Beyond Interest-Free Financing: A Comparative Shariah and Consumer Protection Analysis of Atome and Spaylater in Malaysia's Buy Now, Pay Later Industry

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ABSTRACT

Buy Now, Pay Later or commonly known as BNPL is no longer an alien concept in Malaysia's financial industry. There are various platforms in Malaysia that offer BNPL to the financial consumers, including but not limited to Atome, Shopee Pay Later, Grab Pay Later and the banking institution like RHB has introduced RHB Pay Later. While BNPL serves as an efficient alternative to the consumers for a 'quick loan', the legal standing of shariah compliance of these BNPL products are in gray area. This qualitative study that employs doctrinal and comparative legal analysis will discuss the compliance of Shariah Principle of BNPL products in Malaysia. Through a comparative analysis of certified and non-certified Shariah-compliant BNPL products, this study delineates the distinct features of each model. This study also proposes recommendations for financial institutions to ensure full compliance with Shariah principles, focusing on rectifying flaws in compliance with the Bai' Bithaman Ajil model.

Keywords: BuyNowPayLater - Bai' Bithaman Ajil - Atome - ShopeePayLater - Shariah-compliant

Theme: Shariah Compliance in BuyNowPayLater Products

INTRODUCTION

The global financial services sector has undergone a shift driven by the convergence of financial technology (Fintech) and digital e-commerce ecosystems (Zainudin & Othman, 2024). This transformation is shown most prominently through the expansion of Buy Now, Pay Later schemes (BNPL) in Malaysia. Previously, regulated banking institutions dominated installment-based consumer purchasing through credit cards and structured Easy Payment Plans (EPPs) (Hassan et al., 2026). However, the short-term consumer financing from traditional card-ownership was decoupled by the proliferation of alternative credit models. A person does not need to own a physical card to use their credit. The BNPL platforms provide nearly immediate credit availability during transactions by using algorithms, credit rating procedures, and mobile application connectivity. The "frictionless phenomenon", which was defined by Noor Baharin (2025), has gained tremendous market invasion. The presence of BNPL in Malaysian retail was apparent by the mid-2020s, with total transaction values reaching billions of ringgit across millions of active accounts (Hassan et al/, 2026; Wong et al., 2025). While this rapid expansion is important for financial inclusion and inclusivity, it also exposes legal, regulatory and ethical challenges. This introduction therefore serves as the foundation for a legal study of Malaysia's BNPL ecosystem, which focuses on two key market players. These include Atome, an independent third-party provider, and Shopee PayLater (SPayLater), which is an integrated platform operating within the country's major e-commerce portal.

The Behavioural Economics and FOMO Factor of BNPL

To examine BNPL's legal framework, it is important to first understand the behavioural conditions and socioeconomic factors that contributed to its expansion. Traditional consumer credit instruments are designed to create transaction friction. Credit checks, credit bureau checks (CCRIS and CTOS) and income documents and longer approval timeframes are necessary compared to BNPL. Hassan et al (2026) claimed that BNPL profited from the psychological phenomenon of "hyperbolic discounting." This phenomenon involves overvaluing immediate gratification and undervaluing future financial liabilities.

This aspect is amplified by the social and digital impact. Sarifuddin (2025) highlighted that the younger generations in the Klang Valley, particularly Generation Z, are extremely sensitive to BNPL appeal owing to the "Fear of Missing Out" (FOMO) and the social media peer validation factors. Users sometimes fail to understand the underlying difficulties of the BNPL, since these services are offered as "0% interest" or "interest free installments," which later encourages impulsive purchases, financial over-extension, and a high risk of debt accumulation among populations with limited financial literacy (Noor Baharin, 2025; Sarifuddin, 2025). Noor Baharin (2025) also emphasised that the newer generation might be considered vulnerable consumers in this regard although they are more technologically savvy.

