

## SHARIA ECONOMIC PERSPECTIVE ON PAY LATER ONLINE SHOPPING FEATURES IN THE MILLENNIAL GENERATION

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### Abstract

*In the current digital era, a new payment concept has emerged, namely Paylater. Paylater carries the concept of 'Buy now, pay later'. The Paylater feature is increasingly popular because it has entered the E-commerce (online shopping) market. The paylater feature is in demand by various groups, especially the millennial generation, because it makes it easier to shop online if you don't have money. However, the paylater feature also has a negative side that can build consumer behavior. This research analyzes and determines the sharia economic perspective on online shopping paylater features for the millennial generation. This research was conducted using qualitative and quantitative survey methods by analyzing respondents' answers to surveys distributed based on the respondents' experiences. The research results state that most of the millennial generation use the paylater feature to shop online. The millennial generation who tends to like shopping via E-commerce uses the paylater feature to make their lifestyle more consumptive and can develop a habit of borrowing. Paylater itself is said to be haram from a sharia economic perspective because it contains things that are prohibited in Islamic principles.*

**Keywords:** PayLater, Sharia Economy, Online Shopping, Millennials, E-Commerce

### Introduction

The increasingly rapid development of technology makes everything easier. One of them is the emergence of various payment systems or financial service products that make it easier for people to shop. Currently, the payment system does not only depend on credit cards. Plus there is a lot of Financial Technology (FinTech) which makes transactions much easier. Fintech is a combination of financial services and technology that changes the business model from conventional to moderate, where initially transactions had to be carried face to face with cash, now transactions can be carried out remotely and only take a matter of minutes (Hamdani, 2019).

The feature that is currently popular in Fintech is the PayLater or pay later feature. PayLater is a feature that people can use to buy goods or services in installments without using a credit card. The main concept of the PayLater feature is 'Buy now pay later'. The PayLater feature is used in various kinds of transactions. As data based on the Populix Survey can be seen in the table below:

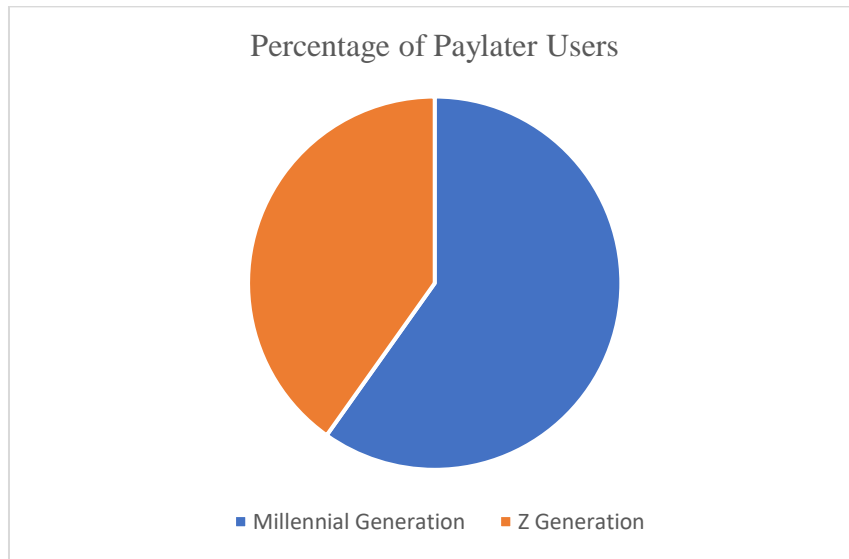
**Table 1 Pay Later Transaction Motives**

PayLater Transaction Motives	Percentage
Data/internet/electricity packages	48%
Clothes	48%
Monthly expenses	35%
Electronic goods	21%
Latest gadget	19%
Holiday	10%

Source: Populix Survey, 2023 (data processed by the author)

From the data above, we can see that most consumers use PayLater to buy clothes and internet needs, as well as electricity at 48%. Meanwhile, 35% is used to pay monthly expenses. The least use of PayLater is for holidays, namely 10%. The PayLater application has the exact same system and functions as a credit card. The PayLater feature is very popular, especially among the millennial generation. The millennial generation is a demographic group born between 1981 and 1996.

