

SHARI'AH COMPLIANCE OF E-COMMERCE TRANSACTIONS ON THE SHOPEE ONLINE SHOPPING PLATFORM FROM AN ISLAMIC FINANCE PERSPECTIVE

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Abstract	<p><i>This paper elucidates electronic shopping transactions by examining the electronic marketing platform “Shopee” and its associated financial service, “SPayLater”, widely used by numerous consumers in Southeast Asia, presenting the principal Shari’ah (Islamic law) directives and rulings in evaluating the transactions of the platform and application by employing an analytical descriptive methodology. This research produced several significant findings, including the necessity of refraining from dealing with suspicious platforms and ceasing to transfer funds through them. Evidently, some transactions carried out by the Shopee platform do more harm than good and do not align with Shari’ah rules. Moreover, many Muslim users question the legitimacy of their dealings with the platform from the perspective of Shari’ah, concerned about whether these transactions comply with Shari’ah principles and rulings and whether they entail any suspicious practices related to fraud, usury, deceit, or interest. This research paper addresses these concerns, highlighting how users of these electronic platforms fall victim to certain practices and transactions deemed impermissible according to Shari’ah principles and rules. The negative impact of these practices on customers begins from the initial registration on the site, which pressures users to activate their profile and make purchases. This paper suggests that supervisory and regulatory authorities in Islamic countries, especially those where these electronic marketing platforms operate, should establish regulations and terms that are consistent with Shari’ah principles and rules, and that media entities and consumer protection associations should strive to raise awareness of and caution against practices conducted by these marketing platforms that violate Shari’ah.</i></p> <p>Keywords: <i>E-Commerce, Instalment, Contract, Compliance, Finance.</i></p>
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INTRODUCTION

The methods and means of conducting commercial and marketing transactions have significantly evolved in recent years due to technological advancements and increased human knowledge, resulting in unprecedented scientific innovations in various fields. One of the most significant developments in financial transactions has been e-commerce and the numerous technological applications related to buying, selling, and shopping online.

Because e-commerce transactions and those related to procedures over the Internet have attracted the interest of large segments of consumer audiences, there is an urgent need to understand the perspective of Islamic finance, which has become an option for many of these segments. These consumers are keen to understand the rules, regulations, and *Shari'ah*-compliant standards related to conducting e-commerce transactions in general and online shopping transactions in particular. Thus, identifying what does and does not align with *Shari'ah* principles is necessary.

E-commerce entails buying/selling, transfer, exchange, and other commercial transactions over the Internet, and its many advantages include convenience and smooth operations, allowing buyers to browse displayed products, select those that suit them, and pay for them through online payment platforms. With technological advancements, the use of virtual currency has become easier, thereby increasing commercial trade and daily financial transactions, and therefore the legitimacy of and protections around using e-commerce, whether from a legal or *Shari'ah* perspective, are crucial, considering that developments not only bring benefits but may also promote corruption.

The emergence of numerous electronic commercial services has led many to believe that the utmost comfort is provided through online shopping platforms. Despite the compelling uses endorsed by Islamic jurists and their opinions on the "buy now, pay later" (BNPL) approach, some Islamic scholars have deemed BNPL permissible due to the convenience it provides to consumers.

The BNPL approach involves deferred payments for purchases, representing arrangements for electronic instalment payments known as "buy now" services. Customers use mobile phone applications to benefit from this feature, and payments for products and the associated commissions are deducted from their debit cards. The value of this growing e-commerce trade is estimated at a staggering USD 2.8 trillion, and through the BNPL approach, this trend is on the rise (Keenan, 2023).

Despite the business and marketing opportunities provided by this electronic platform and its application as an effective financial tool for generating monetary value, religious scholars have expressed reservations about its use and operation for the following reasons:

- i. The prohibition of transactions involving usurious interest or interest collected upon delay or non-payment;
- ii. The impermissibility of transactions if the merchant engages in the sale of goods or services that are prohibited by *Shari'ah*;
- iii. The prohibition of engaging in contracts prohibited by *Shari'ah* or contracts based on direct or indirect usurious interests or unfair penalties;
- iv. The prohibition of transactions securing available goods and services without official documents.

