

The Influence of Ar Rahn Financing, Income (Ujrah), Number of Customers, Gold Price Fluctuations and Inflation Rates on the Profitability of Islamic Pawnshops in Indonesia in 2019-2023

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ABSTRACT

This study aims to analyze the effect of Ar-Rahn financing, income (Ujrah), number of customers, gold price fluctuations, and inflation rates on profitability. The population in this study is Islamic pawnshops registered with the Financial Services Authority in 2019-2023. This study uses a sampling technique, namely the method Saturation Sampling and using monthly data, so that a sample of 3 companies was obtained with a total of 60 data samples. The data analysis method used multiple linear regression analysis using IBM SPSS Statistics 25. The results of the study showed that partially the Ar-Rahn financing variables, number of customers, and audit gold price fluctuations did not affect profitability. While the Ujrah income and inflation rate variables affected profitability. Simultaneously, the Ar-Rahn financing variables, Ujrah income, number of customers, gold price fluctuations, and inflation rates affected profitability.

Keywords: *Ar-Rahn, Income (Ujrah), Number of Customers, Inflation, Profitability*

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1. INTRODUCTION

Pegadaian Syariah is one of the Non-Bank financial companies that has attracted the interest of the community, especially the lower middle class. Basically, people need financial assistance to meet their needs, both in terms of clothing, food, shelter, and business capital. The application of high interest rates in conventional financial institutions can trigger difficulties for people in paying off their obligations later. That is why people prefer sharia-based financial institutions that offer products without interest on loans. (Adisty, 2017).

From year to year, Pegadaian Syariah has experienced an increase in various aspects, one of which is the gold pawn product. The majority of people tend to use gold or jewelry as a hedge rather than motorbikes or vehicles. This is because the value of gold is so strong and the demand for gold is stable. As reported in www.republika.co.id, Pegadaian Syariah recorded a significant growth of 42.79% annually (YoY). Total Outstanding Loan (OSL) as of May 2019 pocketed IDR 7.88 trillion, of which the largest contribution came from sharia pawn (rahn), which was IDR 4.48 trillion.

Sharia Pawnshops as financial intermediary institutions are also expected to be able to show superior performance compared to conventional pawnshops. The goal of a company is to gain profit. Data from the Financial Services Authority (OJK) in 2019-2023.

Table 1. Growth of Sharia Pawnshop Assets

| Period | Period of Total Assets (Billion Rp) |
|--------|-------------------------------------|
| 2019 | 11.253 |
| 2020 | 10.670 |
| 2021 | 8.684 |
| 2022 | 11.146 |
| 2023 | 12.550 |

The total assets of the Sharia Business Unit (UUS) of PT Pegadaian (Persero) at the end of 2019 amounted to IDR11,191.3 billion, an increase of IDR3,459.5 billion compared to assets in 2018 or growing by 45%. The growth in assets was supported by increasing liabilities and equity, which were each able to grow by 36% (yoy) and 68% (yoy). Until the end of 2019, Rahn and Rahn Tasjili loans dominated the value of loans provided by PT Pegadaian (Persero) with portions of 61% and 38% of the total loans provided, respectively.

Profitability is also affected by fluctuations in the cost of goods and services in the form of gold pawns. The high price of gold will increase public interest in investing and producing gold. This is because the price of goods and services has increased rapidly, resulting in increased production and operational costs.

Pegadaian also benefits from Ujrah fees for maintaining gold provided by customers. This income certainly affects the profitability of sharia pawnshops. The higher the amount of Ar Rahn gold financing, the higher the Ujrah income received by the sharia pawnshop (Nanik, 2017). The increasing number of pawnshop income is inseparable from the role of its customers. The increasing number of customers means that income will increase. The very high inflation rate can cause economic instability and slow economic growth, and can cause unemployment to increase. Inflation can have positive and negative impacts on the economy, and can affect the amount of financing distribution

2. RESEARCH METHODS

The object of research in this study is Pegadaian Syariah registered with the Financial Services Authority (OJK), namely www.ojk.go.id, which contains the annual report of Pegadaian Syariah. The financial report used in the period 2019-2023. The population in this study is Pegadaian Syariah registered with the Financial Services Authority (OJK) in 2019-2023. There are 3 Pegadaian Syariah companies that are registered and licensed by the Financial Services Authority (OJK). The sample used in this study uses the saturated sampling technique (Saturation Sampling). In this study, the data sample used is the monthly financial report from January to December 2019 - 2023 in the sampled company so that 60 data samples were found.

