



Implementation of sharia principles in gold pawnbroking in Indonesia: Compliance, cost mechanisms, and impact on financial inclusion

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ABSTRACT

Background: Sharia gold pawnbroking has become an important source of short-term liquidity in Indonesia, particularly for low-income groups, informal workers, and MSMEs with limited access to formal banking services. This study examines its implementation through three interconnected dimensions: Documented sharia compliance, published cost structures and transaction mechanisms, and indicators of financial-service access and utilization. **Methods:** This study employed a qualitative document analysis design using DSN-MUI fatwas, OJK regulations, institutional contracts, Sharia Supervisory Board documentation, product and digital-service information, cost simulations, tariff disclosures, and publicly reported service-use data. Data were analyzed through content analysis, comparative analysis, and thematic interpretation across regulatory, institutional, and public or sectoral sources. **Findings:** The findings indicate substantial documentary alignment between sharia and regulatory requirements and the formal operational arrangements disclosed by service providers. Published information on *mu'nah* or *ujrah*, tariffs, transaction terms, and cost simulations demonstrates the visibility of key cost components. Customer, digital-transaction, application-use, Rahn-transaction, and financing indicators also suggest substantial service reach and utilization. However, these indicators primarily reflect access and service use rather than customer trust, household financial well-being, or long-term economic resilience. **Conclusion:** Effective governance of sharia gold pawnbroking depends on the alignment of normative requirements, transparent operational mechanisms, and accessible service delivery. Stronger cost disclosure, digital contractual transparency, independent sharia verification, and consumer protection may support more sustainable financial access. **Novelty/Originality of this article:** This study proposes an integrated three-dimensional framework linking normative sharia compliance, operational cost transparency, and service access and utilization while distinguishing their different evidentiary roles.

KEYWORDS: cost mechanisms; digital services; financial inclusion; gold pawnbroking, sharia compliance.

1. Introduction

Gold pawnbroking represents an important source of short-term liquidity in Indonesia, especially among low-income groups, the informal sector, and micro, small, and medium enterprises that need quick liquidity without adequate access to banking services. The expansion of sharia gold pawnbroking, supported by digital service delivery and increasing

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public interest in value-based finance, positions rahn not only as a short-term financing mechanism but also as a potential channel for widening access to formal financial services (Razak & Asutay, 2022). In recent years, national data has recorded growth in rahn transactions, digital application use, and service availability beyond areas well served by conventional banking infrastructure (Warjiyo, 2024). However, wider access alone does not establish effective or sustainable financial inclusion. For financially vulnerable users, the developmental value of these services also depends on whether transactions are governed by credible sharia standards, costs are disclosed transparently, and digital access is accompanied by mechanisms that protect users from uncertainty and information asymmetry. These conditions are particularly relevant to the capacity of households and small businesses to obtain predictable liquidity during financial constraints, linking sharia financial governance with broader concerns about sustainable financial access and economic resilience.

Previous studies on Islamic finance and pawnbroking have addressed important but largely separate aspects of this problem. Research on sharia governance has emphasized the institutional and supervisory mechanisms required to maintain compliance with Islamic principles Mukhibad et al. (2023) while other studies identify continuing tensions between normative provisions and their translation into contractual and operational arrangements Abdulrahman et al. (2024). Research on rahn has also highlighted its potential to broaden financial access among low-income communities (Umam, 2025). Yet these strands of literature tend to examine sharia compliance, transaction mechanisms, and financial inclusion as distinct analytical domains. This separation creates an important gap: normative conformity alone cannot show how sharia principles are translated into actual cost disclosure, while growth in customers or digital transactions cannot by itself demonstrate that services generate sustainable financial inclusion. Consequently, limited attention has been given to the relationship among regulatory standards, operational cost transparency, and observable patterns of service access and utilization within a single analytical framework. Integrating these dimensions is necessary to distinguish formal compliance from its operational manifestation and from the broader reach of the service.

