

BAYAR KEMUDIAN (BNPL) DAN HUTANG: ZAKAT SEBAGAI MEKANISME KEWANGAN BAGI MEMBANTU KOMUNITI ASNAF DI MALAYSIA. SUATU ANALISIS KONSEPTUAL MELALUI PERSPEKTIF MAQASID SHARIAH DAN LEGALITI SHARIAH

BUY NOW PAY LATER DEBT REPAYMENT: ZAKAT AS A FINANCIAL MECHANISM TO ASSIST ASNAF COMMUNITY IN MALAYSIA. AN ANALYSIS TROUGH MAQASID SHARIAH AND SHARIAH LEGALITY PERSPECTIVE. A CONCEPTUAL PAPER

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Abstract: *This conceptual study investigates the feasibility of zakat as a financial mechanism to support Buy Now Pay Later (BNPL) debt repayment among asnaf communities in Malaysia. Guided by Islamic literature, debt repayment is framed as a religious obligation requiring fairness, justice, and freedom from riba, while Maqasid Shariah emphasizes wealth preservation, accountability, and social welfare. Using a qualitative approach based on secondary data, findings show zakat supports al-gharimīn, mitigates vulnerability, and counters predatory lending. The study proposes a maqasid-consistent framework for zakat-assisted BNPL repayment, reinforcing Shariah principles and promoting socio-economic resilience.*

Keywords: *Shariah Permissibility on BNPL, BNPL Debt Repayment, Al-Gharimin categories*

Introduction

The modern loan nowadays even offered to the customers on untied loan-type which different concept to the common loan where the debtors are monitored through their commitments. This concept also known as Buy Now Pay Later or BNPL. This scheme has helped many people who in needs to do debts for a short term period of time and mostly favorable to all generations but mostly the BNPL users are aged among 21 to 45 years old (FINTECH, 2025). These group of aged love to use BNPL service because of its convenience and was reported that there are 12 companies provided this services across Malaysia (FINTECH, 2025). Furthermore, some of them use it for emergencies such as medical, repairs and essential needs (Malaymail, 2025). Hence, among the active users are from the *asnaf* community. This is because BNPL services does not have any requirements such as financial commitments, the past payment history and not tailored for specific items only. These are the main reasons of BNPL gained a highest usage from the low and middle-income consumers. Most interesting part is many of BNPL service are free from interest and the users may set it into several series of installments to pay back. Some of the eligible zakat recipients under Islamic law which knows as Zakat *asnaf* community loves to use this services and this raise a concern of accumulated debts which built from the services of BNPL.

Even though BNPL offers a short term financial relief but it also may create more problems such as bad debt accumulation, late payment penalties and financial stress. These could happened since BNPL service promotes people to create debt and most of the time the consumers create unnecessary debts trough BNPL service such as 46% of BNPL users in United States repeatedly spending via BNPL service which three or more times compare to usual spending before using BNPL service (Gdalmann, Greene, & Celik, 2022). A past study reveals the users of BNPL service are exposed to several debt crisis such as 570,000 pairs of BNPL users at United State incurred 4% more overdraft charges, 1.1% higher credit card interest and 2.3% more credit card late charges compare to non BNPL service users (Kinni, 2024). This is the similar concerns towards Malaysia BNPL service users. If there is no control, more people will have stuck with arising debts and having unhealthy financial wellbeing.

At the same time zakat are being used to help reducing the poverties, debt repayment and financial inclusion within Muslim societies. Zakat plays a significant role alleviating debt burden in Malaysia. Most of the time zakat able to help *asnaf* from the type of *gharimin* in paying debt especially when they use it to fulfill their basic needs (*dharuriyat*) such first house or car (Ibrahim & Sahrim, 2019) Hence, it is importance to examine whether the zakat collection can be used to assist the *asnaf* community relief their BNPL's debts under the section of *Gharimin*. This proposal seeks to examine this issue in depth especially on the BNPL debt management, financial sustainability among *asnaf* and the Shariah compliance principles.

Problem Statements

BNPL schemes help in term of temporary financial assistance to get an access towards goods and services among unaffordable parties such *asnaf* community but also can be a trap in cycles of debts and raise a risks among its users. Based on record in this years, the number of Buy Now Pay Later (BNPL) transactions in Malaysia raised from 102.6 million to RM9.3 billion in the first half of 2025 (The vibes.com, 2025). This shows how active the usage of BNPL among Malaysians. Besides that there is a concern that the total BNPL loans stood at RM82.6 million which represent 2.9% of total BNPL credit as of December 2024 (FINTECH, 2025). The researchers believe that some of the *asnaf* community in Malaysia are part of these users. Although zakat can traditionally be allocated to indebted persons or *gharimin*, little research

explores how zakat institutions might directly support repayment of BNPL credit. The gap of this study is to find alternatives in terms of financial governance among *asnaf* community. This study aims to investigate the feasibility of integrating zakat assistance with BNPL credit repayment.

