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THE PHENOMENON OF PROBLEM CUSTOMERS AT SYARIAH PAWNSHOP: A QUALITATIVE STUDY OF GOLD INSTALLMENT AND RAHN PRODUCTS

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Abstract

This study aims to analyze the phenomenon of problematic customers in rahn and gold installment products at Pegadaian Syariah, specifically related to the causal factors, customer behavior, and the institution's handling strategies. The study used a qualitative approach with a phenomenological design to understand the subjective experiences of informants. Data were collected through in-depth interviews, observation, and documentation with informants consisting of internal Pegadaian Syariah employees and supported by field data. The results indicate that problematic customers are influenced by decreased repayment capacity, geographical constraints, low utilization of digital applications (TRING), and a lack of response to reminder systems. From a behavioral perspective, indications of moral hazard and limited information were found, causing a mismatch between initial conditions and payment reality. The handling strategy was implemented in stages through reminders, in-person visits, extension or top-up options, and auctions as a final step. This study contributes to enriching the literature on behavior-based Islamic finance and offers practical implications for strengthening risk management and communication strategies at

Pegadaian Syariah. Future research is recommended to develop a mixed methods approach for more comprehensive results.
Keywords : *problematic customers, rahn, gold installments, Islamic pawnshops, risk management*

1. Introduction

The global Islamic finance industry has shown a significant growth trend over the past two decades, with asset values steadily increasing and projected to reach trillions of dollars by the middle of this decade. In the Indonesian context, this growth is supported by increasing Islamic financial literacy and innovations in Sharia-compliant contract-based products, such as rahn (pawn) and gold-based financing. Gold rahn products have become a popular instrument due to their flexibility, fast disbursement, and relatively stable real asset-based collateral (Shaganta & Nufzatutsaniah, 2024) . This makes Pegadaian Syariah a non-bank financial institution playing a strategic role in Sharia financial inclusion in Indonesia.

At the national level, Pegadaian Syariah continues to develop innovative products such as gold pawning (rahn), Arrum (Ar-Rahn for micro-enterprises), and gold installments as investment and financing alternatives for the community. These products not only serve as short-term financing solutions but also as instruments for Sharia-based community economic empowerment. The transformation of Pegadaian Syariah's services also reflects an adaptation to the needs of the modern generation, including service digitization and increased accessibility (Zahabya & Putra, 2025) . However, behind this growth, operational challenges related to financing risks, particularly risk, lie. fail pay customers.

The phenomenon of non-performing customers is a critical issue in managing rahn-based financing. The risk of default not only impacts the institution's financial stability but also impacts operational processes such as collateral auctions and administrative handling. Several studies have shown that the risk of default in gold pawn products can be influenced by economic fluctuations, customer income instability, and a lack of financial literacy (Ma'rifa et al., 2025) . In practice, managing this risk requires an approach that is not only technical but also understands the behavior and conditions of customers. social economy customers.

Empirical findings from field research indicate that the factors causing customers to experience problems are often complex and multidimensional. Decreased ability to pay due to job loss, decreased business income, and geographic factors such as distance from the service office are significant obstacles. A study by Herlina et al. (2025) revealed that late payments are often not solely due to unwillingness, but also limited access and worsening economic conditions.

Furthermore, the dynamics of customer behavior in facing payment obligations are also influenced by perceptions of risk lost collateral.

From a social and cultural perspective, the practice of gold pawning in Indonesian society has unique dimensions. Gold is not only viewed as an economic asset but also holds symbolic and emotional value. Therefore, the decision to pawn or redeem gold often involves psychological and social considerations. Research (Buana et al., 2021) shows that the practice of rahn in Indonesia is inseparable from the local cultural context and the community's values of trust in Islamic financial institutions. This underscores the importance of a qualitative approach in understanding gold pawning. experience subjective customers.