The historical origin of the well-known electronic commercial platform Shopee dates back to 2015, when the company was launched as a subsidiary website of the SEA Group, an Internet company based in Singapore. Since then, the platform has expanded its operations to 11 Asian countries, including Malaysia, Thailand, Taiwan, Indonesia, Vietnam, and the Philippines (Khamila, Mulia, 2022), and it offers numerous application services in addition to online purchasing transactions, including payment of service bills, insurance plans, and all payments using QR codes, as well as other purchases, such as ticket purchases and delivery services.

The Shopee platform program also provides a feature that allows its buying customers to interact directly with sellers without using other social media platforms (Shopee, 2022), and among the incentive programs offered by the platform are express delivery and related promotional discounts on goods. One of the applications provided by the Shopee platform for the convenience of its customers is the BNPL approach, known as Shopee Pay Later, or SPayLater.

This feature has gained significant approval among Shopee platform users because it makes it easy to purchase desired goods with the option of paying at a later time. The selection of this method involves a straightforward registration and usage process, with four other repayment options available for customers, including purchasing and repaying the amount in instalments over two, three, or six months.

This innovation utilises online information technology to secure credit that does not require a credit card (Gita Lestari, 2022, Made Au, et al.). The supplier purchases the product from the merchant through this method, allowing the consumer to pay for it in instalments (Tan, 2022). What is controversial among *Shari'ah* scholars and Islamic finance institutions is that the Shopee platform imposes financial fees on its customers in the event of late payments for purchased items.

A monthly processing fee of 1.25% is charged throughout the instalment plan period, and if a payment violation is committed, customers must complete the instalment within a specified time, failing which they are charged a late-payment fee of 1.5% if they fail to pay the monthly instalment by the platform's designated date (Shopee, 2023). This platform's approach directly involves many Muslim customers in questionable transactions, which raises questions about transactions prohibited by *Shari'ah*, such as the granting of loans in exchange for benefits and the payment of late-payment fees, both of which are prohibited by *Shari'ah* because they involve unjust increases.

Additionally, loans involving prohibited benefits are forbidden, as the Prophet, peace be upon him, said, "*Every loan that draws a benefit is usury*" (Abi Dawood, 2018). Although some scholars have stated that this Hadith is weak, a group of colleagues has indicated that its meaning is correct, especially if that benefit is stipulated or in the form of a condition or debt (<https://binbaz.org.sa>, 2023).

Based on what is mentioned in the Hadith, the deceptive advertisements practised by electronic shopping platforms seeking profit constitute usury, even though these platforms only provide the loan, which is a good deed, as in the excellent loan as stated in the verse "*And if you give Allah a goodly loan, He will multiply it for you and forgive you*" (Al-Taghabun, 17).

Despite some positive aspects of SPayLater in the eyes of consumers when purchasing goods through the Shopee platform applications, there are *Shari'ah* reservations regarding the fees imposed by the Shopee site, including those regarding usury, which is prohibited. This paper provides further clarification on this issue by considering the opinions of Islamic scholars and finance experts.

PROBLEM STATEMENT

The rapid evolution of financial transactions and marketing methods and the remarkable advancement in information and communication technology have led to the emergence of electronic commercial platforms on the Internet. Numerous electronic websites for buying and promoting goods have appeared, boosting e-commerce and marketing activities and increasing demand for such platforms among consumers in both local and international markets.

With the emergence of financial technology platforms in early 2021, a new program for employing technology caused customers to rapidly increase their use of e-commerce and electronic transactions through marketing platforms such as the well-known Shopee platform used in Southeast Asian countries. However, before this, customers were unaware of usury and injustice transactions.