This study is a quantitative study using secondary data. Quantitative in this study uses numbers and data analysis in accordance with the statistical methods used. The data used are secondary data obtained through the official website of the Financial Services Authority (OJK) <https://www.ojk.go.id/>, gold data comes from <https://www.logammulia.com/id> and the inflation rate comes from <https://www.bi.go.id/>. The data analysis techniques used were descriptive statistical tests, classical assumption tests, multiple linear regression tests, and hypothesis tests..

3. RESULTS AND DISCUSSION

Research result

a. Multiple Linear Regression Analysis

The multiple linear regression analysis method was carried out on the model proposed by the researcher using SPSS progress to predict the relationship between independent variables and dependent variables.

Table 2. Coefficientsa

| Model | Coefficientsa | | |
|-------------------|-----------------------------|------------|---------------------------|
| | Unstandardized Coefficients | | Standardized Coefficients |
| | B | Std. Error | Beta |
| 1 (Constant) | -8,639 | 4.238 | |
| Ar Rahn Financing | -0.869 | 0.481 | -0.131 |

| | | | |
|-------------------------|-------|-------|-------|
| Income of Ujrah | 0.925 | 0.039 | 0.961 |
| Number of Customers | 0.091 | 0.263 | 0.024 |
| Gold Price Fluctuations | 0.388 | 0.549 | 0.053 |
| Inflation Rate | 0.259 | 0.048 | 0.166 |

a. Dependent Variable: Profitability

The regression equation obtained is as follows:

1. The coefficient of Ar Rahn financing variable (X1) has a value of -0.869, this value indicates a negative direction between the Ar Rahn financing variable and profitability. This means that if the Ar Rahn financing variable increases, then conversely the profitability variable will decrease, assuming other variables are considered zero/constant.
2. The coefficient of the income variable Ujrah (X2) has a value of 0.925, this value indicates a positive direction between the income variable (Ujrah) and the profitability variable. This means that the income variable (Ujrah) increases, then the profitability variable will also increase, assuming other variables are considered zero/constant.
3. The coefficient of the number of customers variable (X3) has a value of 0.091, this value indicates a positive direction between the number of customers variable and the profitability variable. This means that if the number of customers variable increases, the profitability variable will increase, assuming other variables are considered zero/constant.
4. The coefficient of the gold price fluctuation variable (X4) has a value of 0.388, this value indicates a positive influence between the gold price fluctuation variable and the profitability variable. This means that if the gold price fluctuation variable increases, the profitability variable will increase, assuming other variables are considered zero/constant.
5. The coefficient of the inflation rate variable (X5) has a value of 0.259, this value indicates a positive direction between the inflation rate variable and the profitability variable. This means that if the inflation rate variable increases, the profitability variable will increase, assuming that other variables are considered zero/constant.

b. Hypothesis Testing

Hypothesis testing is used to test the influence of independent variables on dependent variables. The hypothesis testing used in this study is the partial (individual) t-statistic test and the simultaneous (joint) F-statistic test. The t-test is a test used to determine the extent to which the independent variables individually influence the dependent variable.

Table 3. Coefficientsa

| Model | | Coefficientsa | | | | |
|-------|-------------------------|----------------|-------|--------------|--------|------|
| | | Unstandardized | | Standardized | t | Sig. |
| | | Coefficients | | Coefficients | | |
| B | Std. Error | Beta | | | | |
| 1 | (Constant) | -8,639 | 4.238 | | -2,038 | .048 |
| | Ar Rahn Financing | -.869 | .481 | -.131 | -1,805 | .078 |
| | Income of Ujrah | .925 | .039 | .961 | 23,693 | .000 |
| | Number of Customers | .091 | .263 | .024 | .348 | .730 |
| | Gold Price Fluctuations | .388 | .549 | .053 | .706 | .484 |

| | | | | | |
|----------------|------|------|------|-------|------|
| Inflation Rate | .259 | .048 | .166 | 5,400 | .000 |
|----------------|------|------|------|-------|------|