Although various studies have addressed aspects of risk management and the implementation of rahn contracts, most have focused on normative, legal, or quantitative aspects. Studies that delve deeply into customer experiences, behavioral dynamics, and institutional adaptive strategies in dealing with problematic customers are still relatively limited. (Saputra, 2026) emphasized that qualitative research in the context of Islamic pawnshops still has ample room to explore the meaning and practices in the field more comprehensively. Thus, there is a research gap that needs to be filled. through approach interpretive.

Based on this description, this study focuses on three main aspects: the causes of customer problems, customer behavior in facing payment obligations, and Pegadaian Syariah's strategies in handling these situations. A qualitative approach was chosen to gain a deep understanding of the experiences and perspectives of the actors involved, both from the customer side and internally at Pegadaian. This analysis is expected to uncover the social processes underlying these problems. occurrence financing problematic.

This study aims to identify the factors causing customer problems, understand the dynamics of customer behavior in the context of payment obligations, and analyze the management strategies implemented by Pegadaian Syariah. Theoretically, this research is expected to contribute to the development of Islamic finance literature, particularly regarding behavior-based risk management. Practically, the results of this study are expected to provide recommendations for Pegadaian Syariah in improving the effectiveness of risk management and the quality of service to customers.

2. Literature review

The concept of rahn in Islamic finance refers to a contract of delivery of goods as collateral for a debt, in which the lender has the right to retain the goods until the obligation is repaid. In Islamic jurisprudence, rahn has a strong sharia basis, derived from the Qur'an, hadith, and fatwas of the National Sharia Council (DSN-MUI). In modern practice, rahn has developed into a sharia pawn product used by institutions such as Pegadaian Syariah, with mechanisms for collateral assessment, financing, and the imposition of ujrah (maintenance fees) in accordance with sharia principles

(Nadiva & Hastriana, 2026) . This mechanism is designed to minimize risk by guaranteeing real assets, although in practice it still faces challenges such as fluctuations in collateral value and the potential for default.

Besides rahn, gold installment financing is a popular product innovation because it combines investment and financing aspects. This product allows customers to own gold through an installment plan with Sharia-compliant contracts. However, gold installment financing also carries risks, particularly credit risk (default risk), market risk due to gold price fluctuations, and operational risk in financing management (Kamilah & Pratikto, 2025) . These risks become more complex when associated with diverse customer characteristics, necessitating an adaptive risk management system.

In the context of non-performing financing (NPF), this term refers to a condition in which a customer is unable to fulfill their payment obligations as agreed. Indicators include late payments, installment arrears, and even total default. The impact of NPF not only impacts an institution's financial performance but also increases operational costs and liquidity risk. Research (Sastrawaty, 2025) confirms that rahn-based financing remains at risk of default, primarily due to external factors such as economic conditions and internal factors such as suboptimal risk management.

From a theoretical perspective, customer behavior can be analyzed using consumer behavior and agency theory. Consumer behavior explains how individuals make financial decisions based on preferences, risk perception, and socioeconomic conditions. Meanwhile, agency theory highlights the potential for moral hazard and asymmetric information, where customers have more information about their financial situation than financial institutions. This condition can trigger opportunistic behavior that increases the risk of non-performing loans (Sastrawaty, 2025) and (Sandhu, 2021) . Information asymmetry can also lead to errors in assessing customer creditworthiness, thus increasing credit risk.

Previous research shows that the issue of problematic financing in rahn products has been widely studied, but with varying focuses. (Herlina et al., 2025) found that the collateral sales strategy is the main solution to overcome default, but did not examine customer behavior in depth. (Ma'rifa et al., 2025) highlighted the management of default risk in gold pawning, but emphasized managerial and procedural aspects. Meanwhile, (Zahabya & Putra, 2025) discussed the transformation of Islamic pawnshops in facing generational changes, but did not specifically link it to the phenomenon of problematic customers. Thus, there is a research gap that lies in the lack of qualitative exploration of customer experiences, behaviors, and social dynamics in dealing with problematic financing.