Research Objectives

There are three research objectives that researchers would like to achieve through this study:

- To explore the feasibility of utilizing zakat as a mechanism for BNPL credit repayment among *asnaf* users.
- To assess zakat institutions' perspectives on extending assistance for BNPL-related debts.
- To propose a conceptual framework for zakat-assisted BNPL repayment.

Next sections will cover on literature reviews with regards to BNPL services, the effect of BNPL usage towards financial health and the coverage of zakat distribution for BNPL credits.

Literature Review

There are five point will be discussed in literature review they are BNPL credit usage, Shariah view on BNPL practice in Malaysia, Islamic perspective on debt, Maqasid Shariah discussion on debt repayment and Zakat as mechanism for BNPL debt repayment under categories *al-gharimin*.

BNPL Credit Usage

Buy Now Pay Later or known as BNPL is newly introduced in the market. However, the adoption of this service among its users are high and among popular option from the consumer based. In Malaysia BNPL was introduced in year 2019 and has grown rapidly every year (CCOBTF, 2025). The diagram below shows the consistent double-digit transaction growth via BNPL in Malaysia. Thus, the total credit also raises accordingly with the raise of total users. It was reported by Consumer Credit Oversight Board Task Force (CCOBTF) in year 2025 the total outstanding balance is amounting to RM3.8 billion in tandem with the total transaction. It is estimated to be a higher users coming to BNPL services in the next years ahead. This shows how strong the influence of BNPL services to the consumers especially in getting their needs and wants via credit. The market growth is estimated at 20 percent year on year user growth rate based on the current market total of 6.5 million users within six months which are from end 2024 to mid-2025. The growth expected to continue strong but moderate until 2028. The BNPL service market is expected to mature in 2028 with a broader usage which estimated number of users of ~13.8 million in Malaysia. Thus, the total credit also raises accordingly with the raise of total users. It was reported by CCOBTF in year 2025 the total outstanding balance is amounting to RM3.8 billion in tandem with the total transaction.

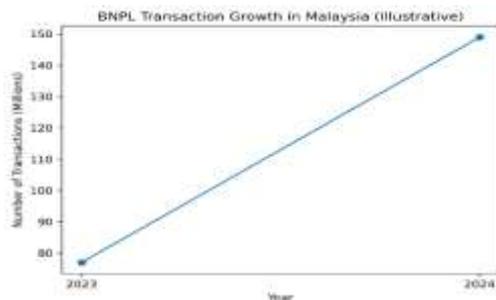


Figure 1: Growth of Buy Now, Pay Later (BNPL) Transactions in Malaysia. BNPL transactions increased from approximately 77 million in 2023 to 149 million in 2024, reflecting strong double-digit growth (BNM / CCOBTF, 2025).

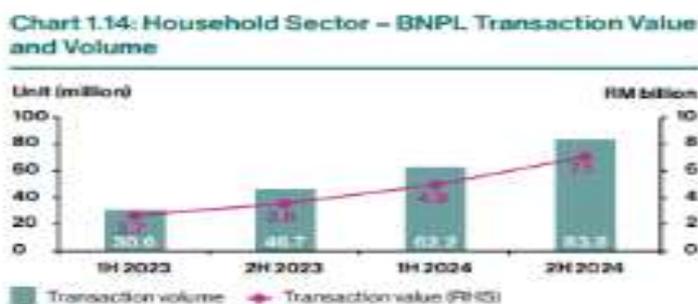


Figure 2: BNPL Transaction Value and Volume with non-bank providers (Bank Negara Malaysia, 2024)

According to CCOBTF, the consumers of BNPL Malaysia 73 percent are from the lower income group where they earned salary below than RM5000 per month. This means majority BNPL users are B40 group and potentially to be as an *asnaf* is high. While the total number of BNPL credit in Malaysia for year end 2024 is RM2.8billion (CCOBTF, 2025).

