

RECONSTRUCTING BUY-NOW-PAY-LATER (BNPL) THROUGH MAQASID AL-SHARIAH: A CONCEPTUAL PAPER

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DOI: <https://doi.org/10.24191/ejitu.v8i2.9056>

Abstract

E-JITU

Acceptance date:
29 August 2025

Valuation date:
22 September 2025

Publication date:
01 October 2025

The Buy Now Pay Later (BNPL) financing model has emerged as a prominent innovation in global fintech, offering consumers short-term credit solutions that facilitate immediate purchases without conventional interest charges. While BNPL enhances financial accessibility and supports e-commerce growth, it raises significant ethical and financial concerns, including over-indebtedness, impulse spending, and regulatory gaps. These challenges are particularly pertinent in Muslim-majority markets such as Malaysia, where adherence to Shariah principles is critical. This concept paper adopts a qualitative and exploratory approach, reviewing academic literature, industry reports, and Shariah guidance to conceptualize the reconstruction of BNPL within the ethical framework of Maqasid al-Shariah. The study identifies key risks related to consumer welfare and ethical compliance and then proposes a conceptual model that aligns BNPL practices with the higher objectives of Shariah: faith (din), life (nafs), intellect ('aql), lineage (nasl), and wealth (mal). The framework emphasizes responsible credit use, financial justice, and consumer protection, aiming to guide fintech innovators, regulators, and Islamic finance practitioners in developing Shariah-compliant and socially responsible BNPL solutions.

Keywords: Buy-Now-Pay-Later (BNPL), Maqasid al-Shariah

INTRODUCTION

The Buy-Now-Pay-Later (BNPL) financing model has emerged as one of the fastest-growing innovations in the global fintech ecosystem. It enables consumers to purchase goods or services immediately and defer payment through short-term instalments, often without interest. The BNPL model aligns seamlessly with current shifts in the payment

ecosystem, particularly the emphasis on how and why consumers pay (Deloitte, 2021), within a broader economic environment marked by slowing global growth and rising uncertainty (OECD, 2025). Moreover, a recent market outlook highlights the Asia-Pacific BNPL sector's projected growth, with market value expected to reach USD 211.7 billion in 2025 (Research and Markets, 2025).

According to Fintech News Malaysia (2025), over 5.1 million Malaysians spent RM 7.1 billion through BNPL services in just the second half of 2024. In parallel, Malaysia's BNPL market is forecast to expand to USD 2.52 billion in 2025, representing a 15.1% increase compared to the previous year. This growth continues the strong upward trend observed from 2021 to 2024, reflecting rising consumer demand and wider adoption of BNPL services across different sectors (Research and Markets, 2025). These figures reflect the increasing embeddedness of BNPL in everyday purchasing among Millennials and Generation Z (Gen Z).

However, this popularity comes with risks. Studies highlight concerns over impulse buying, over-indebtedness, and the lack of financial literacy, especially among youth and financially vulnerable groups (Gaju, 2025). Aji, Husin, Othman, Hidayat, and Wan Rashid (2024) further explore how religion-based ethics, such as awareness of *riba* and perceived risk, influence BNPL re-usage intention among Muslim consumers in Indonesia and Malaysia. Their findings show that higher ethical awareness can discourage repeated BNPL use, especially when low consumer commitment (Aji et al., 2024).

Despite the global and local growth of BNPL, academic literature has mainly concentrated on adoption drivers, market dynamics, and usage patterns, while giving limited attention to Shariah compliance. There is also a noticeable gap in conceptual frameworks that incorporate Maqasid al-Shariah, the higher objectives of Islamic law, as a guide to ethically reconstruct BNPL models in ways that safeguard faith (*din*), life (*nafs*), intellect (*'aql*), lineage (*nasl*), and wealth (*mal*).

This concept paper proposes a novel framework for BNPL that aligns with Maqasid al-Shariah, addressing the current gap in ethical and Shariah-compliant models. It aims to provide both theoretical insights and practical guidance for fintech innovators, regulators, and Islamic finance practitioners in designing BNPL systems that promote financial justice, responsible consumption, and long-term consumer welfare in Muslim-majority markets such as Malaysia.

