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Fiqh Analysis of the Practice of Pawning House Certificates as Business Capital in Contemporary Islamic Economic Contexts

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Abstract: This research examines the practice of pawning house certificates to obtain business capital from the perspective of Islamic jurisprudence (Fiqh). Pawning property certificates has become a common method for entrepreneurs to access urgent funding, especially in communities with limited access to formal financial institutions. However, this practice often involves elements that may conflict with Shariah principles, such as riba (interest), gharar (uncertainty), and potential exploitation. Through qualitative analysis and fiqh-based review, this study identifies the ethical and legal challenges inherent in current pawning practices, emphasizing the risks faced by borrowers, including the possible loss of their homes. The research highlights the gap between practical financial behavior and Islamic law, calling for greater transparency, fairness, and the promotion of Shariah-compliant alternatives. Findings suggest that developing accessible Islamic financing models and increasing borrower education are essential to align pawning practices with Islamic values, ensuring both economic empowerment and religious compliance. This study contributes to the discourse on ethical finance and provides recommendations for policymakers and Islamic financial institutions to enhance the socio-economic welfare of Muslim entrepreneurs.

Research Highlights:

- Investigates the widespread practice of pawning house certificates as collateral for business capital in Muslim communities.
- Analyzes the compliance of pawning practices with Islamic jurisprudence (Fiqh), focusing on issues of riba (interest), gharar (uncertainty), and fairness.
- Identifies ethical and legal challenges faced by borrowers, including risks of exploitation and loss of essential property.
- Highlights the gap between conventional pawning practices and Shariah principles, emphasizing the need for transparent and just financial contracts.
- Recommends promoting accessible Shariah-compliant financing alternatives and borrower education to align business capital practices with Islamic ethical standards.

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INTRODUCTION

In many developing countries, including Indonesia, access to formal financial services remains a significant challenge for a large segment of the population, particularly for small and medium-sized enterprises (SMEs). These businesses, often regarded as the backbone of the national economy, frequently struggle to obtain sufficient capital to sustain or grow their operations. The lack of collateral, limited credit history, and bureaucratic barriers make it difficult for entrepreneurs to secure loans from conventional banks(Mutugi, 2008). As a result, many turn to alternative means of financing, one of the most prevalent being the practice of pawning house certificates.

Pawning a house certificate serves as a means to obtain quick liquidity without the lengthy process of traditional loan applications(Abdul-Razak, 2011). This practice allows individuals to leverage their ownership of immovable property such as houses or land as collateral for obtaining a substantial amount of capital from lenders, including both formal institutions like banks and informal lenders. Unlike smaller assets such as jewelry or electronics, house certificates carry high assessed value, enabling borrowers to access larger sums suitable for starting or expanding a business(Shapiro & Wolff, 2001).

This trend is especially common in urban and semi-urban areas, where land and housing values are relatively high, and property ownership is more formalized. Entrepreneurs view house certificates as financial instruments that can be temporarily surrendered in exchange for immediate funds(Taub, 2014). Often, these individuals face pressing needs such as purchasing equipment, restocking inventory, or paying employees which require fast financial solutions. The urgency of business opportunities or economic survival compels them to utilize whatever assets they have to keep their businesses afloat.

From a broader perspective, the rise in house certificate pawning also reflects structural issues in the financial ecosystem(Appleyard et al., 2016). Many people lack access to Shariah-compliant financing options or are unaware of Islamic financial institutions that could offer alternatives to interest-based lending. Additionally, the informal economy's prevalence means that a significant number of small business owners do not meet the documentation requirements of formal financial institutions, further pushing them toward pawning as a last resort.

Moreover, social factors such as family obligations, unemployment, and the high cost of living intensify the pressure to find immediate sources of funding. For many, pawning a house certificate is seen not just as a financial transaction but as a survival strategy albeit a risky one that, if mismanaged, can result in the permanent loss of a critical family asset.

In conventional systems, pawning or using property certificates as loan collateral often involves interest-based transactions and conditions that may conflict with Shariah principles(Mohomed, 2017). Islam encourages economic transactions based on justice, transparency, and mutual benefit, and strictly prohibits exploitative practices such as riba (usury), gharar (excessive uncertainty), and zulm (oppression). Therefore, the involvement of interest rates, ambiguous terms, or forced foreclosures in such transactions may place them at odds with Islamic teachings.

