

An Islamic Economic Review of The Pay Later Culture and Consumptive Lifestyle

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Abstract

Purpose: This study aims to: a) analyze Islamic economic law regarding transaction mechanisms and penalties in paylater services in Indonesia based on the principles of the DSN-MUI fatwa. b) describe the influence of paylater culture on consumptive lifestyle behavior from an Islamic economic perspective.

Methodology: This research is qualitative in nature and descriptive-analytical in scope. The technique used is documentation study or literature study.

Results: 1) The Islamic economic law review of transaction mechanisms and penalties in paylater services in Indonesia based on the principles of the DSN-MUI fatwa is as follows: paylater services are permitted as long as they do not conflict with sharia principles, namely avoiding elements of usury, gharar (uncertainty), maysir (gambling), tadlis (deception), dharar (harm), and zhulm (injustice). And in order for the paylater system to be in accordance with sharia, the services must use valid contracts, including: Murabahah or Bay' Bithaman Ajil, Qardh, Ijarah, Wakalah bi al-Ujrah. 2) The influence of paylater culture on consumptive lifestyle behavior from an Islamic economic perspective causes Muslims to fall into: a) Israf (extravagance) b) Tabdzir, c) Neglect of Priority Scale

Applications/Originality/Value: With the convenience of this pay later service feature, many Muslims, especially young people, have become complacent and less attentive to how religion regulates it. Therefore, this topic needs to be reviewed in order to add to the Sharia literature.

Keyword: Islamic Economic; Pay Later; Consumptive Lifestyle

Introduction Section

Digital financing services, particularly the Paylater feature, have evolved into a highly popular financial innovation in Indonesia. This phenomenon allows consumers to obtain goods or services instantly and settle their payments later through an installment mechanism (Almu'afi, 2024).

As a modern financial instrument, Paylater is a financial inclusion solution that provides credit facilities without requiring users to have conventional credit cards, which have often been difficult for most people to access. Public trust in this service is driven by its strong legality. The Paylater feature on digital platforms is now mostly registered and under the strict supervision of the Financial Services Authority (OJK). This ensures that all transaction schemes, interest rates, and billing procedures must comply with government regulations. This supervision aims to create a balanced ecosystem; protecting customers from predatory practices while maintaining the sustainability of service providers to avoid systemic risks.

In its implementation, Paylater has been massively integrated into various leading e-commerce ecosystems and marketplaces in Indonesia. This integration aims to provide a seamless shopping experience for consumers. Ease of access is the main selling point, where users only need to download the application via Android or Windows devices without complicated bureaucratic procedures. Some of the major platforms that currently dominate the market include: Traveloka Paylater, which focuses on financing the tourism and lifestyle sectors; Shopee Paylater (SPaylater), which drives daily retail transaction volumes; and Go-Pay & OVO Paylater, which provide payment facilities for daily mobility and household needs. The ease of use and security offered have significantly changed people's lifestyles. Now, people tend to rely on this feature not only for secondary or tertiary needs such as vacations, but also to meet their basic daily needs (Januarti et al., 2024).

The phenomenon of financial digitization has created a paradox in the consumption behavior of modern society, especially among young Muslims. On the one hand, easy access through paylater service features offers instant solutions for liquidity needs. However, on the other hand, many Muslims are lulled by this practicality and pay little attention to how religion strictly regulates it, especially in relation to the risks of usury and extravagance (israf). This lack of Sharia literacy often triggers a shift in consumption patterns from those based on necessity (hajjat) to those based solely on desire (syahwat).

This situation contrasts sharply with the principles of financial management in Islam, which prioritize planning and long-term benefits. As a comparison, on a macro scale, the management of zakat funds in institutions such as Dompot Dhuafa is carried out through strict financial planning procedures to ensure that funds are allocated to truly productive

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programs, such as education and economic empowerment. It is this discipline of planning that should be internalized by Muslim individuals so that they do not get caught up in a false consumerist lifestyle. Therefore, this theme needs to be revisited in order to add to the sharia literature and provide practical guidance for the community in facing the onslaught of fintech trends (Ridha et al., 2024).

This study uses a qualitative approach with a descriptive-analytical design. This approach was chosen to provide an in-depth description and critical analysis of the phenomenon under study. Data collection techniques were carried out through documentation studies or literature studies, which involved reviewing literature, official documents, and other relevant secondary data sources to support the credibility of the research findings.

This study aims to: a) analyze Islamic economic law on transaction mechanisms and penalties in paylater services in Indonesia based on the principles of the DSN-MUI fatwa. b) describe the influence of paylater culture on consumptive lifestyle behavior from an Islamic economic perspective.