PROBLEM STATEMENT

The rise of BNPL services has reshaped the global consumer finance landscape by offering flexible, short-term credit options. While BNPL enhances purchasing power and financial accessibility, it also poses serious concerns regarding financial stability and consumer welfare. Studies indicate that BNPL often encourages impulse buying and over-indebtedness, especially among young consumers with limited financial literacy. A

Malaysian survey employing the Technology Acceptance Model (TAM) and the Theory of Planned Behaviour (TPB) frameworks found that financial necessity, rather than convenience, largely drives BNPL adoption, raising red flags about potential overspending and debt accumulation (Ahmad, Zakaria, Zainal, and Mat Seman, 2025).

Malaysia recorded RM 9.3 billion in BNPL transactions in the first half of 2025, a 31% increase from the prior half, prompting concerns about financial exposure among low-income and youth segments (Malay Mail, 2025). Moreover, youths aged 30 and below accounted for 40% of these transactions (Business Today Malaysia, 2025). At the same time, outstanding balances reached RM 3.8 billion, although default rates remain relatively low, with only 0.2% of total household debt tied to BNPL and 3.2% of BNPL balances overdue (The Edge Malaysia, 2025). Despite these figures being numerically small in aggregate terms, the rising involvement of youth and low-income segments heightens vulnerability and financial fragility.

From an Islamic finance standpoint, BNPL introduces additional challenges. Conventional BNPL schemes often entail elements that may conflict with Shariah principles, such as *riba* (interest, particularly via late payment fees), *gharar* (contractual ambiguity), and potential exploitation of consumers (Aji et al., 2024). These concerns strike at the core of Islamic ethical finance, which emphasizes fairness, transparency, and consumer protection. Despite the growing prominence of BNPL in Muslim-majority markets such as Malaysia, limited academic attention has been directed towards reconstructing BNPL in a manner that aligns with Shariah requirements and ethical objectives.

Research that integrates the Maqasid al-Shariah framework, encompassing the preservation of faith (*din*), life (*nafs*), intellect (*‘aql*), lineage (*nasl*), and wealth (*mal*) into BNPL design, is notably absent. Without this integration, BNPL services risk enabling unsustainable consumption and eroding consumer welfare, antithetical to the aims of Shariah and Islamic fintech development. Given this gap, there is a clear need for a systematic re-examination of BNPL through the lens of Maqasid al-Shariah. A new conceptual model that aligns with Shariah objectives could help ensure financial justice, promote responsible consumption, and safeguard long-term welfare, while simultaneously fostering ethical innovation in Islamic fintech.

LITERATURE REVIEW

Global Development of BNPL

The BNPL phenomenon has transformed global consumer finance in the past decade, providing short-term installment options without the high interest typically associated with credit cards and personal loans. Deloitte (2021) highlights that BNPL adoption surged particularly in e-commerce and retail industries, as it offers instant approval, seamless checkout, and affordability for younger consumers. This shift is attributed to increasing digitalization of payments, the rise of mobile wallets, and the growing demand

for flexible financing solutions. Unlike traditional credit products, BNPL often advertises itself as “interest-free,” which has made it highly attractive to consumers seeking convenience and accessibility. According to Research and Markets (2025), the Asia-Pacific BNPL market has experienced significant growth, driven by e-commerce expansion and consumer demand for installment-based financing.

However, the rapid growth of BNPL has raised regulatory and financial stability concerns. The OECD (2025) notes that BNPL is no longer confined to fashion or retail but is expanding into diverse sectors, including healthcare, travel, and education. This expansion has prompted regulators in developed and developing countries to question the adequacy of consumer protection mechanisms, given the lack of credit assessments and the potential for over-indebtedness. The BNPL sector is now being recognized as both a driver of financial inclusion and a risk to sustainable household finance, especially in countries with younger populations and high digital adoption.

