

# Integrating Local Wisdom in the Practice of Farmland Pawn: A Narrative Literature Review Using the *Maqasid al-Shariah* Approach

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**Abstract:** This study analyzes how farmland pawning has evolved in Indonesian agrarian communities by integrating local wisdom and the evaluative framework of *maqāṣid al-sharī'ah*. Adopting a narrative literature review, it brings together findings from Islamic economics, rural anthropology, and legal analyses. The study traces the shift in farmland pawning from a solidarity-based to a more commercialized system. This change raises ethical concerns. These concerns include unequal benefit distribution, ambiguous contractual terms, prolonged pawning, and the potential rise of *riba* and *gharar*—contrary to Islamic principles of property protection and justice. The findings show that local wisdom values such as mutual cooperation (*gotong royong*), communal trust, and deliberation (*musyawarah*) remain strategically important for harmonizing customary practices with Islamic economic principles. The *bay' al-wafā'* model emerges as an alternative more aligned with *maqāṣid al-sharī'ah*. It clarifies contracts, ensures redemption, and reduces exploitation. This study offers a conceptual framework linking local culture with Islamic law. It provides recommendations for creating a fair, ethical, and sustainable method of farmland pawning in the modern rural economy.

**Keywords:** Farmland pawn, local wisdom, *maqāṣid al-sharī'ah*, rural Islamic economics, *bay' al-wafā'*, ethical financing model

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## Introduction

Farmland pawn is a traditional financing method used in Indonesia's agrarian communities. It helps meet urgent liquidity needs. The system is based on kinship and trust. Islamic law approves using assets as collateral. This approval is based on the Qur'an: "*And if you are on a journey and cannot find a scribe, then a security deposit should be taken*" (Qur'an 2:283). This verse confirms Rahn as a lawful transaction in Muamalah.

In practice, farmland pawning occurs when landowners urgently need funds. They then temporarily transfer cultivation rights as collateral (Raswanto et al., 2024; Ritonga, 2023). The practice reflects solidarity, mutual cooperation, and ethical assistance, consistent with the Prophet's saying: "*Allah will continue to help His*

*servant as long as the servant helps his brother*" (HR. Muslim). Its implementation varies across regions, showing that farmland pawning is shaped not only by economic motives but also by local social structures and customary norms. Thus, it should be understood as a social institution that influences economic relations in rural communities (M & Khalid, 2020; Hasanah & Irfan, 2022).

Over the past decades, rural socio-economic changes have transformed farmland pawn. Agricultural modernization, rising household financial needs, and the emergence of more formal financial institutions have shifted the practice from mutual aid to commercial transactions (Iska et al., 2023). This shift risks eroding key ethical principles at the core of Islamic economic ethics: fairness (ensuring just treatment for all parties),

transparency (ensuring clear and open terms), and proportionality (ensuring obligations are shared equitably). The dominance of individual interests obscures the social function of farmland pawning and creates imbalanced relationships between pawn and pawn. Such conditions contradict the Islamic principle of justice. This is emphasized in the Qur'anic injunction: "*O you who believe, do not consume one another's wealth unjustly*" (Qur'an 4:29).

Another challenge that has emerged is the lack of documentation for transactions, which are predominantly conducted orally without written contracts (Wasi'ah et al., 2025). Such ambiguity in contractual agreements creates room for disputes, particularly concerning the duration of the pawn, the redemption value, and the management of agricultural yields. In many cases, the redemption value becomes disproportionate to the economic benefits the pawnholder derives, leading to structural injustice for landowners (Matuankotta et al., 2023). This condition contradicts the principle of honesty in contracts as reflected in the Prophet's teachings regarding the obligation of transparent transactions. The absence of clear ethical standards and proper documentation also opens opportunities for abuse of bargaining power (Widiastuti & Choirunnisa, 2023).

On the other hand, local wisdom continues to play a strategic role in maintaining ethical transaction practices, as the values of mutual cooperation, honesty, and communal deliberation serve as moral guidelines that shape the implementation of farmland pawn (Pandapotan, 2019; Damayanti et al., 2020). The principle of *musyawarah*, commonly practiced in rural communities, aligns with the Qur'anic command, "*And their affairs are conducted by mutual consultation among them*" (Qur'an 42:38), and has proven effective in resolving disputes while preserving social harmony (Wasi'ah et al., 2025; Arafat & Pahlevi, 2021). Thus, the preservation of customary values is not merely a cultural attribute but an ethical instrument capable of maintaining a balance between individual and collective interests.

