

THE FORMULATION OF ISLAMIC BUY NOW PAY LATER (BNPL) TO ACHIEVE SHARIAH ECONOMIC DEMOCRATIZATION

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Abstrak: Pertumbuhan pesat teknologi keuangan telah membentuk ulang struktur ekonomi global dan mendorong meluasnya skema *Buy Now, Pay Later* (BNPL) yang umumnya berbasis penundaan pembayaran berbunga. Dalam konteks negara mayoritas muslim seperti Indonesia, kondisi ini menimbulkan kontroversi mengenai kebolehan BNPL karena mengandung karakter *riba* dan ketidakjelasan biaya, sekaligus menunjukkan kekosongan regulasi terhadap BNPL syariah. Artikel ini menjawab dua pertanyaan: pertama, bagaimana merumuskan model BNPL syariah yang selaras dengan larangan *riba* dan *gharar*?; kedua, bagaimana model tersebut dapat berkontribusi pada terwujudnya demokrasi ekonomi syariah?. Penelitian ini merupakan penelitian hukum normatif dengan interpretasi historis dan sistematis, menggunakan pendekatan konseptual, perundang-undangan, dan perbandingan atas pengaturan dan praktik BNPL di Qatar, Malaysia, dan Indonesia. Temuan artikel ini menunjukkan bahwa produk BNPL di Indonesia saat ini masih mengandung *riba*, *gharar*, dan pola pemupukan keuntungan yang tidak adil, sementara Qatar dan Malaysia mulai merencanakan ulang BNPL melalui kontrak *Murabahah*, *Ijarah*, dan *Qard* yang ditempatkan di bawah tata kelola syariah dan rezim perlindungan konsumen yang tegas. Berdasarkan analisis tersebut, artikel ini mengajukan model kontraktual BNPL syariah yang mengombinasikan skema harga tetap atau biaya berbasis jasa, pengungkapan kontrak yang transparan, denda non-profit yang dibatasi, serta pengawasan syariah formal yang dioperasionalkan melalui indikator akses, keterjangkauan, transparansi, anti-eksploitasi, dan tata kelola etis. Artikel ini menyimpulkan bahwa pembentukan undang-undang khusus BNPL syariah dan penguatan supervisi syariah menjadi prasyarat agar BNPL syariah benar-benar dapat berfungsi sebagai instrumen keuangan inklusif dan demokrasi ekonomi berbasis syariah di Indonesia.

Kata kunci: *Buy Now Pay Later* Islamik, Finansial Inklusif, Demokrasi Ekonomi Syariah

Abstract: The rapid growth of financial technology has reshaped global economic structures and accelerated the diffusion of Buy Now, Pay Later (BNPL) schemes, which commonly rely on interest-based deferred payments. In Muslim-majority jurisdictions such as Indonesia, this raises controversy over the permissibility of BNPL, given its *riba*-like charges and opaque fee structures, alongside a regulatory gap that has not yet been addressed through a dedicated Islamic BNPL framework. This article examines that gap by asking, first, how a Sharia-compliant BNPL model can be normatively formulated? and second, how such a model can contribute to achieving Shariah economic democracy? Using normative legal research based on historical and systematic interpretation, and employing conceptual, statute, and comparative approaches, the study analyses BNPL regulation and practice in Qatar, Malaysia, and Indonesia. The findings show that current Indonesian BNPL products embed *riba*, *gharar*, and unjust enrichment, whereas Qatar and Malaysia have begun to redesign

BNPL through *Murabaha*, *Ijarah*, and *Qard* contracts under explicit Shariah governance and consumer-protection rules. The study then proposes a legal-contractual model for Islamic BNPL that combines fixed-price or cost-based fees, transparent contractual disclosure, capped non-profit penalties, and formal Shariah supervision, operationalized through indicators of access, affordability, transparency, anti-exploitation, and ethical governance. The article concludes by recommending that Indonesian regulators adopt a specific Islamic BNPL act, integrate Islamic supervisory mechanisms, and standardize consumer-protection safeguards so that Islamic BNPL can function as an instrument of inclusive finance and Sharia-based economic democracy.

Key words: Islamic Buy Now Pay Later, Inclusive Finance, Shariah Economic Democracy

INTRODUCTION

The Islamic financial landscape in recent years has experienced tremendous pace of advancement due to the increasing development of information technology.¹ This sector has integrated several digital innovations to improve service delivery with the help of seamless online banking, real-time transactions, and automated financial advisory services. Additionally, the adoption of digital tools in Sharia-compliant financial products, namely through personalized financial solutions and enhancing accessibility by mobile banking, has led to an increase in trust amongst users as a consequence of transparent and data-driven decision making. This digital products have been adhered to Shariah principles as an alternative from conventional interest-based loans.² One particular principle as written in verses of the Qur'an, such as Al-Baqarah (2:275) and Surah An-Nisa (4:29) is the broad Islamic Principle of non-interest-based loans.³

One of the most prominent developments is the Buy Now, Pay Later (BNPL) model that gives short-term credit for consumers to buy goods and services with deferred payments over time. Unlike conventional loans, BNPL with its seamless integration with digital payment system does not come with complex approval requirements, enabling them to be more accessible.

The rise of BNPL services in most instances has been an alternative to traditional credit for individuals with financial difficulties.⁴ The rapid expansion of BNPL in a Muslim majority country such as Indonesia has led to the rise of a critical question regarding how it can be implemented in a Shariah compliant financial environment. Although prior studies discuss BNPL in relation to *riba* and *gharar*, existing research has not addressed the real contractual loopholes found in current BNPL models in Indonesia, nor clarified how these structural gaps prevent full Shariah compliance. This unresolved issue creates uncertainty about BNPL's permissibility and highlights a practical problem faced by Islamic financial institutions. The urgency of this inquiry is amplified by the fact that, in the absence of a Sharia-compliant BNPL model, conventional BNPL products risk becoming inaccessible to the vast majority of Muslim consumers, potentially widening financial exclusion.

The answer to such condition may be found in several countries that have introduced BNPL in many forms, such as Qatar that popularized it under Pay Later and Qatar Islamic

¹ Yana Priyana Et Al, "Accad Transformation In The Age Of Digitalisation: Challenges And Adaptation In The Context Of Islamic Finance," *West Science Islamic Studies* 2, No. 2 (2024): 98–105.

² Muhammad Maksum, "The Mechanism Of Avoiding Riba In Islamic Financial Institutions: Experiences Of Indonesia And Malaysia," *Juris: Jurnal Ilmiah Syariah* 22, No. 2 (2023): 235–44, <https://doi.org/10.31958/Juris.V22i2.6952>.

³ Nevi Hasnita, Ayumiati, Isnaliana, Intan Qurratulaini, and Dara Amanatillah, "Assessing the Effectiveness of al-Qard al-Hasan Financing (A Case Study of Baitul Misykat Microfinance Institution in Aceh)," *Abkam: Jurnal Ilmu Syariah* 25, no. 1 (2025): 197–214, <https://doi.org/10.15408/ajis.v25i1.45586>.

