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Article

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Religious-based ethics and buy-now-pay-later re-usage intention among Muslim consumers in Indonesia and Malaysia: a commitment-trust theory perspective

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ABSTRACT

This study investigates the effect of religious-based ethics (knowledge about *riba* and perceived *riba* risk) on Buy-Now-Pay-Later (BNPL) re-usage intention among Muslim consumers in Indonesia and Malaysia from the lens of commitment-trust theory. An online survey was conducted among 434 adult Muslims in Indonesia and Malaysia who self-reported BNPL usage. The model was analyzed using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach. Our study shows that religious-based ethics can discourage BNPL re-usage intention, but only when commitment is low, highlighting its mediating role. Interestingly, our study found no significant connection between trust in BNPL and its re-usage intention. These findings hold for both countries, except for the relationship between *riba* knowledge and trust, which was only significant in Indonesia. This study is the first to examine religious-based ethics within the BNPL context using commitment-trust theory.

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1. Introduction

Buy-Now-Pay-Later (BNPL) has become more popular as a short-term debt alternative (Gerrans et al., 2021). BNPL has projected a global market size of USD 3.98 trillion by 2022 and is rapidly becoming a major player in the financial landscape (AlliedMarketResearch, 2022). Fintech companies offer this digital alternative to traditional credit cards and conveniently integrate with e-wallet platforms, providing consumers with a seamless and popular payment option. However, the emergence of BNPL raises religious-based ethical concerns in Muslim-majority countries like Indonesia and Malaysia. The business model is perceived to resemble usury or *riba* practices, which are strictly prohibited in Islam (Aji et al., 2021). Such risks can potentially erode trust and commitment, negatively impacting consumer behavior (Yang et al., 2015).

Consumer behavior literature demonstrated the association of trust and commitment with certain risks, such as price, quality, security (Pappas, 2016), financial, legal, and operational (Ali et al., 2021). Scholars believe that trust is crucial in a risky situation (Das & Teng, 2004) as it may reduce risk perception (Mukherjee & Nath, 2007). Unfortunately, little knowledge has been produced about the relationship of trust with religious-related risks, such as *riba*.

Riba generally occurs when benefits accrue from debt transactions and deferred payments (Aji et al., 2021; Farooq, 2009). It resonates with the BNPL business model as it essentially represents a short-term debt arrangement incurring additional charges (benefits) for late payments (Gerrans et al., 2021).

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Consequently, Muslim consumers who are aware of *riba* principles may harbor distrust towards BNPL and refrain from engaging with the business model as they are afraid to fall into such a religious-based risk.

Previous studies highlight the complex relationship between *riba* and financial behavior among Muslim consumers. For instance, In Indonesia, knowledge about *riba* weakens the positive relationship between perceived benefits of e-money and intention to use it, suggesting a potential deterrent effect (Aji et al., 2019, 2021). Similarly, in the banking context, knowledge of *riba* moderates the influence of subjective norms on attitudes toward saving in Islamic banks (Asyari et al., 2022). However, Harahap and Risfandy (2022) confirmed that while most Indonesian Muslims consider *riba* forbidden, some disagree about its applicability to conventional bank practices. Hence, these findings show the variation in how Muslim consumers understand *riba* and its application in business practices.

The findings become more interesting in the Malaysian context, where Malaysian Muslims (around 40%) are reported unsure about the legal status of *riba*, and a substantial number (31%) see no problem with it altogether (Fontaine, 2019). This finding aligns with Ahmad and Zabri (2023), who found that knowledge about *riba* did not significantly influence bank selection criteria among Malaysian Muslim consumers, suggesting a potential disconnect between religious beliefs and banking decisions.

From these studies, we identify three gaps. *First*, despite the general understanding of *riba* as prohibited (haram), there is a difference in how Muslims in Indonesia and Malaysia apply this knowledge in financial contexts. *Second*, no study investigated how the perception of *riba* influences Muslim consumers' financial behavior in the context of BNPL. *Third*, previous studies did not examine how the relationship between *riba* and financial behavior interplayed with commitment-trust theory. Hence, this omission represents a significant area for further investigation and discussion.

Following these gaps, our study is aimed at investigating the relationship between religious-based ethics (*riba* knowledge and *riba* risk) on the re-usage intention of BNPL and how commitment and trust mediate this relationship. To achieve these objectives, a survey was performed on adult Muslims in Indonesia and Malaysia who have used the BNPL feature at least once in several online marketplaces and e-wallet platforms. The research model is analyzed using the PLS-SEM method, considering its capability to test a complex model (Hair et al., 2022).

Our study offers valuable theoretical and practical contributions. *First*, it explores the application of commitment-trust theory within the context of BNPL, offering a unique perspective. *Second*, it unveils the mediating role of commitment-trust theory in the relationship between *riba* knowledge, *riba* risk perception, and the re-usage of BNPL, providing valuable new insights. *Third*, studying BNPL through the lens of Muslim behavior is strategically important to gain deeper insights into this dynamic market, considering the rapid growth of fintech and the substantial potential of the Muslim market (DinarStandard, 2021).

2. Literature review

2.1. Buy-Now-Pay-Later in Indonesia and Malaysia

The BNPL's business model is short-term debt financing (Gerrans et al., 2021), where consumers can purchase the product first but pay it later with zero interest if paid over a predetermined period (Feng et al., 2023). The business model of BNPL is similar to credit cards but differs in the medium used, in which BNPL uses a smartphone connected with platforms providing the feature.