Shariah Permissibility on BNPL Practices in Malaysia



Figure 3: Ruling from Malaysia Federal Territory Mufti Office (Federal Territory Mufti Office, 2024)

Buy Now Pay Later (BNPL) is widely used at every corner of the globe nowadays. Some of the users think this is the best option given to the consumers which have limited capability to do shopping especially during special festive or celebration. Malaysia also does not escape from this situation. As a country whom being living among multiracial, hence many celebrations done in one year such as eid of aidilfitri and aidiladha, chinese new year and deepavali. Hence,

there is concern raise among the consumer of BNPL. The elements which that contradicted to Islamic law must be avoided or eliminated in order to ensure it also inclusive for Muslim users. In traditional BNPL practices the consumer can be charged on late payment or some of the institution will raise to certain percentage from original price for the users whom interested to pay it via credit. This practice seems not suitable and violate the Islamic view on the debt repayment where the creditor cannot simply raise the price to the debtor. BNPL also available in Malaysia where majority of its users expectedly to be a Muslim since it is a Muslim majority country. Hence, central bank of Malaysia via its Shariah Advisory Council (SAC) issuing an official ruling with regards to this matter. In 24th January 2024 they clarifying in their ruling where certain requirements need to be met by Islamic BNPL in an effort to making it permissible to Islamic law (Bank Negara Malaysia, SAC Ruling Buy Now Pay later (BNPL) Facility, 2024). The conditions are first there is no *riba*' or usury element exist in the transaction. BNPL must avoid charging interest or compounding late fees to the users. Second the transparency of the contract must be protected. All terms and conditions must be clearly stated with no hidden charges or ambiguity elements. Third offering BNPL via structured Islamic contract such as *Ijarah* for leasing or *Murabahah* for cost plus profit or *bay' al-taqsit* (deferred payment contract). Last but not least the consumer rights must be always protected. The ruling emphasizes the alignment with Maqasid Shariah is necessary in order to protect the customer with particularity under *hifz al-mal* (the protection of wealth). BNPL practices in Malaysia is growing day by day. It is quickly adopted by the service providers in Malaysia especially from online shopping sites such as Atome, Grab Paylater, and Shoppe Paylater. It is true that not all offering services are fully aligned with SAC ruling of Bank Negara Malaysia but among them have work to comply with it. This concern has received the positive feedback from Shoppe Paylater. Currently Shoppe Paylater officially certified as Shariah-compliant in Malaysia. They are rewarded their Shariah certification from Amanie Advisors which a global Shariah advisory firm registered with Securities Commission Malaysia and the Malaysia Federal Territory Mufti Office (Federal Territory Mufti Office, 2024). Similarly goes to Atome where its partnership is PayHalal where they provide Shriah-compliant BNPL options in Malaysia (FINTECH, 2021). PayHalal is the first Shariah-compliant payment gateway where they structured the iBNPL payment through *Murabahah* contract which also known for cost plus financing contract. In *Murabahah* the element of *riba* has been eliminated via markup prices structure. Via these two combination it manages in helping the Muslim consumer to get access in flexible, secured payment option and most important Shariah compliant without needs them to worry on deferred payment interest with no annual or servicing fees. However, as for Grab Paylater not yet fully Shariah-compliant platform. Even though there is no interest charge on monthly installment but Grab have rights to freeze the consumer account when the payment is late. Furthermore, the consumer also needs to pay RM10 admin fee in order to reactivate. Hence in a view of Shariah principle the RM10 is afraid will constitute to *riba* or interest since it is a requirement to a debtor to pay. Overall, Shoppe Paylater and Atome (through PayHalal) are permissible in Shariah view and both are certified from trusted Shariah authorities body. Thus, it is permissible for muslims in Malaysia to use their BNPL services. However, for Grab Paylater it is still not contradicted to Shariah law until the consumers are late in terms of made payment. The risk to involve with *riba* is still existed in their transaction.

Islamic Perspective on Debts

In Islam the Muslims need to help financially to those whom willing to create debt before someone who rather receive it for free. This can be seen from the hadith of narrated by Anas Bin Malik (RA) from Rasulullah (PBUH) that “On the night on which I was taken on the Night Journey (Isra), I saw written at the gate of Paradise: ‘Charity brings a tenfold reward and a loan

brings and eighteen fold rewards.’ I said ‘o Jibril! Why is a loan better than charity?’ he said: ‘Because the beggar asks when he has something, but the one who ask for loan does so only because he is in need’. This is because the borrower is in greater need than a beggar. In Quran also mentioned that goodly loan promising multiplication of reward (Quran 2:245, 57:11). However, the process of debt repayment is not a merely financial obligation but as a moral and ethical responsibility to a Muslim. Yunus & Muslimin (2020), founds in Quran and Sunnah that there are a clear guidance provided to the borrower an lender that the process must fulfils the elements of fairness, justice and must free from riba (interest). While, the Islamic jurisprudence allowing debt for the purpose to facilitate productivity of economic activities without exploiting borrowers and play justice to the lenders (Baihaqi & Bonang, 2025).