BNPL in Malaysia: Growth and Challenges

Malaysia has emerged as a key growth market for BNPL, driven by rising e-commerce penetration and increasing reliance on digital financial services. According to the Ministry of Finance, BNPL transactions reached RM9.3 billion in the first half of 2025 alone, signalling exponential adoption across retail and service sectors (Malay Mail, 2025). Business Today (2025) warns that youth debt levels are escalating, as BNPL encourages consumption beyond financial capacity, particularly among lower-income groups. This reflects a broader trend of consumer reliance on short-term credit products that are not fully regulated under Malaysia’s existing financial laws.

Market analysts predict that BNPL will continue its expansion in Malaysia. Research and Markets (2025) projects the sector to grow to USD 2.52 billion by 2025, a trajectory driven by partnerships between fintech firms, retailers, and banks. While this expansion aligns with the national financial inclusion agenda, it also amplifies risks of household indebtedness in a country where household debt already exceeds 80% of GDP. Policymakers and regulators, including Bank Negara Malaysia, are thus grappling with the dual challenge of fostering financial innovation while safeguarding consumer welfare.

Consumer Behavioural and Financial Risk

Consumer adoption of BNPL is strongly associated with behavioural finance factors such as impulsivity, perceived affordability, and limited financial literacy. Studies indicate that BNPL usage is especially prevalent among Gen Z and millennials, who perceive it as a modern and flexible financing solution compared to credit cards (Research and Markets, 2025). Yet, The Edge Malaysia (2025) reports that many young Malaysians are unaware of hidden costs, late fees, and the long-term implications of frequent BNPL usage. This creates a cycle of “debt invisibility,” where consumers accumulate multiple BNPL accounts across platforms without fully appreciating their aggregate liability.

The risks extend beyond individual financial health to broader societal concerns. Over-indebtedness contributes to financial stress, reduced savings, and lower economic resilience among vulnerable groups. Unlike traditional loans, BNPL often bypasses rigorous credit assessments, making it easier for financially fragile households to access. Scholars have argued that while BNPL can enhance financial inclusion by extending credit access to the unbanked, its current implementation may undermine financial stability unless reinforced by consumer education and robust regulatory oversight. For instance, Yue, Korkmaz, Yin, and Zhou (2022) demonstrate how easy access to digital credit can lead to household financial distress; Irawati, Hamzah, and Sofilda (2024) highlight the regulatory imperative to balance innovation with stability; and Khazanah Research Institute (2024) specifically flag the risks in Malaysia, emphasizing the critical role of literacy and regulation.

BNPL and Shariah Perspectives

At first glance, BNPL may appear to align with Shariah principles, as it facilitates deferred payments without formal interest. However, detailed academic scrutiny reveals that BNPL contracts often include hidden charges and late payment penalties, which can conflict with key Islamic prohibitions against *riba* (usury) and *gharar* (uncertainty) (Md Rashid, 2024). These contract features, combined with aggressive marketing that encourages *israf* (extravagance), raise ethical concerns and challenge the effectiveness of consumer protection in Islamic finance.

Academic debates have explored whether BNPL should be categorized as *bay' al-taqsit* (installment sales) or if it effectively functions as a disguised form of prohibited lending. Katterbauer, Syed, Genc, and Cleenewerck (2024) analyze Islamic BNPL models, showing that Shariah-compliant structures such as *murabaha* are being adapted in Islamic finance, emphasizing the need for clear asset backing and genuine risk transfer to maintain religious legitimacy. Still, critics warn that these models may unwittingly encourage irresponsible consumption if not rigorously designed and monitored. Furthermore, BNPL must be evaluated through the lens of *Maqasid al-Shariah*, which emphasizes the preservation of faith (*din*), intellect (*'aql*), and wealth (*mal*). Without reconciling BNPL practices with these higher ethical objectives, fintech platforms risk undermining consumer welfare and financial justice (Dusuki & Abozaid, 2007).

