

TOWARDS USURY-FREE FINANCE IN LAND PAWNING: EVALUATING CARTER AND ANGKAT-BLOE CONTRACTS

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ABSTRACT - Pawn transactions fall under *tabarru'* contracts, which prohibit the accrual of profit, as such gains are categorized as usury and are forbidden in Islam. In situations where pawn contracts are prevalent, Islam offers alternatives to avoid usury. In the Kuta Makmur community of Aceh, the *carter* and *angkat-bloe* contracts are seen as viable alternatives to land pawn contracts. This study aims to analyze the *carter* and *angkat-bloe* contracts among the community and analyze their permissibility from an Islamic economic perspective. This research employs a descriptive qualitative approach, utilizing observation and interviews for data collection. The findings reveal that the *carter* contract is analogous to lease agreements and, therefore, is permissible as an alternative to avoid usury. However, the *angkat-bloe* contract shares similarities with the *bai' al-wafa'* contract, the legality of which remains debated among Islamic jurists (*fukaha*). The permissibility of the *angkat-bloe* contract depends on its substance and the intention behind its execution. This study suggests that the *carter* contract could be legitimized by the National Sharia Council as a solution for individuals facing economic challenges, while the *angkat-bloe* contract requires further scrutiny based on the intentions and substance of its practice.

Keywords: Carter, Angkat-Bloe, Pawn, Usury.

ABSTRAK - Menuju Keuangan Bebas Riba dalam Gadai Tanah: Evaluasi Akad Carter dan Angkat-Bloe. Gadai merupakan bagian dari akad *tabarru'* yang tidak memperbolehkan pengambilan keuntungan, karena manfaat tersebut masuk dalam kategori riba yang diharamkan dalam Islam. Di sisi lain, Islam memberikan solusi alternatif untuk menghindari riba dalam akad gadai, seperti praktik akad *carter* dan '*angkat-bloe*' dalam masyarakat Kuta Makmur, Aceh, yang disinyalir sebagai alternatif untuk menghindari riba. Penelitian ini bertujuan untuk menganalisis praktik *carter* dan *angkat-bloe* dalam komunitas tersebut serta menganalisisnya dari perspektif ekonomi syariah. Hasil penelitian menunjukkan bahwa akad *carter* memiliki kemiripan dengan akad sewa-menyewa dari segi substansinya, sehingga akad *carter* dibolehkan dan bisa menjadi alternatif untuk menghindari riba. Sementara akad *angkat-bloe* mempunyai kemiripan dengan akad *bai' al-wafa'* yang hukumnya masih diperdebatkan para *fukaha*. Berdasarkan argumen *fukaha*, kajian ini menyimpulkan kebolehan akad *bai' al-wafa'* serta akad *angkat-bloe* yang mirip dengannya sangat tergantung pada substansi dan niat dalam pelaksanaannya. Penelitian ini mengusulkan agar akad *carter* dapat dilegalkan oleh Dewan Syariah Nasional sebagai solusi bagi masyarakat yang mengalami kesulitan ekonomi, sedangkan akad *angkat-bloe* memerlukan kajian lebih lanjut terkait niat dan substansinya.

Kata Kunci: Carter, Angkat-Bloe, Gadai, Riba.

INTRODUCTION

Islam upholds values that promote the welfare of the community, including in economic transactions (Daud & Azahari, 2019; Iqbal & Sukirno, 2017). In Islam, transactions should benefit both parties involved and not harm either, whether in business, trade, or lending, including pawn transactions. A pawn is a financial agreement where one party borrows money by offering an asset as collateral, which is returned after the debt is settled. Pawning is popular due to its quick process, and the borrower retains ownership of the asset after repayment. In Islam, pawn transactions are permissible because they embody the principle of mutual assistance for those in urgent financial need, as reflected in the Quranic verse Al-Maidah: 2, which encourages cooperation in righteousness and piety, but prohibits cooperation in sin and aggression.