Diagram 1 Percentage of Paylater Users

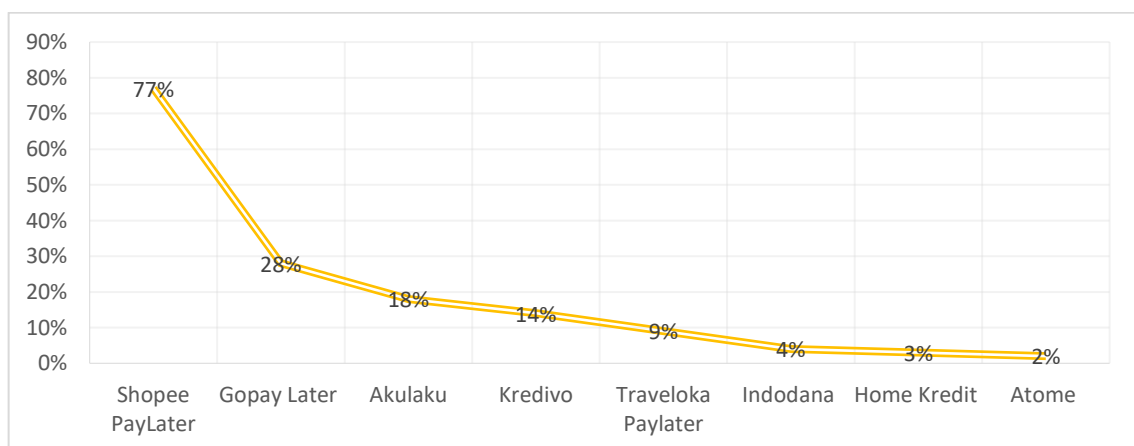


Source: PT Pefindo Credit Bureau (data processed by the author)

In Indonesia, the millennial generation is the largest PayLater user. PT Pefindo Credit Bureau (IDE Score) noted that users of PayLater services are dominated by the millennial generation at 52.13%. This is because the PayLater concept is very in line with millennial principles which are fast, easy and practical. Apart from that, PayLater also offers more attractive promotions.

Paylater is growing rapidly by entering e-commerce markets in Indonesia. This collaboration between paylater and e-commerce features can benefit both parties. The advantage gained from E-commerce is that it can increase sales by providing attractive PayLater services, where people who do not have enough money to buy the goods or services they want can be fulfilled with the PayLater feature. The more people who use this feature when shopping via E-commerce, the higher the profits they will get. The most famous PayLater services in society today are SpayLater, Kredivo, GopayLater, Akulaku, Traveloka Paylater, Indodana, and Home Kredit (Setyowati, 2022).

Graph 1 Services Most Used by People



Source: Populix entitled Unveiling Indonesia's Financial Evolutin: Fintech Lending & Paylater Adoption October 2023 edition

It can be seen from the graph above that Shopee Paylater is the most used service at 77%, Gopay Later (28%), Akulaku (18%), Kredivo (14%), Traveloka Paylater (9%), Indodana (4%), Home Credit (3%), and Atome (2%). This PayLater service feature which is spread throughout the community can fulfill wants and needs without having to have sufficient funds. So that it can help the needs of people who are constrained by costs.

Along with its use, the ease of shopping using Paylater services not only provides benefits, but also brings a tendency for people to get into debt. Especially in the millennial generation, the millennial generation sometimes in buying a product no longer sees in terms of its usefulness and benefits, but only a mere desire to fulfill their pleasure. Even willing to go into debt to fulfill their worldly desires. The reason that it is easy to use and can be paid in installments makes the millennial generation make many impulsive purchases, which is contrary to Islamic law.

If this ease of shopping is not accompanied by Islamic ethics in consumption, it will be easy to get caught up in mere satisfaction. Islam in muamalah aims to protect humanity so as to create buying and selling in accordance with Islamic law. Based on the background mentioned above, the problem formulation that can be taken in this research is to find out the perspective of Islamic economics on the law of using the Paylater feature and how the influence of using the Paylater feature on the millennial generation.