This study addresses the prohibitions represented by fees and loans based on usurious interests on the Shopee platform. The platform claims that its transactions inclusive of the BNPL and instalment payment options are certified as *Shari'ah*-compliant by Amanie Advisors, a registered *Shari'ah* advisory company with the Malaysian Securities Commission, and thus some people believe that Shopee's online transactions satisfy the *Shari'ah* requirements of a valid contract.

The current study sheds light on the issue of the transaction models and most commonly used payment mechanisms on the Shopee platform by analysing and evaluating these models and applications from the perspective of Islamic finance and identifying the *Shari'ah* rules and regulatory guidelines that should govern them to ensure full compliance with *Shari'ah* principles.

Therefore, the main motivation for this study is to clarify Shopee's transactions from an Islamic point of view, especially as there are complaints from Muslim customers who have doubts about these transactions, allowing us to suggest some possible alternatives for Muslim customers so that Shopee transactions are consistent with the *Shari'ah* permissibility measures and rules.

RESEARCH QUESTIONS

This study's main questions are as follows:

1. What are the dominant transaction models and payment mechanisms (including BNPL and instalments) used on the Shopee platform?
2. How are these transactions evaluated from the perspective of Islamic finance and *Shari'ah* principles?
3. What *Shari'ah* controls and regulatory guidelines should govern e-commerce transactions to ensure compliance?

RESEARCH OBJECTIVES

The specific objectives of this research are as follows:

1. To analyse the dominant transaction models and payment mechanisms used on the Shopee platform, including BNPL and instalments;
2. To assess these transactions in light of Islamic finance principles and *Shari'ah* requirements;
3. To formulate *Shari'ah*-based controls and regulatory guidelines for ensuring compliance in e-commerce transactions.

This paper is divided into four sections: First, the Introduction provides a general background on the topic, highlighting the main research problem, questions, objectives, and methodology. Second, transactions prohibited by Islamic law due to usury are discussed. Third, the consequences of dealing with e-commerce platforms are examined. Finally, Section Four presents a summary of the findings and recommendations.

METHODOLOGY

This study relies on both descriptive and analytical methodologies to investigate Shopee platform transactions and analyse their compatibility with the provisions of *Shari'ah*, especially regarding the subscription terms and the purchase, payment, and borrowing procedures. The research in this study is drawn from related research, the opinions of Islamic finance scholars, and the relevant jurisprudential studies.

RESULTS AND DISCUSSION

UTILISATION OF E-COMMERCE PLATFORM DEVICES AND APPS

The Technology Acceptance Model (TAM), introduced (Davis et al., 1989) as an adaptation of Ajzen and Fishbein's 1980 Theory of Reasoned Action and appreciated for its extensive use, general benefit, and time-saving attributes, is used in this study to understand the technological devices and applications used by electronic commerce and shopping platforms.

According to the TAM, these devices are used by customers as tools of efficiency and time-saving methods provided by technology, with many believing that innovative technological ideas can be effectively used for all business functions with positive impacts. Moreover, these devices and applications are easy to learn and do not require specialisation to master or understand. This area of knowledge validates the saying of the Almighty,

"Taught humanity what they knew not" (al-Quran. al-'Alaq: 5).

Al-Qurtubi states in his interpretation of this verse that man refers to Adam, peace be upon him, and that he learned the names of all things. Therefore, the scientific inventions witnessed and heard of were mentioned in the Holy Quran 1400 years ago and were revealed to us by the Prophet Muhammad, peace be upon him, through revelation, and they are a sign for non-Muslims to believe.

The SPayLater app, the payment option provided by the Shopee platform, is closely linked to the TAM and is an innovative product sold at a lower cost than those offered on other shopping platforms. Unsurprisingly, many customers use such applications for their attractive facilities, ease of use, diverse payment methods, and various online banking services, as well as for other payment services for shopping, cash on delivery, and cash payment in small stores.