However, a common issue arises when pawnbrokers, instead of merely holding the collateral, use the pawned asset for their own benefit, which is considered usury (*riba*) in Islam. This deviates from the principle of mutual assistance and leads to exploitative practices (Khoiriyah et al., 2019). Usury is strictly prohibited in Islam, and its harmful effects have been recognized across various religions, including Judaism and Christianity (Bayindir & Ustaoglu, 2018; Ali, 2008), as well as by classical philosophers like Plato and Aristotle, who condemned interest-based transactions for being morally and economically unjust (Deliarnov, 2010). Logically, usury is dangerous as it creates injustice and causes economic crises (Gani & Musa, 2020). Morally, usury disrupts social order and widens the gap between the rich and the poor, leading to moral decay (Khalid Khan et al., 2018).

In the Kuta Makmur community of North Aceh, land pawn practices are widespread. To avoid usury, this community has developed two types of contracts: *carter* and *angkat-bloe*, which are believed to align with Sharia principles. However, research on pawning practices that avoid usury, particularly through locally developed contracts like *carter* and *angkat-bloe*, remains scarce. Most existing studies have focused on three main areas: Sharia-compliant pawn concepts (Farid & Fahreza, 2023; Hasibuan & Siregar, 2020; Safarida, 2021), the application of pawn contracts in land transactions analyzed from a Sharia perspective (Hambali et al., 2022; Junaidi & Hidayati, 2021; Khoiriyah et al., 2019; Malasari et al., 2023; Podungge, 2021), and the implementation of pawning in Sharia financial institutions (Surepno, 2018) and



pawnshops (Hsb & Yafiz, 2022; Lubis, 2020; Nasrifah & Chusnul, 2022; Putri et al., 2023).

Unlike previous research that primarily focuses on conventional or institutionalized pawning mechanisms, this study fills the gap by investigating community-based practices in land pawning that aim to avoid usury. The focus on the *carter* and *angkat-bloe* contracts, which are not widely studied, represents a novel contribution to the literature on Islamic finance, offering a unique insight into community-driven solutions to avoid *riba*.

This research is significant as it not only expands the understanding of Sharia-compliant economic practices in rural communities but also provides practical solutions to individuals seeking to avoid usury in pawn transactions. By examining the *carter* and *angkat-bloe* contracts, this study can help inform policy recommendations for Islamic financial institutions and local Sharia councils, offering alternative models that align with Islamic values of justice and mutual assistance.

The paper is organized as follows: the background section provides an overview of the importance of mutual assistance in Islam, focusing on the challenges posed by usury in pawn transactions. The literature review explores existing studies on pawn transactions, highlighting gaps in research on non-usurious practices. The methodology section describes the qualitative approach used, with data collected through interviews and observations. The result and discussion section discusses findings regarding the application and Sharia analysis of *carter* and *angkat-bloe* contracts. Finally, the conclusion summarizes the study contributions and implications for sharia-compliant pawning practices.

LITERATURE REVIEW

Pawn Concept in Islam

In Islam, pawning is referred to as "*rahn*" (رهن), which is synonymous with *al-ihibas*, meaning to withhold something (Hasibuan & Siregar, 2020). Technically, *rahn* refers to withholding a borrower's asset as collateral for a loan (Hasibuan & Siregar, 2020). The pawn contract is among the contracts recommended in Islam, involving two parties: one provides a loan while the other offers an item as collateral in case they are unable to repay the loan (Wizaratul Auqaf wa asy-Syu'un al-Islamiyyah, 1992).



Islam permits pawn transactions, as stated in Surah Al-Baqarah, verse 283: “And if you are on a journey and cannot find a scribe, then let there be a security taken (i.e., a pledge).” Additionally, Prophet Muhammad himself engaged in pawn transactions, as reported in the hadith from Bukhari and Muslim: “The Prophet (SAW) bought food from a Jew with deferred payment and then pawned his iron armor” (Bukhari, 1994). These references from the Qur’an and hadith are the basis for the majority of scholars agreeing that pawn transactions are permissible under certain conditions (Farid & Fahreza, 2023). The conditions of pawning include the following elements:

1. *Rahin* (the person who pawns) must be mature, rational, trustworthy, and own the item used as collateral.
2. *Murtahin* (the person who receives the pawn) must be mature, rational, and capable of carrying out legal actions according to Sharia.
3. *Rahn/Al-Marhun* (the collateral item) and *Marhun Bih* (the financing) must be valuable, owned by the person pawning, and usable according to Sharia.
4. *Shighat* (the contract) must involve an agreement between both parties (Farid & Fahreza, 2023; Hasibuan & Siregar, 2020).