Maqasid al-Shariah, or Islamic law's higher objectives, provides a comprehensive ethical framework that can guide financial innovation. These objectives include the preservation of faith (*din*), life (*nafs*), intellect (*'aql*), lineage (*nasl*), and wealth (*mal*). They emphasize compliance with legal contracts and the promotion of justice, social welfare, and the responsible use of resources (Dusuki & Abozaid, 2007). Applying *Maqasid al-Shariah* to BNPL highlights the importance of balancing financial inclusion with consumer protection, ensuring that access to credit does not lead to exploitation or long-term harm.

The literature demonstrates a clear consensus that BNPL is rapidly expanding and reshaping consumer finance both globally and in Malaysia. Despite its potential to

enhance financial inclusion, widespread concerns remain regarding debt accumulation, consumer protection, and ethical compliance. While Islamic finance has proposed partial solutions through contract-based mechanisms, these approaches often fall short of addressing the broader socio-ethical implications. A more transformative approach requires embedding BNPL within the ethical framework of Maqasid al-Shariah, which emphasizes justice, transparency, and the protection of consumer welfare. This critical gap in the literature forms the basis of the present concept paper.

Research Gap and Conceptual Contribution

To strengthen the literature review, Table 1 summarizes key studies that have examined BNPL adoption, risks, regulation, and Shariah compliance. These works collectively highlight several critical themes. On the one hand, studies such as Deloitte (2021), OECD (2025), and Business Today Malaysia (2025) emphasize the rapid adoption of BNPL, particularly among younger consumers, driven by convenience, digitalization, and rising demand for flexible credit solutions. Similarly, Yue et al. (2022) and Khazanah Research Institute (2024) caution that easy access to BNPL may lead to hidden household indebtedness and financial distress.

On the other hand, a growing body of scholarship focuses on ethical and regulatory concerns. Aji et al. (2024) show that awareness of *riba* and religious-based ethics influences Muslim consumers' use of BNPL, while Md Rashid (2024) highlights risks of *gharar* and *riba* in Malaysian contexts. Regulatory analyses by Irawati et al. (2024) underline the urgent need for frameworks that balance innovation with consumer protection, while Katterbauer et al. (2024) demonstrate emerging Islamic BNPL models based on *murabaha* contracts but note limitations in addressing behavioural risks. Ahmad et al. (2025) further reveal that BNPL adoption is often driven by financial necessity, raising concerns about overspending and long-term vulnerability.

These studies provide valuable insights into BNPL's growth, risks, and partial attempts at Shariah alignment. However, they remain fragmented, focusing mostly on market adoption, consumer behaviour, or contract legality. Few studies integrate these strands into a holistic framework that embeds BNPL within Maqasid al-Shariah. This gap provides the foundation for the present study, which develops a conceptual model that operationalizes Maqasid objectives to guide BNPL towards ethical and socially responsible design.

Table 1: Summary of Previous Related Studies on BNPL and Maqasid al-Shariah

Author(s) / Year	Focus of Study	Key Findings	Relevance to Present Study
Deloitte (2021)	Evolution of payments ecosystem and BNPL adoption in retail/e-commerce	BNPL adoption surged due to digitalization and convenience, particularly among youth.	Provides background on BNPL growth trend, highlights market drivers.
Yue et al. (2022)	Impact of digital credit on household finance	Easy access to digital credit risks financial distress.	Shows how BNPL may undermine financial resilience without safeguards.
Aji et al. (2024)	Religion-based ethics and BNPL re-usage in Indonesia and Malaysia	Awareness of <i>riba</i> and ethical concerns reduces BNPL usage among Muslims.	Highlights the importance of Shariah-based ethical considerations in BNPL.
Irawati et al. (2024)	Regulatory challenges of BNPL in ASEAN	Emphasizes the need for robust regulation to balance innovation and stability.	Underlines policy gaps relevant to Shariah-compliant BNPL.
Md Rashid (2024)	Malaysian Islamic law perspective on BNPL	BNPL risks <i>riba</i> and <i>gharar</i> through hidden charges and late fees.	Provides a jurisprudential critique of BNPL, showing the Shariah compliance gap.
Khazanah Research Institute (2024)	Household debt in Malaysia and BNPL exposure	BNPL increases hidden household debt risk.	Local context demonstrating the urgency of the framework.
Katterbauer et al. (2024)	AI-driven Islamic BNPL models	Explores Islamic contracts such as <i>murabaha</i> in BNPL design.	Shows emerging Shariah-compliant approaches but is limited to contracts.
Ahmad et al. (2025)	Adoption drivers of BNPL in Malaysia using TAM/TPB	BNPL driven by financial necessity, raising risks of overspending.	Indicates consumer vulnerability and need for an ethical BNPL model.
OECD (2025)	Global economic outlook and BNPL growth	BNPL expanding beyond retail into healthcare, travel, and education.	Shows urgency of regulating BNPL across essential sectors.
Business Today Malaysia (2025)	BNPL transactions in Malaysia	Youth debt increasing rapidly due to BNPL.	Stresses risk to younger demographics, aligning with <i>Hifz al-Nasl</i> concerns.