In Indonesia, BNPL has two approaches (Eka, 2021). First, it works in a standalone application, a debt service a third party provides. Second, it is embedded in the consumer application. The latest is the most popular in Indonesia and can be found in e-wallets and online marketplace platforms like Go-Pay, OVO, Shopee, and Traveloka. Research shows that BNPL usage in Indonesia experienced a meteoric rise during the COVID-19 pandemic, with over 50% new users (Setyowati, 2021). In 2024, the National Authority of Financial Services of the Republic of Indonesia (OJK) reported that the total outstanding loan on P2P lending, which includes BNPL, achieved IDR 61 trillion (equivalent to USD 3.7 billion) (OJK, 2024). It suggests the significant market size for BNPL in Indonesia.

A similar model has also been applied in Malaysia. However, in Malaysia, BNPL services are dominated by foreign players, which include Atome, myIOU, hoolah, PayLater (by Grab), and SPayLater (by Shopee). The BNPL gross merchandise value in the country will increase from USD 287.0 million in 2021 to USD

6588.3 million by 2028 (Research & Market, 2022). The increasing BNPL gross merchandise value parallels the growing demand for BNPL services among merchants and consumers. To further enhance the demand for BNPL activities in the country, the Central Bank of Malaysia is formulating a Consumer Credit Act (CCA) to provide better protection for credit consumers (NST, 2022).

2.2. Buy-now-pay-later and *riba*

Riba is considered one of the big sins in Islam (Adh-Dhahabi, 2012; Ahmad & Hassan, 2007; Farooq, 2009;). The word *riba* originates from the Arabic verb *raba*, which means ‘to grow’, ‘expand’, ‘increase’, ‘inflate’, or ‘excess’ (Aji et al., 2021). *Riba* occurs when there is an interest charge for deferred payment. The BNPL’s business model has the potential to fall into religious-based ethics issues, such as *riba*, because it earns profit from debt or loan transactions (Aji et al., 2021; Harahap & Risfandy, 2022). Even though BNPL charges interest-free on the payment within a predetermined time (Feng et al., 2023), the interest will be charged if consumers make a late payment. This business model is associated with ‘*riba al-jahiliyyah*’, or a benefit gained from due payment (Aji et al., 2021). When Muslims have higher knowledge about *riba*, there is a high probability of perceiving that the BNPL business model has fallen into *riba*, suggesting high *riba* risk. That perception could negatively affect trust in BNPL, harm relationship commitment with BNPL, and hold consumers from using or re-using it. The relationship among those variables is discussed in the following sub-section.

2.3. The commitment-trust theory

The commitment-trust theory was proposed by Morgan and Hunt (1994) to challenge the traditional network paradigm, which places the importance of power in a relationship. Instead of stressing the role of power, Morgan and Hunt (1994) emphasized the value of trust and commitment to building a successful relationship. In its application, the commitment-trust theory is often found in e-commerce purchase and online retailing contexts (Cui et al., 2020; Mukherjee & Nath, 2007; Wang et al., 2016) within B2B (Bianchi & Abu Saleh, 2020) or B2C model (Wang et al., 2016).

In the original model of commitment-trust theory, trust is determined by several antecedents, such as shared values, communication, and opportunistic behavior. The theory also draws the consequences of trust, such as cooperation, conflicts, and uncertainty (Morgan & Hunt, 1994). Most prior studies focused only on the relational effects of trust and commitment on the model (Bianchi & Abu Saleh, 2020; Wang et al., 2016). The present study uses the commitment-trust theory to explain commitment and the use of BNPL.

2.4. Religious-based ethics: knowledge and perceived risk of *riba*

Knowledge is fundamental to understanding consumer behavior, including risk perception (McNeal & McDaniel, 1981; Oh & Abraham, 2016). Knowledge can give a person a better search strategy and greater self-confidence (Oh & Abraham, 2016), thus minimizing the risk perception associated with a product. Therefore, a person with better knowledge should be able to avoid risks better (Buratti & Allwood, 2019).

Empirically, the effects of knowledge on perceived risks have been confirmed in multiple contexts, such as online shopping and e-commerce (Lopez-Nicolas & Molina-Castillo, 2008; Nepomuceno et al., 2014), electric vehicles (Wang et al., 2018), and most recently the COVID-19 pandemic (Lee et al., 2021; Zhong et al., 2021). Unfortunately, the investigation of the knowledge-risk connection in fintech studies is less established, especially on BNPL and *riba* topics.

The concept of *riba* has not been adequately understood by society, even by the Muslims community. Most people simply understood *riba* as ‘interest’, ‘higher profits’, or ‘expensive price’. Muslims in Indonesia strongly believe that *riba* is unethical and prohibited, but their perceptions vary when it is implemented in the economics and banking contexts (Harahap & Risfandy, 2022). Lending from the theory of consumer knowledge (McNeal & McDaniel, 1981) and past empirical findings in different research contexts (Lee et al., 2021; Lopez-Nicolas & Molina-Castillo, 2008; Nepomuceno et al., 2014; Wang et al., 2018; Zhong et al., 2021), we argue that knowledge about *riba* and perceived risk of *riba* is connected as well

in the BNPL context. The shortage of *riba* knowledge will create an invalid perception of *riba* risk. Hence, we hypothesize that when Muslims' knowledge about *riba* is good, they will perceive BNPL as religiously risky as it might fall into *riba*.