⁴ Lucy Irawati, Muhammad Zilal Hamzah, And Eleonora Sofilda, "Regulating Buy Now Pay Later (Bnpl) In Asean: A Comparative Analysis On Regulatory Challenges And Opportunities," *International Journal Of Economics, Management, And Accounting* 1, No. 4 (2024): 60–81.

Bank. In Malaysia, BNPL services were developed by Moby, ShopeePayLater and other fintech platforms. According to last year's data, 14% of the total population have used BNPL, noting that people with lower credit scores are twice as likely to turn to BNPL because of its less stringent credit checks.⁵ This phenomenon highlights the need for proper regulation to ensure long-term financial stability in a Shariah environment, especially for a Muslim majority country like Indonesia.⁶

This study contributes to filling that gap by identifying the specific Shariah shortcomings embedded in Indonesia's existing BNPL structures and demonstrating how these deficiencies can be addressed by adapting contractual and operational concepts from Qatar and Malaysia. The final result for this study is to highlight certain areas from the conventional BNPL which can be regulated further by the Indonesian government to employ a Shariah-compliant BNPL in Indonesian financial ecosystem. Through this approach, the research offers a novel framework for developing a BNPL model that adheres to Shariah principles while maintaining financial stability and consumer protection.

This article examines the formulation of Buy Now Pay Later (BNPL) credit arrangements so that they are consistent with the principles and regulatory foundations of Islamic finance. It explores how BNPL mechanisms can be structured in a manner that avoids prohibited elements while remaining responsive to contemporary consumer needs. Beyond the issue of compliance, the article also analyzes the extent to which Islamic finance based BNPL models can contribute to shariah oriented economic democratization, particularly by expanding fair access to financing, promoting financial inclusion, and reinforcing ethical values within modern financial practices.

LITERATURE REVIEW

Literature on BNPL generally places the product as a digital alternative solution for people who are unable to attain conventional consumer credit. Such designs ease liquidity constraints for individuals with limited credit history.⁷ The existing research regarding BNPL mainly discusses its convenience, low entry barriers, and seamless integration into online shopping platforms.⁸ However, such studies tend to treat BNPL as a neutral innovation and often overlook the deeper ethical concerns embedded in its interest-based repayment structures. The presence of *riba*-like charges, penalty fees, and merchant-funded discounting mechanisms remains insufficiently interrogated.⁹ Much of the literature provides descriptive accounts of how BNPL works yet offers limited analytical evaluation of how its characteristics conflict with Shariah principles. This indicates a research gap in synthesizing BNPL's functional mechanics with its normative implications for Muslim consumers.

Studies on Shariah-compliant financial products describe a wide range of contractual structures, such as *Murabahah*, *Ijarah*, *Qard*, and many more. Most of these structures aim to prevent the existence of *riba*, *gharar*, and unjust enrichment in contracts done by the Muslim

⁵ Liberty Street Economics, "Who Uses 'Buy Now, Pay Later'," 2023, <https://libertystreeteconomics.org/2023/09/who-uses-buy-now-pay-later/>.

⁶ Consumer Financial Protection Bureau, "Buy Now, Pay Later: Market Trends And Consumer Impacts," 2022.

⁷ Nur Aina Farisha Anuar Ali, Ruzian Markom, And Mohd Izzat Amsyar Mohd Arif, "Buy Now Pay Later (Bnpl) In Malaysia: A Shariah And Consumer Protection Analysis," *International Journal Of Research And Innovation In Social Science (Ijris)* 9, No. 6 (2025).

⁸ Bayu Sutikno And Hendy Mustiko Haji, "Understanding Buy-Now-Pay-Later Adoption In The Muslim Market: Do Religious-Based Ethics Matter?," *The South East Asian Journal Of Management* 18, No. 2 (2024): 102–24.

⁹ Rudy Haryanto, "Bagi Hasil Dan Bank Syari ' Ah (Solusi Terhadap Bunga Bank)," *Al-Ihkam* 5, No. 2 (2010): 243–56.

population.¹⁰ *Murabahah* is a cost-plus sale contract in which the financier purchases an asset and resells it to the customer at a disclosed markup, ensuring transparency in pricing and profit.¹¹ *Ijarah* operates as a leasing arrangement where ownership remains with the financier while the customer pays rental fees for the right to use the asset, separating usufruct from ownership to prevent interest-based lending. *Qard*, on the other hand, is a benevolent loan that requires repayment only of the principal, prohibiting any financial gain derived from the lending activity. Existing studies emphasize that proper documentation, asset linkage, and risk allocation are essential to uphold the consumer protection ethos within these contracts.¹² However, the literature rarely bridges these doctrinal insights with the operational adjustments needed for integrating them into BNPL's digital infrastructure. Most analyses treat *Murabahah*, *Ijarah*, and *Qard* as isolated concepts rather than modular instruments that could be re-engineered to replace BNPL's credit-driven model. This gap indicates that prior scholarship has yet to formulate a coherent framework for transforming BNPL from an interest-centric mechanism into a transaction-based structure that fully aligns with Shariah principles.

The discourse on financial democratization situates inclusion, equity, and the removal of unnecessary economic burdens as prerequisites of a just society. In most cases, financial technology companies can strengthen sustainable governance by expanding equitable access to financial services.¹³ In other instances other researches stresses that *maqāṣid al-sharī'ah* requires the protection of welfare, dignity, and freedom from exploitative economic pressures.¹⁴ Nevertheless, current studies largely treat democratization as an outcome of financial inclusion rather than a normative framework that should shape product design. The literature tends to overlook how digital credit systems, namely BNPL, may unintentionally cause exclusion through hidden fees, psychological pressure to consume, and opaque penalties. Thus, the democratization perspective remains underdeveloped as an evaluative lens for financial products like BNPL, especially in Islamic contexts where ethical finance must simultaneously ensure access and avoid harm. To address these gaps, this research introduces a synthesized analytical model that connects BNPL's operational logic with Shariah contractual architecture and democratization theory. The novelty of this study lies in: (1) reframing BNPL not merely as a credit tool but as a transaction-based financing mechanism grounded in Islamic contracts; (2) proposing a jurisprudential matrix that aligns BNPL risk structures with *maqāṣid*-driven protections; (3) incorporating democratization as a normative benchmark rather than a downstream effect; (4) providing a cross-country comparison that identifies regulatory divergences between Malaysia, Qatar, and Indonesia; (5) articulating how Islamic BNPL can enhance inclusion without replicating the psychological and economic burdens of conventional BNPL; (6) integrating synthetic

¹⁰ Abdullah And Al-Ahmi, "Islamic Financial Products And Consumer Protection: A Study On The Impact Of Sharia-Compliant Financial Products On The Market," *Journal Of Islamic Finance And Banking* 12, No. 4 (2021): 217–32.