A review of Islamic economic law on transaction mechanisms and penalties for paylater services in Indonesia based on the principles of Sharia fatwa DSN-MUI

Understanding the operational mechanisms and legal consequences of digital paylater services is a crucial first step before conducting a more in-depth review. In general, the activation process for this service relies on digital identity verification (ID card) and the determination of a dynamic credit limit, where the loan ceiling will increase in line with improvements in the user's credit score. However, behind this convenience, there are systemic risks for users who default on their payments. The consequences include the imposition of cumulative late fees, restrictions or even freezing of access to features on the application, and field collection interventions by debt collectors. Administratively, these violations result in reporting to the OJK's Financial Information Service System (SLIK), which will record a bad credit history, thereby limiting users' access to formal banking financing in the future (Januarti et al., 2024).

This mechanism of interest and late fees is a crucial point in the debate on Islamic economic law due to the strong potential for usury. Practices in the field show significant variations in interest rates between platforms. For example, Shopee Paylater sets a minimum interest rate of 2.95% per month (Fakultas Hukum UNS, 2023), Meanwhile, Kredivo charges between 2.6% and 4%, and GoPay Pinjam charges between 1.26% and 2.21% per month. In terms of penalties, Akulaku imposes very competitive but burdensome fines of up to 1% per day or a fixed monthly fine of 10% (Septiani, 2023). The use of percentages in determining these costs is considered problematic under Sharia law because the nominal amount fluctuates according to the number of transactions, rather than referring to fixed and actual administrative costs (Septiani, 2023). The addition of penalties on this debt is categorized as Riba Nasi'ah or Riba Jahiliyah, which is an additional charge that arises due to a delay in payment (Fitriani & Baidhowi, 2025).

Furthermore, from the perspective of Islamic Economic Law, the explicit stipulation of interest from the outset of a loan agreement (qardh) is classified as Riba Qardh. This renders the agreement invalid under Sharia law, given that the basic principle of qardh (debt) should be tabarru' or mutual assistance without financial gain for the lender (Handayani, 2024). Another fundamental problem lies in the allocation of these fines. In conventional paylater mechanisms, fines are often converted into company revenue or profits. However, under Islamic law, late payment fines (ta'zir) are only permitted if they are allocated entirely to social funds (charitable funds) and are strictly prohibited from becoming a source of profit for creditors (Almu'afi, 2024). Ketidaksesuaian ini menegaskan adanya kesenjangan fundamental antara operasional *paylater* konvensional dengan prinsip keadilan ekonomi yang diusung dalam Islam.

In response to the rapid digitization of finance, the Indonesian Ulema Council's National Sharia Board (DSN-MUI) has established a comprehensive legal basis through Fatwa No: 117/DSN-MUI/II/2018 concerning Information Technology-Based Financing Services Based on Sharia Principles. Substantively, this fatwa confirms that paylater services are essentially permissible (mubah) as long as their operations do not adopt practices that are prohibited in Sharia law. This includes the elimination of elements of Riba (interest on debt), Gharar (uncertainty in contracts), Maysir (gambling/speculation), Tadlis (deception), Dharar (harm/loss), and Zhulm (injustice to one of the parties) (Dewan Syariah Nasional Majelis Ulama Indonesia, 2018). In order for a paylater service to be transformed into a valid Islamic financial instrument, its transaction structure must be based on contracts that are in line with the characteristics of user needs, including: a) Murabahah or Bay' Bithaman Ajil: This contract is applied in a sale and purchase scheme with deferred payment. In the context of paylater, the company acts as the seller who sets the cost price plus a profit margin that is agreed upon transparently at the outset. The advantage of this contract is its fixed nature; the installment value cannot change or increase even if there are economic fluctuations during the tenor period. b) Qardh: This is a pure loan contract that is social (tabarru') in nature. The borrower is obliged to repay the principal debt according to the agreed time without any additional interest costs. This contract is usually used for short-term bailout funds that are purely for mutual assistance (Almu'afi, 2024), c) Ijarah: This contract is applied when the object of the transaction is in the form of services or the transfer of rights to use the benefits of an item within a certain period of time. The user pays *ujrah* (wages/rent) for the benefits of the services received, not interest on the money lent. d) Wakalah bi al-Ujrah: In the digital ecosystem, this contract is often used when a platform acts as an agent representing users to carry out certain transactions. For these representation services, the

platform is entitled to receive compensation in the form of a service fee, the amount of which must be determined at the beginning of the contract (Dewan Syariah Nasional Majelis Ulama Indonesia, 2018).

