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## THE ISSUES OF SHARIA COMPLIANCE IN E-WALLET SERVICES AND PRODUCTS IN MALAYSIA: AN ANALYTICAL STUDY BASED ON MAQASID SHARIA

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### ABSTRACT

E-wallet services and product is a component or program in an e-wallet application that provides various functions to its users. The importance of shariah compliance in e-wallet products and services is that it ensures that financial transactions adhere to Islamic ethical and legal principles, fostering trust and inclusivity among Muslim users. The use of this e-wallet began to be widely used when the world was attacked by the covid-19 epidemic because it can be transmitted through physical contact. So the use of e-wallet is highly demanded because it helps to reduce the physical reaction among people while also reducing the risk of being affected by the covid-19 epidemic. So the use of e-wallet, in order to protect the welfare of life and property in line with the concept of maqasid sharia. Maqasid sharia is a discipline of knowledge regarding the purposes and regulations set by God for each of his laws in order to protect the welfare of mankind. This research evaluates the definition and framework Shariah compliance of e-wallet services and products in Malaysia, categorizing them into compliant and non-compliant groups, and examines their alignment with Maqasid Shariah principles, particularly focusing on the preservation of property (Hifz Mal), to understand their impact and justification within Islamic financial ethics. Thus this research use a qualitative method and there are several methodology that had been applied such as library method and interview whether direct and indirect way. Therefore this study's significance lies in assessing the Shariah compliance of e-wallet services and products in Malaysia, enhancing understanding of their ethical role in Islamic finance.

**Keywords:** *E-wallet services and products, shariah compliance, Maqasid Sharia, preservation of property, transaction*

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## INTRODUCTION

In the pulsating heartbeat of modern finance, the product and services of ewallet had been used regularly in daily life which aimed to ease the transaction of money without using physical money. Thus many people no matter what races and religion have to adapt with e wallet especially a person that involves in e business . The use of e-wallets is also becoming more widespread and among the Muslim users, this is intended so that they can keep up with the economic circulation around them. Islamic financial management regarding products and services in ewallet also needs to be emphasized so as not to involve the three main elements such as *riba*, *gharar* and *maysir*. This is because Islam is very strict in rejecting these three elements in muamalat affairs. All muamalat matters should originally be as long as there are no prohibited elements such as *riba*, *gharar* and *maysir*. Citing a passage from the Quranic verse that affirms the prohibition of *riba* from surah al-Baqarah verse 275

وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا

This verse has been explained on book of tafsir written by Imam Ibn Kathir that each command from Allah is always the best thing for their creature and He knows best what will cause their salvation, what will improve them, and what will benefit them. There is great evil in usury, and in it, and the great danger of increasing debt, and people being lenient with money, and consuming usury, so it is out of His mercy that He forbade it to them; So that they do not harm themselves, nor harm other poor people. This show that how good is avoiding to made a prohibition from Allah such as commit with a muamalat affairs by including usury, uncertainty and gambling element. By obeying this basic order, human interests are protected from any persecution and oppression, especially in the business of buying and selling. Therefore, the services and products offered by e-wallet must not be related to the three elements forbidden by Allah.

Next, Shariah compliance fosters a culture of sustainability and moral behavior in the financial system, among other noteworthy benefits. The promotion of financial stability is one important benefit. Shariah-compliant practices support a stronger and more stable financial system by abiding by rules that prohibit excessive risk-taking and speculative conduct. In addition, the focus on risk-sharing arrangements guarantees an equitable allocation of gains and losses among involved parties, cultivating a perception of economic equity. Furthermore, Islamic finance's inclusiveness which forbids usury (*riba*) and promotes responsible lending—allows for greater access to financial services and advances financial inclusion. All things considered, the financial system's incorporation of Shariah compliance not only reflects Islamic principles but also improves the integrity, sustainability, and welfare of the communities it serves.

This ewallet service and product is understood as a program designed in the e-wallet application to perform various types of transactions according to the purpose of the program such as GOInvest(TouchNGo), Youbeli(Boost), ShopeePaylater(Shopee) and many more. Due to the variety of products and e-wallet services in Malaysia need to be examined according to syariah guidelines before being used by the general public, especially for Muslims. According to one research conducted by Mohammed Hariri Bakri and others (2023) stated that positive increases were observed in Malaysia in the adoption of a cashless economy. In response to the developments, the nation's financial regulator, Bank Negara Malaysia (BNM), unveiled the Guidelines on Electronic Money (e-wallet) and the Interoperable Credit Transfer Framework (ICTF), which promote advancements in cashless payment. BNM reports that during the

epidemic period (Covid-19), when most consumers and companies choose cashless payments that help eliminate the physical touch, the number of e-wallet users in Malaysia increases dramatically. This data shows that the high frequency of e-wallet usage among Malaysians has increased the e-wallet sector and this has become a factor in the emergence of various types of e-wallet services and products to attract public users.

