

# Artikel Syukri Iska 02

*by Syukri22 Iska22*

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## SOCIOLOGY | RESEARCH ARTICLE

# The construction of an Islamic capitalism through *Pagang Gadai* amongst the Minangkabau people

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**Abstract:** The Minangkabau ethnic group has a pawn system called *Pagang Gadai* (PG) that is oriented towards high social values. This pawn system aims to help people in need; the affluent can help those who need assistance. However, as time went by this social motive has shifted into a profit-oriented business motive hiding behind this pawning activity. Even more, this shift can be seen from the large number of tribal assets that have been pawned although they are not allowed to be used as collaterals. In light of this phenomenon, this study aimed to understand the form of this pawn system shift in Minangkabau that had made the pawning of tribal assets a common practice. The data collection was conducted using in-depth interview method. Fifteen pawnbrokers were interviewed; they were selected through the purposive sampling technique and were limited using the snowball sampling technique. Subsequently, the data were analyzed using a qualitative approach. The results of this study show three important findings in the shift in the pawning motive in Minangkabau. Firstly, the shift in the pawn system has resulted in a capitalistic lifestyle. Secondly, this shift has weakened the position of the pawnbrokers because of their financial fragility. Thirdly, these pawnbrokers ultimately cannot enjoy the benefits of the pawned assets in whole or in part. This study



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### ABOUT THE AUTHORS

Syukri Iska completed his education at the under graduate and graduate levels in the field of Islamic law, his doctoral program in the field of Islamic Economics at Malaya University Malaysia. He has served as a lecturer at IAIN Imam Bonjol Padang, State Islamic College, and State Islamic University (UIN) Batusangkar in Indonesia, for more than 30 years. Currently, he is an associate professor in the field of Islamic Economics at Mahmud Yunus Batusangkar State Islamic University, Indonesia.

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### PUBLIC INTEREST STATEMENT

In current conditions, the principle of *Pagang Gadai* in the Minangkabau indigenous people has shifted compared to the past. The party who owes money (gold) does not want the capital owed to someone, for a period of time until the debtor is able to return the receivable, so that the boundaries are not clear, it will not have an economic impact on him. However, the method used has violated customary values that have been formulated by traditional leaders long ago, namely debt owed (*Pagang Gadai*) is only limited to the motive of helping, not for profit. For this reason, the use of collateral (pawn) economically, must be in the form of collaboration between the owner (pawners/debtors) and processor of pawned land (lenders), the results of which are processed are divided based on the agreement of both parties.

concludes that this occurring shift has been the result of the decline in Minangkabau traditional values, a pragmatic lifestyle, and weakening compliance with applicable laws.

**Subjects:** Islamic Law; Kinship & Community; Religion; Islam - Religion

**Keywords:** construction of capitalism; *Pagang Gadai*; Islamic economics; Minangkabau society

## 1. Introduction

The pawn system in Minangkabau, usually called *Pagang Gadai* (PG), which first emerged as a cultural mechanism for collectively overcoming economic difficulties, has become a capitalist practice. Initially, PG was intended solely to help those who needed assistance; as such, although valuables were used for collateral, the lender would not be able to use them for profit. In the past few decades, however, the PG system has significantly transformed, creating economic opportunities for the lenders to maximize their profits. Settling debt, including debts incurred by today's profit-oriented economic transactions, is no longer viewed as the social responsibility of the financially stable. Hasneni (2015) notes that the current PG system, which is built around debt and handled by profit-oriented individuals, clearly goes against indigenous Minangkabau values and the Islamic law in which said values are rooted. The togetherness value that has long marked Minangkabau society has fallen by the wayside. According to Minangkabau custom, one must not use the assets of a kinsman as collateral in debt—let alone use that collateral for profit. As commonly stated, “*Jua ndak dimakan bali, gadai indak dimakan sanda*” (Land may not be sold, and it may not be used as collateral in any transaction or debt)

