

**Article Arrival Date****15.03.2024****Article Published Date****20.06.2024****ANALYSIS OF THE APPLICATION OF THE PEGADAIAN SYARIAH DIGITAL SERVICE (PSDS) APPLICATION INFORMATION SYSTEM****Ardiansyah***State Islamic University K.H. Abdurrahman Wahid Pekalongan Indonesia**ORCID ID : 0009-0001-5176-396X***Arini Minnataka***State Islamic University K.H. Abdurrahman Wahid Pekalongan Indonesia**ORCID ID : 0009-0002-7065-8986***AM. Muh. Khafidz Ma'shum***State Islamic University K.H. Abdurrahman Wahid Pekalongan Indonesia**ORCID ID : 0009-0000-2084-0646***Hendri Hermawan Adinugraha***State Islamic University K.H. Abdurrahman WahidPekalongan Indonesia**ORCID ID : 0009-0003-5488-8252***ABSTRACT**

*The development of digital technology has driven transformation in the Islamic financial industry, including Pegadaian Syariah. To face competition and meet customer demand for fast and easily accessible services, Pegadaian Syariah launched the Pegadaian Syariah Digital Service (PSDS) application. This study aims to analyze the implementation of PSDS, evaluate its effectiveness and impact, and identify the challenges and obstacles faced. The research method used is a qualitative approach with data collection techniques through in-depth interviews, observation, and documentation studies. Data were obtained from Pegadaian Syariah management, employees, and PSDS user customers. The results showed that the implementation of PSDS provides benefits such as increased comfort and convenience for customers, expansion of service coverage, operational efficiency, and a modern corporate image. However, the challenges faced include aspects of data security, customer education, technical constraints, and compliance with sharia principles in digital transactions. Recommendations include increasing efforts to socialize and educate customers, strengthening data security systems, improving service quality and application features, and implementing continuous monitoring and evaluation mechanisms to ensure compliance with sharia principles.*

**Keyword;** *Pegadaian Syariah, Sharia Financial Technology, and PSDS.*

**1. INTRODUCTION**

The development of digital technology has driven transformation in various sectors, including the Islamic finance industry. Islamic financial institutions are required to be able to adopt digital technology in order to improve services, expand market reach, and meet

the preferences of customers who are increasingly mobile and digital Pegadaian Syariah, as one of the leading Islamic financial institutions in Indonesia, realizes the importance of following this digitalization trend. To face the increasingly fierce competition and customer demand for fast and easily accessible services, Pegadaian Syariah launched the Pegadaian Syariah Digital Service (PSDS) application. PSDS is a digital application that allows customers to conduct pawn transactions online, without having to physically visit a branch office. This application offers various features such as online pawn applications, installment payments, extension of the pawn period, as well as information services and virtual customer service. The implementation of PSDS by Pegadaian Syariah is a strategic step in an effort to improve services, expand market reach, and keep up with the rapid development of digital technology. However, behind the benefits offered, the implementation of PSDS also faces challenges such as aspects of data security, customer education, and compliance with sharia principles in digital transactions. Therefore, it is important to analyze the implementation of PSDS. This analysis aims to evaluate the effectiveness and impact of PSDS implementation, identify challenges and obstacles faced, and formulate strategies and recommendations for future application development. By conducting a comprehensive analysis, Pegadaian Syariah can ensure that the implementation of PSDS is running well, providing optimal benefits for customers, and maintaining compliance with sharia principles in an ever-evolving digital environment.

## **2. RESEARCH METHOD**

The research method used is a qualitative approach with data collection techniques through in-depth interviews, observation, and documentation studies. Data were obtained from Pegadaian Syariah management, employees, and PSDS user customers.

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## **3. RESULTS AND DISCUSSION**

### **3.1. Pegadaian Syariah**

Pegadaian is an institution that provides financing facilities using a pawn system (Yudha et al., 2023). The Ministry of BUMN oversees several companies, and one of them is PT Pegadaian. In 2003, Islamic financial institutions experienced quite rapid development. By establishing a Sharia Pawn Service Unit, PT Pegadaian established a sharia pawnshop whose operational activities adhere to sharia principles. A modern administration system and effectiveness based on Islamic values are used as concepts in operating sharia pawnshops. Sharia pawnshops operate as independent units that are structurally separate from conventional pawnshops.