H1: Knowledge about *riba* positively affects perceived risk of *riba* in BNPL business model.

2.5. Knowledge about *riba* – trust – behavior

Previous empirical studies also confirmed the significant connection between knowledge and trust (Rahman et al., 2021; Tzeng & Ho, 2022). Both relationships can be generally explained using the Knowledge-Attitude-Practice (KAP) framework (Lee et al., 2021; Liao et al., 2022).

In an organizational context, trust is defined as the willingness to rely on the other party and be vulnerable to their actions (Mayer et al., 1995). But, commonly in consumer behavior or marketing literature, trust refers to a belief (Zhang & Yu, 2020) that the sellers or producers will act in their best interests (Shiau & Luo, 2012).

Trust is developed in stages, and the factors influencing trust in each stage differ (Li et al., 2008). At the initial stage, trust has been negatively associated with perceived risk (Ali et al., 2021; Hong, 2015; Pappas, 2016). This is because, at the initial stage, a person does not know the trustee (Li et al., 2008; McKnight et al., 1998). However, when the trustor and trustee have interacted before, the knowledge from past experience will further contribute to the decision whether to trust or not to trust the trustee. This logic applies to our research context. Knowledge can affect trust in BNPL when Muslims have already anticipated how the BNPL business model works and, at the same time, learned how *riba* exists in the BNPL business model. The better the knowledge about *riba* the Muslim consumers have, the lower their trust in BNPL becomes.

H2: Knowledge about *riba* negatively affects trust in BNPL business model.

Trust is critical when making an online transaction (Pappas, 2016). The lack of trust is the most common reason people avoid online purchases (Urban et al., 2009). Trust has been found to affect behavior positively, especially when making an online transaction (Amin et al., 2014; Duane et al., 2014; Gefen et al., 2003; Herzallah & Mukhtar, 2016; Mou et al., 2017; Pavlou, 2003; Shaw, 2014; Wei et al., 2009; Zhou, 2014). Trust is also considered an important extension of the technology acceptance model (TAM) (Shaw, 2014). This is because online transactions are highly risky due to their intangible nature (Hong, 2015), especially in the context of payment (Shaw, 2014; Zhou, 2014). Therefore, in our study context, we argue that trust influences re-intention to use BNPL.

H3a: Trust in BNPL business model positively affects re-intention to use BNPL.

A Muslim will be very concerned about *halal* and *haram*, not only in choosing foods or beverages (Rejeb et al., 2021; Shah Alam & Mohamed Sayuti, 2011) or cosmetics (Aufl & Aji, 2021; Khan et al., 2020), but also in selecting financial products (Aji et al., 2021; Pantari & Aji, 2020). As previously mentioned, Muslim scholars classified *riba* as one of the big sins in Islam (Adh-Dhahabi, 2012; Ahmad & Hassan, 2007; Farooq, 2009). Consequently, *riba* might restrain a Muslim from using or consuming the product. In this sense, trust plays a vital role in convincing Muslim consumers or users about the *halalness* of the product. The significant mediating role of trust has been identified in *halal* purchase decisions (Muflih & Juliana, 2021; Zakaria et al., 2015). In our study context, we argue that a Muslim with proper knowledge about *riba* will not use the BNPL feature if the sharia-compliance of the business model is not trustworthy and convincing.

H3b: Trust in BNPL business model mediates the effect between knowledge about *riba* and intention to re-use BNPL.

2.6. Trust and commitment

Trust is essential in influencing commitment (Tajpour et al., 2022). Trust is the extent of customers' confidence that companies behave as expected. According to Nora (2019), trust and commitment are closely

linked because trust is essential to creating commitment in a relational exchange. The relationship between trust and commitment has been validated by many studies, including Ahn and Kwon (2020), Brown et al. (2019), and Paluri and Mishal (2020).

In finance, various researchers also investigate the influence of trust in commitment. However, mixed findings were documented. For instance, Sembiring and Hamonangan Aruan (2020) investigated the relationship between trust and commitment in influencing the continuous intention to use mobile payment. Hamidi and Safareeyeh (2019) incorporated the elements of trust and commitment in measuring mobile banking adoption. On the other hand, Sumaedi et al. (2015) found that trust does not significantly impact customers' commitment to saving in Islamic banking. In our study, it is expected that when Muslims trust the BNPL business model, their commitment to using BNPL will be affected. In other words, as Muslim consumers trust the business model used by the BNPL providers, their commitment to using BNPL will be higher.

H4: Trust in the BNPL business model positively affects commitment to BNPL.

2.7. Perceived risk of *riba* – commitment – behavior

In general, perceived risk can lessen the relationship commitment as it is perceived as a barrier-like property to good relationship commitment (Sciara & Pantaleo, 2018). The commitment-trust theory also asserts the possible connection between uncertainty and commitment (Morgan & Hunt, 1994), in which *riba*, in this context, is the uncertainty that might harm relationship commitment.

Commitment refers to '*an enduring desire to maintain a valued relationship*' (Morgan & Hunt, 1994). It is associated with the desire to act according to the action plan. Many studies have found that commitment can affect re-intention. For example, in a healthcare setting, Wang and Tsai (2019) found that commitment affects the re-intention to purchase fresh food. Amoako et al. (2019) found that the relationship between commitment and customer re-intention to purchase exists in the relationship marketing practices of hoteliers. In the financial context, the relationship between commitment and re-intention has been validated in various areas, including internet banking (Yuan et al., 2019) and e-commerce (Hadi et al., 2019).