¹¹ Ayup Suran Ningsih And Hari Sutra Disemadi "breach Of Contract: An Indonesian Experience In Credit Akad Of ShariahBanking" *Ijtihad: Jurnal Wacana Hukum Islam dan Kemanusiaan* 19, No. 1 (2024): 89–96, <https://doi.org/10.18326/ijtihad.v19i1.89-102>.

¹² Rahmatul Huda, "Akad Construction On Credit Card Products (Analysis Of ShariahEconomic Laws)," *Syariah: Jurnal Hukum Dan Pemikiran* 19, No. 1 (2019): 119–31, <https://doi.org/10.18592/Sjhp.V19i1.2041>.

¹³ Provakar Ghose Et Al., "The Role Of Financial Technology And Financial Inclusion In Sustainable Governance And Performance: A Systematic Review Of Global Insights," *Journal Of Financial Regulation & Compliance* 14, No. 2 (2025): 44–58.

¹⁴ Asyharul Muala, "Repositioning Of Islamic Economics In The Era Of Globalization From The Maqāṣid Syarī'ah Perspective," *Journal Of Islamic Law* 1, No. 1 (2020): 45–63, <https://doi.org/10.24260/Jil.V1i1.17>.

analysis instead of descriptive summaries; and (7) offering a practical, Shariah-compliant BNPL model capable of delivering accessible and ethically governed digital financing. This synthesis positions Islamic BNPL as a pathway toward a more just and balanced digital economic order.

METHOD

This research is legal research based on a normative judicial approach to analyze BNPL credit based on Islamic finance perspectives, specifically on systematic interpretation. Legal research addresses specific issues relating to norms, policies, institutions, or systems by examining their implications, background, application, functioning, impact, and efficacy.¹⁵ Such research is done in order to suggest reforms to resolve the identified issues at hand. The legal issue discussed in this paper concerns the formulation of Islamic BNPL in the context of Islamic finance and how such formulation can contribute to achieving economic democratization. Accordingly, the study analyses legal norms, principles, and conceptual doctrines found in statutory instruments, Islamic jurisprudence, and previous research.¹⁶ The principal aim of this design is to construct a systematic model that harmonizes Islamic legal doctrines with the comparative regulatory frameworks of Qatar and Malaysia to inform Indonesian's digital finance ecosystem.

This research employs a conceptual approach as its primary method to clarify the fundamental principles of Shariah law and the contractual concepts relevant to both conventional and fintech-based financial transactions. This approach is essential because it establishes the scope of the key concepts used in the study and provides a clear understanding of the normative elements that may conflict with Islamic legal principles, thereby forming the foundation of the analysis. After the conceptual basis is established, a comparative approach is applied to examine how Sharia-compliant BNPL models have been developed in countries such as Qatar and Malaysia, allowing the study to identify relevant regulatory structures, contractual mechanisms, and operational practices that Indonesia can learn from, without this comparison, it would be difficult to determine which frameworks could address Indonesia's current gaps. Lastly, a statute approach is used to analyse Indonesia's existing laws and regulations related to digital finance, consumer protection, fintech governance, and Islamic financial products, enabling the identification of regulatory provisions that are already supportive, those that remain insufficient, and those that require refinement. Together, these approaches ensure methodological clarity, transparency, and credibility in conducting a comprehensive normative legal analysis.

The author used both primary and secondary legal materials.

a. Primary Legal Sources include:

1. Indonesian legislation on digital finance, consumer protection, Islamic banking, and payment systems;
2. DSN-MUI fatwas governing Islamic contracts and financial products.
3. Regulatory guidelines issued by OJK and Bank Indonesia for fintech providers;
4. Comparative legal frameworks and regulatory documents from Qatar and Malaysia; and
5. Foundational Islamic legal texts, including selected verses of the Qur'an relevant to *riba*, fairness, and contractual ethics.

¹⁵ P. Ishwara Bhat, *Idea And Methods Of Legal Research* (Oxford University Press, 2020).

¹⁶ Peter Jeremiah Setiawan, Shintya Yulfa Septeningrum, and Xavier Nugraha, "The Legal Consequences for Buying Motor Vehicles without Motor Vehicle Authorization Letter," *Syariah: Jurnal Hukum dan Pemikiran* 21, no. 2 (2021): 194–212, <https://doi.org/10.18592/sjhp.v21i2.4592>.

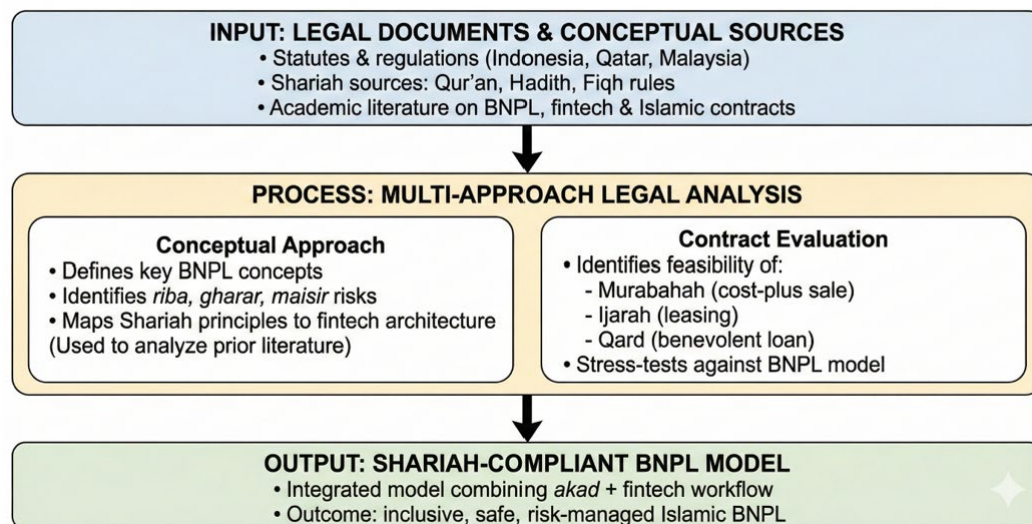
b. Secondary Legal Sources include:

1. Academic journals and scholarly books on Islamic finance, fintech regulation, and Shariah economic principles;
2. Analytical reports from international organizations on digital finance and financial inclusion;
3. Commentaries on Shariah contractual structures and modern Islamic financial products; and
4. Systematic reviews on financial democratization and global fintech trends.

This study carries methodological limitations, as its analytical framework relies solely on document review and normative evaluation of contractual structures without testing the empirical implementation of Shariah-compliant BNPL in real market settings. As a result, the findings remain conceptual and cannot fully capture practical dynamics or industry-level responses.

The outline of this study will be carried out as described in the figure below.

