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The role of PT Pegadaian in supporting sustainable development: Analysis of social financing and governance implementation based on results second-party opinion

Jhody Wiraputra[1,*], Ridwansyah[2], Yulia Andriani[1], Okta Sari[2]
[1] *Master in Sharia Economics, Postgraduate, UIN Raden Intan Lampung, Bandar Lampung, Lampung 35131, Indonesia;*
[2] *Islamic Banking Study Program, Faculty of Economics and Islamic Business, UIN Raden Intan Lampung, Bandar Lampung, Lampung 35131, Indonesia.*
*Correspondence: pjhody4@gmail.com

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ABSTRACT

Background: The purpose of this study is to produce an in-depth critical analysis of the real contribution of PT. Pegadaian (pawnshop) to sustainable development, identify verified successes at the micro level, critique the gaps in governance and risk management practices detected by Second-Party Opinion (SPO), and formulate targeted strategic recommendations to strengthen the accountability and long-term sustainability of pawnshop is a state-owned enterprise. **Methods**: This study employs a qualitative design, specifically a single-case study, with Critical Content Analysis techniques to explore in-depth the mechanisms, strategic narratives, and operational alignment behind pawnshop sustainability claims. The analysis was conducted by synthesizing secondary data from the 2024 Annual Report and Social Financing Implementation Report, validated against independent findings in the SPO to assess the credibility of corporate governance and social impact. **Findings:** The findings of the study showed that pawnshop managed to synergize impressive financial performance reflected in Net Profit of Rp5.85 trillion and Outstanding Loan growth of 26.1%, with real social achievements through the distribution of Social Financing Targeting 2.9 million customers in the MSME and education segments. Validation through SPO 2024 confirmed the company's significant contribution to SDGs targets of 1, 4, 8, and 10, where the majority of respondents reported an increase in income and the ability to resolve education costs. **Conclusion**: The study concludes that although pawnshop has successfully proven its real impact as an accelerator of financial inclusion through strong financial performance and the achievement of SDGs targets. Its long-term credibility in the eyes of global investors depends heavily on improved governance, particularly in fund tracking transparency and social financing accountability systems. **Novelty/Originality of this article:** The Novelty of this study lies in the use of the critical findings of the SPO 2024 as an instrument to dissect governance gaps in the pawnshop social financing fund tracking mechanism.

KEYWORDS: second-party opinion; social financing; sustainable development.

1. Introduction

Sustainable Development, articulated globally through the Sustainable Development Goals (SDGs), has become a major policy imperative for developing countries, including Indonesia (Utami et al., 2024). The Sustainable Development Goals (SDGs) are an international agenda set by the United Nations (UN) in 2015 as a global blueprint to achieve

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a better and sustainable future for all people by 2030 (Mubarok & Kurnia, 2025; Sousa et al., 2021). The Agenda consists of 17 interrelated goals and 169 measurable targets, covering a wide range of social and economic development issues such as poverty alleviation, hunger, health, education, climate change, gender equality, and social justice (Aqila & Sisdianto, 2024). In principle, the SDGs carry the spirit of "No one Left Behind", where development must be able to meet the needs of the current generation without compromising the ability of future generations to meet their needs through a balance between economic growth, environmental sustainability, and social inclusion (Wang & Yang, 2025).

Fig. 1. Sustainable development goals

Achieving the TPB target by 2030, particularly in addressing poverty, improving the quality of education, promoting inclusive economic growth and decent employment, and reducing inequality, requires substantial capital mobilization. Amid the urgency of the global climate crisis and widening social inequalities, the concept of Sustainable Development has transformed from a mere trend to a necessity for the financial services sector (Prabhakar, 2025). As part of the global commitment to the Sustainable Development Goals (SDGs), financial institutions are now required to not only pursue profitability but also create added value for the environment and society (Hayati et al., 2020). In Indonesia, this transformation is driven by strict regulations from the Financial Services Authority/*Otoritas Jasa Keuangan* (OJK) through the implementation of Sustainable Finance, which requires the integration of environmental, Social, and Governance (ESG) principles into the company's core business strategy (Aritonang & Melinda, 2025).