In our study context, we argue that Muslims who perceive the risk of *riba* in the BNPL business model will not have the intention to reuse BNPL in the future because they have less commitment to the BNPL business model due to previous usage or relationship experience.

H5: Perceived *riba* risk negatively affects commitment to BNPL.

H6a: Commitment to BNPL positively affects re-intention to use BNPL.

H6b: Commitment to BNPL mediates the effect of perceived risk of *riba* and re-intention to use BNPL.

3. Methods

3.1. Research design and data collection

A quantitative research design was selected, and the data was gathered using an online survey. The online survey was chosen as it enables the researchers to collect a wide range of respondents from various backgrounds. The questionnaire was created using Google Forms and distributed using social media platforms. Before distribution, the questionnaire was submitted to National Research and Innovation Agency (BRIN) of Republic of Indonesia for ethical clearance. A purposive sampling technique was used, and the respondents were chosen by purposed criteria, such as adult Muslims in Indonesia and Malaysia (above 18 years old) who have used the BNPL feature at least once in several online marketplaces and e-wallet platforms. All participants provided informed consent at the beginning of the survey via a dedicated consent page. A filtered question was asked at the beginning of the questionnaire to ensure sample criteria and requirements.

Our study narrows the focus on Indonesia and Malaysian markets for two reasons. *First*, both countries have a Muslim majority population, and the BNPL service experiences significant growth in these

countries (OJK, 2024; Research & Market, 2022; Setyowati, 2021). *Second*, while both countries are predominantly Muslim, there are known variations in how strictly *riba* is interpreted and applied in financial practices, particularly in the context of BNPL (Fontaine, 2019; Harahap & Risfandy, 2022). This allows us to explore how these differing interpretations might influence Muslim consumer behavior towards BNPL services. The research model is analyzed using partial least square structural equation modeling (PLS-SEM) considering its complexity (Hair et al., 2022).

3.2. Measures

All items used in this study are adapted and adopted from previous works. The measurement of perceived *riba* risk was adapted from Kim et al. (2005), such as ‘*the thought of riba in BNPL makes me feel psychologically uncomfortable*’. This study adapted items from Aji et al. (2021) to measure knowledge about *riba*, such as ‘*BNPL is a debt-based transaction, and additional money required in debt transaction is riba*’. Trust in BNPL was measured using three items adapted from Pavlou (Pavlou, 2003). Commitment to BNPL is measured by six items adapted from Wang et al. (2016). All items were measured using a 5-point Likert scale ranging from 1 = strongly disagree to 5 = ‘strongly agree’. The complete research model and construct measurement can be seen in Figure 1 and Table 1.

4. Results and discussion

4.1. Results

4.1.1. Respondent profiles

Table 2 presents a comprehensive overview of the respondents’ profile data for using the buy now pay later (BNPL) feature in e-wallets, comparing Indonesia and Malaysia. The total sample size for this study is 434, with 244 participants from Indonesia and 190 from Malaysia. The sample from Indonesia comprises 62.7% male and 37.3% female respondents, while Malaysia has 45.8% male and 54.2% female participants. Regarding age distribution, most respondents in both countries are between 18 and 23 years old (33.2% in Indonesia and 22.1% in Malaysia). The participants’ marital status varies, with 42.6% single, 54.9% married in Indonesia, 40.0% single, and 52.1% married in Malaysia.

Education levels show that a significant proportion of both countries have at least a bachelor’s degree, with 58.2% in Indonesia and 47.9% in Malaysia. Interestingly, in Indonesia, 19.3% have formal Islamic education, while in Malaysia, 77.4% have such education. This demographic breakdown provides a

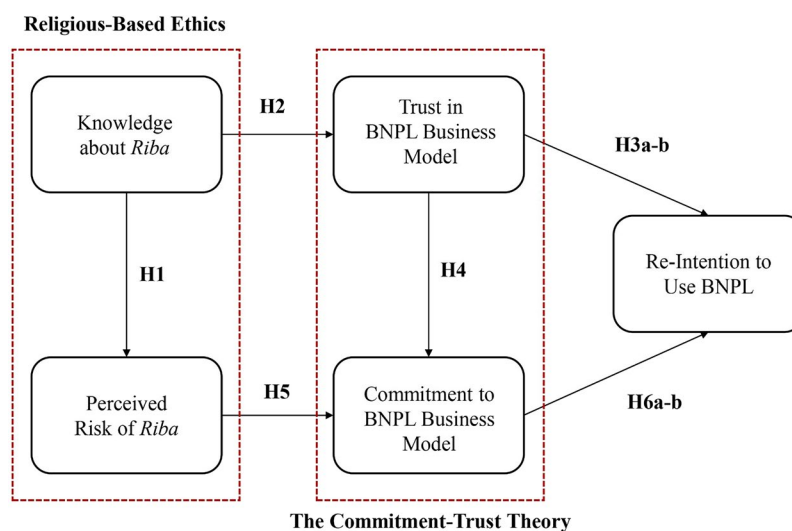


Figure 1. Research model.

Table 1. Convergent validity and reliability test.

