layered pawning practices with Islamic principles and their impact on the well-being of the agrarian community involved.

## Result and Discussion

### The Practice of Land Pawning in Rato Village, Lambu Subdistrict, Bima Regency, NTB

Rato Village, located in Lambu Subdistrict, Bima Regency, is a village where the local community is heavily reliant on the agrarian sector. According to data from the Central Statistics Agency of Indonesia (Badan Pusat Statistik - BPS), Rato Village is the third most populous village in Lambu Subdistrict, with the majority of its residents working as farmers and livestock breeders. In terms of religious demographics, as of 2023, the village's population is 100% Muslim, with no places of worship other than the mosque and small prayer halls (*Musholla*).<sup>30</sup> The community of Rato Village is known for its strong adherence to religious, traditional, and cultural norms. Local values, such as “Maja Labo Dahu,” meaning the fear and shame of violating religious and cultural norms, serve as guiding principles for the village's way of life.<sup>31</sup> The people of Rato Village are also known for their devout adherence to Islam, and religious and cultural leaders hold great respect in the community. Their influence is visible in various aspects of daily life, including the practice of pawning. The practice of pawning in Rato Village is considered a longstanding tradition

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<sup>30</sup> BPS Kab. Bima, “Kecamatan Lambu dalam Angka.”

<sup>31</sup> This statement was taken from an interview with H. Abubakar, a religious leader from Rato Village, on February 2, 2020.

passed down through generations. According to an interview with Mr. Usman, a local pawning practitioner, “Land pawning has been practiced since ancient times, so the community considers it a normal and customary activity.” This suggests that the community perceives pawning as a secure means of obtaining funds without losing their land permanently.<sup>32</sup>

The primary driving factor behind land pawning in Rato Village is economic necessity. The majority of the population works as farmers, and when faced with urgent needs such as living expenses, children's education, or customary obligations, they prefer to pawn land rather than sell it. Mrs. Rahmah, one of the *rābin* (borrowers), explained:

*“Because there is an urgent need and a large amount of money is required, I had no choice but to pawn my rice field rather than sell it.”*<sup>33</sup>

This illustrates how pawning becomes the preferred option for the local community to solve their financial problems. Social customs also play an important role in this practice. In Rato Village, pawning is seen as part of the social norm. This habit is acknowledged by Mr. Usman, who emphasized that “Land pawning has become a custom in the community.”<sup>34</sup> This reflects how the practice of multi-layered pawning, despite its risks to the *rābin*, is widely accepted as part of the local social system.

Multi-layered pawning is one of the most common forms of pawning in Rato Village. In interviews with several community leaders, it was found that pawnee (murtahin) often pawns the land they received from the *rābin* to third parties without the *rābin's* knowledge. This was confirmed by H. Jaidin, a community figure, who stated:

*“Multi-layered pawning becomes a problem when the original owner of the land, as the pawner (rābin), is unaware that the land they pawned is being re-pawned by the pawnee.”*<sup>35</sup>

In most cases, the land that has been re-pawned changes hands without any documentation or official agreements that outline the rights of the *rābin*. This creates a complicated situation where the *rābin* loses access to their land for an unspecified period, and often, they are unaware of the status of their land until they try to redeem it.

In Rato Village, pawners (murtahin) often feel entitled to fully utilize the land that has been pawned to them. In an interview, Mrs. Nur Laelah, a pledgee (*Murtahin*), explained:

*“I use the pawned land because I want to help, but at the same time, I must ensure that the land generates a return for me until the debt is paid off.”*<sup>36</sup>

Pawners often use the pawned land for farming without the consent of the *rābin*, which in several cases results in harm to the *rābin*, as they lose their primary source of livelihood. In some instances, pawners also feel entitled to re-pawn the land to a third party to obtain

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<sup>32</sup> This statement was taken from an interview with H. Usman as a pawner in Rato Village, on February 5, 2020.

<sup>33</sup> This statement was taken from an interview with Mrs. St. Rahmah as a pawner in Rato Village, on February 5, 2020.