In order to ensure the Muslim borrowers and lenders are not exposed to riba (interest) in the process of borrowing and debt repayment, Islamic finance has offers many alternatives toward traditional interest-based loans. First is via benevolent loan which called as *qard al-hasan*. In this method the lenders are encouraged to provides an interest-free loans and assume it as a welfare toward the borrower. This method may help in social development while promoting fairness and societal benefit (Hafidzi, Nasrullah & Yusuf, 2025). However, this method may not be suitable to implemented for a longer terms of period and for a commercial purposed. Later, many of debt restructuring practices being developed in order to protect the interest of both parties. The structure must not contradict to Shariah principles and emphasizing a risk-sharing concept (Abd Hafiz et al., 2025). Muqorobin & Elsefy (2023), agrees that many of jurisprudence studies addressing the Islamic frameworks of conventional debt is necessary for adherence to Shariah ethics and to ensure contractual clarity and this make it different to conventional loan where the main focus in on profit-driven debt practices. Several challenges happened in modern financial system. Late payments, inflation and economic instability may complicate the debt management. Solutions such as extension of debt, debt reduction and amicable settlements has been introduced which all within a Shariah-compliant framework (Haq, 2025). The Islamic debt management prioritizes justice and compassion over rigid enforcement (Baihaqi & Bonang, 2025). This is important to encourage all Muslims help each other with no oppression and due to this matter late payment penalties must emphasize the balance between repayment and maintaining ethical integrity (Mohd Zawawi & Hassan, 2023). Whereas, in the corporate context the financial stability is the most important to be kept even in some debt policies. A good Shariah compliant debt structures may give impact on corporate profitability. This has been proven in a sector of telecommunications (Suhayati & Alhilo, 2023). While Ishak (2023), links risk allocation in debt financing to the broader objectives of Shariah, showing that ethical considerations influence corporate strategy and financial management. Debt repayment not only as an individual responsibility but it plays a significant role towards economic stability. Debt repayment may sustain a long term economic growth. High and persistent debt servicing burdens may reduce fiscal space, constrain public investment and increase vulnerability to economic shocks particularly in developing and emerging economies (IMF, 2023). Empirical studies consistently show that economies with weak debt repayment capacity face higher borrowing costs and reduced investor confidence which will ultimately dampens growth prospects (World Bank. 2022). Whereas, in Islam it views that persistent debt and non-repayment as a moral hazard that leads to injustice (*zulm*), particularly towards lenders and society at large (Hassan & Ali, 2022). In addition, Dusuki (2023), opined that the neglected debt repayment may leads to financial distress, increased inequality and reduce circulation of wealth which later contradicting to Maqasid Shariah where it seeks to promote social welfare through protecting wealth. As a result, Islamic contracts such *Musharakah* and *Mudharabah*

are important as a system to advocate risk-sharing in managing debt as it may reduce the systemic risks and social harm associated with debt accumulation and repayment failure (Kammer et al., 2023). In conclusion, the Islamic perspective on debt emphasizes fairness, social welfare, and ethical responsibility. The literature reveals a growing sophistication in Shariah-compliant debt instruments and management strategies, reflecting an ongoing effort to align modern financial practices with enduring Islamic principles. By integrating jurisprudential insights with contemporary financial challenges, Islamic finance continues to offer a model for equitable and ethically grounded debt management.

Debt Repayment through the Lens of Maqasid Shariah

Maqasid Shariah can be defined as a method or guideline provided for the Muslims to protect five elements in this life which are religion, life, intellectual, wealth and lineage. Dusuki (2023) said in his writing that Maqasid Shariah is the preservation of faith (din), life (nafs), intellect ('aql), lineage (nasb) and wealth (mal). As debt repayment, it is believe that it is a part of obligation inside Maqasid Shariah. Failure in debt payment can be seen as trust breaking, lead to economic harm and also bring injustice to society (Dusuki, 2023). There are several reasons have been discussed on the needs to do debt repayment. It is not only to avoid injustice towards creditor or oppressing one rights to get their money back but also related to economic relation. According to Hasan and Ali (2021), they opined that the persistent non-repayment of debts may create more problems such as moral hazard, distort market discipline and undermine the financial ethical conducts. This practices in the perspective of maqasid also may violate the *maslahah* for *ummah* where the creditors no longer confidence to help the community in terms of financial assistance which later will raise the economic instability. This has been proved through empirical studies done by Hassan, Rabbani and Abdulla (2022), where the finds that the practice of non-repayment of debts later leads to financial fragility and inequality which contradicted to Shariah's emphasis on wealth circulation (*tawazun*). Hifz al mal means preservation of wealth. It is particularly emphasized in contemporary maqasid-based analyses of debt. The sustainable debt repayment would enhance fiscal responsibility, creditor's right is being protected and also supporting the long-term economic development (IFSB, 2022).