Non-Bank financial institutions are increasingly crucial actors in the sustainable financial ecosystem in Indonesia, given their range of services that often exceeds the ability of conventional commercial banks to touch the ultra-micro segment and underserved communities (Muharajabdinul et al., 2025). Through operational flexibility and an adaptive business model, Non-Bank financial institutions are able to deliver inclusive financing that not only focuses on financial benefits, but also integrates environmental, social, and governance (ESG) principles into grassroots communities (Riswanda, 2025). Their presence accelerates equitable access to capital for strategic sectors such as green Micro, Small, and Medium Enterprises (MSMEs) and small-scale renewable energy projects, thus serving as a key bridge in transforming the vision of a low-carbon economy into an inclusive and equitable reality for all levels of society (Chandratreya, 2025). The domestic regulatory framework reinforces the role of Non-Bank financial institutions. Indonesia has established a legal basis that requires financial entities to adopt sustainability principles (Putri et al., 2025). One of the important regulatory milestones is the Financial Services Authority Regulations/*Peraturan Otoritas Jasa Keuangan* (POJK) number 51 of 2017 on the implementation of Sustainable Finance and POJK number 18 of 2023 on the issuance and requirements of Debt Securities and Sukuk based on sustainability (Rahayu et al., 2025). This regulation explicitly directs companies to allocate funds through thematic instruments such as social bonds and social sukuk to fund socially sound business activities and environmentally sound business activities, which further confirms the corporate responsibility of pawnshops in advancing the national social agenda (Yanova & Komarudin, 2024).

The phenomenon in 2024 is colored by complex macroeconomic dynamics. Although the global economy is facing slowing growth and uncertainty driven by geopolitical tensions, commodity price fluctuations, and persistent inflation, Indonesia's domestic economy is showing relatively good resilience. In the fourth quarter of 2024, Indonesia's Gross Domestic Product (GDP) grew by 5.02% (yoy). This condition, although positive, requires state-owned enterprises/*badan usaha milik negara* (BUMN) to be not only financially resilient but also adaptive in business strategies directed to support domestic economic recovery, especially through support for the micro and small business sectors.

PT. Pegadaian, as one of the oldest non-bank financial institutions in Indonesia, plays a strategic role in the National Sustainable Development Roadmap (Arifa, 2023). With a customer base dominated by the lower middle segment and MSMEs, PT. Pegadaian has a unique advantage in encouraging financial inclusion while driving a circular economy. PT Pegadaian was established on April 1, 1901, and is now a limited liability company (PT), after the transformation of Perum (1990) and Persero (2012). Since 2021, PT. Pegadaian has been a subsidiary of PT Bank Rakyat Indonesia (Persero) Tbk., after joining the Ultra Micro Holding (UMi) with PT Permodalan Nasional Madani (PNM). This ownership structure, in which BRI owns 99.99998% of Series B shares, places pawnshops in a strategic position to strengthen service synergies and financing integration, especially for micro and small business actors in Indonesia. PT. Pegadaian's vision in 2023 is to become a Leader in the Gold Ecosystem and an accelerator of financial inclusion in Indonesia. This dual vision reflects the corporation's ambition to lead the national gold market, supported by its latest initiative, Bullion Services, while expanding the reach of financial services to underserved communities, placing social roles at the heart of business strategy. However, the main challenge faced is how to prove that the business practices carried out are truly in line with international ESG standards and not just a surface Corporate Social Responsibility (CSR) activity (Wati & Sisdianto, 2025).

In the context of financial markets that are increasingly sensitive to ESG factors, PT. Pegadaian has shown a strong commitment to transformation. As part of the holding of Ultra Mikro with PT Bank Rakyat Indonesia (Persero) Tbk. and PT Permodalan Nasional Madani (PNM), a pawnshop positioned itself as an accelerator of financial inclusion. Its success in maintaining performance stability amid challenges by achieving a 2024 Net Profit of Rp5.85 trillion, an increase of 33.70% from the previous year, provides sufficient capital capacity to test and expand the implementation of its social programs. Against this background, this study aims to analyze in depth the extent to which pawnshop business strategies and governance practices have been successfully translated into measurable and credible contributions to sustainable development, particularly through social financing schemes, which are the main focus in the latest implementation report.

The theoretical study of the role of PT. Pegadaian's sustainability cannot be separated from its core business model, which is the pawn business. The institution, which has a long history dating back to 1901, is intrinsically inclusive. The pawn business offers fast, secure, and simple cash loans with collateral of valuables, making it an effective liquidity solution for individuals and microenterprises disqualified from formal banking credit access due to collateral or credit history limitations. This characteristic is especially important in developing countries where the unbanked population is still large. This Model directly serves as a rapid intervention mechanism for SDG 1 (Poverty Alleviation) by providing affordable emergency funds, avoiding the entanglement of moneylenders or unnatural, illegal loans.

The latest development in PT. Pegadaian's strategy is the shift of business model from pure pawn services to "Leader in the Gold Ecosystem and Financial Inclusion Accelerator in Indonesia". The transition involves expanding the line of business into four main drivers, namely pawn, micro-SME, other financial products, and bullion service, with an enhanced focus on Sharia business. This expansion strengthens the foundation of PT. Pegadaian through the Gold Ecosystem concept. About 90% of the PT. Pegadaian mortgage collateral is in the form of gold. Gold has historically served as a stable risk-mitigating asset against economic fluctuations. By bolstering its bullion business and gold investments, PT. PT. Pegadaian can secure stable profit margins and liquidity, which in turn provides a solid capital foundation for companies to take greater risks in disbursing social loans aimed at empowering vulnerable segments of the economy, which often lack conventional collateral. The strategic balance between a gold-based pledge model and micro/social lending is key to the continuity of its corporate social role.