Code	Items	Mean score		Loadings	AVE
		Indonesia	Malaysia		
PR1	The thought of <i>riba</i> in BNPL makes me feel psychologically uncomfortable	4.22	3.71	0.94	0.89
PR2	The thought of <i>riba</i> in BNPL gives me a feeling of unwanted anxiety	4.20	3.57	0.97	
PR3	The thought of <i>riba</i> in BNPL causes me to experience unnecessary tension	4.21	3.67	0.97	
PR4	I am afraid that BNPL could cause me to fall into <i>riba</i>	4.36	3.83	0.94	
PR5	I am afraid that BNPL is not safe from <i>riba</i>	4.32	3.83	0.93	
KR1	BNPL is a debt-based transaction, and additional money required in a debt transaction is <i>riba</i>	4.22	3.72	0.94	0.86
KR2	BNPL is a debt-based transaction, and any advantage in debt transaction is <i>riba</i>	4.14	3.77	0.92	
KR3	BNPL is a debt-based transaction, and additional money that has to be paid in debt transaction is <i>riba</i>	4.38	3.81	0.95	
KR4	BNPL is a debt-based transaction, and the penalty for a debt transaction is <i>riba</i>	4.40	3.78	0.94	0.88
TR1	I believe that BNPL business model is free from <i>riba</i>	1.97	2.81	0.93	
TR2	I believe that BNPL business model keeps commitments to avoid <i>riba</i>	2.20	3.01	0.92	
TR3	I trust BNPL business model because it keeps my best interest in mind to avoid <i>riba</i>	2.11	2.93	0.94	
C1	I want BNPL business model to be available for a long time	2.29	3.15	0.80	0.71
C2	The relationship that I have with BNPL is worth my maximum effort to maintain	1.94	2.89	0.87	
C3	I would feel very upset if BNPL disappeared in the future	2.24	2.97	0.78	
C4	I feel a sense of belonging to BNPL	1.82	2.78	0.92	
C5	I feel attached to BNPL	1.67	2.86	0.80	0.92
C6	I am oriented toward the long-term future of BNPL business model	1.83	2.64	0.89	
RI1	I have the intention to use BNPL again	3.59	2.90	0.96	
RI2	I have the plan to use BNPL in the future again	3.58	2.87	0.98	
RI3	I am willing to use BNPL again in the future regularly	3.88	3.08	0.97	

Note: PR=Perceived Risk of Riba; KR=Knowledge About Riba; TR=Trust in BNPL; C=Commitment to BNPL; RI=Re-Intention to Use BNPL.

foundation for understanding the diverse perspectives on the BNPL feature in e-wallets across different demographic groups in Indonesia and Malaysia.

4.1.2. Measurement model estimation

Data analysis was performed using Partial Least Square Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0 software. The PLS-SEM method is suitable for estimating complex models (Hair et al., 2022). The analysis in PLS-SEM is performed in two consecutive sequences. The first step is to estimate the measurement model. It is performed by examining the validity and reliability of the items. The validity test is classified into convergent and discriminant. In the convergent test, AVE and loading factors will be assessed, and the score should be greater than 0.50 (Hair et al., 2022). The square root AVE (correlation matrix) and Heterotrait-Monotrait Ratio (HTMT) are estimated for the discriminant validity test. The reliability test is performed by estimating Cronbach's Alpha (CA) and Composite Reliability (CR). The minimum threshold for CA and CR is 0.70 (Hair et al., 2022).

Table 1 shows that all items have loading factors greater than 0.70, and the average variance extracted (AVE) for all constructs has a score of more than 0.50. Therefore, it indicates good convergent validity (Hair et al., 2022).

The measurement model of this study also has shown good discriminant validity as the correlation scores with similar constructs are greater than the correlation with the other constructs (Fornell & Larcker, 1981) (see Table 3). The HTMT score can also be considered as another indicator for discriminant validity assessment. As shown in Table 3, the HTMT scores are below 0.85, indicating a good discriminant validity. Hence, from these two assessments, it can be concluded that the model is free from discriminant validity issues (Hair et al., 2022).

In addition, Table 3 shows good internal consistency among items in a particular construct, in which Cronbach's alpha and composite reliability scores are greater than 0.70. This result implies good reliability of the items in the model (Hair et al., 2022).

4.1.3. Structural model estimation

Once the measurement model is valid, the next step is to assess the structural model. The results of the structural model are summarized in Table 4 and divided into three distinct models: (1) the general model (Indonesia & Malaysia), (2) the Indonesia model, and (3) the Malaysia model. All VIF values for the structural model are less than 3.00, implying that the model does not have collinearity issues. Besides,

in terms of variance explained for the general model, perceived risk of *riba* has an R-square value of 0.575. It means that the construct is 57.5% explained by knowledge about *riba*. This R-square value indicates moderate variance explained (Hair et al., 2022). In addition, trust and commitment in the general model have R-square values of 0.120 (12%) and 0.464 (46.4%), respectively. It indicates a very weak variance explained for trust but a moderate variance explained for commitment (Hair et al., 2022). These results suggest other unobserved variables that explain trust in BNPL. Moreover, the re-intention to use BNPL generally has an R-square score of 0.583 (58.3%), implying a moderate explained variance (Hair et al., 2022).

These results are consistent with the blindfolding test for predictive relevance. From the blindfolding test, re-intention, commitment, trust, and perceived risk of *riba* have a respective Q-square value of 0.533 (large), 0.324 (medium), 0.104 (small), and 0.507 (large) (Hair et al., 2022).

