

Is Sharia Pawnshop being important for Indonesian society: Quadruple Helix Analysis

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Abstract

The development of sharia pawning is very rapid, viewed from the large number of branch offices opening due to the increasing transactions throughout Indonesia. The problem is the existence of Sharia pawning as driven by the socio-cultural conditions of society. The form of research used is normative juridical with a descriptive-analytical approach. The legal sources used are obtained from primary and secondary sources and use interdisciplinary studies in analyzing problems in Sharia pawning. This research aims to understand the existence of sharia pawning in Indonesia. In this research, the existence and position of Sharia pawn in improving lower middle-class society and MSMEs. The conclusions of this research show that the existence and position of Sharia pawning have shifted conventional pawning due to the increase in public trust in non-interest pawning and excellent service from these non-bank financial institutions in the eyes of the public, tiny and medium businesses. The use of four pillars - academics, business, government, and society - can further maximize the potential and increase the performance of this Sharia pawn in Indonesia.

1. Introduction

People can easily get the funds they need for both consumption and productivity easily and cheaply. The still low level of financial literacy and financial inclusion in the lower middle class contributes to the proliferation of private pawnshops, both sharia and conventional, as a consequence of the law of supply and demand in microeconomics, where when government pawn services do not evenly reach the needs of the community, this market niche will become opportunities for the proliferation of private mortgages. The existence of private pawnshops creates the potential for harm to the parties if there is no inherent supervision and can become a new style of loan sharking.

The urgency of this research shows that without the involvement of the parties, there is little possibility of improving community welfare through optimizing Sharia pawning in Indonesia. The existence of private pawning arises from a relationship that requires each other from both parties (Shabbir, 2020). Previous research stated that pawning is subject to the provisions of the DSN fatwa Number. 25/DSN-MUI/III/2002 concerning Rahn (pawnshop), because Sharia gold pawning must be by Islamic law, one example is what is done by the Sharia Pawnshop, Awirarangan Kuningan branch.

Gold Rahn (Gold Pawnshop) transactions are regulated in the DSN-MUI Fatwa N0.26/DSN-MUI/III/2002 that the Rahin (Pledgor) will be charged a reasonable maintenance fee for this it must be accompanied by an Ijarah contract (leasing) and if there is a failure to pay, the collateral will be auctioned in public to cover the debt. principal and *marhûn bih* (financing/loans), a reward given to creditor (*ujrah*) as well as auction fees and if it is insufficient then the *rahin* is still responsible for covering the shortfall because in a pawn the property rights remain in the hands of the *rahin*.

The effectiveness of sharia pawning can be seen through the increase in pawn transactions and the growth of pawn businesses in both critical and normal times. Religious values in sharia pawnshops contribute to the development of non-bank financial institutions in Indonesia therefore to be monitored and evaluated for any problems that arise for future improvements (Wijaya, 2022).

The implementation of Sharia pawnshops in Indonesia has developed along with the times and the rise of financial institutions that are by Sharia practices are starting to be carried out without the imposition of usury or interest on the loans provided, thereby providing social benefits in addition to providing profits to the pawnshop (Manahaar, 2019).

Pawnshops are an alternative financial institution for people who do not have formal financial inclusion and prefer traditional credit and are used to meet emergency needs but along with the development of the financial system and the financial crisis of family groups who were previously rich, pawnshops are also in demand. by the upper middle class (Nicolini & Cude, 2019).

Pawning is not only used for financial inclusion in low-income communities but has also targeted upper-middle-class communities, as it appears in the *ar-rahn* financing scheme in Malaysia that in the period 2020 to 2016, pawning was used as an alternative to fulfill people's living needs (Razak et al., 2017).

Kambara Kentaro said that Sharia Pawning is not just alternative financing but has become a credit culture in Malaysia, which can meet both consumer and productive needs, even though Sharia pawning has not been able to replace the role of conventional pawnshops in Malaysia. Sharia pawning has provided financial inclusion to the community and changed the mindset or credit paradigm that was previously borrowed from family or close relatives so increasing community financial inclusion through Sharia pawning can contribute to improving the real sector economy (Machmud et al., 2022).

Based on previous research, it can be seen that the novelty in this research is optimizing community welfare through the implementation of the quadruple helix system. This research aims to find out and examine the optimization of the welfare of the lower middle class through the implementation of sharia pawning based on the quadruple helix. The type of research used is normative juridical with a descriptive-analytical approach and a statutory regulatory approach. The legal sources used are based on primary and secondary sources related to pawning and analyzed involving multidisciplinary studies.