The option to pay later through SPayLater is a feature associated with the TAM and is suitable for everyone, which has led to the registration of many customers in this program in all countries where it is available. A comparison using the TAM between the cash withdrawal device and the payment method offered by the e-commerce platform, the pay-later method, shows that the use of the BNPL program has made purchasing and payment processes simpler and more convenient, only requiring users to verify their personal cards, be at least 18 years old, and activate the BNPL program, SPayLater.

Indeed, the greater awareness there is about the use of this technology, the more consumers desire to make purchases through the Shopee Pay app.

THE ELEMENT OF TRUST IN E-COMMERCE PLATFORMS

Excessive emotional impulsiveness and trust influence user perception, overshadowing the risks and suspicions raised by shopping platforms when dealing with them. The benefits that Muslims must consider regarding the trading operations offered by e-commerce platforms also come with risks, and Muslims must be cautious and vigilant. When engaging with platforms such as Shopee, it is important to approach them rationally to avoid engaging in prohibited activities.

One thing to be wary of when dealing with the online world is that virtual transactions, include exchanging information that can be accessed over the Internet, pose a risk to the privacy of users (Diez-Echavarria et al., 2022). Thus, both the seller and buyer should possess strong skills to avoid falling victim to fraud, especially when dealing with applications such as Shopee, which offers a program to gain user trust, known as the "pay later" program.

This program has been successful at facilitating purchases by customers who do not have immediate access to funds; furthermore, it does not stipulate usury or raise suspicions that Muslims might fall into other prohibited activities. The Prophet Muhammad, peace be upon him, said, *"What is lawful is evident, and what is unlawful is evident, and between the two of them are doubtful matters about which many people do not know. Thus, he who avoids these doubtful matters clears himself in regard to his religion and his honor"* (Hadith. Muslim, 2016).

Here, let us contemplate the following statement by Mansouri: "Trust is considered a crucial element in every relationship or transaction, including the transaction between sellers and buyers". Despite the ease of the e-commerce system and the fact that it has empowered people to purchase the products they want, many consumers are still suspicious of e-commerce platform transactions and struggle to accept the Internet as a purchasing tool due to trust issues.

Many fears that their personal data will be unethically exploited by others, such as via the sale of their personal data to other parties without their consent, and that these suspicious entities will use it for undesirable marketing, spam emails, or even for committing fraudulent crimes, which is a violation of privacy. Therefore, users must take

preventive measures, such as "choosing trustworthy stores" (Mansouri et al., 2022).

Salehi notes, "What weakens people's trust in using online purchasing systems is the fear of the risks associated with security and blessing. As a result, direct interaction and the customs established by E-commerce platforms are lacking" (Salehi et al., 2021).

EXPLOITATION OF THE "PAY LATER" PURCHASE METHOD

The behaviour of making an impulsive decision to purchase a displayed product, taking advantage of the BNPL slogan, is largely based on emotions and the desire to buy rather than on thinking about or questioning the reason for acquiring the product, perhaps due to the fear that discounts or promotional offers may be discontinued. This behaviour has a negative impact, as individuals buy products based on desires rather than needs, leading to financial losses or to their placement among those described by Allah as wasteful and extravagant spenders "*Give to close relatives their due, as well as the poor and 'needy' travellers. And do not spend wastefully*" (al-Quran. al-Isra': 26).

Abdullah bin Mas'ud commented on this verse, stating that "do not spend wastefully" means spending money without due right (Al-Tabari, D.N). Allah also states, "*And eat and drink, but be not excessive. Indeed, He likes not those who commit excess*" (al-Quran. al-A'raf: 31). Ibn Kathir's interpretation of this verse includes the following saying of some predecessors: "Allah has collected the medicine in half a verse (And eat and drink but be not excessive), and Al-Bukhari reports the following from Ibn Abbas: "Eat what you like, and dress as you wish, as long as you avoid two things: extravagance and arrogance" (1999, Ibn Kathir).