<sup>34</sup> This statement was taken from an interview with H. Usman as a pawner in Rato Village, on February 5, 2020.

<sup>35</sup> This statement was taken from an interview with Mr. H. Jaidin as a pledgee in Rato Village, on February 5, 2020.

<sup>36</sup> This statement was taken from an interview with Mrs. Nurlaelah as a pledgee in Rato Village, on February 5, 2020.



additional funds. This exacerbates the situation for the *rābin*, as they are often unaware that their land has been re-pawned again.

Many *rābin* in Rato Village feel disadvantaged by the practice of multi-layered pawning. Mr. Usman, a land pawner, stated:

*“When my land is re-pawned by the murtahin without my knowledge, I no longer know to whom I should redeem it.”*<sup>37</sup>

This situation illustrates how the *rābin* loses control over their land and faces significant difficulties in reclaiming their rights.

One of the key findings from the interviews is that most land pawning transactions in Rato Village are carried out without written agreements. Many land pawners (*rābin*) and pawnees (*murtahin*) agree to the transaction based only on verbal agreements. Mr. Usman explained, “Here, we rarely use written agreements for land pawning. Everything is based on trust.”<sup>38</sup> The absence of written agreements leads to a lack of legal certainty for the *rābin*. When disputes or misunderstandings arise regarding the status of the pawned land, the *rābin* has no written proof to assert their rights. This exacerbates the disadvantages faced by the pawner (*rābin*) in the practice of multi-layered pawning. From an economic perspective, land pawners (*rābin*) also experience significant impacts. They not only lose access to their land, but they also face additional burdens in the form of higher redemption fees because the land has been re-pawned by the *murtahin*. This leads many *rābin* to become trapped in a cycle of debt, with little hope of ever regaining full control over their land.

Land pawners (*rābin*) in Rato Village also often face social stigma as a result of pawning their land. On one hand, the community understands that economic hardship can force someone to pawn their land. On the other hand, there is a negative view attached to individuals who are unable to redeem their land. Mr. Usman stated,

*“There is a sense of shame when we can't redeem our land. The community sees us as though we have failed economically.”*<sup>39</sup>

This social stigma can worsen the mental condition of *rābin*, who are already under pressure due to financial difficulties. The psychological impact of this stigma should be taken into account, as it can affect their future economic decisions and potentially lead to further financial instability.

In addition to multi-layered pawning, many pledgees (*murtahin*) in Rato Village exploit pawned land for personal use, such as farming, without the consent of the pawner (*rābin*). Mrs. Nur Laelah explained,

*“Since the pawner (rābin) can't redeem their land for a long time, I use the land to plant rice and profit from the harvest.”*

This unauthorized use of the land often results in *rābin* losing their source of income. The land that they could have cultivated for their own agricultural needs is instead managed by

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<sup>37</sup> This statement was taken from an interview with H. Usman as a pawner in Rato Village, on February 5, 2020.

<sup>38</sup> This statement was taken from an interview with H. Usman as a pawner in Rato Village, on February 5, 2020.

<sup>39</sup> This statement was taken from an interview with H. Usman as a pawner in Rato Village, on February 5, 2020.

the pledgee (*murtabin*), who takes the benefits of the harvest. In the long run, this causes significant financial losses for the *rābin*, who are already in a vulnerable economic position.<sup>40</sup>

One of the major consequences of multi-layered pawning is the increased difficulty for *rābin* to redeem their land. Mr. H. Jaidin emphasized,

*“Multi-layered pawning complicates the process of redeeming land. The land can change hands multiple times, and the pawner (rābin) has to deal with more than one party when they want to redeem their land.”*

This situation causes *rābin* to struggle to determine the status of their land, as it may have changed hands without their knowledge. As a result, the pawner (*rābin*) not only lose access to their land, but they also face challenges in regaining ownership of it.