The Shariah Dimension: Muamalat Principles and SAC Rulings

Trading in accordance with the Sharia law is critical in Malaysia, which is a Muslim-majority country that serves as a global model for Islamic finance, especially for people who practise Islam. The incorporation of BNPL into the digital environment raises religious concerns about their potential connections with Riba (usury/interest), Gharar (uncertainty), and Maysir (gambling) (Md Rashid, 2024; Ali et al., 2025). According to Fiqh al-Muamalat, which is the Islamic commercial law and jurisprudence, deferred payment transactions are valid when structured as credit sales. These include Bay' Bithaman Ajil (deferred payment sale) and Bay' Mu'ajjal in which a seller transfers ownership of an asset to a buyer at an agreed-upon price that is clear and fixed profit margin with the settlement structured over a specific timeline (SAC, 2024; Che Mansori & Mas'adi, 2022).

The Shariah Advisory Council (SAC) of Bank negara Malaysia established the framework for these transactions during its 220th, 228th, and 231st sessions, which were later confirmed in official regulatory decisions (SAC, 2024). SAC judgement are binding on Malaysian courts and financial institutions under Section 52 of the Central Bank of Malaysia Act 2009 and the ratio decidendi set forth in JRI Resources Sdn. Bhd. v. Kuwait Finance House (Malaysia) Berhad [2019]. The BNPL facilities were determined lawful in principle by the SAC if they are constructed with proper Shariah contracts authorised by a qualified Shariah Committee (SAC, 2024). Crucially, the SAC establishes several conditions. For example, platforms are not allowed to collect late fees or turn penalties into income sources. As explained by Zulkipli (2020), penalties must be divided into Ta'widh (compensation for actual operational recovery costs) and Gharamah (punitive fines redirected to charitable funds) to ensure alignment with the primary goal of wealth preservation (Hifz al-Mal) within the Maqasid Shariah framework (Higher Objectives of Islamic Law) (SAC, 2024; Ali et al, 2025; Hassan et al., 2026). Furthermore, Part VI (Clauses 80-83) of the Consumer Credit Act 2025 formalised this Shariah mandate, which requires any operator claiming an Islamic framework to ensure that its operations meet SAC criteria (Ali et al., 2025).

LITERATURE REVIEW

The literature analysis contextualises the legal gaps that have traditionally defined the business while examining the possibility to protect financial players, consumers and assure Shariah compliance, both substantively and formally.

The Evolution of Consumer Credit and BNPL Adoption

The Malaysia's BNPL business operated under fragmented restrictions for years. Non-bank fintech entities offering deferred payments were able to avoid definitions of "lending" or "credit provision" due to the conventional credit guidelines under the Financial Services Act 2013 (FSA) and the Islamic Financial Services Act 2013 (IFSA) are primarily intended for standard banking operations and licensed credit providers (Zainudin

& Othman, 2024; Wong et al., 2025). Consequently, ordinary consumer protection acts such as the Consumer Protection Act 1999 (CPA) provided insufficient remedies due to this regulatory gap.

To respond to this, Malaysia's government initiated consolidation and reform. The Consumer Credit Act 2025 (Act 873) is the most significant legislative change, in which it was formally gazetted on 31 December 2025 and went into full force on 1 March 2026 (Muatlib & Nalechami, 2026). The Consumer Credit Commission (CCC), established by Act 873 as a centralised supervisory authority changed the uncontrollable non-bank credit sector. Both conventional BNPL schemes and Islamic BNPL schemes are officially designated as separate kinds of regulated credit businesses, according to Schedule 2 of Act 873. To combat predatory lending, Act 873 requires all non-bank BNPL operators to obtain statutory licenses, adhere to potential interest/fee caps, implement robust credit affordability evaluations and meet stringent capital adequacy standards (Mutalib & Nalechemi, 2026; Hassan et al., 2026). This change represents a shift in how credit operations are controlled.

Scholars commonly credit BNPL's quick expansion to the phenomenon of "fictionless payment" systems. Noor Baharin (2025) supports the statement, demonstrating that removing transaction obstacles at the checkout increases client purchasing impulses. However, some unique socioeconomic risks were created due to this convenience. The rapid satisfaction provided by BNPL services frequently hinders long-term financial foresight which make the customers more susceptible to falling into a debt cycle (Zainudin & Othman, 2024; Wong et al., 2025; Sarifudin, 2025).