2. Literature Review

Maqosid Sharia

The shift in the meaning of sharia in English diction becomes Islamic Law (*fiqh*), even though its real meaning is as a way, method, or way (*manhâjullah, sabîlullah, tarîqullah, and tasyriyyah*) is not just limited to legal rules. The initial meaning of sharia is more of a moral invitation from a divine command that gives moral obligations to its followers to carry out personally in the hope of being responsible for their worldly life in the afterlife. The winding development of the Sharia forms the dynamic character of the Sharia and its form becomes increasingly clear. Legal experts must continue to recognize the principle of *ijtihad*, namely creative and applicable interpretation of Islamic jurisprudence (jurisprudence) in new situations (Faisal, 2019).

Understanding of Sharia is influenced by various factors, including sociological, cultural, and intellectual situations, every Muslim will understand the general principles that exist, while those that are more technical will show different results. Sharia, by Islamic legal experts, is defined as "a set of rules and regulations from Allah to humans conveyed through His messengers." To understand the meaning of sharia, three basic things are needed, namely faith, morals, and *fiqh* as well as legal codification (Setiawan, 2021).

Sharia contains a broader meaning than *fiqh*. In *fiqh* a behavior is categorized as legal or illegal, or halal and haram, whereas in sharia there are many categories for assessing a behavior. Therefore, in economic activities, *fiqh* is necessary as a benchmark in assessing or predicting an economic activity. Islamic Sharia functions to provide information and guidance on how Islamic economics should be run, whereas Islamic economics contains ownership rights and balance (Silvia Nur Febrianasari, 2020).

Fiqh is used as a tool to control economic products so that they do not violate Islamic law (both relating to worship and *muamalah*), as a source of law that is always adapted to current conditions by Islamic legal experts. The first sources are the Al-Qur'an, Sunnah, Ijma (agreement of scholars in deciding a problem), and Qiyas (analogy of legal issues contained in the Al-Qur'an or *Sunnah*). The second source of *fiqh* is related to considerations of legal interests, public interests, and customs that are in line with sharia (Silvia Nur Febrianasari, 2020). In detail, the scope and division of *muamalah* fiqh include two things (Suaidi, 2021):

- a. *Muamalah* adabiyah, namely *muamalah* based on the terms of a valid agreement between the parties, which is free without coercion and based on good faith.
- b. *Muamalah* Madiyah, namely *muamalah* related to the objects of agreements that are permitted in the economic sector, such as trading (*mudharabah* contracts, *al-bai'al-tijarah*), pawning (*al-rahn*), guarantees (*kafala* and *dhaman*), debt transfer (*hiwalah*), bankruptcy (*taflis*), regional boundary deeds (*al-hajru*), cooperation (*al-syirkah*), and other problems. other new ones, *muamalah fiqh*, likes property rights (*milkiyah*), and contract like *khiyar*, *ijarah*, *'ariyah* and *qiradh*, *rahn*, *syirkah* and *mudharabah*, *muzara'ah*, *musaqah* to grants, *sadaqah* and gifts

Islam's deep commitment to brotherhood and justice) causes well-being (*falah*) for all mankind is a fundamental goal of Islam. This well-being includes physical satisfaction due to mental peace and happiness. Maximizing output must be accompanied by ensuring efforts aimed at spiritual health that lies within the human mind, justice, and rules of the game that guarantee openness and a

balanced bargaining position at all levels of human interaction. Development that has the character of *rahmatan lil alamin* and is in line with the objectives of Sharia (*Maqâsid Sharia*).

Islam is a universal faith that is simple, easy to understand, and reason with. Islam is based on three basic principles *viz monotheism* (oneness), *khilâfah* (representative), and Justice (*adala*). Universality in the field of *muamalah* (business), where it is not only broad and flexible and applies comprehensively to both Muslims and non-Muslims. This fact is implied in an expression narrated by Sayidina Ali "*Lahu ma lana wa alaihim ma Alaina*" which means that in the field of *muamalah*, their obligations are our obligations and our rights are our rights (Setiawan, 2021). Islamic teachings consist of three main groups, namely Aqidah (belief/faith), Sharia relating to the worship of *Mahdoh* and *Ammah* (*Muamalah*), and *Akhlak* (ethics, values, commendable behavior), which form an integrated system (*nizham syamil*) covering all aspects of life; spiritual, contemporary and *ukhrowiyah* (Asmaret, 2020).