Nevertheless, several studies indicate that farmland pawn practices have not met the standards of justice, transparency, and balance in Islamic economics (Hamid et al., 2022). Growing awareness among Muslim communities of the permissibility of financial transactions

underscores the need to harmonize customary mechanisms with muamalah principles, which prioritize the protection of rights, public benefit, and the prevention of exploitation. Harmonization does not seek to eliminate traditions, but reinforces values of justice in rural culture to keep them relevant to the modern economy.

An evaluative approach grounded in *maqāṣid al-sharī'ah* provides a comprehensive framework for analyzing the practice of farmland pawn. Al-Ghazali (1997) emphasizes that the objectives of the Sharia encompass the protection of religion, life, intellect, lineage, and property (*ḥifẓ al-māl*), while Ibn 'Ashur (2006) adds that transactions (*muamalah*) must uphold justice, promote public welfare, and prevent harm (*lā ḍarar wa lā ḍirār*). This framework enables a systematic assessment of the extent to which farmland pawn aligns with Islam's socio-economic objectives.

This study contributes by integrating local wisdom into farmland pawn practice. It grounds its analysis in *maqāṣid al-sharī'ah* through a narrative literature review, an approach underutilized in Sharia-based agrarian economic studies. While previous research focuses only on legal aspects or deviations from classical jurisprudence, this study positions farmland pawn as a social institution shaped by cultural norms and community relations. It also identifies indicators of conformity between farmland pawn and *maqāṣid* principles, and proposes a conceptual framework for a financing model that is more equitable, transparent, and responsive to modern rural socio-economic dynamics.

## Method

This study employs a narrative literature review design. This approach integrates and synthesizes diverse scholarly sources in a descriptive and analytical manner. It is selected for its flexibility in tracing the development of concepts related to farmland pawn, local wisdom values, and *maqāṣid al-sharī'ah* principles, without rigid quantitative procedures. The data consist entirely of secondary sources from journal articles, academic books, research reports, customary documents, and literature in Islamic economics and rural anthropology. The literature search used relevant keywords, academic databases, and

snowballing techniques. Literature was selected by content relevance and academic quality. Non-credible or unrelated sources were excluded.

The analysis used a qualitative–descriptive approach and literature synthesis to assess how farmland pawn practices align with Sharia principles and public welfare goals. This method enables the study to map the existing literature and analyze how customary practices might integrate with the *maqāṣid al-sharī'ah*. The synthesis results form the basis for a conceptual model of farmland pawn that is just, ethical, and responsive to agrarian communities' socio-economic needs, while maintaining local cultural values.

## Result and Discussion

### Overview of Farmland Pawn Practices Across Regions

Farmland pawn represents a traditional economic strategy that has long been embedded in the agrarian culture of various regions in Indonesia. This system emerged as a social mechanism to address liquidity needs, particularly in urgent circumstances such as education expenses, medical needs, or other unavoidable family obligations. In many rural communities, farmland pawning is not merely an economic transaction but also a social relationship shaped by trust, interpersonal closeness, and mutual dependence among community members. Consequently, the patterns of implementation vary widely across regions, including differences in contractual forms, the determination of pawn value, and the duration of land management. The diversity of farmland pawning practices across regions is evident in table I.

Table I. Variations of Farmland Pawn Practices in Different Regions

Region	Key Characteristics of Farmland Pawn Practice	Shariah Compliance	Source
Banyuputih, Situbondo	The land is managed by the <i>murtahin</i> with no clear time limit	Low compliance	(Jonwari & Faiz Zainuddin, 2020)
Alatengae, Maros	All harvest proceeds go to the <i>murtahin</i>	Non-compliant	(Hawariah et al., 2021)