As for the hypotheses testing in the general model, our study strongly supports the relationship between knowledge about *riba* and perceived risk of *riba* ($\beta=0.759$, T-stat = 27.307 > 1.96, p -value 0.00 < 0.05). Knowledge about *riba* also significantly affects trust in BNPL ($\beta = -0.349$, T-stat = 7.177 > 1.96, p -value 0.00 < 0.05). Therefore, H1 and H2 are supported. Besides, our study also supports the connection between trust in BNPL ($\beta=0.570$, T-stat = 13.884 > 1.96, p -value 0.00 < 0.05) and perceived risk of *riba* (β

Table 2. Respondent profiles.

Demographic variables	Indonesia		Malaysia	
	N	%	N	%
Total	244	100	190	100
Gender				
a. Male	153	62.7	87	45.8
b. Female	91	37.3	103	54.2
Age				
a. 18–23 years old	81	33.2	42	22.1
b. 24–29 years old	46	18.9	32	16.8
c. 30–35 years old	42	17.2	28	14.7
d. 36–41 years old	39	16.0	26	13.7
e. 42–47 years old	13	5.3	30	15.8
f. 48–53 years old	9	3.7	32	16.8
g. 54–59 years old	10	4.1	42	22.1
h. 60–65 years old	4	1.6	32	16.8
Marital Status				
a. Single	104	42.6	76	40.0
b. Married	134	54.9	99	52.1
c. Divorced	6	2.5	15	7.9
Education				
a. No formal education	1	0.4	1	0.5
b. Senior high school	48	19.7	8	4.2
c. Diploma	8	3.3	12	6.3
d. Bachelor	142	58.2	91	47.9
e. Master	45	18.4	63	33.2
f. Doctorate	0	0	15	7.9
Islamic Formal Education				
a. Have formal Islamic education	47	19.3	147	77.4
b. Do not have formal Islamic education	197	80.7	43	22.6

Table 3. Discriminant validity and reliability test.

Fornell-Larcker Criterion	KR	PR	TR	C	RI	α	CR
KR	0.93					0.95	0.96
PR	0.76	0.94				0.97	0.98
TR	−0.35	−0.28	0.94			0.93	0.96
C	−0.36	−0.41	0.64	0.84		0.92	0.93
RI	−0.40	−0.46	0.52	0.76	0.96	0.96	0.97
Heterotrait-Monotrait (HTMT)	KR	PR	TR	C	RI	Means	SD
KR	—					4.06	1.05
PR	0.79	—				4.03	1.13
TR	0.37	0.29	—			2.45	1.10
C	0.38	0.43	0.69	—		2.37	1.04
RI	0.42	0.55	0.55	0.81	—	2.23	1.19

Table 4. Hypotheses testing.

Hyp	Path	VIF			R ²			Q ²			β			T-Stat			p-Value			MGA
		(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	
H1	KR → PR	1.00	1.000	1.000	0.575	0.585	0.526	0.507	0.507	0.463	0.759	0.766	0.727	27.307	21.722	16.192	0.000	0.000	0.000	0.039 ^{ns}
H2	KR → TR	1.00	1.000	1.000	0.120	0.200	0.007	0.104	0.166	0.009	-0.349	-0.450	-0.112	7.177	6.726	1.350	0.000	0.000	0.177	0.339**
H3a	TR → RI	1.08	1.551	1.423	0.583	0.587	0.443	0.533	0.540	0.390	0.048	0.052	0.019	1.207	0.953	0.313	0.227	0.341	0.754	0.033 ^{ns}
H3b	KR → TR → RI	-	-	-	-	-	-	-	-	-	-0.017	-0.023	-0.002	1.143	0.901	0.244	0.253	0.368	0.807	0.021 ^{ns}
H4	TR → C	1.08	1.151	1.004	0.464	0.389	0.366	0.324	0.258	0.232	0.570	0.519	0.528	13.884	7.024	8.884	0.000	0.000	0.000	0.008 ^{ns}
H5	PR → C	1.08	1.151	1.004	-	-	-	-	-	-	-0.250	-0.212	-0.275	5.512	2.835	4.428	0.000	0.005	0.000	0.063 ^{ns}
H6a	C → RI	1.69	1.551	1.423	0.583	0.587	0.443	0.533	0.540	0.390	0.733	0.736	0.659	19.587	14.087	11.001	0.000	0.000	0.000	0.077 ^{ns}
H6b	PR → C → RI	-	-	-	-	-	-	-	-	-	-0.183	-0.156	-0.181	5.038	2.674	1.325	0.000	0.008	0.185	0.025 ^{ns}

Note: PR = Perceived Risk of Riba; KR = Knowledge About Riba; TR = Trust in BNPL; C = Commitment to BNPL; RI = Re-Intention to Use BNPL;.
 ** = sig (<0.01); ns = not significant; (1) = General Model; (2) Indonesia Model; (3) Malaysia Model.

= -0.250, T-stat = 5.512 > 1.96, p -value 0.00 < 0.05) on relationship commitment. These results provide support for H4 and H5. The same effects can also be observed from the direct relationship between commitment and re-intention. The connection is strongly significant because the t -statistics is greater than 1.96 (19.587), and the p -value is less than 0.05 (0.00).

