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LEGAL ANALYSIS OF USURY IN ISLAMIC ECONOMICS ON PAYLATER TRANSACTIONS IN THE KREDIVO APPLICATION

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Abstract

This study aims to analyze the legal aspects of riba in Islamic economics regarding Paylater transactions on the Kredivo app. The background of this research is based on the phenomenon of the widespread use of digital financial services among millennials, particularly online lending apps like Kredivo, which facilitate purchases through installment systems. However, such systems often contain elements of riba that contradict Islamic principles. The research method used is qualitative with a library research approach, examining various literature sources, journals, fatwas, and previous studies. The research findings indicate that Pay Later transactions involving interest, additional fees, or late payment penalties fall under usury and contradict Sharia economic law. The majority of scholars and the MUI fatwa express reservations about such practices if they involve additional charges that are not Sharia-compliant. However, if the transaction is conducted with a clear agreement, without additional fees or interest, and agreed upon from the outset, then it may be permissible. This study concludes that users should be cautious when using PayLater services and should ensure their compliance with Islamic principles, as well as consult with Islamic scholars if there are any doubts.

Key words: *Usury, Islamic Economics, and PayLater*

Introduction

Most millennials still lack a deep understanding of the principles of business transactions that align with the provisions and values upheld in Islamic law. This often leads to involvement in economic practices that do not align with Islamic law, and may even result in transactions containing prohibited elements. In Allah's words in the Qur'an, Surah Al-Baqarah, verse 275, it states, “Those who consume (engage in transactions involving) usury cannot stand except as one whom Satan has prostrated by his touch.” This is due to the mistaken belief that buying and selling transactions are no different from usury, while Allah has clearly established that buying and selling is permitted, whereas usury is prohibited. For individuals who have received Allah's warning and subsequently cease usury practices, what they have previously obtained remains their right, and their matter is left to Allah. Conversely, those who persist in usury despite being warned are promised the torment of Hell as retribution, and they will remain there eternally."

Usury is well-known as an additional element, i.e., not involving compensation for exchange, and its ruling is clear in the Quran in Surah Al-Imran verse 130: “O you who have believed, do not consume usury doubled and multiplied, but fear Allah that you may be successful.” Terminologically, usury is defined as an effort to increase material gain for one party in the sale or exchange of similar goods, without regard for the obligation to fairly compensate for the excess obtained. In other terminology, usury focuses on debt that must be repaid with an amount exceeding the loan amount when it becomes due.

In today's world, millennials are increasingly concerned about how technological developments will impact changes in social and religious laws. History shows that technological advancements have made significant contributions to human activities, particularly in fulfilling daily needs more efficiently. This is closely tied to the increasing use of various digital applications, including those in the financial sector, which enable individuals to conduct transactions conveniently and quickly, thereby offering both ease and new challenges in adapting social and religious values amid modernization. One of the financial applications gaining popularity in society is the online lending app, a digital financial service that allows individuals to obtain funds online without needing to meet directly with the service provider. This service is provided by technology-based financial companies (fintech). Online loans that can be disbursed quickly and without collateral have become an alternative solution for those in need of cash in a practical manner. The existence of such digital platforms simplifies the loan application process, one of which is through the Kredivo app. Kredivo itself is an innovation in financial technology that offers flexible payment facilities and varying repayment terms. Additionally, Kredivo is often referred to as a virtual credit card, as it provides cash loan services and financing for product purchases through e-commerce platforms.

Based on research conducted by Hartini (2025), the loan agreement practices in the Kredivo app are considered invalid due to the presence of tadlis, which involves the addition of sub-contracts without the user's knowledge or consent. This is deemed contrary to the fundamental principles of contracts in Islamic economics, particularly the principles of justice and balance between the parties involved in the transaction. Based on this background, this study was conducted to examine the use of the Kredivo app from an Islamic economics perspective. The main objective of this study is to identify the form of lending practices applied and to analyze the legal aspects of usury in digital lending services through the PayLater feature on the Kredivo app. Therefore, the author has chosen the title of this study: “Legal Analysis of Usury in Islamic Economics on PayLater Transactions on the Kredivo App.”

Methods

This study will employ qualitative research using a Library Research approach, where the data sources used in this study are related to legal research on riba in Islamic economics regarding the use of PayLater within the Kredivo app. These sources include books, journals, and the internet. Additionally, this study also references previous studies relevant to the issues raised. The collected data will be systematically analyzed to formulate conclusions. The purpose of this research is to examine legal provisions related to usury practices from an Islamic economics perspective, particularly in the application of the PayLater feature on the Kredivo app platform.