Studies of the PG system in Minangkabau society have generally relied on two perspectives: the legal and the economic. Legal studies have generally focused on the conflicts that emerge in relation to PG; see, for example, Putra's (2019) study of conflicts over *ulayat* land (customary land); Priska's (2017) use of Islamic jurisprudence to explore the pawning of rice fields in Nagari Saningbakar; and Refliza's (2015) discussion of land pawning vis-à-vis Law No. 56 of 1960. Economic studies of PG have limited themselves to understanding the practice of PG as an economic transaction rooted in Minangkabau society and culture. Take, for example, the exploration of PG and its usage for funding the Micro, Small, and Medium Enterprises (MSME) conducted by Hakim and Kholidah (2019) and the investigation of Sharia PG and economic benefits for Indonesians conducted by Manahaar (2019). Few have examined how PG practices have transformed along with their broader socio-economic contexts. Likewise, few have offered understanding of how economic behaviors influence society and culture.

This study, thus, is innovative in its efforts to address the gaps in the literature by examining how the PG system, long a part of Minangkabau society and culture, has become profit-oriented. This article explores not only the capitalist constructions involved in modern-day PG transactions but also the factors that have contributed to the creation of such capitalist constructs. At the same time, it seeks to understand the influence of the capitalist system on the lenders (*pemegang gadai*) and debtors (*penggadai*). By understanding these three elements, it will be possible to explain how the development of a capitalist economy has transformed the socio-cultural structures of society.

This article is based on an argument that changes in the PG system are determined by the changes in the economic context prevailing in society. Economic interests have significantly structured social and cultural life. The practice of PG, which has its socio-cultural roots in Minangkabau history, has been (re)structured by economic forces and decisions. As economic interests have become increasingly dominant in Minangkabau society and culture, the practice of PG has become oriented more towards profit than settling debts.

## 2. Literature review

### 2.1. Capitalist economics

Capitalist economics is one of the world's most popular and is the superior form to organize economic activities (Berger, 2021). Historically, this system traces its roots to the secular and liberal traditions that promoted the separation of the church and the state (Javaid & Hassan, 2013). Foundational to capitalism is the principle that individuals should be free to handle their own finances, pursue their personal interests, and find joy in wealth; capitalism, thus, is inherently materialistic and individualistic (Javaid & Hassan, 2013; Sirajuddin & Tamsir, 2019; Waqas et al., 2016). Capitalist economics differs significantly from the socialist system, which tends to be collectivist and dedicated toward the betterment of society (Butler, 2018). In capitalist economics, human beings have an absolute right to exploit nature while advancing their own interests. Indeed, human beings may make use of any resources available to them in securing their own positions. As such, capitalist economics emphasizes individual ownership and free markets wherein economic actors are unrestricted in controlling property and setting prices, thereby enabling them to maximize their profits (Aydin, 2013; Jahan & Mahmud, 2015).

Shaikh (2009) identifies the capitalist economics as having several key characteristics: (1) individual ownership of assets and development of businesses, (2) absence of government intervention in the production and prices of goods, (3) individuals working as effectively as possible to ensure their personal needs are fulfilled, without any form of social responsibility, (4) the dominance of profit orientations over social orientations, such that collective welfare is not prioritized, and (5) freedom in good production and consumption.

Aside from these fundamental characteristics, the capitalist economics has several strengths and weaknesses (Jackson & Deeg, 2006). Afzalurrahman (1995) notes the strengths of the system, (1) proponents of capitalism assert that economic liberty benefits society as it increases productivity and promotes rational wealth, (2) free competition, a characteristic of this system, does not only increase productivity but also ensures that prices are stable, such that wealth can be created and maintained, and (c) the motivation to increase profits incentivizes individuals to improve their productivity by dedicating themselves to their work.