### **Multi-Layered Pawning Practice: Influence of Custom and Community Legal Knowledge**

In Rato Village, the practice of pawning is not only governed by economic norms but is also heavily influenced by religious and customary norms. The local community highly respects the values taught by religious and customary leaders, who often serve as role models in conducting pawning transactions. Mrs. Nur Laelah stated,

*“We always try to follow what our religious leaders teach us. We believe that by pawning our land, we still have the opportunity to redeem it, and it does not contradict our religious teachings.”*<sup>41</sup>

This adherence to religious norms serves as a guideline in every transaction. However, as the practice of multi-layered pawning begins to erode basic principles such as justice and transparency, the community must reconsider this custom.

Interviews also revealed that many people in Rato Village are devout in their religious practices and follow Islamic teachings (especially in terms of worship), but they lack a sufficient understanding of Islamic law regarding the contract of pawning. Mr. H. Jaidin revealed;

*“Many of us do not understand that multi-layered pawning can violate the basic principles of our religion (Islam).”*<sup>42</sup>

This lack of understanding creates a gap where the community can become entangled in harmful practices without realizing the consequences. This highlights the need for better education regarding rights and responsibilities in pawning transactions under Islamic law. Training programs or socialization campaigns involving religious leaders and local authorities could help improve public understanding of the importance of adhering to Sharia principles in pawning practices.

Many respondents expressed dissatisfaction with the existing policies related to pawning practices. Mr. H. Jaidin commented,

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<sup>40</sup> This statement was taken from an interview with Mrs. Nurlaelah as a pledgee in Rato Village, on February 5, 2020.

<sup>41</sup> This statement was taken from an interview with Mrs. Nurlaelah as a pledgee in Rato Village, on February 5, 2020.

<sup>42</sup> This statement was taken from an interview with Mr. H. Jaidin as a pledgee in Rato Village, on February 5, 2020.

*“We need support from the government to create a better and fairer pawning system.”<sup>43</sup>*

This shows that the people of Rato Village are aware of the need for policies that can protect their rights as *rāhin* (pawners). Respondents also expressed the desire for more transparency in every pawning transaction, so no party is disadvantaged. Most of them hope for a policy that facilitates written agreements in every transaction, as well as more stringent oversight from the government.

When asked about Islamic pawnshops, the majority of the community expressed interest in transitioning to this system. Mrs. Rahmah stated,

*“If there were a clear and secure Islamic pawnshop system, we would definitely prefer that over multi-layered pawning, which is confusing.”*

This shows that the people of Rato Village are open to alternatives that better align with Sharia principles. However, knowledge about Islamic pawnshops is still low among the community. Only 30% of respondents were aware of the existence of Islamic pawnshops and their benefits. This indicates that education about Islamic pawning systems needs to be enhanced.

### **Multi-Layered Pawning Practice in the Perspective of Islamic Law**

The practice of multi-layered pawning in Rato Village reflects a phenomenon that contradicts the fundamental principles of pawning in Islamic law, which should be based on justice and the protection of property rights. In interviews, many land pawners (*rāhin*) stated that they often do not know the status of their land after it is pawned to the *murtahin*, who then pawns it again to a third party. Mrs. Rahmah, one of the pawners, expressed her concern;

*“I don’t know to whom my land has been transferred, and this makes me feel very insecure.”<sup>44</sup>*

This situation represents a violation of the *rahn* principle, where land, as a collateral, should remain under the control of the pawner until the debt is repaid. In Islamic law, the pawning contract should protect the rights of the *rahin* as the rightful owner of the land, but the practice of multi-layered pawning in Desa Rato results in the loss of control over the land by the pawner.

Furthermore, based on the theory of *Urf* (customary practice), the “custom” of pawning can be accepted as long as it does not contradict the principles of Sharia. However, in the context of multi-layered pawning, this custom has evolved into *urf fasid*—a custom that harms one of the parties involved. Mr. Usman emphasized;

*“Pawning has become a custom for us, but when my land is pawned again without my knowledge, it becomes a problem.”<sup>45</sup>*

Thus, this practice not only violates the norms of Islamic law but also creates prolonged injustice for the *rāhin*, who are in a vulnerable position.

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<sup>43</sup> This statement was taken from an interview with Mr. H. Jaidin as a pledgee in Rato Village, on February 5, 2020.