Based on this gap, this study aims to analyze the implementation of Sharia principles in the practice of gold pawnbroking in Indonesia through three interrelated dimensions: Sharia compliance, cost structure and transaction mechanisms, and access to and utilization of financial services. Specifically, this study addresses four questions; (1) how are Sharia principles and requirements translated into regulatory documents, contracts, service terms, and oversight mechanisms in gold pawnbroking services in Indonesia; (2) how are cost structures and transaction mechanisms including *mu'nah*, *ujrah*, fees, and transaction procedures communicated to users, and to what extent does this information demonstrate operational transparency; (3) how patterns of access to and utilization of Sharia-compliant gold pawnshop services can illustrate service reach as part of financial inclusion; and (4) what are the implications of the interrelationship between Sharia compliance, cost transparency, and service access for sustainable financial inclusion as well as potential economic adaptation and financial resilience. These four questions are used to distinguish normative compliance from documented operational implementation and observable service utilization patterns, without treating these indicators as direct evidence of household well-being or long-term economic resilience.

This study argues that the implementation of sharia principles in gold pawnbroking should not be evaluated through normative compliance, cost mechanisms, or service expansion in isolation. Instead, these dimensions form an interconnected governance sequence in which regulatory principles establish normative expectations, operational cost disclosure demonstrates how those principles are translated into transactions, and service-use indicators reveal the extent to which the resulting financial services are accessed and utilized. The effectiveness of sharia gold pawn services therefore needs to be interpreted through the alignment of *fiqh muamalah* standards, operational transparency, and patterns of financial-service use (Fatwa & Moro, 2022). The principal contribution of this study is an integrated three-dimensional framework that connects these forms of evidence while

maintaining a clear distinction between normative compliance, institutionally documented implementation, and observable service utilization. This approach moves beyond studies that consider these dimensions separately and permits a more critical assessment of whether expanding digital access is accompanied by transparent and accountable sharia governance. From a development perspective, such alignment may provide a foundation for more sustainable access to liquidity and greater economic resilience among financially vulnerable groups, although household-level and long-term outcomes require independent and longitudinal verification.

1.1 Sharia compliance

Sharia compliance is the fulfillment of Islamic principles in financial institutions and is the main distinguishing feature from conventional financial systems. Evaluating Sharia compliance in Islamic financial institutions requires comprehensive analysis through a qualitative approach involving management, customers, and Sharia experts to identify influencing factors and formulate effective compliance strategies (Fatmawati et al., 2022). Findings in various Sharia microfinance institutions show that the level of compliance is generally high, with musyarakah contracts tending to be more consistently implemented than murabahah contracts, which still face challenges, especially related to the mechanism of procuring goods in the wakalah scheme (Miah & Suzuki, 2020). However, the quality of supervision is often not optimal due to the limited sharia knowledge of some employees and the weak internal supervisory function of the Sharia Supervisory Board (Wijayanti & Setiawan, 2023). In addition, the national regulatory framework still leaves room for improvement, mainly due to the absence of fully explicit provisions regarding the authority and mechanism of sharia supervision, thereby increasing the urgency of strengthening regulations to ensure the creation of more effective sharia compliance governance (Quttainah & BenSaid, 2025).

In addition to these findings, recent literature trends indicate that Sharia compliance is moving towards strengthening a more structured, transparent, and technology-based monitoring system (Menne et al., 2024). The trend of digitalization in the Islamic finance industry is encouraging institutions to integrate data-based Sharia monitoring, real-time auditing, and more standardized contract documentation to minimize the risk of irregularities (Alghamati et al., 2025). In many countries, there is a push to strengthen the role of Sharia Supervisory Boards through professionalization, competency certification, and increased independence to ensure consistency in fatwas and quality of supervision (Rusydiana, 2021). In addition, recent research focuses on a shift from merely assessing normative compliance to evaluating the impact of compliance on institutional performance, public trust, and financial inclusion (Farah et al., 2025). Thus, there is a tendency for Sharia compliance to no longer be understood as a mere regulatory obligation, but as a strategic instrument that enhances the credibility, competitiveness, and sustainability of the Sharia financial industry as a whole.

1.2 Cost mechanism

A number of studies have examined various cost mechanisms in financial institutions and corporate contexts in Indonesia. One study on the cost structure at the Meulaboh Branch of Pegadaian Syariah identified variations in ijarah costs ranging from 0.45% to 0.86% according to loan category, accompanied by penalty fees of 0.45-1.95% and auction fees of 0.15-2% (Mukhsinuddin & Zendato, 2023). Then there is research that examines the mechanisms of Good Corporate Governance and Corporate Social Responsibility costs in banking companies listed on the Indonesia Stock Exchange for the period 2016-2018 (Tjahjadi et al., 2021). The results show that GCG mechanisms do not have a significant effect on profit growth, while corporate social responsibility (CSR) costs have a significant effect (Hariyani et al., 2025). Similar findings are also seen in studies showing that both good corporate governance (GCG) mechanisms and CSR costs affect company performance (Bagh

et al., 2025). In addition, research on microfinance mechanisms with murabahah contracts at one of the branches of an Islamic bank describes the operational procedures involving customer service, financing officers, and tellers in ensuring the smooth running of the financing process (Iswari et al., 2024).