The demographics that drive BNPL adoption was investigated by a body of behavioural economics. Sarifudin (2025) focuses on Generation Z consumers in the Klang Valley, finding psychological triggers such as immediate satisfaction and FOMO as main motivations, which are exacerbated by aggressive social media peer pressure. In contrast, Hassan et al. (2026) tackle the topic from a macro viewpoint of behavioural economics and corporate transparency, concentrating on how loan providers exploit weaknesses through convoluted, obfuscated "fine print". Both Sarifudin (2025) and Hassan et al. (2026) agreed that a lack of digital financial literacy makes younger customers vulnerable to financial distress, especially in the long run, despite the scholars' different perspectives and scopes.

The Shifting Regulatory Landscape and Lacunae

Early literature prior to 2025 consistently described the Malaysian BNPL sector as operating in a legal "grey area" or legal arbitrage, because BNPL providers were not fully governed by the FSA 2013 and IFSA 2013, nor moneylending and consumer protection legislation. The BNPL transactions provided by non-bank fintech businesses were essentially unregulated as consumer credit as of 2025, resulting in gaps in responsible lending standards and credit reporting processes.

Malaysia's non bank BNPL providers operated under a patchwork of laws and regulations prior to recent legislative initiatives. Traditional consumer protection frameworks, such as the Consumer Protection Act of 1999 and the Hire-Purchase Act of 1967, were inadequate to control digital installment contracts provided by non-bank businesses. Regulatory fragmentation produced a dangerous atmosphere in which business innovation thrived while exposing financial customers to arbitrary credit scoring and aggressive debt collection techniques (Wong et al., 2025). This finding is consistent with the one of Zainudin and Othman (2024), who claimed that the lack of standard disclosure rules for non-bank credit services exacerbated systemic risks in the larger household debt ecosystem.

To address these gaps, a legislative reform was initiated. As documented by Mutalib and Nalechami (2026), the enactment of the Consumer Credit Act 2025 (CCA 2025 or Act 873) modifies the legal framework. This legislative development aligns with the early regulatory projections made by Hashimoto and Heng (2023), who anticipated a consolidated regulatory regime designed to bring non-bank credit entities under centralised public oversight. BNPL operators are now classified as credit providers and are legally required to secure operating licenses from the Consumer Credit Oversight Board (CCOB) under the Ministry of Finance (Mutalib & Nalechami, 2026). Furthermore, the CCA 2025 introduces mandatory creditworthiness assessments and interest rate and fee caps to prevent predatory practices (Hassan et al., 2026; Mutalib & Nalechami, 2026). This brings non-bank providers like Atome and SPayLater under regulatory standards comparable to banking institutions. From a Shariah perspective, the Bill put forward specific governance expectations for "Islamic BNPL", including Shariah governance structures, approved contracts and oversight by qualified Shariah committees. (Siong, Manafi & Adriani 2025). The Shariah Advisory Council (SAC) of Bank Negara Malaysia has issued a dedicated ruling on BNPL facilities, consolidating deliberations at its 220th (2022), 228th (2023) and 231st (2023) meetings. Under this ruling, BNPL is deemed permissible provided that it is structured using appropriate Shariah contracts that preserve the rights and obligations of all contracting parties and avoid prohibited elements such as riba. According to SAC, BNPL is akin to the established deferred-payment sale such as bai'bithaman ajil.

Comparative: Standalone vs. Ecosystem-Integrated BNPL Models

Few studies have explicitly evaluated the operational structures and system architecture of Malaysia's leading BNPL providers, despite the rising corpus of research on BNPL services. The Malaysian BNPL market is divided into two operating models. The first one is the independent third-party payment system like Atome, and the second one is the ecosystem-integrated credit services built within e-commerce platforms like SPayLater. Ali et al. (2025) highlighted the distinctions between these models are based on structure and function. Atome is an independent financial intermediary that links customers with a variety of online and offline merchants. On the other hand, SPayLater is completely integrated into the Shopee platform, resulting in a closed-loop system in which credit is only granted for purchases inside that ecosystem (Saiman, 2023). These structural differences may result in different legal implications and influence consumer behavior in different ways.