E-wallets are divided into two types, namely bank e-wallets and non-bank e-wallets. Examples of bank e-wallets such as MAE (Maybank), BEU (Bank Islam) and MBSB BANK e-wallet(MBSB) and non-bank e-wallets such as TouchNGo(TnG), Boost, Grab Pay and Shopee Pay. Compliance with Shariah guidelines in the operation or service of each e-wallet is very important to avoid conflicting with the concept of Maqasid Shariah in property care. The concept of property protection in Maqasid Sharia not only involves the prohibition of the three elements of *riba*, *gharar* and *maysir* but it is more extensive for the protection of property of Muslims. According to Mastura Razali and others (2021) stated that in order to preserve property, one must guard it against destruction and improper transfer to other parties, including prohibition against injustice, tyranny, and other wrongdoings. This shows how meticulous Islam is in protecting a person's property rights from being damaged, confiscation without reasonable grounds and misappropriation of property

## THE DEFINITION OF E-WALLET SERVICES AND PRODUCTS

Digital wallets, sometimes referred to as e-wallet services and products, mark a dramatic change in the way financial transactions are carried out in the digital age. An electronic wallet, or e-wallet, is essentially a digital wallet that is stored securely in an electronic device or online service. Rather than holding actual cash, it stores digital information about the user's payment methods, such as credit and debit card details. With the help of this cutting-edge technology, people and companies may effortlessly conduct electronic transactions for a range of purposes, including peer-to-peer transfers, bill payments, and online shopping. The capacity of e-wallets to store numerous payment methods and other important data, such loyalty program details and identity cards, in one location emphasizes how convenient they are. Due to their unmatched mobility and flexibility, mobile-based e-wallet applications have become the most widely used type of digital wallets due to the widespread use of smartphones.

The simplicity and security of e-wallets are what make them so appealing. They eliminate the need to continually enter billing and payment details by streamlining the purchasing procedure to the simple click of a button. With features like one-tap payments, contactless in-store payments, and in-app chat, e-wallets provide a simple and safe way to make purchases both online and in physical places. Since the early days of digital payment platforms like PayPal, this technology has advanced tremendously. More recent applications, like Apple Pay and Google Pay, have integrated cutting-edge technologies like QR codes and near-field communication (NFC)(Sunny Betz,2022). Using the help of these technologies, customers can start making payments by either pressing or scanning a code on a payment terminal using their cellphone. Global occurrences such as the COVID-19 pandemic have further hastened the spread of e-wallets by increasing consumer desire for contactless transactions.

## FRAMEWORK FOR SHARIAH COMPLIANCE IN E-WALLET SERVICES AND PRODUCTS

At the heart of promoting e-wallet adoption lies the pivotal role of enticing services and products, captivating users and earning the coveted title of the people's choice. In the Malaysian landscape, e-wallets are no strangers, having long played a role in online payments. What distinguishes the contemporary scenario is not the novelty of e-wallets but the evolving applications and channels that breathe new life into this financial staple. The crux of the matter is simple: the e-wallet ecosystem in Malaysia thrives on the allure of its offerings, with users gravitating towards services and products that resonate with their needs and preferences. As the digital financial landscape continues to transform, the battle for user attention unfolds not just in the functionalities of e-wallets but in the diversity and appeal of the experiences they deliver. Lars Erik, the Associate Director of Public Affairs at Ipsos Malaysia, reveals that more than half of Malaysians are now embracing cashless payments in their daily routines. The ongoing surge in usage can be attributed to the gradual relaxation of Covid-19 restrictions in recent months, allowing Malaysians to resume their normal activities. The surge in e-wallet users has ignited a fierce competition among e-wallet production companies, each vying to outshine the other by offering the most exceptional services and products in this rapidly evolving landscape. There are already 53 e-wallets in the nation, making up 19% of the fintech market, according to a survey by Fintech News Malaysia. An Ipsos poll indicates that Touch 'n Go eWallet is still the most popular e-wallet in Malaysia. This study proves that e-wallet is a growing industry and helps in increasing the rate of money transactions even higher without the production of physical money.

Due to the widespread development of e-wallets in Malaysia, it is imperative to adhere to Shariah guidelines in the provision of e-wallet services and products.

### 1) Compliance with Shariah laws and regulations

The Islamic Financial Services Act 2013 (IFSA) is a law or act that governs various financial matters in Malaysia, particularly those related to Islamic finance. The IFSA has integrated enhanced regulations to oversee operators of payment systems and issuers of payment instruments. This is aimed at fostering the safety, efficiency, and dependability of payment systems and instruments. E-wallet or e-money is also one of the matters governed in IFSA, so any company that runs an e-wallet must comply and meet the conditions of the e-wallet in this act. The regulatory guidelines for Electronic Money Issuers (EMIs) approved under Section 11 of the FSA or the Islamic Financial Services Act 2013 (IFSA) are detailed in the Electronic Money (E-Money) Policy Document issued by BNM (Document reference: 23). This document outlines the legal provisions related to e-money, as specified by sections 47(1), 123(1), and 143 of the FSA, as well as sections 29(2), 57(1), 135(1), and 155 of the IFSA. Hence, electronic money issuers must adhere to established laws to ensure their operations remain free from any regulatory actions.