Recent literature shows a trend that cost mechanisms in Islamic financial institutions and corporations are increasingly geared towards transparency, standardization, and operational efficiency (Arum et al., 2025). Research is shifting from simply mapping cost structures to evaluating how costs, including *ijarah* (service fee), CSR, and other operational components, affect performance, accountability, and public trust (Nugraha, 2025). In the Islamic sector, there is a push to clarify cost components to align with Islamic principles, especially in the context of service digitalization such as online pawnshops and app-based microfinance (Alshater et al., 2022). Meanwhile, in the corporate sector, research trends show an increased focus on sustainability and governance costs as they are proven to correlate with corporate reputation and long-term competitiveness (Buchetti et al., 2025). In general, there is a shift towards cost mechanisms that are not only seen as a financial burden, but as a strategic instrument that strengthens governance, improves efficiency, and encourages regulatory and ethical compliance in the Indonesian financial industry.

1.3 Financial inclusion

Financial inclusion, understood as the availability and utilization of financial services for all levels of society, has become a strategic agenda in Indonesia's economic development (Ajija, 2023). Various studies show that increased financial inclusion contributes to improving the quality of life of the community through strengthening the dimensions of service penetration and ease of use (Kanungo & Gupta, 2021). Financial inclusion is also positioned as an important instrument for reducing poverty and increasing national economic competitiveness (Osuma, 2025). National survey data shows regional disparities, with several provinces such as DKI Jakarta, Bali, and South Kalimantan achieving better financial inclusion categories compared to other regions that are still at low levels (Fauzan, 2020). In addition, a number of structural factors such as unemployment rates, internet access, mobile phone ownership, and road infrastructure quality also affect people's ability to access formal financial services (Ha et al., 2025). These findings emphasize the need for financial inclusion policies that are more adaptive to regional conditions and the socioeconomic characteristics of the community.

Current literature trends indicate a shift in focus toward the digitization of financial services as the main driver of inclusion. This digitization is reflected in fintech, digital wallets, service agents, and mobile platforms, which play a role in reducing transaction costs and expanding reach to marginalized areas (Shahen & Sharaf, 2025). In addition, the literature highlights an increased focus on financial literacy, gender equality, and tailored product designs such as microcredit, microinsurance, and micro-payments for non-bankable groups (Zafar et al., 2025). Existing research also increasingly emphasizes impact evaluation, using longitudinal or experimental designs to test the causality of inclusion interventions, as well as the use of big data and behavioral analytics for market segmentation (Mhlanga, 2024). Furthermore, the importance of collaboration between regulators, financial institutions, and technology providers is highlighted to ensure interoperability, consumer protection, and service sustainability (Ha et al., 2025). These overall trends mark a shift from simply measuring access to studying access quality, meaningful use, and long-term socioeconomic outcomes.

2. Methods

This study employs a qualitative approach with a document analysis design (Morgan, 2022). The unit of analysis encompasses three dimensions: (1) Sharia compliance, through contract provisions, Sharia principles, and supervisory regulations; (2) cost and transaction mechanisms, through *mu'nah/ujrah* structures, rates, simulations, and service terms; and

(3) access to and utilization of services, through data on the number of customers, digital transactions, app usage, transaction growth, and pawnbroking. Utilization indicators are used to describe the reach and use of services, not as a direct measure of household well-being or long-term economic resilience.

Data sources are grouped into three categories: normative-regulatory documents, institutional operational documents, and public/sectoral sources. Normative-regulatory documents include Fatwas of the national sharia council of the Indonesian ulema council/*dewan syariah nasional majelis ulama Indonesia (DSN-MUI Fatwas)* No. 25 and No. 26 of 2002 as well as financial services authority/*otoritas jasa keuangan* (OJK) regulations; institutional sources include gold pawn contracts, terms and conditions of digital services, product pages, cost simulations, and Digital Product Services (DPS) documentation; while public/sectoral sources include data on service usage, transactions, financing, and customer reach. Pegadaian Syariah served as the primary institutional source, while private pawnbrokers were used as comparators when comparable public information was available. Documents were selected based on their relevance to the three dimensions of the study, clear publisher identity, traceability, public access, and sufficiency of information for comparison. Duplicate, unverified, or documents without a clear source were excluded. The evidence analyzed covers the period 2002–2025.