<sup>44</sup> This statement was taken from an interview with Mrs. St. Rahmah as a pawner in Rato Village, on February 5, 2020..

<sup>45</sup> This statement was taken from an interview with H. Usman as a pawner in Rato Village, on February 5, 2020.

From an Islamic legal perspective, the *murtabin* (pledgee) is only supposed to hold the pawned item as collateral and is not entitled to use it or transfer its ownership without the pawner's (*rāhin*'s) consent.<sup>46</sup> When the *murtabin* re-pledges the land they are supposed to safeguard, they not only violate Sharia principles but also add economic burden to the *rāhin*. Many pawners (*rāhin*) in Rato Village report that they become trapped in an ever-deepening debt cycle because the redemption price increases as the land changes hands. This situation highlights the importance of applying the principles of Islamic law in pawning practices to protect the rights of individuals and prevent exploitation. Exploitation of one party in a *mu'amalat* (transaction) is a form of *riba*, which is strictly prohibited in Islam.<sup>47</sup>

The theory of *'urf* serves as an important basis for understanding how this custom has developed in society. *'Urf* itself, according to the principle of *al-'ādab al-muhākamah*, refers to a custom that can be accepted and used as a legal basis as long as it does not contradict the principles of Sharia. However, the theory of *'urf* also establishes conditions that must be met for the custom to be legally valid in Islamic law. One of these conditions is that the custom must not contradict the shar'i texts and must protect the rights of all parties involved.<sup>48</sup>

In the case of multi-layered pawning in Rato Village, the community has developed the habit of re-pledging land that has already been pawned without the knowledge of the original owner (*rāhin*). Initially, this habit may have been accepted as *'Urf al-'Amali*, which refers to customs related to everyday actions or social practices, multi-layered pawning was seen as an economic solution, particularly when the ^ could not redeem their land within the agreed-upon time, causing the ^ to feel entitled to re-pledge the land to cover their loan costs. This custom was socially accepted and considered valid by most of the local community.

However, while ^ can serve as a legal basis,<sup>49</sup> his practice has evolved into *'urf al-fāsid* (a corrupt or flawed custom) when it begins to contradict the principles of Sharia.<sup>50</sup> From the perspective of Islamic law, in a pawning contract (*rahm*), the pledged item (in this case, the land) must remain under the control of the *rāhin*, and the *murtabin* is not allowed to use or transfer it without the *rāhin*'s consent.<sup>51</sup> The theory of *'urf* stresses that a "custom" can only be accepted if it does not conflict with Sharia. In the case of multi-layered pawning, this condition is clearly violated because the land is re-pledged without the *rāhin*'s consent, resulting in the *rāhin* losing control and certainty over their asset. Therefore, this practice transforms *'urf* from being *ṣahīḥ* (correct) to *fāsid* (corrupt).

From the standpoint of Islamic law, this custom is detrimental to the *rāhin* and goes against the principle of justice (*'adālah*), which is central to Islamic law. While *'urf* can be used as a basis for law, the primary condition is that it must not infringe upon individual rights.<sup>52</sup> In the case of multi-layered pawning, the rights of the *rāhin* as the landowner are violated, as the land, which should remain under their control, is transferred to another party without

<sup>46</sup> Masjfuk Zuhdi, *Masail Fiqhiyah*.

<sup>47</sup> Nurrohim, Abdurrahman, and Imam, "Usury in Online Loans and Pay Later."

<sup>48</sup> Nurul Hak, *Ekonomi Islam Dalam Bisnis Syariah, Cet. Ke-1* ((Yogyakarta: Teras, 2011), 2011).

<sup>49</sup> Nurul Hak, *Ekonomi Islam Dalam Bisnis Syariah, Cet. Ke-1*.

<sup>50</sup> Zuhri dan Ahmad Qarib, *Ilmu Ushul Fiqih, Cet Ke-1* ((Semarang: Dina Utama Semarang, 1994), 1994).

<sup>51</sup> Abdul Gafuranshori, *Gadai Syariah Di Indonesia*.