Quadruple Helix

Stakeholders are responsible for carrying out efficiency and effectiveness in interaction and cooperation between helixes through the use of developments in science and technology (IPTEK) in creating innovations in realizing economic growth and social welfare (Kitsios et al., 2021).

The dynamic interaction of four pillars (quadruple helix) – academics, business, society, and government – can increase a country's economic growth. A sustainable economy (SDG) is a future development direction that places more emphasis on the balance between ecological and economic functions and the environment in economics policy, so Carayannis and Campbell argue that there is a need to involve the fifth helix, namely the socio-cultural environment and governance (ESG) as anticipating public awareness of environmental and social sustainability (Cai & Lattu, 2022).

Economic development - will always go hand in hand with legal development, for this reason, it is a necessity that legal reform and development and legal development must always be developed to increase the nation's competitiveness and legal politics to realize economic growth and people's prosperity by creating legal certainty and protection. Erman Rajagukguk said that the role of law in economic development is whether the law can create stability, predictability (certainty and efficiency), and fairness. The concept of efficiency is a way to achieve maximum welfare. Welfare is said to have reached its maximum level when the goods and services distributed for the welfare of society as a whole (as measured by the individual's willingness to pay for goods and services), cannot be increased further (Limbang, 2018), the sustainable economic law

development, improvement of the legal system which includes legal structure, legal substance, and legal culture, considering that law plays a balancing role in accommodating competing interests, there is a trade-off between development that prioritizes growth results but fails to preserve the environment or effective and optimal economic development with balance and environmental sustainability (Sampson, 2020).

One of them is providing services in access to financial institutions, both banks and non-banks. Emil Salim in Ratih Lestarini said that the way society develops is reflected in the economic system it wants to run. He further stated that an economic system adopted by a nation depends on the ideology adopted by a country, so the one adopted by Indonesia is the Pancasila Economic System (Yuanitasari & Suparto, 2020). The success of economic development is supported by legal cisterns that aim to achieve well-being for all levels of society. Al-Qur'an was revealed to have emphasized deep attention to the socio-economics in society, trying to protect the weak layers of society and eliminate exploitation efforts from the powerful (equality bargaining position) so that in practice *muamalah* which is by the Qur'an must prioritize mutual help, in this context, the Qur'an prohibits the practice of usury and allows buying and selling, which essentially increases the burden of debtors who experience problems in paying off their debts which in turn contributes to increasing the misery of the debtor's life (the party who is responsible for the debt), as a result of which the debt doubles and continues to increase after exceeding the specified time limit (Limbang, 2018).

Isnaeni said that an economic system is an organization consisting of several institutions or institutions that mutually influence each other which is aimed at solving production-distribution-consumption problems which are the basic problems of every economy. The Islamic economic system lies in its foundational aspects and objectives, namely the principles of economic development based on Sharia principles and aimed at realizing a prosperous social economic order based on balanced justice (Subagiyo, 2018).

This transformation is one of the innovation systems in the financial industry. Where this transformation will involve interested parties, namely universities, the business world, society, and also the government, better known as a quadruple helix. Etzkowitz and Leydesdorff in Hary Sulaksono, said that in 1995, they designed a working model which was named Triple Helix. This concept is responsible for creating innovation in the industry. The party responsible for producing knowledge is the university. The party that represents society as a whole and acts as a bond between industry and universities is the university. The three of them work together through an approach top-down to create innovations that can improve the economic conditions of a country. The focus of innovation is

still in the economic sector. Therefore, this model is often referred to as a model that offers terms knowledge economy, namely a condition where everyone contributes in a socio-economic, technological, and cultural context that is interconnected with knowledge so that in the end they can create hybrid results - public or private - codified or not, real or virtual.

Quadruple Helix can be able to develop and promote innovation to stakeholders so they can work together to help the survival process. The quadruple helix serves as a policy decision for policymakers and SME owner-managers to understand how adjustments in identified initiatives can play an important role in survival in this crisis.