Data collection was conducted through document review, information extraction from official websites, and public data extraction. The data collected included regulatory provisions, contract clauses, fee structures, transaction mechanisms, and service usage indicators. Each source was recorded by publisher, publication period, document or webpage type, and URL so that every finding could be traced back to its original source. This procedure also distinguished between external regulatory evidence, operational information published by institutions, and externally reported service usage data. Data analysis was conducted through content analysis, comparative analysis, and thematic interpretation (Vijayagopal et al., 2024). Content analysis was used to identify provisions regarding *rahn*, *ujrah/mu'nah*, ownership of collateral, customer rights, fee transparency, and the prohibition on *riba*. Comparative analysis was used to compare normative provisions with published operational mechanisms, as well as variations in fee structures among providers. Furthermore, thematic analysis was used to identify patterns of access, digitization, and service utilization. Triangulation across different types of sources is conducted to strengthen credibility, while quantitative data is checked for arithmetic consistency and, when available, compared with other public sources. Documents published by institutions are treated as evidence of compliance and documented disclosure, not as independent verification of all transactions.

3. Results

3.1 Sharia compliance in official documents and gold pawn service regulations

Compliance with sharia principles is a fundamental aspect of gold pawnbroking practices in Indonesia, as reflected in various official documents that have been published. These documents include fatwas, regulations, supervisory committee statements, as well as contracts and terms of service that explicitly stipulate the rules of the contract, cost mechanisms, ownership of collateral, and customer rights. The documentary evidence represents different levels of governance: DSN-MUI fatwas and OJK regulations provide external normative and regulatory benchmarks, whereas product pages, contractual terms, and Sharia Supervisory Board documentation describe how these requirements are formally represented at the institutional level. Accordingly, the documents provide evidence of documented alignment between sharia standards and publicly disclosed operational arrangements, rather than independent verification that every transaction complies with these standards. This context is summarized in Table 1.

Taken together, the documents show a layered governance structure in which external sharia standards and regulatory requirements are accompanied by institutionally disclosed

contractual and supervisory mechanisms. The convergence between DSN-MUI fatwas, OJK regulations, contractual provisions, and DPS documentation indicates substantial documentary alignment at the normative and formal-operational levels. However, the evidentiary role of these sources differs: fatwas and regulations constitute external benchmarks, whereas product pages, contractual terms, and DPS reports primarily document institutional representations of compliance. The findings therefore support the existence of formal sharia compliance mechanisms but do not independently establish whether these mechanisms are implemented consistently across all transactions, branches, or customer experiences.

Table 1. Documents and regulations on sharia compliance in gold pawnbroking

No.	Evidence	Core description	Contribution to Sharia compliance evidence
1	DSN-MUI Fatwa on Rahn (Fatwa No. 25 & 26/2002)	Establishing basic rules for rahn contracts: prohibition of usury, provisions for <i>ujrah</i> based on actual costs, principles of ownership of collateral.	Serving as a normative basis for assessing whether all gold pawn practices are consistent with the principles of <i>fiqh muamalah</i> .
2	Rahn/Gold Pawn Page-Sharia Pawnshop	Displaying agreements, cost schemes, collateral requirements, and sharia compliance claims in gold pawn services.	Providing a commercial and operational overview of how sharia principles are applied to actual products.
3	Terms and Conditions of the Digital Gold Pawn Service	Contains detailed clauses regarding fees, penalties, extensions, and customer rights in digital rahn transactions.	Serving as primary evidence demonstrating the technical implementation of sharia principles at the contractual level.
4	OJK Regulation on Pawnbroking Business (POJK Sharia Pawnbroking)	Establishing rules on supervision, consumer protection, and references to DSN-MUI fatwas for sharia pawnshops.	Strengthening legal legitimacy and ensuring gold pawn practices are in line with national sharia standards.
5	Documentation of the Sharia Supervisory Board (DPS) of Pegadaian	Explaining the role of the DPS, the monitoring process, and the summary report on sharia compliance.	Demonstrates systematic oversight of the implementation of Sharia principles at the operator level.