To prevent extravagant behaviour, it is helpful to take precautions, such as preparing a list of items needed before going shopping and being conscious of the value of money, which have positive effects, ensuring that people spend within their budgets.

Shopping experts say that impulsive and emotional consumers have four characteristics:

- i. the desire for immediate purchase upon seeing the advertisement and product, which continues if not acknowledged before making the purchase;
- ii. the tendency to automatically postpone purchasing the product, which is a priority for them, when seeing the product advertised and discounted at an attractive price;
- iii. the incentive to buy and praise the product, encouraging the vendor to present the product in quantities more tempting to the customer;
- iv. a feeling of indifference towards future consequences and the speed of obtaining the product (Lia et al., 2021).

The excessive enthusiasm for buying products is the result of the ease of activating the app provided by the Shopee "Pay Later" platform. For this method, users must choose the option of paying later, either by paying the full price of the product after a month of purchase or by paying in instalments over two, three, or six months. Saving money and paying later changes the behaviour of consumers, causing them to buy needlessly (Adnan & Osman, 2022), which is not positive behaviour.

PROHIBITED TRANSACTIONS DUE TO USURY (RIBA)

Usury is among the prohibited transactions and is considered unjust. Allah, the Almighty, mentions the following in this regard in the Qur'an: "*O you who have believed, fear Allah and give up what remains of interest, if you should be believers. And if you do not, then be informed of a war [against you] from Allah and His Messenger. But if you repent, you may have your principal - [thus] you do no wrong, nor are you wronged*" (al-Quran. al-Baqarah: 278-279).

In linguistic terms, usury means to increase. Allah, the Almighty, says, "*And when We send down water on it, it is stirred [to life], it swells and grows*" (al-Quran. Al-Hajj: 5), a statement that indicates growth and increase, and Al-Asfahani defines usury in *Lisan al-*

'Arab as an increase that occurs with a debt, loan, or sale without a corresponding compensation (Edris et al, 2023).

This increase can be tangible or intangible, such as benefits or extending the repayment period. These definitions are influenced by the type of transaction and exchange (Ba Salib, 2018). Abdullah Al-Jadie emphasized the concept of usury, stating that some jurists argued that an increase in the loan amount at the beginning of the contract falls under the category of *Riba al-Fadl*, *Riba al-Nasi'ah*, which was prohibited by the prophetic tradition in what is known as usurious transactions.

The Prophet, peace be upon him, said, "Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, salt for salt, like for like, hand to hand. If the types differ, then sell as you wish as long as it is hand to hand" (Muslim 2010). These types of transactions, where the same kind is sold for the same kind but with an immediate increase or a delay, are prohibited due to the exploitation and manipulation at the foundation of one's livelihood, according to Al-Jadie, who argues that they are prohibited not solely for their own sake but also as a means to prevent paths that lead to corruption (Al-Jadie, 2020).

TYPES OF USURY

Usury can be divided into two types, as follows: The first type of usury is the usury of debts, known as the usury of loans. This type of usury occurs due to an increase in the amount of debt and is called clear usury or usury of delay, as it is based on a delay or usury of ignorance (Ba Salib, 2018). Usury of debts occurs when interest or financial increase is imposed on the amount of the debt or loan provided. In other words, if there is a delay in repaying the borrowed amount and interest is imposed, this is considered usury of debts.

Examples include the increase in a fixed debt overnight as a result of a deferred sale, or the increase in the value of debt that will be established as the result of a loan. This applies to someone who buys a car on credit with the condition that they will repay the price to the creditor after a year. The creditor agrees on the condition that the amount is returned with an increase in exchange for the agreed-upon deferred payment.

Regarding such greedy and exploitative behaviour, Allah, the Almighty, says, "*O you who have believed, fear Allah and give up what remains of interest, if you should be believers. And if you do not, then be informed of a war [against you] from Allah and His Messenger. But if you repent, you may have your principal - [thus] you do no wrong, nor are you wronged*" (al-Quran. al-Baqarah: 278-279).