### Research methods

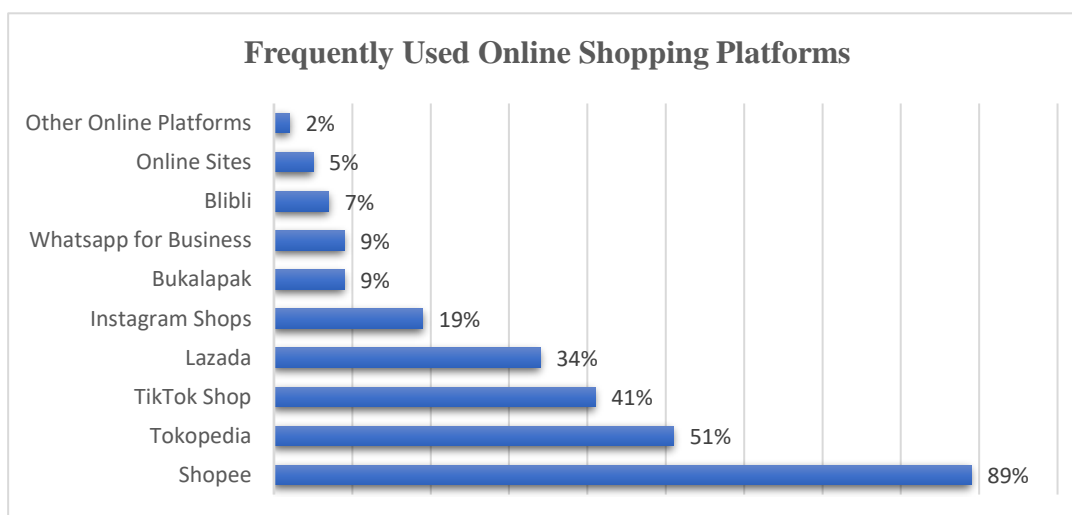
This research uses qualitative and quantitative survey research methods. Qualitative research takes data with scientific references from books, journals, al-qur'an, hadith, fiqh books, and so on. Data collection techniques through literature studies on the opinions of figures about paylater in Islamic views. The aim is to find out how Islamic economics views the PayLater feature.

The quantitative survey method is carried out through survey data using google form in the form of a questionnaire distributed online. The main target of filling out this questionnaire is the millennial generation. The aim is to explore information about the use of PayLater from the perspective of the millennial generation.

### Results and Discussion

#### Online Shopping Analysis

The rapid development of technology today makes human life dependent on technology in their daily lives. One of them is shopping, online shopping is something that is done by many people from all walks of life, from school children to parents. This proves that online shopping activities provide convenience in terms of shopping. This online shopping activity is supported by e-commerce applications. The advancement of internet development and Web 2.0 technology has made e-commerce websites a forum for consumers' online purchases (Liang & Wang, 2019). From there, the emergence of E-commerce such as Shoppe, Tokopedia, Bukalapak, TikTok shop, and so on began. The following are the percentages of the most frequently used E-Commerce:



**Figure 1**  
**Frequently Used Online Shopping Platforms**

Source :YouGov 2024 (databoks.katadata.co.id)

Based on the data above, the online shopping application most frequently used is Shopee. Shopee is the public's favorite online shopping application. Currently, the trend of online shopping has increased from year to year, so that most entrepreneurs advance their business by entering online platforms such as Shopee. Apart from that, the ease of shopping and the many promos provided on online platforms make consumers more interested in shopping online.

### Online Shopping According to an Islamic Perspective

Currently online buying and selling has been explored from an Islamic perspective, many advantages and disadvantages can be seen from the online buying and selling system. In this case, the online buying and selling contract returns to the form of a bond or relationship between two things called as-salam (as-salaf). As-salam is the meaning of surrender. Salaf often refers to something that takes priority or comes first. When buying and selling, the price is determined in advance and payment can be made in one of two ways: the buyer must send the seller a specified amount of money before receiving the goods, or payment is made in advance when the transaction occurs (Safira & Akbar Fitriansyah, 2020). For this reason, shipping costs and payment are made before the goods are given to the buyer. In accordance with the word of Allah QS. Al-Baqarah: 282 "O you who have believed, when you contract a debt for a specified term, write it down." According to the rules of fiqh, online buying and selling is permitted as long as there are no arguments that forbid such buying and selling.

الأصل في المعاملة الإباحة إلا أن يدل دليل على تحريمها

"The original law in muamalah is permissible as long as there is no evidence that forbids it."