(Dewan Syariah Nasional Majelis Ulama Indonesia. 2002; PT Pegadaian. n.d.; Otoritas Jasa Keuangan, 2024)

3.2 Transparency of cost structure and transaction mechanisms in sharia gold pawn practices

Cost structure and transaction mechanisms are important aspects in sharia gold pawn practices because they provide observable documentary evidence for assessing transparency and the operationalization of sharia principles. Information about capital rental costs, *ujrah* provisions, private institution rates, *mu'nah* components, as well as simulations and examples of cost calculations shows how different providers publicly disclose the financial obligations associated with pawn transactions. These sources include normative provisions, institutional disclosures, and external informational materials; consequently, they should not be treated as equivalent forms of evidence. Their combined value lies in enabling comparison between prescribed fee principles and publicly available transaction information. This context is summarized in Table 2.

The documentary comparison reveals two principal patterns. First, sharia-specific provisions distinguish *mu'nah* or *ujrah* from interest-based charges by relating fees to storage or service functions. Second, publicly available tariff information, simulations, and calculation examples make the components of transaction costs observable across different service providers. At the same time, variations in terminology, rates, and disclosure formats

indicate that cost structures are not presented uniformly across the examined sources. These findings demonstrate the availability and comparability of published cost information, but they do not establish how customers understand these disclosures or whether published tariffs are implemented identically in every transaction.

Table 2. Cost structure data and gold pawn transaction mechanism in Indonesia

No.	Evidence	Key findings	Classification
1	Pawnshop Capital Lease	1.2% per 15 days for Gold Pawn products.	Institutional/public product information comparator
2	Sharia Provisions (<i>Mu'nah/Ujrah</i>)	The DSN-MUI fatwa stipulates that fees are only for storage charges (<i>mu'nah</i>), not interest.	External normative source
3	Private Pawnshop Rates (Indonesian Pawnshop Center)	Approximately 5% every 2 weeks as stated on the service page.	External public/comparative source
4	<i>Mu'nah</i> Components and Cost Simulation	Pawnshop cost simulations show <i>mu'nah</i> (item maintenance) and capital rent.	External informational source
5	Example of Cost Calculation Practice	The example shows administrative costs of approximately Rp50,000 and capital lease according to the tenor.	Institutional/public informational source

(Dewan Syariah Nasional Majelis Ulama Indonesia, 2002; Sahabat Pegadaian, 2025, 2024; Daelani, 2025)

3.3 Service reach and utilization as indicators of financial inclusion

The financial-inclusion relevance of gold pawnbroking was examined through publicly reported indicators of service reach and utilization. The available evidence includes the overall customer base of Pegadaian, digital transaction activity, application users, Rahn transaction values, and national pawnbroking financing. These indicators differ in scope: some describe Pegadaian as an institution, one specifically concerns regional Rahn transactions, and another represents the wider national pawnbroking sector. They are therefore used to characterize the breadth and utilization of financial-service channels rather than to demonstrate household-level financial inclusion outcomes. Table 3 presents the indicators together with their temporal and institutional scope.

Table 3. Evidence of financial inclusion through the use of sharia gold pawn services

No.	Key indicators/data	Period	Interpretation of Financial Inclusion
1	Pegadaian reported approximately 25 million customers.	2024-2025	The figures of 25 million customers, more than 10 million digital transactions, and approximately 6.5 million users represent Pegadaian's overall operational and digital service reach and do not specifically represent Rahn customers or transactions. Therefore, these figures are interpreted only as indicators of broader institutional access and service reach, not as direct measures of financial inclusion through Islamic gold pawnbroking (<i>Rahn</i>).
2	Pegadaian recorded more than 10 million digital transactions, valued at approximately IDR 32 trillion.	January-June 2025	Indicates substantial utilization of digital financial-service channels, including but not limited to gold-related services.
3	Pegadaian Digital recorded approximately 6.5 million users, with transaction volume of approximately IDR 14.5 trillion.	2023	Indicates broad adoption of the institution's digital platform; it does not independently identify the proportion attributable to sharia gold pawnbroking.