The latest paradigm of the Quadruple Helix Innovation Model (QHIM) describes the relationship between innovation strategy and the company's long-term business continuity process which leads to improving the country's economy. As the world economic scenario becomes vulnerable to the impact of the COVID-19 epidemic, arguments are no longer focused on whether a sustainable or stable economy will be realized, but rather on how responsible entrepreneurial practices are starting to change the business landscape, thereby impacting climate change. more responsible utilization of allocated resources, reducing their impact on regular business activities and profitability margins (Islam et al., 2021).

Pawning Sharia

The development of information technology has had a significant impact on increasing public literacy and financial inclusion, especially in enriching the capacity and capability of MSMEs to increase global competitiveness. Close interaction between pillars (helix) affects MSMEs' stability through digital-based financial applications, such as sharia pawning (Okfalisa et al., 2022).

A pawnshop is a collateral institution that offers debt and receivable transactions (obligator) by handing over authority over objects (movable goods and land) without changing the ownership rights to the object. The agreement chosen is in the form of a *rahn* or *ijarah* agreement (pawn, lease). Pawn agreement occurs when each party agrees with the pawn mechanism. Sharia pawn transactions are increasingly in demand as digital pawn applications increase people's financial inclusion literacy based on Sharia principles.

Pawning is an institution that guarantees material rights, which still exists today. The existence of this pawn is a cultural behavior that developed in Indonesian society long before the annexation by the Netherlands. Dynamics of pawnshop development in Indonesia as a form of adoption of pawnshops in Italy. The adoption of the Italian pawn system by the Dutch then influenced the pawn law

system in Indonesia. In 1746, through the opening of the van Leening Bank, in the form of a public-private partnership (between the VOC and the private sector) with a three to two proportion of share ownership (Wijaya, 2022).

Government regulations are needed as a consequence of the rise of private pawnshops in society and to maintain consumer protection so that they are not harmed by illegal pawnshop practices. Based on OJK data, the number of registered private pawns is: and as of April 30, 2019, 90 companies had obtained pawnshop business permits. where as many as 21 private companies and 1 state mortgage company obtained business permits – PT. Pegagaian (Persero) - and the remaining 68 private pawn companies are registered with the OJK, while the number that is not registered is much larger (OJK, 2019). The Quadruple Helix system can contribute to improving the welfare of society, where the mutualistic relationship between the four pillars can guarantee that a legal product has a strong binding force while providing a multiplier effect in the national economy effectively and efficiently (Hapsari et al., 2022). The four pillar system consists of elements of government, both central and regional, the world of education (academic) and the community as well as industry and business activists as well as the community and users (Fawaid & Utama, 2022).

Sharia pawning is a form of financial institution product that provides easy, cheap, and fast financing facilities to meet the funding needs of the lower middle class due to limited access to formal financial institutions (limited financial inclusion) (Buana et al., 2021). The existence of the Islamic economy influences all aspects of society's life, the *muamalah* aspect which regulates society's economic life is regulated based on *muamalah* fiqh. One of the products of Islamic economics is Rahn, where the existence of this guarantee institution has helped the community's economy through the promise of debts and receivables by relinquishing power of attorney over objects of value to credit providers (pawning = handing over power of assets). The issue is that ijarah and Rahn contracts in Islamic law are permissible and have even been implemented in Sharia banking and there are two types of ijarah contracts in Sharia banking, namely ijarah *mutlaqah* and *ijarah al Muntahiah bit tamlik*. As for sharia pawnshops, there is no interest in transactions because the legal basis is in the Al-Qur'an, Hadith, and Ijma.

Financing accompanied by a pledge is permitted, this is regulated through Fatwa 92 of 2014 as long as it complies with legal and harmonious requirements based on Islamic law where in the contract there are parties who agree (consent and Kabul) as well as the object being agreed upon and does not conflict with Islamic rules – free of interest and *gharar*. The development trend of Sharia pawning businesses will be achieved through collaboration between stakeholders. Optimizing the development of Sharia pawning is created through integration and

cooperation between governments related to parties interested in the socialization of Sharia pawn products, such as the OJK and Sharia financial service institutions that provide sharia financial service products.

Indonesian people prefer Sharia pawnshops over conventional ones, apart from religious reasons, as well as other advantages, through support for the digitalization of pawn transactions, which provide effectiveness and efficiency for customers in urban areas but also serve customers who digitalized by the internet network through one-stop service.