### 2) Free From Interest Based Transaction

Considering transactions free from usury stands as a pivotal criterion before designating an e-wallet as Shariah-compliant. This is because usury brings forth various harms, and the concept of usury only results in gains for one party at the expense of the other facing losses. Usury

constitutes a significant prohibition in Islamic buying and selling, and it is a divine command for Muslims to refrain from engaging in any transactions involving usury, no matter how small the trade may be. Imam Al-Razi in his book of Tafsir stated that indeed, usury is equivalent to taking people's wealth without any legitimate compensation. Imam Al-Razi is likely highlighting the unjust nature of usury, emphasizing that it involves taking possession of others' assets without offering an equitable exchange, and thus goes against principles of fairness and justice in economic transactions according to Islamic teachings. Not just muslim that aware with the dangerous of engaging with usury, even Charles III, King of the United Kingdom, who said the dangerous of usury to the future generation "I suspect that if the strict injunction of the Quran against *riba* were to be applied to the economic system that prevails at the moment, then the debt we have effectively incurred for future generations by the depletion of the Earth's natural capital would surely be found to be usurious and profoundly unacceptable," . In this quote, Charles III, the king of the United Kingdom, suggests that if the Quran's prohibition against usury (*riba*) were applied to the current economic system, the extensive debt accrued for future generations due to the depletion of Earth's natural resources would likely be deemed usurious and morally objectionable. He highlights the potential ethical implications of our present economic practices when viewed through the lens of Islamic principles. Therefore, money transactions or any other financial matters that use e-wallet technology must be free from the element of usury to avoid the element of tyranny or persecution from being applied in financial management.

### 3) Abstaining from Forbidden Activities in Islam

In the context of an e-wallet framework, adhering to the principle of abstaining from forbidden activities aligns with the ethical guidelines set by Islamic finance. This matter is more focused on the concept of products and services in the e-wallet so as not to be involved in any matter that is prohibited in Shariah. There are various things prohibited by syar'a related to muamalat matters other than the concept of usury that needs to be paid attention to such as gambling, uncertainty, deception and others. This is because God's prohibition on this matter is clear stated in the Quran and Hadith, making it very important to obey. For example, the prohibition of gambling in the Quran is based on verse 90 of Surah Al Maidah with the meaning "O you who believe! That indeed alcohol, and gambling, and idolatry, and casting lots with arrow shafts, are (all) dirty (abominable) from Satan's deeds". Therefore you should stay away from it so that you will succeed". According to the opinion of Imam Fakhruddin Ar Razi who mentions gambling in his commentary book *Mafatih al-Ghaib*, gambling leads to enmity between people and it is also a form of taking other people's property in a cruel and unethical manner. Next, services and products in the e-wallet must not make any investment in any company that does activities that are prohibited in Islam. If there are any services or products in the e-wallet that collaborate or highlight things that are prohibited in Islam for the purpose investment , it will immediately disqualify the e-wallet to obtain shariah compliance. For example, e-wallet company A invests in gambling premises and alcohol sales, so this is one of the reasons that rejects e-wallet company A to obtain shariah compliance. This is because buying and selling or investment that involves elements such as gambling and selling alcohol is a false (misguided) way of managing property. Therefore, non-Shariah compliant investments can raise the financial and non-financial risks for Islamic financial institutions. They can also have an impact on the legitimacy and enforcement of Islamic financial

transactions. Effective Shariah non-compliance risk management is therefore crucial, in keeping with the growth of Islamic finance, a vital part of the national and global financial system.

#### 4) Strong Privacy And Security Measures In E-Wallet

The e-wallet is not merely a space for transactions and money storage; it also requires personal information to enable various types of secure and confidential accesses. Personal information is closely tied to security, and this is why Islam places great emphasis on ensuring the safety of its followers in all aspects. According to an article which titled “What is E-wallet?” conducted by Kath Bustos said that e-wallet user security is a top priority for e-wallets. They lower the possibility of unwanted access by protecting sensitive financial data using cutting-edge encryption technology. An extra degree of protection is provided by the two-factor authentication feature that many E-wallets offer. This feature requires a password, PIN, or biometric identity in order to allow transactions. Thus the various layer of security in e-wallet increases the difficulty of hackers intercepting this data when customers use their digital wallets to make purchases. Nowadays, losing a phone is more perilous than losing a wallet, especially when the victim is an e-wallet user. This is because if the victim's phone is not secured with a password or other safety features, it opens the opportunity for thieves to access the victim's data without limits. Because of that it is important to guarantee the safety and integrity of the e-money data and records, the issuer of e-wallet should make sure that its systems have sufficient security and internal controls, an efficient fraud detection and resolution procedure, and appropriate risk management plans (Mastura Razali, 2021). The security measures implemented by e-wallet companies align with the concept of safeguarding wealth (hifz mal) as embedded in the Maqasid Shariah framework. In the event of any data theft or sudden loss of funds from the e-wallet, the e-wallet company must promptly resolve the issue before other users fall victim. The lapses of an e-wallet company in ensuring the security of user data could lead to a potential reduction in other to get their Shariah compliance.