4	<i>Rahn</i> transaction value increased from approximately IDR 816 billion to IDR 1.11 trillion, equivalent to approximately 36.0% growth based on the reported absolute values.	June 2024-June 2025	Provides sharia-specific evidence of increased <i>Rahn</i> utilization within the reported regional context; the finding should not be generalized as national <i>Rahn</i> growth.
5	Total national pawn financing reached Rp94.20 trillion	February 2025	Indicates the scale and geographical reach of the broader pawnbroking sector, including conventional and sharia providers; it is contextual rather than sharia-specific evidence.

(Harianto, 2024; Liman, 2024, 2025; Dody, 2025, 2024; Siregar, 2025)

Collectively, the indicators show substantial reach and utilization of pawnbroking and digital financial-service channels, although they operate at different analytical levels. The overall customer base and national financing figures reflect the scale of Pegadaian and the wider pawnbroking sector, while digital transaction and application data indicate increasing use of technology-mediated services. The *Rahn*-specific evidence provides a more direct indication of sharia pawnbroking utilization, but the available growth figure is regional rather than national. These patterns are consistent with an expanding role for pawnbroking in financial access; however, the documentary indicators do not establish whether increased service utilization translates into improved financial literacy, household welfare, or long-term economic resilience.

3.4 Discussion

Research findings indicate that the implementation of Sharia principles in gold pawnbroking should be understood not only as a matter of normative compliance but also as part of an institutional infrastructure relevant to financial access. Documentation regarding Sharia compliance, fee structures, transaction mechanisms, and service expansion demonstrates the existence of formal governance arrangements and accessible financial-service channels. From a financial resilience perspective, access to appropriate and transparent financial instruments may constitute one institutional condition relevant to individuals' capacity to manage financial pressures and respond to economic shocks. In the context of this study, however, this relationship is conceptual rather than empirically demonstrated. The documentary evidence establishes the availability and institutional design of Sharia-compliant liquidity services, but it does not measure whether customers subsequently experience improved financial resilience, household welfare, or economic recovery.

From a compliance perspective, the existence of contracts, fatwas, regulations, and oversight mechanisms provides a normative framework that distinguishes sharia pawnshop transactions from interest-based financing practices. Clarity regarding this institutional structure is important because financial inclusion is not only about access but also about institutional conditions that enable services to be used safely and in a way that is easily understood (Chipunza & Fanta, 2023). However, documentary evidence of compliance must be distinguished from independent verification of practices in each transaction. Because this study analyzes documents and institutional disclosures, the findings regarding compliance reflect compliance that is documented and communicated institutionally, rather than the results of independent audits of all transactions. This distinction is important because the present study establishes documented and institutionally disclosed compliance mechanisms rather than transaction-level compliance across all customers, branches, or service interactions. Accordingly, the findings should be interpreted as evidence of formal Sharia governance and documented implementation rather than as independent verification of actual compliance in every transaction.

Fee structures and transaction mechanisms have broader implications for users' ability to plan their finances. Transparency regarding maintenance fees, terms, financing amounts, repayment, and the consequences of transactions allows users to estimate their obligations

before making decisions. In the context of financial resilience, the ability to understand and anticipate obligations is part of the capacity to cope with financial stress (Liu et al., 2024). Therefore, within the scope of this study, cost transparency in Islamic pawnshops is better understood as an institutional condition that may facilitate informed financial decision-making and potentially support financial resilience. The study does not, however, provide direct evidence that customers use the disclosed cost information to improve their ability to cope with financial shocks. Establishing such an effect would require customer-level evidence on financial literacy, decision-making, repayment capacity, and subsequent financial outcomes.

Findings regarding access to and utilization of services are consistent with an expansion of the infrastructure through which financial services are accessed and used. The reported growth in digital transactions, application users, and Rahn transactions indicates broader service reach and utilization, but these indicators should not be interpreted as direct evidence of improved financial inclusion outcomes at the customer level. In particular, the available data do not establish whether increased access reduces financial vulnerability, improves household welfare, or strengthens customers' capacity to withstand economic shocks. Easy access to pawnshop services may provide a channel through which gold assets can be mobilized as short-term liquidity, particularly for households, informal workers, and small-scale entrepreneurs facing temporary funding needs. However, the present documentary evidence does not establish how customers use the financing or whether such use produces measurable improvements in their economic conditions. A study on Ar-Rahn in Malaysia provides relevant empirical evidence: based on user surveys and SEM analysis, the use of Ar-Rahn is associated with improved economic well-being, including when the financing is used for productive economic activities (Abdul & Asutay, 2022). However, these findings are based on customer data and the Malaysian context, so they cannot be directly generalized to Indonesia. In this study, the documentary evidence supports only the interpretation that expanded access and service mechanisms provide financial capacity that could potentially be used for economic adaptation not that such adaptation has been proven to occur among users in Indonesia.

