

Shariah Compliance of *Rahn* Contract Based in Fatwa National Islamic Council-Indonesian Council of Ulama (Dsn-Mui) at Pt. Bank Pembiayaan Rakyat Syariah (Bprs) Karya Mugi Sentosa

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Abstract: This research aimed to determine the shariah compliance of rahn contract based in Fatwa DSN-MUI at PT. BPRS Karya Mugi Sentosa. The research object was selected because it is the only Bank Pembiayaan Rakyat Syariah (BPRS) in Surabaya that only have financing of contract rahn (gold pawn). Qualitative approach method was used, employing case study strategy. Meanwhile, data was collected by interviews. Subsequently, analysis techniques used was pairing patterns which has five patterns, it has five patters towards Fatwa DSN-MUI Based on the analysis, PT. BPRS KMS has qualified the shariah compliance. The five patterns was marhun utilization, maintenance and storage marhun, marhun cost, sale or auction marhun, and cost of ijarah

1 INTRODUCTION

Islamic economy concept based on Al-Qur'an and Al-Hadith is currently experiencing significant development. In Indonesia, most of people embraces Islam and give positive responses. Islam is a way of life, which provides a complete set of rules for human life including economic issues. As it is known, economy is one of the factors driving the growth of a country. According to Bank Indonesia (BI) in 2013, Indonesian economy is still below 5%. Despite of that, the assets of sharia banking has reached Rp 179 trillion or precisely 4.4% compared to the total assets of the national banking (www.republika.co.id).

Rahn is one of the products found in Islamic banks, sharia financing banks, and also sharia pawnshops that recently enthused by the public. This is because gold is a product that has increase value every year. Gold's increasing value could reach 160% every year or 30% annually. Based on data from Bank Indonesia of December 2011, the number of *rahn* mortgage customer reached 212.300 of the portfolio total Rp 6.3 trillion (majalahgontor.net).

As in the process, *rahn* it is not only provided by non-bank financial institutions or guarantee institutions such as pawnshops (conventional), but also. Sharia Rural Bank (BPRS) which become one

of the Islamic financial institutions in Indonesia, currently experiencing significant growth in line with the growth of Islamic economics. One of BPRS in Surabaya, namely PT. Bank Pembiayaan Rakyat Syariah (BPRS) Karya Mugi Sentosa, located in the southern part of Surabaya, offers a financing program, *rahn*.

Related to that, Dewan Syariah Nasional (DSN) issued Fatwa to manage the implementation of *rahn*, to support its development as an Islamic principles. It is embodied in Fatwa No. 25/DSN-MUI/III/2002 about *Rahn* and Fatwa No. 26/DSN-MUI/III/2002 about Gold *Rahn*.

The Fatwa defines about *rahn* and gold *rahn*, as well as the implementation procedure that must be followed. Shariah compliance is an important pillar in the development of sharia institutions. That is a differentiator between sharia financial institutions and conventional financial institutions. According to a survey conducted by The Economist Intelligence Unit, an independent business and independent global survey headquartered in London, to no fewer than 275 senior banking officials from various countries on compliance systems and processes concluded that the need for effective compliance with firms engaged in The banking business today is very strong compared to the past (Ikatan Bankir Indonesia, 2014: 358).

2 LITERATURE REVIEW

2.1 Islamic Financial Institutions

Soemitra (2010: 54-55) explains structure of the system of Islamic financial institutions in Indonesia consists of bank financial institutions consisting of Sharia Commercial Bank, Sharia Business Unit, and Sharia Rural Bank. There are other sharia financial institutions comprising capital markets, money markets, insurance companies, pension funds, venture capital firms, sharia financing institutions comprising leasing companies, factoring companies, plastic card companies and consumer finance companies. There are also in the micro sector, which consists of Pawnshops, *Zakah* Management Institution, *Waqf* Management Institute, and *Baitul Maal wat Tamwil* (BMT).

Rahn

Rahn in *Fiqh* namely *Ar-Rahn*, is an agreement to hold an item as a debt obligation. In arabic, *Ar-Rahn* namely *ats-tsubut wa ad-dawam* which means permanent and eternal, the meaning of permanent and eternal is restraining the making of material goods as bonds of debt (Ali, 2008:1). Implementation of *rahn* should be easy and not complicate the prospective customers who will use *rahn*. Implementation of each transaction in a financial institution is not separated by the supervision of the Sharia Supervisory Board in each financial institution.