At the same time, the capitalist economics has several weaknesses: *First*, the unlimited ability to accumulate wealth will lead individuals to gather as much wealth as possible (Muhdar, 2010). Consequently, wealth will not be distributed equally, and this will detrimentally affect the economic system. *Second*, when wealth is dominated by certain individuals who advance their own interests, the interests of the public will be sacrificed (Waqas et al., 2016). *Third*, in this capitalist economics, moral values such as kinship, mutual assistance, love, and charity are ignored in favor of personal profit (Bakhri, 2011; Effendi, 2019). Such issues have been widely criticized. As stated by Miller (as cited in Waqas et al., 2016), good and bad are measured by pleasure and hardship, and these, in turn, are only possible when individuals' human rights are recognized (Effendi, 2019)). *Fourth*, the gap between capitalists (capital holders) and laborers (those working to earn money) is also the gap between the rich and poor. *Fifth*, where individuals are driven by the desire to accumulate wealth, values of justice are ignored (Afzalurrahman, 1995). *Sixth*, capitalism is marked by widespread neglect of social welfare.

From this discussion, it is evident that critics of capitalist economics have focused primarily on its failure to promote morality and social welfare. Capitalist economics creates individuals who are individualistic and materialistic, who put profit ahead of moral values (Ahmad & Rakib, 2019; Butler, 2018; Freeman et al., 2007; Zarkasyi, 2013). Individuals compete openly on the free market, all to earn a profit. Conflicts can only be resolved through the legal system (Scott, 2012).

## 2.2. Local wisdom

Local wisdom refers to the accumulated knowledge that guides the everyday practices of indigenous communities. Kurniawati et al. (2019) describe local wisdom through a smart environment analysis, describing how local wisdom intersects with social order. They explain that local wisdom provides social practices that can ensure sustainability. Similarly, Maria (2018) defines local wisdom as the cultural practices that ensure the sustainable usage of natural resources (Faiziyah, 2017; Syafrizal & Calam, 2019). Rahayu et al. (2019) holds that local wisdom serves to protect the indigenous culture and history of a society. At the same time, however, the failure to accommodate local wisdom may lead to conflict (Indriani et al., 2019). Local wisdom may, thus, be understood as encompassing the knowledge, beliefs, understandings, customs, and ethics or society (Hilman et al., 2019).

Meliono (2011) writes that local wisdom produces particular expressions, behaviors, and activities that reflect the ideals and experiences of society. Every area has its own local wisdom. For example, in land issues, the Sundanese people have a traditional means of dividing land along customary lines (Rusmana, 2018). The *Undau Mau* people of West Kalimantan, meanwhile, use their local wisdom to structure their settlements (Maridi, 2015). In Papua, natural resources are used carefully in accordance with the value of *te aro neweak lako* meaning nature is me (Niman, 2019). Among the Minangkabau people of West Sumatra, the practice of *PG* is accepted as normal by society (Oktavian et al., 2021). Local wisdom provides them with an alternative means of living in society.

## 2.3. Pagang Gadai (PG) among the Minangkabau

*PG* refers to the practice of providing an asset as collateral in exchange for a loan (Choirunnisak & Handayani, 2020; Iska et al., 2022). These assets may include, for example, gold, land, or other valuable objects (Supriadi et al., 2019). The practice of *PG* has historically been used for practical purposes and manifested through mutual agreement and kinship practices (Nurzamzam, 2017). Minangkabau society recognizes three types of *PG*, 1) wherein the debtor works the land being pawned, under the assumption that profits will be shared with the lender (i.e. a profit-sharing mechanism), 2) the lender has full power over the pawned land, and 3) the lender asks others for help maintaining with the land and its upkeep (Amir, 2015; Refliza, 2015). However, there has been a significant shift in *PG* practices lately.

According to Minangkabau custom, individuals or families may settle debts by using their assets in the form of *tanah ulayat* (customary land) as collateral. Four major forms of debt are recognized: wedding a daughter, holding a funeral, repairing the family home, and formally inaugurating a new customary leader (Eficandra, 2022; Dt Rajo Indo, n.d.). All of these rituals are expensive, and loans may be required. For such loans, land or other assets may be used as collateral. As previously mentioned, the practice is known as *PG*.