Ecosystem-based approaches like SPayLater depend largely on user transaction data and algorithmic evaluation to establish credit eligibility (Hassan et al., 2026). These structural disparities may have distinct legal consequences and impact consumer behaviour in various ways. Saiman (2023) and Abas and Yahya (2023) argued that platform-based solutions provide a more consistent and predictable user experience because of the centralised control. In contrast, Ali et al. (2024) and Hassan et al. (2026) stated that incorporating credit into e-commerce platforms increases customer risk. They believe that continual exposure to purchase possibilities may increase impulsive spending, which reinforces Saifuddin's (2025) worries. On the other hand, independent systems usually demand users to make more careful financial decisions across many interfaces. Consequently, ecosystem-integrated models may emphasise immediacy and convenience, posing critical questions about consumer autonomy, corporate accountability and ethical design.

Shariah Issues on SPayLater and Atome as BNPL Providers

SPayLater and Atome are two of Malaysia's most popular BNPL providers, according to market share statistics from the COnsumer Credit Oversight Board Task Force. Existing research indicates that they have different Shariah statuses. Abbas and Yahaya (2023) stated that SPayLater has been formally recognised as Shariah-compliant, but Atome is now considered Shariah-friendly, as approved by Amanie Advisors. In fact, SPayLater allows consumers to pay for the next month in one lump payment or in two, three or six monthly installments. Recently, SPayLater charged processing costs and late payment charges in the amount of riba as of October 2022, making this method of operation illegal (Abbas & Yahaya, 2023). However, this Islamic branding and modelling is still the subject of intense academic scrutiny. Scholars are frequently questioning whether its fixed monthly processing fees, ranging from 1.25% to 1.50% , and structured late payment fee regimes represent genuine cost-plus margins or simply mirror conventional interest-based mechanisms under an Islamic guise (Saiman, 2023; Hassan et al., 2026). Nevertheless, Shopee performed a Shariah restructuring of its transaction framework from October 2022, which eliminates processing fees and late payment costs, allowing them to be certified as Shariah-compliant (Abbas & Yahaya, 2023). According to this, SPayLater operates around the Bay' Bithaman Ajil (BBA) model and product, which involves the platform technically acquiring the merchant's goods and reselling it to the user at a delayed cost-plus price (Abbas & Yahaya, 2023).

Atome, in contrast, is an open-loop, independent BNPL supplier that works with a diverse network of online and physical merchants (Wong et al., 2025). Its strategy is based on traditional commercial structures, with interest-

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free installment payments spread over three months. It is also supported by merchant discount arrangements (Ali et al., 2025). Unfortunately, the lack of official Shariah governance causes worry. Its contractual parameters, which include penalty costs and fines for prolonged payback periods, are the same as the traditional credit agreements and may lead to riba-related concerns in the event of default (Ali et al., 2025).

Shariah Compliance and Governance

Given Malaysia's dual legal system and Muslim-majority population, BNPL services should also be examined from the perspective of Islamic commercial law (Muamalat). Earlier studies highlighted significant Shariah concerns, particularly relating to riba (usury) and *gharar* (uncertainty) in early BNPL models. Md Rashid (2024) and Maskanah et al.(2025) note that fixed administrative or processing fees imposed on installment payments is similar to Riba al-Qard, where profit is taken from loan extension. Similarly, Nording et al (2022) point out that compounded late payment charges were problematic, as they penalised borrowers based on the time value of money without a valid underlying sale contract.