Ibn Kathir explains the meaning of this verse as follows: "Allah commands patience in the debt that does not find a resolution, not like the people of ignorance used to say to their debtor when the debt was due: 'Either you settle it or you pay an increase'" (Bin Kathir 1999).

The second type of usury is sales, also known as sunnah usury, meaning that its prohibition is based on sunnah. The Prophet, peace be upon him, said, "Do not sell gold for gold except of equal weight, and do not increase one over the other. Do not sell paper for paper except of equal weight, and do not increase one over the other" (Muslim, 2010). The prohibition in the Hadith implies the prohibition of the transaction and the corruption of the contract, and the principle is that the prohibition signifies its invalidity.

Sunnah-based usury occurs when an additional profit or financial increase is added to the price of the product or service in a sales transaction without a legitimate reason. Islamic law prohibits sales usury to maintain the principles of justice and solidarity in commercial relations, and Islam encourages its followers to adhere to transactions free from usury and to engage in legitimate cooperation in buying and selling to build a just and sustainable economic community.

Usury is not limited to the aforementioned commodity exchanges but can also encompass various forms of financial transactions. In Islam, usury relates to the unjust increase that takes place in financial transactions, whether it involves cash, commodities, or services, and it includes multiple forms, such as excessive interest on loans, excessive profits

on purchase and sales transactions, accumulated interest on debts, illicit profits on investments, and other illicit transactions involving unjustifiable increases (Bashir, 2010).

Usury in sales may apply to digital e-commerce platforms, especially when an unjustifiable increase is imposed on the price of a product or service offered on the platform. For example, inflation in the price of the product or service on the e-commerce platform without any legitimate reason is considered usury in sales. Therefore, Muslim customers should be cautious and avoid electronic transactions involving this type of usury or violations of the principles of justice and equality in commerce.

FINANCIAL FEES AND PAYMENT METHODS ON THE SHOPEE PLATFORM

There is no doubt that facilitating the buying and purchasing of commercial goods through the BNPL option on the Shopee platform is an approach that encourages users to benefit from and repeatedly utilise the BNPL feature, owing to its convenience, 24/7 availability, agreement with technological understanding, and ease of use.

Despite the mentioned encouragement, users engaging in this technology indirectly participate in a deal with unforeseen consequences if they choose the instalment plan, as they may not be aware of the fees imposed by the Shopee platform, which include a processing fee of 1.25% of the purchase value and a late fee of 1.5% if the user fails to make the payment before or on the specified date.

Transactions involving the exploitation of customers that occur during the sale or purchase process, including ignorance, deception, fraud, and extortion, are considered non-compliant with *Shari'ah* principles. Most contemporary scholars, including Sheikh Ahmed Al-Hajji Al-Kurdi Al-Halabi, a member of the Fatwa Committee at the Kuwaiti Ministry of Awqaf, and Sheikh Abdullah Al-Musleh, have prohibited this type of marketing (Al-Hajji and Al-Musleh, 2023).

Researchers note that the permissible non-Internet viewing option from e-commerce platforms involves deception regarding the displayed image and praise of the product before it is acquired, where the appearance of the purchased product is different after delivery, making the item difficult to return to the website, costing the buyer time and money. In general, there are misconceptions and deception about the appearances of products before purchases are made, which is the result of the practice of dishonesty in transactions.

The fees imposed by the Shopee platform may seem insignificant at first glance if the value of the purchase is low; however, if the value of the purchase increases to MYR thousands, the fees become significant. For instance, it is common for a user to pay interest to the Shopee platform, where the customer buys a product worth MYR 3000, and the processing fee is collected at a rate of 1.25%.

At the same time, if the customer fails to make the instalment payment on the specified date, they are subjected to a late fee of 1.5% of the purchased product's value (see Table 1). All these fees burden the customer, as 1.25% of the purchase value equals MYR 37.50 for processing, and 1.5% of the purchase value equals MYR 45 as a late fee. Therefore, the total amount that the customer must pay to the e-commerce platform reaches MYR 3082.50, which is contrary to *Shari'ah* law due to the injustice implicit in the transaction.