Lajing, Bangkalan	The land continues to be managed by the <i>rahin</i> , with no fixed duration	Higher compliance	(Hasanah & Irfan, 2022)
Salohe, Sinjai	Oral agreement; harvest benefits go to the <i>murtahin</i>	Low compliance	(M & Khalid, 2020)
Ogoamas, Donggala	Harvest proceeds for the creditor exceed the loan value	Non-compliant	(Hamid et al., 2022)
Sukajaya, Bogor	Managed by the <i>murtahin</i> , sometimes by a third party	Non-compliant	(Muhtarom et al., 2022)
Tamanan, Bondowoso	Written agreement exists, but interest-like elements remain	Non-compliant	(Tri Nadhirotur Roifah, 2019)

Source: Google Scholar

### Analysis of the Variations in Farmland Pawn Practices from an Islamic Economic Perspective

The practice of farmland pawn (*rahn al-arḍ*) across different regions exhibits diverse patterns in the relational dynamics between the *rahin* (pawn giver) and the *murtahin* (pawn holder). This diversity is rooted primarily in local traditions, community economic needs, and limited access to Sharia-compliant financial institutions. Normatively, Islamic law stipulates that in a *rahn* contract, the *murtahin* may only benefit from the pledged asset (*marhūn*) with the explicit permission of the *rahin*, and such utilization must be free from elements of *ribā*, *gharar*, and exploitation.

I. Banyuputih, Situbondo.

The main characteristic of this practice is that the farmland is managed by the *murtahin* without a clearly defined time limit. The absence of a specified duration introduces *gharar*, while the *murtahin*'s management of the land potentially generates benefits (*manfa'ah*) that function as compensation for the outstanding debt, which constitutes *ribā al-qarḍ*. Therefore, this practice is categorized as having low Shariah compliance, although it does not entirely contradict the fundamental principles of

*rahn*.

2. Alatengae, Maros.

All harvest yields are transferred to the *murtahin* until the debt is fully repaid. This model constitutes excessive utilization of the pledged asset (*marhūn*) and grants unilateral benefits to the *murtahin*. In addition to being disproportionate to the value of the debt, this pattern resembles a concealed form of *ribā*. Therefore, it falls into the category of non-Shariah-compliant practices.

3. Lajing, Bangkalan.

This practice is relatively closer to Shariah principles because the *rahn* continues to manage the farmland while the *murtahin* merely holds the asset as collateral. Although the absence of a fixed time period leaves some degree of uncertainty, there is no utilization of the land by the *murtahin* that would generate *ribā*. Overall, this model is considered more Shariah-compliant compared to practices observed in other regions.

4. Salohe, Sinjai.

The agreement is conducted only verbally, while the harvest is handed over to the *murtahin*. The lack of a formalized contract creates the potential for disputes, and transferring the yield to the *murtahin* without proportional compensation constitutes a prohibited *manfā'ah*. For these reasons, this practice is classified as less compliant with Shariah principles.

5. Ogoamas, Donggala.

This practice falls into one of the most problematic categories because the agricultural produce received by the *murtahin* exceeds the amount of the debt. This constitutes economic exploitation and is classified as *ribā*. Accordingly, the practice is not Shariah-compliant and contradicts the objectives of Islamic law (*maqāṣid al-sharī'ah*), particularly in the area of *ḥifẓ al-māl* (protection of wealth).

6. Sukajaya, Bogor.

The pattern in which the land is managed by the *murtahin* or even by a third party indicates a shift in the function of *rahn* toward a disguised commercial contract. The lack of clarity regarding profit-sharing and the transfer of management authority introduces elements of *gharar* and potential *ribā*. For this reason, the practice is classified as not Shariah-compliant.

7. Tamanan, Bondowoso.

Although formal documentation is present, the element of *ribā* makes this practice clearly contradictory to the objectives of Shariah. Formal administrative procedures do not change the substantive nature of the contract, which disadvantages the *rahn*. This practice is therefore considered not Shariah-compliant.

In general, the predominant patterns across the various regional practices are as follows: (1) The exploitation of the *marhūn's* benefits by the *murtahin*, which leads to *ribā al-qardh*. (2) The absence of a clear time limit, resulting in *gharar*. (3) The dominance of the *murtahin* in managing the land and controlling the harvest. (4) Limited formal documentation, except in certain regions, which increases the risk of disputes. Only those practices that position the *murtahin* solely as the holder of collateral, and not as the beneficiary of its yield, can be considered closer to Shariah standards.