METHODOLOGY

Research Design

This study employs a qualitative and exploratory research design, which is suitable given its aim to conceptualize the reconstruction of BNPL within the ethical framework of Maqasid al-Shariah. Rather than testing hypotheses empirically, the focus is on developing a conceptual understanding of BNPL as an emerging financial innovation and situating it within the broader discourse of Islamic finance and ethics. This approach allows for the generation of new insights into its ethical, regulatory, and practical implications.

Data Sources

The study is based on a desk-based review of secondary data. A purposive strategy was employed in selecting relevant materials, focusing on:

- Peer-reviewed journal articles and conference papers on BNPL, consumer credit, and Islamic finance.
- Reports and publications issued by regulators such as Bank Negara Malaysia (BNM), Securities Commission Malaysia, and international financial bodies.
- Shariah standards and guidelines from authoritative institutions, including the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board (IFSB).
- Foundational and contemporary literature on Maqasid al-Shariah and Islamic ethical finance.

Analytical Approach

The analysis was conducted using a thematic approach whereby recurring issues such as financial inclusion, consumer indebtedness, regulatory challenges, and ethical considerations were systematically identified and categorized. These themes were then interpreted in light of the five higher objectives of Maqasid al-Shariah: faith (din), life (nafs), intellect ('aql), lineage (nasl), and wealth (mal). This framework-based analysis provided a structured means of assessing the extent to which BNPL practices align with or diverge from the ethical imperatives of Islamic finance. The thematic findings were synthesized to propose a conceptual framework for reconstructing BNPL. The framework integrates insights from contemporary fintech literature with Islamic jurisprudential principles to suggest an ethically grounded BNPL model. This model emphasizes consumer protection, responsible credit use, and the promotion of justice and welfare. By doing so, the study moves beyond mere contractual compliance toward fulfilling the higher purposes of Shariah in financial innovation.

Methodological Justification

The choice of a qualitative, desk-based, and exploratory methodology is justified by the nature of the research objectives. First, BNPL is a relatively new phenomenon within both global finance and Islamic finance; hence, empirical datasets and field-based evidence remain limited. Second, a qualitative approach is more appropriate since the study aims to conceptualize and propose a framework rather than measure consumer behavior quantitatively. Third, a desk-based literature review allows for a comprehensive and multi-perspective understanding by integrating academic, regulatory, and industry insights. Finally, the adoption of thematic analysis and conceptual synthesis ensures that the discussion is grounded in established Islamic principles while remaining adaptable to the contemporary fintech landscape.

Conceptual Framework

This study proposes a Maqasid al-Shariah-based conceptual framework for reconstructing BNPL models (see Table 2). The framework aligns the five higher objectives of Shariah (din, nafs, ‘aql, nasl, mal) with operational mechanisms in BNPL design. It provides a structured pathway for fintech innovators, regulators, and practitioners to ensure consumer protection, ethical compliance, and financial justice.

