

## ISLAMIC ECONOMIC VIEW ON THE CONCEPT OF PAY LATER IN ONLINE SHOPPING MEDIA

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**Abstract :** This research analyzes and determines the consumption behavior of Indonesian people through the online shopping payment system method from an Islamic economic perspective. This research was conducted using a quantitative survey method by analyzing respondents' responses to surveys distributed via Google Form through a data analysis process, because the method used by researchers will reveal what the data experienced is based on the authenticity of the information expressed in the case. respondents. The findings show that from an Islamic economic perspective, the legality of a payment system depends on its use, whether it is detrimental or not. It can be said that the Paylater system is haram if it contains things that are prohibited by Allah SWT such as usury, *jalal* and so on. However, if the payment system provides benefits, is relevant to the Islamic economy, and does not contain detrimental elements such as usury, then the law is permissible.

**Keywords:** Pay Later, Online Shopping, Islamic Economy

### A. Introduction

In the era of globalization And progress fast in technology information moment This is a phenomenon interesting online shopping has merges with style life modern society. One of idea especially those who get it Power pull in field online transaction is Pay Later, which offers consumer convenient way for obtain goods or service previously And finish payment they on time that has been determined. In framework here it is perspective deep Islamic economics takes role important in dig ins and outs Pay Later concept in context of online shopping platforms.

As far as the data I got, the application that is most widely used for using *the pay later feature* is Shopee. User preferences and adoption rates of these features may vary depending on market conditions and consumer habits in different regions. However, several large platforms such as Shopee, Lazada, and Tokopedia have included a *pay later feature* as a payment option to increase the convenience of consumer transactions. To obtain more accurate and up-to-date information, it is recommended to refer to the latest information sources or conduct market research specific to a particular region or country.

Islamic Economics presents corner different view about transaction finance, where the principles sharia arrange every aspect activity economics, incl system payment. In realm *Pay Later*, considerations ethical And fair in Islam you can become base For evaluate the extent of the concept This in line with principle sharia. The importance of understanding the implications of Islamic economics for the *Pay Later concept* does not only lie in the financial aspect, but also in the moral and social values contained in it. Therefore, from an Islamic economic perspective, it is necessary to emphasize how the *Pay Later concept* can be implemented in line with the principles of justice, transparency and financial responsibility.

*Pay Later* is a financial facility that allows payment methods in installments without using a credit card. Several fintech platforms are busy discussing this credit method. Even though many *e-commerce*, holiday ticket and other *marketplaces* have this feature to facilitate holiday and shopping needs, we need to be aware of the impact of its use. The *Pay Later* feature may make transactions easier, but it needs to be avoided so as not to fall into addiction, especially for purchasing goods that are not actually needed. In addition, it is important to note that *Pay Later* determines installment interest, which increases with the length of time chosen to pay the goods in installments. Even though online *marketplaces* usually offer relatively low installment interest, users need to be careful about late payments which can result in being charged late fees or quite large fines. Therefore, there is a need for a wise approach in utilizing the *Pay Later facility* so that it remains in line with ethical values and Islamic financial principles.

There is a common misconception that buying and selling using a later payment system can include elements of usury, this view is not in line with Islamic principles regarding online transactions. In the **Al-Qur'an Surah Al-Baqarah verse 127** it is emphasized that " *Allah has blessed buying and selling and has forbidden usury.* " This principle emphasizes that buying and selling transactions must not contain elements of usury in any form. Using the *Pay Later method* in payments often creates various threats. A lack of understanding of the *Pay Later* payment system can lure people into using it without realizing the potential risks.

The public is expected to understand how to use the *Pay Later system* in accordance with Islamic economic principles. Therefore, this problem needs to be studied and used as a topic for in-depth discussion. In this context, we will explore how the *Pay Later concept* can be integrated with Islamic economic principles. This involves considering aspects such as fairness in the application of additional fees, clarity in the transaction process, and the socio-economic impact that may arise. Thus, a deeper understanding of the *Pay Later concept* in the context of online shopping can make a positive contribution to sustainable economic development, in accordance with Islamic values.

## B. Literature Review

In the framework of this research, a literature review was prepared based on the theories that are the basis of this research. Apart from that, the research also involved interviews with

the public, and literature reviews were carried out through research journals, both national and international.

### **Principles of Fairness in Additional Fees**

Clarity and openness regarding additional costs is an important aspect to consider. Consumers need to understand well the possible additional costs that may arise when choosing a later payment option. The principle of transparency and clarity of transactions (*bayyinah*) is highly emphasized in Islamic economic principles to prevent practices that can harm weaker parties.