The diversity of farmland pawn practices is evident in the varying exchange values used to determine loan amounts, as well as differences in management systems. In some regions, the pawn value is determined based on estimated harvest yields or land prices, while in others it follows socially inherited agreements passed down through generations. The duration of the pawn also varies, ranging from a fixed period to an indefinite timeframe, depending on the agreement between the parties (Tri Nadhirotur Roifah, 2019). During the pawn period, the holder of the collateral gains the right to cultivate the land, benefit from the harvest, and bear the maintenance costs. This pattern indicates that the transaction centers on the transfer of usage rights rather than ownership. Although flexible, such mechanisms may lead to problems if not accompanied by clear provisions.

Changes in the socio-economic context of rural communities have also influenced farmland pawn practices in the modern era. Rising economic needs, shifts in social structures, and the introduction of market-oriented economic thinking have led to changes in how pawning is conducted. In several regions, the pawn value has increased, and the duration has lengthened, sometimes resulting in landowners losing access to their own farmland (Tri Nadhirotur Roifah, 2019). This indicates that, although farmland pawning has deep historical roots as a mechanism of social solidarity, its development has introduced dynamics that make the

practice more complex and, at times, less fully reflective of traditional values that emphasize balance and fairness.

### ***Identification of Local Wisdom Values in the Farmland Pawn System***

The practice of pawning farmland serves not only to address economic needs but also as a reflection of deeply rooted local wisdom within agrarian communities. The values of mutual cooperation and social solidarity are evident in the way community members assist landowners in urgent need of funds through trust-based lending. Transactions that frequently occur among relatives or close neighbors highlight the strong sense of kinship and mutual care (Santoso, 2021). In addition, deliberation plays a crucial role in determining the pawn value, duration, and land management arrangements, ensuring that decisions are based on collective agreement and minimizing the potential for conflict (M & Khalid, 2020).

Local wisdom is also reflected in the values of honesty and trustworthiness, as most agreements are made orally and rely on the integrity of both parties. This means that local wisdom is embodied through mutual trust and shared responsibility. In many regions of Indonesia, farmland pawn agreements are conducted verbally, without written documentation, relying entirely on trust between the pawner and the pawnee. In Central Lampung, for example, farmland pawn arrangements are made orally, and the harvest is shared based on mutual trust, without any official documents. Honesty and trustworthiness serve as the core foundation to ensure that the rights and obligations of both parties remain protected (Nufus et al., 2025). In Banyuputih, Situbondo, farmland is also pawned to relatives or neighbors through verbal agreements without formal sanctions, as the parties already trust one another (Jonwari & Faiz Zainuddin, 2020). Studies in Lajing, Bangkalan, and Sukajaya, Bogor, likewise show that farmland pawn practices have been passed down through generations based on trust, even though they lack fixed time limits and written records. The integrity of both parties is essential to prevent disputes or harm (Muhtarom et al., 2022).

Local wisdom, such as the Bugis values of “*Getteng, Lempu, Ada Tongeng*” (firmness, honesty, and truthfulness), reinforces integrity and trustworthiness in

farmland pawn transactions, ensuring that even without written documentation, both parties remain committed to maintaining mutual trust (Ardiansyah et al., 2023). However, several studies highlight that the absence of written proof may create risks in the event of disputes, making integrity and honesty extremely crucial.

Customary norms also serve as a moral compass, emphasizing equality of rights, fairness, and harmonious community relations. Traditional mechanisms for resolving disputes help maintain social stability, allowing farmland pawn practices to continue without damaging long-established social bonds. Overall, this system reflects an integration of economic function and cultural values that support the continuity of tradition while preserving balance within rural community life. These values demonstrate that farmland pawn practices are grounded in communal ethics and social mechanisms that uphold harmony, making them an essential foundation for integrating *maqāṣid al-sharīʿah* principles into a more equitable pawn model.

### ***Critical Analysis of Fairness and Balance in Farmland Pawn Practices***

An examination of farmland pawning practices reveals that, although the system is rooted in values of solidarity and trust, evolving socio-economic dynamics do not always yield a balanced relationship between landowners and pawn recipients. In several regions, the recipient of a pawn obtains benefits that far exceed the loan's principal value, particularly when no clear redemption period is established. This imbalance creates the potential for subtle exploitation, where landowners gradually lose access to their farmland over the long term. The absence of clear regulations and the limited presence of social oversight mechanisms allow such harmful practices to persist without adequate corrective measures.