Shifts in the practice of *PG* have often caused problems in society. The Minangkabau people no longer perceive *PG* as being used for the greater good, but as part of a transactional and capitalistic market (Wirasaputra, 2017). There is, thus, a great need for clear and measurable standards of truth (*kabananan*) for the usage of land—as reflected in the phrase “*Panghulu barajo ka mufakat, mufakat barajo ka kabanaran*” (the head of the tribe must refer to an agreement, and this agreement must be rooted in truth). Previously, this truth was rooted in the philosophy of “*Adat Basandi Syara’, Syara’ Basandi Kitabullah*”—which itself is based on Islamic law. Islam provides guidance for land-related matters (including *PG* and debt). Islam, a basis of Minangkabau culture, does not allow lenders to profit from their money lending or from assets held as collateral, as such profits would be considered usury/interest (*riba*). A *Hadith* of the Prophet says: “Every profit from debt is *riba*” (al-Kahlany, n.d.). Usury/interest is forbidden by Allah, as conveyed in *Surah al-Baqarah* (2): 225: “Allah has permitted sale transactions and has forbidden usury.” This is reinforced by Fatwa of the National Sharia Council No: 19/DSN-MUI/IV/2001 regarding *Qardh* (Debt), and Fatwa of the National Sharia Council No: 25/DSN-MUI/III/2002 regarding *Rahn* (Pawnage).

On the other hand, heritage lands cannot be sold, as it is a great heirloom recognized through the norm “*Jua indak dimakan bali, Gadai indak dimakan sando*” (Land may not be sold, and it may not be used as collateral in any transaction (debt)). (STS. Dt. Rajo Indo, n.d.). Research has shown that, in recent decades, *tanah ulayat* (customary land) has commonly been sold to ensure that certain economic needs are met. Ironically, the sellers of this land have often been customary leaders, who have done so without informing their female kin—a major problem in matrilineal Minangkabau society. Conflict often occurs, the settling of which involves extensive legal proceedings.

### 3. Method

The cases discussed herein highlight how Minangkabau society has fundamentally transformed over the past few decades, shifting away from the philosophy “*Adat Bersendikan Syara’—Syara’ Bersendikan Kitabullah*”: no customary activities may violate the principles of Islamic sharia. *PG* originally followed this principle; however, today, the economic system has become highly profit-oriented.

This type of research is field research which is analyzed with qualitative analysis and the primary data is collected through in-depth interviews with the informants. As its main informants, this study takes fifteen debtors, lenders, ulamas, and customary leaders. Informants were initially selected through purposive sampling; further informants were selected through snowball sampling.

This study began with a desk review of the literature of *PG* in Minangkabau society. Field research was subsequently conducted in 2021 to ascertain the conditions in the field. After initial interviews were conducted with informants, it was found that economic exploitation has resulted in significant shifts in the values and motives underlying *PG*. The further investigation focused on the indicators of this change, which were ascertained through in-depth interviews with informants.

When analyzing the data, the authors used Miles and Huberman’s interactive model, as described by Gunawan (2013). Analysis was conducted intensively until completion, following the stages of reduction, categorization/classification (display), and verification. Verification was subsequently conducted before conclusions were drawn.

### 4. Results

#### 4.1. Capitalist trends

When debtors fail to repay the debts incurred through *PG*, they have no opportunity to benefit from the assets used as collateral. In such cases, the land benefits are only for the lender. Such occurrences are common in Minangkabau society, as stated by Halimah, in Nagari Saruaso:

“My rice fields were used as collateral when the Nagari Government borrowed money from Abdullah for an irrigation project, for ten years, and for that duration, I am unable to enjoy the crops of this land.” (Interview, 2 February 2021).