2.2 Fatwa DSN Majelis Ulama Indonesia

The application of *rahn* in Indonesia refers to the legal basis established by the National Sharia Council of the Indonesian Council of Ulama (DSN-MUI) in Fatwa No: 25 / DSN-MUI / III / 2002 *Rahn* and also Fatwa No: 26 / DSN-MUI / III / 2002 about *Rahn Gold*. The fatwa explains the decisions that Indonesian scholars have agreed on *Rahn*, the decisions taken are:

Fatwa No: 25/DSN-MUI/III/2002

1. The underlying things about the right and duties of *murtahin* and *rahin*. It is explained that *murtahin* have rights to hold *marhun* until *rahin* pay all off his debt.
2. Utilization of *marhun* by both parties. In principle, *marhun* and its benefits belong to *rahin*, also *marhun* cannot be transferred to *murtahin* except with permission from *rahin*.

3. Maintenance and storage. Maintenance and storage of *marhun* is a liability of *rahin*, but can be transferred into obligation *murtahin* on mutual agreement.
4. Regarding the charge, in determining the cost of maintenance and storage shall not be based on the amount of the borrowing cost.
5. Decision of *marhun* selling, the decision is made when *rahin* cannot pay off its debt. However it should not be directly sold, *murtahin* should warn in advance that it is due. If *rahin* still cannot pay off its debts, *murtahin* can sell *marhun* in accordance with sharia principles that is done auction sharia. The procedures of the auction are used to pay off the debts of the *womb*. If there is a residue, it will become the right of the *womb*. However, if the amount exchanged is less than what it is expected, the *rahin* is still obliged to pay off its debt.

Fatwa No: 26/DSN-MUI/III/2002

1. Implementation of gold *rahn* is allowed based on the principle of *rahn* (Fatwa No: 25/DSN-MUI/III/2002).
2. Fee and cost of storing goods (*marhun*) is borne by *rahin*
3. Fee that mentioned above is based on the expenditures that clearly required.
4. Cost of storing goods (*marhun*) is done based on *ijarah* agreement.

Sharia Compliance

Sharia Compliance is an absolute requirement that must be fulfilled by financial institutions conducting business activities based on sharia principles. Sharia Compliance is the fulfillment of all Sharia principles in all activities undertaken as a manifestation of the characteristics of the financial institution itself, including in this case the Sharia Rural Bank (BPRS). Shariah compliance is a major prerequisite for the operation of Islamic financial institutions (Ikatan Bankir Indonesia, 2014:359).

3 RESEARCH METHOD

This research used descriptive qualitative approach. According to Yin (2009: 2) a qualitative approach using data in the form of written or oral sentences, events, knowledge or project studies are descriptive. The scope of this study focused on how compliance fulfillment of *rahn* shariah compliance on BPRS Karya Mugi Sentosa based on National Sharia Council Majelis Ulama Indonesia (DSN-MUI). The

data obtained from the interview, observation, and document studies were then analyzed and processed based on the theoretical and literature used in this study.

4 DISCUSSION

4.1 Discussion on Marhun Utilization

Marhun is a guarantee goods deposited by the customer to the pawnbroker, which in this research is PT BPRS Karya Mugi Sentosa. According to Sudarsono (2004: 160) in general pawn goods must meet several conditions, namely: ust be sellable, must be a treasure that is not valuable, *marhun* should be exploited by sharia, must be known physical condition, and must be owned by *rahin*. PT. BPRS Karya Mugi Sentosa has stipulated the guarantee goods (*marhun*) which are allowed to be guaranteed on the financing product of the gold contract.

Based on Fatwa No. 25/DSN-MUI/III/2002 in the first clause it is explained that "loans by mortgaging goods as collateral in the form of permissible debt rahn". As long as the contract takes place *marhun* stored by PT. BPRS KMS is not utilized or managed or invested by PT. Syariah People's Financing Bank (BPRS) Karya Mugi Sentosa. Utilization of *marhun* is permitted provided that the use is obliged to bear the cost of maintenance as it has been taught by the Prophet Muhammad SAW

الظَّهْرُ يُرَكَّبُ بِنَفَقَتِهِ إِذَا كَانَ مَرْهُونًا، وَلَبِنُ الدَّرِّ يُشْرَبُ بِنَفَقَتِهِ إِذَا
كَانَ مَرْهُونًا، وَعَلَى الَّذِي يُرَكَّبُ وَيَشْرَبُ النَّفَقَةَ

Adhahru yurkabu nafaqatihi idza kāna marhūnan, walabanuddara yusrabu binafaqatihi idzā kāna marhūnan, wa alāldzī yarkabu wayasrabu nafaqatu

(Hadith Nabi riwayat Jama'ah, except Muslim dan al- Nasa'i, Nabi s.a.w.)