In Ahmad Zahro's opinion, online buying and selling is permitted and legal, however if there are irregularities, fraud or other problems, then the law is casuistically applied, namely haram (Safira et al., 2020).

### Analysis of PayLater System Activation in the Millennial Generation

Developments in online shopping systems have also transformed payment systems into digital ones. One of them is the PayLater system. Paylater is a payment method in installments without a credit card. In this feature, consumers can shop online and are paid first by the paylater service provider, after which consumers can pay in installments. Or what is usually called 'Shop now pay later'. Paylater enters E-commerce platforms to help consumers who cannot buy the goods they want because they are hampered by limited money. So PayLater is here to solve this problem. This makes consumers interested in activating the Paylater feature.

Based on the respondent data below, it can be seen in Figure 2 that as many as 55.6% of respondents activated the paylater system and used it for their shopping transactions. This shows that around 50% of the Millennial generation like the PayLater payment system. Of course, with this easy-to-use payment feature, millennials find it easier to shop on various e-commerce sites. Figure 3 shows that as many as 72.4% of respondents who activated the paylater feature have used it for a relatively long period and it has become a long-term problem. Studies show that millennials are convinced that the Paylater concept has fulfilled their expectations as payment for shopping needs.

Have you ever used the PayLater feature?

45 responses

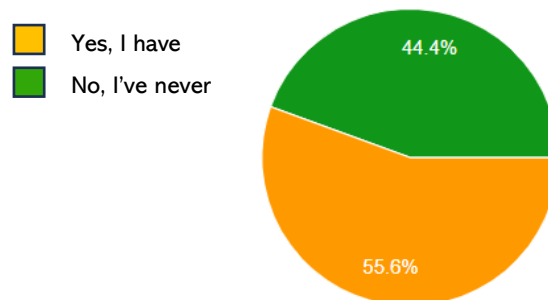
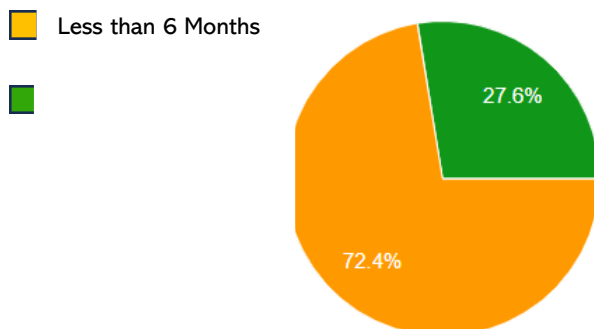


Figure 2  
Paylater Feature Users

Frequency of Use of PayLater

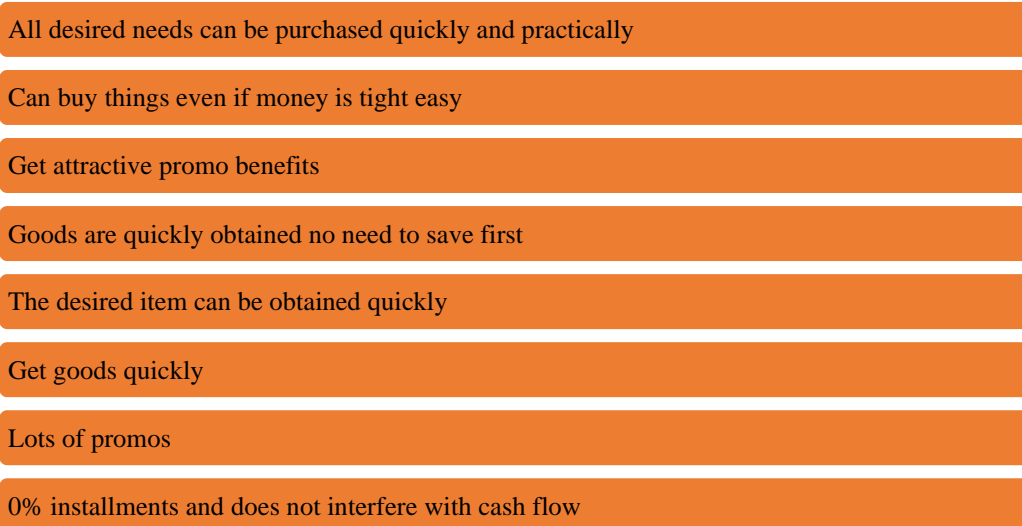
29 responses



**Figure 3**  
**Term of Use of Paylater**

From the percentage diagram above, respondents expressed the advantages or benefits they felt when using the paylater feature:

**What are the advantages you get from using Paylater?**

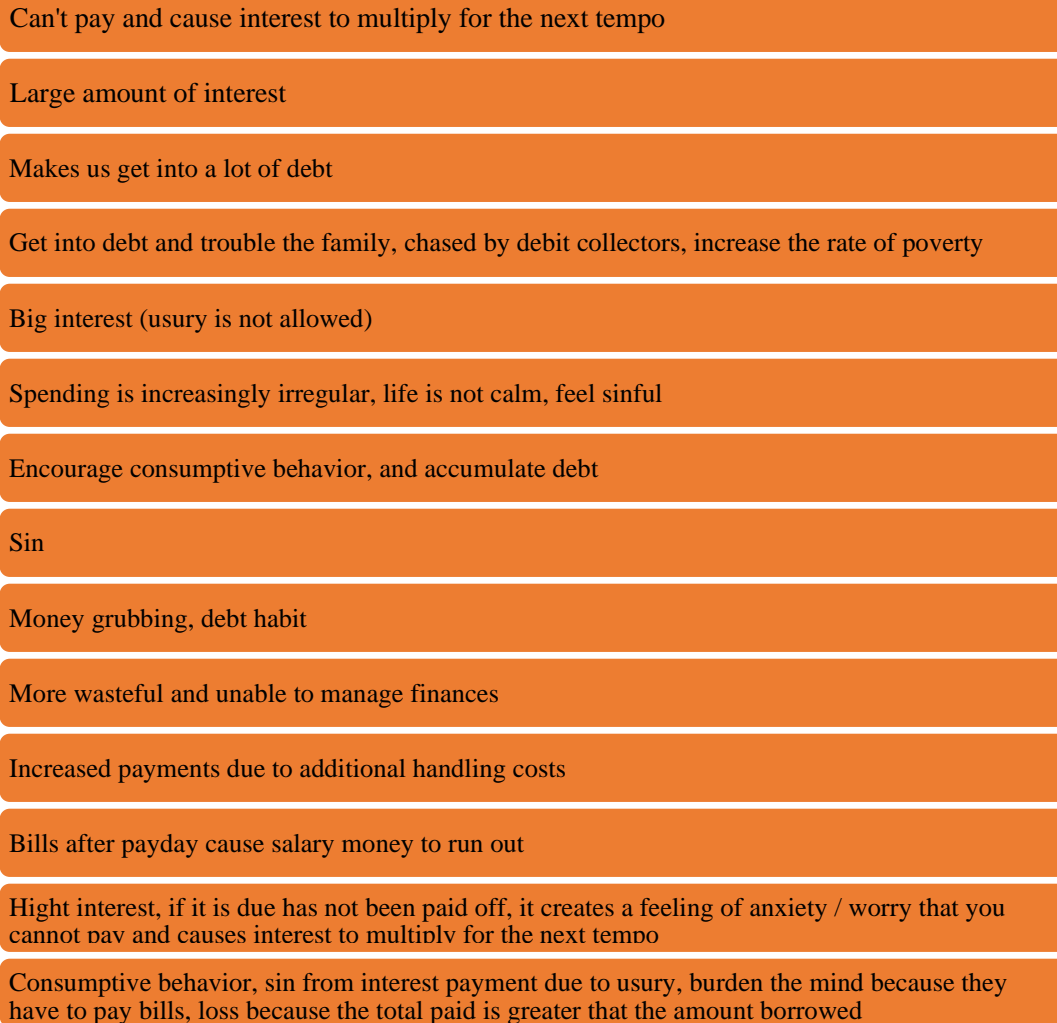


**Figure 4**  
**Benefits of using Paylater**

Figure 5 illustrates how respondents benefit from using paylater. We can see that most of the advantages that consumers get from activating the PayLater feature are the many promos or discounts. Consumers feel helped by Paylater because even though they don't have money, consumers can still make transactions or purchases according to their wishes. Even if you use the Paylater feature, the discount given is very large. However, apart from its advantages, Paylater also has negative effects or losses for its users.