Likewise, in Nagari Tabek, Era explained:

“My grandmother pawned her land to Ahmad, several decades ago. However, because my family and I have been unable to pay this debt, our collateral (asset) is still being used by Ahmad’s family. As such, my family and I have not been able to enjoy the crops from this land.” (Interview, 10 February 2021).

This statement was reinforced by Novi, the chairwoman of a local cooperative:

“Many debtors have asked the cooperative to resolve past debts, so that they can use their lands to improve their economic well-being again.” (Interview, 10 February 2021)

In another form of *PG*, the debtor can receive a share of the crop (normally two-thirds). In such cases, although the land is used as collateral, the debtor may still benefit from it, as they have been asked by the lender to work the land. This normally depends on local traditions, as there are no such universal standards in Minangkabau customs. As stated by Bakar, and confirmed by Eni and Upik:

“Although we are the ones who work the land, a third of the crop must always be set aside for the lender, the one with the money or gold.” (Interview, 20 February 2021).

Similar tendencies were mentioned by Eka, who stated that, although he received only a third of the crop, in terms of value, it far surpassed the debt owed. As he stated:

“In 2010, Bakar borrowed 15 *ameh* (37.5 grams of gold), equivalent to Rp16,500,000. As collateral (*PG*), he gave me his *kabun gatah* (rubber farm). It produces an average of 60 kg per week or 3,120 kg per annum. That translates to Rp600,000 per week or Rp31,200,000 per annum. In 2020, he returned my 15 *ameh* (37.5 grams of gold), now worth about Rp37,500,000.” (Interview, 10 April 2021).

Based on this information, Eka—as the lender of the gold—received a third of the rubber harvest, equivalent to Rp100,400,000 over ten years. This was approximately 600% of the initial loan.

A similar statement was made by Elni:

“My parents took a loan of nine gold rupiahs (worth Rp79,000,000), providing as collateral a plot of agricultural land that produced an average of 100 *katidiang* (name of measuring instrument) or Rp14,000,000 per annum. This debt was taken out for ten years.” (Interview, 15 April 2021).

Based on this information, over ten years, the lender received more than Rp140,000,000 from his share of the harvest. This was approximately 56% more than the value of the initial loan of Rp79,000,000.

Capitalism is also evident in another form of *PG*, wherein community-owned land is sold in accordance with certain criteria. For example, if Resident A requires land, he may sell his land to Resident B, with the understanding that Resident B may not sell the land to anyone else. Resident B may only sell the land back to Resident A, and only for the amount initially paid to Resident B, as mentioned by Deri in Padang Ganting:

“Such sales are used for paying off debts, and are allowed under Islamic law, as they are not loans but proceeds from the sales of assets.” (Interview, 25 February 2021)

However, as capitalism has become more common among the Minangkabau, the situation has changed. As mentioned by Intan, Upik, and Elni in different *Nagari*:

There are times when tribal community land (*pusako tinggi*) is sold by members to advance the interests of themselves and their immediate families. Even though, in customary law, they only have the right to use the land.” (Interviews, March 10 & 12, 2021).

From the above discussion, it is evident that various forms of *PG* have become more capitalistic and have been oriented toward providing capital gains to the lenders. The debtors, conversely, have seen their position weakened, as they are unable to repay the loans provided to them or benefit from their harvests—the main source of income in their predominantly agrarian society.

#### 4.2. Causal factors

*PG* has become increasingly oriented toward profit for several reasons. First, the understanding of customary values has shifted. Previously, it was held that shared customary lands could not be

sold to benefit individual community members. Such an understanding has shifted, as explained by Dt. Lelo Sampono, the Chairman of the Minangkabau Customary Assembly (Ketua Lembaga Kerapatan Adat Alam Minangkabau, LKAAM):

“This has been reinforced by customary institutions’ failure to stop values from shifting, or to block the rising tide of capitalism.” (Interview, 5 June 2021).

