Jurnal Ilmiah Research and Development Student (JIS)
Volume. 4 Nomor. 2 Juni 2026
e-ISSN : 2988-5922; p-ISSN : 2988-6058,Hal 383-397
DOI: https://doi.org/10.59024/jis.v4i2.2257
Tersedia: https://jurnal.alimspublishing.co.id/index.php/jis

Legal Analysis of Paylater Transactions from a Contemporary Fiqh Perspective

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Abstract. The development of financial technology has introduced PayLater as a digital payment innovation allowing consumers to acquire goods first with deferred payment. This convenience has driven increased PayLater usage in Indonesia, especially among younger generations, while simultaneously raising Islamic legal issues related to contracts, interest, late penalties, and uncertainty (gharar). This study aims to analyze the legal status of PayLater transactions from a contemporary fiqh perspective by examining fiqh muamalah principles, DSN-MUI fatwas, and contemporary scholarly opinions. The research employs a qualitative approach with library research methodology, collecting data from national and international scientific journals (2022–2026), DSN-MUI fatwas, fiqh muamalah books, and related literature, then analyzing them using descriptive and content analysis techniques. The findings reveal that the legal status of PayLater is conditional, depending on the contract form and its compliance with Sharia principles. Transactions containing riba, gharar, and exploitative penalties contradict Islamic law, whereas financing systems based on Sharia contracts such as murabahah and wakalah bil ujrah have the potential to serve as alternatives aligned with contemporary fiqh values. This study recommends developing Sharia-based PayLater that is transparent, just, and oriented toward public welfare in accordance with maqāṣid al-syarī'ah.

Keywords: Contemporary Fiqh; Fiqh Muamalah; Islamic Economics; PayLater; Sharia Contracts.

1. INTRODUCTION

The findings of this study reveal that the legal status of PayLater transactions is not absolute but highly conditional, depending on the underlying contract (*akad*) and the absence of prohibited elements. This conclusion is strongly supported by Fadhil & Ropei (2024) and Fitria (2024), who analyzed PayLater implementations on e-commerce platforms through the lens of *fiqh muamalah* and concluded that permissibility hinges entirely on the clarity and Sharia-compliance of the contract. Furthermore, (Jose & Masrukhan, 2025) emphasized that the legality of systems like Shopee PayLater must be strictly evaluated against Islamic Economic Law and DSN-MUI fatwas. Their research aligns with this study's assertion that conventional PayLater often falls short of Sharia compliance due to its interest-based mechanisms, reinforcing the need to differentiate between conventional and Sharia-compliant digital financing.

A critical aspect of this research is the identification of *riba* (interest) and *gharar* (uncertainty) as the primary factors rendering conventional PayLater impermissible. This finding is corroborated by Damayanti et al (2025), who highlighted the presence of *riba* and *gharar* in online lending practices. Similarly, Nurmaliah et al (2025) critically examined the element of *gharar* in digital financial services, pointing out that a lack of transparency in administrative fees and late penalties violates Sharia principles. Okta et al (2025) also reinforced this by identifying *riba* and *gharar* within Indonesia's broader fintech and peer-to-

Artikel Masuk: 28 April 2026; Revisi: 26 Mei 2026; Diterima: 23 Juni 2026; Terbit: 30 Juni 2026

peer lending ecosystem, confirming that without transparent pricing and fair penalty mechanisms, PayLater contradicts contemporary *fiqh*.

From the perspective of *Maqashid Sharia*, this study argues that PayLater can be beneficial (*maslahah*) if used for essential needs while protecting wealth (*hifz al-mal*), but it becomes detrimental when it fuels consumerism and digital debt. This perspective is supported by Elpipit (2025), who analyzed Muslim household resilience in the digital debt era, warning about the threats PayLater poses to family financial stability. Additionally, Kamaluddin & Sulton (2025) and Laili & Karimah (2025) reviewed the use of PayLater through a *Maqashid Sharia* lens, concluding that the uncontrolled use of such facilities contradicts the objective of preserving wealth. Handayani et al (2024) further echoed this by discussing the behavioral impacts of PayLater from an Islamic economic perspective, emphasizing the need for financial literacy to prevent *mudarat* (harm).