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**What are the disadvantages of using Paylater?**



**Figure 5**  
**Disadvantages of using Paylater**

According to respondents, the disadvantage that occurs when using paylater is that it causes consumptive or wasteful living habits. If this consumptive activity is not controlled it will lead to the habit of borrowing. And as they get older, consumers will get used to the system of borrowing, resulting in loan interest that they don't realize increases. And Paylater users are currently dominated by the millennial generation. Where, the consumerist spirit of young people is exacerbated by the ease of access to purchasing goods. So many millennials fall into consumerist behavior, buying things they don't really need. As a result, many of the millennial generation have fallen into debt of up to tens of millions because they are unable to pay off payments. Therefore, this research aims to determine the Islamic economic perspective and how much millennials understand about the use of paylater from their Islamic perspective.

**Sharia Economic Perspective on Paylater Online Shopping Users**

The advantages and disadvantages that exist when respondents use the Paylater feature must be equipped with knowledge in using the Paylater system. Respondents' understanding of the paylater system will depend on the interpretation and information they need to know. The information they learn will influence consumer behavior in using paylater. Figure 6 explains how the information respondents got regarding the paylater feature:

Have you ever heard of Al-Qur'a verses, Hadith, studies or propositions that discuss interest on loans?

Explained in Q.S Ali Imran : 130 about the prohibition of eating usury. That something with interest (usury) is forbidden, and not allowed even because of an emergency

Yes, in Islam it is clearly not allowed to borrow with interest.

I have heard, but forgot in which surah. The point is that usury is forbidden

Yes, I have heard in the hadith of the *كل قرض حر نفعاً فهو ربا* which means that every debt and credit that has a benefit is usury, well the interest in this loan includes "benefits" which benefits only the person who is owed. So as far as I understand, interest in loans is not allowed/haram. In the Qur'an Surah Al Baqarah which reads *وَأحل الله البيع و حرم الربا* و *أحل الله البيع و حرم الربا* Allah has legalized buying and selling and forbidden usury. InshaAllah, these two proofs from the Qur'an and Hadith are clear that interest on loans is prohibited by Islam.

Yes, I have heard the Hadith that usury is not allowed or haram.

*و أحل الله البيع و حرم الربا*

Yes, that Allah curses those who deal with usury, eat usury property and even those who are just witnesses to contracts that contain usury.

You should not eat the proceeds of usury money. It will be haram.

**Figure 6**  
Information from Respondents regarding interest

What do you think about PayLater from an Islamic perspective?

Avoid as much as possible

In my opinion, it's okay to use paylater as long as you can be responsible for paying it off so that you don't endanger yourself. Then in the future, if possible, don't bother anymore unless it's urgent and you can be responsible for paying it off.

Haram because of the interest.

As far as I know, ustadz and religious leaders tell us to stay away from that. Since it's one of the major sins, it's best to start moving away from it.

Makes us eat haram money because it contains usury and it will affect our morals.

It is necessary to think again for Muslims it is strongly recommended to be able to choose financial services that are in accordance with sharia principles, so as not to get entangled in harmful services. Keep in mind because it is clear that this is haram.

Some people may know that the law of usury is haram, but not a few of those who use the paylater only for temporary pleasure, ignoring the law of usury in order to fulfill their desires.

From an Islamic point of view, of course paylater is prohibited even though the borrower feels helped, but still even if he feels helped, it will not change the law. As in the sentence I once read "if Quran says it haram your opinion doesn't matter".

The use of paylater, if we look at it, is a practice of debt and credit, aka Shopee gives credit to consumers, aka giving qard. If this is the case, then the debtor should not ask for any benefits from the consumer, whether in the form of additional admin fees and the like, because this is categorized as usury.