Within the regulatory framework in Indonesia, the Financial Services Authority (OJK) plays a central role in mitigating the risk of financial exploitation through the issuance of POJK Number 32 of 2025. This regulation gives the OJK full authority to set maximum economic benefits or periodic installment interest ceilings. This intervention has two objectives: first, to protect consumers from unreasonable debt burdens; and second, to maintain the stability of the national financial system from the risk of massive bad credit (Meiliana, 2025). Although this regulation provides clear quantitative limits, compliance with positive law does not fully cover the fulfillment of theological principles in financial transactions. Therefore, from a sharia economics perspective, paylater operations require fundamental modifications at the contract level. This service structure can only be considered compatible with Islamic law if there is a total elimination of interest (*riba qardh*) and *riba*-based late fees (*riba nasi'ah*). Instead, conventional schemes must be transformed into transparent and fair contracts, such as *Murabahah* (sale and purchase with a fixed margin) or *Ijarah* (financing for the use of services). This transformation is not only administrative in nature but also requires ongoing validation from the Sharia Supervisory Board (DPS). The role of the DPS is crucial to ensure that every innovative feature in the paylater application remains within the corridor of Sharia law, from determining fair selling prices to managing penalty funds that must be allocated for social purposes. Thus, the integrity of Sharia paylater services does not only rely on OJK regulations that limit economic value, but also on contract compliance that guarantees blessings and fairness for all parties involved (Almu'afi, 2024).

The influence of paylater culture on consumptive lifestyle behavior from an Islamic economic perspective

The tendency of people to make unproductive impulse purchases has now become a very prominent consumer behavior phenomenon. This behavior is characterized by spontaneous purchases without careful planning, which are often triggered by momentary emotional impulses rather than considerations of value or objective needs (Rofatul Iliyah & Aswad, 2022). Psychologically, the desire for instant gratification often overrides long-term financial logic, trapping consumers in a cycle of reactive spending.

The emergence of paylater culture has brought about significant and radical transformations in the consumption patterns of Indonesian society. By offering easy access to instant credit and flexible payment options through digital platforms, paylater has successfully eliminated the “psychological barrier” to transactions. Whereas previously cash limitations acted as a brake on shopping desires, the “buy now, pay later” feature now provides the illusion of increased purchasing power. However, this convenience has in fact become a catalyst for an increase in excessive consumerism. As a result, many individuals tend to spend on goods or services that are unproductive and beyond their planned financial means (Felix et al., 2024).

Among the drivers of unproductive purchasing in the digital age are: a) The psychological phenomenon of Fear of Missing Out (FoMO): FoMO is a form of social anxiety that arises when individuals feel afraid of being left behind by trends, information flows, or collective experiences that others are enjoying. In the fast-paced digital world, the fear of missing out (perceived loss) often compels consumers to make immediate transactions in order to maintain their social relevance. b) Social Validation: Current consumption activities have shifted from fulfilling functional needs to becoming a means of gaining social recognition. Purchases are often based on an emotional desire to create a certain self-image or gain validation from the digital environment to avoid feeling excluded. In this context, purchased goods serve as status symbols rather than utilities. c) Hedonistic shopping impulses position shopping as a source of pleasure, entertainment, and emotional escape. This cognitive mechanism often obscures rational considerations about product utility, where psychological satisfaction during the transaction process is considered more valuable than the long-term utility of the product (Ananta et al., 2025), d) The YOLO (You Only Live Once) philosophy: Complementing the FoMO phenomenon, the YOLO philosophy provides moral justification for impulsive consumption patterns. This outlook on life encourages individuals to prioritize instant gratification and present happiness on the assumption that the future is uncertain. As a result, individuals often neglect their long-term financial capabilities in favor of satisfying their immediate desires (Retno Kusumawati et al., 2025), e) Manipulative Design (Dark Patterns): Technically, many digital platforms use interface design (UI/UX) strategies that are deliberately designed to manipulate consumer perception. Techniques such as creating false urgency through “limited stock” notifications or forming social proof through messages such as “100 people are viewing this product” systematically pressure users psychologically to make decisions without thinking twice (Deli & Nugraha, 2025).

All of these psychological and sociological factors gain momentum through the availability of massive digital financial infrastructure. Digital financing services, such as Paylater and Online Loans (Pinjol), now exist as a “double-edged sword” in the community's economic ecosystem. On the one hand, these services offer financial inclusion; on the other hand, they are the main catalyst that facilitates a consumptive lifestyle and impulsive purchases, as previously identified (Retno Kusumawati et al., 2025). This ease of access often blurs the line between real financial ability and desires driven by digital pressure.

This situation is exacerbated by the relatively low level of financial literacy among active users of digital platforms. A lack of in-depth understanding of technical financial mechanisms, such as compound interest, hidden service fees, and the accumulation of late fees, traps many users in financial delusion. Without sound risk management, consumers are caught in a cycle of borrowing new loans to cover old debts (Felix et al., 2024).