Table 2: Conceptual Framework: Operationalizing Maqasid al-Shariah in BNPL

Maqasid al-Shariah Objective	Operationalization in BNPL Design	Mechanisms / Safeguards
Hifz al-Din (Preservation of Faith)	Ensure BNPL contracts avoid <i>riba</i> , <i>gharar</i> , and unethical practices	Use Shariah-compliant contracts (<i>murabaha</i> , <i>ijara</i> , <i>bay’ al-taqsit</i>) Transparent terms, no hidden charges Shariah governance board oversight
Hifz al-Nafs (Preservation of Life)	Protect consumers from harmful financial stress	Mandatory affordability checks before approval Spending limits tied to income Emergency repayment support mechanisms
Hifz al-‘Aql (Preservation of Intellect)	Enhance consumer financial literacy and informed decision-making	In-app financial education nudges Clear disclosure of repayment obligations Digital dashboards showing total BNPL exposure
Hifz al-Nasl (Preservation of Lineage)	Safeguard family welfare and intergenerational stability	BNPL restricted for essential goods/services (education, healthcare, household) Family co-approval for high-value BNPL transactions Protection against exploitative advertising targeting minors/youth
Hifz al-Mal (Preservation of Wealth)	Ensure responsible wealth management and financial justice	Cap on late payment fees (no compounding interest) Profit margins are fixed and disclosed upfront Consumer protection fund to absorb shocks from default

The conceptual framework in Figure 1 illustrates how BNPL practices and mechanisms are examined and reconstructed through the lens of Maqasid al-Shariah, ultimately leading to Shariah-aligned BNPL outcomes. The independent variable (IV) represents BNPL practices such as contract structures, affordability checks, literacy nudges, and household safeguards, which form the starting point of analysis. The Maqasid al-Shariah lens serves as the guiding framework, where each of the five objectives, Faith (Din), Life (Nafs), Intellect ('Aql), Lineage (Nasl), and Wealth (Mal), is applied to assess the ethical, financial, and social implications of BNPL practices. The dependent variable (DV) reflects the expected outcomes, namely the development of a BNPL model that is not only Shariah-compliant but also socially responsible, including ethical innovation, enhanced consumer protection, financial inclusion, and improved household welfare. By positioning BNPL mechanisms within the higher objectives of Shariah, the framework emphasizes that financial innovation should go beyond contractual compliance to actively promote justice, transparency, and consumer well-being.

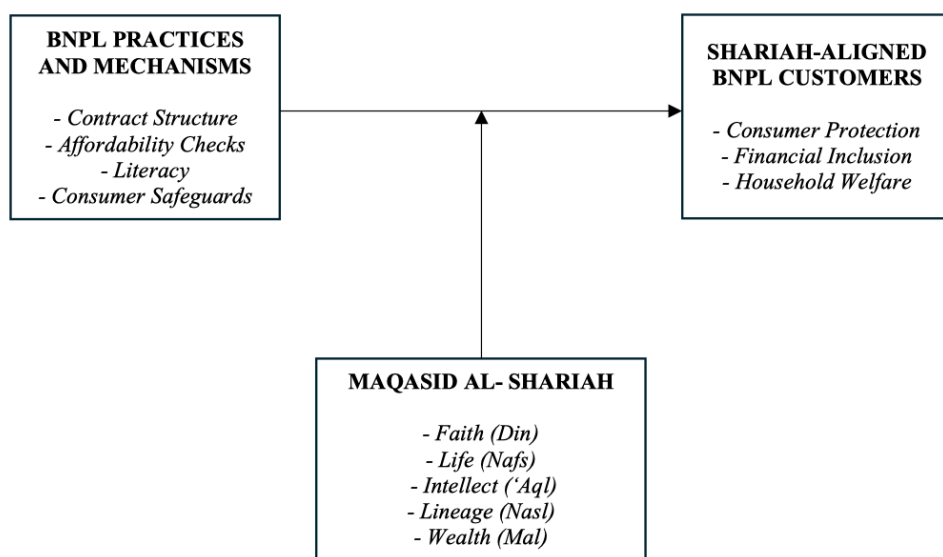


Figure 1: Suggested Conceptual Framework

Thematic Analysis Process

This study adopted a structured thematic analysis process consistent with Braun and Clarke's (2006) guidelines, adapted for qualitative, desk-based research to ensure methodological rigour.

