

ANALYSIS OF IMPLEMENTATION PSAK 407 ON GOLD PAWN FINANCING AT ISLAMIC FINANCIAL INSTITUTIONS

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Abstract

This study examines the implementation of PSAK 407 in gold pawn financing at Islamic financial institutions using a descriptive qualitative approach. Data were collected through interviews, observations, and relevant literature documentation. The results show that although PSAK 407 is effective in enhancing the transparency of gold pawn transactions, its implementation still faces challenges, such as inconsistencies in financial reporting and administrative costs that are not fully in accordance with Sharia principles. Key challenges also include a lack of staff understanding and inadequate record-keeping systems that do not support compliant reporting. Recommended solutions include ongoing staff training, regulatory improvements, and the adoption of technology to increase accuracy and efficiency. Collaboration between institutions and stronger regulatory support are also needed to ensure compliance with PSAK 407 and enhance public trust in the Islamic financial system in Indonesia.

Keyword: *PSAK 407, Gold Pawn, Islamic Finance*

A. INTRODUCTION

In Indonesia, gold pawning is adopted by Islamic financial institutions such as Islamic pawnshops and Islamic banking. In 2023, Pegadaian Syariah recorded an increase in the distribution of Islamic pawn loans by 13.33%, with a total distribution reaching Rp28.9 trillion (Respati, 2024). Meanwhile, Bank Syariah Indonesia (BSI) reported significant growth in the gold pawn and gold installment financing segment of 22% on an annualized basis in the first half of 2023, driven by rising gold prices (Intan, 2023). The increase in the distribution of Islamic gold pawn financing needs to be balanced with strict supervision of accounting practices in these transactions. This step is important to build and increase public trust in Islamic financial institutions (Fonna & Kamal, 2022).

Although PSAK 407 is available as a guide to the companion contract in gold rahn financing, not all Islamic financial institutions have implemented it consistently. This can lead to differences in accounting treatment in the Islamic pawn industry, especially in the aspects of definition, recognition, measurement, presentation, and disclosure (Angrayni et al., 2020). Research by Angrayni et al. (2020) and Dewi (2023) reveal that although recognition and measurement in Islamic pawnshops are in accordance with PSAK 107, the presentation aspect related to the cost of repairing the ijarah object has not been fully fulfilled because the recognized costs are only the cost of renting a place, without any repair costs reported to rahn.

Previous research by Arifin et al. (2019), Fonna & Kamal (2022), Sari & Arfan (2017), and Tussalam & Ardiana (2019) concluded that the implementation of Islamic gold pawning is in accordance with the guidelines of PSAK 107 and Fatwa DSN MUI No.26/DSN-MUI/III/2002 concerning gold rahn.

Based on this background, researchers are interested in examining the implementation of PSAK 407 on Islamic gold pawning products, especially in Islamic Financial Institutions such as Bank BPD DIY Sharia Branch Office, Bank Syariah Indonesia, BJB Syariah, and Pegadaian Syariah Surabaya. The focus of the research includes the financing mechanism and the suitability of the implementation of PSAK 407 in the aspects of recognition, measurement, presentation, and disclosure. In addition, this research will examine the use of three contracts based on DSN MUI Fatwa No.26/DSN MUI/III/2002 to ensure that the practice of gold pawning is in accordance with sharia principles. The Sharia Financial Institution is chosen as the object of research because it is a Sharia Business Unit that has a significant market share and has obtained a spin-off license from OJK and can demonstrate its commitment to continue to grow in the Islamic financial sector.

B. LITERATURE REVIEW

Rahn

Pawn in Islamic law is termed rahn which means holding. For Muslims ar-rahn is used as a means of mutual assistance without any reward for services (Haroen, 2000). Manahaar (2019) defines rahn as a form of holding valuables as collateral for the loan funds received. The guarantee of the physical goods in the rahn contract aims to strengthen the trust between the lender and the debtor. The basis for the implementation of rahn includes four pillars, including the mortgaged goods (marhun), the parties to the transaction, namely the pledgor (rahin) and the pledgee (marhun), the process of ijab qabul (shigat) and debt (marhun bih) (Lamtana & Mayditri, 2022).