Recent studies show a change towards stronger Shariah compliance in BNPL product structure. Focusing on SPayLater, Saiman (2023) and Abas & Yahaya (2023) documents its transition towards a Shariah-compliant framework, culminating in certification by Amanie Advisors in October 2022. The platform moved away from loan-based structures and adopted recognised Islamic contracts such as Bay' Buthaman Ajil (BBA), Bai' Mu'ajjal and Baik' Taqsith. Under this arrangement, the platform acts either as a seller or as an agent (wakalah), purchasing goods and reselling them to consumers at a pre-agreed price payable in instalments (Saiman 2023, Che Mansori & Mas adi 2022) Processing fees are now classified as *ujrah* (service fees), thereby framing them as compensation for services rendered rather than interest on credit.

Despite these developments, the level of Shariah compliance differs among BNPL providers. Ali et al. (2025) observe that platform-integrated providers such as SPayLater have made greater progress in implementing structured Shariah governance, whereas standalone providers like Atome continue to face scrutiny, particularly in relation to Maqasid Shariah, including the protection of wealth (*hifz al mal*). These differences highlight the importance of the Shariah Advisory Council of Bank Negara Malaysia's position that BNPL products are permissible when they are established using permissible Islamic sale contracts and exclude riba-based elements.

The SAC ruling also sets clear parameters for handling payments defaults. Late payment charges must be limited to ta'widh, representing compensation for actual losses, and gharamah, which must be channelled to charitable causes (SAC, 2024). This approach, supported by Zulkipli (2020), ensures that such charges function as deterrents rather than profit-generating mechanisms.

A review of existing literature reveals a remaining research gap. While prior studies have examined regulatory shortcomings (Zainudin & Othman, 2024; Wong et al. 2025), consumer behavioural risks (Sarifuddin, 2025), and the Shariah restructuring of SPayLater (Saiman 2023; Abas & Yahaya,2023), there is limited comparative legal analysis that directly evaluates standalone providers such as Atome against ecosystem-integrated models like SPayLater within the context of Consumer Credit Act 2025 and the SAC's 2024 ruling. This paper seeks to address that gap through a focused comparative legal assessment of both platforms in Malaysia.

METHODOLOGY

This study employs a doctrinal legal research methodology to analyse and evaluate relevant statutory provisions, regulatory guidelines and existing literature. Doctrinal research often characterised as 'pure legal research' or library-based approach focus on evaluating and synthesizing legal doctrines, regulatory frameworks and literature writings.

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FINDINGS AND DISCUSSION

Distinctive Features of Shariah-Compliant and Non-Shariah Compliant BNPL Products

The rapid growth of BNPL Products signifies the increasing demand among the financial consumers for a 'convenient loan'. In 2020, Department of Statistics Malaysia has published numerical figures of around 63.5% Muslim financial consumers in Malaysia that are also BNPL active users (Jamalurus, Laili, 2024). In light of this, BNPL providers have increasingly diversified their offerings to accommodate both conventional and Islamic finance consumers. One of the prominent BNPL products in Malaysia is known as Atome. Nevertheless, there are different sub-products of BNPL offered by Atome including but not limited to Atome i-Cash, Atome Pay-In-3 plan etc.

Despite its commercial benefits, the BNPL product has raised several flags from Islamic finance scholars due to concerns regarding its compatibility with fundamental Shariah principles. The core issue lies on the contractual structure that is embedded to facilitate such financing. According to Islamic jurisprudence, deferred payment sales (*bay' bi thaman ajil*) are permitted provided that the transaction does not involve *riba*, excessive uncertainty (*gharar*), exploitation, or unjust contractual terms.

This study will analyse the product of Atome as it offers both conventional and Islamic Financial Products which are widely used by the Muslim financial consumer in Malaysia. Its conventional BNPL facility, commonly known as the 3-Payment Plan, allows consumers to split the purchase price into three instalments without an explicitly stated interest charge. From a commercial perspective, the arrangement functions similarly to a short-term consumer credit facility. Although the absence of interest may initially suggest compatibility with Islamic principles, Islamic law examines the substance rather than merely the form of a transaction. Consequently, the permissibility of the product depends on whether the financing arrangement creates a debt relationship that subsequently generates prohibited benefits for the financier.

