



# THE USE OF 'PAYLATER' AS A METHOD OF PAYMENT IN ONLINE SHOPPING FROM THE PERSPECTIVE OF ISLAMIC ECONOMICS AS A DIGITAL TRANSFORMATION TOWARDS THE ERA 5.0

**Nikmawati<sup>1</sup> & Abdul Hafid<sup>2</sup>**

<sup>1,2</sup>Institut Agama Islam Negeri (IAIN) Bone

Correspondence Email: [nikmatakdir@gmail.com](mailto:nikmatakdir@gmail.com)

## ABSTRACT

This article explores the emergence of PayLater as a payment method in online shopping within the context of Society 5.0. PayLater allows users to make purchases and pay in installments without a credit card or upfront payment, providing flexibility and convenience. Integrating digital technology in online shopping has transformed traditional payment methods, and PayLater has gained popularity on prominent e-commerce platforms. Users can enjoy the benefits of deferred payment, including flexible repayment periods and attractive promotional offers. However, it is essential to be cautious of potential risks such as penalties and fees for late payments and the possibility of increased consumerism and financial mismanagement. From an Islamic economic perspective, PayLater aligns with principles of moderation and responsible financial management. By understanding the essence of consumption and adhering to Islamic values, individuals can make the most of PayLater while upholding their beliefs. In conclusion, Paylater represents a convenient solution for online shopping in society 5,0, but users should exercise responsible financial management to avoid potential pitfalls.

**Keywords:** Society 5.0; PayLater; online shopping; deferred payment; Islamic economics

## 1. INTRODUCTION

Society 5.0 is a human-centered society where people can balance economic progress with solving social problems through advancing and increasing technology. As

intelligent beings, we should use technology to the best of our abilities so that its utilization can advance the digital economy of the 5.0 era.

The existence of technology and its rapid growth make everything appear so simple. Digital technology is emerging in this developing era, showcasing a variety of digitization types and alternatives that may be utilized as a form of communication and to meet basic, secondary, and additional demands. There are undoubtedly payment and banking services offered when using shopping applications.

Although these payment methods still exist, payment systems no longer exclusively rely on bank transfers and credit card transactions. Fintech, often known as financial technology, has gained popularity in society. Fintech integrates financial services with technology to transform traditional payment patterns into balanced or simple ones that allow payments to be completed in minutes or seconds without interacting with the payment object physically.<sup>1</sup> A great distance separates the parties involved in these transactions from one another. Since it makes transactions easier, this reality has drawn a lot of enthusiasts to utilize it. Fintech has become more well-known because of the PayLater feature, which gives users the option to buy goods or services by installment without using credit cards or other similar ways.

The PayLater feature has quickly evolved and gained notoriety among the general public as a result of being integrated into numerous sizable markets, including Shopee, Tokopedia, Kredivo, Bukalapak, Akulaku, and Gojek. People are urged to join and take advantage of the PayLater convenience without the stress of standing in line at physical locations by using these shopping applications. PayLater gives customers the opportunity to enjoy traveling and shopping without having to wait till they have enough cash in their pockets. People who use PayLater can make monthly or yearly installment payments, based on the PayLater has policy set in each e-commerce platform. It may be said that PayLater offers a solution for people who wish.

## 2. DISCUSSION

### *PayLater Facility in Online Shopping*

PayLater is a way to enable installment payments for internet purchases without using a credit card. Many fintech platforms are actively discussing and developing different uses for this loan facility. To meet the desires and needs of individuals who want to buy or go on vacation, this feature is also beginning to expand rapidly across numerous ticketing platforms, vacation marketplaces, and other marketplaces. Among the fast-expanding trends among millennials and Gen Z are those of PayLater. By integrating the

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<sup>1</sup> Wisnu Panggah Setiyono and Detak Prapanca, 'Buku Ajar Financial Technology', *Umsida*

PayLater method into their systems and implementing extensive promotional campaigns, e-commerce businesses are taking advantage of this. These businesses provide PayLater services with comparable advantages, with credit without a card as the key selling point. Additionally, "buy now, pay later" deals are growing.

### *Benefits of Using PayLater*

There are several opinions regarding the advantages of using PayLater. Here, the writer will summarize and explain the reasons why consumers activate and utilize PayLater, even though conceptually it can be considered as being in the category of debt.

- a. **Quick and Convenient.** Process The use of PayLater is very practical and easily applicable in urgent situations, making it the solution. For example, when workers do not have enough savings or have not received their wages yet but still need to fulfill their kitchen needs, it may not be feasible to borrow from friendly sources as it is no longer a secret that shop owners are reluctant to lend money. Therefore, PayLater becomes the solution.
- b. **Flexible Payment Period** In this case, the payment deadline can be determined and adjusted according to the consumer's ability. Regarding the payment period in each e-commerce platform, it varies. Some determine it annually and monthly, but the most commonly applied, especially in marketplaces, is monthly.
- c. **Many Attractive Promotional Offers** With the widespread development of PayLater, there is inevitable competition among platforms that implement PayLater. Each platform employs various methods to attract customers. One of them is by providing attractive and enticing promotions, such as discount vouchers and cashback. Cashback itself is a cash reward program implemented by companies. Many people decide to use PayLater because they are interested in the cashback feature.

### *Risk of using PayLater*

One important thing to emphasize is that PayLater is one of the payment features offered to users with clear objectives, namely to facilitate and improve the well-being of users. Various startups are implementing it, believe it or not, this clearly helps increase consumer shopping interest. If customers have agreed to or chosen all the required conditions, there will be a bill every month or year. This bill needs to be paid attention to on time, as some platforms charge penalties for late payments. From several research findings by the author on PayLater users, many have been late in paying and have received warnings via phone calls or warning messages. Therefore, before deciding to use PayLater, it is advisable to consider the following points:

- a. There are additional fees and interest
- b. Increasing consumeristic lifestyle
- c. Monthly financial responsibilities and chaotic financial management
- d. PayLater actually helps in emergencies
- e. Penalized for late payments

### *Designing PayLater from an Islamic Economic Perspective*

In particular, Islam has its own perspective and more specific provisions or guidelines regarding the use of products resulting from production activities that adhere to the concept of permission and fulfill certain basic needs per the maqāṣid sharia concept. In Arabic, "halal" means permitted or allowed, while the antonym of "halal" is "haram" or forbidden. Halal refers to everything that provides benefit or profit and does not bring about anything harmful, and the effort to obtain that thing is done through good and safe processes. As seen in the verses related to excessive living behavior, for example, "Indeed, the wasteful are brothers of the devils, and ever has Satan been to his Lord ungrateful" (Quran, Al-Isra: 27). Therefore, a Muslim's faith can be seen from the portrayal of their daily life as recommended in the Quran and Hadith. Thus, Islam discourages a person from being stingy and miserly.

## **CONCLUSION**

In this rapidly developing digital era, technology has provided great convenience through smartphones, e-commerce, and prominently emphasizes the ease and comfort for society in the current era. The discovery of new products and new payment methods (PayLater) offers convenience in improving the quality of life for society, as explained in the discussion section. Based on studies from various sources and the experiences of PayLater users, it can be concluded that the existence of PayLater offers a new perspective for society to support their daily lives. Therefore, Muslims are expected to understand and truly comprehend the essence of consumption, which is to utilize money for necessary needs and avoid excessive spending. The writing of this article aims to ensure that the use of PayLater is accompanied by knowledge and awareness of the potential unavoidable risks. Thus, society is not led astray by the temptations of excessive shopping desires and remains connected to Islamic values.

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