Gold Pawn

Islamic gold pawning is the process of handing over physical goods in the form of gold from customers (ar raahin) to banks (al-murtahin) to serve as collateral (al marhun) for loans / debts (al-marhunbih) provided by banks (Anshori, 2011). Gold rahn financing is a financing product used by customers to obtain funding loan facilities by pledging physical gold with sharia pawn principles and Islamic financial institutions will place the pawned gold in sharia maintenance (Wahidahwati et al., 2023). For this reason, rahn financing with gold as collateral is the right alternative solution for users to obtain financial loans with a fast, safe and easy process (Arifin et al., 2019).

Transaction practices in gold rahn products run using a hybrid contract (Nurdiana et al., 2022). The intended hybrid contract is the use of three contracts consisting of a qardh contract, a rahn contract and an ijarah contract. According to Anshori (2011), these three contracts in Islamic gold pawning are an inseparable series, where the qardh contract functions as a binding contract for the delivery of loans / debts given to customers, the rahn contract as a collateral binding on marhun goods (gold) and the ijarah contract for determining the rental of space for storage services for marhun goods.

Operational legal basis

Related to gold rahn has been regulated in DSN MUI Fatwa No. 26/DSN MUI/III/2002 based on the principle of rahn which is regulated in DSN MUI Fatwa No.25/III/2002. The following are the provisions contained in Fatwa DSN MUI No. 26/DSN MUI/III/2002 concerning gold rahn (Manahaar, 2019):

1. Gold rahn is permissible based on the principles of rahn in Fatwa DSN No.25/DSN MUI/III/2002
2. The costs and costs of storing goods (marhun) are the responsibility of the pledgee (rahin).
3. The costs mentioned in paragraph 2 are related to the amount based on expenses that are actually needed.
4. Storage costs for goods (marhun) are carried out with an Ijarah contract.

Ijarah

The term ijarah in Arabic is defined as wages, services or a form of reward paid for a job (Nurdiana et al., 2022). Ijarah Akad is a transfer of use rights or benefits with objects in the form of assets of goods or services through rental fees called ujah without any transfer of ownership of the goods (Nurfajri & Priyanto, 2019). According to Syahrir & Amelia (2023) ijarah is an agreement contract between the debtor and the creditor where the debtor agrees to pay an ujah fee for the storage service of marhun goods pledged to the creditor.

PSAK 407

The application of accounting in gold pawning uses a companion contract, namely Ijarah Accounting, which is regulated in PSAK 407. Furthermore, accounting regulations for lending and borrowing contracts in Islamic gold pawning with PSAK 459 (Wahidahwati et al., 2023). The numbering for ijarah and qardh contracts was originally regulated in PSAK 107 and PSAK 59, but effective January 1, 2024, it became PSAK 407 and PSAK 459 without substance in the regulations (IAI, 2024a). Statement of Financial Accounting Standards 407 on Ijarah Accounting contains coverage related to recognition and measurement, as well as presentation and disclosure with the following provisions (IAI, 2024b):

1. Recognition and Measurement

- a. The valuation of the loan is recognized when the realization of the loan occurs at the amount loaned, this provision refers to PSAK 459 concerning qardh contracts.

b. Ijarah rental income is recognized evenly over the rental period in accordance with the agreement between the bank and the customer.

c. The cost of repairing ijarah assets is charged to the owner and recognized as ijarah cost.

2. Presentation and Disclosure

a. Presentation for ijarah income is presented on a net basis in the income statement after deducting related expenses.

The bank as murtahin discloses in the financial statements related to ijarah transactions.

C. METHOD

This research uses descriptive qualitative methodology. According to Hanifa et al. (2021), this method, which is also referred to as natural inquiry or natural investigation, focuses on gaining an in-depth understanding of the natural situation of participants, the environment, and the research site. Primary data and secondary data are the two data sources used in this study. Primary data was collected directly by the researcher through observations and interviews with the research subjects. This interview was conducted to find a solution to the problem being studied (Sugiyono, 2022: 195). Secondary data is obtained through banking and accounting literature, documentation, and journal reviews.

D. RESULTS AND DISCUSSION

Application of PSAK 407 in the Practice of Ijarah Agreements

PSAK 407 is an Indonesian accounting standard that regulates accounting for gold pawn-based financing, especially for Islamic financial institutions. PSAK 407 includes regulations on the recognition, measurement, presentation, and disclosure of gold pawn transactions in a transparent manner and in accordance with sharia principles, as regulated in the fatwa of the National Sharia Council (DSN-MUI) related to the rahn (pawn) contract and the use of gold as a pawn object. PSAK 407 also provides certainty for pawn holders that gold pawn transactions will be carried out transparently and in accordance with sharia principles.