## CATEGORIZATION OF E-WALLETS SERVICES AND PRODUCTS

### E-wallet Services and Products that Shariah Compliance

#### 1. GOinvest (Touch N Go)

Goinvest is a Touch N Go e-wallet product that provides services to invest in selected market trusts. The purpose of this product is to enable Malaysians to invest as little as RM10. For this reason, this product needs to be studied more in-depth to ensure that the investment business is Shariah compliant. Before looking at the contract and the concept of muamalat that is used, it is best to understand the concept of investment based on the book of Allah and the Sunnah of the Messenger of Allah. For example in surah al Jumuah, in the 10th verse:

{ فَإِذَا فُضِّيتِ الصَّلَاةُ فَانْتَشِرُوا فِي الْأَرْضِ وَابْتَغُوا مِنْ فَضْلِ اللَّهِ وَاذْكُرُوا اللَّهَ كَثِيرًا لَعَلَّكُمْ تُفْلِحُونَ }

*Meaning: "Then after finishing the prayer, spread yourselves on the face of the earth (to carry out your respective affairs), and seek what you desire from the abundance of God's*

*grace, and remember God a lot (in all circumstances), so that you will be successful (in this world and in the hereafter)."*

Looking at the interpretation of Imam Ibn Kathir, this verse warns people that business is not as important as the call to prayer for Friday prayers. Not only that, but this verse also tells when doing business always remember Allah as the provider of sustenance and don't get carried away chasing the impermanent world. This shows that Islam never restricts its people from expanding or increasing their wealth, but instead supports all forms of business as long as it is based on the correct Sharia. Based on the advice of his friend Umar RA:

لَا يَبِيعُ فِي سُوْقِنَا إِلَّا مَنْ قَدْ تَفَقَّهَ فِي الدِّينِ

*"No one should buy or sell in our market except those who are religious scholars."*

*The understanding of these two propositions proves that the importance of understanding religion in business or muamalat in Islam. This evidence also proves that investment is not something that is forbidden as long as it does not conflict with the Sharia and cause us to forget the provider of sustenance, which is Allah. By understanding the concept of muamalat in Islam, it helps traders or investors be more careful in investing property so that it is not related to prohibited matters.*

*Next, we need to look at this product from the perspective of Islamic jurisprudence, that is, what are the contracts and concepts used in this product to identify why it is shariah compliant. The investment made in this Goinvest product sees Touch N Go as a representative that manages the investor's property to selected market funds such as ASNB and Principal. Because of this, the representative concept used by Touch N Go is called a wakalah contract. Imam Khatib Al Syarbini in his book Mughni al-Muhtaj ila Makrifah al-Ma'ani al-Minhaj defines wakalah as giving over one's work to someone who can finish it while they are still living. Wakalah also refers to a contract where a party, as principal (muwakkil) authorizes another party as his agent (wakil) to perform a particular task on matters that may be delegated, with or without imposition of a fee (Bank Negara Malaysia, 2016) .*

According to Bank Negara Malaysia in the policy document of wakalah stated that any wakalah contract should have these three elements which are

- a) *The principal and agent or contracting parties*
- b) *The offer and acceptance (ijab qabul) to enter into wakalah*
- c) *The subject matter of the wakalah contract*

*From the conditions issued by BNM, Goinvest products are eligible to obtain a shariah compliance license. This is because all the characteristics of the product meet the requirements to perform a wakalah contract.*

## **2. Cashup( Boost)**

The Boost company has offered a cashback service in the form of electronic money or reward points for their customers who like to shop. CashUp is a savings feature curated especially for online shopaholics, there are over 100 international and local online retailers such as Shopee, Zalora, Lazada, Malaysia Airlines, AirAsia, Klook, Sephora, JD Sports, Kinokuniya, Amazon'

Graze and counting under this rewards plan. Users can easily earn cashback of up to 13.5% from their favorite online retailers when utilizing the CashUp feature (Boost, 2019). This aims to increase users of the Boost application to buy and sell online through the CashUp service which can help them buy items at a higher price low based on the rate of reward points collected. This service is in line with the concept of grants, where the company gives rewards to its users. The concept of grant can be understood in the Qur'an, Surah Al Baqarah, verse 177:

{وَأَتَى الْمَالَ عَلَى حُبِّهِ ذَوِي الْقُرْبَىٰ وَالْيَتَامَىٰ وَالْمَسْكِينِ وَابْنَ السَّبِيلِ وَالسَّائِلِينَ وَفِي الرِّقَابِ .. }

*“ gives wealth, in spite of love for it, to relatives, orphans, the needy, the traveler, those who ask [for help], and for freeing slaves ”*