The beginnings of sharia pawnshops date back to the Dutch East Indies era. At that time, the status of the pawnshop was changed to PN Pegadaian. Then, in 1969, there was a change in position from PN Pegadaian to a bureau company, or what is often called a contract. And in 1990, precisely on April 10, the government issued a government regulation that changed Perjan to Perum Pegadaian with the aim of increasing its productivity. In 2011, the form of the business entity changed again to become a limited liability company or limited liability company.

Compared to other financial institutions, sharia pawnshops offer loan terms that are easier and quicker to carry out (Choirunnisak & Handayani, 2020). People only need to come to the pawnshop with the goods they want to guarantee, and then the money will be disbursed immediately in a relatively short time. Even the pawnshop will not question what the money borrowed by the public will be used for. So, money that has been borrowed by the public or pawn shop customers can be used according to their respective wishes without being bound by any agreement regarding the use of the funds or money.

Sharia-based financial products are now starting to increase, one of which is the presence of sharia pawnshops in Indonesia. Sharia pawnshops, in carrying out their operations, adhere to sharia principles with the characteristics of no interest and determining money only as a medium of exchange (KN, 2019)

In Sharia, every pawn transaction must fulfill the terms and conditions (Sari Pertiwi et al., 2019). Sharia pawnshops use two contracts in their implementation, namely the rahn contract and the ijarah contract. The goods used as collateral for the financing received are types of movable goods, including:

1. Jewelry, whether made of gold, silver, platinum, or pearls.
2. Electronic goods, such as TVs, laptops, radios, computers, and so on.
3. Vehicles, both two-wheeled, such as bicycles, and motorbikes or four-wheeled, such as cars.
4. household items, such as cupboards, chairs, sofas, chairs, and so on.
5. Machines, such as motorbikes, sewing machines, coffee machines, and so on.
6. Items other than those mentioned above, but these items must have value, such as land certificates, vehicle documents, securities in the form of shares or bonds, or other documents.

### **3.2. Sharia Financial Technology (Islamic FinTech)**

Islamic fintech first appeared in 2004 in Dubai, United Arab Emirates, with the emergence of the first Islamic fintech startup called Beehive. Using a P2P lending market approach, this fintech offers financing to MSMEs (Nafiah & Faih, 2019). In Southeast Asia, there is Kapital Boost, a Singaporean fintech company, which was dubbed “The First Islamic SME Crowdfunding Platform” in 2016 after receiving a sharia compliance certificate from Singapore's Financial Shariah Advisory Consultancy (FSAC). Additionally, Singapore-based Fintech Ethis Crowd offers sharia-compliant services and has dominated the Indonesian market since 2014.

In general, financial technology can be interpreted as a technological innovation in financial transaction services (Narastri, 2020). In accordance with the National Sharia Council Fatwa N0.117/DSN-MUI/II/2018 concerning Information Technology-Based Financing Services Based on Sharia Principles, this regulation explains that what is meant by financial technology is the provision of financing that brings together or connects investors with recipients. financing in order to carry out financing contracts according to sharia principles through an electronic system using the internet network (DSN - MUI, n.d.)

Etymologically, Islamic fintech is a combination of technology and Islamic finance (Ali et al., 2019). The basic principle underlying Islamic transactions is that interest must not be contaminated and the risks must be shared between the banker and the customer. The term "Islamic fintech" means fintech that is designed and works in accordance with sharia principles. Fintech that is in accordance with the Islamic perspective involves avoiding interest (riba), uncertainty (gharar), and chance/gambling (maysir). The term "Islamic" is used to differentiate between conventional fintech and Islamic fintech (Alshater et al., 2022). This means that every product or service that emerges from fintech must comply with rules taken from the Koran and Sunnah, which are collectively known as sharia.

In economics, Muslims adhere to sharia principles, namely adhering to rules based on guidelines contained in the Al-Qur'an and Sunnah, which is then commonly known as Islamic Finance (Sahabuddin et al., 2019). Islamic finance originates from the roots of Islamic economics, which is different from other economic systems. Islamic finance is a form of finance that uses the principles of sharia ethics and morality as the core of its financial transactions (Rabbani, 2022). Islamic finance has a unique and balanced system that meets the wishes of Maqasid-Al-Syariah (Elasrag, 2019). Maqasid-Al-Syariah is to regulate all aspects of Muslim life and maintain social welfare, justice, and financial stability. Apart from that, this system always strives to maintain economic, social, and sharia obligations that not only aim at maximizing profits but also create balance in life in this world and in the afterlife.