Table. 1 Implementation of PSAK 407 in Sharia Financial Institutions

Financial Institution	Application of PSAK 407	Conformity with PSAK	Challenges Faced
Pegadaian Syariah Surabaya	Accounting treatment in accordance with PSAK 407 (ijarah) and PSAK 459 (qardh)	Not fully in accordance with PSAK 401	Discrepancies in the presentation of financial statements and the calculation of administrative costs and CKPN funds are not fully in accordance with the DSN MUI fatwa
Bank Syariah Indonesia	High compliance with PSAK 407 in transaction recognition and measurement	Compliant with PSAK 407	Challenges in accommodating operational and administrative costs without burdening customers
Bank BPD DIY	Effective in providing transparency of gold pawn transactions	In accordance with PSAK 407	Need adaptation in internal policies to handle gold price fluctuations that affect the valuation of gold pawn collateral
Bank BJB Syariah	High compliance with PSAK 407 in transaction recognition and measurement	Compliant with PSAK 407	Barriers related to administrative costs, collateral management, internal systems

Overall, the implementation of PSAK 407 has shown good results in improving the transparency of gold pawning transactions in Islamic financial institutions. However, there are still some issues that need to be addressed to ensure full compliance with sharia principles and improve the operational efficiency of these institutions, such as changes in gold prices and operational costs.

Obstacles in the Implementation of PSAK 407

The implementation of PSAK 407 concerning reporting related to Islamic economic activities faces several obstacles in its application, especially in Islamic financial institutions. The obstacles in the implementation of PSAK 407 in Islamic financial institutions are described in the following table:

Table. 2 Constraints in the Implementation of PSAK 407 in Sharia Financial Institutions

Aspect	Description	Constraints
Staff Knowledge and Understanding	Lack of knowledge and understanding of PSAK 407 among staff who handle sharia-based transactions.	Technical incomprehension in financial reporting according to sharia standards due to lack of intensive training for staff.
Supportive Regulations	The absence of regulations that fully support the implementation of PSAK 407 in Islamic financial institutions.	Regulatory constraints that are not yet fully complete to support the implementation of PSAK 407.
Management Support	Lack of internal support from management to adapt to new regulatory changes.	Internal barriers in accepting new regulations and changes in the way of working in Islamic financial institutions.
Recording System and Infrastructure	Many institutions do not yet have infrastructure and recording systems compatible with PSAK 407, which are essential for more transparent reporting.	Lack of adequate infrastructure and recording systems to support reporting in accordance with PSAK 407.
Transparent Reporting	Reporting systems that require greater transparency in the application of PSAK 407.	Many institutions do not have adequate infrastructure to support transparent reporting according to these standards.

Solutions and Recommendations

To address the challenges in implementing PSAK 407 related to gold pawning in Islamic financial institutions, several solutions and recommendations can be applied. Here is the explanation :

Table. 3 Solutions and Recommendations for the Implementation of PSAK 407

Solutions/ Recommendations	Decription
Strengthening Employee Training Program	Continuous training for employees can enhance their understanding of PSAK 407 and Islamic accounting principles.
Regulatory Improvement	More comprehensive regulations are needed to provide a clear framework for Islamic financial institutions.
Application of Technology	Technology such as Sharia-based integrated accounting systems can accelerate reporting and improve data accuracy.
Update and	Policymakers are expected to continuously update

Regulatory Support	regulations related to PSAK 407 to align with Sharia principles.
Inter-Institutional Collaboration	Encouraging collaboration between institutions to share best practices in the implementation of PSAK 407 can strengthen the Islamic finance industry.

E. CONCLUSION

PSAK 407 is applied to gold pawn financing in Islamic financial institutions with the aim of ensuring that transactions are managed transparently and in accordance with Sharia principles. Although these standards help improve transparency, there are still several issues that hinder their implementation, such as the presentation of financial reports not adhering to the standards and the calculation of administrative costs not fully in line with Sharia principles.

Strengthening continuous training programs for employees, refining regulations to be clearer and more detailed, and implementing technology to facilitate and improve reporting accuracy are the recommended solutions to address this issue. In addition, stronger regulatory support and collaboration among Islamic financial institutions are crucial to enhancing compliance with PSAK 407. It is expected that these measures will strengthen the sharia financial industry, ensure sharia principles, and increase public trust in the sharia financial system in Indonesia.

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