Pawn in Islamic Jurisprudence

Pawn contracts are classified as *tabarru'* contracts, meaning they are not intended to generate profit. According to Wahbah Zuhaily, most scholars agree that the borrower (*rahin*) cannot use the pawned asset without the lender’s permission. The Shafi’i school further stipulates that the borrower may only use the asset if it does not reduce its value (Az-Zuhaily, 2008). Likewise, the lender (*murtahin*) is not permitted to benefit from the collateral except to cover maintenance costs (Az-Zuhaily, 2008).

If the lender benefits from the pledged item, it is considered usury (*riba*), as any additional benefit beyond the principal loan is seen as an unjust gain. This practice is common, where lenders exploit the collateral, often earning more than the loan amount, while borrowers struggle with repaying their debts (Huzaini et al., 2022).

Pawn Practices in Indonesian Society

Pawn transactions remain prevalent in various Indonesian communities. For example, in Gorontalo, the pawn concept is known as *Pohulo’o*, where the



debtor offers land or a rice field as collateral for a loan. The lender retains the right to manage and profit from the land until the loan is repaid, including appointing others to manage the property. The borrower can reclaim the land by repaying the debt, with no additional fees for extending the repayment period (Podungge, 2021).

Similar practices are found in other regions, such as Lombok, where lenders utilize and harvest the yields of pawned land while the borrower cannot use the asset until the loan is repaid. This creates an imbalance, as lenders gain profits from the land while borrowers lose access to it, exacerbating their financial challenges (Huzaini et al., 2022). These practices also occur in Central Lampung (Sholekah & Fitria, 2023), Bekasi (Ainulyaqin et al., 2023), Bogor (Malasari et al., 2023), and Aceh, where it is known as *Gala* (Iqbal & Sukirno, 2017).

METHODOLOGY

This study employs a qualitative research approach with a descriptive focus. The research aims to describe and analyze the practices of *carter* and *angkat-bloe* contracts in land pawning and evaluate their conformity with Sharia law. The methodology is structured into several key components: research design, sampling and participants, data collection, and data analysis.

Research Design

This qualitative study utilizes a descriptive approach, focusing on the detailed description of *carter* and *angkat-bloe* contracts as practiced in the Kuta Makmur district. The analysis is centered on evaluating these contracts' compliance with Sharia principles. Qualitative methods are appropriate for this research as they enable a deep understanding of the socio-economic and religious aspects influencing these transactions. The research was conducted in Kuta Makmur, North Aceh, a region where *carter* and *angkat-bloe* contracts are commonly practiced. This area was selected due to its active use of land-pawning systems that aim to avoid usury, offering a relevant context for studying alternative financial mechanisms within an Islamic framework.

Sampling and Participants

The study involved six key informants who were purposively selected based on their direct engagement with the contracts. The informants included:



1. Two farmers who had used their land as collateral in these transactions.
2. Two planters who participated in these transactions by offering loans or engaging in the use of collateralized land.
3. Two religious figures with knowledge of Sharia law to provide an authoritative perspective on the contracts' compliance with Islamic principles.

The diversity of participants helped ensure a well-rounded view of the *carter* and *angkat-bloe* practices from both practical and religious perspectives.

Data Collection

Data collection was carried out through two main techniques: observation and semi-structured interviews.

1. Observation. The researcher observed land-pawning practices in Kuta Makmur to understand the dynamics of *carter* and *angkat-bloe* contracts in real-life settings.
2. Semi-Structured Interviews. This technique was used to gather detailed insights from the informants. A set of open-ended questions was prepared in advance, but the interview process remained flexible to allow for follow-up questions based on participants' responses. This approach enabled the researcher to explore informants' perspectives on the contracts, focusing on their economic and religious motivations. Questions revolved around the informants' experience with *carter* and *angkat-bloe* contracts, the conditions of the transactions, the perceived benefits, and any concerns regarding their Sharia compliance.