Second, Minangkabau society has become increasingly pragmatic. Members of the community have become increasingly willing to use borrowed money to search for profit, as explained by Eka:

“The lent money is from their savings. Thus, their lending must provide them with opportunities for profit.” (Interview, 10 April 2021).

Third, in search of profit, many community members have ignored customary, Islamic, and state laws. For their pragmatism, they violate not only customary teachings but also all applicable state laws. Masnefi, the chairman of the Indonesian Council of Ulama (MUI) in Tanah Datar, explained: “In Minangkabau custom rooted in Islamic law, one must not profit from one’s loans, as that is *riba*.” (Interview, 7 June 2021). Likewise, Article 7(1) of Law No. 56 of 1960, states:

“Whoever controls farmland under pawn rights, on the enactment of this regulation lasting for seven or more years, is obliged to return the said land to its owner within a month of its next harvest, without any right to demand compensation.”

#### **4.3. Transaction and perpetuation of poverty**

The increasingly capitalistic orientation of Minangkabau society has resulted not only in increased transactions but also serious long-term changes to the PG process. First, there exist transactional relations between lenders (those who have money/gold) and debtors. Eka, one of the informants, confirmed:

“The value of an object determines the amount of money/gold lent, as well as the profits shared between them. If the money or gold borrowed is used as venture capital, then surely there will be profit. As such, it makes sense for the lender to enjoy a share of the harvest.”

Second, poverty has been perpetuated. As the PG system has become increasingly capitalistic and transaction-driven, the debtor has had fewer opportunities to reap the benefits of their harvests. The poverty cycle is perpetuated, and this goes against the moral values that have traditionally underpinned the PG system. Exacerbating this situation, the longer one stay in debt, the more difficult it is for them to escape poverty. At the same time, the price of gold is always increasing as Elni explained:

“My family pawned our rice fields for a ten-year term. However, I am not yet able to repay the debt even though this land is our family’s financial backbone. The loan was initially for nine gold rupiahs (worth Rp79,000,000). Now, the gold is worth approximately Rp180 million. It has increased in value by approximately 225%.”

Third, acts that violate Islamic law have become increasingly common as Masnefi explained:

“The practice of using pawned land for personal profit is clearly a form of *riba*. I mean, the land is being used and maintained by the lender, and its harvests are used to enrich the lender. In fact, the land is only held as collateral in a debt.”

As one of the Hadiths holds, “Every profit from debt is *riba*” (al-Kahlany, n.d.). *Riba* is explicitly forbidden in *Surah al-Baqarah* (2) 225, which holds, “Allah has permitted sale transactions and forbidden usury.” This is reinforced by Fatwa of the National Sharia Council No: 19/DSN-MUI/IV/2001 regarding *Qardh* (Debt), and Fatwa of the National Sharia Council No: 25/DSN-MUI/III/2002 regarding *Rahn* (Pawn).

## 5. Discussion

From the above data, it is evident that the practice of *PG* has been dominated by a capitalist mindset. The lender gets profit from the debtor without considering the social of the *PG*, wherein individual profit is obtained, among other things, through rice and rubber harvests. Such a paradigm is incongruent with the customary values of Minangkabau society, including the philosophy that debt is a social transaction. This social reality is rooted in a lack of concern for the customary paradigms and Islamic laws that have provided the basis for Minangkabau society. As the capitalist mindset has been reinforced, the social and moral elements of Minangkabau society have been swept aside (Ahmad & Rakib, 2019; Butler, 2018; Freeman et al., 2007; Shaikh, 2009; Zarkasyi, 2013).