PT. Pegadaian corporate strategy in 2024 enters the 'Pursue' phase with the central theme Going Beyond: Innovate to Develop Business Capabilities. The strategy is focused on strengthening core businesses while launching and developing new business lines, including Bullion Services. There are 16 Strategic Initiatives summarized in the G7-STAR framework, which are aligned with the five priorities of the Ministry of SOEs, namely economic and social value, business model innovation, technology leadership, increased investment, and talent development. One of the key initiatives is Reshaping ESG Compliance, which explicitly formulates an ESG strategy focused on Sustainable Finance and financial inclusion. This strategic objective affirms the commitment of PT. Pegadaian aims to achieve sustainable growth and provide added value to stakeholders, not only through financial performance but also through socio-environmental responsibility.

Although PT. Pegadaian reports strong financial performance and clear social commitments; the implementation of sustainability programs on the ground should be subject to scrutiny, particularly through the lens of governance and independent impact verification. The potential gap between policy commitments and operational practices is often the focus of criticism in the sustainable finance literature in emerging markets. To ensure the transparency and credibility of ESG implementation, the role of external parties becomes very crucial. PT. Pegadaian undergoes a comprehensive assessment contained in the Second-Party Opinion (SPO). This SPO report is an independent document that evaluates the alignment of the company's sustainable financing framework with international principles, such as the Social Bond Principles. The SPO results are an important milestone validating the extent to which the company's sustainability claims can be accounted for in the eyes of global investors and stakeholders (Mitchell et al., 2025).

To evaluate social impact claims and governance practices, the study used an external accountability framework. AccountAbility Assurance Standard (AA1000AS v3) is the main standard for assessing the quality of non-financial corporate governance (Maroun, 2022). AA1000AS v3 emphasizes four core principles: inclusiveness or the extent to which the organization involves stakeholders, materiality regarding focus on the most significant issues, responsiveness regarding the ability to respond to material issues, and impact regarding Impact, measuring the real effects of sustainability initiatives (Metelytsia et al., 2026). By applying this framework, the analysis can provide a constructive and objective critique of the implementation of pawnshop social financing, beyond simply reporting on regulatory compliance.

So this study formulated three main questions to critically analyze the role of PT. Pegadaian through a comprehensive approach. First, this study evaluates the stability and sustainability of social roles by examining how financial and operational performance, such as asset and profit growth, become the foundation for companies to function as financial inclusion accelerators that are able to absorb social financing risks. Second, the focus is directed to compliance with social financing governance to test the alignment of the implementation of instruments such as Social loans and social Sukuk with international standards, especially related to the management of the use of funds and the critical findings of the Second-Party Opinion (SPO). Finally, this study carried out social impact verification to dissect the real contribution of the financing program to poverty alleviation, access to education, and women's economic empowerment based on independent verification data in the 2024 social financing implementation report.

This phenomenon is interesting to study because of PT. Pegadaian is in a transition period towards a more modern and sustainable entity after the formation of Ultra Micro Holding. The focus on outcome-based ESG governance SPO 2024 is not just about regulatory compliance, but strategies to improve competitiveness and market confidence. This study aims to dig deeper into the internal processes, obstacles, and opportunities that arise in implementing social financing in accordance with the assessment standards of the second party. The purpose of this study is to produce an in-depth critical analysis of the real contribution of PT. Pegadaian to sustainable development, identify verified successes at the micro level, critique gaps in governance and risk management practices detected by the SPO, and formulate targeted strategic recommendations to strengthen the accountability and long-term sustainability of PT. Pegadaian is a state-owned enterprise in the financial services sector.

2. Methods

2.1 Qualitative research design based on document analysis

This study uses a qualitative research design with a single case study approach enriched by the method of Critical Content Analysis of a series of key corporate documents of PT. Pegadaian. The qualitative method was chosen because it allows an in-depth exploration of the mechanisms and context behind PT. Pegadaian sustainability claims, rather than focusing solely on aggregating quantitative data (Sugiyono, 2013). The objective is to understand the strategic narrative, identify the alignment between policy commitments and operational realizations, and analyze the implications of third-party audit findings.

PT. Pegadaian case study is particularly relevant because this company serves as a unique entity in the context of emerging markets, is a state-owned enterprise, part of Ultra Micro Holding, and has historically dominated the pawn market while innovating in social financial instruments. Critical Content Analysis is directed at parsing and interpreting claims in official documents, comparing them with SCCI's Second-Party Opinion (SPO) findings, and identifying how governance aspects such as fund transparency and stakeholder engagement affect the credibility and sustainability of claimed social impacts. Thus, this study seeks to provide a nuanced understanding of the role of PT. Pegadaian is an accelerator of financial inclusion within the framework of sustainability.