Data Analysis

Data analysis was conducted using a descriptive analysis method. The researcher first categorized the data into themes based on the practices of the contracts, focusing on how these contracts align with Islamic principles. This process involved the following steps:

1. Transcription and Coding. Interview data were transcribed and then coded to identify recurring themes and patterns, particularly focusing on the participants' understanding of Sharia principles.
2. Comparative Analysis. The findings from the field were compared with authoritative Islamic jurisprudence sources to evaluate the contracts'



compliance with Sharia law. Key Islamic texts and interpretations from scholars were used to assess whether the *carter* and *angkat-bloe* contracts are permissible.

3. Validation. To ensure the accuracy and reliability of the analysis, triangulation was employed by cross-verifying data from different informants and sources, including religious figures and relevant Sharia law texts.

The final analysis was structured to provide a comprehensive understanding of the economic practices in *carter* and *angkat-bloe* contracts while assessing their religious validity under Islamic jurisprudence.

RESULT AND DISCUSSION

Role of Religious Leaders in Raising Awareness of Usury

Based on interviews with farmers in the Kuta Makmur District, it is evident that religious leaders, known as *Teungku*, play a crucial role in educating the community about Sharia principles, particularly in raising awareness about the presence of usury (*riba*) in pawn transactions. These religious leaders actively disseminate information through formal channels, such as Friday sermons, and informal study sessions, which enhance the community's understanding of Islamic teachings. Their efforts are focused on guiding the community toward Sharia-compliant financial practices and steering them away from engaging in usurious transactions. This echoes the findings of Iqbal & Sukirno (2017), who emphasized the importance of Sharia education in preventing unjust financial practices within communities. The religious leaders' efforts in Kuta Makmur District demonstrate the application of Islamic principles to real-world financial problems, supporting the idea that raising awareness through sermons and study sessions helps mitigate the risks of *riba*.

Despite these efforts, the challenging economic conditions faced by many people in the district lead them to engage in collateral-based loan transactions. This reflects the economic realities noted in previous studies, such as those by Fithriady & Ibrahim (2016), which emphasize the economic pressure that leads borrowers to engage in non-Sharia-compliant contracts, even when they understand the religious risks. In these situations, debt givers often seek to profit from the transaction, which can create a potential for usury. However, to avoid *riba*, alternative transactions such as *carter* and *angkat-bloe* have



emerged as methods to circumvent usurious practices while still addressing the economic needs of borrowers.

Analysis of *Carter* Transactions

The term *carter* is used by farmers in the Kuta Makmur District to describe a type of transaction where they borrow money and offer their land as collateral. The debt giver (the lender) manages the land for a predetermined period. At the end of this period, the loan is considered repaid, and the land is returned to its original owner. For example, if a farmer needs 5 million Rupiah, they will allow the lender to manage their rice field for five harvests, after which the debt is settled.

Upon analysis, a *carter* contract bears similarities to an *ijarah* (lease) contract, as it involves the temporary transfer of land management rights rather than ownership. Key characteristics of *carter* transactions include:

1. **Ownership**
Ownership of the land remains with the debtor, while the lender only receives the right to manage and benefit from the land during the agreed-upon term. The land is returned once the debt is cleared.
2. **Loan Amount and Duration**
The size of the loan determines the period of land management, with the number of harvests or duration of use being approximately equivalent to the loan amount.
3. **Repayment Through Land Utilization**
The loan is repaid through the lender's use of the land, with no requirement for the borrower to return the borrowed money in cash.
4. **Defined Due Date**
The contract specifies a clear due date, typically based on the number of harvests or a fixed period.
5. **Principle of Purpose and Substance**
Referring to the Islamic legal principle, "*Al-'ibrah fi al-'uqud bi al-maqashid wa al-ma'ani la bil alfazh wal mabani*" (the basis for transactions is their purposes and substance, not their expressions), the *carter* contract is intended as a form of mutual assistance.