A clear distinction of these two Atome products are reproduced in the table below;

Islamic Financing Principle	Atome Conventional 3-Payment Plan	Atome i-Cash (Tawarruq-Based)
Concept	Consumer credit/deferred payment facility	Consumer credit/deferred payment facility
Underlying Contract	Conventional contractual Agreement	*Tawarruq* contract
Interest-Free	Impose interest with the rate of 1.5% per month and late payment fee	Does not impose interest, rather adopt deferred payment sale
Asset-based Financing Structure	No identifiable Shariah-recognised asset transaction	Financing linked to commodity transactions under *Tawarruq*
Source of Financier's Profit	Commercial fees and financing arrangement	Profit generated through sale transactions
Shariah Governance	No Shariah supervisory framework or Committee	Collaborate with Islamic payment gateway PayHalal, which is certified by the Shariah consultancy Amanie Advisors

Table 1: Difference between Atome I-Cash and Atome Conventional Plan

Despite there being substantive different features between these two BNPL products produced by Atome, the conventional product remained promoted as the mainstream product of BNPL. Even so, there is a prominent

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BNPL Products in Malaysia that is a certified Shariah-compliant and recognised by the Shariah Advisory Firm, Amani Groups, i.e Shopee Pay Later or commonly known as SPayLater (Mufti WP Kuala Lumpur, 2024). Previously, SPayLater was not recognised as Shariah compliant as it imposes significant interest and late payment fee, however it was then reviewed by Amani Group before it is officially certified as Shariah-Compliant BNPL products (Nur Aina Farisha, *et. al*, 2025). The salient features of SPayLater that complied with Shariah principle are as follows;-

Aspect	**SPayLater Prior to July 2022**	**SPayLater After July 2022**
Shariah Status	Considered non-Shariah compliant as it flagged Shariah non-compliant issues involving processing fees and late-payment charges.	Certified as Shariah-compliant by Amanie Advisors, a Shariah advisory firm registered with the Securities Commission Malaysia in July 2022.
Financial Concept	Primarily viewed as a debt (*qard*) arrangement where SeaMoney settled the purchase price on behalf of the consumer, who subsequently repaid the debt.	Recharacterised and certified based on the principle of *Bay' Bithaman Ajil* (deferred payment sale), emphasising the permissibility of deferred sale transactions.
Late Payment Fee	Customers were charged 1.5% per month on overdue amounts. This additional charge was criticised as constituting *riba al-qard* because it arose from delayed repayment of a debt.	The percentage-based late-payment charge was removed. Instead, a late charge equivalent to the bill principal or RM10 (whichever is lower) is imposed, and any amount exceeding actual costs is channelled to charity approved by the Shariah adviser.
Processing Fee	Instalment plans imposed a processing fee of approximately 1.25% per month on the purchase amount.	Processing fee revised to 1.5% per month and reviewed as part of the Shariah certification exercise.
Riba Assessment	Presence of *riba al-qard* due to additional charges arising from debt repayment delays. The prohibition was linked specifically to the late-payment penalty structure.	The principal Shariah objection was considered removed because the late-payment mechanism no longer generated profit from debt default.
Shariah Governance	No publicly recognised Shariah certification. Assessment by scholars and regulators raised concerns regarding compliance.	Subject to review and certification by Amani Advisors and recognised by the Federal Territories Mufti Department as permissible.
Legal Maxim Applied	Existence of the prohibited element (*illah*) resulted in the ruling of impermissibility.	Removal of the *illah* resulted in a change of ruling from impermissible to permissible, consistent with the maxim *al-hukm yaduru ma'a illatihi wujudan wa 'adaman*.
Overall Shariah Assessment	Non-compliant due to the combination of debt financing, processing fees, and percentage-based late-payment penalties.	Formally Shariah-compliant following contractual restructuring and independent Shariah certification.