2.2 Secondary data sources and data reliability criteria

The Data used in this study came entirely from secondary data sources published by PT. Pegadaian and other leading independent institutions. The main data sources include as follows. PT. Pegadaian Annual Report 2024, used to obtain the latest financial performance data, operations, and corporate strategy information, including Total assets, net income, Outstanding loans (OSL), and company vision and mission. Social Financing Implementation Report (SFIR) PT. Pegadaian year 2024, provides detailed data on the realization of social fund disbursement, including total funds disbursed and the number of customers served. This Data also divides the allocation of funds by instruments and main project categories. Second-Party Opinion (SPO) of PT. Surveyor Carbon Consulting Indonesia (SCCI) on SFIR 2024, this is the most critical data source. SPO provides independent validation of the alignment of the PT. Pegadaian Social Financing Framework with international principles and accountability standards. The document also includes the results of field verification and specific criticisms regarding the governance of the fund and the project selection process.

2.3 Data analysis techniques

This study uses a qualitative research design with a single case study approach that is reinforced through the method of Critical Content Analysis of various main corporate documents of PT. Pegadaian. The selection of this qualitative method aims to explore in depth the mechanisms and contexts behind the company's sustainability claims, beyond simply presenting quantitative data. The analysis technique is carried out by parsing and interpreting strategic narratives and policy commitments in official documents, then comparing them with independent findings from Second-Party Opinion (SPO) to identify the alignment of operational realization and the impact of governance on the company's credibility. Through this approach, the study seeks to provide a comprehensive understanding of the role of PT. Pegadaian is an accelerator of financial inclusion within the framework of sustainable development.

3. Results and Discussion

3.1 Financial stability and business transformation (pillars of the sustainability economy)

The sustainability of the social role of a financial institution depends largely on its financial foundations (Muarief, 2024). The stability of performance and the ability to generate optimal profits serve as prerequisites for companies, especially state-owned enterprises, to absorb the social risks inherent in financing the ultra-micro segment and vulnerable communities (Sedyowidodo et al., 2024). PT. Pegadaian has shown remarkable resilience and performance growth that exceeds targets amid an uncertain global economic climate in 2024. This achievement provides strong financial legitimacy to expand the company's social mandate. In terms of profitability, the Company recorded a net profit for the Year of Rp5.85 trillion in 2024, a significant increase of 33.70% compared to Rp4. 38 trillion in 2023. The realization of this net profit reached 110.27% of the target of the company's Work Plan and Budget/*Rencana Kerja dan Anggaran Perusahaan (RKAP)* 2024. Operating income performance also grew by 58.04% to Rp38.62 trillion from Rp24. 43 trillion in the previous year. This performance growth is attributed to outstanding operational scalability. Total Outstanding loans (OSL) reached Rp85.38 trillion until December 2024, exceeding the rkap target of 114.21%. This OSL improvement is spread across several core business lines. Pawn business, OSL increased 28.58% to Rp58.33 trillion. Fiduciary microcredit business: OSL jumped 77.20% to Rp7.47 trillion. Gold business, OSL experienced the most explosive growth, which was 108.35% to Rp3.75 trillion.

OSL's high growth in the fiduciary microcredit and gold business segments demonstrates the success of its product diversification strategy beyond the core pawn business, in line with the pawn shop's vision as a Financial Inclusion Accelerator. In addition to revenue growth and financing volume, the quality of pawnshop assets is also maintained. The company's Total assets reached Rp102.62 trillion in 2024, an increase of 24.3% from the previous year. Effective risk management can be seen from the decrease in the Non-Performing Loan (NPL) ratio from 1.37% in the first quarter of 2023 to 1.24% in the first quarter of 2024, indicating that the aggressive financing expansion was successfully balanced by the debtor selection process and adequate risk mitigation. Based on the OJK's assessment, pawnshops maintain the company's Health level at a very Sound rating with a score of 1.25 in 2024. The chain of causality that can be drawn from this data is that positive financial performance (profit, asset growth, and very healthy ratings) directly creates capital resilience and corporate liquidity, which in turn provides the capacity to absorb greater social risk, which is indispensable for the scalability of social financing programs. Verified stability is a prerequisite for continuing to perform social functions as a state-owned enterprise, allowing pawnshops to invest in projects that have a high social return despite the possible higher financial risks compared to conventional commercial loans.

Pawnshop's financial stability depends not only on strengthening its traditional pawn business, but also on the innovation and strategic diversification mandated by its vision to become a Leader in the Gold Ecosystem. The most prominent strategic step in 2024 is the inauguration of Pegadaian as a pioneer of Bullion services in Indonesia. Pawnshops became the first institution to obtain permission to run a bullion business from the financial services authority on December 23, 2024, in line with financial services authority regulations number 17 of 2024 concerning Bullion business activities.1 This service includes four main pillars, namely gold deposit pawnshops, gold working capital loan pawnshops, gold trading pawnshops, and corporate gold deposit pawnshops.