<sup>52</sup> Ayman Shabana, *Custom in Islamic Law and Legal Theory* (New York: Palgrave Macmillan US, 2010), <https://doi.org/10.1057/9780230117341>.

their consent, and often without their knowledge. This results in *gharar* (uncertainty), which is prohibited in Islamic financial transactions (*mu'āmalāt*).

Furthermore, the pawning contract (*rahn*) in Islam is based on mutual assistance, where the *murtahin* holds the land as collateral until the *rābin* can redeem it. The *murtahin* has no right to profit from the land, let alone re-pledge it to a third party without the *rābin*'s permission.<sup>53</sup> In the case of Rato Village, this custom not only violates the basic principles of the pawning contract but also opens the door for exploitation of the *rābin*, who are in a vulnerable economic position. Therefore, this custom falls into the category of *'urf fāsid* because it justifies actions that are prohibited by Sharia and undermines the rights of the *rābin*.

The practice of multi-layered pawning in Rato Village cannot be used as a legal basis because it falls under the category of *'urf fāsid*.<sup>54</sup> This practice contradicts Islamic law, which emphasizes justice and the protection of property rights. A solution to this problem is to return to the principles of Sharia, which highlight the importance of mutual agreement between both parties and the safeguarding of the *rābin*'s rights. Additionally, educating the community about the importance of conducting pawning transactions in accordance with Sharia guidelines is essential to ensure fair and just practices.

### Multi-Layered Pawning: Towards Economic Sustainability in Agrarian Communities

In the context of agrarian communities, sustainable development from the perspective of Islamic law encompasses three main dimensions: economic sustainability, social sustainability, and environmental sustainability. These dimensions must align with the principles of justice and the protection of property rights.<sup>55</sup> In the economic aspect, the goal of sustainable development is to maintain a balance in income for the community by ensuring fair practices in the management of assets, particularly land, so as to avoid excessive dependency on debt or unjust pawning practices.<sup>56</sup> From a social perspective, sustainable development emphasizes the importance of justice and empowerment, where the rights of *rābin* (the landowner – the pawner) and *murtahin* (the lender – the pledgee) are protected according to Islamic principles, ensuring that each party's rights are clear and safeguarded. Islamic law underscores the importance of written documentation as a means of protecting rights, so that multi-layered pawning transactions do not disadvantage any party involved.<sup>57</sup>

<sup>53</sup> Ika Atikah and Maimunah Maimunah, "PERLINDUNGAN NASABAH EKONOMI SYARIAH MELALUI TRANSAKSI GADAI DALAM PERSPEKTIF FIQH MUAMALAH," *Hukum Islam* 21, no. 2 (January 17, 2022): 236, <https://doi.org/10.24014/jhi.v21i2.10774>.

<sup>54</sup> Sulfan Wandu Sulfan Wandu, "Eksistensi 'Urf Dan Adat Kebiasaan Sebagai Dalil Fiqh," *SAMARAH: Jurnal Hukum Keluarga Dan Hukum Islam* 2, no. 1 (May 5, 2018): 181, <https://doi.org/10.22373/sjhk.v2i1.3111>.

<sup>55</sup> Mohammad Hashim Kamali, "Islam and Sustainable Development," *ICR Journal* 7, no. 1 (January 15, 2016): 8–26, <https://doi.org/10.52282/icr.v7i1.281>; Landy Trisna Abdurrahman et al., "SDGs and Islamic Studies: Fiqh Muamalat, Sustainable Development, and Maqashid Asy-Syari'ah," *Az-Zarqa': Jurnal Hukum Bisnis Islam* 14, no. 2 (September 22, 2022): 175, <https://doi.org/10.14421/azzarqa.v14i2.2583>.

<sup>56</sup> Muhammet Yurtseven, Kamola Bayram, and Tawfik Azrak, "Islamic Finance System as a Catalyst for Sustainability in the Economy," in *Islamic Finance and Sustainable Development*, ed. M. Kabir Hassan, Mehmet Saraç, and Ashraf Khan (Cham: Springer International Publishing, 2021), 285–303, [https://doi.org/10.1007/978-3-030-76016-8\\_12](https://doi.org/10.1007/978-3-030-76016-8_12).