The state's recognition of a plural legal system is due to consideration of the reality of the correlation between legal systems which always fluctuates between the national, customary, and western legal systems which were recognized in the early days of independence to realize the effectiveness of the laws that will be enforced. Likewise, only pawning, apart from being regulated through Western law, is also regulated through customary law (Islamic law) which is usually called Rahn, however, the existence of private pawnshops which were previously not regulated, to anticipate consumer protection, a Financial Services Authority Regulation (POJK) was formed as the guarantor. financial and non-financial institutions are responsible for carrying out the function of implementing an integrated regulatory and supervisory system for all financial services sector activities (Rani, 2021).

Pegadaian is one of the institutions that provides very small-scale loans and is successful. For example, as Bouman and Houtman (1988) found in Sri Lanka, when People's Bank rural branches introduced pawnshop services, they went from making a loss to making a profit. However, this paper limits itself to East Asia and the development and operations of the pawnshop industry in the region. In doing so, it is recognized that many pawnshops, particularly in Hong Kong and Singapore, do not have a rural financial function, but their experience may be an interesting testament if others wish to adapt these institutions for rural purposes (Skully, 2019).

The existence of pawning is regulated and still refers to Articles 1150 -1161 of the Civil Code, and POJK No. 31 of 2016 concerning Pawnshop Business is a regulation regarding the institution and regulation of business entities that can carry out pawnshop business and legal protection efforts for consumers from irresponsible use of pawnshops by private pawnshops. The position of pawnshops and pawnshops in collateral institutions in Indonesia is very strategic and necessary in increasing public financial inclusion and plays a role in increasing national economic growth. Sharia mortgage refers to the Fatwa of the Sharia Council No: 25/DSN-MUI/III/2002 About Sharia Mortgage. In its development, the practice of pawning has now shifted its function from initially

functioning as financing to becoming an investment option. Initially, the community was greatly helped by the existence of pawns (Rahn) of this gold (Rudito, 2021).

However, with the paradigm change where gold pawning is used as a way to obtain other gold from the proceeds of pawning gold, it is suspected that it is outside or does not comply with the provisions of Sharia pawning and has changed its aim to become a place for speculation -shifting This must be avoided to restore the pawn's function to the benefit of the small people - as a form of realization *Rahmatan Lil Alamin*. The change in direction from analog to digital then confronts the world economy disruption era which has changed conventional business into business virtual which eliminates distance and routine in everyday life (un-borderless world) which affects the business world, including the pawn business as well, so like it or not, a transformation is needed mindset in transactions. towards a digital environment (Rudito, 2021).

The role of private pawning in supporting economic growth cannot be confined to company financing, the pawn industry can improve the economic sector, but the absence of legalization of pawn institutions has an impact on less than optimal financial support for lower-class communities due to hampered regulations. POJK Number 31/POJK.05/2016 concerning pawnshop businesses provides convenience in terms of regulation and supervision of the existence of registered and licensed private pawns in Indonesia (Badriyah et al., 2021).

The existence of private pawnshops is a consequence of the limitations of state pawnshops which have not been able to serve the needs of the community evenly due to limited resources so this market niche is exploited by private pawnshops, but as a result of the absence of regulations regarding private pawnshops, this will have the impact of neglecting the protection of the community from the efforts of loan sharks. a new style that has the potential to harm the wider community so national pawn regulations with legal certainty are needed (Machmud et al., 2022). The POJK regarding the pawn business is also a temporary exit door because the pawnshop law does not yet exist and still refers to Pandhuis Regulation No. 81 of 1928 and there has been no new legal update (Pandhuis Reglement Staatsblads 1928 S. 81 (Staatsblad Van Nederlandsch- Indie Over Het Jaar 1928), 1928).

There are many deviations from private pawning practices because the collateral becomes the property of the pawn holder, or the pawned object is sold directly by the pawn holder if the debtor fails to pay and without prior notification (*sommatie*) to the pledgor so that it is contrary to the POJK regarding pawn businesses and also the provisions in Article 1154 of the Civil Code (Badriyah et al., 2019). The sale of pawned goods after maturity is legal. This is by the meaning

of the essence of pawning itself, namely as a trust in a debt to be met for its price. If the debtor is unable to pay the debt, the pawned item can be sold to pay the debt, by representing the seller to a fair and trustworthy person. Auctions by sharia must also be accountable according to Islamic sharia, namely free from elements of *gharar*, *maisir*, usury, and falsehood. If the owner of the pawned item is unable to redeem the pawned item and pay off the debt, the pawn recipient (creditor) has the right to sell the pawned item by first informing the owner of the pawned item. Auctions are an attempt to return loans that cannot be repaid up to a certain limit. This repayment effort is carried out by selling the collateral to the public (Oktayani, 2019). In Islamic mortgages, if the debtor fails to pay, then the collateral on the mortgage will be auctioned on the authority of the mortgagor so that if there is an advantage from the auction results, it is the right of the mortgagor (Kentaro, 2018).