Furthermore, Kammer et al. (2023), said that the practice of non-repayment of debts at excessive level may leads to resource misallocation, financial distress and undermining the collective welfare. Hence in maqasid principles it is best to reduce debt dependency and promoting risk sharing in order to align it with healthy economic activities. This also supported by AAOIFI (2021), where they said that the debt repayment is closely linked to preservation of social order and ethical accountability. It also mentioned that the unresolved debt has broader societal consequences, including strained social relations and weakened solidarity among Muslims. Among the consequence is this practice will negatively affect economic cooperation and trust. Dusuki (2023), added that a timely repayment of debt may create leniency to debtors, balance the creditor's right with compassion and later fulfill justice and mercy for both parties which aligned with maqasid shariah. Overall, the contemporary literature concludes that debt repayment is integral to realizing the objectives of Maqasid al-Shariah, particularly the preservation of wealth, justice, and social welfare. Proper debt management and repayment promote ethical finance, economic stability, and equitable growth, while neglecting repayment leads to moral, social, and economic harm. Thus, from a maqasid lens, debt repayment is not optional but a cornerstone of sustainable and just economic systems (IFSB, 2022; Hassan et al., 2022).

BNPL Debt Repayment through Zakat

Zakat is one of Islamic pillars function as religious obligation other than five time prayers a day. Zakat also known as one of the best Islamic socio-finance instrument that may contribute to financial inclusion. Zakat offers a direct financial assistance for eight *asnaf* where usually they are excluded from formal financial systems. Zakat manage to foster socio-economic empowerment and improve access on economic opportunities for the poor. Zakat has potential to extend their role through integrating with modern financial systems and technologies in order to improve reach and impact. Millatina et. Al (2025), explore the use of blockchain to manage zakat funds in Indonesia. They find that the digital platforms may increase transparency, accountability and access for recipients which supporting the concept of inclusion. While Othman, Yusuff and Ahmad (2025) opined that the combination between zakat and other Islamic socio finance instruments may enhances poverty alleviation and financial inclusion in Malaysia. One of the *asnaf* is known as *al-gharimin* which also means one indebtedness. This group of *asnaf* is having difficulty in managing their financial due to struggle to debt repayment. Islamic jurisprudence recognizes individuals burdened by debt (*al-gharimīn*) highlighting that zakat can play a role in alleviating debt for financially vulnerable individuals (Ibrahim, 2023). The Qur'an emphasizes that zakat should be directed toward those in debt, reflecting its dual purpose of financial relief and protection of human dignity (Efendi, Bisri, Yunus, & Luminaries, 2025). Debt repayment through zakat provides a mechanism to prevent social harm and economic exclusion among those who are genuinely unable to meet their obligations. Zakat can serve as financial safety net for those unable to make payment of debt they created and helps them in regain stability and avoid default (Yamaludin, Alwi, Rosman, & Khamis, 2023).

Past studies indicate that zakat can mitigate the consequences of predatory lending, including informal or high-interest loans by assisting debtors whose obligations stem from essential needs (Duhriah, Yazid, Rahmat & Muslim, 2025). As for modern evidence, post pandemic COVID-19 managed to shows the critical role plays by zakat. Zakat manage alleviating short-term hardship for the debtors who face sudden financial shocks due to this pandemic and support reintegration into economic activities. Ghaouri et. Al (2023), analyses in their article that the right of debtors to financial assistance and proposes integrated ecosystems to manage household over-indebtedness. This shows that the *al-gharimin* is essentially to be assisted by zakat distribution. Similarly, in Buy Now Pay Later (BNPL) credits usually it is being done by B40 groups which among them might be an eligible recipient to zakat in Malaysia. Hence, the debt created in BNPL could be settle via zakat distribution with very strict conditions provided by zakat management institutions. Overall, the literature indicates that debt repayment through zakat represents an important mechanism for financial inclusion and social protection. By assisting those genuinely unable to meet their obligations, zakat upholds Shariah principles, prevents financial exclusion, and contributes to the socio-economic well-being of individuals and communities. In order to realize the BNPL debt can be settle via zakat under recipient from category of *al-gharimin* the debt created must at least meet three criterias. They are essential necessity, non-sinful or extravagant items and the debtor having difficulty to do repayment. While at the same time Shariah advisory council of Bank Negara Malaysia has ruled that BNPL in Malaysia practice is permissible Shariah contract. This also means zakat institutions can legally recognize BNPL as a valid debt obligation for applicants.