According to (Muryanto et al., 2022), the Islamic fintech framework has five areas, namely social finance, insurance, wealth management, deposits and lending, and finance. These services leverage enabling technologies such as artificial intelligence and the cloud. Islamic finance has embraced fintech based on technological advances such as blockchain, cryptocurrency, crowdfunding, and P2P lending. In short, fintech is about carrying out financial transactions using disruptive, innovative, and pioneering technology, while Islamic fintech is about doing all that within the scope of sharia (Khan et al., 2022).

(Hasan et al., 2020) said that in general, the core impact of fintech technology on the sharia industry is divided into three categories. First, technologies such as artificial intelligence (AI) and big data aim for greater automation of activity insights. The second group of technologies focuses on disintermediation leading to open access to services and includes P2P finance and mobile banking. The final group consists of greater decentralization and security and includes blockchain and cloud-based technologies. The use of blockchain-based solutions can enable Islamic banks to control increasing transaction costs and can help manage profit-sharing agreements. The benefits of blockchain in creating smart contracts have attracted many financial companies.

### 3.3. PSDS

The following is an analysis of the application of the Pegadaian Syariah Digital Service (PSDS) application information system:

#### 1. Background of PSDS Implementation

Pegadaian Syariah is one of the business units of PT Pegadaian (Persero) which carries out pawn business activities based on sharia principles. With the development of digital technology, Pegadaian Syariah implements the PSDS application to improve services and facilitate access for customers.

## 2. PSDS Features and Functions

PSDS offers several main features, among others:

- Online pawn application without having to come to the branch office
- Information about PegadaianSyariah products and services
- Online installment payments and pawn repayments
- Online extension of the pawn period
- Virtual customer service

## 3. Benefits of PSDS

The implementation of PSDS provides several benefits, namely:

- Increasing the comfort and convenience for customers in accessing PegadaianSyariah services.
- Expanding service coverage without being limited to the existence of branch offices
- Increase operational efficiency by reducing queues and congestion at branch offices
- Facilitate digital transactions and payments
- Improve the company's image as a modern and adaptive Islamic financial institution to technological developments.

## 4. Challenges of PSDS Implementation

Although it provides many benefits, the implementation of PSDS also faces several challenges, such as:

- Ensuring data and transaction security from the risk of cyber attacks
- Providing education and socialization to customers about the use of the application
- Overcoming technical obstacles such as smooth access and compatibility with different devices
- Maintaining service standards and sharia principles in digital transactions

## 5. Evaluation and Continuous Development

To ensure the success of PSDS implementation, Pegadaian Syariah needs to conduct regular evaluations of application performance, feedback from customers, and the latest technological developments. Continuous feature development and application updates are also needed to maintain competitiveness and meet changing customer needs.

Overall, the implementation of PSDS by Pegadaian Syariah is a strategic step in adopting digital technology to improve services and keep up with the development of the modern Islamic finance industry. However, challenges in the aspects of security, education, and compliance with sharia principles need to be well managed to ensure the success of PSDS implementation in the long run(Denia Maulani, 2020).

#### 4. CONCLUSIONS

Pegadaian Syariah is a business unit of PT Pegadaian (Persero), which operates based on sharia law in the pawn business sector. Pegadaian Syariah introduced the PSDS application as a response to advances in digital technology to improve customer service and facilitate access. All things considered, Pegadaian Syariah's deployment of PSDS is a calculated move toward utilizing digital technology to enhance services and stay abreast of the advancements in the contemporary Islamic financial sector.

The following are some advantages of PSDS implementation

1. Improving consumer comfort and convenience when using Pegadaian Syariah services.
2. Broadening the scope of services without being constrained by branch office locations
3. Lower wait times and traffic at branch offices to improve operational efficiency through
4. Enable online payments and transactions.
5. Boost the business's reputation as an innovative, tech-savvy Islamic bank.

To ensure the long-term success of PSDS implementation, however, issues pertaining to security, education, and Sharia conformity must be effectively controlled. Pegadaian Syariah needs to conduct regular evaluations of application performance, feedback from customers, and the latest technological developments. Continuous feature development and application updates are also needed to maintain competitiveness and meet changing customer needs

#### 5. ACKNOWLEDGMENTS

Based on the conclusions above, the author believes that there are still many issues related to security, education, and compliance with Sharia in order to ensure the successful implementation of digital services at Sharia pawnshops. Therefore, it is hoped that research can be carried out by other parties. Future researchers can continue this research on the material by using other contexts or analyzing other factors.

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