<sup>57</sup> Shettima Mustapha and Babagana Umar, "Islamic Law: A Model for Sustainable Development," *South Asian Research Journal of Humanities and Social Sciences* 01, no. 02 (August 30, 2019): 152–59, <https://doi.org/10.36346/sarjhss.2019.v01i02.023>.

In the environmental dimension, sustainability requires the prudent use of land to ensure its productivity for future generations. Islamic law encourages responsible resource management, meaning that pawning practices should prevent excessive exploitation of land that could disrupt the ecological balance. These three dimensions are essential for creating long-term prosperity that is consistent with the principles of Islam in agrarian societies.<sup>58</sup>

The practice of multi-layered pawning in Rato Village, Lambu District, Bima Regency, represents a strategy adopted by the community—largely dependent on the agrarian sector—to meet urgent financial needs without having to sell their land. However, this practice, often carried out without written agreements, creates uncertainty and exposes *rābin* (landowners/pawners) to economic vulnerability. Dependence on trust and verbal agreements, as shared by Bapak Usman, a *rābin*, reflects a lack of legal protection:

*“Here, we rarely use written agreements for land pawning. Everything is based on trust.”*

This condition highlights the urgency for more structured reforms to ensure economic sustainability for agrarian communities, from both a legal and developmental perspective.

The long-term economic impact of multi-layered pawning often exacerbates the economic instability of the *rābin* (landowner). Many landowners/pawners (*rābin*) lose access to their land for an indeterminate period, and in many cases, they are unaware of the status of their land once it has been pawned to a third party. Mr. Usman describes the uncertainty he experienced, stating;

*“When my land was re-pledged by the murtabin without my knowledge, I no longer knew to whom I should redeem it.”*

Losing control over such a vital asset prevents the *rābin* from utilizing the land to generate income, ultimately trapping them in a cycle of debt that worsens their economic well-being.

Reform in the practice of multi-layered pawning should include strict oversight and transparent documentation. With a more structured system, the *rābin* can know the status of their assets and plan the appropriate time to redeem their land without having to deal with multiple parties potentially involved in the multi-layered pawning.<sup>59</sup> This would not only promote economic stability for the *rābin*, but also provide them with the opportunity to maintain their land as a sustainable source of livelihood. Involving the village government as a regulator in pawning practices will help reduce the risk of losses experienced by the *rābin* and ensure fairer transactions for all parties involved.

To support sustainable development, reforming the pawning system should begin with the implementation of official documentation for every transaction. Written documentation will reduce legal gaps that disadvantage the *rābin* and support the transparency that is crucial for sustainable development.<sup>60</sup> In this context, written agreements not only serve as protection for the *rābin*, but also act as a preventive measure to ensure that

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<sup>58</sup> Munib Munib et al., “Conservation Environmental Sustainability in The Perspective of Islamic Legal Philosophy,” *Samarah: Jurnal Hukum Keluarga Dan Hukum Islam* 6, no. 2 (October 3, 2022): 556, <https://doi.org/10.22373/sjhk.v6i2.12411>.

<sup>59</sup> Muhammad Satar and La Ode Ismail Ahmad, “Pawn (RAHN) In The Perspective Of The Hadith Of The Prophet Muhammad SAW,” *Economos: Jurnal Ekonomi Dan Bisnis* 5, no. 2 (August 29, 2022): 114–18, <https://doi.org/10.31850/economos.v5i2.1806>.

<sup>60</sup> Ayman Abdalmajeed Alsmadi et al., “Adoption of Islamic Fintech in Lending Services through Prediction of Behavioural Intention,” *Kybernetes*, February 28, 2023, <https://doi.org/10.1108/K-10-2022-1362>.

multi-layered pawning does not turn into *'urf fāsid* (a harmful custom). As mentioned by Mr. Edi Junior, the village head of Rato Village,

*“The village government is rarely involved in the pawning process, except during buying and selling transactions.”*

In other words, the minimal role of the village government in overseeing pawning transactions causes the community to become trapped in a prolonged debt cycle without sufficient legal protection.