This verse explains that a good alms is alms and gifts given with full of pleasure even though he loves his property (Ibn Kathir, 2007). This shows that the concept of reward points is also a wrong form of giving or alms or more precisely a grant given by a company to its users. The cashback or reward points provided by the Boost company are based on sales transactions used by online buyers of goods through the CashUp service. The concept of this service is like a grant or gift and the law of purchase should be. The Prophet himself also often received and gave gifts to fellow Muslims, as said by Ai'syah R.A:

{ كان رسول الله يقبل الهدية ويثيب عليها }

*“ Rasulullah S.A.W (The Messenger of Allah, may God bless him and grant him peace,) received gifts and he always returned them ”*

This cashback system is also linked to various types of contracts, including sale and grant contracts. First of all, akad jualah is a contract in which the first party guarantees the second party a certain present or reward in exchange for the second party doing a service assignment for the first party's advantage (Shovia Indah, 2021). This definition shows that this contract binds the second party with the offer and reward from the first party due to completing the given task. Ju'alah has two definitions, according to Securities Commission Malaysia: "to determine" refers to the process by which the party wishing to offer Ju'alah determines the rate of reward in the Ju'alah contract, and "to make an obligation" is the second meaning. Ju'alah is defined as a prize granted to someone who completes a work that has been assigned to them (Ismail Mohamed, 2020). Next is the contract of hibah which can be defined as the transfer of ownership of an asset from a donor (wahib) to a recipient (mawhub lahu) without any consideration (BNM, 2016). Cashbacks on purchases and services are obtained through Boost. They rarely ever give cashback via reload (Boost, n.d.). These incentives are only intended to encourage users to top off their e-wallet accounts, promote the registration of new users and to reward users who made online shopping transactions respectively. This shows that the contract used by the Boost company for the CashUp service is a sale and grant contract that is permitted by Shariah. Not only that, the service provided by Boost also does not involve elements of usury, gambling and uncertainty, at the same time further strengthening the CashUp service as one of the services that meets the characteristics of sharia compliance.

## E-wallet Services and Products that Non-Shariah Compliance

### 1. SpayLater(ShopeePay)



Through an easy-to-use digital platform, SPayLater on Shopee provides users with a practical financial solution that allows them to experience payment flexibility. Users can make instant purchases using SPayLater and choose to postpone payment. With the various payment plans our service offers, customers can spread out their payments across one to twelve months(Shopee,n.d.). There is debt in the SPayLater scheme. This is due to the fact that Shopee's designated SeaMoney will pay the Shopee seller first on behalf of the buyer; the customer will then be required to pay SeaMoney either all at once or in payments over the course of a month. Consequently, when a customer uses this SPayLater service, they are deemed to be in debt to SeaMoney. SPayLater meletakkan caj bayaran tertangguh dan processing fee yang menjadi isu kepada status shariah compliance bagi servis ini kerana berkaitan riba.

The first issue discussed is the processing charge of 1.25% on each purchase of users who use the installment method. The cost incurred for the provision of SPayLater services is known as the processing fee (Shopee, n.d.). Since the processing fee deducted above takes a cut of the loan earnings, it is perceived as having a usurious quality. The second issue touches on the late payment charge imposed on installment plan users who are unable to pay according to the set period. Every time an account becomes past due and the user's SPayLater account is suspended, a late fee will be assessed (Shopee, n.d.). Charges imposed on the grounds of delay in debt payment are considered Riba Al Qard, so this charge also clearly uses the concept of riba. The fuqaha defined riba as extra while elucidating the ban on riba. When it comes to debt, riba refers to an extra fee that is added to the total amount owed or imposed when a person is behind on their payments. However, a typical sales growth or profit margin is not regarded as usury (Abd Hakim, 2021). This shows that the service concept carried out by Shopee in SPayLater is more related to usury even though they use the Bai' Bithamanil A'jil contract (Buy Now Pay Later) without interest.

Buy now pay later or BBA is a transaction, things are sold, delivered right away, and payment is withheld until a predetermined amount of time has passed. The Shafie school and the majority of Malaysian members of the local Syariah Advisory Council both accept that BBA is a legitimate means of financing Islamic banks (Muhammad Syahiran, 2022). If you look at the BBA concept in SPayLater, there is no sharia issue because there is no additional value charged to the buyer but due to the processing charge and delayed payment charge which is seen as an element of riba. Although Shopee has stated that the late payment fee will be given to charity to remain shariah compliant, as Muslims we should avoid getting involved in transactions that clearly have an element of riba because it harms the economy of Muslims. This is based on the Quranic verse from Surah Al Baqarah verse 276:

{ يَمْحَقُ اللَّهُ الرِّبَا وَيُزِيلُ الصَّدَقَاتِ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ.. }

*“ Allah destroys usury and enriches charity. And God does not like everyone who remains in disbelief, and always commits sins.”*

In the tafsir of Jalalayn by Imam Jalaluddin Mahalli and Imam As Suyuti stated this verse tells us that Allah will destroy any property that comes from riba a little by little until it finishes or removes the blessing from it until the property is useless and Allah will nourish the wealth of sadaqah by expanding the wealth and giving blessing on the property. From this interpretation, we can understand that all property that grows from the element of riba will not last long

because Allah hates property that is sourced from the element of riba. Therefore, it is advised that Muslims try to avoid using SpayLater in daily life.