Based on theoretical foundations and previous research, this study develops a conceptual framework that positions economic conditions, payment access, and customer behavior as the primary factors influencing the emergence of problem customers. Economic conditions reflect a customer's financial capability, payment

access relates to the ease of fulfilling obligations, while customer behavior encompasses psychological and social aspects of decision-making. These three factors interact with each other and form a complex dynamic, ultimately contributing to the occurrence of problem financing. This framework serves as the basis for analysis in qualitative research to understand the phenomenon more deeply and contextually.

3. Research methods

This study uses a qualitative approach with a phenomenological design, aiming to deeply understand the subjective experiences of customers and internal parties of Pegadaian Syariah in dealing with problematic financing. The phenomenological approach was chosen because it can explore the meanings, perceptions, and interpretations of individuals regarding the social realities they experience directly (Khan, 2020) . In the context of this research, the phenomenon studied is the dynamics of default on rahn and gold installment products, thus requiring an in-depth exploration of the experiences of the actors involved. The study was conducted at one of Pegadaian Syariah's units in 2025, taking into account the relevance of the case and the availability of informants appropriate to the research focus.

The research subjects consisted of key informants selected using purposive sampling techniques, namely individuals deemed to have knowledge and experience related to the phenomenon being studied. Informants included internal parties at Pegadaian Syariah, such as appraisers, operational staff, and employees who handle problem financing. Furthermore, this study could also involve customers as additional informants to obtain a more comprehensive perspective. Data collection techniques were carried out through in-depth interviews (semi-structured), direct observation, and documentation. Interviews were used to explore the experiences and perceptions of informants, observations were conducted to understand the real operational context, while documentation was used to supplement data in the form of reports or archives related to financing (Herlina et al., 2025) . This combination of techniques allows for data triangulation, which increases the depth and accuracy of information.

The validity of the data in this study was maintained through triangulation of sources and methods, namely comparing data from various informants and using different data collection techniques. Furthermore, member checking was conducted by confirming the interview results with informants to ensure the researcher's interpretations were consistent. The data analysis process used the interactive model of Miles and Huberman, which includes the stages of data reduction, data presentation, and drawing conclusions repeatedly until saturation was reached (Miles et al., 2020) . This approach allows researchers to systematically identify patterns, themes, and relationships between categories. Thus, the methodology used is expected to produce valid, in-depth, and relevant findings to the research context.

4. Results and Discussion

4.1. Results

Based on interviews with internal representatives of Pegadaian Syariah, it was found that the phenomenon of problematic customers in rahn and gold installment products is influenced by several main factors: economic, technical, and behavioral. One dominant finding is a decrease in customer repayment capacity midway through the contract period, even though the customer was initially deemed eligible and had understood the financing risks. Informants stated that "most of the reasons were that they were unable to afford it midway through even though the risks were explained at the beginning." This indicates the dynamics of customer economic conditions that change over time and cannot always be predicted from the start of the contract.

Besides economic factors, geographical constraints and service access are also significant factors. Customers located far from Pegadaian units or outside the city experience difficulties making payments in person. As one informant stated, "the customer is far away from the city and there's no one to represent them." This situation is exacerbated by the low utilization of digital applications (TRING), which are actually provided to facilitate payments. A lack of digital literacy or a habit of using conventional services prevents customers from utilizing more flexible payment alternatives.

Another finding indicates a lack of customer responsiveness to Pegadaian's reminder system. Although internal staff sent notifications via WhatsApp one week before the due date, many customers did not respond until the grace period had passed. Informants explained that if there was no response, communication was continued via SMS, or even through in-person visits. This suggests that communication and responsiveness issues are significant factors in the occurrence of problematic financing.

In handling problematic customers, Pegadaian Syariah applies a phased and persuasive approach. The initial stage is carried out through digital reminders (WhatsApp and SMS), followed by a forbearance period of up to one month. If the customer still hasn't made a payment, further steps are taken, including an in-person visit or sending an official letter. Before taking final steps, customers are given solution options such as extending the contract or topping up with payment of a fine according to regulations. However, if all these efforts are unsuccessful, a collateral auction is

carried out as a last resort. Informants emphasized that an auction is not the primary option, but rather a last resort after all other resolution options have failed.