The role of commitment in mediating perceived *riba* risk \rightarrow re-intention is also statistically proven (β = -0.183, T-stat = 5.038 > 1.96, p -value 0.01 < 0.05). Thus, H6a and H6b are supported. However, our study does not support H3a and H3b, which state the direct connection between trust \rightarrow re-intention (β = 0.048, T-stat = 1.207 < 1.96, p -value 0.227 > 0.05) and the indirect connection between knowledge about *riba* \rightarrow trust \rightarrow re-intention (β = -0.017, T-stat = 1.143 < 1.96, p -value 0.253 > 0.05). These results do not differ between Indonesia and Malaysia, as indicated by the insignificant MGA score, except for the relationship between knowledge about *riba* and trust in BNPL (MGA = 0.339, p -value < 0.01). The effect of knowledge about *riba* on trust in BNPL is significant for the Indonesian model (β = -0.450, T-stat = 6.726 > 1.96, p -value 0.000 < 0.05), but insignificant for the Malaysian model (β = -0.112, T-stat = 1.350 < 1.96, p -value 0.177 > 0.05). The discussion of these results is provided in the next section.

4.2. Discussion

Most of the findings in this study have been expected as they are consistent with theories and previous empirical findings. For instance, the relationship between knowledge about *riba* and the perceived risk of *riba* is proven statistically significant in the present study. We theorized that perception of *riba* risk is strongly associated with knowledge level, in the sense that a person with better knowledge of *riba* should avoid the risk of *riba* better. This study's findings support this relational notion and prior investigations in different research settings (Lee et al., 2021; Lopez-Nicolas & Molina-Castillo, 2008; Nepomuceno et al., 2014; Wang et al., 2018; Zhong et al., 2021).

This result gives essential insights into how knowledge is vital to steer perceived risks, including *riba* risk perception. In Indonesia, consumer perception of religious-based ethics, such as *riba*, is wildly uncontrolled. Growing awareness of *riba* is just like a double-edged sword. It is good to hold people from committing unethical practices to some extent, but on the other hand, it is bad as it might drive people to be excessively worried and suspicious about something related to the financial transaction (Aji et al., 2021). These phenomena can be one of the reasons for Indonesia's slow growth in Islamic financial technology compared to Malaysia (Muryanto et al., 2022). Therefore, proper knowledge about *riba* is needed to prevent *riba* risk perception from going wild, which will later affect the advancement of Islamic fintech and the development of the BNPL business model. Hence, governments and related authorities in both countries are encouraged to collaborate on projects to improve Islamic financial literacy, particularly regarding *riba*.

Our study also highlights the significant negative effect of knowledge about *riba* on trust in BNPL, but interestingly, this effect differed between Indonesia and Malaysia. In Indonesia, knowledge about *riba* significantly makes consumers more subjective and cautious in their trust in the BNPL business model, probably due to growing awareness of *riba* in the country (Aji et al., 2021). Conversely, the relationship is insignificant in Malaysia, suggesting that Muslim consumers in Malaysia do not associate trust in BNPL with knowledge about *riba*. This aligns with past research indicating that many Malaysian Muslims are unsure about the legal status of *riba* in financial products (Fontaine, 2019) and that knowledge of *riba* may not significantly influence financial decisions (Ahmad & Zabri, 2023). In general, knowledge might affect trust in either a subjective (relying on one's understanding) or objective way (based on facts) (McNeal & McDaniel, 1981; Oh & Abraham, 2016). Our findings partially support previous investigations by Rahman et al. (2021) and Tzeng and Ho (2022), who explored the relationship between knowledge and trust.

However, in this study setting, knowledge about *riba* is measured subjectively based on Muslims' understanding of *riba*. From this subjective measurement of *riba* knowledge, most respondents in Indonesia and Malaysia distrust the lawfulness of the BNPL business model due to the existence of perceived *riba* (see the mean score for this construct in Table 3). It might indicate two things. *First*, the BNPL business model is religiously unethical or unlawful as it falls into *riba*. *Second*, subjective knowledge

about *riba* goes wild due to excessive worry and suspicion. Therefore, as managerial implications, objective measurement of *riba* is encouraged by enforcing *halal* certification for the business model. *Halal* certification for the BNPL business model can strengthen Muslim's trust in the business model, as it is also significant in the food and cosmetics industry (Aslan, 2023; Aufi & Aji, 2021; Mahliza, 2022; Usman et al., 2024).

Even though trust has been considered an important element in online transactions (Pappas, 2016), our study demonstrates that it does not significantly affect the intention to reuse BNPL. This finding is contrary to prior reports in general online transaction contexts (Amin et al., 2014; Duane et al., 2014; Gefen et al., 2003; Herzallah & Mukhtar, 2016; Mou et al., 2017; Pavlou, 2003; Shaw, 2014; Urban et al., 2009; Wei et al., 2009; Zhou, 2011a, 2011b, 2014). Besides, trust also fails to mediate the connection between knowledge about *riba* and BNPL re-usage intention. This suggests that for Muslim consumers in Indonesia and Malaysia, perceived *riba* risk may have a stronger influence on BNPL re-usage intention than trust in the BNPL business model. Again, this finding does not support prior studies confirming the mediating role of trust (Muflih & Juliana, 2021; Zakaria et al., 2015).