## 2. GOpinjam(Touch N Go)

GOpinjam is a service made available by TNG Digital Sdn Bhd to customers for electronic access and application for personal loan via the GOpinjam icon in the TNG eWallet mobile app(Touch N Go ,n.d.).Pihak Syarikat Touch N Go bekerjasama dengan CIMB Bank Bhd untuk memberikan tawaran Cimb e-Zi Tunai melalui Gopinjam . Personal loans are available from GOpinjam starting at RM100 and going up to RM10,000. These loans have no additional costs for early settlement, and the repayment term can be as short as one week or as long as a year. In an effort to provide accessibility and inclusivity for the greatest number of individuals, prospective borrowers will only need to make a minimum monthly income of RM800 in order to use GOpinjam(Touch n Go,2022). Effendy Shahul Hamid, CEO of Touch 'n Go Group, highlighted the importance of financial inclusion in developing GOpinjam. He stated that the partnership with CIMB Bank aims to provide a relevant personal credit solution to underserved segments, making it accessible to those who would not otherwise have access to formal credit facilities.

This service is not considered shariah compliance because Cimb e-Zi Tunai is one of the conventional loans and every conventional loan has an interest rate which indeed this product involves usury. Conventional loan means the bank lends money to the lender and earns an interest from it. The Prophet SAW told that every loan that benefits the lender is considered usury in the hadith narrated by Al Haris:

{ كل قرض جر منفعة فهو ربا }

*“ Every debt that brings benefits (to the creditor) is usury”*

Although in this service, Touch n Go is only a representative to request a loan from Cimb Bank Bhd, it is still not seen as syariah-compliant because it uses a conventional loan method that is based on usury. This causes Gopinjam services to be avoided by Muslim users who want to make a loan. In the hadith narrated by Al Sha'bi, he affirmed that the Prophet SAW cursed anyone who was involved in usury :

{ لَعَنَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ أَكِلَ الرِّبَا وَمُوكِلَهُ وَشَاهِدَهُ وَكَاتِبَهُ }

*“ The Prophet SAW cursed the person who eats riba', the person who gives riba', the witness and the writer. ”*

Sheikh al-Maraghi clarified that people who are extremely poor and experiencing adversity in life are the ones who suffer and suffer because of the practice of riba'(Mohamad Ashraf,2018). In response to the question above, the aforementioned passages indicate that the law of usury with riba' is prohibited. Therefore, from the perspective of taking or providing riba, every Muslim must make an effort to refrain from such actions.

## MAQASID SHARIAH PRINCIPLES AND IMPLEMENTATION IN E-WALLET PRODUCT AND SERVICES

### Maqasid Shariah Principles

Maqasid sharia is built from two words in the Arabic language, namely "maqasid" and "shariah" and because of the combination of these words, a new knowledge discipline is created and plays a very important role in issuing a law. This is because one of the conditions to become a mujtahid must understand the discipline of maqasid shariah. Dr. Ahmad ar Raysouni in his book *Muhadharat fi Maqasid as Syariah* mentions the importance of understanding the knowledge of Maqasid Syariah for the group of jurists in every aspect and face of ijtihad that wants to be issued. The interpretation of Maqasid Syariah knowledge by scholars such as Ibn Asyur, Syeikh Allal al-Fasi and Dr. Ahmad ar Raysouni can be concluded that Maqasid Syariah is the purpose, meaning and wisdom that has been set by Islamic Shari'at in the prescribed laws and the secret behind them with the purpose of realizing human welfare. Although Maqasid Syariah is said to be a goal set by Islamic law, understanding of the Al Quran is not forgotten because it is a condition to know and understand the knowledge of Maqasid Syariah. There are many Quranic verses that show the concept of maqasid sharia either directly or indirectly. For example, surah Al Baqarah verse 185:

{...يُرِيدُ اللَّهُ بِكُمُ الْيُسْرَ وَلَا يُرِيدُ بِكُمُ الْعُسْرَ..}

*"... Allah wants ease for you, and does not want difficulty for you..."*

So this verse of the Quran leads to the understanding of the concept of maqasid taisir (the purpose of making it easy). This is because in this verse Allah gives rukhsah (relief) to people who are traveling and sick not to fast in the month of Ramadan. This also shows the purpose of the Islamic religion, which is to take care of the welfare of its followers so that they do not have to suffer (difficult) in matters and religious orders. As the Prophet SAW said in a hadith narrated by Bukhari:

{ إِنَّ الدِّينَ يُسْرٌ ، وَلَنْ يُشَادَّ الدِّينَ أَحَدٌ إِلَّا غَلَبَهُ ، فَسَدِّدُوا وَقَارِبُوا وَأَبْشِرُوا }