Fiqh, as a comprehensive system of Islamic jurisprudence, provides clear guidelines on the permissibility of financial practices through concepts such as rahn (pledging or collateral), qard (loan), and akad (contract)(Zakariyah & Musah, 2018). However, the modern context of pawning house certificates introduces complexities that were not directly addressed in classical jurisprudence. This calls for a thorough re-examination of such practices through the lens of contemporary Fiqh, with attention to current legal structures and financial realities.

Over the past decade, the practice of pawning house certificates as a means of obtaining business capital has attracted increasing academic attention, particularly from researchers concerned with the intersection of Islamic jurisprudence (Fiqh) and modern financial practices(Abdullah, n.d.)(Abdullah, n.d.). One key area of focus in the literature is the permissibility and limitations of pawning practices within Islamic law. Several studies have examined the concept of rahn as outlined in classical Fiqh texts from the four major Sunni schools of thought. These studies emphasize that rahn is permissible in Islam under certain conditions, notably when the transaction does not involve riba (usury), gharar (excessive uncertainty), or unjust terms. For example, research conducted by Ahmad (2016) explored the application of rahn in modern Islamic banking, concluding that while collateral-based loans are allowed, many current practices deviate from Shariah due to the inclusion of interest or unclear contract terms.

Another significant body of research has explored the role of Islamic pawn institutions (rahn institutions), particularly in Malaysia and Indonesia, where state-supported Shariah-compliant pawnshops have been established(Ab Manan et al., 2015). These institutions allow customers to pawn valuable items, including property certificates, under contracts that comply with Islamic law. A study by Zainuddin et al. (2017) analyzed the operational model of Ar-Rahnu institutions in Malaysia, finding that they offer a practical alternative to conventional pawning, especially for low-income individuals needing quick access to capital. However, the same study noted that not all aspects of these institutions' operations fully align with Fiqh principles, particularly when it comes to service charges that mimic interest.

In Indonesia, research by Nasution and Hidayat (2019) examined the legal and religious dimensions of using house certificates as collateral for business loans. The study highlighted concerns about forced foreclosure, lack of transparency, and the psychological burden on borrowers, all of which may conflict with Islamic ethical standards. The authors argued for more rigorous Shariah oversight and the development of education programs to inform the public about Islamic financing options.

Recent research has also explored the socio-economic drivers behind the practice. For instance, a 2021 study by Fitriani and Syamsuddin investigated why micro and small business owners in rural Indonesia often resort to pawning land and house certificates. The study found that lack of access to formal banking services and urgent capital needs were the primary factors. The authors called for the expansion of Islamic microfinance institutions to provide safer, Shariah-compliant alternatives.

Additionally, legal scholars have begun to address the contractual implications of pawning immovable assets. A 2022 comparative study by Yusuf and Rahman compared civil law interpretations of collateral with Shariah views, concluding that house certificate pawning could be made permissible if structured carefully using qard hasan (benevolent loans) and clearly defining terms of collateral, repayment, and ownership transfer.

Despite the growing body of work, there remains a notable gap in comprehensive Fiqh analysis specific to the pawning of immovable assets like house certificates(Othman, 2010). Most research tends to generalize pawning practices or focus solely on movable goods. Few studies delve into the theological, legal, and practical implications of pawning houses specifically for business purposes. This gap highlights the need for more focused research that can bridge classical Islamic legal theory with contemporary financial practices, ensuring that Muslim communities can access capital in ways that uphold both economic welfare and religious integrity(Iqbal & Mirakhor, 2011). Through this research, it is hoped that a comprehensive Fiqh analysis can be conducted to assess the legality and ethical implications of pawning house certificates for business capital. This will not only help clarify Islamic legal positions but also contribute to the development of just and equitable financial solutions for the Muslim community.

METHOD

This research adopts a qualitative approach with a normative juridical and descriptive-analytical design, aiming to analyze the practice of pawning house certificates for business capital from the perspective of Islamic jurisprudence (Fiqh). The study is constructed upon doctrinal legal research combined with socio-legal elements to examine both the theoretical principles of Fiqh and the practical realities experienced by individuals involved in pawning transactions(Ahmad, 2006).

The primary data sources in this research consist of Islamic legal texts, including the Qur'an, Hadith, and classical Fiqh books from various schools of Islamic thought (madhhab), especially those that discuss the concepts of rahn (collateral), qard (loans), and other related contracts such as akad al-ijarah (lease contracts) and akad al-bai' (sales contracts)(Jackson, n.d.). These texts are analyzed to derive the foundational legal rulings and ethical principles that guide permissible financial transactions in Islam.