a. Dependent Variable: Profitability

1. The results of the t-test of the Ar-Rahn financing variable (X1) on profitability (Y) obtained a significance value of $0.078 > 0.05$ and a calculated t value of $-1.805 < t$ table 2.004, so it can be concluded that H1 is rejected, which means that the Ar-Rahn financing variable (X1) has no effect on profitability.
2. The results of the t-test of the Ujrah income variable (X2) on profitability (Y) obtained a significance value of $0.000 < 0.05$ and a calculated t value of $23.693 > t$ table 2.004, so it can be concluded that H2 is accepted, which means that the Ujrah income variable (X2) has a significant effect on profitability (Y).
3. The results of the t-test of the variable number of customers (X3) on profitability (Y) obtained a significance value of $0.730 > 0.05$ and a calculated t value of $0.348 < t$ table 2.004, so it can be concluded that H3 is rejected, which means that the variable number of customers (X3) does not affect profitability (Y).
4. The results of the t-test of the gold price fluctuation variable (X4) on profitability (Y) obtained a significance value of $0.484 > 0.05$ and a calculated t value of $0.706 < t$ table 2.004, so it can be concluded that H4 is rejected, which means that the gold price fluctuation variable (X4) has no effect on profitability (Y).
5. The results of the t-test of the inflation rate variable (X5) on profitability (Y) obtained a significance value of $0.000 < 0.05$ and a calculated t value of $5.400 < t$ table 2.004, so it can be concluded that H5 is accepted, which means that the inflation rate variable (X5) has a significant effect on profitability (Y).

The simultaneous test (F test) is used to determine the joint influence of independent variables (X) on the dependent variable (Y).

Table 4. ANOVA

| ANOVA | | | | | | |
|-------|------------|----------------|----|-------------|---------|--------|
| | Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 0.009 | 5 | 0.002 | 102,715 | 0.000b |
| | Residual | 0.001 | 54 | 0.000 | | |
| | Total | 0.010 | 59 | | | |

a. Dependent Variable: Profitability

b. Predictors: (Constant), Inflation Rate, Ujrah Income, Ar Rahn Financing, Number of Customers, Gold Price Fluctuation

The calculated F value is $102.715 > f$ table 2.383 and the significance value is $0.000 < 0.05$, so it can be concluded that H6 is accepted, which means that the Ar-Rahn financing variables, income (Ujrah), number of customers, gold price fluctuations and inflation rates have a significant influence on the profitability of Pegadaian Syariah Indonesia.

c. Coefficient of Determination Test (R²)

The coefficient of determination is used to measure how far the regression model explains the variation in the dependent variable.

Table 5. Model Summary

| Model Summaryb | | | | |
|----------------|--------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | 0.961a | 0.924 | 0.911 | 0.0029519 |

a. Predictors: (Constant), Inflation Rate, Ar Rahn Financing,

Ujrah Income, Gold Price Fluctuation, Number of Customers

b. Dependent Variable: Profitability

The value of Adjusted R square (R^2) is 0.911, so it can be concluded that 91.1% of the profitability variable can be explained by independent variables, namely Ar-Rahn financing, income (Ujrah), number of customers, gold price fluctuations, and inflation rates. While the remaining 8.9% is influenced by other factors outside the research variables.

d. Interpretation

1. The Influence of Ar-Rahn Financing Variables on the Profitability of Islamic Pawnshops

From the hypothesis test that has been carried out, it shows that the Ar-Rahn financing variable obtained a significance value of $0.078 > 0.05$ and a calculated t value of $-1.805 < t_{table} 2.004$, so it can be concluded that the Ar-Rahn financing variable (X_1) does not affect profitability (Y), so the first hypothesis (H_1) which states that Ar-Rahn financing has an effect on the profitability of Pegadaian Syariah Indonesia in 2019-2023 is rejected.

This shows that the less or more funds issued by Islamic pawnshops will not affect profitability. Rahn is a debt transaction accompanied by collateral in the form of moving prices to guarantee the debt when it matures.

2. The Influence of Ujrah Income Variables on the Profitability of Islamic Pawnshops

From the hypothesis test that has been carried out, it shows that the Ujrah income variable obtained a significance value of $0.000 < 0.05$ and a calculated t value of $23.693 < t_{table} 2.004$, so it can be concluded that the Ujrah income variable (X_2) has an effect on profitability (Y), so that the second hypothesis (H_2) which states that Ujrah income has an effect on the profitability of Pegadaian Syariah Indonesia in 2019-2023 is accepted.

This shows that the higher the Ujrah income obtained by a sharia pawnshop, the higher its profitability will be. Ujrah income is a Sharia Pawnshop's profit obtained from rental fees for storage and maintenance of pawned goods for a specified period of time.