Figure 1. Methodology Flowchart



Source: Author's Analysis

RESULTS AND DISCUSSIONS

Characteristics of BNPL as a Digital Credit Mechanism

In order to uphold and protect human rights in accordance with the principles of a democratic rule of law state, the implementation of human rights is guaranteed, regulated, and articulated in legislation.¹⁷ One of the fundamental human rights that must be regulated and safeguarded by the state is the right to personal and data protection in the use of technology, particularly in light of the rapid development of technology.¹⁸ One of the technology is financial technology (fintech), which has a direct impact on society.¹⁹ Fintech

¹⁷ Prawitra Thalib, "Prinsip Syariah Dalam Pengakuan Dan Perlindungan Hak Asasi Manusia (Kontribusi Syariah Dalam Upaya Penegakan Dan Perlindungan Hak Asasi Manusia)", Dissertation, Faculty Of Law, Universitas Airlangga, Surabaya (2013): 537

¹⁸ JM Muslimin and M. Abdul Kharis, "Istishan and Istishab in Islamic Legal Reasoning: Towards the Extension of Legal Finding in the Context of Indonesia," *Al-Risalah: Forum Kajian Hukum dan Sosial Kemasyarakatan* 20, no. 2 (2020): 163–179, <https://doi.org/10.30631/alrisalah.v20i2.589>

¹⁹ Mohd Rizal Muwazir, Deky Anwar, and Ab Mumin Ab Ghani, "The Role of Shariah Monetary Instrument in Liquidity Management and Performance Improvement of Islamic Banking Financial in Indonesia," *Al-Adalah* 15, no. 2 (2018): 389–414, <https://doi.org/10.24042/adalah.v15i2.3200>.

progression has resulted in significant changes to the financial service industry.²⁰ Such changes are the result of never ending needs from consumers for more efficient financial solutions.²¹

One particular example is the digitalization of credit given out to the clients.²² In today's age, the business of facilitating loans are not only handled by conventional banks, but also by fintech companies through online lending that streamlines the borrowing process for individual consumers and businesses. Some might say that fintech companies, due to their ability to utilize alternative data and machine learning, have had the upper hand for the past few years. In that case, conventional banks, that have realized the challenge, have started to join the competition by adopting online lending platforms for more accessible consumer experience and operational efficiency.²³

BNPL may be regarded as a product of technological advancement in the financial sector, particularly through the digitalization of credit provision that enables consumers to purchase goods and services upfront and repay them in instalments over a specified period. Both fintech firms and conventional financial institutions have adopted BNPL as a low-barrier extension of their credit offerings, as it typically requires only a soft credit check and provides a streamlined, in-app checkout experience that is comparatively less onerous than conventional credit application processes. This operational efficiency is largely supported by the use of advanced algorithms, big data analytics, and artificial intelligence in credit assessment and risk management.²⁴ Consequently, BNPL has emerged as a highly attractive financial product, especially among younger consumer demographics. Moreover, its growing popularity is reinforced by the global shift towards inclusive financial services, insofar as BNPL may function as an alternative instrument for individuals who have been underserved by traditional banking systems due to lower income levels or the absence of formal credit histories, thereby aligning with broader efforts to promote financial inclusion and participation in economic growth.²⁵

In BNPL transactions, whether offered by conventional banks or fintech providers, the main parties typically include the provider as the creditor or intermediary, the merchant as the payee, and the consumer as the debtor. This relationship is generally structured through provider to merchant arrangements and consumer facing BNPL terms, under which the provider manages credit risk and repayment collection.

Comparative Regulation of Islamic BNPL in Qatar and Malaysia

To contextualise Islamic BNPL the operation dynamics, this section outline the regulation of BNPL in Qatar dan Malaysia. In Qatar, the Qatar Central Bank (QCB) functions as the primary regulator overseeing BNPL as part of consumer-facing financial products, supported by Shariah governance through qualified Shariah advisory oversight.

²⁰ Alhusni, "Tinjauan Hukum Islam tentang Penggunaan Uang Elektronik dan Relevansinya terhadap Lahirnya Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia," *Nurani: Jurnal Kajian Syari'ah Dan Masyarakat* 19, no. 1 (2019): 1–14, <https://doi.org/10.19109/nurani.v19i1.2864>.

²¹ Huda, "Akad Construction On Credit Card Products (Analysis Of ShariahEconomic Laws)."

²² Douglas Arner, János Barberis, And Ross Buckley, "Fintech, Regtech And The Reconceptualization Of Financial Regulation," *Northwestern Journal Of International Law & Business* 37, No. 3 (2017): 371–413.

²³ Julapa Jagtiani And Catharine Lemieux, "The Roles Of Alternative Data And Machine Learning In Fintech Lending: Evidence From The Lendingclub Consumer Platform," *Financial Management* 47, No. 4 (2019): 1009–29.

²⁴ Wenlong Bian, Lin William Cong, And Yang Ji, "The Rise Of E-Wallets And Buy-Now-Pay-Later: Payment Competition, Credit Expansion, And Consumer Behavior," *Nber Working Paper*, 2023.

²⁵ Ghose Et Al., "The Role Of Financial Technology And Financial Inclusion In Sustainable Governance And Performance: A Systematic Review Of Global Insights."

The regulatory focus is to ensure Shariah compliance by eliminating *riba*, reducing *gharar* through clear disclosure of pricing and obligations, and structuring BNPL using permissible Shariah contracts commonly associated with deferred payment sales (e.g., *murabahah*-type arrangements) and transparent fee structures.²⁶ Providers are expected to obtain regulatory approval and demonstrate that the BNPL documentation clearly specifies the rights and liabilities of all parties, with an emphasis on consumer protection and preventing debt-trap dynamics.²⁷

An illustrative example of this approach can be observed In QIB's case, where deferred-payment arrangements are structured without interest charges and pricing is fixed upfront, thereby mitigating *riba* concerns and reducing contractual ambiguity.²⁸ The QIB introduced the BNPL in 2024 by collaborating with PayLater Website Services W.L.L., which is a fintech company. The services provided by both financial institutions adhere to the conventional type of BNPL, with a minor change in terms of late payments. From Qatar, we can highlights the importance of *ex-ante* approval and integrated Shariah review so that BNPL products are screened for *riba/gharar* risks before they reach consumers.

In Malaysia, BNPL is overseen by Bank Negara Malaysia (BNM) through its Shariah Advisory Council (SAC), which permits BNPL provided it complies with Shariah principles and is supported by written Shariah endorsement. BNPL providers are expected to employ Shariah-compliant structures (e.g., *qard* and/or *murabahah*) with charges framed as *ujrah* rather than interest, ensure transparent disclosure of fees and obligations, and avoid *riba* and *gharar*. SAC guidance further indicates that certain transaction categories may require additional Shariah safeguards, reflecting an integrated approach between doctrinal compliance and consumer-credit oversight.