Table 2 Salient Characteristics of SpayLater

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Shariah Compliance Beyond "Interest-Free": A Comparative Finding on Atome and SPayLater

As we have laid down the distinctive between both Shariah-Compliant and Non-Shariah Compliant BNPL Products, now we are going to discuss the major finding of this article which is that Shariah-compliant BNPL cannot only be assessed by whether the BNPL products such as Atome or SpayLater describes its service as "interest-free". Instead, it is essential to look at whether these BNPL products have complied and fulfil Shariah elements or requirements to have say that they were BNPL which is Shariah compliant. Part of the aspects are to analyze whether the transaction as a whole is to be structured to avoid riba, gharar, unjust enrichment, and consumer harm.

In this regard, SPayLater appears to have a stronger Shariah-compliance structure or framework because it expressly discloses even to publicly known that its BNPL service has been certified as Shariah-compliant by Amanie Advisors and that the product is structured on the basis of Bay' Mu'ajjal or deferred payment sale (Shopee Malaysia, n.d.). This is very significant and a good point made out by SPayLater as it is to be noted and known that Bay' Mu'ajjal is a recognised Islamic financing mechanism where the buyer receives the goods immediately while payment is deferred to a later date or made by instalments, provided that the price is fixed and agreed at the time of contract (Ali, 2018). Therefore, SPayLater's model is more doctrinally and expressly transparent because it identifies the Shariah contract that is to be used, the certified Shariah adviser which definitely will regulate and analyze the service provided to be Shariah compliant and the basis upon which deferred payment is made permissible.

However, Atome's public-facing model mainly appeared as a convenient BNPL service that allows consumers to split purchases into three payments or longer instalments. Therefore, this such method is more interesting and attractive to the targeted customers as it is marketed as interest-free even though in fact, interest free alone does not mean it is definitely meant and established as Shariah compliance. While the marketing centred on the concept of 'interest-free', it does not automatically establish the product as a Shariah-compliant product. To establish one, the Shariah Advisory will look into the substance rather than label, i.e the late payment charges, processing charges or any extended instalment charges that are structured as part of the sale price or the contractual operation. This distinction is essential to look at as the conventional BNPL products can mirror credit-based financing where the consumer's obligation increases due to payment deferment or default, thereby raising Shariah concerns (Anuar Ali et al., 2025). Hence, SPayLater has stronger Shariah compliance transparency, while Atome requires a clearer public disclosure on its Shariah contract, fee treatment, default charges, and Shariah governance mechanism to assist or help the public, especially to understand the service as a whole.

Another important finding is that the Shariah issue in BNPL is not limited to riba alone, but also extends to Maqasid al-Shariah, particularly to the protection of wealth, fairness, transparency, and prevention of harm. BNPL platforms with its products may help consumers to manage their cash flow in the short term and access of goods without using conventional credit cards which is one of the reasons why BNPL was introduced. However, BNPL may also lead consumers to also normalise debt-based consumption and increase the risk of over-indebtedness, especially among young or financially vulnerable consumers (Cook et al., 2023; Guttman-Kenney et al., 2022). How this is related to the two BNPL platforms that we are currently discussing, Atome and SPayLater as both platforms operate in a digital consumer environment where the spending, the shopping is made very convenient, easy, fast, and psychologically less burdensome.

Back to how this concerns Maqasid Shariah, the BNPL platforms or products should not only be legally valid in contract form, but must also protect consumers from impulsive spending, excessive debt, and financial hardship which could lead to more disheartening consequences and events. Thus, Maqasid Shariah offers a crucial framework for assessing BNPL programs to guarantee they comply with Islamic financial law and adequately safeguard consumers (Agzah & Fageh, 2024).

Krisnawati and Rabbani Sam (2024) highlight that debt literacy significantly affects over-indebtedness among BNPL users, which means that BNPL users with weak financial literacy are more exposed to the mountain of debts due to improper usage of BNPL. Thus from this finding, it is must to be noted that Shariah compliance should not merely protect the service provider from riba issues or so called interest-free alone, but should also protect the consumers from harmful financial behaviour. Similarly, Anuar Ali, Markom and Mohd Arif (2025) argued that BNPL in Malaysia must be assessed not only through Shariah contractual principles but also through consumer protection standards and Maqasid al-Shariah.