4.2. Discussion

The findings of this study indicate that the phenomenon of problematic customers can be explained through the perspective of moral hazard theory, where customers tend to delay or ignore payment obligations despite being aware of the consequences from the outset. This is evident in their unresponsive behavior to reminders and their tendency to delay payments beyond the tolerance limit. This condition aligns with findings (Sastrawaty, 2025) which state that in Islamic financing, moral hazard arises from an imbalance of commitment between customers and financial institutions.

Furthermore, the research findings also indicate asymmetric information, a discrepancy between the initial information provided by the customer and the actual conditions during the financing period. At the time of the contract, the customer was deemed capable, but over time, changes in economic conditions occurred that were not detected by the institution. This reinforces the view that financing risk stems not only from external factors but also from the limited information held by the institution (Sandhu, 2021) . Therefore, the initial feasibility analysis process is not fully capable of predicting the long-term dynamics of the customer.

From a consumer behavior perspective, customer decisions regarding payment obligations are influenced by psychological factors, habits, and perceived risk of collateral loss. Interestingly, this study found that even though auction risk was understood, not all customers considered it a primary motivating factor for maintaining payment discipline. This indicates a gap between cognitive understanding and actual actions, a key characteristic in the study of financial behavior.

Compared with previous research, this study's results align with those of Herlina et al., 2025, who emphasized the importance of strategies for handling problematic financing through operational approaches such as collateral sales. However, this study provides a new perspective by highlighting previously underexplored dimensions of customer behavior and experience. Furthermore, unlike Ma'rifa et al., 2025, who

focused on structural risk management, this study reveals the dynamics of interactions between customers and institutions in the problem-solving process.

The novelty of this research lies in the integration of economic factors, service access, and customer behavior in explaining the phenomenon of problematic financing at Pegadaian Syariah. This research examines the problem not only from an institutional perspective but also from the subjective experiences of customers and operational realities in the field. Practical implications of these findings include the need to improve digital education (e.g., the use of the TRING application), strengthen customer behavior monitoring systems, and develop more adaptive communication strategies. For further research, it is recommended to expand the number of informants, including customers directly, and combine qualitative and quantitative approaches (mixed methods) to gain a more comprehensive understanding.

5. Conclusion

This study reveals that the phenomenon of problematic customers in rahn and gold installment products at Pegadaian Syariah is influenced by several main factors, namely decreased repayment capacity due to changing economic conditions, obstacles to payment access influenced by distance and customer mobility, and low utilization of digital technology such as the TRING application. Furthermore, customer behavior shows a pattern of being less responsive to reminder systems and a tendency to delay payments, which reflects aspects of moral hazard and limited information between customers and institutions.

In terms of handling, Pegadaian Syariah has implemented a phased and persuasive strategy, ranging from reminders via digital media, providing a forbearance period, in-person visits, to offering extension or top-up options. Collateral auctions are used as a last resort after all other resolution efforts have failed. These findings reinforce the importance of a behavioral-based approach in Islamic financial risk management and demonstrate that resolving problematic financing is not only administrative, but also social and communicative. Theoretically, this research contributes to the development of behavioral-based Islamic finance literature, while practically providing insights for improving the effectiveness of risk management at Pegadaian Syariah.

Suggestion

continuously improving customer education regarding payment obligations and financing risks, not only at the time of the contract but also throughout the financing period. Furthermore, it's necessary to optimize the use of digital applications (TRING **)**

through outreach and assistance to make payments easier for customers without location constraints. Strengthening more adaptive and personalized communication strategies is also crucial to increasing customer responsiveness.

For future researchers, this study could be developed using a quantitative or mixed methods approach to examine the relationships between variables in a more measurable manner and broaden the generalizability of the findings. Furthermore, further research could involve more direct customer perspectives to deepen understanding of behavioral and social aspects. in sharia financing

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