Results and Discussion

Kredivo is one of the leading providers of “PayLater” services and digital loans in Indonesia. PayLater itself is a payment feature that allows users to obtain products or services immediately and pay for them later, either within 30 days or in installments (Didik Purwanto, 2022). Applications like Kredivo are generally defined as financial services that offer installment options without requiring a credit card, or simply put, “buy now, pay later.” According to Bayu Novendra (2023), “Buy Now, Pay Later (BNPL) is a financial facility that enables installment payments without a credit card." He also notes that the BNPL method shares similarities with the basic elements of banking credit, such as trust, tenure, risk level, and credit performance. PayLater is a form of financial service that gives users the opportunity to obtain goods or services immediately, with the option to settle payments at a later time according to applicable terms. Kredivo offers this option as an alternative for those without credit cards, providing convenience in transactions. According to the Journal of Islamic Economics (2021:432), PayLater is a financial facility that provides installment payment methods without requiring credit card ownership, but with an operational system similar to credit card mechanisms. This service typically sets a maximum usage limit or credit limit for users, along with terms regarding payment deadlines or due dates. Generally, the PayLater system offers flexibility in repayment, where payments can be made in full at once or in installments over several payments, although this is often accompanied by additional costs in the form of interest rates that align with the provider's policies. In the context of Kredivo, PayLater refers to: 1) Digital Consumer Financing Facility, Digital consumer financing facilities are services that make it easier for users to obtain goods or services in advance without having to make immediate payment at the time of the transaction, but instead offer the option to make payments at a specified time, either in cash within a short period such as 30 days or through an installment plan with a specific duration such as 3, 6, 12 months, or even longer. Interestingly, this service does not require users to have a conventional credit card, thereby providing broader and more flexible access to the public in meeting their consumption needs through a more practical and affordable payment system. 2) Credit Card Replacement, PayLater is often referred to as an alternative or replacement for credit cards because it offers similar functions, namely the ability to make purchases without full upfront payment. 3) Digital and Fast Process, The main characteristic of PayLater is its fully online, fast application process, which typically only requires an ID card and other personal information. Generally, PayLater is categorized as part of fintech (financial technology) innovation in the realm of microloans or consumer financing, with a focus on ease of access and digital processes. The issue of usury in Islamic economics regarding PayLater is a matter of serious concern and has sparked various perspectives among Islamic scholars and practitioners of Islamic economics. Generally, PayLater is often considered to involve usury if there are additional fees (interest/penalties) required upfront or if there are delays in payment.

In Islam, riba (interest or additional charges required in debt transactions) is prohibited. This is emphasized in the Quran and Hadith. It is mentioned in the Quran in Surah Al-Imran, verse 130:

يٰٓاَيُّهَا الَّذِيْنَ اٰمَنُوْا لَا تَأْكُلُوا الرِّبٰوٓا اَضْعَافًا مُّضٰعَفَةًۖ وَّاتَّقُوا اللّٰهَ لَعَلَّكُمْ تُفْلِحُوْنَۚ ١٣٠

"yâ ayyuhalladzîna âmanû lâ ta'kulur-ribâ adl'âfam mudlâ'afataw wattaqullâha"

"O you who believe, do not consume riba in multiples, and fear Allah so that you may prosper."

The PayLater Mechanism and the Potential for Riba. PayLater is essentially a "buy now, pay later" or installment facility. The issue of riba arises when: 1) Additional Interest/Fees at the Beginning If the PayLater provider imposes additional fees or interest as a condition of the loan or deferred payment, this constitutes usury. These fees can take the form of installment interest, monthly service fees, or other mandatory fees that benefit the lender without any clear exchange of goods or services. 2) Late Payment Penalties, Most PayLater services impose late payment fees if users fail to pay their bills on time. These fees, if they benefit the lender, also fall under the category of riba jahiliyah because they are additional charges on the debt arising from delayed payment. 3) Views of Scholars and Fatwas of the DSN-MUI. 4) Majority of Scholars and Fatwas of the MUI East Java. 5) Most scholars, including the Indonesian Ulama Council (MUI) of East Java, state that PayLater is generally prohibited if it involves interest or late payment fees stipulated at the outset. MUI East Java Fatwa No. 4/MUI/2022 specifically addresses digital transactions using the PayLater system and indicates its prohibition if it involves usury. 6) DSN-MUI (National Sharia Council of the Indonesian Ulema Council) Although there is no specific DSN-MUI fatwa that explicitly mentions PayLater, the sharia principles established in fatwas related to debt, buying and selling, and electronic money can serve as a reference. DSN-MUI Fatwa No. 19/DSN-MUI/IV/2001 on Down Payments in Murabahah states that additional charges on debt are only permissible if not agreed upon at the outset (i.e., voluntary). DSN-MUI Fatwa No. 116/DSN-MUI/IX/2017 on Sharia Electronic Money: Although it focuses more on electronic money, the principles within it can be used to analyze PayLater. Fatwa DSN-MUI No. 117/DSN-MUI/II/2018 on Sharia-Based Information Technology Financing Services: This is the most relevant fatwa, where online financing must comply with sharia principles. If PayLater operates as financing, it must follow sharia rules, one of which is freedom from usury.

Exceptions (Opinions Permitting Under Certain Conditions) Some opinions state that if PayLater purely delays payment without any additional charges (interest, penalties, or hidden fees that benefit the lender) and the contract is clearly in accordance with Sharia (e.g., a sale contract with a deferred price agreed upon at the outset without any additions due to the delay), then it may be permissible. However, in practice, it is very difficult to find a PayLater service that is purely free of riba elements.

Conclusion

PayLater transactions involving interest or additional fees charged to users are considered to contain usury elements, which are prohibited under Sharia law. This aligns with the fatwa of the Indonesian Ulema Council (MUI) and the majority opinion of scholars. In Sharia economics, every transaction must be clear, fair, and not detrimental to either party. The contract used in PayLater transactions must comply with Sharia principles, without any ambiguity or detrimental additions. If Kredivo or similar apps offer a pure PayLater service that merely defers payment without additional fees, interest, or penalties, and the contract is clear and agreed upon upfront, then its use may be considered permissible. Although it is possible to find PayLater services that comply with Islamic principles, the practice is often difficult because many apps still charge additional fees. Users are advised to always review the terms and conditions of PayLater services and ensure that the transactions conducted do not violate Islamic principles. If there are any doubts, it is advisable to consult with a fiqh expert or an authorized institution.

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