On the other hand, as Shopee publicly explains how SPayLater's Shariah certification covers its features, terms and conditions, late charge, and business model (Shopee Malaysia, n.d.-b) whereby this level of disclosure is essential as to give or assist Muslim consumers to have greater confidence that the product has undergone Shariah review. Nevertheless, this does not mean SPayLater is free from criticism. For instance, if the total cost of instalments increases substantially over longer tenures, the issue remains whether the pricing is fair and whether consumers are clearly informed of the full cost before entering the transaction. Not only that, this is still one of the issues that could arise given that a deferred price may be valid if fixed upfront, but Maqasid al-Shariah still requires the price and charges to be fair, transparent and non-exploitative to the consumers.

Further on Atome, on the other hand, may be more simple in the commercial transaction of BNPL and even the accessibility because its platform is easy to use and widely accepted by the merchants rather than SPayLater. However, definitely commercial convenience is not adequate but Atome should demonstrate whether its BNPL model is based on a recognised Shariah contract such as murabahah, Bay' Mu'ajjal, ujrah, wakalah, or another permissible structure which is what Atome is lacking right now. Therefore, Atome's main weakness is not limited to the fact that it is non-Shariah-compliant, but that its public Shariah transparency appears weaker than SPayLater's.

Therefore, SPayLater has appeared stronger than Atome in visible Shariah compliance because it expressly relies on Bay' Mu'ajjal and Shariah certification, while Atome appears stronger in market accessibility which can be seen on today's commercial transaction, but weaker in public Shariah disclosure. Nevertheless, both platforms must be assessed beyond the "interest-free" label which these platforms or models must satisfy both the framework of Islamic contracts and the requirements stipulated on Maqasid al-Shariah. Therefore, the future of Shariah-compliant BNPL in Malaysia should not merely depend on whether the product avoids interest, but whether it creates a fair, transparent, responsible and consumer-protective financing framework as a whole.

RECOMMENDATIONS

It is recommended for the BNPL products providers to publicly disclose the conceptual financial framework of their BNPL products to prevent the consumers from being deceived by the mere concept of interest-free for a few months. The BNPL provider may adopt the SPayLater financial scheme, models such as deferred sale (Bay' Mu'ajjal) or other recognised structures such as murabahah, ujrah, or wakalah. The underlying contract used by the BNPL provider must be expressly identified in the documents rather than lying presumptuously. This scheme is consistent with elements of Shariah compliant which focuses on certainty in contract formation (*gharar*) and full disclosure of price and terms at the point of *aqd* (contract).

Bank Negara Malaysia should also impose stricter and solid rules for BNPL providers for the BNPL products to be certified as Shariah compliant. This can be done through several audits of Shariah compliant, not just a one-time certification. For example, SPayLater has got a certification from Amanie Advisors, but a regular audit needs to be done to ensure they follow the rules especially if there are some changes on the operation of their products to stay competitive. On the other hand, BNPL such as Atome providers that has provided a limited public Shariah disclosure should be encouraged or required to establish transparent Shariah governance structures, including appointment of Shariah advisers, publication of Shariah rulings, and disclosure of compliance methodologies.

CONCLUSION

In conclusion, this article highlights the development of the BNPL product in Malaysia and its contribution in the modern consumer transaction which may or may not align with the Shariah compliance financial landscape. It is emphasized that while the BNPL product promotes an interest-free concept, a certified Shariah-compliant product is more than an interest-free and it requires compliance with other Shariah principles including absence of *gharar* etc. This article has also made a comparative analysis on the BNPL products in Malaysia and has found that SPayLater appears to have a stronger Shariah-compliance framework compared to Atome. Nevertheless, the justification for BNPL Products is critically discussed from the Maqasid al-Shariah angle which is to protect wealth and to prevent harm towards the BNPL users.

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