### **Principles of Sharia Finance**

Sharia finance has different principles from conventional finance. The principles of business activities in sharia economics place aspects of economic profit and humanities aspects in balance. In sharia economics, financial management activities are based on ethics and pay attention to humanitarian aspects. This principle has also become a trend in several countries in the world.

### **Agreement in Pay Later Transactions**

*Pay later* transaction agreements should comply with sharia principles. The use of *pay later* in online shopping platforms should be done through a sale and purchase agreement or Murabahah contract that is in accordance with Islamic teachings. Sellers and buyers need to ensure clarity in the agreement, including price, goods and payment deadlines. It is also important to avoid elements of usury or interest so that transactions remain halal. Understanding and compliance with Islamic economic principles is the main key in implementing *pay later transactions*.

### **Regulation and Supervision**

Islamic financial institutions or authorities have the authority to supervise and provide certification for online shopping platforms that provide *pay later* services. This certification aims to guarantee the conformity of the service with Sharia principles. The government can issue special regulations governing *pay later transactions* so that they are in line with sharia principles. These regulations can include aspects such as interest, fee transparency, and other provisions that are in line with Islamic values.

Efforts to ensure compliance with sharia standards in the *pay later concept* should involve collaboration between the government, Islamic financial institutions and the private sector. These steps are expected to be able to create a business environment that is in accordance with Islamic economic principles.

### **Case Studies and Testimonials**

Business experience and testimonials from users show that the application of the *pay later concept* in online shopping platforms, in accordance with sharia principles, not only provides support for financial flexibility, but also creates a positive impact from an Islamic economic perspective. Collaboration with Islamic financial institutions, sharia audits, and consumer education efforts are key elements in forming an ecosystem that is in accordance

with Islamic economic principles. It is important to continue to monitor developments in this area and look for case studies or direct testimonials from users or businesses who have adopted the *pay later concept* in the context of the Islamic economy, in order to gain further insight into its implementation and impact.






Riwayat Transaksi		
Semua Tanggal ▾		Semua ▾
Januari 2024		
	Pembayaran SPayLater 06 Januari 2024	-Rp672.427
	Isi Saldo Dari Bank Transfer 06 Januari 2024	+Rp399.000
	Isi Saldo Dari Indomaret / i.Saku 05 Januari 2024	+Rp182.000
	Isi Saldo Dari Indomaret / i.Saku 05 Januari 2024	+Rp60.000
	Isi Saldo Dari Indomaret / i.Saku 02 Januari 2024	+Rp50.000

Figure 1: Example of Paylater Transaction

## Previous Research

After conducting previous research, it was concluded that using a *pay later system* with monthly payments without interest provides convenience for the community and is in accordance with sharia principles. However, setting an interest penalty of 5% for delays is considered inconsistent with sharia principles. In addition, adding certain fees to the loan amount is considered a form of usury. Previous research has evaluated the suitability of *pay later agreements* with sharia principles, but research that focuses on changes in people's consumption patterns due to *pay later* is still limited. Therefore, this research aims to complement previous research by exploring views and analyzing societal consumerism patterns influenced by the *pay later method* from an Islamic economic perspective.

## C. Methods

The research method for Islamic economic views on the *pay later concept* in online shopping media involves in-depth data processing through relevant literature studies regarding

the application of Islamic economic law to the pay later concept. Additionally, this research considers the use of interviews as a tool to gain more comprehensive insights. .

Within this framework, we adopt qualitative research methods, which involve interviews, data analysis, note-taking, research, and in-depth analysis of the data obtained as a result of the review we conducted.

#### **D. Result and Conclusion**

##### ***PayLater Surcharges***

One of the main principles in the Islamic perspective regarding online buying and selling transactions is the principle of justice. Justice is an essential value in Islamic economics, and this remains true in the context of online buying and selling. In this case, the price and quality of the product or service must be fair. Sellers and buyers are required to respect each other and avoid unfair practices. In online buying and selling transactions, sellers must provide honest and accurate descriptions of the products offered, without hiding defects or damaging the product. On the other hand, buyers are expected to pay a fair price and not try to take advantage of sellers by haggling over unreasonable prices. This principle of justice is the basis of a healthy Islamic economy.

The implementation of justice in economic activities includes the principle of muamalah, which rejects or does not allow the practice of usury, gharar, maysir, tyranny, and all forms of buying and selling that involve injustice from one party towards another. However, the interview results show that the principle of justice is still not fully implemented in *pay later transactions* . Lenders can take advantage by applying interest to the principal amount of the loan if installment payments exceed a predetermined limit, which is clearly a form of injustice and violates Islamic economic principles. Rasulullah SAW also gave instructions that all actions involving usury cannot be tolerated.