This perspective also clarifies the relationship between financial inclusion and inclusive growth. Inclusive growth is not merely characterized by an increasing number of people gaining access to financial products; it also requires access that is sustainable, affordable, transparent, and tailored to the needs of groups facing resource constraints (Basnayake et al., 2024). Within this framework, sharia pawnshops can serve as one of the nonbank intermediation channels that provide asset-based liquidity while offering financing alternatives grounded in sharia principles (Miftahul et al., 2025). This potential contribution becomes even more relevant when services are able to maintain access during times when households or businesses face economic pressures. Thus, sustainable financial inclusion must be understood as a combination of access, affordability, transparency, user protection, and the ability to continue using services not merely an increase in the number of users.

From an economic adaptation perspective, gold-backed pawnshop mechanisms provide an institutional channel through which gold assets can be converted into short-term liquidity. This characteristic may be relevant to households and small businesses facing temporary liquidity needs, including working capital requirements or disruptions in income. However, the existence and accessibility of such a financing channel should not be equated with evidence of successful economic adaptation. The use of financing for productive purposes versus consumption may have different implications for economic outcomes, but this study lacks customer-level data on the intended use of funds, changes in income, repayment capacity, or economic conditions following the transaction. Accordingly, the documentary evidence supports only the interpretation that expanded access and service mechanisms provide a financial instrument that could potentially be used for economic adaptation; whether customers actually use financing in this way, and whether such use produces beneficial economic outcomes, remains empirically untested.

The institutional implications of these findings are that efforts to strengthen sharia pawnshops should not stop at compliance with contracts and regulations, but should also focus on the quality of information and users' decision-making capacity. Cost transparency must be accompanied by straightforward information presentation, easy-to-understand simulations of obligations, explanations of the consequences of late payments or full repayment, and easily accessible complaint mechanisms. At the same time, Sharia supervision and consumer protection oversight must operate in a complementary manner. This approach can enhance the quality of financial inclusion because users not only gain access to financing but also receive information that enables them to evaluate the financial consequences of their decisions. From a resilience perspective, this type of institutional design is more relevant than simply expanding the number of services, as resilience requires the ability to use financial resources adaptively and sustainably.

Conceptually, this study contributes a three-dimensional framework for analyzing the implementation of Sharia principles in gold pawnbroking by distinguishing three forms of evidence that are often conflated in discussions of Islamic financial inclusion: (1) normative and documented Sharia compliance, (2) operational cost and transaction transparency, and (3) access to and utilization of financial services. The first dimension establishes the normative and institutional benchmark; the second examines how those principles are translated into observable contractual, cost, and transaction mechanisms; and the third captures the extent to which the resulting services are accessed and utilized. These dimensions are analytically distinct but institutionally connected. Importantly, the framework does not assume that documented compliance automatically produces financial inclusion outcomes, or that increased service utilization demonstrates improved customer welfare or financial resilience. Instead, it separates evidence of governance and implementation from evidence of service reach and from downstream socioeconomic outcomes. This distinction constitutes the principal theoretical contribution of the study because it provides a structured analytical basis for examining how Sharia governance and operational transparency may create conditions for financial access without conflating those conditions with proven customer-level outcomes. The framework can therefore serve as a basis for future empirical research using customer-level and longitudinal data to test whether, and under what conditions, documented compliance and transparent operational mechanisms translate into measurable improvements in financial inclusion, financial resilience, and economic adaptation.

Nevertheless, this study has limitations that must be taken into account when interpreting its findings. Document-based analysis does not provide direct evidence regarding changes in clients' well-being, financial behavior, resilience to shocks, or economic sustainability. The study also does not include independent Sharia audits at the transaction level, data on customer complaints and disputes, or longitudinal data on the use of financing. Therefore, future research should integrate document analysis with customer surveys, in-depth interviews, longitudinal transaction data, and resilience indicators such as the ability to meet emergency needs, maintain consumption, sustain business operations, and recover from economic stress. Such a design would allow for empirical testing of whether the institutional infrastructure documented in this study actually translates into financial resilience and economic adaptation at the household and small business level