The development of Bullion Services is a fundamental long-term risk mitigation measure (Putri & Khoeriyah, 2026). By strengthening its role in the gold ecosystem, pawnshops secure stable margins and sources of non-pawn income amid fluctuations in global gold prices. Diversification into Bullion and gold investment services indirectly provides greater financial security, strengthens corporate resilience, and ensures pawnshops have sufficient capital to channel higher-risk social financing to the ultra-micro segment (Zainuddin et al., 2025).

Table 1. Summary of key financial performance of PT Pegadaian (2023-2024)

Financial Indicators	2024 (IDR)	2023 (IDR)	Change (%)	Sustainability Context
Total Assets	102.62 Trillion	82.59 Trillion	24.30%	Capital Foundation for the expansion of social financing.
Net Income For The Year	5.85 Trillion	4.38 Trillion	33.70%	Increased social investment capabilities.
Total Outstanding Loan (OSL)	85.38 Trillion	67.57 Trillion	26.36%	Scalability indicator of service coverage.
OSL Bisnis Gadai	58.33 Trillion	45.36 Trillion	28.58%	Strengthening the core business.
OSL fiduciary microcredit	7.47 Trillion	4.21 Trillion	77.20%	Diversification of micro products.
NPL (Q1)	1.24%	1.37%	Descending	Effectiveness of risk management.
Company Health Level	Very Healthy (Skor 1.25)	Very Healthy (Skor 1.25)	Stable	Strong GCG compliance.

The pawnshop strategy 2024-2025 focuses on digitization to increase efficiency and reach inclusion. The 2025 strategy is to Turbocharge Digital Innovation. Initiatives undertaken include upgrading IT architecture to support new business development, strengthening core systems, and developing Digital PT. Pegadaian applications. Companies realize that their capacity is not yet optimal, which is a constraint. Therefore, capital goods investment in 2024 increased to Rp797.28 billion, mostly directed to IT infrastructure and licensing rights, aimed at increasing productivity and mitigating corporate risks. The following table summarizes the financial performance of Pt Pegadaian in 2024, showing a solid economic foundation for the implementation of social programs.

3.2 Implementation of social financing framework

PT. Pegadaian's commitment to sustainable development is concretely realized through the Social Financing Framework that is in line with the Social Bond Principles (SBP), Social Loan Principles (SLP) 2023, and financial services authority regulations number 18 of 2023.1 this analysis examines the implementation of the framework, focusing on the allocation of funds and governance integrity verified by SPO SCCI. In 2024, PT. Pegadaian showed a significant increase in the mobilization of capital for social projects. Total Social Financing funds disbursed reached Rp30, 129 billion to 2.9 million customers.1 this distribution scale shows PT. Pegadaian is leveraging its strong financial performance to deliver a broad social impact. Analysis of the distribution of funds showed the dominance of social lending instruments covering 72.6% of the total funds disbursed. Meanwhile, social Sukuk accounted for 18.6%, and social bonds accounted for 8.8%. The dominance of Social loans indicates that PT. Pegadaian is effectively using its operational loan products as the main mechanism to achieve social impact at the grassroots level. The segmentation focus of this social fund distribution reflects priorities aligned with TPB as follows.

Empowerment of MSMEs and women entrepreneurs, the largest allocation based on funds (55.2%) is directed to women entrepreneurs in the Social Loan scheme. overall, MSMEs account for 65.6% of total social financing customers, supported through conventional and Sharia pawn products (*Rahn*, KREASI, KUPEDES, *Arrum* Mikro). This focus directly supports SDG 5 (Gender Equality) and SDG 8 (Decent Work). Education, access to education accounts for 20.0% of the total number of customers, especially through products such as KCA Pendidikan and KRASIDA, which are directed to address SDG 4 (Quality Education) for underserved communities. This proportion of funds and customers shows that PT. Pegadaian prioritizes groups that are traditionally difficult for banks to reach. The significant allocation of funds to women entrepreneurs confirms the corporate commitment to address gender and economic inequality (SDG 10) by providing venture capital to groups that have the greatest potential multiplier effect on family well-being.