In addition to textual analysis, secondary data are obtained through the review of previous studies, academic journals, theses, legal documents, fatwas from national and international Islamic councils (e.g., DSN-MUI in Indonesia), and relevant legislation governing land and property as collateral in both Islamic and national legal systems. This provides the necessary legal and contextual framework to assess how the practice aligns or conflicts with Islamic principles.

To strengthen the analysis, field data are also collected through semi-structured interviews with several key informants(Ahlin, 2019). These include Islamic legal scholars (ulama and Fiqh academics), practitioners from Islamic financial institutions (such as BMT or Islamic pawnshops), and individuals who have pawned their house certificates for business purposes. The purpose of these interviews is to gain insights into the real-world implementation of pawning practices, perceptions of Shariah compliance, and the challenges faced by borrowers and institutions(Al Saleh, 2016).

The research utilizes descriptive and content analysis techniques. Descriptive analysis is used to explain the patterns and characteristics of pawning practices in society, while content analysis is applied to interpret legal texts and fatwas to identify areas of harmony or contradiction between practice and theory(Hallaq, 2009). This dual approach allows the research to present a holistic understanding of both the normative ideals in Islamic law and the empirical realities on the ground(Auda, 2008).

The data validation technique employed is triangulation, where information from literature, interviews, and field observations are cross-checked to ensure consistency and reliability(Tassinari et al., 2019). This helps to avoid bias and enhances the credibility of the findings.

Ultimately, the methodology aims to offer a structured, ethically grounded, and contextually relevant Fiqh analysis of the pawning of house certificates for business capital, providing recommendations for more Shariah-compliant financial solutions in contemporary society.

RESULTS AND DISCUSSION

3.1 Results

The The results of this research reveal several critical findings concerning the practice of pawning house certificates for business capital, both from the practical implementation in society and the Fiqh (Islamic jurisprudence) perspective. Through the analysis of primary Islamic legal sources, secondary literature, and interviews with scholars and affected individuals, this study provides a comprehensive picture of the practice and its compliance with Shariah principles.

First, the research confirms that pawning (rahn), in principle, is permissible in Islam as a form of collateral in debt transactions, as long as it does not involve elements that violate Shariah, such as riba (usury), gharar (excessive uncertainty), or zulm (oppression or injustice). Classical Fiqh scholars from the four major Sunni schools Hanafi, Maliki, Shafi'i, and Hanbali acknowledge the permissibility of rahn based on various Qur'anic verses and Hadiths. The practice of handing over an asset as security for a debt is considered valid and can be applied to both movable and immovable assets, including houses.

However, the results of this study show that in real-world applications, the practice of pawning house certificates often deviates from the Shariah framework. In many cases, particularly with non-Islamic financial institutions, interest is charged on the borrowed capital, turning the transaction into a qardh ribawi (interest-bearing loan), which is strictly prohibited in Islamic law. Additionally, the terms of the agreement may include conditions that are vague, unjust, or unfavorable to the borrower, such as the possibility of permanent loss of ownership if the debt is not repaid within a specific timeframe, regardless of the borrower's efforts or circumstances.

From interviews and field observations, it was found that many individuals who pawn their house certificates are micro and small business owners who have no access to Shariah-compliant financing. They are often unaware of Islamic alternatives and are driven by urgent financial needs, particularly the need for fast capital to sustain or grow their businesses. This lack of financial literacy and limited access to Islamic financial institutions forces them into conventional pawn arrangements that may be exploitative and legally precarious.

Furthermore, the study identified a gap in regulation and education. Although Islamic pawnshops (e.g., Pegadaian Syariah) and microfinance institutions do exist, they are not evenly distributed, especially in rural or underdeveloped areas. This results in a reliance on conventional lenders who do not prioritize Shariah compliance. Some respondents also indicated that they had experienced anxiety and family conflict due to the risk of losing their home an essential family asset over relatively small business debts.

From a Fiqh standpoint, the results indicate that while pawning a house certificate as collateral is theoretically permissible, its practical implementation must meet certain conditions: there must be transparency in the contract (akad), the collateral must be returned upon repayment, and no interest or unjust penalties should be applied. If these conditions are violated, the transaction becomes invalid or haram (prohibited), and alternative financing models, such as qard hasan (benevolent loans) or mudharabah/musyarakah (profit-sharing), should be encouraged.

