



Sharī'ah Analysis of Easypaisa as a Payment Gateway

بطور ڈیجیٹل ادائیگی ایزی پیسہ کا فقہی تجزیہ

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Abstract:

Easypaisa, as a leading digital payment gateway, illustrates the transformative potential of fintech in expanding financial access across Pakistan. From simple money transfers via USSD to a full suite of services including savings, micro-loans, and insurance, it has reshaped the financial landscape and accelerated economic digitalization. Yet beneath this technological convenience lies a pressing ethical challenge: alignment with Sharī'ah principles. This study critically examines Easypaisa's operations through the lens of Maqāsid al-Sharī'ah, analyzing ten domestic and cross-border transaction scenarios to assess compliance and highlighting potential violations of core prohibitions including Ribā, Gharar, Dharar, Maysir, and Jahalah. Survey insights from 50 Sharī'ah experts reveal tensions between profit motives, fiduciary responsibilities, and ethical obligations, underscoring the need for systemic reforms. While Easypaisa contributes to financial inclusion, full Sharī'ah conformity requires transparent contractual frameworks, risk-sharing mechanisms, and robust oversight. Policy-oriented recommendations are offered to transform digital gateways into platforms that not only ensure operational efficiency but also uphold justice, protect wealth, and embed ethical accountability at every level. In this light, true innovation is measured not by speed or reach, but by fidelity to ethical and Sharī'ah imperatives.

Keywords: Easypaisa, *Ta'mīn*, *Maqāsid ash-Sharī'ah*, *'Aqd al-Ijārah*, *'Aqd al-Wakālah*, *Ghabn Fāhish*

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Introduction

Telenor Microfinance Bank, Pakistan's pioneering scheduled microfinance institution (SMFI), was strategically conceived as a fintech-driven entity to advance financial inclusion across the nation. It founded in 2005 as a joint venture between Telenor Group a Norwegian telecommunications giant which claims to serve 174 million customers globally and Ant. The bank embodies a unique synergy of telecom infrastructure and digital finance expertise.⁴ Its core mission focuses on empowering marginalized and unbanked populations by delivering accessible, secure, and affordable digital financial solutions through its flagship platform, Easypaisa. Since launching in 2009 as Pakistan's first mobile banking service, Easypaisa has grown exponentially, expanding to over 200,000 branchless banking agents nationwide and reaching an estimated 30 million active users by 2023.⁵ This considerable scale reflects its success in democratizing financial services for communities where traditional banking infrastructure remains scarce.

Easypaisa's evolution reflects the rapid digitization of Pakistan's economy. Initially launched as a basic money transfer service using Unstructured Supplementary Service Data (USSD) codes for low-literacy users, the platform underwent a transformative upgrade in 2016 with the release of a smartphone app, enabling richer functionality and accommodating surging transaction volumes.⁶ Today, it operates as a comprehensive digital banking ecosystem, offering a mobile wallet, branchless banking, microloans, insurance, and since January 2023, a Visa debit card embedded with Near Field Communication (NFC) technology for contactless payments.⁷ Accessible via a simple registration process (requiring only a Computerized National Identity Card and phone number, Easypaisa's services are designed for inclusivity, though accounts remain restricted to domestic use within Pakistan where users can leverage the platform for diverse needs: recharging mobile phones, paying utility bills (electricity, gas, water etc.), sending remittances, purchasing gift vouchers, earning cashback rewards, and accessing partner discounts at local merchants.⁸

Financial incentives further drive adoption where Easypaisa offers daily profit crediting on savings balances (up to 14% annually), free mobile minutes for maintaining minimum balances, and microloans ranging from PKR 5,000 to PKR 100,000 with automated repayment via linked accounts.⁹ To mitigate default risks, the bank employs strict enforcement mechanisms, including credit bureau reporting and legal action for chronic non-payment. Security is a cornerstone of the platform: the State Bank of Pakistan's (SBP) instant payment system, Raast launched in 2021 to foster a cashless economy integrates seamlessly with

⁴ Farooq, A., and Ahmed, H. *Financing the Future: The Role of Fintech, Leadership, and Governance in Islamic Finance*. Journal of Financial Services Marketing 29, no. 1 (2025): 1–15.