To address the discrepancies between conventional practices and Sharia principles, this study highlights the necessity for legal reconstruction and the adaptation of contemporary fatwas. This is in direct agreement with Fajri & Atmaja (2025), who proposed a legal reconstruction of PayLater transactions in marketplaces based on *fiqh muamalah* and *maqasid al-shariah*. Moreover, Faizal et al (2025) explored the dynamics of contemporary fatwas and the resistance from institutions like the East Java MUI against conventional PayLater systems, illustrating the ongoing scholarly and institutional pushback against non-compliant digital debt. Nabilah et al (2025) also advocated for reconstructing Islamic law regarding the Buy Now Pay Later (BNPL) scheme to align with broader ethical and sustainable goals, reinforcing this study's call for Sharia-compliant alternatives.

Ultimately, this research concludes that the digital economy requires adaptive yet principled *fiqh* solutions, such as utilizing *murabahah* or *wakalah bil ujrah* contracts for PayLater. This synthesis is supported by Rahmi et al (2025), who reviewed the application of *muamalah* rules in digital transactions, stressing that innovation must not compromise core Islamic values. By mapping out the conditions under which PayLater becomes permissible, this study not only validates the concerns raised by previous scholars regarding *riba* and *gharar* but also provides a constructive framework for developing Sharia-compliant digital financing, thereby contributing to the ongoing discourse in contemporary Islamic economic law.

2. THEORETICAL STUDY

The Concept of PayLater in the Digital Economy

The rapid transformation of the digital economy has given rise to various payment innovations, notably the *Buy Now*, *Pay Later* (BNPL) or PayLater service. PayLater is a digital financing facility that allows consumers to acquire goods or services immediately while deferring payment to an agreed-upon future date, either in installments or in a lump sum (Bhanurasmi & Fisnawati, 2024; Hayati et al., 2025; Mardiah et al., 2025). As a form of *financial technology* (fintech), it aims to enhance financial inclusion and accelerate transaction speeds. The mechanism typically involves a tripartite relationship: the consumer, the PayLater service provider, and the merchant. When a transaction occurs, the provider settles the payment to the merchant, and the consumer assumes the obligation to repay the provider (Attamimi et al., 2024; Chen, 2026). While this system boosts purchasing power and digital transaction growth, it also carries the risk of fostering consumerism and household debt if not accompanied by adequate financial literacy.

Principles of Fiqh Muamalah: Sales and Debt

Fiqh Muamalah governs economic and transactional relationships among humans. The foundational legal maxim in this field is *al-ashlu fil mu'amalat al-ibahah* (the original rule of muamalah is permissibility), meaning all forms of transactions are permissible unless there is explicit evidence prohibiting them (Mubarriroh, 2025). In the context of sales (*al-bai'*), Islamic law requires the presence of a seller, buyer, halal and beneficial object, a clearly agreed-upon price, and *ijab qabul* (offer and acceptance). Deferred payment sales (*bai' bi tsaman ajil*) are permissible provided the final price is fixed at the time of the contract and does not increase due to late payment. Conversely, the concept of debt or benevolent lending (*qardh*) is fundamentally a social contract aimed at helping those in need without expecting any additional benefit from the principal amount. Any stipulated extra benefit in a *qardh* contract is categorized as *riba* (usury) (Hannanong et al., 2018). Therefore, distinguishing between a credit sale (where profit is agreed upon upfront) and a riba-based loan (where profit is generated from the principal over time) is crucial in determining the legality of PayLater.

Contract (Akad) Typology in Contemporary Fiqh

The legal status of PayLater is heavily dependent on the underlying contract (*akad*) used. In contemporary practice, PayLater often functions as a *hybrid contract* involving multiple agreements. If the PayLater provider acts as an agent (*wakalah*) who pays the merchant on behalf of the consumer and receives a fixed, agreed-upon service fee (*ujrah*), the mechanism can be aligned with Sharia principles (Brahman et al., 2026; Hidayat et al., 2026;

Putri et al., 2026). Alternatively, the *murabahah* contract (cost-plus sale) can be utilized, where the provider purchases the goods and sells them to the consumer at a transparent, fixed margin. In this model, the price is final and does not fluctuate based on the time of repayment (Muliadi & Zainuri, 2025; Siti et al., 2025). However, if the transaction is structured as a *qardh* (loan) that mandates the consumer to pay the principal plus interest based on the repayment period, it constitutes *riba qardh*, which is strictly prohibited.