This governance orientation aligns with broader governmental priorities to strengthen an advanced Islamic financial ecosystem and to enhance consumer protection in technology-enabled credit products. In consideration of the Government's focus on creating a state-of-the-art Islamic financial system, the development of Islamic BNPL has therefore been viewed as promising. BNPL in Malaysia is generally structured to remove elements of *riba* and *gharar* so that consumers are not exposed to financial distress arising from high-interest charges and contractual uncertainty, consistent with the consumer-protection rationale reflected under Section 33B(1) of the Development Financial Institutions Act 2002.²⁹

Within this regulatory setting, BNPL services in Malaysia have expanded through both fintech and financial-institution providers, including offerings presented as Shariah-compliant. MOBY Islamic³⁰, for instance, is frequently referenced as a domestic BNPL platform that facilitates instalment-based purchases (commonly up to six months) without charging interest, typically utilising a *murabahah*-type arrangement in which the deferred-payment price and profit margin are determined and disclosed *ex ante*. Shopee PayLater similarly enables short-tenor instalment payments (e.g., 30–60 days); however, the literature and policy discourse have highlighted the importance of clearer articulation of the underlying contractual basis and Shariah-compliance parameters in consumer-facing documentation. Collectively, these developments underscore the regulatory salience of

²⁶ Paylater, "Terms And Conditions," N.D., <https://Paylaterapp.Com/Terms-And-Conditions/>.

²⁷ Qatar Islamic Bank, "Paylater: Your Interest-Free Instalment Solution," N.D., <https://Www.Qib.Com.Qa>.

²⁸ Abdullah And Al-Ahmi, "Islamic Financial Products And Consumer Protection: A Study On The Impact Of Sharia-Compliant Financial Products On The Market."

²⁹ Nik Abdul Rahim Nik Abdul Ghani And Abdul Rahman A Shukor, "Deemed Consent In Islamic Banking From Contract Law Perspective: A ShariahAnalysis," *Samarah* 8, No. 1 (2024): 39–61, <https://Doi.Org/10.22373/Sjkh.V8i1.16305>.

³⁰ Moby Islamic, "Terms Of Service," Moby, 2025, <https://Moby.My/Moby-Islamic-Terms-Of-Service/>.

transparency, particularly the obligation to specify the applicable Shariah contract, delineate fee components, and clarify late-payment treatment, as mechanisms to support informed consumer choice and to mitigate *riba* and *gharar*-related concerns in BNPL operations.

Regulatory Gaps of Islamic BNPL in Indonesia Framework

In contrast to recent developments in Qatar and Malaysia, the Indonesian financial ecosystem has not yet offered Shariah-based BNPL services. While conventional Islamic finance has progressed, Shariah-compliant digital instalment infrastructure remains at an early stage, constrained by fragmented regulatory mandates and the absence of robust Shariah-governance mechanisms for fintech products.³¹ Many of them also find it hard to remove the interest aspect from BNPL, which in turn leads to a prolonged development. These constraints also contribute to persistent difficulties in designing BNPL structures that avoid interest-like features while maintaining operational viability.³²

On the other hand, the regulation circulating in Indonesia are mainly focused on Regulatory attention in Indonesia has largely focused on standardising conventional BNPL models offered by banks and fintech firms. BNPL-related practices are generally situated within the Financial Services Authority (*Otoritas Jasa Keuangan* or OJK) framework, including OJK Regulation No. 21/POJK.03/2023 on the Digital Banking Framework, which emphasises prudential requirements, credit-risk management, and consumer data protection. However, a dedicated regulatory and Shariah-governance framework for Islamic BNPL remains underdeveloped, leaving uncertainty regarding permissible contract structures, fee design, and default treatment in Shariah-compliant digital instalment products. This loophole also presents a significant opportunity for both the financial institutions and Indonesian government to start experimenting on future innovations in the fintech sector.

Concrete examples to illustrate how the current Indonesian major BNPL platforms operate can be seen from Shopeepaylater and Akulaku. Shopeepaylater is an instalment feature provided by a marketplace called Shopee. This feature enables their users to purchase products with deferred payment ranging from one to twenty-four months. This payment scheme is also accompanied by charges incurred by Shopeepaylater, including instalment fee of 2,95% per month, a 1% processing fee applied to every transaction, and a 5% late payment fee.³³ Akulaku functions similarly but operates as a standalone BNPL and consumer financing platform. It allows users to borrow for online purchases, bill payments, and cash loans, applying monthly financing charges, administrative fees, and penalty fees that vary depending on the selected tenure. Effective annual costs in Akulaku products can reach 30–40%, especially for longer tenures.³⁴ Both platforms operate using a credit-line model: users are given a spending limit, make purchases instantly, and then repay with layered monthly charges, creating a structure that resembles conventional consumer lending rather than a transparent, fixed-price sale.

From a Shariah perspective, these schemes show several violations of the Islamic finance principles. Layered percentage-based monthly instalment fees function similarly to

³¹ Ine Nurul Lutfiah, "Navigating Between Innovation And Compliance: The Challenges Of ShariahFintech Implementation In Indonesia's Financial Ecosystem," *Journal Of Islam And Shariah* 2, No. 3 (2024): 134–45.

³² Nafadzila Wahyuniar Asri And Mhd Handika Surbakti, "The Impact Of Islamic Fintech On Financial Inclusion For Small Medium Enterprises," *El-Aswaq* 6, No. 1 (2025): 449–63.

³³ Andre Setiawan, "Spaylater: Bayar Di Mana Pun Lebih Mudah Lebih Cepat," Spaylater, 2024, <https://shopeepay.co.id/blog/spaylater>.

³⁴ Akulaku Finance, "Ringkasan Informasi Produk Dan Layanan (Riplay) Umum Pembiayaan Multiguna Buy Now Pay Later (Bnpl)," 2025, [https://www.akulakufinance.co.id/Riplay/Riplay Akulaku Paylater.Pdf](https://www.akulakufinance.co.id/Riplay/Riplay%20Akulaku%20Paylater.Pdf).

conventional interest, meaning the outstanding debt increases solely because time passes, which aligns with *riba al-qard*. The 5% late-payment penalty applied by Shopee PayLater mirrors *riba al-jabiliyyah*, where creditors increased repayment amounts when debtors failed to settle on time. Akulaku's structure that combines financing fees, service fees, and escalating penalties, represents a disguised interest mechanism, as the charges do not reflect real administrative costs but rather form a return on debt. Additionally, the layering of multiple fees introduces *gharar*, because consumers cannot accurately know the final amount they will owe at the moment the transaction is concluded. This contradicts Shariah requirements for clarity (*ta'ayyun*) and certainty (*musaqalah*) in contracts. Collectively, these practices show that Indonesia's dominant BNPL products are inconsistent with foundational Shariah prohibitions on *riba*, *gharar*, and unjust enrichment.

However, despite the rapid global development of Sharia-compliant BNPL in countries such as Qatar and Malaysia, existing academic and regulatory studies in Indonesia have not analysed the specific contractual loopholes and structural inconsistencies that prevent local BNPL models from achieving Shariah compliance. Previous literature typically focuses on broad prohibitions of *riba* and *gharar* without examining how Indonesian BNPL platforms operationalize fees, penalties, and credit assessment mechanisms, nor how these elements diverge from established Islamic contract structures. This gap leaves regulators and industry practitioners without a concrete framework to formulate a feasible Shariah BNPL model. To summarize the three conditions of Qatar, Malaysia, and Indonesia regarding their Islamic BNPL regulation and mechanism, the author has put together a comparison table to give a better understanding on the matter.