Based on Fatwa No. 25 / DSN-MUI / III / 2002 second item number two, has also been explained that "Marhun and its benefits remain the property of Rahin. In principle, *marhun* should not be exploited by *murtahin* unless the permission of the *rahin*, without reducing the value of *marhun* and its utilization is just a substitute for maintenance and maintenance costs ". According to the fatwa which has been explained, PT BPRS Karya Mugi Sentosa has implemented Shariah compliance in practice for

the use of *marhun* and has been in compliance with the National Sharia Council Fatwa of the Indonesian Ulama Council.

4.2 Discussion on Marhun Maintenance and Storage

In the second article of the DSN No.25 / DSN-MUI / III / 2002 number two explains that "Murtahin (the recipient of goods) has the right to hold *marhun* (goods) until all the debts of the *rahin* (who deliver the goods) are paid off". Based on the fatwa, PT. Sharia Rural Bank (BPRS) Karya Mugi Sentosa is entitled to keep the customer's guarantee (*marhun*) until the financing received by the customer is settled.

In the second edition of the DSN No.25 / DSN-MUI / III / 2002, the third number explains that "Maintenance and storage of *marhun* is essentially mandatory, but it can also be done by *murtahin*, while the cost and maintenance of storage remain a liability of *rahin*" and Fatwa DSN No.26 / DSN-MUI / III / 2002 of the first item number two explains that "The cost and the cost of storing goods (*marhun*) is borne by the pawns (*rahin*)". Based on the fatwa-fatwa, instead of because the BPRS has stored *marhun* then PT. Sharia Rural Banks (BPRS) Karya Mugi Sentosa charge fees based on *ijarah* agreement but not burdensome for customers. The customer pays the cost of the *ijarah* when it is paid off.

Based on Fatwa DSN No.25/DSN-MUI/III/2002 second item number one and three also Fatwa No.26/DSN-MUI/III/2002 first item number two, PT. BPRS Karya Mugi Sentosa practically has implemented Shariah compliance for the maintenance and storage of *marhun* is in accordance with the DSN-MUI.

4.3 Discussion of Marhun Cost

Cost determined by PT. BPRS Karya Mugi Sentosa is the cost of *taxation* (admin fee). The fee is payable before, and the cost of *ijarah* is paid when the customer repay the financing. Fatwa DSN No.26 / DSN-MUI / III / 2002 of the first item number three has been explained that "Fees as intended are based on real expenditures - real need". The cost of taxation is a cost that is clearly needed. The taxation fee is the administrative fee. It is paid at the beginning implementation of rahn. The cost of *ijarah* is the cost determined by PT. BPRS Karya Mugi Sentosa based on the decision of PT. BPRS

KMS. Customers who use the mortgage financing will be charged Rp15.000 taxation fee and stamp Rp6.000, if it is not customer PT. BPRS KMS added a fee of Rp10,000 for the application. Financing earned by customers is up to 90% of the estimated value.

PT. BPRS Karya Mugi Sentosa has calculated the financing obtained by customers with the following details:

1. BB means Buy Back which listed in website PT. Antam (Persero) Tbk. and it can be checked on daily basis. At July, 6th is Rp 468.000,-

a. HDE (gold basic price) PT. BPRS KMS :
Rp 374.400

Obtained from BB – 20% → Rp. 468.000
– 20% = Rp 374.400

b. Estimated Value

It is the calculated cost from HDE PT BPRS KMS, and it has been covered by.

Bracelet gold grades 75% → 75% x 374.400
= Rp 283.600

Ring gold grades 60% → 60% x 374.400 =
Rp 227.000

c. Value of Financing

It Is a value that gained from 90% of estimated value.

Bracelet: 90% x Rp 283.600 = Rp 255.200

Ring : 90% x Rp 227.000 = Rp 204.000

d. Value of Taxation

It is a calculated amount to get the financing amount:

Bracelet: $\frac{75\%}{99\text{Karat}} \times 374.400 = \text{Rp}283.636$

Rp 283.636 x 7,2gram = Rp 2.042.000

Ring : $\frac{60\%}{99\text{Karat}} \times \text{Rp}374.400 = \text{Rp}227.000$

Rp 227.000 x 1,55 gram = Rp 351.700

e. Loan Value

It is the value of financing provided to customer with portion 90% of taxation value.