- **Familiarisation with the Data**

Approximately 85 academic journal articles, industry reports, and regulatory publications were systematically reviewed, covering BNPL practices, Islamic finance, consumer credit regulation, and Maqasid al-Shariah applications.

Foundational Shariah references (Dusuki & Abozaid, 2007; AAOIFI, 2020; IFSB, 2021) and contemporary fintech studies (Ahmad et al., 2025; Aji et al., 2024; OECD, 2025) formed the core dataset.

- **Initial Coding**

Texts were coded line by line, highlighting recurring concepts related to financial inclusion, over-indebtedness, consumer protection, regulatory gaps, and Shariah compliance. Codes were generated both deductively from Maqasid al-Shariah dimensions (Dusuki & Abozaid, 2007) and inductively from emerging issues such as digital literacy, impulse spending, and youth debt (Ahmad et al., 2025; Gaju, 2025).

- **Theme Identification**

Codes were grouped into preliminary themes aligned with the five Maqasid objectives: Faith (Din), Life (Nafs), Intellect ('Aql), Lineage (Nasl), and Wealth (Mal) (Dusuki & Abozaid, 2007). • **Theme Review and Refinement**
Overlapping or redundant codes were consolidated. For example, “impulse buying” and “extravagance (israf)” were merged under the theme Life (Nafs). Cross-validation was undertaken by comparing findings with Shariah governance principles (AAOIFI, 2020; IFSB, 2021).

- **Theme Definition and Naming**

Each theme was explicitly linked to a Maqasid objective and operationalized into actionable mechanisms for BNPL design (Katterbauer et al., 2024).

- **Integration into Framework**

Final themes were synthesized into the Maqasid-based BNPL Framework, ensuring traceability from raw sources to the conceptual model (Braun & Clarke, 2006).

This process ensured transparency, replicability, and theoretical depth, moving the analysis beyond descriptive observation toward normative recommendations for Islamic fintech innovation.

EXPECTED FINDINGS

This study anticipates several key findings arising from the thematic analysis of BNPL within the Maqasid al-Shariah framework.

- **BNPL's Dual Role in Financial Inclusion and Risk**

The findings are expected to confirm that BNPL enhances short-term purchasing power and supports financial inclusion, particularly for younger and lower-income consumers. However, this inclusion often comes at the expense of long-

term financial stability, as over-indebtedness, impulse buying, and fragmented debt management are recurrent risks.

- **Ethical Misalignment with Shariah Principles**

Despite BNPL being marketed as “interest-free,” the study expects to find that conventional BNPL contracts frequently contain elements of *riba* (via late fees), *gharar* (contractual ambiguity), and *israf* (extravagance), which undermine compliance with Shariah. This suggests that current BNPL practices are only superficially aligned with Islamic principles and require deeper ethical reconstruction.

- **The Importance of Maqasid al-Shariah Integration**

The analysis is expected to show that aligning BNPL mechanisms with the five objectives of Maqasid al-Shariah, faith (*din*), life (*nafs*), intellect (*‘aql*), lineage (*nasl*), and wealth (*mal*), which can provide a structured ethical pathway for financial innovation. In this regard, the preservation of faith (*din*) emphasizes the avoidance of *riba* and the need for transparent contracts, while the protection of life (*nafs*) requires safeguards against over-indebtedness through proper affordability checks. The preservation of intellect (*‘aql*) can be achieved by integrating financial literacy programs that discourage impulsive credit use, whereas the preservation of lineage (*nasl*) underscores the importance of household-oriented protections that prevent the transfer of unsustainable debt burdens across generations. Finally, the preservation of wealth (*mal*) highlights the necessity of mechanisms that ensure fair risk-sharing, transparency, and the long-term protection of consumer assets. Together, these objectives provide a comprehensive ethical foundation for reconstructing BNPL in a way that balances innovation with consumer welfare.