*Pay later* method also does not make purchasing easier, because the prohibition against additional fees is stated in DSN-MUI Fatwa No. 19 of 2001 concerning al-qardh. The fatwa states that " *al-qardh customers must return the principal amount received at a mutually agreed time* ." As a consequence of this agreement, the party providing the loan is prohibited from collecting additional interest or other fees that are common in the conventional system. Additional benefits, such as the use of pawned objects, are also not permitted.

#### **Views of Islamic Law and Sharia Finance on the Pay Later Feature**

Islamic finance's view of the *pay later feature* can vary depending on the implementation and structure of the product. Several main principles in sharia finance that need to be considered in the assessment involve aspects of fairness, transparency and compliance with sharia law. Some relevant points to note include:

1. Does Not Involve Speculation (Gharar)

Gharar is a business transaction that brings uncertainty to the parties involved, both in terms of quantity, physical, quality, delivery time, and even the object of the transaction can be speculative. This uncertainty is contrary to sharia principles which emphasize transparency and benefits for both parties. Therefore, Islamic finance avoids

transactions that involve elements of gharar or unhealthy speculation. In the context of *pay later*, the structure should not involve elements that are considered speculative or questionable from a sharia perspective.

## 2. Compliance with Sharia Law

Financial products and services must fully comply with sharia law, including ensuring that transactions and payment structures comply with the principles of Sharia law.

In the view of Islamic law, *pay later services* are considered haram because they are included in *riba qardh*, where there is an addition or excess to the amount of the debt that must be paid. Chairman of the MUI for Fatwa, Prof. Dr. Asrorun Niam Sholeh, emphasized that loan services, both offline and online, that involve usury are considered haram, even if they are done voluntarily. If *pay later* is provided without interest when payment is made by the customer, then this can be considered halal. Because interest or usury is not allowed in the sharia system. *Pay later* is considered usury if there is an element of *ziyadah* or additional requirements required in advance by the issuer of the *pay later* to the consumer. This is included in the type of usury debt which is prohibited in Islamic economics. From an Islamic perspective, *Shopee Paylater* is considered haram because it involves usury *qardh*, where there is additional or excess debt that can be disturbing. The *Shopee Paylater feature* includes transactions that involve elements of usury because buyers are charged a minimum interest of 2.95% of the total transaction that must be paid every month, along with a handling fee of 1% of the total transaction and a late payment fee of 5% of the total transaction each month.

In Islamic economic law, the concept of buyers is free to take the goods they want as long as they notify the seller of each take and receive payment at the agreed time for the total amount of goods taken. This buying and selling model is known as *istijar* buying and selling. The term “*istijrar*” comes from the Arabic verb, namely “*jarra yajurru*,” which means to pull or drag. Consumers in this context buy merchandise gradually from traders over the past time, including those at the end of the distribution period.

## Agreement in Pay Later Transactions

The agreement in a *pay later transaction* is a formal agreement between the *pay service provider later*, usually a fintech company or financial institution, with a *pay later account holder (user)*. The Islamic economic view regarding *the pay later feature* discusses transaction agreements in various applications that provide this feature. Significantly, the *pay transaction agreement Later* is included in a *murabahah* (financing) contract, where the parties involved agree to buy goods at the original price plus a previously agreed profit. Therefore, transactions that fix the price of the product with additional processing in installments, with consumers guided to choose what is offered by the *pay later feature provider*, are considered valid. However, in the Islamic economic view there are various opinions, some are permissible (*mubah*) and some are forbidden. The *ulama* allow credit buying and selling as long as it is carried out according to good buying and selling rules or guidelines, with the requirement that the agreement between the seller and the buyer be clear when carrying out the *ijab* and *kabul*.



In Islamic law, the legality of online buying and selling in the midst of technological advances must still comply with the rules and must not be an excuse for carrying out detrimental actions between people.

### **Regulation and Supervision of the *Pay Later* Feature**

The Financial Services Authority (OJK) acts as an independent institution without intervention from external parties which is responsible for supervision, regulation, inspection and comprehensive investigation of all activities in the financial services sector. All entities in the financial services sector are required to register and are subject to OJK supervision. Even though the OJK has established several regulations regarding information technology-based lending and borrowing services, there are no regulations governing the amount of interest and late fees. AFPI, which was appointed by the OJK as the official association providing information technology-based lending and borrowing services in Indonesia, has a Code of Conduct and enforces several rules that have not been regulated by the OJK.