Conclusion

In the context of Buy Now Pay Later (BNPL) schemes usually involves B40 demographics individual which also a potential zakat recipient. Zakat may play a pivotal role in assisting them to settling debt under categories of *al-gharimin*. There are three criteria must be met before

zakat may assist. First debt arose must be only for essential necessity. Secondly the item purchased must be free from sinful elements. And last but not least the debtor must demonstrate a genuine difficulty in doing debt repayment. Maqasid Shariah list out three levels in order to fulfil these objectives which are *dharuriyah*, *hajiyyat* and *tahsiniyat*. In the perspective of *hifz al-mal* the repayment of BNPL credit is really needed to be solved before it became another burden to the asnaf. Hence integrating the BNPL debt repayment through Zakat under category of *al-gharimin* is in line with the principle of *Hifz al-mal* which it is part of Maqasid Shariah.

Research Methodology

This study adopts a qualitative research design within a conceptual framework, focusing on understanding the role of Islamic financial instruments, particularly zakat and debt repayment mechanisms, in promoting financial inclusion. As a conceptual paper, the research does not involve primary data collection but instead critically analyses secondary data presented in tables from existing literature, institutional reports, and official statistics. The qualitative approach allows for interpretation, synthesis, and conceptual exploration of existing information. By focusing on meaning, context, and relationships in the data, the study aims to develop theoretical insights and identify key trends and patterns regarding zakat, debt repayment, and financial inclusion. Maqasid Shariah is the best framework to be referred to because one of the element is *Hifz al-mal* which will cover on debt repayment. The evaluation made for legal and ethical dimensions are through past literature review. The discussion will be based on the legality of BNPL from Shariah perspective and not abusing the ethical conducts.

Data Sources

The research relies exclusively on secondary data derived from:

- Academic journals, articles, and conference proceedings on Islamic finance, zakat, and debt repayment.
- Institutional and organizational reports from zakat authorities, Islamic financial institutions, and government agencies.
- Published tables, charts, and statistical summaries related to zakat distribution, debt repayment, and financial inclusion.

These secondary sources were selected based on their relevance, credibility, and recent literature which are within five years' time. Using secondary data allows the study to analyse comprehensive information without the need for new data collection, making it appropriate for a conceptual paper.

Data Collection

Data collection involved a systematic review of tabular data from selected sources. The process included:

1. Identifying relevant studies and reports that contain data on zakat allocation, debt repayment programs, and financial inclusion outcomes.
2. Organizing the data according to conceptual categories such as zakat allocation, debt relief for *al-gharimīn*, and financial inclusion indicators.

This approach ensures that the study can critically examine and compare existing data, highlighting trends, gaps, and conceptual relationships.

Data Analysis

A qualitative content analysis method was applied to interpret the secondary data. The steps included:

- Thematic coding: Categorizing information from tables according to relevant concepts (e.g., zakat as a financial inclusion tool, debt repayment, institutional practices).
- Comparative analysis: Identifying similarities, differences, and patterns across multiple studies and institutions.
- Conceptual synthesis: Integrating findings from different sources to develop a coherent theoretical understanding of how zakat and debt repayment mechanisms contribute to financial inclusion.

This qualitative analysis emphasizes interpretation and conceptual insight rather than numerical measurement, aligning with the objectives of a conceptual paper.

Findings

Based on the collection of past literature, researcher finds that the debt repayment is compulsory for Muslims and must play ethical, fair and complies with Shariah principles such no elements of *riba*. Both parties of lenders and borrowers must promote social justice (Yunus & Muslimin, 2020). This also supported by Baihaqi and Bonang (2025), which emphasize ethical repayment principles where the repayment itself must avoid oppression and support fairness in financial obligations. While two other articles Hafidzi, nasrullah and Yusuf (2025) and Abd Hafiz et al. (2025) support to promotes a kind solution for debtor by promoting *qard al-hasan* or benevolent loan and restructure debt to risk-sharing concept to protect both creditors and debtors. In addition, to protect the rights of creditors Mohd Zawawi & Hassan (2023) and Haq (2025) proposed to take action to debtors through penalties for late payment and also proposed solutions like *tajil* and *takhfif* as amicable settlements for difficult debt situations. Whereas, Ishak (2023), links debt risk with Maqasid Shariah. He opined that risk sharing may ensures ethical and sustainable financing.