Bracelet : 90% x Rp 2.042.000 = Rp 1.838.000,-

Ring : 90% x Rp 351.700 = Rp 316.500,-

The amount of financing earned by the customer:
Rp 1.838.000 + Rp 316.500 = Rp 2.150.000

Additional administration fees:

Stamp : Rp 6000,-

Taxation Fee : (admin fee + stamp)

:Rp15.000 + Rp6000

: Rp21.000

If it is for new customer

Account's fee : Rp10.000,-

Funds received by customers:

Financing – Taxation fee

Rp2.150.000 – Rp31.000 = Rp2.119.000,-

Based on calculations related to the cost of *rahn* above, then the actual funds received by the customer is Rp 2,119,000, -. However, at the time of repayment of financing, the customer will be charged rental fund for maintain the collateral (gold) which is stored by the PT. SRB KMS.

Customers can pay off the financing of *rahn* by coming directly to the Teller PT. BPRS Karya Mugi Sentosa located at Jalan Margorejo Indah No. 70 D Surabaya.

According to the fatwa which has been explained by DSN Fatwa No.25 / DSN-MUI / III / 2002 and No.26 / DSN-MUI / III / 2002 the implementation of maintenance and storage *marhun*, PT. BPRS Karya Mugi Sentosa has implemented Shariah compliance in accordance with the Fatwa.

4.4 Sales Discussion / *Marhun* Auction

Sale or auction of guarantee goods (*marhun*) will be implemented if customer cannot pay off the financing at the specified time. Ali (2008: 92), which states that if *rahin* can not pay off *marhun bih to murtahin* entitled to auction or sell *marhun* at maturity. However prior to the auction is implemented, there are some things to do. A week before the maturity, PT. BPRS KMS must give warning to the customer. It is also shown in the financing of the contract about the marching agreement or sale if the *rahin* cannot pay off its debt.

Based on the financing experience of *rahn* contract in PT. BPRS Karya Mugi Sentosa, during the operation for approximately eight years, there has never been a case for selling and auctioning of security goods (*marhun*). All of its customers make sure to pay off the financing less than the time period provided by the *murtahin*.

4.5 Cost Discussion on *Ijarah* Agreement

Fatwa DSN No.26 / DSN-MUI / III / 2002 point number four has been explained that "The cost of storing goods (*marhun*) implementation based on *ijarah* agreement". A question about *Ijarah* is customers taking advantage of the PT. BPRS KMS

is in the form of loans. During the loan period, the guarantee goods (*marhun*) guaranteed by the customers are stored and provided by PT. BPRS Karya Mugi Sentosa.

Based on the company's SOP, it is explained that the cost of *ijarah* is determined by PT. BPRS Karya Mugi Sentosa is calculated per 10 days. The cost of *ijarah* has been set by PT. BPRS Karya Mugi Sentosa, in accordance with what is written in the SOP. The formula used to calculate the cost of *ijarah* is:

$$\frac{\text{Rp } 55}{\text{Rp } 10.000} \times \frac{\text{taxation fee}}{10 \text{ hari}} \times \text{days}$$

(counts from the beginning)

Nb: Days are multiplied per 10 days

Loan Principal	: Rp 2.150.000,-
Taxation fee	: Rp 2.393.700,-
Days	: 27 counted 30
Maintaining Fee	:
	$\frac{\text{Rp } 55}{\text{Rp } 10.000} \times \frac{\text{Rp } 2.393.700}{10 \text{ days}} \times 30 \equiv \text{Rp } 39.496$
Loan Principal	: Rp 2.150.000
Maintaining Fee	: Rp 39.496
Payment	: Rp 2.189.496

In accordance with SOP PT. BPRS Karya Mugi Sentosa, fee settlement formula is different if the financing is below Rp 25 Million then the formula used as the formula above (Rp55 / Rp10.000). However, if the financing above Rp 25 million maintenance fee is cheaper that is Rp50 / Rp10.000. According to the fatwa described above, implementation cost storage of goods (*marhun*) based on *ijarah* agreement. PT. BPRS Karya Mugi Sentosa has implemented Shariah compliance based on Fatwa DSN No.26 / DSN-MUI / III / 2002 point number four.

5 CONCLUSION

Practice of financing products *rahn*, PT. BPRS Karya Mugi Sentosa has complied with Shariah compliance based on Fatwa. 25 / DSN-MUI / III / 2002 and No. 26 / DSN-MUI / III / 2002. Shariah compliance was analyzed from five patterns, namely: (1) Utilization of *marhun*, (2) maintenance and storage of *marhun*, (3) cost of *marhun*, (4) sale or auction of *marhun*, (5) fee on *ijarah* contract.

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