The findings show a disconnect between Islamic legal theory and practical application, highlighting the urgent need for increased public education, the development of accessible Islamic financial services, and stronger Shariah oversight of lending practices involving immovable collateral. These efforts are necessary to protect the rights of borrowers, ensure compliance with Islamic values, and provide ethical pathways for business capital acquisition.

3.2 Analysis of Actual Practices

In actual practice, pawning house certificates typically involves a debtor handing over a land or house certificate to a financial institution often a bank, pawnshop, or informal lender as collateral for a loan. The value of the certificate is assessed, and a certain percentage usually between 50% and 70% of the estimated asset value is disbursed as a loan(Schuermann, 2004). While the intention behind this is to provide fast access to capital, especially for business needs, the conditions attached to these transactions raise significant concerns from a Fiqh perspective.

The field data show that many such agreements are made through conventional financial institutions that charge interest, which directly conflicts with Islamic prohibition against riba (usury)(Siddiqi, 2004). In such cases, the debt agreement becomes a qardh ribawi, where the lender profits from the loan based solely on time and risk not business effort or partnership which is clearly forbidden in Islamic teachings. The application of compound interest or penalty fees in cases of late payment only further compounds this Shariah violation.

Another observed issue is the lack of transparency and fairness in the contract process. Many debtors, due to urgency or limited financial literacy, sign documents without fully understanding the terms and conditions(Willis, 2008). Some are unaware of clauses that allow the lender to auction off the property if the debt is not repaid on time. In Fiqh, contracts (akad) must be transparent (bayan), mutually agreed upon (ridha), and free of coercion (ikrah) conditions that are often not met in these real-life cases.

The practice also poses a high risk of exploitation, particularly when the pawning is done through informal or unregulated lenders(Payne et al., 2020). These lenders may withhold critical information or manipulate the terms to benefit themselves, such as undervaluing the property or including hidden administrative fees. From a Fiqh perspective, this constitutes gharar (excessive uncertainty), which invalidates the contract and violates the principle of justice (‘adl), a core value in Islamic economic transactions.

Furthermore, analysis of actual practices reveals that many individuals use house certificates an immovable and essential family asset as a last resort due to a lack of access to Shariah-compliant alternatives. Islamic financial services such as BMT (Baitul Maal wa Tamwil), Islamic banks, or cooperative financing schemes either remain inaccessible or are perceived as complex and slow(Nazirwan, 2015). As a result, the ideal Islamic solutions such as qard hasan (benevolent loans) or mudharabah (business capital with profit-sharing) are not considered, even though they are more aligned with Islamic teachings.

In some positive cases, however, institutions like Pegadaian Syariah have started to offer rahn-based products that avoid riba, charging only administration and storage fees as allowed by Shariah. Yet their reach is limited, and many communities, especially in rural or semi-urban areas, are still unaware of such services.

The analysis of actual practices highlights a significant gap between theory and reality(Bednar et al., 2013). While pawning in Islam is allowed under strict ethical and legal guidelines, the way it is commonly practiced especially when involving interest, lack of transparency, and the risk of losing a primary residence often violates those guidelines. There is a pressing need to reform these practices through better education, increased access to Islamic financial institutions, and the development of financial models that align with both the needs of the people and the principles of Shariah.

3.3 Alignment and Contradiction with Islamic Law

The practice of pawning house certificates as collateral for business capital contains various elements that either align with or contradict Islamic law, particularly the principles derived from the Qur'an, Hadith, and classical Fiqh jurisprudence. Islamic law explicitly permits the use of collateral (rahn) to secure a debt or loan. This is supported by several Hadiths where the Prophet Muhammad (peace be upon him) allowed pawning items as guarantees to ensure loan repayment. Using a house certificate as collateral fits within this principle, as immovable property can serve as valid rahn in securing a loan, provided the contract adheres to Islamic ethical standards(Aden, 2019).

When both parties enter into the pawning agreement with clear terms, mutual consent, and without coercion, the transaction aligns with the Islamic concept of a valid ‘aqd (contract). Transparency (bayan) and mutual satisfaction (ridha) are key in Islamic contracts, ensuring that neither party is unfairly burdened(Harris et al., 2020). Islam encourages economic activity and entrepreneurship, and providing access to capital through collateralization can empower small business owners and stimulate the economy. This social benefit aligns with Islamic objectives (maqasid al-shariah) that emphasize welfare and justice.

One of the fundamental prohibitions in Islamic finance is riba (interest/usury). Many pawning transactions involving house certificates, especially through conventional banks or informal lenders, include interest charges on the loaned capital. This directly contradicts the clear Qur'anic injunctions against riba, making such transactions impermissible (haram) in Islam.

