



# THE VALIDITY OF THE SALE AND PURCHASE CONTRACT WITH SHOPEE PAYLATER AS FINANCIAL TECHNOLOGY IN ISLAMIC LAW

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## Abstract

*Research aims:* This study aims to analyze the validity of sale and purchase contracts using Shopee PayLater as a financial technology instrument from the perspective of Islamic law.

*Design/Methodology/Approach:* This research employs a normative juridical approach with a statute-based method. Data were collected from primary legal materials such as fatwas, laws, and regulations, as well as secondary and tertiary legal sources. The study is descriptive in nature.

*Research findings:* The findings reveal that Shopee PayLater does not meet the requirements set by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) as outlined in Fatwa No. 116/DSN-MUI/IX/2017 concerning Sharia Electronic Money. The feature contains ribawi elements through the imposition of interest (minimum 2.95% per month), a handling fee (1% of the transaction), and a late payment penalty (5% of the total amount), which contradict Islamic principles of fairness and transparency in transactions.

*Theoretical Contribution/Originality:* This research contributes to the ongoing discourse on the intersection of Islamic legal norms and modern financial technology, especially regarding the legal status of Buy Now Pay Later (BNPL) systems in Indonesia.

*Practitioners/Policy Implications:* The findings may serve as a reference for fintech companies, policymakers, and regulators in developing sharia-compliant digital financial products, and encourage re-evaluation of existing BNPL schemes to align with Islamic economic principles.

*Research Limitations/Implications:* This study is limited to the legal analysis based on Indonesian regulations and DSN-MUI fatwas, and does not explore user perspectives or comparative international frameworks. Future research is recommended to include broader empirical and cross-jurisdictional insights.

*Keywords:* PayLater, Financial Technology, Islamic Law

## Introduction

Technology has become a major necessity for modern society as it provides support in various daily activities and work. The rapid



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development of technology has made it easier to fulfill needs and improve the quality of life, as well as extend human life. One commonly recognized example of technological advancement is in the field of information technology, which not only focuses on communication tools but has also penetrated the business and trade sectors.

The rapid development in technology and information today has a wide impact on various aspects of human life, including fashion and daily activities. The transformation of technology and information in recent years has also changed the landscape of the banking industry, with the aim to ease access and improve the overall welfare of society. The hope is that the application of this technology in a transparent and honest manner, in accordance with the principles stated in Article 4 of Law Number 7 of 1992 concerning banking which has been revised through Law Number 10 of 1998, will have a positive impact on the progress of the Indonesian nation (Hermansyah, 2012). In the banking sector, the development of the use of payment methods has increased significantly, especially in line with rapid technological advances and increased demand from the public. The use of modern technology as a means of cashless payment, both locally and internationally, continues to increase thanks to various innovations that make it more efficient, safe, fast, and convenient for its users.

In the past few decades, we have witnessed tremendous developments in the realm of business and commerce. The advocacy of digital technology, particularly the internet, has changed the way we buy, sell and interact with products and services. The phenomenon of E-commerce, or electronic commerce, is a prime representation of this change. E-commerce has not only become an addition to business methods but has become a major force in the global economy. One of the leading innovations that has changed the way we shop online is the PayLater service. PayLater represents a financial solution that changes the dynamics of consumer interaction with e-commerce. This service allows customers to make purchases of products or services without having to pay immediately, which is different from traditional approaches such as credit or debit card payments that require instant payment.

One of the online shopping sites that adopted the PayLater service is Shopee, a company that is part of the SEA Group. The company, known as "PT Shopee International Indonesia", began operations in December 2015 in Indonesia. Despite the wide range of product categories available on its platform, such as electronics, apparel, home appliances, baby supplies, health and fitness, medical supplies, sports equipment, and household products, people's enthusiasm for Shopee remains high. The



Shopee PayLater service is only available to Shopee users who have access to online banking services.

Shopee collaborates with peer-to-peer lending company PT Lentera Dana Nusantara to provide the PayLater feature, where users can make payments using money from related business apps, and then return it to the app owner. The Shopee PayLater feature stands out with its zero percent initial loan offer and no minimum transaction requirement. However, users will have to pay penalties for late payments as there is no leeway in this regard, and the available loan can only be used to purchase products on Shopee with a repayment term within 30 days (Hasanah, 2020).