According to contemporary Islamic scholars, from a Sharia perspective, the *carter* contract is generally deemed permissible, as noted in the work of Iqbal & Sukirno (2017). It reflects the principle of *ta'awun* (mutual cooperation) and



avoids *riba* because it does not impose any excessive conditions or interest on the borrower. Additionally, it avoids *gharar* (uncertainty or deception), as the terms of the contract are clearly defined. This aligns with the prohibition in Surah Al-Baqarah (2:188) against unjustly consuming the wealth of others.

In comparison, the *gala* contract, another practice among Acehese communities, allows the lender to benefit from the collateral, often to the detriment of the borrower. The *gala* agreement can lead to unjust profit, as the borrower must still repay the loan despite losing the use of their land, making it akin to *riba* (Ibrahim, 2012). In the *carter* system, no party is disadvantaged, as the lender benefits from the land's yield during the loan period, while the borrower's land is ultimately returned. This mutual benefit is a crucial element of Islamic economic justice, as highlighted in previous research, which advocates for equitable financial solutions in rural farming communities (Fithriady & Ibrahim, 2016; Huzaini et al., 2022)

Analysis of *Angkat-Bloe* Transactions

The practice of *angkat-bloe* transactions is common among the people of Aceh, especially those facing economic difficulties. An *angkat-bloe* transaction is a conditional sale in which the first party sells a piece of land to the buyer with the condition that the sale is conducted for a specific period and the land will be resold to the first party at the original purchase price (Fithriady & Ibrahim, 2016). For instance, a farmer in need of a loan may sell their plot of farmland. The farmer hands over the land to the buyer and receives money equivalent to the value of the land. However, both parties agree that the buyer must resell the land to the farmer at the same price once the farmer has the funds.

In this transaction, ownership is transferred as in a regular sale, but there is an agreement to resell the property to the original seller at the same price, without any increase, within an indefinite period. In Islamic commercial transactions, this practice is related to the term *bai' al-wafa* (بيع الوفاء). According to jurists, *bai' al-wafa* is a sale agreement in which the buyer agrees to return the goods to the seller once the seller refunds the purchase price (Wizaratul Auqaf wa asy-Syu'un al-Islamiyah, 1992).

Muhammad Abu Zahrah notes that *bai' al-wafa* originally emerged in the societies of Bukhara and the Balkans during the mid-5th century Hijri. This contract was created due to the reluctance of capital owners to lend money without receiving a return and borrowers' unwillingness to pay additional fees,



which resulted in the creation of *bai' al-wafa* as a solution to avoid usury. Over time, this practice became customary and was validated by the Hanafi school of thought (Fithriady & Ibrahim, 2016).

The legality of *bai' al-wafa* is debated among scholars. Some, including those from the Maliki and Hanbali schools, as well as early Hanafi and Shafi'i scholars, argue that the contract is void (*fasid*) because it contradicts the principles of a sale. They contend that the contracting parties do not intend to conduct a true sale but seek to avoid usury, making it akin to a pawn contract. Additionally, a hadith from the Prophet Muhammad (SAW), narrated by Bukhari and Muslim, states, "Every condition that is not in the Book of Allah is invalid, even if it is a hundred conditions" (HR. Bukhari Muslim) (Fithriady & Ibrahim, 2016). The impermissibility of *bai' al-wafa* was also affirmed by the Islamic Fiqh Council in Jeddah in 1992, which deemed it a usurious practice (Az-Zuhaily, 2008).

Scholars who oppose *bai' al-wafa* present several arguments. First, they argue that sales should not have a deferment period, as a sale involves a complete transfer of ownership. Second, sales should not include a condition requiring the buyer to return the sold item once the seller refunds the purchase price. Third, this type of sale did not exist during the Prophet's time. Fourth, such sales are viewed as legal stratagems that contradict the main objectives of sales law (Fithriady & Ibrahim, 2016). This opinion is supported by various fatwa institutions, including those from Qatar (تفصيل القول في حكم بيع الوفاء - إسلام ويب, n.d.) and Jordan (دار الإفتاء - بيع الوفاء بيع باطل, n.d.).