Table 2. Summary of PT. Pegadaian social financing allocation 2024

Types of financing	Funds disbursed (IDR billion)	Percentage of total funds (%)	Number of customers (million people)	Main project categories	Related SDGs
Social loan	19.886	72.6%	2.3	Women entrepreneurs, education	Sdg 1, 4, 5, 8, 10
Social sukuk	6.814	18.6%	0.543	Syariah MSMES (*rahn*, *arrum*)	Sdg 1, 8, 10
Social bond	3.427	8.8%	0.042	Conventional msmes (kreasi, kupedes)	Sdg 1, 8, 10
Total	30.129	100%	2.9	Financial inclusion & economic empowerment	1, 4, 5, 8, 10

While the scale of Social Fund disbursements should be appreciated, SCCI's SPO analysis highlights significant gaps in governance that could threaten the accountability and transparency of the program in the long run. This gap is focused on the principles of Management of Proceeds (MoP) and Inclusivity AA1000AS v3. SCCI found that the management of social Loan funds, which in fact constitute the majority of the total social financing of PT. Pegadaian has not been fully transparent. Specifically, the SPO noted that funds for Social loans have not been managed in a specific account or sub-account and that there is no optimal flagging system in each product to track the intended use of funds based on funding sources. Separate fund management is a fundamental requirement of the Social Loan Principles (SLP) and financial services authority regulations 18/2023. This gap poses a fungibility risk, where social funds can potentially be mixed with other commercial financing, resulting in difficulties in tracking the amount of funds distributed to debtors or customers. Although PT. Pegadaian has provided fund tracking systems and dedicated accounts for Social bonds and social Sukuk; the lack of MoP transparency for Social loans lowers the overall credibility of Social Financing accountability claims. This gap shows the need for management to prioritize the integration of IT systems that can ensure accountability and transparency for all social financing products.

SCCI also identified weaknesses in adherence to the Aa1000as V3 principle of inclusiveness and responsiveness. SPO noted that PT. Pegadaian has not made enough comprehensive efforts to listen to the opinions of stakeholders who will be affected before the product is designed and launched. The involvement process has so far been more limited to capital owners, DPS, and OJK. The principle of inclusiveness demands the continuous involvement of stakeholders, not only as beneficiaries, but also as participants in the design of the program (Sholichah et al., 2025). Gaps in pre-launch inclusivity may result in products that are less than optimal or not fully in line with the real needs of the target population.

In addition, the SPO emphasizes the need for the implementation of clear and structured socio-environmental due diligence and the identification and mitigation of measurable social and environmental impacts before the implementation of social financing. The absence of clear procedures at the operational level to assess the risk of negative impacts, for example, whether MSME business capital is used for activities that have the potential to damage the environment, becomes a governance risk. Although pawnshops have formulated a strategy for Reshaping ESG Compliance, implementation of social financing operational procedures still requires strengthening to ensure funded projects do not pose an undesirable social or environmental hazard.

3.3 Qualitative social impact on the achievement of SDGs

Next is to analyze the real impact of the PT. Pegadaian social financing program, using qualitative and quantitative data from the results of SCCI independent field verification, and linking them to the relevant Sustainable Development Goals (SDGs). MSME financing is the main pillar of the pawnshop's contribution to SDG 1 (Zero Poverty) and SDG 8 (Decent Work). Sharia and conventional pawn products serve as emergency and working capital providers. Sharia pawn products (*Rahn*) and *Rahn Tasjily Tanah* have proven effective in overcoming the problem of access to financing for micro and small businesses. SCCI field verification results show a high success rate as follows. *Rahn*, 98% of *Rahn* respondents successfully responded to their business challenges, and 85% experienced significant business improvement. About 70% of these respondents felt a great positive impact, indicating that these Sharia pawn loans greatly affect the sustainability of their business. *Rahn Tasjily Tanah*, 100% of respondents successfully answered business challenges, and 78% reported a positive impact on increasing revenue.

This Islamic pledge Model (*Rahn*) utilizes gold as a stable collateral, which fundamentally allows PT. Pegadaian to disburse loans without the risk of extreme collateral fluctuations (Zainuddin et al., 2025). MSMEs can use investment assets as emergency capital without having to sell them, thus preserving family productive assets while gaining liquidity to fuel business growth. This is a unique mechanism of PT. Pegadaian in support of microfinance resilience (Faristania et al., 2024). Conventional microcredit products also show similar impacts as folows. KREASI (fiduciary installment credit), this product, which provides loans with vehicle BPKB guarantees without physical detention, has an impact on increasing business income for 80% of respondents and solving financing problems for 60% of respondents.

KUPEDES (Rural Business Loan), this product satisfies the needs of 69% of respondents and solves the problems of 85% of respondents, and even provides an increase in income for all respondents in the sample. These products fill funding gaps that are safe and accessible, avoid illegal lending practices, and effectively support the growth of MSMEs. To measure the contribution of PT. Pegadaian to the achievement of the National SDGs, SCCI conducted a relative contribution analysis (AKR). The AKR results showed: *Rahn* contributed 0.65%, KREASI 0.7%, *Arrum* Mikro 0.7%, KUPEDES 0.5%, and Arrum Express Loan 0.4% to the total national microfinance that supports SDG 1, 8, and 10. Although these figures may seem small in the context of a national aggregate, the SPO SCCI provides an important methodological warning. This small sample-based analysis is prone to representational bias and statistical imprecision, and risks overclaiming the impact in the absence of Corrections to external factors (e.g., government policy). However, despite these quantitative limitations, the high percentage of respondents who qualitatively reported increased effort provided strong empirical evidence of real and significant micro-impacts in the field. This confirms that the PT. Pegadaian model is effective in creating social value, although the measurement of its aggregate impact needs to be strengthened.