Table 1: Side by Side Comparison Regarding Islamic Buy Now, Pay Later in Qatar, Malaysia, and Indonesia

Aspect	Qatar	Malaysia	Indonesia
Regulating Authority	Qatar Central Bank (QCB), Qatar Financial Centre (QFC)	Bank Negara Malaysia (BNM), Shariah Advisory Council (SAC), Consumer Credit Commission	Otoritas Jasa Keuangan (OJK)
Islamic BNPL Product Availability	Limited availability, no large-scale implementation	Available through Islamic fintech platform like shopee and moby	No widespread Islamic BNPL offerings currently
Islamic BNPL Regulatory Guidelines	Qatar Central Bank Regulation Regarding Financial Technology	The Consumer Credit 2025	-
Contract	<i>Murabaha, Bai al'inah</i>	<i>Murabaha</i>	-

Source: Author's analysis

Formulation of Islamic BNPL in Indonesia

Given the difference in levels of development between Qatar, Malaysia and Indonesia, it becomes crucial to explore effective ways to formulate the Islamic Finance framework to ensure Shariah compliance and practical applicability of Islamic BNPL.

In most cases, the conventional model of BNPL incorporates interest (*riba*) as one part of its basic structure. *Riba* as known to the public is prohibited in Islamic finance. Such view towards *riba* is backed by several verses in the Qur'an, such as Surah Al-Baqarah (2:275) which states, “*And Allah has permitted trade and has forbidden riba.*” This verse clearly indicates Allah's command to promote fair and equitable transactions. Another verse to be paid attention to is Surah Ali Imran (3:130) which states, “*O you who have believed, do not consume riba, doubled and multiplied, but fear Allah that you may be successful.*” Therefore, when BNPL is structured according to Islamic financial principles, *riba* is one component that has to be removed.

In several Islamic states like Qatar and Malaysia, financial institutions have implemented Islamic BNPL models to stand as an alternative to interest-based payment schemes. One way that has been implemented is ensuring compliance by replacing the interest-based charges with permissible Islamic contracts. For example, in the case of Islamic banking, *ijara* is one of the many concepts that is often used to replace interest-based schemes.³⁵ *Ijara* can be understood as a contract where the institution leases a good or service towards the client for a specific period of time, with the client in return being obliged to pay a fixed fee for the usage of leased good or service. To illustrate, merchants may pay a fixed fee (e.g. 1.5%) towards the institution not as an interest but as a permissible charge under Islamic finance. This scheme avoids the element of *riba* and replaces it with compensation for the institution based on an agreed amount of money that is based on trust and certainty. In such methods, the financial institution has successfully provided a financial instrument found in conventional finance without the means of *riba*.

The concept of “Credit” in Islamic finance can be extended further by borrowing the characteristic behind *ijara*. In this instance, financial institutions charge a fixed fee for the amount of money that has been loaned to the client, and as a result in this method, the client does not pay back the loan with *riba*. This model ensures that both consumer and bank have a clearer understanding regarding the financial obligation of each other. In other cases, where the goods or service provided is not directly under the ownership of the institution, then the *ju'ala* is one concept that can be used. In that concept, the bank is given a certain fee as a compensation for the mediary services the bank has provided. The main key in this concept is that the fee given to the bank must not be calculated as an interest from the price of the product, but rather be considered as a compensation, in order to comply with Shariah standards. This structure ensures that both the consumer and financial institution receive equitable compensation without violating Shariah principles.³⁶

Murabahah can be considered as an alternative structure to ensure Shariah compliance, where the price paid by the consumer to the financial institution is the base price of the product added with the profit margin. In a *Murabahah* contract, the bank buys the product under the consumers name, and then the bank sells the product to the customer with a marked-up price with a deferred payment option over a period of time. This kind of contract is generally used in Islamic transactions as it does not involve interest and still ensures that the bank receives reasonable profits from a fair transaction and is not considered as a loan. The application of such contract in BNPL can be seen from the case of MOBY BNPL as described previously. The platform (MOBY) purchases the product on behalf of the consumer and then sells it to the consumer with a slight difference in price to accommodate the profit margin. By structuring BNPL with *Murabahah*, the basic principle

³⁵ Muhammad Maulana Et Al., “Islamic Banking Services For Communities And Families In Aceh Province Post Closure Of Conventional Banks: A Comprehensive Review,” *El-Usrah* 7, No. 2 (2024): 903–22, <https://doi.org/10.22373/Ujhk.V7i2.26312>.

³⁶ Zamir Iqbal And Abbas Mirakhor, *An Introduction To Islamic Finance: Theory And Practice* (Wiley, 2019).

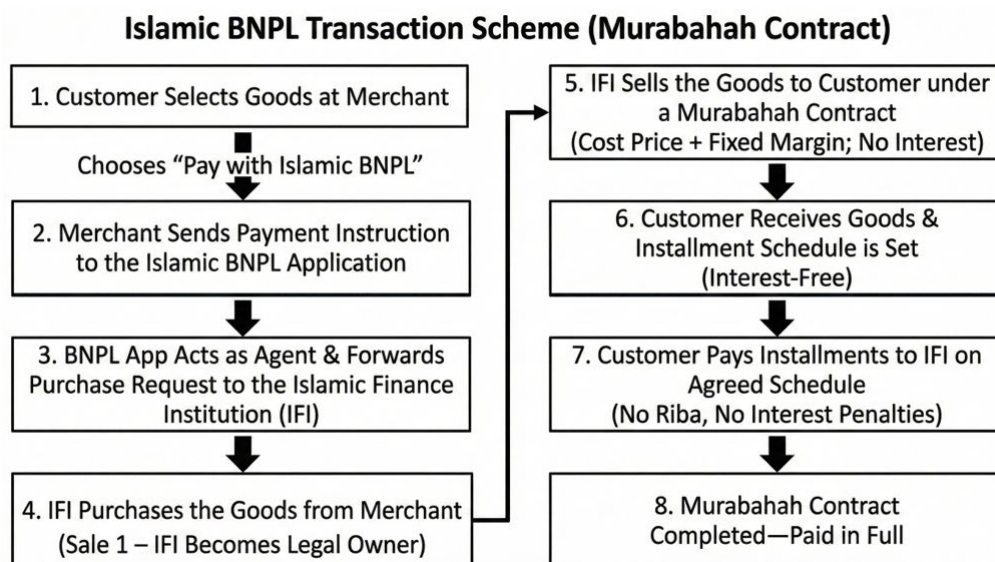
of Shariah can be implemented and the needs to implement interest-based loans are eliminated.