Prohibited Elements: Riba, Gharar, and Exploitative Penalties

Contemporary Fiqh analysis of PayLater focuses on eliminating prohibited elements: a) *Riba*: Specifically *riba nasi'ah*, which occurs when an extra charge is imposed on the principal debt due to the delay in payment (Gaol et al., 2023). Conventional PayLater systems that apply interest based on installment tenors fall into this category; b) *Gharar* (Uncertainty): This arises when there is a lack of transparency regarding administrative fees, interest calculations, or penalty mechanisms, leading to information asymmetry. Sharia requires absolute clarity in the object of the contract and payment obligations (Mohd Noh et al., 2025); c) Late Payment Penalties: While contemporary scholars allow the imposition of penalties to enforce discipline on delinquent borrowers, the funds collected from these penalties cannot be recognized as revenue or profit for the financing company (Zulkipli, 2019). Instead, they must be channelled to social or charitable funds (*dana kebajikan*) to prevent the penalty from becoming a form of riba.

Maqashid Sharia and Regulatory Guidelines (DSN-MUI)

The evaluation of PayLater must also be grounded in *Maqāṣid al-syarī'ah* (the higher objectives of Islamic law). According to Abu Ishaq Al-Syatibi, the primary goal of Sharia is to realize *maslahah* (public interest) and prevent *mafsadah* (harm) by protecting the five essentials (*al-dharuriyyat al-khams*). In the context of PayLater, the focus is on *hifz al-mal* (protection of wealth). PayLater is considered *maslahah* if used for essential (*dharuriyyah*) or complementary (*hajiyyah*) needs within one's financial capacity. However, if it drives impulsive consumerism (*tahsiniyyah*) and leads to unmanageable debt, it violates the objective of protecting wealth and causes psychological and economic harm. To regulate digital finance, the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) issued Fatwa No. 117/DSN-MUI/II/2018 on IT-Based Financing Services. This fatwa mandates that digital financing must utilize Sharia-compliant contracts, uphold justice and transparency, and strictly avoid *riba, gharar, maysir* (gambling), *tadlis* (deception), and any practices that cause harm to either party. This fatwa serves as the primary regulatory benchmark for assessing the Sharia compliance of PayLater services in Indonesia.

3. RESEARCH METHOD

This study employs a qualitative research design utilizing a library research approach, which is highly appropriate for analyzing the legal concepts of PayLater transactions through the lens of contemporary *fiqh*. The data was gathered from both primary and secondary sources to ensure a comprehensive and well-founded analysis. Primary data sources include national and international scientific journals published between 2022 and 2026, fatwas issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), and relevant regulations concerning digital financial services. Secondary data consists of authoritative books on *fiqh muamalah*, Islamic economics, and contemporary *fiqh* that provide foundational support and theoretical depth for the research analysis.

Data collection was conducted through systematic documentation of various scientific references related to PayLater concepts, contracts (*akad*) in *fiqh muamalah*, *riba*, *gharar*, *maqāṣid al-syarīʻah*, and the development of Sharia-based financial technology. The collected data was subsequently processed using descriptive analysis and content analysis methods. This analytical process involved identifying, classifying, comparing, and interpreting the diverse perspectives of scholars, previous research findings, and Sharia provisions regarding PayLater transactions. Finally, the analytical results were systematically synthesized to draw comprehensive conclusions regarding the legal status of PayLater from a contemporary *fiqh* perspective and its broader implications for digital economic practices in Indonesia.

4. RESULTS AND DISCUSSION

The Concept of PayLater in Digital Economy

PayLater represents a significant innovation in financial technology that has transformed digital transaction systems in Indonesia. This service enables consumers to acquire goods or services immediately while deferring payment to an agreed future date, either through installments or lump-sum payment. The mechanism involves three key parties: consumers as financing recipients, PayLater service providers as financiers, and merchants as sellers. When consumers make purchases using PayLater, the provider settles payment to the merchant first, and consumers are obligated to repay according to predetermined periods.

The rapid growth of PayLater in Indonesia correlates with increasing internet penetration, digital transaction volumes, and shifting consumption patterns, particularly among younger generations. From an economic perspective, PayLater contributes positively by enhancing purchasing power, expanding financing access for those without credit cards, and stimulating digital transaction growth. However, this convenience also carries risks, including potential encouragement of consumptive behavior, default risks, and increased household debt burdens. Therefore, Islamic economics emphasizes that digital financial innovations must be built upon principles of justice, transparency, responsibility, and public welfare to prevent harm to all parties involved.