PT. Pegadaian explicitly allocate Social loans to support SDG 4 (Quality Education) for underserved communities. Around Rp3 trillion is distributed for educational needs through

KCA education and KRASIDA products. These products are aimed at helping individuals settle their school/college expenses and purchase school supplies, overcoming one of the biggest barriers for people living below the poverty line. Field verification shows high successKCA education, as many as 86% of respondents stated that this product has covered the cost of education, and 81% felt it helped. KRASIDA, this product solves education problems from 79% of respondents, with 75% of respondents helped by education costs.

To assess the impact of access to education, SCCI compared the APK of PT. Pegadaian debtors with the national average APK of 85.21% for junior high school/senior high school. The results of Z-Score analysis for educational products, KCA Education: 0.21; Golden *Arrum*: -0.24; KRASIDA: -0.8, showed that the values were not significantly different from the national average or below the significant limit of 1.645. The academic interpretation of this finding is that PT. Pegadaian has succeeded in achieving equitable access to education. This means that, although the debtors of PT. Pegadaian products come from economically vulnerable segments that are in need of loans to cover the cost of education; their school participation rate manages to be kept from falling behind the national population average. In the context of social inclusion, PT. Pegadaian serves as pillars that prevents educational disruptions due to financial constraints, supporting vertical social mobility for vulnerable groups.

PT. Pegadaian's focus on women entrepreneurs, who dominate Social Loan allocations, is critical in achieving SDG 5 (gender equality) and SDG 10 (reducing inequality). KCA Wirausaha products dedicated to women's funding showed a substantial positive impact. Field verification found that this financing had solved the problem for 84% of female respondents, and 78% of respondents were satisfied with the services provided. This positive impact reflects the important role of pawnshops in increasing women's economic independence and expanding the business sector.

The success of women entrepreneurs supported by PT. Pegadaian capital produces a domino effect that goes beyond the financial dimension of the individual. Increased income and business stability enable women to improve family well-being, improve access to health and education services (SDG 4), and increase household asset ownership and food security. In the long run, this directly promotes more inclusive and sustainable economic growth at the local and regional levels. The Program not only provides capital, but also empowers women to achieve their aspirations and contribute more significantly in the social and professional sectors.

3.4 Corporate governance within the framework of sustainability

Integrity of corporate governance, or Good Corporate Governance, is a pillar of sustainability (Situmeang et al., 2025). Strong governance ensures that social and environmental commitments can be implemented in a transparent, accountable, and efficient manner (Farhan, 2024). Pawnshops place GCG as very important to maintain the sustainability and credibility of the company, measured through the four pillars of ETAK (Ethical Behavior, Transparency, Accountability, and Sustainability). The consistency of GCG implementation is evidenced by the high score (88.74) and the "very reliable" category. GCG integration in sustainability strategy reflected in strategic focus 2024-2025 as follows.

Strengthening risk foundation, PT. Pegadaian continues to improve and implement the Governance, Risk, and Compliance (GRC) framework. Reshaping ESG Compliance, formulating an ESG strategy focused on Sustainable Finance and financial inclusion (Stoicescu & Sima, 2025). Aspects of operational governance are also strengthened, including through, whistleblowing System (WBS), WBS is doing well, receiving 97 reports indicating violations in 2024, of which 100% have been followed up on. The report includes complaints related to fraud, 14 cases, and ethical violations, 22 cases. Transparency of reporting, the company regularly discloses financial reports, Annual Reports, and sustainability reports that describe the commitment and implementation of Environmental, Social Responsibility programs (Sari & Muslim, 2024).

High GCG scores and stable financial performance give PT. Pegadaian has the legitimacy to lead the market. However, as highlighted in the SPO, governance challenges are now shifting from basic compliance to specific accountability of sustainable financial instruments, especially in terms of Management of Proceeds (MoP) for Social loans. Success in MoP for capital market instruments should be replicated at the operational level of daily loan products.

Although PT. Pegadaian social financing is dominated by social and governance aspects. The company realizes that environmental sustainability issues are getting stronger, especially related to the phenomenon of global climate change. Pawnshops are fully committed to preventing and reducing the negative impact of their operations and carrying out environmental conservation programs, such as greening activities and implementing environmentally friendly office operations. PT. Pegadaian has also appointed a Sustainability Committee under the Board of Directors to manage these aspects.