With the buy now pay later (PayLater) feature, everyone from teenagers to parents feels facilitated and not a few people are tempted by this so that they do not think long about the laws accepted in the sale and purchase agreement transaction. Therefore, we as Muslim brothers and sisters should remind each other to Muslim brothers and sisters who have used this feature to immediately stop it and switch to the feature of paying cash only because based on several studies that have been conducted by researchers in the journal, it is stated that the transaction used by Shopee PayLater is that the contract is not yet clear, which means that there is no clarity on the contracts from an Islamic perspective or other contracts in the study of Islamic economic law (Monica, 2019).

As for previous research that discusses FinTech (Financial Technology), the first research was conducted by “Ni Kadek Puspa Pranita” and “I Wayan Suardana” with the title “Legal Protection of Customers of FinTech (Financial Technology) Service Users” (Pranita et al., 2019). The paper focuses on the protection of FinTech users in general, while this paper emphasizes FinTech Shopee PayLater, especially in terms of its validity. Second, scientific research conducted by “Ni Nengah Nuri Sasmita” and “I Made Dedy Priyanto” with the title “Sanction Arrangements for Peer-to-Peer Lending Financial Technology Service Providers in Indonesia” (Sasmita et al., 2019). The research focuses on setting sanctions against FinTech organizers in Indonesia.

In line with the rapid development of FinTech in Indonesia, the absence of a special law related to FinTech will lead to legal uncertainty. However, there are laws and regulations that may be considered relevant to the implementation of FinTech. Therefore, it is necessary to conduct research on specific regulations that are part of this case. For this reason, the author is interested in conducting this research which will be outlined in



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the title “The Validity of The Sale and Purchase Agreement with Shopee Paylater as Financial Technology in Indonesia Law”

### **Research Methods**

The method used in this research is to use normative legal research methods. Which is where this research method emphasizes the law which becomes a system of norms. The norm system in question is such as principles, rules, legislation, court decisions, or doctrines (Achmad, 2017). Legal sources used as references in this study include various primary legal source materials such as Law No. 19 of 2016 concerning Electronic Information and Transactions, Bank Indonesia Regulation No. 19 of 2017 concerning the Implementation of Fintech, Financial Services Authority Regulation No. 77 of 2016 concerning Information Technology-Based Money Lending and Borrowing Services, Financial Services Authority Regulation No. 13 of 2018 concerning Digital Financial Innovation in the Financial Services Sector, and fatwa DSN-MUI No. 116/DSN-MUI/IX/2017. In addition, there is also the use of secondary legal materials in the form of several books relevant to the research topic, as well as tertiary legal materials such as legal dictionaries, English dictionaries, and articles from various websites. This research uses library research methods to collect data by analyzing laws and literature related to the research topic. After all the data is collected, the author analyzes it by applying the descriptive method of analysis.

### **Results and Discussion**

#### **Mechanism of Using PayLater in the Shopee Marketplace**

Shopee PayLater is a new payment method available to Shopee users. It is different from shopee pay which can be activated automatically. Currently, the only people who can use the Shopee PayLater payment method are active Shopee users who are willing to follow the guidelines and requirements. One of the requirements in activating Shopee PayLater is that users are required to be Indonesian citizens who are at least 17 years old and / or have a valid and valid KTP (Identity Card). The amount and remaining limit that customers have can be seen on the Shopee PayLater page. If there is a delay in making Shopee PayLater payments, there will be sanctions in the form of restrictions on the use of Shopee vouchers and user access to functions in the Shopee application. In addition, this can affect the user's credit limit in SLIK OJK (Financial Information Service System of the Financial Services Authority) and lead to the implementation of field payments.



To get this latest feature from shopee, there are several conditions that must be met, including the following:

- a. To qualify, a Shopee account must be registered and verified.
- b. Shopee account must have a minimum age of 3 months.
- c. Shopee account must be actively used to make regular transactions.
- d. It is important to always update the Shopee application to the latest version.