This shift has resulted in part from internal factors, particularly the economic pressures that have resulted in money being valued more than tradition; the lenders now believe that, before a loan is repaid, the lender should benefit from the collateral provided to them (Aydin, 2013; Jahan & Mahmud, 2015). Further facilitating this mindset is the external paradigm regarding the time value of money. Due to inflation, the relative value of a loan will only decrease over time (Suharto, 2014). As illustrated by Damodaran, 2002: "A dollar today is worth more than a dollar in the future because a dollar today can be invested to get a return." As argued by Javaid and Hasan (2013), every person has a right to seek pleasure and advance their interests—such as by using collateral for financial profit. This profit, however, differs from that obtained by banks and other financial institutions namely through "interest". It derives not from investment, but also from ongoing efforts to manage the land. The amount of profit, meanwhile, is determined solely by the duration of the debt; the longer the loan, the greater the profit. Lenders profit at the expense of the debtors (Waqas et al., 2016)

This research differs from previous ones such as those conducted by Hasneni (2015), Priska (2017), and Refliza (2015) which examined the Minangkabau practice of *PG* from the perspective of Islamic law and Indonesian positive law. It does not investigate land conflicts in *tanah ulayat* (customary land), as done by Putra (2019), nor does it investigate *PG* as a traditional economic practice (as done by Hakim & Kholidah, 2019; Manahaar, 2019). This study seeks only to show that a paradigm shift has occurred in Minangkabau society, with traditional social values and systems giving way to the capitalist ideal of profit-driven individualism. This difference is also evident in a comparison of the pawn practices in Minangkabau and Java.

To deal with such shifts, it is necessary to restore the principle that one must assist others—even if it means also providing profits to the lenders. To make this possible, collaboration is necessary: even when the land used as collateral is worked by the debtor, the proceeds should be shared between the debtor and the lender. In this manner, the values of Minangkabau society will be upheld and continue to reflect Islamic law. Islamic economics recognizes this as *Muzara'ah/Mukhabarah*, an agricultural partnership wherein profits are shared between those involved (Al-Zuhaili, 2004). In this manner, the debtor will continue to profit, albeit in a socially responsible manner.

The pattern of capitalism in *PG* is the missing opportunity for the debtors to get the results of the object of *PG* fully, and the profit-orientation is getting stronger due to the lenders. It is caused by the shift from sharia-based social paradigm to a commercialized form of transactional relationship.

This research has limited itself to exploring the paradigm shift that has occurred in Minangkabau society, wherein debt is no longer seen as a social issue, but a profit issue. Further research is necessary to explore how customary law has failed to prevent this shift. Likewise, this study has limited itself to Minangkabau society; as such, in the future, it is necessary to compare different pawn practices and better understand how new paradigms have influenced the practice throughout the archipelago.

## 6. Conclusion

This research has made an important finding that the customary values of Minangkabau society are in a critical flux. The practice of *PG* is no longer rooted in the principles of Islamic economics: social responsibility and mutual support, but is dominated by the profit-oriented individualism of the capitalist system. The object of *PG* which has been an economic source for the debtors has turned into a source of income for lenders, due to the presence of gold or money as debt. In this manner, the philosophy used in this case is that debt is no longer for a social transaction, but for a commercial or profitable transaction.

These results may contribute to the study of cultural-based Islamic economics or Islamic economics-based cultural studies. At the same time, it highlights the importance of further investigating the Minangkabau philosophy of “*Adat Bersendikan Syara’*, *Syara’ Bersendikan Kitabullah*”, which holds that Islamic law provides the philosophical basis for everyday interactions in Minangkabau society, especially in economic interaction.

This research has limited itself to exploring specific forms of pawn that best highlight the paradigmatic shift from social responsibility to individual profit. As such, the opportunity to investigate how customary law has failed to curtail the rise of capitalistic tendencies in Minangkabau society remains. Likewise, this study has focused solely on the Minangkabau customary society. As such, future studies should emphasize the association between *PG* and social harmony/disharmony. There are, thus, many opportunities for conducting further qualitative and/or quantitative research into other customary economic activities, as practiced by the Minangkabau or by other of Indonesian ethnic groups.

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### Disclosure statement

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