However, some later scholars from the Hanafi school permit *bai' al-wafa* transactions for several reasons: First, if the contract is termed a sale (*bai'*), then the laws of sale apply, not pawn, and anything is permissible except selling to another person. Second, this transaction is commonly practiced due to urgent needs (*ta'aruf an-nas*). Third, it is an alternative to avoid *riba*. Fourth, the fiqh principle "*idza dhaqa al-amr ittasa'a*" (when matters become difficult, the rules are eased) applies (An-Nisfiy, 1998). Fifth, it is based on the legal principle of *istihsan* (juridical preference) due to necessity and need (Hawwa, 2008).

In Indonesia, the transaction known as *bai' al-wafa* is allowed under the Compilation of Sharia Economic Law (KHES). In the KHES, *bai' al-wafa* is defined as a transaction that grants the right to repurchase goods sold, or a



conditional sale where the seller has the option to repurchase the sold object when the agreed-upon time period elapses. The transaction is also recognized as valid by the National Sharia Board Fatwa No: 94/DSN-MUI/IV/2014 concerning Sharia Securities Repo (SBS) based on Sharia principles. This fatwa allows Repo SBS transactions, where Sharia securities are traded with an agreement to repurchase at a later date.

The DSN-MUI stipulates that Repo SBS is termed *al-bai' ma'a al-wa'du bi al-syira'* (selling followed by an agreement to repurchase), with conditions including a genuine transfer of ownership and resale at market price. Upon examining scholars' views on *bai' al-wafa'*, conclusions can be drawn about deferred sale legality. Similar to *bai' al-wafa'*, the following conclusions apply:

1. If the land's sale price corresponds to the market value, the transaction is valid. Otherwise, if the price is based only on the seller's need for funds, it is a pretext for usury.
2. Repurchasing the land at the original price is impermissible unless adjusted to market value.
3. The repurchase deadline must be clearly defined; otherwise, it introduces uncertainty (*gharar*), which is prohibited.
4. This transaction is permissible due to urgent circumstances when no safer alternative is available.

Research Implications

The findings have significant implications for various stakeholders involved in *carter* and *angkat-bloe* transactions, particularly farmers, debt givers, religious leaders, and policymakers.

Farmers and Debt Givers

For farmers and debt givers, the research highlights the importance of aligning economic transactions with Sharia principles to avoid usury (*riba*), which is strictly prohibited in Islam. The *carter* contract offers a permissible alternative that fosters mutual assistance (*ta'awun*) without exploiting either party. Since *carter* is based on the concept of a lease, it ensures that the farmer can regain ownership of their land after the agreed-upon term, thereby avoiding long-term financial hardship. Farmers should be encouraged to pursue such contracts as they allow them to meet their financial needs while maintaining control over their assets.



Debt givers, on the other hand, should be mindful of the ethical implications of their financial practices. The analysis reveals that *angkat-bloe*, when improperly structured, can resemble usurious transactions despite its intention to avoid *riba*. To prevent exploitative practices, debt givers must ensure that contracts like *angkat-bloe* are conducted transparently and fairly, with clearly defined terms, such as the repurchase price being set according to market value. If these conditions are not met, the transaction risks falling into prohibited practices, as indicated by the literature on *bai' al-wafa* (Fithriady & Ibrahim, 2016).

Religious Leaders

The role of religious leaders (*teungku*) is crucial in educating the community about the risks of usury and promoting Sharia-compliant alternatives. Their efforts in raising awareness through sermons and study sessions have had a positive impact on the community, as evidenced by the growing adoption of *carter* and *angkat-bloe* contracts as alternatives to conventional pawn transactions. However, as *angkat-bloe* presents a more contentious issue, religious leaders must continue to provide clear guidance on its Sharia compliance. They should promote careful consideration of the contract's intention, pricing, and terms to ensure adherence to Islamic principles.

This aligns with the findings of Az-Zuhaily (2008), who emphasized that contracts should be structured in ways that prevent any form of exploitation or *riba*. Religious leaders should also actively engage with legal experts and scholars to ensure that emerging practices like *angkat-bloe* are evaluated and interpreted correctly in the light of contemporary needs and Islamic jurisprudence.