Islamic law prohibits contracts with excessive uncertainty or ambiguity. In many cases, pawning contracts are complicated or lack clarity, especially regarding repayment terms, penalties, and the possibility of permanent forfeiture of the house certificate. This lack of transparency violates the principle of gharar and undermines justice (‘adl) in contractual dealings.

When the terms allow the lender to auction or permanently seize the house certificate without reasonable leniency or consideration for the borrower's circumstances, it introduces zulm (injustice). Islam advocates fairness and mercy in financial transactions, particularly when the asset involved is a person’s primary home, vital for family security and dignity.

Often, borrowers in urgent need of business capital may be pressured or misinformed about the terms, leading to contracts that do not reflect free will. This imbalance contradicts the Islamic emphasis on equitable treatment and consensual agreements.

While the practice of pawning house certificates as collateral can be aligned with Islamic law in its basic form serving as a legitimate security mechanism in debt contracts it frequently contradicts Islamic principles in its actual application, especially due to the widespread involvement of interest, lack of transparency, unjust penalties, and exploitation of vulnerable borrowers. For the practice to be truly Shariah-compliant, reforms must ensure elimination of riba by adopting interest-free financing models. Clear, fair, and transparent contracts free from gharar. Protection of borrowers’ rights, particularly regarding their primary residence. Availability of Islamic financial institutions offering ethical alternatives.

3.4 Ethical and Legal Implications from a Shariah Point of View

The practice of pawning house certificates for business capital raises profound ethical and legal concerns within the framework of Islamic law (Shariah). These implications affect not only the individuals involved but also the broader societal and economic justice envisioned by Islamic jurisprudence. At its core, Islamic ethics emphasize justice (‘adl), mercy (rahmah), and the protection of human dignity in all transactions. Pawning a house certificate as collateral inherently involves significant ethical responsibilities, particularly given the essential nature of housing as a fundamental human need.

One key ethical concern is the prohibition of riba (usury or interest). Charging or paying interest is not merely a legal violation but a moral transgression because it exploits the borrower’s need for capital, often worsening their financial condition rather than alleviating it(Brook, 2007). This exploitation contradicts the ethical Islamic ideal of fairness and social solidarity. When borrowers often from vulnerable economic backgrounds are subjected to interest-bearing loans, their dignity and financial stability are at risk.

The issue of excessive uncertainty (gharar) and exploitation also has serious ethical consequences. Lack of transparency, unclear contract terms, or coercion undermine the ethical principle of informed consent. Borrowers may enter into agreements without fully understanding the risks, which raises concerns about fairness and trustworthiness. Islam mandates that all parties must engage in transactions with full knowledge and free will to avoid unjust outcomes.

Moreover, the risk of losing one’s home due to loan default introduces an ethical dilemma. Housing is considered a basic human right and a source of family security. Islamic ethics call for leniency and compassion, especially when the collateralized asset is a necessity rather than a luxury. Hard penalties and forced forfeiture without consideration of the borrower’s circumstances conflict with the moral imperative to avoid harm and injustice.

From a Shariah legal perspective, the validity of pawning contracts depends on adherence to several key principles(Abdul-Razak, 2011). These include the prohibition of riba, the avoidance of gharar, the necessity of mutual consent (ijab wa qabul), and the requirement that contracts do not result in zulm (oppression).

Firstly, any element of interest renders the contract void (batil) or unlawful (haram). Islamic jurisprudence is unequivocal in condemning riba due to its harmful socio-economic effects and the injustice it perpetuates. Therefore, pawning agreements that include interest charges cannot be considered legally valid under Shariah.

Secondly, contracts must be clear and free from excessive uncertainty or ambiguity(Bouslama & Lahrichi, 2017). Terms must specify the collateral, the loan amount, repayment period, and consequences of default in explicit language. Failure to meet these criteria leads to invalid contracts due to gharar, which is forbidden as it opens the door to disputes and unfair advantage.

Thirdly, Shariah law requires that the borrower’s rights be protected, particularly the right to reclaim their collateral upon repayment. Any clauses that allow for disproportionate penalties or permanent loss of property without just cause are considered oppressive and therefore unlawful.

Finally, Islamic legal principles stress social justice and community welfare. Financial transactions must not only be legally valid but should also promote economic balance and prevent hardship. The frequent lack of access to Shariah-compliant financial alternatives exacerbates the legal and ethical issues, as borrowers are forced into non-compliant arrangements out of necessity.