3. The Influence of the Number of Customers Variable on the Profitability of Islamic Pawnshops

From the hypothesis test that has been carried out, it shows that the variable number of customers obtained a significance value of $0.730 > 0.05$ and a calculated t value of $0.348 < t_{table} 2.004$, so it can be concluded that the variable number of customers (X_3) does not affect profitability (Y), so the third hypothesis (H_3) which states that the number of customers affects the profitability of Pegadaian Syariah Indonesia in 2019-2023 is rejected.

This shows that the high or low number of Islamic pawnshop customers will not affect its profitability. Customers are consumers of banking services. Like banks, pawnshops as financial institutions that sell trust (credit) and services also earn income from credit sales and the provision of these services.

4. The Influence of Gold Price Fluctuation Variables on the Profitability of Islamic Pawnshops

From the hypothesis test that has been carried out, it shows that the gold price variable obtained a significance value of $0.484 > 0.05$ and a calculated t value of $0.706 < t_{table} 2.004$, so it can be concluded that the gold price fluctuation variable (X_4) does not affect profitability (Y), so the fourth hypothesis (H_4) which states that gold price fluctuations affect the profitability of Pegadaian Syariah Indonesia in 2019-2023 is rejected.

This shows that changes in gold prices in Islamic pawnshops will not affect profitability. Fluctuations in gold prices are a state of rising and falling prices influenced by supply and demand. Although global gold price fluctuations will affect the profitability of Islamic Pawnshops, this impact is not the only factor that affects the rise and fall of the company's profitability.

5. The Influence of Inflation Rate on Sharia Pawnshop Profitability

From the hypothesis test that has been carried out, it shows that the inflation rate variable obtained a significance value of $0.000 < 0.05$ and a calculated t value of $5.400 < t_{table} 2.004$, so it can be concluded that the inflation rate variable (X5) has an effect on profitability (Y), so that the fifth hypothesis (H5) which states that the inflation rate has an effect on the profitability of Pegadaian Syariah Indonesia in 2019-2023 is accepted.

This shows that increasing inflation in Islamic pawnshops will affect profitability. Inflation is the process of continuous increase in prices of goods or an economic condition that shows a tendency for general price increases. This can increase profitability because many people pawn their valuables

4. CONCLUSION

This study discusses the effect of Ar-Rahn financing, Ujrah income, number of customers, gold price fluctuations, and inflation rates on profitability in Islamic pawnshops registered with the Financial Services Authority (OJK) in 2019-2023. This study uses monthly data from January - December. The method in this study uses saturated samples (Saturation Sampling). With 3 Islamic pawnshops that meet the criteria. Based on the results of the study, the conclusions that can be obtained are as follows:

- a. Partially, Ar-Rahn financing does not affect the profitability of Islamic pawnshops. This is because large funds issued for financing do not always reflect high profitability, because it will also increase the risk of customers being late or defaulting in making their debt payments. The amount or small amount of funds issued by Islamic pawnshops will not affect profitability.
- b. Partially, Ujrah income affects the profitability of Islamic pawnshops. This is because through Ujrah income, Islamic pawnshops obtain halal and legitimate income. Here, the pawnshop only receives a fee (wage) for the service, not profit sharing or interest. The higher the Ujrah income obtained by Islamic pawnshops, the higher its profitability will be.
- c. Partially, the number of customers does not affect the profitability of Islamic pawnshops. This is because the number of customers in Islamic pawnshops does not only consist of credit customers, but also savings and deposit customers. Many customers can also increase the risk of uncollectible income. The high or low number of Islamic pawnshop customers will not affect its profitability.
- d. Partially, gold price fluctuations do not affect the profitability of Islamic pawnshops. This is because gold price fluctuations are only one of the supporting factors that have quite an influence on profitability, but not the main one. In addition, most of the customers of Islamic pawnshops come from the lower middle class who tend not to pay much attention to gold price fluctuations. Changes in gold prices at Islamic pawnshops will not affect profitability.
- e. Partially, the inflation rate affects the profitability of Islamic pawnshops. This is because inflation results in an increase in operational costs and has an impact on the profitability of Islamic pawnshops in the process of generating profits. Increasing inflation in Islamic pawnshops will affect profitability.
- f. Simultaneously, Ar-Rahn financing, Ujrah income, number of customers, gold price fluctuations, and inflation rates affect profitability. This shows that the variables of Ar-Rahn financing, number of customers and gold price fluctuations cannot stand alone in

explaining the profitability variable, so Islamic pawnshops in increasing their profits do not only focus on getting Ujrah income and paying attention to the inflation rate, but must also pay attention to Ar Rahn financing, number of pawnshop customers, and changes in gold prices in increasing their profitability in order to get the maximum profit level.

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