- **Regulatory and Institutional Implications**

The study is expected to highlight that regulatory bodies (e.g., BNM, SC) and Islamic standard-setting institutions (e.g., AAOIFI, IFSB) play a critical role in embedding Maqasid-based safeguards into BNPL governance. This includes enforcing transparency, mandating affordability assessments, and integrating Shariah-compliant dispute resolution mechanisms.

- **Towards a Conceptual Framework for Ethical BNPL**

Ultimately, the expected outcome is the development of a conceptual framework that reconstructs BNPL into a socially responsible and Shariah-aligned financing model. This framework is anticipated to propose several practical tools, including the use of Shariah-compliant contract structures such as *murabaha*-based BNPL, the incorporation of affordability assessments and spending-limit controls to prevent excessive indebtedness, and the integration of literacy nudges within BNPL platforms to promote responsible financial behaviour. In addition, the framework will emphasize household- and community-level safeguards designed

to reduce financial fragility and protect vulnerable groups. Collectively, these mechanisms aim to transform BNPL into an ethical innovation that balances financial inclusion with consumer protection and long-term welfare.

Collectively, these findings are anticipated to demonstrate that while BNPL holds significant potential as a tool for financial inclusion, its sustainability and ethical legitimacy in Muslim-majority contexts depend on a deliberate realignment with Maqasid al-Shariah.

CONCLUSION

This study has examined the rapid growth of the BNPL financing model and its broader ethical, financial, and social implications, situating the discussion within the framework of Maqasid al-Shariah. While BNPL has enhanced accessibility and supported financial inclusion, its current implementation often fosters unsustainable consumption, over-indebtedness, and weak consumer safeguards. By applying a qualitative, exploratory approach grounded in thematic analysis, this paper reconceptualizes BNPL in light of the higher objectives of Shariah, namely the preservation of faith (din), life (nafs), intellect ('aql), lineage (nasl), and wealth (mal). The proposed framework highlights concrete mechanisms such as Shariah-compliant contracts, affordability checks, literacy interventions, and consumer protection tools that can transform BNPL into a more ethical, socially responsible, and Shariah-aligned innovation.

Despite its contribution, the study is not without limitations. The analysis is based on secondary sources and conceptual synthesis, which, while rigorous, lack empirical testing with actual consumers, regulators, or fintech practitioners. Furthermore, although the review encompassed approximately 85 scholarly and regulatory references, the insights remain interpretive and may not capture the full diversity of BNPL practices across global contexts. The framework has also been primarily developed with Malaysia and other Muslim-majority jurisdictions in mind, raising the need for contextual adaptation in secular or mixed financial environments. Finally, the absence of quantitative validation constrains the ability to measure the effectiveness of the proposed safeguards in practice.

Nevertheless, the framework carries important implications for theory, practice, and policy. Theoretically, it extends the literature on Islamic fintech by moving beyond contract-level compliance to embed socio-ethical dimensions of finance, thereby offering a more holistic model of Shariah-compliant innovation. Practically, it provides fintech developers and Islamic financial institutions with guidance to design BNPL products that not only comply with Shariah principles but also enhance consumer trust and welfare, particularly through tools such as financial literacy nudges, affordability controls, and household-oriented safeguards. From a policy perspective, regulators such as Bank Negara Malaysia and Securities Commission Malaysia could integrate the framework into consumer protection guidelines, while international standard-setting bodies like AAOIFI and IFSB may draw on its principles to issue fintech-specific guidance. In this

regard, the framework has the potential to balance financial inclusion with consumer protection, mitigating the risks of youth indebtedness and household fragility.

In conclusion, reconstructing BNPL through the lens of Maqasid al-Shariah offers a pathway to transforming what is often perceived as a risky credit mechanism into a socially responsible financial instrument that advances justice, transparency, and welfare. Future research should test the framework empirically, whether through case studies, consumer surveys, or regulatory pilots, to evaluate its real-world effectiveness. By embedding Maqasid al-Shariah into the design of emerging fintech solutions, BNPL can evolve into a sustainable tool that not only expands access to finance but also contributes to the broader objectives of equitable and ethical economic development.

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