From the perspective of justice, farmland pawn practices face challenges stemming from a shift in motivation, from a mechanism of mutual assistance to a more commercial-oriented transaction. This shift has created an imbalance of power between parties in need of funds and those with greater financial capacity. The critical analysis highlights the need to restructure farmland pawn arrangements to continue reflecting local ethical values while avoiding disproportionate practices.



These findings provide an important foundation for integrating the principles of *maqāṣid al-sharī'ah*, which emphasize protecting property, promoting social justice, and preventing harm, within the contemporary rural economic context.

### **The Relevance of Maqasid al-Shari'ah in Assessing Farmland Pawn Practices**

*Maqāṣid al-sharī'ah* offers an ethical framework that emphasizes the protection of property, social justice, and communal well-being. In the context of farmland pawn arrangements, these principles serve as an essential evaluative tool to determine whether existing practices remain aligned with the objectives of public interest (*maṣlaḥah*). When the mortgagee obtains benefits disproportionate to the amount provided, or when the landowner loses access to the farmland for an indefinite period, such practices contradict the goals of safeguarding property rights and preventing harm. Thus, *maqāṣid al-sharī'ah* can function as a moral standard for identifying forms of imbalance that require rectification.

The variations in farmland pawn practices across different regions can be examined more comprehensively through the framework of *maqāṣid al-sharī'ah*. *Maqāṣid* serves as a benchmark for assessing the extent to which an economic practice preserves and promotes essential human welfare, particularly in terms of *ḥifẓ al-māl* (protection of property), *ḥifẓ al-nafs* (protection of life), *ḥifẓ al-'adl* (social justice), and *daḥ' al-ḍarar* (the prevention of harm). This *maqāṣid*-based approach helps determine whether the prevailing forms of farmland pawn transactions remain consistent with the fundamental objectives underlying the institution of *rahn*.

#### **1. *Ḥifẓ al-Māl* (Protection of Wealth)**

A central dimension of *maqāṣid al-sharī'ah* in the context of *rahn* is ensuring that the wealth of the *rahn* is neither lost, seized, nor unjustly diminished. The practices found in Maros, Donggala, and Bogor illustrate a pattern in which the *murtahin* gains disproportionate control over the agricultural yield, far exceeding the value of the initial loan. Such conditions contradict the principle of *ḥifẓ al-māl* because the *rahn* experiences systemic financial loss. Conversely, the model practiced in Lajing (Bangkalan), where the farmland continues to be managed by the *rahn*, aligns more closely with this principle since both the asset and its productive benefits do not shift

excessively to the *murtahin*.

#### **2. *Ḥifẓ al-'Adl* (Justice and Equity)**

*Maqāṣid al-sharī'ah* places justice at the core of all economic interactions. Forms of farmland collateralization in which the *murtahin* receives the entire harvest (as observed in Maros, Sinjai, and Donggala) create significant economic asymmetry. Such disproportionate allocation of benefits constitutes structural injustice and leads to *ẓulm* (oppression). A more equitable model is found in Bangkalan, where benefits are transferred without creating an imbalance. In this arrangement, the *rahn* contract serves its intended purpose as collateral rather than becoming a mechanism for unilateral profit extraction.

#### **3. *Daḥ' al-ḍarar* (Prevention of Harm, Exploitation, and Ribā)**

*Maqāṣid al-sharī'ah* prohibit any economic practice that causes *ḍarar* (harm), including *ribā*. In several regions, such as Donggala and Bondowoso the *murtahin* receives benefits that exceed the value of the outstanding debt, which classifies the practice as *ribā al-qardh*. This directly contradicts the *maqāṣid* principles because it results in exploitation of the financially weaker party. Practices without a defined time limit (as found in Situbondo and Bangkalan) also involve *gharar*, which is a form of *ḍarar*. The absence of contractual clarity exposes one party to potential loss and undermines the economic stability that Islamic law seeks to preserve.