As another option, *qard* contract, which is a loan agreement without interest, can be considered as a base contract to bring Shariah compliant BNPL services. In this scheme, financial institutions provide loans to the consumers without charging any interest or profit margin. Consumers are only obligated to pay the principal loan. In the context of applying, it to BNPL services, the consumer utilizes BNPL to purchase goods or services and then pays the principal without any additional fee, as long as the payments are made on time. Though, commonly *qard* is used in the context of charitable lending, its use in a commercial context is still permissible if it doesn't involve the application of *riba*.

Islamic financial institutions, including banks and fintech companies, are also able to explore the vast possibility of combining different kinds of schemes to make Islamic BNPL an applicable product. One of the many possible combinations is the fusion of contracts like *ijara* and *murabaha*. In this instance, a bank is able to calculate and apply the processing fee based on *ijara* contract and *murabaha* for the sale of the product to the consumer. The combination of both of this contract is allowed under Shariah principle, as long as each contract's provisions are made to be distinct from another and is understood clearly by all parties. Essentially, any kind of BNPL scheme is acceptable as long as it is coherent with the framework of Islamic, primarily abiding to the prohibition of *riba* and *gharar*. By implementing BNPL services using *ijara*, *Murabahah*, and *Qard* contract, Islamic bank and fintech companies are able to make BNPL available to the large Muslim populations.

To strengthen the understanding behind the concept of Islamic BNPL a detailed "Islamic BNPL Transaction Scheme" is presented below.

Figure 2. Islamic BNPL Transaction Scheme



Source: Author's analysis

In order to create a strong and consistent regulatory foundation, it is important to establish legislation in the form of an act (*wet*) to oversee the implementation of BNPL services as the current Indonesian Banking Law (Law No. 7 of 1992 as amended by Law No. 10 of 1998) does not yet specifically regulate many modern banking developments, including

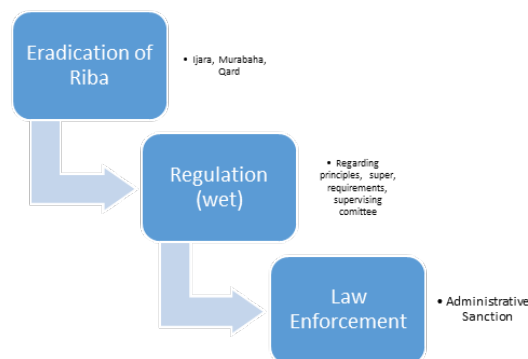
BNPL schemes.³⁷ This act would provide a binding framework that would regulate the entirety of the BNPL ecosystem, ensuring a legal umbrella for further regulation below it. Depending on sectoral regulations on banking and finance would be insufficient as they often lack the authority to regulate across different financial sectors. On the other hand, a national level act would enforce legal certainty and uniformity. Once this act is established, more detailed sectoral regulation can be developed and implemented by relevant authorities.³⁸

A fundamental component in enforcing compliance within the Islamic BNPL framework is the establishment of a supervisory body mandated to oversee service provision through inspections, ongoing supervision, audits, enforcement actions, and the assurance that all Islamic BNPL offerings comply with applicable legal standards. The presence of such a body is essential to safeguarding system integrity by ensuring continuous evaluation and timely adjustment of business practices; without it, the Islamic BNPL ecosystem risks the erosion of consumer trust and damage to sector credibility due to potential misapplication and misrepresentation. In cases of non-compliance, the supervisory body should be vested with the authority to impose proportionate penalties, ranging from warnings and administrative fines to the revocation of business licenses, thereby ensuring that violations carry meaningful consequences and incentivizing providers to uphold legal and ethical standards.³⁹

Removing *riba* remains a cornerstone of ensuring Islamic compliance in BNPL models. Through the application of Sharia-compliant contracts, Islamic BNPL services present a legitimate alternative to traditional credit systems that involve interest. The successful adoption of these models in countries like Qatar and Malaysia showcases the growing potential of the Islamic fintech sector. As the demand for ethical and interest-free financial products continues to grow, Islamic BNPL has the opportunity to provide Muslim communities with access to financing options that align with their religious values and avoid the injustices tied to *riba*.

In order to give a better understanding of the step by step effort to establish an Islamic BNPL, the author has provided the following figure.

Figure 3. Formulation of Islamic Buy Now, Pay Later



Source: Author's analysis

³⁷ Faizal Kurniawan, Xavier Nugraha, Bagus Oktafian Abrianto, and Syifa Ramadhanti, "The Right to Access Banking Data in a Claim for a Division of Combined Assets That Is Filed Separately from a Divorce Claim," *Yustisia* 9, no. 1 (2020): 46–75.

³⁸ Umi Kalsum Hehanussa And Syarifuddin, "The Role Of ShariahFintech In Developing Islamic Economy In The Digital Era In Indonesia," *Iejbr* 1, No. 2 (2022): 14–22.

³⁹ Philipus Hadjon, *Introduction To Administrative Law* (Universitas Gadjah Mada, 2019).

DISCUSSIONS

Islamic BNPL an Instrument for Achieving Shariah Economic Democracy

Shariah Economic Democracy is not solely about an individual's capability to earn money but rather a concept where each and everyone is able to meet their daily needs without undue financial burden. In this system, the goal is to bring an equitable economic system that provides everyone access to resources, regardless of their status or background.⁴⁰ One of the main elements in realizing such conditions is the availability of financial services without exploiting vulnerable consumers and instead empowering them with ethical and sustainable solutions. Shariah Economic democracy can be operationalized through the following normative indicators: (1) accessibility of financing for underserved groups; (2) affordability and proportionality of costs, including the absence of excessive charges; (3) transparency and certainty of contractual terms (i.e., no hidden fees or ambiguous obligations); (4) protection against exploitative practices, particularly in penalties and default mechanisms; and (5) ethical governance consistent with Shariah principles, especially the avoidance of *riba* and *gharar*.

In this context, Islamic BNPL rises as one example of an instrument that promotes economic democracy. This service serves as an alternative payment method that is accessible to the vast population without charging interest as compared to the conventional system credit. By removing the *riba* aspect from the conventional BNPL, financial institutions have made it possible for the Muslim population to utilize Islamic BNPL without being burdened by the risk of high-interest debts.⁴¹ This system aligns itself to the main purpose of Shariah financial principles that dictates fairness, social ethics, and economic inclusivity.

Accordingly, if assessed against the five normative indicators of Shariah economic democracy, Islamic BNPL can be said to fulfill economic democracy because: (1) it expands accessibility by providing transaction-based, low-barrier instalment financing for underserved consumers who may be excluded from conventional credit; (2) it preserves affordability and cost proportionality by eliminating interest-based price escalation and limiting charges to fixed, pre-disclosed, and cost-based fees; (3) it strengthens transparency and contractual certainty through clear ex ante disclosure of the purchase price/markup, payment schedule, and all fee components, thereby avoiding hidden fees and ambiguity (*gharar*); (4) it protects consumers from exploitative practices by capping late-payment measures and ensuring that any default-related charges are non-profit in nature (cost-recovery/disciplinary rather than revenue-generating), preventing debt-trap dynamics; and (5) it ensures ethical Shariah governance through Shariah-compliant contract structures (e.g., *murabaha*, *ijarah*, or *qard*) and formal Shariah supervision to systematically avoid *riba* and *gharar* throughout product design and enforcement.