Allah, the Almighty, said, "*But if you repent, you may have your principal - [thus] you do no wrong, nor are you wronged*" (al-Quran. al-Baqarah: 279). The Prophet, peace be upon him, said, "*Know that every kind of usury you practice is subject to your principal sum; you are neither to be wronged nor to wrong others except in the case of usury due to 'Abbas ibn 'Abd al-Muttalib, for he has relinquished it all*" (Hadith. Al-Tirmidhi. No. 2000).

In general, increases have been observed in the payment of the amount due that users must submit to the Shopee platform, ranging from MYR 3000 to 3082.50 (Fartama, 2022). As is understood, this excess is unfair, and therefore the collection of fees amounting to MYR 82.50 by the Shopee e-commerce platform constitutes high and unjust interest, making it impermissible.

Jurists have commented on such transactions, known as processing fees imposed on customers, indicating that they involve an element of usury because the juristic rule states, "Every debt that includes an additional payment, the delay of repayment falls under the category of usurious interest" (Fauzian, 2023). The Prophet, peace be upon him, said, "Every loan that brings a benefit is one of the forms of usury" (Al-Bayhaqi, 1994).

Table 1: Summary of SPayLater application by Shopee

Credit Limit	Payment Tenure	Late-Payment Fees	Partner Merchants
Based on user assessments; can go up to MYR 6K	Instalments over 2, 3, or 6 months, or a lump sum at the end of the same month	1.5% month of the overdue amount	All Shopee services and its e-commerce merchants

Note: MYR stands for the Malaysian Ringgit.

Source: Tan, 2022.

THE SHARI'AH OPINION ON THE SHOPEE PLATFORM

Contemporary scholars have addressed the ruling on sales through the Shopee shopping platform, including Fadel Murad, who clarifies the prohibition of selling what one does not possess. Murad mentions that the purpose of the Hadith in terms of the prohibition is due to discrepancies and variations in the characteristics desired by the buyer from the seller when they make a purchase, stating that these goods refer to their essential components (Fadel Murad, 2023).

Sheikh Ibn Baz commented in response to a fatwa on the ruling of selling goods before the buyer purchases them, stating, "It is not permissible for a person to sell what he does not possess.", relying on the saying of the Prophet, peace be upon him, "It is not permissible to sell what you do not have, and do not engage in a forward sale transaction nor sell what is not in your possession.

" Moreover, when Hakeem bin Hizam (may Allah be pleased with him) asked the Prophet (peace be upon him), "*O Messenger of Allah! A man comes to me wanting to buy a commodity that I do not have. Should I sell it to him and then go and buy it?*", the Prophet (peace be upon him) said, "*Do not sell what you do not have*" (Hadith. Ibn Majah. No. 2009).

Ibn Baz adds, "So if you intend to sell, you should first buy the goods. Once you have received and possessed them, you can sell them afterward and tell whoever is interested in purchasing to wait until you acquire them.

If you possess the goods and have them in your possession, you can sell them to whomever you wish" (Bin Baz, 2023). In addition, Fadel Murad states, "Contemporary online sales from electronic stores that are displayed and sold by individuals, and then bought from the market, are permissible because they are considered valid sales, and the person has sold the specifications of the unseen goods. The goods on the site are consistent with precise specifications, such as phones and others" (Fadel Murad, 2023).

THE VERDICT ON THE E-PURCHASE OF GOODS IN INSTALMENTS

Jurists have made a legal ruling on buying goods and commodities on credit, stating that there is no harm in it, even if the company or commercial website sells the item for more than its market price. However, what is not permissible is for the website owner or company to impose an increase on someone who delays payment of the debt, regardless of the amount of this increase.