Table 1. Characteristics of Conventional and Sharia-Based PayLater Systems.

Aspect	Conventional PayLater	Sharia-Based PayLater
Contract Basis	Interest-based lending	*Murabahah, Wakalah, Ijarah*
Additional Charges	Interest based on time period	Fixed margin or service fee
Late Payment Penalty	Becomes company revenue	Channeled to social funds
Transparency	Often unclear fee structure	Must be transparent from outset
Legal Basis	Civil law and OJK regulations	DSN-MUI Fatwa and Islamic law

Source: Processed from DSN-MUI Fatwa No. 117/2018 and related literature.

Table 1 illustrates the fundamental differences between conventional and Sharia-based PayLater systems. The distinction lies primarily in the contractual foundation, where conventional systems rely on interest-based lending mechanisms, while *Sharia*-compliant systems utilize contracts such as *murabahah*, *wakalah*, or *ijarah*. These differences significantly impact the permissibility of such transactions under Islamic law, as conventional systems often contain elements prohibited in Islam, particularly *riba* (usury) and *gharar* (uncertainty).

Analysis of Contracts in PayLater Transactions

The determination of PayLater's legal status fundamentally depends on the contract (*akad*) employed in its implementation. In Indonesian practice, PayLater transactions involve complex legal relationships beyond simple buyer-seller interactions, incorporating financing institutions as third parties. This complexity has led some scholars to classify PayLater as a hybrid contract combining multiple agreements, including *wakalah* (agency), *qardh* (loan), *ijarah* (leasing), and *bai' bi tsaman ajil* (deferred payment sale), depending on each provider's specific mechanism.

When PayLater providers act as agents (*wakalah*) who pay merchants on behalf of consumers and receive reasonable, pre-agreed service fees (*ujrah*), such mechanisms may align with *Sharia* principles. Conversely, if the relationship transforms into a loan contract (*qardh*) requiring consumers to repay principal plus interest based on payment duration, this additional charge constitutes *riba qardh*, which is prohibited in Islam. Therefore, contract clarity becomes a primary requirement for transactions to meet principles of justice and legal certainty. The identification of contract type is crucial in determining PayLater's legal status according to contemporary fiqh.

Some scholars also examine the possibility of using *murabahah* or *bai' bi tsaman ajil* contracts as Sharia-compliant PayLater alternatives. In murabahah contracts, the selling price and profit margin are determined transparently from the outset and remain unchanged until full payment. Consequently, no additional interest charges accrue due to time passage, as occurs in conventional credit systems. This model is considered more suitable with fiqh *muamalah* principles because it emphasizes transparency, price certainty, and fairness for all parties. Contemporary fiqh analysis indicates that PayLater transaction validity cannot be assessed generally but must consider contract structure, financing mechanisms, cost transparency, and Sharia compliance.

Analysis of *Riba, Gharar,* and Late Payment Penalties

The development of PayLater services as digital financing innovations has raised various concerns in fiqh muamalah perspective. Primary issues attracting scholarly attention include potential elements of *riba* (usury), *gharar* (uncertainty), and late payment penalties applied by service providers. In Islamic law, these three elements represent fundamental aspects determining transaction validity. Therefore, PayLater mechanism analysis must focus not only on transaction convenience but also on contractual compliance and financing practices with Sharia principles.

Riba constitutes an additional charge stipulated over principal debt or financing without Sharia-justified compensation. In conventional PayLater practice, some providers impose interest based on installment periods and additional charges for late payments. Such time-based additional payments are categorized by many scholars as riba nasi'ah, representing increases arising from payment deferral. From a fiqh muamalah perspective, such practices contradict justice principles because they benefit financing providers solely due to payment timing delays, not from business activities or shared risk-bearing. This distinction is crucial in evaluating PayLater compliance with Islamic law.