If the above conditions are confirmed to be true, then there will be a limit to the amount of credit that will be given by the Shopee team in the PayLater feature. There is no minimum transaction amount required to get the loan. The maximum amount that can be won ranges from Rp. 750,000 to Rp. 15,000,000. The loan limit given to each user varies. The payment and settlement system resembles credit card payments. Upon completing a transaction, users are required to pay an amount of money according to the period determined when completing a payment transaction through the Shopee app.

Shopee PayLater payments can be made before the bill usage time is due with an indication that the sale has ended (including the purchase of goods). The payment method can be done via virtual account (bank transfer) or indomaret. Shopee PayLater has different payment periods ranging from 1x installments, 3x installments, 6x installments, to 12x installments. The cost of using Shopee Paylater is 1% of every transaction made during this period and if there is a delay in payment, a fine of 5% of the total bill will be imposed. Every Shopee PayLater user is subject to a minimum interest rate of 2.95% of each transaction, applicable to the entire number of payments that have been made, including previous purchases. (Rahayu & Aisyah, 2023).

The Shopee PayLater feature in the Shopee application is a payment method where users can buy goods now and pay for them later or in installments/credits. In Islamic economics, this credit system falls into the category of qardh contracts. Qardh is a lending agreement in which the lending party (muqridh) makes a loan to another party (muqtaridh) on condition of repayment of the same amount. The pillars and conditions of the qardh contract are (Sudiarti, 2018):

1. The person who performs (akid), the parties to the contract are muqridh and muqtaridh. Muqridh is the person who gives the loan in this case Shopee Paylater on the Shopee application. While muqtaridh is the person who owes, in this case, the Shopee PayLater user. In this transaction, it must be carried out by people who are *baligh* and



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sane and there is no coercion from other parties.

2. The object of the contract, the object of the contract at Shopee PayLater is the funds provided by Shopee with a predetermined amount. The funds lent by Shopee through the Shopee PayLater method have benefits that can help buyers when they want to purchase important items but do not have the funds.
3. Ijab Kabul, in transactions using Shopee PayLater, buyers will receive funds according to the price of the item to be purchased. After the purchase process has been completed, the buyer is required to pay the funds that have been borrowed to Shopee PayLater according to the price that has been determined and agreed upon before the transaction is carried out. Ijab kabul between the two parties, namely Shopee PayLater and the buyer, will be included on the Shopee PayLater loan contract page.

### **Setting up Shopee PayLater as Financial Technology**

The main reason for the rapid growth of FinTech is the availability of financial services that help the economy become more efficient. FinTech is a modern financial innovation that utilizes information technology to its advantage in loan processing. One type of FinTech business is online loan processing. Because online loans are very easy to use, only concerned with the interests of both parties without having to know or even meet face to face. This poses a challenge to launch this online loan business more broadly (Suryono & Randy, 2019).

In Indonesia, there is a growing online loan called Shopee PayLater. Unlike the usual online loans, Shopee PayLater can only be used for transactions in the Shopee marketplace. Obstacles in the implementation of Shopee PayLater will arise. Such as user data security issues and transaction errors. If these problems arise, it will most likely have an impact on both parties, namely Shopee users (consumers) and merchants (Shopee PayLater). For this reason, there is a need for a legal framework that handles FinTech in Indonesia. The law should have a strong legal foundation that identifies the relevant parties and be accompanied by strong sanctions to ensure its effective implementation. FinTech is not specifically mentioned in Indonesian law (Pranita et al., 2019). But there are other laws that restrict the FinTech industry, such as.

1. Law No. 19 of 2016 on Electronic Information and Transactions (UU ITE)  
In the Law, the use of PayLater is regulated in Law No. 19 of 2016 concerning Electronic Information and Transactions. Article 1 Point 2 states that: "Electronic Transactions are legal actions carried out using





computers, computer networks, and/or other electronic media". This information technology-based electronic transaction is contained in an electronic document whose regulation is in Article 1 Point 4. The classification of electronic documents in the article is: "Electronic data generated, transmitted, transmitted, received, or stored in various forms such as analog, digital, electromagnetic, optical, or the like, which can be accessed, displayed, and/or listened to through a computer or electronic system, including but not limited to writing, sound, images, maps, designs, photographs, or the like, as well as letters, signs, numbers, access codes, symbols, or perforations that have meaning or can be understood by individuals who have the ability to understand it". Articles 5 to 12 stipulate that electronic information and/or electronic documents and their printouts are considered valid legal evidence, which is an extension of valid legal evidence, in accordance with the provisions of the Procedural Law in force in Indonesia.