Policymakers

Policymakers, including local and national authorities, must recognize the socioeconomic factors that drive farmers and communities to seek alternatives to conventional loans. Policies should be developed to support and regulate Sharia-compliant financial practices like *carter* and *angkat-bloe*, ensuring that they are properly implemented without harming vulnerable groups such as farmers. Additionally, policymakers should facilitate access to Islamic financial institutions that offer alternatives to conventional loans, allowing communities to avoid *riba* without resorting to potentially exploitative informal agreements.



Furthermore, the findings underline the need for clearer legal frameworks and fatwas that address contracts like *angkat-bloe* in specific local contexts, ensuring they align with both Islamic law and practical financial needs. The DSN-MUI Fatwa No. 94/2014 on Sharia Securities Repo provides a valuable reference, as it outlines conditions for permissible sale-and-repurchase agreements, which could be adapted to local transactions like *angkat-bloe* to safeguard both parties' interests.

Islamic Financial Institutions

Islamic financial institutions can also play a pivotal role by providing structured products based on the principles of *ijarah* and *bai' al-wafa* that meet the needs of farmers and small-scale entrepreneurs. The research suggests that there is a gap in financial services for rural communities, which often leads them to resort to informal and sometimes legally questionable contracts. By offering tailored financial products that are Sharia-compliant, Islamic financial institutions can help bridge this gap and provide alternatives that are both ethical and practical.

Academics and Researchers

Finally, this study provides a foundation for further academic inquiry into alternative financial mechanisms in rural economies. Researchers can build on this work by conducting comparative studies of various Sharia-compliant contracts in different regions or by exploring the broader implications of Islamic financial principles in rural development. The integration of Islamic law and economic realities, as seen in this study, supports the idea that Sharia principles can be applied innovatively to modern economic challenges.

CONCLUSION

This study highlights key findings on *carter* and *angkat-bloe* contracts as alternative financial practices used by the Kuta Makmur community to avoid usurious transactions in pawn contracts. These two contracts offer unique ways to meet financial needs while maintaining compliance with Islamic principles. The *carter* contract is akin to a lease agreement, where land is utilized as collateral, and repayment is made through land management over a defined period. It aligns with Islamic principles of mutual assistance (*ta'awun*), as ownership remains with the debtor, and no party is exploited. This makes *carter* a permissible and beneficial practice under Sharia law. In contrast, the *angkat-bloe* contract mirrors *bai' al-wafa'* in Islamic law, a type of deferred sale with



a resale agreement. The legality of *angkat-bloe* is more complex and depends on the contract's intent, fairness, and specific terms, such as the resale price and conditions. While it can be permissible under certain conditions, it requires careful adherence to Sharia guidelines to avoid resemblance to usury.

The findings offer important implications for various stakeholders in *carter* and *angkat-bloe* transactions. For farmers and debt givers, *carter* provides a Sharia-compliant alternative to usury, ensuring mutual cooperation without exploitation, while *angkat-bloe* requires careful structuring to avoid usurious practices. Religious leaders play a critical role in educating the community on these alternatives and must continue to guide them on Sharia-compliant contracts. Policymakers should support and regulate such practices by providing legal frameworks that align with Islamic law and local needs. Islamic financial institutions can address gaps in financial services by offering Sharia-compliant products, and academics should explore these alternatives across different regions and their broader economic impacts.

This study is primarily limited to the analysis of *carter* and *angkat-bloe* contracts from the perspective of Islamic law. While the Sharia compliance of these contracts has been explored in depth, the study does not address their implications under Indonesian civil law. Additionally, the research is geographically confined to the Kuta Makmur district, limiting the broader applicability of its findings to other regions with different socioeconomic conditions. Future research should analyze the *carter* and *angkat-bloe* contracts in the context of Indonesian civil law to provide a comprehensive legal framework that supports their implementation across the country. Researchers could explore similar land-based financial practices in other regions or countries to determine how local customs and legal frameworks influence the adaptation of Sharia-compliant contracts. Additionally, future studies could investigate how these contracts, particularly *carter*, can be incorporated into formal Islamic financial systems, exploring the potential for regulatory frameworks that ensure the protection of both borrowers and lenders.

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