Responding to the above findings, we argue that the impact of trust in online transactions should consider the nature of the transaction itself. Trust will have a dominant impact in a low-involved product transaction. However, in a high-involved transaction where careful consideration is needed and certain contractual bonding, such as credit transactions, is required, the effect of trust will be less direct. In such a transaction, relationship commitment should be dominant in bridging trust and behavior relationships. The transaction using BNPL requires careful evaluation because it is a debt transaction (Gerrans et al., 2021). Thus, debt should be considered a liability to bear. Trust is important, but it is insufficient to convince users to redo the debt transaction. Instead, a strong relationship and commitment with the product and providers is more essential. This argument follows the commitment-trust theory (Morgan & Hunt, 1994).

Note that we do not neglect the importance of trust in BNPL transactions. Even though trust in this study fails to affect usage behavior, our study reveals that trust has a significant role in building commitment. This finding is consistent with the commitment-trust theory (Morgan & Hunt, 1994) and related empirical findings in general settings (Ahn & Kwon, 2020; Brown et al., 2019; Hamidi & Safareeyeh, 2019; Paluri & Mishal, 2020; Sembiring & Hamonangan Aruan, 2020; Sumaedi et al., 2015). Our study shows that trusted users can build relationship commitment with BNPL, which leads to usage continuation (Amoako et al., 2019; Hadi et al., 2019; Wang & Tsai, 2019; Yuan et al., 2019). It highlights the strategic importance of commitment as a mediator toward the use of BNPL.

Furthermore, our study revealed that perceived risk of *riba* negatively affects commitment toward BNPL consistently in Indonesia and Malaysia. This result supports the notion that risk can be the barrier to good relationship commitment (Sciara & Pantaleo, 2018). It is further implied that since BNPL involves delayed payments, Muslim consumers who perceive a high risk of *riba* associated with these services may be less likely to develop a strong sense of commitment towards them. This could manifest in behaviors such as avoiding repeat usage or maintaining a low credit limit to minimize potential *riba* concerns.

Interestingly, our findings show that commitment toward BNPL mediates the relationship between perceived risk of *riba* and BNPL re-usage intention in Indonesia and Malaysia. This finding provides empirical support for past studies but in BNPL context (Hadi et al., 2019; Yuan et al., 2019). This finding suggests that commitment acts as a bridge between *riba* perception and re-usage intention. It means that when Muslim consumers perceive a low *riba* risk and develop a strong commitment towards a BNPL service, they are more likely to use it again. Conversely, high perceived *riba* risk can hinder commitment formation, leading to a lower intention to reuse the service. This highlights the importance of building trust and addressing religious concerns to cultivate user commitment and encourage repeat usage of BNPL services among Muslim consumers.

5. Implication

Following the research results and discussion, we may suggest significant industrial implications that are relevant to the contexts of Indonesia and Malaysia. Our study revealed the significant role of trust in

building strong commitment. As such, we recommend regulating *halal* certification for the BNPL business model. It will be helpful to improve knowledge of *riba*, reduce the perceived risk of *riba*, and increase trust in the BNPL business model. We also suggest that BNPL providers broaden their networking with strategic merchant partners or e-wallet providers. It will encourage trial, strengthen the commitment, and eventually lead to usage and re-usage behavior.

6. Limitation and future agenda

Our research showed that most respondents had not received a formal Islamic education. This could potentially impact the validity of our results. For future studies on similar topics, we recommend focusing on respondents with formal Islamic education backgrounds to gain a more comprehensive understanding.

Furthermore, we acknowledge that digital debt transactions through BNPL might be seen as a financial burden and a lifestyle choice. In urban areas, some high-income individuals prefer credit or debt over cash transactions, allowing them to manage their finances more effectively and allocate funds towards other goals. Therefore, including demographic factors like income level, social status, and lifestyle in future research could offer valuable insights into how these aspects influence Muslims' decisions to use or reuse BNPL services.

7. Conclusion

This study aims to investigate the effect of religious-based ethics, such as *riba* or usury, on Muslim's re-intention to use BNPL in Indonesia and Malaysia by highlighting commitment and trust as mediating factors. After performing the statistical test, it can be summarized that religious-based ethical concerns, such as *riba*, have a significant negative impact on Muslim's re-intention to use BNPL in Indonesia and Malaysia. However, such linkages are not direct but indirect through relationship commitment. In other words, we conclude that a strong commitment to BNPL is essential in encouraging customers to re-use BNPL.

Authors' contribution

No	Contributions	Contributors
1	Substantial contributions to the conception or design of the work; or the acquisition, analysis, or interpretation of data for the work	<ul style="list-style-type: none"> • Hendy Mustiko Aji • Maizaitulaidawati Md Husin • Abdul Kadir Othman • Anas Hidayat • Wan Edura
2	Drafting the work or reviewing it critically for important intellectual content	<ul style="list-style-type: none"> • Hendy Mustiko Aji • Maizaitulaidawati Md Husin • Abdul Kadir Othman
3	Final approval of the version to be published	<ul style="list-style-type: none"> • Hendy Mustiko Aji
4	Agreement to be accountable for all aspects of the work in ensuring that questions related to the accuracy or integrity of any part of the work are appropriately investigated and resolved	<ul style="list-style-type: none"> • Hendy Mustiko Aji • Maizaitulaidawati Md Husin • Abdul Kadir Othman • Anas Hidayat • Wan Edura

Disclosure statement

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Data availability statement

The data that support the findings of this study are openly available at <http://doi.org/10.17632/ccb3bjppyf.2>.

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