6. Conclusions

This study shows that the implementation of Sharia principles in gold pawnbroking in Indonesia is shaped by the interrelationship between normative governance, operational mechanisms, and service reach. Documentary analysis found substantial alignment between DSN-MUI fatwas, OJK regulations, contracts and service terms, and Sharia Supervisory Board documentation with the core principles of rahn, including the prohibition of *riba*, the regulation of *ujrah* or *mu'nah*, collateral, and user rights. At the operational level, disclosures regarding fees, rates, transaction terms, and cost simulations make financial obligations more traceable, although variations remain in terminology, rates,

and disclosure formats. Meanwhile, data on customers, transactions, digital service usage, Rahn transactions, and financing indicate broad service reach and substantial reported utilization. Taken together, these findings support the main contribution of this study: a three-dimensional framework that distinguishes normative compliance, documented operational implementation, and access to and utilization of services as distinct yet complementary forms of evidence.

From a development perspective, the synthesis of these three dimensions suggests that the potential financial-inclusion relevance of Sharia gold pawnbroking depends not only on service availability but also on the quality of governance and information accompanying that access. Asset-backed liquidity, documented Sharia compliance, cost transparency, clear contractual terms, and consumer-protection mechanisms constitute institutional features that may support more sustainable access to financial services. However, this study does not provide direct evidence that these features improve customer welfare, strengthen household financial resilience, or produce successful economic adaptation. The findings therefore establish the institutional and service-access conditions surrounding Sharia gold pawnbroking rather than their downstream socioeconomic effects.

Theoretically, this study contributes by positioning Sharia compliance, cost transparency, and service access and utilization as three analytically distinct dimensions of Sharia gold pawnbroking. Rather than treating these dimensions as interchangeable indicators of successful financial inclusion, the framework specifies their different evidentiary roles: Sharia compliance provides evidence of normative and governance arrangements; cost and transaction mechanisms provide evidence of documented operational implementation; and access and utilization provide evidence of service reach. Customer welfare, financial resilience, and economic adaptation constitute downstream outcomes that cannot be inferred from these indicators alone. This distinction strengthens the analytical precision of research on Islamic financial inclusion and provides a framework for future studies to test, using customer-level and longitudinal data, whether and under what conditions institutional compliance and transparent service mechanisms translate into measurable socioeconomic outcomes.

Consequently, efforts to strengthen Sharia-compliant gold pawnbroking should focus on improving the alignment between Sharia standards, documented operational practices, and the user experience. Regulators and service providers can improve the comparability of disclosures regarding *mu'nah/ujrah* and other fees, simplify contracts and cost simulations on digital channels, enhance independent Sharia oversight and verification mechanisms, and ensure the availability of accessible consumer-protection and complaint-resolution processes. Methodologically, this study also underscores the importance of distinguishing between evidence of governance, evidence of service usage, and evidence of socioeconomic outcomes when assessing the role of Sharia finance in development. Since this study relies on publicly available documentary sources and does not include customer-level data, independent transaction-level Sharia audit results, complaint records, or longitudinal measurements, future research should integrate documentary analysis with user data, independent audits, and longitudinal observations to test whether the documented governance and service mechanisms are associated with measurable improvements in financial inclusion, financial resilience, and economic adaptation.

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Author Contribution

Conceptualizing: Z. E., formulating the research framework: Z. E., conducting analysis: Z. E., interpreting: Z. E., draftin: Z. E., data collection: M. A. F. H., source tracing: M. A. F. H., document verification: M. A. F. H., literature review: M. A. F. H.

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Ethical Review Board Statement

Ethical approval was not required for this study because it involved the analysis of publicly available documents, regulations, institutional publications, and secondary data, and did not involve human participants, personal data collection, or intervention.

Informed Consent Statement

Not available. This study did not involve human participants or the collection of identifiable personal information.

Data Availability Statement

The data analyzed in this study were derived from publicly available regulatory documents, institutional publications, official websites, and publicly reported sectoral information. The sources used for the analysis are identified and cited throughout the manuscript, allowing the underlying documentary evidence to be traced and accessed where publicly available.

Conflicts of Interest

The authors declare no conflict of interest.

Declaration of Generative AI Use

During the preparation of this work, the authors used DeepL and Grammarly to assist in improving grammar, clarity, and academic tone of the manuscript. After using this tool, the authors reviewed and edited the content as needed and took full responsibility for the content of the publication.

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