## 2. Bank Indonesia Regulation

Bank Indonesia regulates the scope of financial technology (FinTech) implementation through the issuance of Bank Indonesia Regulation (PBI) Number 19 of 2017 concerning Fintech Implementation. Article 3 Paragraph (1) of the regulation presents five areas of FinTech coverage, which include (Bank Indonesia, 2017):

- 1) Digital payment processing, including clearing systems, final settlements, and payment facilities that are run electronically. For example, the use of blockchain technology.
- 2) Support for financial markets, which involves the use of information and electronic technology to effectively and cost- effectively disseminate products to the public. An example is providing product data comparisons to consumers.
- 3) Risk and investment management, such as the implementation of investments and insurance programs that are run online.
- 4) Provision of capital, loans, and financing, including peer-to-peer lending (P2PL) features and crowdfunding programs.
- 5) Other financial services other than the four previously mentioned.

## 3. Financial Services Authority Regulation (FSA)

The Financial Services Authority is one of the important factors for the government as well as the people in Indonesia in terms of financial and business development. OJK intends to conduct an integrated review of all financial activities, including FinTech. P2PL FinTech supervision is divided into "Business Operation" and "Pre-Business Operation" periods. During the Pre- Business Operation period, new financial services based



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on information technology begin to be provided. The period of registration or license to operate by the implementing party varies. In the implementation, both foreign nationals and Indonesian nationals can establish and own a PT. Then, in the business operation stage, online-based fund and money lending services can begin immediately after receiving confirmation from OJK.

In conducting maintenance during business operations, OJK uses two types of maintenance systems. The first is the "Self-Assessment System", also known as company or even employee reports. The second is the "Officer Supervision System" organized by OJK. The "Self-Assessment System" involves financial and business assessments as well as the execution of articles of association analysis by conducting periodic reports. Meanwhile, the "Officer Supervision System" is carried out through term checks conducted by OJK as an assessment in the implementation of loans and using information technology (Pakpahan et al., 2020).

Financial Services Authority (OJK) regulations regulate financial technology (FinTech) through the Financial Services Authority Regulation Number 77 of 2016 concerning Information Technology- Based Money Lending and Borrowing Services. Article 2 of the regulation regulates the organizer, which includes:

- a. Operators are recognized as Other Financial Service Institutions.
- b. The form of the organizing legal entity can be a limited liability company or a cooperative.

In connection with the sound of the article above, Shopee PayLater is included in "Other Financial Service Institutions" and legal entities in the form of "Limited Liability Company". Furthermore, Article 5 regulates business activities, including:

1. The Operator is tasked with providing, managing, and running the Money Lending and Borrowing Service using information technology, which connects the Lender with the Borrower, where the source of funds comes from the Lender.
2. The operator can cooperate with information technology-based financial service providers, in accordance with applicable legal provisions.

The activities organized by Shopee PayLater are in line with the provisions of the Article above, namely providing Money Lending Services Using Information Technology. In addition to the Financial Services Authority Regulation (POJK) Number 77 of 2016, jurisdiction and examination of financial technology (FinTech) are also regulated in the Financial Services Authority Regulation Number 13 of 2018 concerning





Digital Financial Innovation in the Financial Services Sector. The purpose of this regulation is to ensure accountability and effectiveness of the implementation of Digital Financial Innovation. FinTech coverage is regulated in Article 3 of POJK Number 13 of 2018, which includes: transaction settlement, capital raising, investment management, collection and distribution of funds, insurance, market support, other digital financial enablers, and other financial services activities.

### **The Validity of Shopee PayLater in Islamic Law**

Due to the necessity of paying an additional fee or excess of the loan that has been made, Shopee PayLater is also considered *riba qardh*. Shopee PayLater essentially includes transactions that include interest because buyers who use the service will be charged a minimum of 2.95% of the total transaction amount that must be paid monthly. The length of the tenor, or period, indicates the approximate amount of interest paid. This clearly indicates that it is haram in Islam, as it only burdens one of the parties even though the contract is based on mutual agreement. (Fauziah et al., 2022).