However, qualitative criticism arises regarding the integration of environmental aspects within the framework of Social Financing. SPO SCCI notes that the environmental impact of social financing has not been described in detail in the implementation report. This implies that PT. Pegadaian needs to develop due diligence procedures to identify and mitigate potential environmental impacts arising from the use of microloan funds by debtors. To achieve a holistic, sustainable financial practice, PT. Pegadaian needs to integrate the E-Pillar principle into the selection process of social financing projects, although the main focus is on the social aspect. The strategic step forward is to formulate an explicit policy, called SCCI, as a social sustainability policy that will be the basis for developing a Standard Operating Procedure for each social financing product, which includes the identification of social and environmental risks at the micro level.

4. Conclusions

Based on a comprehensive qualitative analysis, the study concludes that PT. Pegadaian has successfully positioned itself as a formidable financial inclusion accelerator with a very strong economic foundation. This success is reflected in the company's ability to balance commercial and social mandates, where net income of Rp5.85 trillion and Outstanding Loan (OSL) growth of over 26% became a financial cushion to distribute social financing worth Rp30,129 billion to 2.9 million customers. Strengthening the gold ecosystem through the Bullion Services initiative not only strengthens business performance but also strengthens long-term risk mitigation capacity, allowing the company to continue to support the MSME, education, and women entrepreneurs segments that have a higher risk profile but have a large social impact.

On the other hand, although independent verification through SPO SCCI confirmed a real impact on the achievement of SDGs 1, 4, 8, and 10, such as the success of 80% of MSME respondents in increasing income and 86% of respondents in completing education costs, there are still crucial challenges in governance aspects. This study identifies a credibility gap in fund tracking, especially in Social Loan instruments that dominate 72.6% of portfolios but are not yet supported by optimal flagging and special account systems. Weaknesses in the transparency of Management of Proceeds (MoP) and the lack of stakeholder involvement in the pre-launch phase of the product are critical notes that must be addressed immediately. Without improved accountability systems and clear socio-environmental due diligence procedures, these governance gaps have the potential to erode the integrity of the corporate social financing framework in the eyes of global investors.

The findings of this study provide significant managerial and theoretical implications, where managerially, PT. Pegadaian management must prioritize strengthening accountability through digital flagging systems and special accounts in the Management of Proceeds (MoP) for Social loans to meet POJK 18/2023 standards and global investor expectations. Theoretically, this study reinforces the model of pawn institutions in ultra micro ecosystems as an effective mechanism for achieving the triple bottom line, where transformation into a Gold Ecosystem Leader proves that stable assets such as gold can be the main foundation for sustainable financial inclusion in emerging markets. As a long-term strategic step, PT. Pegadaian is recommended to invest in a digital GRC architecture, institute a Social Impact Assessment (SIA) involving direct beneficiaries, formulate an integrated socio-environmental risk policy, and optimize the Monitoring, Evaluation, Learning, and Impact Assessment (MELIA) system with stronger statistical methods. Through the implementation of this specific action, the company is not only able to close the governance gaps identified by SPO SCCI but also strengthen its position as a leader in the gold ecosystem and a transparent, accountable, and trusted financial inclusion accelerator.

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Conflicts of Interest
The authors declare no conflict of interest.

Declaration of Generative AI Use
During the preparation of this work, the author used Gemini AI to help draft the article, synthesize annual report data, and provide initial narrative suggestions, as well as using Grammarly to help improve the grammar, clarity, and accuracy of the academic diction of the manuscript. After using these tools, the author thoroughly reviews and edits the content as needed to ensure data accuracy and sharpness of analysis, and the author is solely

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Biographies of Authors

Jhody Wiraputra, Master in Sharia Economics, Postgraduate, UIN Raden Intan Lampung, Bandar Lampung, Lampung 35131, Indonesia.

- Email: pjhody4@gmail.com
- ORCID: N/A
- Web of Science ResearcherID: N/A
- Scopus Author ID: N/A
- Homepage: N/A

Ridwansyah, Islamic Banking Study Program, Faculty of Economics and Islamic Business, UIN Raden Intan Lampung, Bandar Lampung, Lampung 35131, Indonesia.

- Email: ridwansyah@radenintan.ac.id
- ORCID: N/A
- Web of Science ResearcherID: N/A
- Scopus Author ID: N/A
- Homepage: N/A

Yulia Andriani, Master in Sharia Economics, Postgraduate, UIN Raden Intan Lampung, Bandar Lampung, Lampung 35131, Indonesia.

- Email: yuliahandriani156@gmail.com d
- ORCID: N/A
- Web of Science ResearcherID: N/A
- Scopus Author ID: N/A
- Homepage: N/A

Okta Sari, Islamic Banking Study Program, Faculty of Economics and Islamic Business, UIN Raden Intan Lampung, Bandar Lampung, Lampung 35131, Indonesia.

- Email: sariokta2003@gmail.com
- ORCID: N/A
- Web of Science ResearcherID: N/A
- Scopus Author ID: N/A
- Homepage: N/A