*"Indeed, religion is simple, let none of you make it difficult for you to do it unless you will die. So istiqamah, or approaching istiqamah, then prepare to receive good news"*

Sheikh Abdurrahman Bin Nashir As Sa'adi explain the hadith that the religion of Islam is light and easy, in various aspects such as aqidah, morals, acts of worship, commands and prohibitions. Every mukallaf will feel able to do it, without difficulty and without feeling burdened. The maqasid of sharia is not only about lifting difficulties or providing ease but it is more extensive in all aspects. The main goals of Maqasid Syariah can be understood with five main components which are to protect religion (hifz din), protect life (hifz nafs), protect intellect (hifz aql), protect dignity (hifz nasl) and protect property (hifz mal). In maintaining these five main components, Imam Asy Syatibi has broken down the level of the purpose of sharia into three, namely *maqasid dharuriyyat*, *hajiyyat* and *tahsiniyyat*. *Maqasid dharuriyyat* is a purpose that takes care of the five main components, *maqasid hajiyyat* is the purpose of removing difficulties or making the maintenance of the five main components better and *maqasid tahsiniyyat* focuses on so that people can do something best in an effort to perfect the five main components.

## Implementation of Maqasid Shariah in E-wallet services and products

Implementation of Maqasid Shariah refers to the practical application of the higher objectives and goals of Islamic law in various aspects of life. In terms of application, it entails incorporating Maqasid Shariah concepts into laws, regulations, and procedures in order to establish a legal and socioeconomic structure that is consistent with Islamic principles. The e-wallet can be considered as property and preservation of property is one of the main component in maqasid dharuriyyah. So, the management of property in e-wallet should inline with the concept of preservation property in Maqasid Shariah. In order to preserve property, one must guard it from destruction and improper transfers to other parties, as well as against injustice, tyranny, and other negative traits.

The practicality of the Maqasid Shariah concept in e-wallet can be seen through several sections according to the objective level as told by Imam Asy Syatibi. First of all, the application of maqasid dharuriyyat can be observed through five main components which are protect religion (hifz din), protect life (hifz nafs), protect intellect (hifz aql), protect dignity (hifz nasl) and protect property (hifz mal). Protection of religion in e-wallet can be found where, most e-wallets have placed service for online zakat payment. This shows that e-wallet companies are now beginning to care about the worship of Muslims as well as helping to increase the collection of zakat to be given to the responsible *amil*. Next, protection of life is also one of the aspects that is easy to find in any e-wallet such as health takaful plans, vehicles and many more. For example, in the TnG (Touch N Go) e-wallet, there is a Goprotect service that brings together various types of takaful and insurance protection. Protection of intellect in e-wallet services and products is more structured as a financial management seminar or education in managing your money. Usually, e-wallet companies will work with any university or school to hold talks or financial counseling sessions. Other than that, protection of progeny which already applied on some e-wallet such as MAE that create a service that enables a couple that have the desire to get married save and set aside money online together called "Tabung". This service helps couples who want to get married to prepare with careful financial planning and at the same time can help them accelerate towards a halal relationship. Finally, preservation of property is to ensure that any service involving our property is not mixed with elements such as usury, uncertainty and gambling. For example, TnG's investment service called "Go+" is an investment made through Principal e-cash and it is a shariah compliance money market fund.

Next, implementation of Maqasid Shariah in e-wallet services and products can also be identified based on the concept of maqasid hajiyyat. Maqasid hajiyyat is a human need to make one's life easier and faster without this need life will be filled with hardship (Ahmad Hamzah, 2022). Online payment or Duit Now is one of the e-wallet services whose use increased dramatically even more when the country was hit by covid-19. The Malaysia FinTech Report 2021 states that from RM200 billion in 2019 to RM460 billion in 2020, mobile banking transactions more than doubled. On the other side, e-money transactions increased by 61% to RM29 billion in 2020 from the previous year. This shows the importance of e-money transactions to human life in this day and age, as a necessity to facilitate buying and selling without having to use physical money.

Lastly, there is several e-wallet services and products that implement with *maqasid tahsiniyyat*. This level of objective is a need that makes people happier and more comfortable. E-wallet is also a medium to shop for food, goods and more. Shopee is one of the online markets that

people in Malaysia often use and its allow user to pay for goods and services online through Shopee, make payments offline to businesses who accept ShopeePay, send and receive money between contacts, and take money out of their bank accounts.. The use of shopeePay service gives Malaysians the opportunity to shop more comfortably and quickly, and shopee is also used as a place to relieve fatigue and give self-reward for some people.

### **JUSTIFICATION ON PRESERVATION OF PROPERTY IN E-WALLET BASED ON MAQASID SHARIA**

The world now needs financial technology to facilitate daily affairs and speed up the process of receiving, saving and many other things involving human financial affairs. If you look back at the buying and selling process in the past, where people need to bring a large amount of physical money to buy something expensive and it is very risky to be seized and stolen. However, with the existence of e-wallet technology, people do not need to carry a lot of physical money, just bring a phone and use the services provided in an e-wallet. However, is the safety of money online not necessary to take care or safety measures? Absolutely not, money or property that is online remains valid as property that needs to be protected from any harm.