Beyond riba elements, PayLater transactions potentially contain gharar or uncertainty. Gharar may emerge when information regarding administrative fees, interest rates, installment calculation mechanisms, or late payment sanctions lacks transparency to users. Such unclearness can create information asymmetry between service providers and consumers, potentially causing one party to suffer losses. In *fiqh muamalah*, every contract must be based on transparency principles so all parties clearly understand their rights and obligations. If uncertainty remains regarding contract objects or payment obligations, such contracts potentially fall into the prohibited gharar category. Contemporary research by Damayanti et al

(2025) confirms the presence of *riba* and *gharar* elements in online lending practices, while Nurmaliah et al (2025) critically examined gharar in Shopee PayLater digital financial services.

Table 2. Prohibited Elements in Conventional PayLater Systems.

Prohibited Element	Manifestation in PayLater	Islamic Legal Status
Riba Nasi'ah	Interest based on payment period	*Haram* (Prohibited)
Gharar	Unclear fee structures and penalties	*Haram* (Prohibited)
Exploitative Penalties	Late fees as company revenue	Problematic/Requires reform
Information Asymmetry	Hidden terms and conditions	Contrary to *Sharia* principles

Source: Processed from Okta et al (2025) and related fatwas.

Table 2 demonstrates how prohibited elements manifest in conventional PayLater systems and their corresponding Islamic legal status. The table reveals that interest-based charges and unclear fee structures represent the most significant Sharia compliance issues. These findings align with research by Faizi et al (2025), who identified riba and gharar elements in Indonesia's fintech and peer-to-peer lending ecosystem. The table serves as a practical reference for evaluating PayLater services against Islamic legal standards.

Analysis Based on DSN-MUI Fatwas and Contemporary Scholarly Opinions

In digital economy development, the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) has issued various fatwas serving as guidelines for Sharia-based financial transactions. One relevant fatwa is DSN-MUI Fatwa No. 117/DSN-MUI/II/2018 concerning Technology Information-Based Financing Services According to Sharia Principles. This fatwa emphasizes that digital financing must employ Sharia-compliant contracts, uphold justice and transparency principles, and avoid riba, gharar, maysir, tadlis, and practices harming any party. Although this fatwa does not specifically regulate conventional PayLater products, its contained principles form the basis for assessing various digital financing services' compliance with Islamic law.

In PayLater practices developing in Indonesia, most providers still apply interest based on financing periods and impose late payment penalties becoming company income. This condition causes many Islamic economics scholars and legal experts to argue that conventional PayLater practices have not fully met DSN-MUI established principles. Conversely, if PayLater services develop using Sharia contracts like murabahah, ijarah, or wakalah bil ujrah, accompanied by transparent profit margin determination from the outset without additional charges due to late payment, such models are considered more suitable with *fiqh muamalah* provisions. Research by Jose & Masrukhan (2025) emphasized that Shopee PayLater system legality must be strictly evaluated against Islamic Economic Law and DSN-MUI fatwas.

Contemporary scholars' views on PayLater demonstrate differing approaches. Some scholars consider conventional PayLater systems impermissible because they contain *riba*, *gharar*, and consumer exploitation elements. However, other scholars argue that financial technology development represents part of muamalah innovation fundamentally permissible as long as contract mechanisms and financing structures align with Sharia principles. Thus, the primary focus is not the product name but contract substance, cost transparency, risk distribution, and transaction objectives. This approach demonstrates that contemporary fiqh remains adaptive to technological development provided it does not contradict fundamental Islamic values. Fajri & Atmaja (2025) proposed legal reconstruction of PayLater transactions based on fiqh muamalah and maqasid al-shariah, while Faizal et al (2025) explored contemporary fatwa dynamics and East Java MUI's resistance to PayLater systems.

Analysis Based on Maqashid Sharia Perspective

Maqāṣid al-syarī'ah represents the primary objectives of Islamic law establishment, aiming to realize public welfare (*maslahah*) and prevent damage (*mafsadah*) in human life. According to Abu Ishaq Al-Syatibi's thought, *maqāid al-syarī'ah* orients toward protecting five essential needs (*al-dharuriyyat al-khams*): preserving religion (*hifz al-din*), soul (*hifz al-nafs*), intellect (*hifz al-'aql*), lineage (*hifz al-nasl*), and wealth (*hifz al-mal*). In digital economy development context, maqāṣid principles serve as important foundations for assessing whether financial innovations provide greater benefits than harms. PayLater, as a financial technology product, requires analysis not only from contract legality aspects but also from its impacts on wealth protection, individual welfare, and community economic stability.