From a religious perspective, Islam not only regulates the acquisition of wealth, but also provides strict ethical guidelines regarding its distribution through the principles of *wasathiyah* (moderation) and *i'tidāl* (balance) (Adelia, 2025) emphasizes that the wealth possessed by a Muslim is essentially a trust that must be spent proportionally. Conversely, a consumptive lifestyle triggered by easy access to digital credit often traps individuals in *isrāf* (excessive consumption), which is the act of consuming commodities beyond the limits of objective needs or social norms, which fundamentally contradicts the principle of moderation in Islam (Wijaya et al., 2025). The integration of paylater features into daily consumption behavior has the potential to lead Muslims into several ethical and Sharia law violations, including: a) *Isrāf* (Excessive Wastefulness): Islam strongly emphasizes wisdom in the management of personal assets. As Allah says in Surah Al-Furqan verse 67, the character of Ibadurrahman is those who spend their wealth without excess but also without stinginess, but rather in a middle path (*qawāman*). This verse is the gold standard that every transaction through paylater should be based on consideration of function, not just the indulgence of uncontrolled desires. b) *Tabdzīr* (Wasting Wealth): More specific than *isrāf*, *tabdzīr* is spending wealth on things that do not contain benefits or even sin. Allah warns in Surah Al-Isra' verse 27 by likening those who commit *tabdzīr* to "brothers of Satan." The use of paylater for impulsive purchases solely for social validation can be categorized as this behavior because it prioritizes prestige over the essence of the usefulness of wealth, c) Neglect of Priority Scale (*Maqasid al-Syariah*): In the cognitive structure of Islamic consumption, the fulfillment of needs is divided into three main levels: *Daruriyyat* (primary/essential), *Hajjiyyat* (secondary/supporting), and *Tahsiniyyat* (tertiary/complementary). The current paylater phenomenon is often misused to excessively pursue the *tahsiniyyat* (complementary) level at the expense of long-term financial stability (Muhlis, 2021). In fact, theoretically, the absence of *hajjiyyat* elements will not fatally damage the order of life, let alone the level of *tahsiniyyat*. A Muslim should prioritize financial risk management before fulfilling aspects of beauty or luxury (Firman et al., 2023), d) *Gharar* (Uncertainty) and the Risk of Usury: In addition to behavioral aspects, there is a systemic risk in the form of *Gharar* (uncertainty). Unclear details regarding handling fees, fluctuating interest rates, or hidden penalties that users only become aware of when delays occur create flaws in the contract. This element of ignorance (*jahalāh*) not only undermines the validity of the transaction in terms of Sharia law, but also opens the door to the practice of usury, which is prohibited (Almu'afi, 2024).

As a mitigation effort against the massive negative impact of the paylater culture, fundamental strengthening of users' spiritual and cognitive aspects is needed. The internalization of Islamic values becomes the main defense so that financing technology remains beneficial, not harmful. Based on various literature, the following are strategic steps that can be taken: a) *Qana'ah* (Contentment): The attitude of *qana'ah*, or feeling content with what one has, is key to protecting oneself from social pressure in the digital age. Amidst the onslaught of luxury displays on social media that often trigger social jealousy, *qana'ah* provides inner peace. With this attitude, individuals will not be easily tempted by instant credit offers to buy items that are merely following trends, but will instead focus on being grateful for what they have. b) Strengthening Sharia Financial Literacy: Solving this problem requires not only a moral approach, but also technical understanding. Massive education is needed so that the public can clearly distinguish between valid financing contracts (such as pure *murabahah* without compound interest) and usurious loan systems that are often disguised in the convenience of conventional paylater features. Understanding the transparent structure of contracts will help consumers make decisions that are more fair and in accordance with sharia (Almu'afi, 2024), c) Trustworthy Management: Trustworthiness in the context of the digital economy means having integrity, responsibility, and credibility in managing financial resources (Aena Sari et al., 2025). Considering that wealth in Islam is viewed as a temporary trust from Allah, its use will be accounted for in the hereafter. By viewing every paylater limit as a responsibility (debt) that must be accounted for, a Muslim will be more prudent and moderate in every transaction, ensuring that every rupiah spent has real value (Adelia, 2025).

The conclusions of this study are:

1. The Islamic economic law review of the transaction and penalty mechanisms in paylater services in Indonesia based on the principles of the DSN-MUI fatwa is that paylater services are permissible as long as they do not conflict with sharia principles, namely avoiding elements of usury, *gharar* (uncertainty), *maysir* (gambling), *tadlis* (deception), *dharar* (harm), and *zhulm* (injustice). And in order for the paylater system to be in accordance with sharia, the services must use valid contracts, including: *Murabahah* or *Bay' Bithaman Ajil*, *Qardh*, *Ijarah*, *Wakalah bi al-Ujrah*.
2. The influence of the paylater culture on consumptive lifestyle behavior from an Islamic economic perspective causes Muslims to fall into: a) *Israf* (extravagance) b) *Tabdzir*, c) Neglect of Priority Scale

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