The jurists clarified that usury is not limited to loans but encompasses any increase stipulated on the debt, whether it is imposed on the selling price, rent, or other obligations. The decision of the International Fiqh Council No. 133 (14/7) states, "If the buyer, who is in debt, delays the payment of instalments beyond the specified date, it is not permissible to

impose any increase on the debt, whether stipulated in advance or not, because that is prohibited usury" (Majma Al-Fiqh Al-Islami Al-Dawli, 2003).

The decision of the International Islamic Fiqh Council in the case of credit cards also states, "It is not permissible to issue an uncovered credit card or to deal with it if it is conditioned with an increase of usurious interest, even if the cardholder insists on paying off the debt within the second grace period" (<https://islamqa.info/ar/answers/263671>).

Sheikh Ibn Uthaymeen, may God have mercy on him, was asked about banks that provide their customers with a Visa card, where the cardholder can withdraw cash from the bank even if there is no money in the person's account, and the person is obligated to pay it back to the bank after a specified period of time. If the payment is not made before the end of this period, the bank demands the repayment of more than the amount the client withdrew.

It should be noted that the client pays an annual amount to the bank for using the card, and that the use of this card has been ruled prohibited, as the person involved in it is committing usury if the payment is not made on time. Such an obligation is void, even if the person believes or is confident that he will repay it before the specified deadline, because matters may change, and he may not be able to fulfil the obligation in the future. This is an uncertain matter because a person does not know what the future holds for him, and thus the transaction is considered invalid on this basis (Al-Munajjid, 2017).

CONCLUSIONS AND POLICY IMPLICATIONS

In this study, the dominant transaction models and payment mechanisms employed by online shopping platforms are examined, with a particular focus on the Shopee platform and its "buy now, pay later" (BNPL) and instalment-based payment features.

This paper proposes amending the terms and conditions of transactions on this electronic marketing platform to align with the principles of Islamic law, emphasising that transactions and operations of this platform and its counterparts in Islamic countries should be based on the *Shari'ah* principles, meet the standards of justice and fairness between customers and sellers, be characterised by transparency and honesty, and refrain from deception, suspicious transactions, and increases that involve unjust and prohibited usury.

The findings indicate the following:

- i. A superficial reliance on the BNPL label, without analysing its contractual terms and regulatory conditions, may mislead Muslim users and result in their involvement in transactions containing prohibited usury (*riba*).
- ii. Transactions that involve deceiving customers on electronic shopping platforms should be prohibited because usury is not limited to loans but can include any increase stipulated on a debt, whether the debt is a loan, sale, property lease, or other transaction.
- iii. It is necessary to educate and guide people and to warn them against the fallacies promoted by commercial shopping platforms, such as BNPL, with the aim of protecting users from suspicious and usurious transactions.
- iv. In principle, contemporary e-commerce sales are permissible under *Shari'ah* when the seller owns or possesses the goods and the products are accurately described, as the transaction is concluded on the basis of specified attributes rather than physical inspection. However, if the buyer is late in making the instalment payments beyond the specified date, it is not permissible to impose any increase on the debt, whether with or without a prior condition, as this constitutes prohibited usury.

From a policy perspective, this study suggests that *Shari'ah* supervisory bodies, regulators, and relevant authorities in Islamic countries should establish clearer regulatory frameworks governing e-commerce and fintech platforms, ensuring that transaction fees, penalty clauses, and payment structures are free from elements of *riba*, deception, and unjust exploitation. Moreover, e-commerce platforms operating in Muslim-majority

markets should be required to enhance their transparency in their terms and conditions and to align their business models with recognised *Shari'ah* standards rather than rely solely on promotional compliance claims.

Furthermore, strengthening collaboration between regulators, *Shari'ah* scholars, and industry players will contribute to the development of e-commerce ecosystems that uphold the principles of justice, fairness, and ethical conduct as mandated by *Shari'ah*. Additionally, media entities and consumer protection associations should strive to raise awareness and caution against practices that violate *Shari'ah* conducted by these marketing platforms.

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