Islamic BNPL as a Corrective Mechanism to the Harms of Conventional BNPL in Indonesia

In the absence of Islamic BNPL in Indonesia, consumers have become widely dependent on conventional BNPL schemes, which incorporate fees and contracts that contradict the core values of economic democracy and Islamic finance principles. Platforms such as ShopeePayLater and Akulaku impose layered percentage-based monthly instalment fees, handling charges, and late-payment penalties that can cause the eventual repayment amount to exceed the original purchase price. Such practices limit consumer autonomy, create financial dependence, and undermine equitable access to basic goods. These empirical examples show that Islamic BNPL is not merely a theoretical alternative, but a necessary corrective mechanism for real consumer harms occurring in Indonesia today.

⁴⁰ Fathoni, "Problematika Kemiskinan Dan Optimalisasi Fungsi Zakat," *Al-Manahij* 5, No. 2 (2011): 167–80.

⁴¹ Burhanuddin Susanto, "Penerapan Prinsip Syariah Dalam Lembaga Perasuransian Di Indonesia," *De Jure: Jurnal Hukum Dan Syaria'iah* 5, No. 1 (2013): 97–106, <https://doi.org/10.18860/J-Fsh.V5i1.3000>.

Islamic BNPL ensures that the consumer is able to procure products and services that are essential to their daily life without *riba*, which in turn make it possible to establish a fair economic system. This approach is consistent with the fair principle found in Shariah economy as outlined in the Qur'an, especially the verse from Surah Al-Baqarah: 275. By abiding to such principles, Islamic BNPL contributes in building a financial system that focuses on ethical transaction, financial welfare, and strengthens the foundation of economic democracy. Islamic BNPL also can be seen as an antithesis to the capitalist system that often places profit as the main virtue and ignores social equity. The selling point behind Islamic BNPL is the elimination of predatory loan practices that are generally found in conventional credits. By prioritizing collective welfare over individual profit, Islamic BNPL ensures fair and equitable transactions.⁴² This ethical approach reduces the risk of financial exploitation and promotes responsible consumer behaviour. Furthermore, by incorporating permissible contracts like *Murabaha*, *Ijarah*, and *Qard*, the Islamic BNPL prevents any risk of financial burdens for the consumers. This practice is aligned with the core objectives of Shariah (*Maqasid al-Shariah*), which emphasize justice and protection from harm.⁴³

Concrete regulatory and operational examples from Qatar and Malaysia further demonstrate how Islamic BNPL supports economic democracy in practice, not just theory. QIB PayLater requires full price disclosure and prohibits interest-based late fees, ensuring contractual certainty and preventing debt escalation. In Malaysia, MOBY Islamic employs a *qard*-based structure with transparent, pre-disclosed processing fees tied only to operational costs, while even the Malaysian ShopeePayLater revised its late-fee policy following the latest fatwa to remove *riba* elements by capping penalties and directing excess charges to charity. These real-world cases show that Islamic BNPL already operates successfully under enforceable Shariah governance frameworks, which can be seen as models that Indonesia can replicate to address its own BNPL-related legal and ethical challenges.

Islamic BNPL has emerged as a viable alternative to conventional credit systems in countries such as Qatar and Malaysia, where ethical and inclusive Islamic finance has been embraced. Its growth reflects the potential of Shariah compliant models to offer interest-free methods that align with Shariah values while also addressing financial accessibility. Unlike traditional BNPL services that often include hidden charges or high late fees, Islamic BNPL emphasizes transparency and fairness.⁴⁴ This model helps reduce the financial burdens typically experienced by low-income individuals, promoting broader participation in the economy and redistributing economic power more equitably across society.⁴⁵ Potential risks in BNPL services, including overextension of credit and default risks, must be carefully managed to prevent market instability.⁴⁶

Despite its promise, the expansion of Islamic BNPL requires careful management to ensure long-term stability and consumer protection. Without proper oversight, risks such as excessive credit allocation and payment defaults could undermine its effectiveness. To address this, providers must implement sound risk management and regulatory frameworks in collaboration with financial authorities. Embracing technological innovation and

⁴² Lucky Nugroho Et Al., "The Contribution Of Islamic Bank In Poverty Alleviation," *Al-Ahkam* 30, No. 1 (2020): 19–38, <https://doi.org/10.21580/Ahkam.2020.30.1.5387>.

⁴³ Muala, "Repositioning Of Islamic Economics In The Era Of Globalization From The Maqāṣid Syarī'ah Perspective."

⁴⁴ Sutikno And Haji, "Understanding Buy-Now-Pay-Later Adoption In The Muslim Market: Do Religious-Based Ethics Matter?"

⁴⁵ Fajar Sukma And Zulheldi, "Government Policies In Economic Empowerment Of Muslim Communities In The Digital Economy Era," *El-Mashlahah* 11, No. 2 (2021): 146–63, <https://doi.org/10.23971/Elma.V11i2.3108>.

⁴⁶ Hehanussa And Syarifuddin, "The Role Of Shariah Fintech In Developing Islamic Economy In The Digital Era In Indonesia."

continuing research will also be key to improving service delivery and adapting to evolving market needs. Additionally, expanding Islamic BNPL to support SMEs through interest-free financing could drive entrepreneurship and inclusive growth. Ultimately, raising public awareness and promoting responsible use will help strengthen Islamic BNPL's role in creating a fairer, more inclusive financial system rooted in ethical principles.

Conclusion

Islamic BNPL can serve as a Sharia-compliant alternative to conventional schemes by removing *riba* and *gharar* through the use of contracts such as *Murabaha*, *Ijarah*, and *Qard*. Normatively, the research contributes to Islamic finance theory by reframing BNPL as a transaction-based mechanism rather than a debt-driven credit tool, and by integrating the concept of Shariah economic democracy into the design of Islamic BNPL. The proposed model synthesizes comparative insights from Qatar and Malaysia into a unified legal-contractual framework that aligns BNPL's operational logic with *maqāṣid al-shari'ah* and the indicators of access, affordability, transparency, anti-exploitation, and ethical governance.

From a regulatory perspective, the findings underline that Indonesia's current BNPL landscape still embeds *riba*, *gharar*, and unjust enrichment, and that the absence of a specific Islamic BNPL framework perpetuates legal uncertainty and consumer vulnerability. Accordingly, the article recommends that Indonesia adopt a dedicated Islamic BNPL act as a superior legal umbrella, mandate Shariah supervisory mechanisms for all BNPL providers, and standardize consumer-protection safeguards, particularly on fee structures, disclosure duties, and default penalties. These reforms would enable Islamic BNPL to function as an instrument of inclusive finance and Sharia-based economic democracy within Indonesia's digital finance ecosystem. Future research may empirically assess consumer behavior, operational risks, and socio-economic impacts arising from the implementation of this Islamic BNPL model.

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