Pawning is a *muamalah* that is permitted in Islamic law as long as it is in line with Sharia principles because pawning is a transaction involving a debt and receivables contract on collateral for property rights, where the ownership rights to the collateral are in the hands of the debtor while the power over the goods is in the hands of the creditor (Silvia Nur Febrianasari, 2020). Pawning principles - conventional and sharia - namely, loans given by the pawnbroker to the Pledgor with collateral for goods, while goods that can be accepted as collateral are goods that have economic value and do not conflict with existing laws and regulations. The pawning process is carried out through an assessment of the collateral, the value of the collateral is determined from the condition, market price, or other provisions by the Sharia pawning company policy and then a calculation is carried out to produce an estimated value of the collateral to be pawned. Pawn recipients can provide additional loans if there is a request from the pawnbroker if the estimated value of the collateral (*marhun*) can cover previous loans plus *ujrah* from old loans (Mega Rachma, 2020).

The existence of this pawn has been more than 180 years and keeps pace with developments in the world economy. and coloring Indonesia's economic growth, one of which is increasing financial inclusion for people with small and medium incomes who have not been served by banking services, un-bankable. PT. Pegadaian - from its inception until 2011 - was the only pawn shop that had monopoly rights in the pawn business, as mandated by Article 33 of the 1945 Constitution relating to matters concerning the lives of many people. The existence of PT. Pegadaian has not been able to serve the overall need for pawn financing where the level of financial inclusion until 2019 only reached 76.9%, meaning that there are 23% of un-bankable people and it is difficult to access banking credit (Rina Ayu Larasati, 2019).

The philosophical basis of Pawnshops is in the goals of the Indonesian state where

it is stated that the goal of the State is to protect, promote general welfare (society), and educate the life of the nation based on Pancasila and the ideals of building economic democracy as stated in Article 33 of the 1945 Constitution. Community activities and Government activities support each other, complement each other, and complement each other in one unified step towards achieving national development goals based on Pancasila. The legal basis governing pawning (Rahn) in the Islamic economy is stated in the Qur'an Surah Al Baqarah Verse 283 (Tafsir Surat Al Baqarah, 2020):

"If you are traveling far away and cannot find anyone who can record debt documents for you, then the person responsible for the debt can simply hand over the pledge (collateral) received by the debtor, as security for his rights until the person responsible for the debt pays off the debt."

This practice of pawning has been exemplified by the Prophet SAW and he has done it, as described in the following hadith: "Aishah r.a. said that the Messenger of God bought food from a Jew by using his armor as collateral." (HR. al-Bukhari and Muslim.)

Recording in accounting is proof of recognition of the existence of a transaction. In the legal realm, debt and receivable transactions are usually through a notarial deed, which guarantees that the parties can respect and agree on and fulfill the rights and obligations of the parties in the transaction. Meanwhile, in pawning, an authentic deed is not required, but it is sufficient to provide collateral for objects of economic value.

A pawnshop is a financial institution where pawnshops run pawnshops using sharia principles. To ensure that there is an element of trust on the part of the creditor towards the debtor, it is necessary to have goods pawned as collateral for the debt or loan. The legal adage states that the person authorized to pawn is the owner of the item, or authorized to a third party where the item remains the property of the person who pawned it, but is controlled by the recipient of the item (taking possession) (Manahaar, 2019).

3. Research Method

This research used a qualitative approach. The data analysis technique used was descriptive analytical, which involved the presentation and interpretation of data to identify patterns and themes. Data were collected through literature review, interviews, and observations, which included primary and secondary data sources. Primary data was obtained from interviews with experts and practitioners in the field of Islamic pawnshops, while secondary data came from existing literature, official reports, and related studies. This research is

exploratory in nature with a phenomenological approach, which focuses on understanding the experiences and perspectives of individuals involved or affected by Islamic pawnshops.

4. Results and Discussion

Economic development must be supported by a legal system that does not just rely on the rule of law but also pays more attention to the rule of morals or the rule of justice. Legal certainty leads to orderly and orderly economic activities, while moral certainty and justice create economic development that can create a prosperous, just, and prosperous society (Iskandar & Addiarrahman, 2018).