First of all, the justification for keeping property in e-wallet is that this concept meets the characteristics of sharia compliance in e-wallet. In Islam, preserving property starts with halal property ownership, use, and maintenance. Islam has defined four ways in which property may be owned as a means of generating income: through employment, inheritance, granting individuals state property, and property acquired through gifts, grants, and alms. (Mastura Razali, 2021). This means Islam underscores the preservation of property through halal avenues, including lawful employment, fair inheritance practices, responsible management of state resources, and voluntary acts of charity. These principles emphasize ethical wealth generation, just distribution, and societal well-being, fostering a financial system aligned with Islamic values. If all the property comes from guaranteed safe results from three elements such as *riba*, *gharar* and *maysir* then it meets the characteristics set in sharia compliance.

Good care of property in e-wallet is the cause of user trust with the principle of trust of an e-wallet company. Maintaining and safeguarding another party's property is a trust; in the event that it is lost or damaged, the custodian or depositor need not replace it unless it results from his own carelessness. (Luqman Tarmizi, 2019). So to ensure that the e-wallet company does not commit negligence, the e-wallet company must provide high security aspects in an e-wallet service or product. In order to protect the confidentiality and integrity of e-money data and records, the issuer must make sure that its systems are adequately secured, have internal controls in place to prevent fraud, and have appropriate risk management procedures in place. (Bank Negara Malaysia, 2022). The high security system helps increase the trust of users to place their property in the e-wallet company.

Finally, proper care of the property in the e-wallet can prevent the property from being taken and used in the wrong way. In addition, according to the Statista Research Department report, in May 2022, there were almost 4,000 e-commerce fraud reports in Malaysia. There are some e-wallets that put conditions for us to give our personal data to be stored and recorded, then the action invites the risk of personal data leakage if the responsibility given is misused. When a

person's personal data is leaked, the state of property in the e-wallet will be easily stolen and invaded. According to Dr Nor Azaruddin Husni on his article about "E-Wallet And Protection Of Personal Data" said that this cybercrime can be broken down into multiple segments and begins with data leakage. The first is the location of intrusions, thefts of identity and data, and exploitation of intellectual property and information and communication technology systems. Second, ICTs have been used in cybercrimes to access computers of others and take credentials, cash, and identities. Third, personal attacks and other forms of disturbance and turmoil are incited, slandered, and caused by ICT gadgets. Therefore, e-wallet companies must adhere to the concept of property protection (hifz mal) in Maqasid Shariah so that every service and product created is safe from the danger of intrusion and loss of user data.

## CONCLUSION

In conclusion, the analysis of Sharia compliance in e-wallet services and products in Malaysia, based on the Maqasid Sharia, sheds light on critical issues and opportunities. It becomes evident that achieving full compliance with Sharia principles presents both challenges and prospects for the financial technology industry in the country. Not only that, to meet the characteristics of shariah compliance for e-wallet services and products, the e-wallet company needs to appoint a shariah advisor to enable them to better understand the concept of shariah compliance. This is because Allah said in the 43rd verse of Surah An Nahl that it means “ *If you ‘polytheists’ do not know ‘this already’, then ask those who have knowledge ‘of the Scriptures’..*”. From this verse, Allah wants to explain that if there is a problem that needs to be solved, then look for someone who is skilled (al ahli) in that field. Next, various types of e-wallets start to take place in the market, so they need to compete in providing services and the best product for consumers. Because of this, various types of services and products began to be created by e-wallet companies such as SPayLater, CashUp, Go+ and Gopinjam. The main purpose of these services created is to facilitate the user's daily financial transactions whether for the purpose of storage, purchase and investment. Islam celebrates facilities created by humans such as e-wallet services and products but do not overdo it in simplicity to the point that religious laws are ignored. For example, the SPayLater service needs to be improved so that it does not involve the element of usury in the sale and purchase transaction, which is a suggestion from the author that SPayLater provide a form showing the user's income. This is to help users not get stuck with usury that is charged when they pay late. Maqasid Sharia is the highest goal in Islam, because of that every e-wallet product and service must comply with the concept in it. The rapid development of financial technology should be the reason of Islamic financial institution to produce more service and product that comply with shariah. By doing so, they may inspire more customers to choose Islamic finance in its purest form, as defined by the principles of maqasid al-Shariah. Finally, the author's suggestion that a service and product in the e-wallet that wants to obtain sharia compliance, should be checked first from various angles. This is intended to avoid the feeling of suspicion arising among Muslim users. Like the Touch N Go company that mixes halal and haram products and services in their e-wallet, not only this in SPayLater, halal and haram service methods are combined, namely BBA and late payment charge from loan. If an e-wallet company wants to get status full shariah compliance, services and products created also need to comply with shariah concepts such as MBSB e-wallet.

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