Aside from having a huge interest rate, Shopee PayLater also charges a handling fee of 1% of the total transaction amount and a late payment fee of 5% of the total transaction amount every month. This is very burdensome for buyers who are unable to complete the payment on time. If the buyer is unable to repay the loan, there will be a penalty or reduction in payment terms, at least 5% of the purchase price. This is clearly contrary to Islamic law because increasing interest payments on loans that experience delays in payment is a form of prohibited activity, namely illegal usury. (Sarwat, 2019).

If an electronic payment method, such as Shopee PayLater, meets the requirements outlined in the DSN-MUI fatwa No. 116/DSN-MUI/IX/2017 on sharia electronic money, then the restrictions and conditions of the contract will apply to *qard* are as follows (MUI, 2017):

1. Electronic debt can be collected and used at any time by the holder.
2. The issuer may utilize (invest) the borrowed funds from electronic money holders
3. The issuer is obligated to repay the principal amount owed to electronic money holders according to the agreed terms at any time.
4. Relevant authorities must restrict the issuer from utilizing borrowed funds (debt) from cardholders (float funds).
5. The utilization of funds by the issuer must comply with Sharia principles as well as legal regulations.



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The following should not occur during the use or operation of electronic money:

1. Transactions of *riba*, *gharar*, *maysir*, *tadlis*, *risyvah*, and *israf*.
2. Transactions of harm or immoral objects.

Based on the MUI DSN fatwa, it turns out that Shopee PayLater does not meet these requirements because it contains *ribawi* elements with a minimum monthly interest of 2.95%, is subject to a handling fee of 1% of the total transaction and is subject to an arrears/delay fee of 5% of each transaction. This certainly makes buyers or users feel burdened and disadvantaged. Thus, it can be concluded that transactions made using the Shopee PayLater system are unlawful even though in practice it is based on mutual agreement between the two parties making the transaction.

## Conclusion

Shopee PayLater is a new payment method available for Shopee users. The Shopee PayLater feature in the Shopee application is a buy now pay later payment system or installments/credit. With this feature, everyone from teenagers to parents feels facilitated and not a few people are tempted by it so they don't think long about the laws accepted in the sale and purchase contract transactions. Many observations made by researcher's state that Shopee PayLater is a contract that has no clarity which means that there is no clarity on contracts in an Islamic perspective or other contracts in the study of Islamic economic law. However, there are several laws and regulations that may be considered relevant in carrying out FinTech activities, such as the Law on Information and Electronic Transactions (UU ITE), Bank Indonesia Regulation Number 19 of 2017 concerning the Implementation of Technology-Based Financial Services (FinTech), Financial Services Authority Regulation (POJK) Number 77 of 2016 concerning Information Technology-Based Money Lending and Borrowing Services, and Financial Services Authority Regulation (POJK) Number 13 of 2018 concerning Innovation Digital Finance in the Financial Services Sector.

According to DSN MUI's fatwa, it was revealed that Shopee PayLater did not meet the criteria set by MUI because it contained *ribawi* elements with a minimum interest of 2.95% per month, also applied a handling fee of 1% of the total transaction, and a delay/postponement payment fee of 5% of each transaction. The sale of the Shopee PayLater system in the Islamic economy is considered haram because it contradicts the teachings of the Qur'an and hadith that have been authorized by the MUI National



Sharia Council Assembly. It also contains very high payment fees that make the user side object and disadvantaged. This is clearly contrary to Islamic law and sharia because it clearly violates Islamic law even though in practice it is based on mutual agreement between the two parties to the transaction.

This research has limitations on the focus of the research which is only on the aspect of the legality of Shopee PayLater based on the DSN-MUI fatwa, so it does not include an in-depth analysis of the perspectives of users or other FinTech industry players. In addition, this research is only limited to regulations and fatwas that apply in Indonesia, so the results cannot be generalized to the international context. This limitation can be an opportunity for further research to expand the scope and approach used.

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