The role of the state, through laws, is expected to bring about social welfare, differences, equality, and justice are realized through civil society. the state's participation in ordering its people to participate in goodness and prosperity. The state is not only obliged to materially prosper its people but the state is also obliged to shape character (character building). The interpretation of paragraph 1 of Article 33 of the 1945 Constitution states that "the economy is structured as a joint venture based on kinship." A joint business is an effort to live in an atmosphere of togetherness, cooperation, mutual help, cooperation, the content of forming a synergy like a business entity that is organized.

Mutually empowering collaboration between universities, government, industry, civil society movements, and the wider community. The development of global science and anticipation of the era of disruption, for universities, requires extensive collaboration between universities and unlimited parties (N Helix). Cooperation between institutions in developed countries - universities work very closely not only with industry but also with government institutions, parliaments, the judiciary, and civil society –networking This affects the university's synergy in responding to the challenges of the times and the ever-changing needs of society. The nomenclature of science has long been almost limitless. A science develops beyond the boundaries of its primordial discipline, meets other sciences, and gives birth to new cross-disciplinary science (Irianto, 2020).

Development of the pawn industry based on an innovation system quadruple helix This can be seen from the interrelated interaction of one helix with another helix, the public helix in this case society - related to culture, values, behavior, norms and lifestyle - influences the pawn object where the pawn product through innovation is not just a moving object, it can be seen that Indonesian society still recognizes that immovable property, in this case land, is usually mortgaged, even though the regulations state that land can only be used as collateral based on Law no. 4 of 1996 concerning Mortgage Rights, to accommodate land as an object of pledged objects, the government adopted UUPA No. 5 of 1960 and UU PRP 56 of

1960 where the maximum limit for pledging is 7 years - if after that period the collateral object must be returned without ransom, in In terms of other pawned objects, such as shares and also intellectual rights, they cannot be accommodated in pledged collateral, but in principle, these assets as objects of economic value can be pawned, however, the need to relinquish control over the goods is an obstacle, so the solution must be a special institution for storing collateral. in this case, the securities guarantee depository institution (securities custodian) on the stock exchange.

What about intellectual rights? Because it is intangible? This becomes material for studying how these assets become objects of pledge - the government, in this case as a regulator with the DPR, can design a regulation that accommodates these needs, whether by issuing a property law or a guarantee law that unites various material guarantee institutions in one law so that this occurs. synchronization and harmonization in their arrangements so that they do not overlap, for educational institutions as helix intellectuals can contribute to the development of the pawn industry. In terms of the business world (economy), the pawn industry has recently developed in society, but it still exists scarcity - limitations supply and demand - services from state traders, resulting in the emergence of private pawnshops which, if not regulated, will cause problems and potentially harm consumers.

For this reason, the role of the government as a regulator is needed to issue regulations by the sociology of society so that existing regulations must adapt to the development of community needs (public) through increasing financial inclusion, people can access funding to meet their needs – the sociological basis of the formation of mortgage legislation. So they are interconnected helixes. In this innovation system, pawn institutions can improve the welfare of the community.

5. Conclusion

The existence of the practice of pawning is regulated in the Qur'an, Surah Al Baqarah, verse 283, and Hadith History of al-Bukhari and Muslims. However, in its development, the practice of *muamalah* in Indonesia is still based on Dutch legacy law, namely the Civil Code, and its regulations are regulated through POJK No. 31 of 2016 where this regulation is a way out of the proliferation of private pawnshops in society, but this regulation does not yet guarantee legal certainty and ensure a conducive pawnshop business climate. So, regulations at the level of law are needed. To achieve social welfare, the pawnshop industry through collaboration between parties, in this case, the four-helix (quadruple helix) which is harmonious, including encouraging the pawning industry, especially sharia pawning, which is by the guidance of the Qur'an and Sunnah and is grounded

rahmatan lil alamin. So that society can prosper, especially among MSMEs, Sharia pawning needs the enrichment of applied information technology to reach people who are not yet reached by offline services so that excellent service can be achieved, namely fast, cheap, and easy service and avoiding loan sharks. The synergy of stakeholders in the four pillars (quadruple helix) in pawning – academics, the business world, and the community and government – further increases the role of the Sharia pawn industry in the national economy better than the conventional system.

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