Therefore, the village government needs to be involved as an overseer and mediator in pawning transactions, particularly in the context of multi-layered pawning. This involvement would not only reduce conflicts and uncertainties for the *rābin*, but also ensure that pawning practices align with sustainable development principles. With active participation from the village government, each pawning transaction can be ensured to follow the appropriate rules and prevent long-term harm to the *rābin*. Transparency will enable the *rābin* to better understand the status of their land and ensure their rights are protected.

### **Public Education, Natural Resource Protection, and Government Involvement in Sustainable Development**

Interviews with community leaders, such as H. Jaidin, reveal that the residents of Rato Village face limitations in understanding their rights and obligations in pawning transactions according to Islamic law. He states;

*“Many of us do not understand that multi-layered pawning can violate the principles of Sharia.”*

This lack of understanding increases the risk of the community becoming trapped in pawning practices that harm their own interests. Therefore, the village government plays a crucial role in facilitating education on the principles of Islamic economics and pawning transactions that align with Islamic teachings.

This education aims to improve financial literacy and raise awareness about the long-term impacts of multi-layered pawning on economic sustainability. With better understanding, the community is expected to make more informed financial decisions, such as ensuring written agreements in pawning transactions or choosing more equitable pawning practices that do not violate Sharia principles.<sup>61</sup> This educational effort not only equips the community with knowledge about their rights and obligations but also helps create an environment that supports the overall economic sustainability of agrarian families.

In addition to the economic aspect, sustainability in the agrarian context also includes environmental sustainability.<sup>62</sup> Interview results show that many *rābin* report losing their right to utilize the land they have pawned because the *murtabān* use the land for personal gain, such as farming. Mrs. Nur Laelah, a pledgee (*murtabān*), explains,

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<sup>61</sup> Min Zhan, Steven G. Anderson, and Jeff Scott, “Financial Knowledge of the Low-Income Population: Effects of a Financial Education Program,” *The Journal of Sociology & Social Welfare* 33, no. 1 (March 1, 2006), <https://doi.org/10.15453/0191-5096.3135>.

<sup>62</sup> Hrabrin Bachev, *Governance of Agrarian Sustainability*, Agriculture Issues and Policies (New York: Nova Science Publishers, 2010); Munib et al., “Conservation Environmental Sustainability in The Perspective of Islamic Legal Philosophy.”

*“Since the pawner (rāhin) cannot redeem the land for a long time, I use the land to grow rice and benefit from the harvest.”*

This practice could lead to excessive land exploitation, particularly if the *murtahin* are only focused on short-term profit without considering the land’s long-term sustainability.

In the framework of sustainable development, wise land management must be prioritized to ensure that the land remains productive for future generations. Therefore, the involvement of the village government is necessary to create regulations that ensure *murtahin* are responsible for the use of the pawned land.<sup>63</sup> For example, regulations that prohibit excessive exploitation can help maintain soil fertility and ensure that the land remains available for use by the *rāhin* in the future. Government involvement in creating and enforcing such rules supports broader sustainable development across social, economic, and environmental dimensions.

From the perspective of government involvement, the Head of Rato Village, Edi Junior, emphasizes the importance of government participation in protecting community rights through stricter oversight of pawning transactions. The village government can serve as a bridge between the *rāhin* (landowner/pawner) and *murtahin* (lender/pledgee), ensuring that each transaction is in accordance with the principles of justice and does not disadvantage either party in the long term. *“We, at the village government, are ready to assist the community to ensure that all transactions are safer and more transparent,”* added Mr. Edi Junior. The presence of the government as an overseer and facilitator in pawning transactions not only creates a fairer system but also supports sustainable development focused on the common welfare.

The village government can also provide regular training and outreach on Sharia financial literacy and the importance of asset protection in pawning practices. This ensures that the community is not only educated about their rights and obligations but also gains knowledge about more sustainable financial practices in line with Sharia principles.<sup>64</sup> This approach is expected to bring about positive change for the agrarian community in Rato Village, where each pawning transaction is not merely focused on short-term profit but also considers long-term sustainability for future generations.