From the *hifz al-mal* perspective, PayLater usage can provide benefits when utilized for urgent needs (*dharuriyyah*) or supporting needs (*hajiyyah*) while considering users' financial capabilities. Conversely, if such facilities fulfill consumptive lifestyles (*tahsiniyyah*) without proper financial planning, they potentially cause debt accumulation, payment difficulties, and even disrupt family economic stability. *Maqāid syariah* analysis of PayLater services indicates that financing access convenience must accompany responsibility, financial literacy, and self-control to achieve Sharia objectives in wealth preservation. Research by (Elpipit, 2025) analyzed Muslim household resilience in the digital debt era, warning about PayLater threats to family financial stability. Similarly, Kamaluddin & Sulton (2025) and Laili & Karimah (2025) reviewed PayLater usage through maqashid Sharia lenses, concluding that uncontrolled facility use contradicts wealth preservation objectives.

Beyond wealth protection, *maqāid syariah* also emphasizes intellect (*hifz al-'aql*) and soul (*hifz al-nafs*) protection. Easy access to instant credit facilities without adequate education can encourage consumptive, impulsive behavior and digital debt dependency. Such conditions potentially cause psychological pressure from installment burdens exceeding users' financial capabilities. Therefore, maqāid principle application requires PayLater services to focus not only on business profits but also consider consumer education, information transparency, and vulnerable community protection from financial problems. Handayani et al (2024) discussed PayLater's behavioral impacts from Islamic economic perspectives, emphasizing financial literacy needs to prevent harm. Masnur et al (2025) analyzed maqashid Sharia concepts and applications in Sharia financial management, reinforcing the importance of aligning digital finance with Islamic objectives.

Table 3. Maqashid Sharia Analysis of PayLater Usage.

***Maqashid* Element**	**Positive Impact (*Maslahah*)**	**Negative Impact (*Mafsadah*)**
Hifz al-Mal (Wealth)	Emergency needs fulfillment	Debt accumulation, financial stress
Hifz al-'Aql (Intellect)	Financial planning tool	Impulsive buying, poor decisions
Hifz al-Nafs (Soul)	Reduced financial anxiety	Psychological pressure from debt
Hifz al-Din (Religion)	Halal transaction awareness	Potential involvement in riba
Hifz al-Nasl (Lineage)	Family welfare support	Family conflict over debt

Processed from Elpipit (2025) and Masnur et al (2025).

Table 3 presents a comprehensive maqashid Sharia analysis of PayLater usage, demonstrating both potential benefits and harms across the five essential protections. The table reveals that while PayLater can serve legitimate needs and provide convenience, uncontrolled usage poses significant risks to wealth preservation, mental well-being, and family stability. This balanced analysis supports the conditional nature of PayLater's permissibility, emphasizing that proper usage within Sharia boundaries can achieve maslahah while violations lead to mafsadah.

Challenges of Sharia-Based PayLater Implementation in Indonesia

Sharia-based PayLater implementation in Indonesia presents considerable opportunities alongside digital economy growth and increasing community needs for practical financing services. However, Sharia PayLater development faces various challenges from regulatory, institutional, community literacy, and Islamic financial industry readiness aspects. One primary challenge remains the dominance of conventional PayLater financing models using interest systems as company profit sources. This condition causes communities to recognize conventional products more than Sharia-based financing alternatives. Additionally, the development of PayLater syariah must be directed toward financing systems that are just, transparent, and oriented toward protecting community interests.

Subsequent challenges relate to developing Sharia contracts accommodating digital transaction needs without contradicting *fiqh muamalah* principles. In practice, Sharia PayLater requires clear contract structures, such as *murabahah*, *wakalah bil ujrah*, or *ijarah*, enabling legal relationships among service providers, merchants, and consumers to be understood transparently. Furthermore, continuous Sharia supervision must occur to ensure contract implementation remains consistent with applicable fatwas and provisions. Without effective supervision, deviation risks emerge in digital financing practices. Rahmi et al (2025) reviewed muamalah principle applications in digital economic transactions, stressing that innovation must not compromise core Islamic values. Nabilah et al (2025) advocated reconstructing Islamic law regarding BNPL schemes to align with broader ethical and sustainable goals.