The literature review reveals that Buy Now Pay Later (BNPL) services have become increasingly popular worldwide, including in Malaysia, where their adoption is driven by festive and cultural celebrations across its multiracial society. However, concerns arise regarding the compatibility of BNPL practices with Islamic law, particularly in relation to *riba* and unfair debt repayment structures. In response, the Shariah Advisory Council (SAC) of Bank Negara Malaysia issued a ruling in January 2024 outlining conditions for Islamic BNPL, emphasizing the prohibition of interest, transparency of contracts, use of recognized Shariah contracts such as *Murabahah* and *bay' al-taqsit*, and protection of consumer rights under *Maqasid Shariah*. Current practices show mixed compliance: Shopee PayLater has obtained Shariah certification from Amanie Advisors and the Federal Territories Mufti Office, while Atome, through its partnership with PayHalal, offers Shariah-compliant BNPL via *Murabahah* financing. Conversely, Grab PayLater remains problematic due to its RM10 late payment fee, which risks being classified as *riba*. Overall, BNPL services in Malaysia are evolving toward Shariah compliance, with Shopee PayLater and Atome providing permissible options for Muslim consumers, while Grab PayLater requires further restructuring to align fully with Islamic principles.

Whereas, in the lens of Maqasid Shariah the findings demonstrate that debt repayment plays a central role in operationalising Maqasid Shariah within contemporary financial systems. Consistent evidence indicates that non-repayment of debt undermines justice, ethical

accountability, and wealth preservation, thereby violating maqasid principles (Dusuki, 2023). Empirical studies further establish that persistent debt default exacerbates moral hazard, weakens market discipline, and disrupts ethical financial behaviour (Hasan & Ali, 2021). Such practices have been shown to generate financial fragility, inequality, and imbalances in wealth circulation, which contradict the Shariah objective of economic equilibrium (*tawazun*) (Hassan et al., 2022). In addition to economic consequences, unresolved debt erodes social trust and collective solidarity, reducing cooperation within the ummah (AAOIFI, 2021). Conversely, effective debt repayment mechanisms strengthen fiscal discipline, safeguard creditors' rights, and promote sustainable economic development (IFSB, 2022). These findings reinforce the view that debt repayment is a cornerstone of Maqasid-oriented finance.

Next is BNPL debt repayment through zakat. The findings demonstrate that zakat represents a core Islamic social finance mechanism with significant potential to enhance financial inclusion and resilience within contemporary economic systems. The literature shows that zakat facilitates socio-economic empowerment by delivering direct financial support to eligible recipients, particularly those excluded from conventional financial markets, while recent studies highlight that technological integration strengthens institutional transparency and distributive efficiency (Millatina et al., 2025; Othman et al., 2025). Importantly, the findings emphasise the relevance of zakat in addressing household over-indebtedness through the *al-gharimīn* category, which Islamic jurisprudence explicitly recognises as deserving of financial relief (Ibrahim, 2023). Empirical evidence indicates that zakat-based debt assistance mitigates financial vulnerability, prevents economic exclusion, and supports post-shock recovery, as observed during the COVID-19 period (Ghaouri et al., 2023). Furthermore, zakat has been shown to counteract the negative effects of predatory and high-cost lending by assisting debtors whose liabilities arise from necessity rather than moral hazard (Duhriah et al., 2025). Overall, the findings suggest that zakat-based debt repayment when governed by Shariah principles of necessity, non-extravagance, and genuine inability offers a maqasid-consistent framework for addressing emerging debt instruments such as BNPL within Islamic financial ecosystems.

Comparison Table of Literature on Debt Repayment, Maqasid Shariah and Zakat

Theme	Sources	Findings	Shariah Principles Emphasizes
Ethical Debt Repayment	Yunus & Muslimin (2020); Baihaqi & Bonang (2025)	Debt repayment is compulsory for Muslims; must be ethical, fair, and free from <i>riba</i> . Repayment should avoid oppression and promote fairness.	Justice (<i>'adl</i>), prohibition of <i>riba</i> , fairness in obligations
Kind Solutions for Debtors	Hafidzi, Nasrullah & Yusuf (2025); Abd Hafiz et al. (2025)	Promote <i>qard al-hasan</i> (benevolent loan) and debt restructuring through risk-sharing to protect both creditors and debtors.	Benevolence (<i>ihsan</i>), risk-sharing, protection of both parties