**Figure 7**  
Respondents point of view regarding Paylater

Based on figures 5 and 6, it shows that several respondents have heard or read hadiths and verses from the Koran regarding the use of this paylater. In the view above, many respondents are of the opinion that the paylater feature is included in usury, which means it should not be used from an Islamic perspective. This is because interest must ultimately be paid along with the payment or return of the money borrowed. Because in Islam, it is not recommended to borrow money and pay interest, this is haram. This is supported by one of Ali-Imran's verses (3): 130

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً ۖ وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

*O you who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful.*

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ۚ ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا ۚ وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا ۚ فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ ۗ وَمَنْ عَادَ فَأُولَٰئِكَ أَصْحَابُ النَّارِ ۖ هُمْ فِيهَا خَالِدُونَ

*Those who consume interest cannot stand (on the Day of Resurrection) except as one stands who is being beaten by Satan into insanity. That is because they say, "Trade is (just) like interest." But Allah has permitted trade and has forbidden interest. So Whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah. But whoever returns (to dealing in interest or usury) – those are the companions of the Fire; they will abide eternally therein.*

The use of paylater is the same as the practice of accounts receivable or qard. In the principle of debt receivables, the debt provider may not ask for any benefits from the consumer (who is owed money), whether in the form of additional admin fees, late fines and the like, because this falls into the category of usury. As the rules of fiqh say:

كل قرض جر نفعاً فهو ربا

*Any loan (qardh) that brings benefit of profit is Riba. (Kitab Al-Mughni by Ibn Qudamah and Kitab Ash-Sharhul Mumti' by Ibn Utsaimin).*

Moreover, if its use is based on desire and encourages consumerist behavior. For example, for the millennial generation who likes to shop online, this paylater feature has the potential to make people wasteful. Millennials will think "Ah, I can pay next month, there's Paylater," making it easier for millennials to get everything they want by going into debt.

This feature makes most people not think twice when buying an item. Even though the desired item is not something that must be fulfilled. Meanwhile, in Islam, the purpose of consumption and shopping must be based on intention to need. Islam teaches to spend wealth according to one's abilities. As Allah SWT says: "And (they are) those who, when they spend, do so not excessively or sparingly but are ever, between that (justify) moderate." (QS. Al-Furqan: 67) and in another verse that: "And eat and drink, but do not excessive. Indeed, He likes not those who commit excess." (QS. Al-A'raf: 31). Therefore, as Muslims, we are prohibited from using the paylater feature.

Islam allows debt and collection as long as it is done in accordance with correct Islamic law. Because if the management of debts and receivables is not carried out in accordance with the procedures prescribed by Islam, it will cause those concerned (both borrowers and lenders) to fall into error which will ultimately plunge them into hell. Rasulullah Shalallahu Alaihi Wassalam said: "Whoever borrows another person's property with the intention of returning it, Allah will return the loan, but whoever borrows it with the intention of harming him, Allah will also harm him." (HR. Al-Bukhari).

Understanding sharia finance is an obligation for every Muslim, especially the millennial generation, to be able to manage finances in accordance with sharia. As Muslims, we should seek knowledge related to sharia banking in order to achieve prosperity and prosperity in the afterlife. (Sugiarti, 2023)

That is the explanation regarding Paylater from an Islamic Economics perspective which can be a consideration for us in the future when using this feature. The paylater feature is already widely popular, especially among millennials. However, don't let the ease of transactions make us complacent in using them, so that we end up becoming consumptive individuals and even getting into debt when shopping online.



### **Conclusions**

Paylater or what is known as the 'Buy now, pay later' system is being favored by many people, especially millennials. Because it is considered in accordance with the habits of millennial life which is all technology, and fast. Of the many advantages or benefits contained in the paylater system, this system also has many disadvantages that need to be considered before using it.

From the research survey data, it can be seen that not a few millennials use the paylater feature. Some millennials also do not know the law of the paylater system, which contains elements of haram such as usury. A study on Islamic economics claims that in the paylater feature there are elements that contradict the principles of Islamic economics, such as the principles of tawhid, justice, and benefit.

The existence of upfront interest and payment delay penalties is a form of injustice against paylater users that is not in accordance with the principle of benefit. All types of transactions arrive, gharar, maisir and other unethical behaviors are strictly prohibited in Islam as part of the Islamic economy because they harm others.

Riba is present in paylater transactions which only benefit multisector E-commerce businesses. Paylater does seem to help consumers buy the products they want, but in reality it is detrimental because of interest and late fees.

The millennial generation is expected to learn more about understanding the benefits of paylater so they can manage their finances well, such as having the habit of saving. Apart from that, it is necessary to restrain your desire not to buy things you don't need when you don't have enough money.

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