Based on the above analysis, it is clear that the poorly regulated multi-layered pawning practices in Rato Village are far from the principles of sustainability. Therefore, reform is necessary through active government involvement in the pawning transaction process. The village government plays a crucial role as an overseer, mediator, and educator to ensure that every transaction is conducted in accordance with principles of justice and does not disadvantage the *rāhin*. This reform will benefit the *rāhin* in the long term, ensuring that their assets can continue to be utilized in a sustainable manner. Through this approach, Rato Village is expected to achieve stronger economic and social sustainability, creating a foundation for future generations to maintain access to stable and sustainable resources.

## Conclusion

This study concludes that the practice of multi-layered pawning in Rato Village, which is conducted without written agreements or formal oversight, has various negative impacts on

<sup>63</sup> Bachev, *Governance of Agrarian Sustainability*.

<sup>64</sup> Ning Karnawijaya, “Optimization Of The Government’s Role In Supporting The Socialization Strategy Of Sharia Pawn Products,” *IKONOMIKA* 4, no. 1 (March 16, 2019): 1–12, <https://doi.org/10.24042/febi.v4i1.3162>.



the economic well-being of the agrarian community. The multi-layered pawning practice, which has become part of the local customs, has the potential to harm the *rāhin* (landowner/pawner), who often loses control over their assets due to the land being re-pledged by the *murtāhin* (lender/pledgee) without their knowledge. This situation contradicts the principles of Islamic law, which emphasize justice, transparency, and the protection of property rights.

From the perspective of sharia, this practice of multi-layered pawning does not comply with the Islamic legal framework, especially because the land, as collateral, should remain under the control of the *rāhin* (pawner) until the debt is repaid. The habit of re-pledging land that was initially pawned may have been accepted as *'urf* (customary practice), but it has evolved into *'urf fāsīd* (harmful custom) as it results in the loss of the *rāhin's* rights over their property. Furthermore, the absence of formal documentation in pawning transactions creates uncertainty and threatens the social-economic stability of a community that is heavily dependent on land as a livelihood source.

This study also highlights the importance of sustainable development in the context of agrarian communities, which encompasses economic, social, and environmental dimensions. Economic sustainability can be achieved through reforming the pawning system by ensuring transparency, justice, and the protection of the *rāhin's* rights. From a social perspective, there is a need for education on sharia principles in pawning transactions to empower the community to better understand their rights and obligations. In the environmental dimension, responsible land management is required to keep the land productive for future generations, in accordance with the Islamic legal principles on natural resource stewardship. The involvement of the village government in supervising and regulating multi-layered pawning practices is crucial for supporting this sustainability. As a supervisor and mediator, the village government can help enforce regulations that protect the *rāhin's* rights and encourage the community to conduct more transparent and fair pawning transactions. The government can also play a role in providing sharia financial education to the community, which will enhance financial literacy and reduce the risk of exploitation in pawning practices.

Overall, this study recommends the establishment of formal regulations for pawning practices in Rato Village that align with sharia principles and support sustainable development. With a structured reform, the agrarian community in Rato Village can achieve better economic stability, preserve the sustainability of their land, and create a strong foundation for long-term well-being.

This research is limited by its focus on Rato Village, and the findings may not be fully generalizable to other agrarian communities. The socio-economic, cultural, and legal contexts of each community could influence the outcomes, and the qualitative nature of this study, based on interviews and observations, may introduce biases. The sample size and diversity of participants may not fully capture all perspectives, and the study did not provide a detailed legal analysis of national or regional regulations on pawning. Future studies could expand to include multiple regions with similar agrarian contexts to compare practices and outcomes. A larger, more diverse sample, including local authorities and legal experts, would provide more comprehensive insights. Quantitative research could explore the long-term economic and social impacts of multi-layered pawning on communities. Further investigation into sharia-compliant financial systems, such as Sharia banking, could offer alternatives to informal pawning. Additionally, examining the environmental impacts of pawning on land

sustainability would provide valuable insights into how economic practices influence land use, fertility, and long-term productivity, thus supporting broader sustainable development in agrarian communities.

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