Sharia financial literacy aspects represent equally important challenges. Some communities still view all PayLater products as having identical characteristics, thus not understanding fundamental differences between conventional and Sharia financing. Low literacy levels can hinder Sharia PayLater development because consumers cannot yet evaluate interest-free system advantages oriented toward justice principles. Therefore, synergy among regulators, Islamic financial institutions, academics, and educational institutions is necessary to enhance education regarding digital transactions conforming to Islamic values. Moreover, rapid financial technology development demands Sharia product innovations capable of competing with conventional services without neglecting Sharia principles. Integration among digital technology, Sharia governance, and consumer protection becomes crucial in building sustainable Sharia PayLater ecosystems.

Synthesis of Findings and Recommendations

Based on comprehensive analysis from multiple perspectives, this research concludes that PayLater's legal status cannot be generalized as universally halal or haram but remains conditional upon mechanisms and contracts employed. When transactions utilize contracts conforming to *fiqh muamalah* principles, such as murabahah or wakalah bil ujrah, and contain no riba, gharar, maysir elements or harmful practices, such transactions can be justified under Islamic law. Conversely, if additional payments arise from interest on debt deferral or exploitative penalties, such practices contradict contemporary fiqh principles. This conditional determination aligns with findings from Fitria (2024) and Fadhil & Ropei (2024), who analyzed PayLater implementations through fiqh muamalah lenses and concluded that permissibility hinges entirely on contract clarity and Sharia compliance.

From maqashid syariah perspectives, PayLater usage can provide public welfare when utilized wisely according to needs and users' financial capabilities, thereby preserving wealth (*hifz al-mal*) and protecting communities from economic difficulties. Therefore, Sharia-based PayLater service development applying clear, transparent contracts according to DSN-MUI Fatwas is necessary to serve as safe, fair digital financing alternatives aligned with Islamic values in the digital economy era. The research contributes to contemporary Islamic economic law discourse by providing systematic frameworks for evaluating digital financing innovations against Sharia standards. Future research should explore empirical studies on Sharia PayLater implementation outcomes and consumer protection mechanisms in digital Islamic finance ecosystems.

Table 4. Summary of Legal Status Determinants for PayLater Transactions.

Determinant Factor	Sharia-Compliant	Non-Compliant
Contract Type	*Murabahah, Wakalah bil Ujrah*	Interest-based *qardh*
Additional Charges	Fixed margin/fee agreed upfront	Interest based on time
Late Penalties	Channeled to social funds	Company revenue
Transparency	Full disclosure from outset	Hidden fees/unclear terms
Purpose	Essential/supporting needs	Purely consumptive

Source: Synthesized from research findings and DSN-MUI Fatwa No. 117/2018.

Table 4 provides a comprehensive summary of key determinants influencing PayLater's legal status under Islamic law. The table serves as a practical evaluation tool for consumers, scholars, and regulators to assess specific PayLater products against Sharia compliance criteria. By clearly distinguishing between compliant and non-compliant characteristics, the table facilitates informed decision-making and guides the development of Sharia-compliant digital financing alternatives that can serve the growing Muslim market in Indonesia's digital economy.

5. CONCLUSION AND SUGGESTIONS

This study concludes that the legal status of PayLater transactions in contemporary *fiqh* is not absolute but highly conditional, depending entirely on the underlying contract (*akad*) and the absence of prohibited elements. Conventional PayLater systems that rely on interest-based mechanisms and exploitative late fees contradict Islamic economic principles and violate the *Maqashid Sharia* objective of preserving wealth (*hifz al-mal*). Conversely, when structured using Sharia-compliant contracts such as *murabahah* or *wakalah bil ujrah* with transparent pricing and fair penalty mechanisms directed to social funds, PayLater can serve as a permissible, just, and beneficial digital financial innovation that supports financial inclusion without compromising Islamic values.

Based on these findings, it is strongly recommended that PayLater service providers, regulators, and Sharia supervisory boards collaborate to reconstruct digital financing models into fully Sharia-compliant alternatives in strict accordance with DSN-MUI fatwas. Simultaneously, consumers must enhance their Islamic financial literacy to utilize these facilities wisely for essential needs rather than succumbing to impulsive, consumptive behaviors that lead to detrimental digital debt. Furthermore, future research should build upon this conceptual framework by conducting empirical studies on the socioeconomic impact and consumer protection mechanisms within Sharia-based PayLater ecosystems to provide more comprehensive policy recommendations for the sustainable digital economy.

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