Creditor Protection & Penalties	Mohd Zawawi & Hassan (2023); Haq (2025)	Creditors' rights must be safeguarded; penalties for late payment may be imposed, but amicable solutions like <i>tajil</i> (deferment) and <i>takhfif</i> (discount) are recommended.	Balance between creditor rights and debtor relief; avoidance of exploitation
Debt Risk & Maqasid Shariah	Ishak (2023)	Links debt risk to <i>Maqasid Shariah</i> ; risk-sharing ensures ethical and sustainable financing.	Wealth preservation (<i>hifz al-mal</i>), sustainability, justice
BNPL Practices in Malaysia	SAC Ruling (Bank Negara Malaysia, 2024); Shopee PayLater; Atome via PayHalal; Grab PayLater	SAC ruling permits BNPL if free from <i>riba</i> , transparent, and based on Islamic contracts. Shopee PayLater and Atome are Shariah-compliant; Grab PayLater problematic due to RM10 late fee.	Prohibition of <i>riba</i> , transparency, consumer protection, use of <i>Murabahah</i> , <i>bay' al-taqsit</i>
Debt Repayment & Maqasid Shariah	Dusuki (2023); Hasan & Ali (2021); Hassan et al. (2022); AAOIFI (2021); IFSB (2022)	Non-repayment undermines justice, accountability, and wealth preservation. Effective repayment strengthens fiscal discipline, protects creditors, and supports sustainable development.	Justice, accountability, wealth preservation (<i>hifz al-mal</i>), economic equilibrium (<i>tawazun</i>)
BNPL Debt Repayment via Zakat	Millatina et al. (2025); Othman et al. (2025); Ibrahim (2023); Ghaouri et al. (2023); Duhriah et al. (2025)	Zakat empowers socio-economic inclusion, mitigates debt vulnerability, and supports debtors under <i>al-gharimīn</i> . Counters predatory lending and aids recovery during crises.	Social solidarity (<i>ta'awun</i>), necessity (<i>darurah</i>), non-extravagance, distributive justice

Based on reviewed literature and Islamic jurisprudence, the researchers may conclude that BNPL credit repayment for *al-gharimin* through zakat is in accordance to Maqasid Shariah and does not contradicted to zakat principles. It can be seen through the findings of one of the zakat recipient is *al-gharimin* which means the individual whom are indebtedness and explicitly mentioned in the Quran, *Surah At-Taubah* verse 60. Besides that, zakat is permitted for those debt arise from necessity, not extravagant or moral hazard such as for emergencies and basic consumption. This also supported by few scholars such as Ibrahim (2023) and Duhriah et. al (2025) which opined that zakat can be used to relive debt burdens when the debtor genuinely unable to repay. Furthermore, the BNPL service providers in Malaysia mostly free from riba and two of popular offering BNPL platforms also has taken necessary efforts by getting Shariah certification or certified halal payment gateway in order to cater the Muslim BNPL consumers in Malaysia (FINTECH, 2021) and (Bank Negara Malaysia, SAC Ruling Buy Now Pay later (BNPL) Facility, 2024).

In addition, this also in line with Maqasid Shariah in several views such as preservation of wealth and dignity, promotion of social justice and solidarity, economic equilibrium (*tawazun*) and ethical accountability. It can preserve wealth and dignity because zakat-based repayment may offer inclusion for unfortunate people and avoid predatory lending happens. Social justice and solidarity can be achieved through collective responsibilities and strengthening the ummah's resilience. Furthermore, by redistributing of wealth and mitigating financial fragility, zakat may support balance circulation and reduces inequality and indirectly will result to economic equilibrium (*tawazun*). Last but not least, zakat ensures that debt relief is governed by principles of necessity, fairness and transparent especially after integrated with technology may promotes ethical accountability (Millatina et. al, 2025).

Conclusion

The synthesis of past literature demonstrates that debt repayment is not only a religious obligation but also a cornerstone of ethical and sustainable Islamic finance. The literature confirms that repayment must be conducted ethically, fairly, and in compliance with Shariah principles, free from riba and oppression. Within this framework, the application of zakat to BNPL repayment for *al-gharimīn* aligns fully with both Shariah principles and the higher objectives of Maqasid Shariah. By recognizing indebted individuals as legitimate zakat recipients, Islamic jurisprudence ensures that financial relief is provided on the basis of necessity, fairness, and genuine inability to repay. Responsible repayment enhances fiscal discipline, creditor protection, and sustainable economic development. The study further demonstrates that zakat can serve as a viable, maqasid-consistent mechanism for settling debts, including emerging BNPL obligations. This mechanism prevents economic exclusion, mitigates vulnerability, and counters predatory lending practices, while simultaneously preserving wealth circulation, justice, and social solidarity. Far from contradicting zakat principles, BNPL repayment through zakat operationalizes them, transforming zakat into a maqasid-consistent instrument that strengthens resilience and equity within contemporary Islamic financial ecosystems. In addition most the popular BNPL platform in Malasia such as Shoppe Paylater and Atome (through PayHalal) is permissible from Shariah view. Importantly, the study addresses its three objectives: exploring the feasibility of zakat for BNPL credit repayment, assessing zakat institutions' perspectives on providing such assistance, and proposing a conceptual framework for zakat-assisted BNPL repayment. These findings highlight the potential of integrating zakat into contemporary financial systems to uphold Shariah principles while promoting equity, justice, and socio-economic well-being.

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