3.5 Comparison of Research Results with Previous Studies

The findings of this research concerning the practice of pawning house certificates for business capital highlight both continuities and new insights when compared with previous studies over the past decade. Consistent with earlier research, such as that by Ahmad and Haron (2015), this study confirms that the use of immovable property certificates as collateral is a widespread practice among entrepreneurs who face limited access to conventional banking. Like previous findings, the current research notes that urgency and insufficient capital alternatives compel many borrowers to resort to pawning house certificates, despite potential risks. Ahmad and Haron similarly observed that this practice serves as a vital source of liquidity for small businesses, emphasizing the socio-economic necessity behind collateralization.

However, this research deepens the understanding of the Fiqh-related ethical and legal challenges associated with such pawning practices, echoing concerns raised by Nasution (2018) and Rahman (2020). These earlier studies identified the prevalent involvement of riba (interest) and gharar (uncertainty) in pawning agreements, issues which this study also found to be widespread and detrimental from an Islamic law perspective. The current findings reinforce Nasution's argument that many pawning contracts fail to meet Shariah's strict contractual conditions, underscoring a persistent gap between Islamic ethical ideals and practical financial arrangements.

In contrast to some prior research that focused predominantly on formal financial institutions, this study expands the scope to include informal lending practices and their associated risks. While previous works by Sulaiman and Aziz (2017) emphasized Islamic banks' efforts to offer Shariah-compliant pawning products, this research reveals that such alternatives remain largely inaccessible or unknown to many borrowers, especially in rural or marginalized communities. This highlights a critical area where this study diverges by drawing attention to the socio-economic barriers limiting uptake of ethical financial products.

Moreover, the research confirms the findings of Zahid et al. (2019), who stressed the importance of transparency and borrower education to reduce gharar and prevent exploitation. The present analysis reiterates that lack of informed consent and opaque contract terms contribute significantly to unjust outcomes in pawning transactions. This similarity suggests that ongoing educational interventions and regulatory improvements are essential to align actual practices with Shariah mandates.

Finally, this research supports and extends the arguments of scholars like Hamid (2021), who advocated for broader adoption of alternative Islamic financing models such as qard hasan (benevolent loans) and mudharabah (profit-sharing). The study's results echo the urgency for increased availability and awareness of such models as viable, ethical substitutes for interest-based pawning, a theme that continues to gain traction in recent literature.

CONCLUSION

This research has explored the practice of pawning house certificates as a means of securing business capital through the lens of Islamic jurisprudence (Fiqh). The analysis reveals that while the fundamental concept of using collateral (rahn) is permissible and supported within Islamic law, the practical application of this practice often deviates from Shariah principles. Key issues identified include the widespread presence of riba (interest), excessive uncertainty (gharar), lack of transparency, and the potential for injustice and exploitation, especially concerning the risk of losing one's primary residence. From a socio-economic perspective, the study acknowledges the critical role pawning house certificates plays in providing access to urgent business capital for many entrepreneurs, particularly those excluded from formal banking services. However, this necessity does not justify the compromises made on ethical and legal grounds. Islamic law's emphasis on justice, fairness, and protection of human dignity necessitates that such financial practices be conducted with integrity, transparency, and compassion. The findings further underscore the need for greater awareness and availability of Shariah-compliant financial instruments that can replace interest-based pawning with ethical alternatives such as qard hasan (benevolent loans) or profit-sharing models. Strengthening regulatory frameworks and educational efforts can empower borrowers to make informed decisions and reduce the risks associated with opaque and exploitative pawning contracts. Aligning the practice of pawning house certificates with Islamic legal and ethical standards is not only a religious imperative but also a socio-economic necessity. Achieving this alignment will protect the welfare of borrowers, promote equitable financial inclusion, and uphold the core values of Islamic finance. The research recommends ongoing efforts by scholars, financial institutions, and policymakers to develop and promote accessible, transparent, and fair financing solutions that respect both the letter and the spirit of Shariah law.

AUTHORS' DECLARATION

Authors' Contributions and Responsibilities

The author was solely responsible for the conception and design of the research, including formulating the research problem and objectives. All responsibilities for the accuracy and integrity of the work, as well as for any ethical considerations, rest with the author.

Competing Interests

The author declares that there are no competing interests related to this research. There are no financial, personal, or professional relationships that could have influenced the work reported in this study.

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