Along with the rapid development of the fintech industry, its existence needs to be balanced with regulation and supervision. In accordance with **Article 5 of Law Number 21 of 2011** concerning OJK, this institution is responsible for implementing an integrated regulatory and supervisory system for all activities in the financial services sector. Furthermore, Article 6 explains that OJK carries out regulatory and supervisory duties over:

- a. Banking activities include a variety of financial services provided by banking institutions, such as accepting deposits, providing loans, and payment services.
- b. In the capital markets sector, financial services activities include securities trading, investment management, and providing information related to financial markets.
- c. The insurance sector, pension funds, financial institutions, and other financial services institutions involve activities such as providing insurance, managing pension funds, as well as providing special financial services such as financing and financial intermediation.

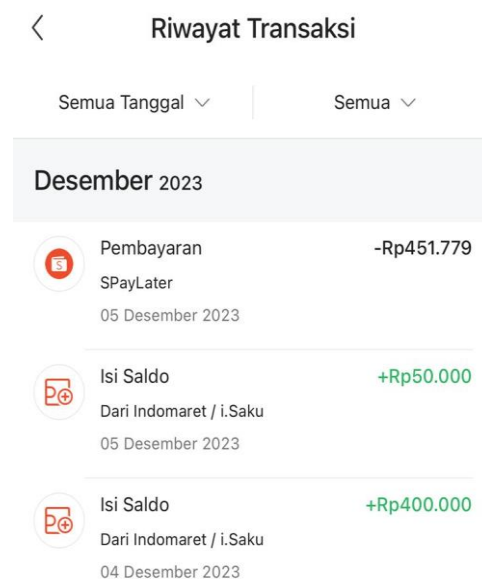
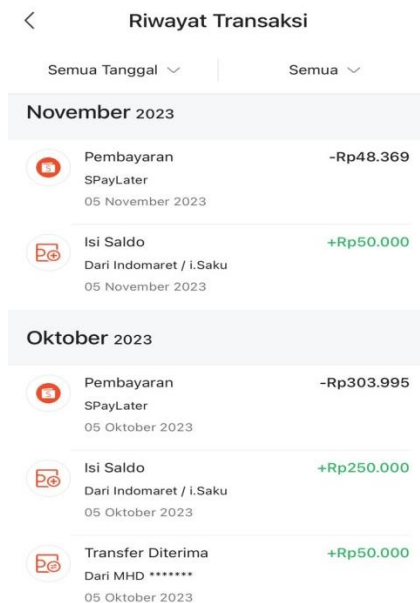
### **Testimonials on Using the *Pay Later* Feature**

*The pay later* feature is a loan service that provides a credit limit, provided by a number of online shopping applications. One example is the feature offered by the Shopee application, where there are 4 Shopee pay later installment options based on the time period, namely 30 days, 3 months, 6 months to 12 months. An attractive aspect for consumers who use the *pay later feature* involves promotion or visual marketing, either through advertising or positive testimonials from users who praise the experience of using the feature. In addition, the impact of environmental influences, such as positive experiences of other people who get discounts or other discounts when using the *pay later feature*, can encourage interest in activating and utilizing the feature.



Figure 3: The most frequently used paylater services

From the picture above, it can be seen that the most popular *pay later* service in 2021 is *Shopee Pay Later*, reaching a percentage of 78.4%. The rise in popularity of *Shopee Pay Later* can be attributed to a very aggressive promotional strategy, causing a surge in users and displacing several old players in this sector. *Shopee Pay Later*, or *SPayLater*, is a loan or funds installment feature provided on the *Shopee* e-commerce platform. This service is managed by PT Commerce Finance in collaboration with several other financial services companies. For new users, they will be given an initial loan limit of IDR. 750,000, which can be increased up to Rp. 3,000,000 or more, as long as it meets the conditions set by *Shopee*.



Figures 3 and 4: Examples of Paylater Transactions



## Conclusion

*pay later* system is a payment method that is widely used by a number of individuals because it is considered to provide convenience for users. However, the Islamic economic perspective on *the pay later concept* emphasizes that the use of this transaction is contrary to the principles of sharia law. In implementing *pay later*, there are several components that are not in line with Islamic economic principles, such as the principles of monotheism, justice and injustice. Fraud that can occur in *pay later* transactions can result in losses, the application of interest in advance, and late payments, all of which are considered a form of injustice towards users of the *pay feature. later* this. Practices such as *riba* transactions, *gharar*, *maisir*, and other unethical behavior are prohibited in Islamic economics because they can harm other parties. *Riba*, which appears in *pay later* transactions, is considered a form of utilizing loans by manipulating the concept of interest, which is contrary to the principles of Islamic economics.

*Pay later* payment feature has the main concept of "buy now, pay later," where consumers buy or take goods from the seller, and the total payment is made at the end of the agreed period, known as *Istijrar* buying and selling.

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