#### **4. *Ḥifẓ al-Nafs* and Social Welfare**

In rural communities, farmland is not merely an economic asset but also a primary source of livelihood. When the entire yield of the land is transferred to the *murtahin*, the *rahn* loses a vital means of sustenance, potentially threatening the well-being of the household. *Maqāṣid al-sharī'ah* rejects such arrangements because they violate the principle of safeguarding essential livelihood (*ḥifẓ al-nafs*). Practices that allow the *rahn* to continue cultivating the land, as observed in Bangkalan, are more aligned with *maqāṣid* values, as they preserve household economic continuity and support broader social welfare.

#### **5. *Tahaqquq al-Maslahah* (Realization of Public Benefit and Social Sustainability)**

*Maqasid* emphasizes that the contract of *rahn* is not an instrument for transferring profit but a mechanism for

safeguarding debt in emergency situations. Practices that shift into forms of “hidden rent” or “disguised usury” (as found in Maros, Sinjai, Donggala, and Bogor) fail to generate social benefit. In contrast, models that position *rahn* according to its proper function, namely, as collateral without excessive utilization, provide mutual benefit for both parties and strengthen social trust within the community.

Based on the *maqāṣid al-sharī'ah* framework, it can be concluded that: (1) The majority of farmland pawn practices do not fully comply with *maqāṣid*, particularly in terms of *ḥifẓ al-māl* (protection of wealth), justice, and harm prevention. (2) The main elements of non-compliance include the exploitation of agricultural yields by the *murtahin*, unclear time limits, excessive benefits resembling *ribā*, and weak contractual documentation. (3) The practice in Bangkalan is the closest to *maqāṣid* compliance, as it safeguards the *rahn*'s wealth, avoids exploitation, and preserves the fundamental function of *rahn* as collateral.

### **Potential Integration of Local Values and *Maqāṣid al-Sharī'ah* Principles in Reforming Farmland Pawn Practices**

The shift in farmland pawning practices from social to commercial motives has introduced new ethical and Shariah compliance challenges. Imbalanced relationships between parties, weak contractual documentation, and the potential presence of *ribā* in the management of agricultural yields increase the risk of injustice for landowners. This condition contradicts the principle of *lā ḍarar wa lā ḍirār*, which prohibits causing harm to one another in economic transactions. Therefore, an approach is needed that can realign these practices with the principles of justice and balance, which are foundational to Islamic economics.

The integration of local values with *maqāṣid al-sharī'ah* principles provides an opportunity to redefine farmland pawn practices in a more just and sustainable manner. Local wisdom, such as mutual cooperation (*gotong royong*), solidarity, and social balance, can serve as an ethical foundation aligned with Shariah objectives in safeguarding wealth (*ḥifẓ al-māl*), preventing harm, and enhancing community welfare. These two value systems are not contradictory; rather, they complement each other in shaping an economic mechanism that combines

social relations with contractual integrity. Such integration enables a more human-centered evaluation of farmland pawning practices, which have been distorted by the pressures of modern economic conditions.

In terms of implementation, integrating local customs and *maqāṣid al-sharī'ah* offers opportunities to improve technical aspects, such as clarifying contract duration, ensuring proportional benefits, and protecting landowners' rights. The sense of justice embedded in local traditions can be reinforced through Shariah principles that prioritize safeguarding the more vulnerable party. Moreover, the flexibility of customary practices can be harmonized with the normative structure of Shariah to create more systematic, transparent, and culturally aligned transactional guidelines. In this way, the integration not only modernizes farmland pawn practices but also demonstrates the potential for harmonizing tradition and religious values in establishing an ethical, welfare-oriented economic system.

From the *maqāṣid al-sharī'ah* perspective, ideal farmland pawn practices should preserve social values such as solidarity and deliberation (*musyawarah*), while ensuring the protection of wealth and justice for both parties. Al-Ghazali emphasizes that the objectives of the Shariah regarding wealth are to prevent exploitative practices, safeguard ownership security, and ensure that transactions are conducted fairly, transparently, and free from *ribā* and *gharar* (Faizah et al., 2024; Harahap et al., 2023). Meanwhile, Ibn 'Ashur highlights the importance of balance (*tawazun*) and contractual clarity (*wuḍuḥ al-'aqd*) as conditions for the validity of transactions (Fauzi et al., 2025; Roy Purwanto et al., 2022). This framework provides a strong conceptual basis for evaluating and reforming farmland pawn practices to ensure alignment with Islamic economic principles.

In an effort to maintain relevance and fairness in the modern era, the implementation of the *bay' al-wafā'* model can serve as one of the most appropriate alternatives. This contract allows for the temporary transfer of usage rights without introducing *ribā*, while ensuring certainty and clarity in the agreement. The model is also compatible with local values such as mutual cooperation (*gotong royong*), deliberation (*musyawarah*), and the protection of social cohesion within agrarian

communities. As a form of sale with a repurchase clause, *bay' al-wafa'* is considered capable of replacing traditional farmland pawn practices, which often involve ambiguity, disproportionate benefits, and potential exploitation by the pawnbroker.

In its application to farmland pawning practices, the *rahin* (landowner) sells the land to another party on the condition that the land can be repurchased at an agreed-upon time. During this period, the buyer has the right to manage the land or benefit from it according to clear and fair terms. This contract is recognized by Hanafi scholars as an alternative to avoid *ribā*, since the transaction is conducted as a sale rather than an interest-bearing loan (Sudiarti et al., 2023; Suhardi, 2019). *Bay' al-wafa'* emphasizes the clarity of conditions and the rights of both parties, thereby reducing the potential for disputes. In practice, this contract has been implemented in various regions in Indonesia and is considered compliant with Islamic economic principles, provided that all conditions are met (Siti Armia Daulay et al., 2023; Susanti et al., 2022). Accordingly, *bay' al-wafa'* is deemed valid as long as there is no element of exploitation and it fulfills Shariah requirements. Furthermore, this model provides greater certainty for both parties because the contract is written with clearly defined terms, price, and duration.

The integration of *bay' al-wafa'* into farmland pawn practices allows communities to preserve local values such as trust and deliberation while operating within a stronger Shariah legal framework and avoiding elements of *ribā*. This approach not only removes conflicts with the principles of *maqāṣid al-sharī'ah* but also establishes a more transparent and just contract structure that protects the *rahin's* property from potential exploitation. *Bay' al-wafa'* has long been known in various regions of Indonesia under local names and forms, such as “jual gadai” or “pagang pawn,” yet its essence remains fulfilling urgent needs without permanently losing ownership rights (Sudiarti et al., 2023; Azhari et al., 2022).

Thus, *bay' al-wafa'* in the context of farmland pawning provides a clearer, more certain contract framework, particularly regarding the rights and obligations of the parties, thereby avoiding the *ribā* risks often associated with conventional pawn schemes. From the perspective of *maqāṣid al-sharī'ah*, this contract aligns with Shariah objectives by promoting public welfare,

protecting property, ensuring justice, and preserving socio-religious values in agrarian transactions. Furthermore, *bay' al-wafa'* offers high flexibility and can be easily adapted by local communities, making it a practical and Shariah-compliant solution for financial institutions to meet the real needs of farmers. Consequently, *bay' al-wafa'* serves as a balanced approach between preserving local traditions and improving economic practices in accordance with contemporary Shariah principles.

## Conclusion

This study demonstrates that the practice of farmland pawning across various regions of Indonesia involves social, ethical, and economic complexities that cannot be fully explained by classical *fiqh* approaches alone. Historically rooted in values of mutual cooperation, solidarity, and trust among community members, modern socio-economic dynamics have shifted these practices toward more commercial patterns, often creating imbalanced relationships between the *rahin* (pawn giver) and *murtahin* (pawn holder). Analysis based on *maqāṣid al-sharī'ah* shows that most practices in the field do not fully meet the principles of justice, asset protection, and the prevention of economic harm, largely due to unclear contracts, indefinite pawning periods, and the use of crop yields exceeding the value of the debt. These findings underscore that local wisdom can still serve as an ethical foundation, but it needs to be integrated with a *maqāṣid al-sharī'ah* conceptual framework to ensure alignment between tradition and contemporary Shariah requirements. In this context, the *bay' al-wafa'* model emerges as an alternative capable of providing contractual clarity, avoiding *ribā*, and aligning with the solidarity values of agrarian communities, making it more compatible with the principles of justice and protection of rights in Islamic economic practice.

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