⁵ Abdullah, Noraini, and Siti Azura Rahman. *Shari'ah Compliance of Digital Payment Gateways in Malaysia: An Empirical Analysis*. Fintech and Digital Innovation 5, no. 1 (2023): 45–62.

⁶ Ibid.

⁷ Al-Bahrani, M., Al-Mansour, S., and Al-Dosary, A. *Adoption of Islamic Fintech: Exploring Influential Factors and the Mediating Role of Islamic Work Ethics*. Journal of Islamic Banking and Finance 42, no. 3 (2025): 112–130.

⁸ Mohamed, Hassan, et al. *Embedding Maqāṣid al-Shari'ah in Islamic Fintech: Case Studies from Crowdfunding and E-Wallets*. Journal of Islamic Business and Finance 10, no. 1 (2024): 20–38.

⁹ Al-Bahrani, A., Al-Mansour, A., & Al-Dosary, A. (2022). Adoption of Islamic fintech: The role of financial literacy, perceived risk, and social influence. *International Journal of Islamic and Middle Eastern Finance and Management*, 15(4), 622–640. <https://doi.org/10.1108/IMEFM-09-2021-0367>

Easypaisa, enabling real-time, low-cost transactions while reducing fraud.¹⁰ Biometric authentication fingerprint/Face ID and AI-powered fraud detection algorithms further safeguard user data.¹¹

From the Shariah perspective, however, Easypaisa's model raises critical theological concerns. The platform facilitates currency exchanges (e.g., converting PKR to USD for international remittances) that violate *Ribā al-Fadāl*, a prohibition under Bai al-Sarf.¹² Unlike conventional banks, Easypaisa cannot hold deposits in a Shariah-compliant manner (e.g., via *Mudarabah* or *Wakalah* contracts), nor does it structure loans to avoid *Ribā*.¹³ Other potential issues include *Gharar* (uncertainty) in automated loan disbursements and *Maysir* (gambling) risks in reward schemes—challenges that demand rigorous Shariah scrutiny.¹⁴

In regulatory and policy context, Easypaisa operates within Pakistan's evolving regulatory framework for digital financial services. The State Bank of Pakistan has issued guidelines for digital wallets, mobile banking, and instant payment systems, emphasizing transparency, consumer protection, and risk management.¹⁵ However, explicit Shariah-compliant regulations are limited, leaving fintech providers responsible for embedding Islamic principles into operational models. This regulatory gap amplifies the importance of Shariah assessment, particularly regarding interest-based savings, microloans, and currency exchanges.¹⁶ By evaluating Easypaisa within this context, the study highlights where operational practices conflict with Islamic jurisprudence and *Maqāṣid al-Sharī'ah*.

Comparative insights from regional and global Islamic fintech platforms offer benchmarks for Shariah-compliant innovation. For instance, Malaysia's Touch 'n Go and UAE-based Islamic fintech providers implement *Mudarabah* and *Wakalah*-based solutions for payments, microloans, and rewards, ensuring proportional risk-sharing and transparency. These platforms avoid prohibited elements like *Ribā* and *Gharar* while maintaining scalability for large user bases. In contrast, Easypaisa's interest-bearing savings and reward structures reveal tensions with Shariah objectives, highlighting the necessity of institutional oversight and contract redesign to align with ethical finance principles.

Easypaisa's impact extends beyond financial inclusion to broader socioeconomic outcomes. The platform empowers unbanked populations—including women and rural communities—to participate in the digital economy, improving access to payments,

¹⁰ Mohd Ma'Sum Billah Abdullah and Saiful Azhar Rosly Rahman, "Sharī'ah Compliance of Digital Payment Gateways: A Study on Raast, Pakistan," *Global Journal of Islamic Marketing and Branding* 2, no. 2 (2023): 115-30.

¹¹ Taha Mohamed, Zulkifli Hasan, and Khaled Hussainey, "Embedding Maqāṣid al-Sharī'ah in Islamic FinTech: A Framework for AI and Blockchain Applications," *Journal of Financial Reporting and Accounting* 21, no. 5 (2023): 1334-52. <https://doi.org/10.1108/JFRA-10-2022-0305>.

¹² Khan, Muhammad A., F. Laldin, S. Abdul Rahman, and A. Siddiqi, "Blockchain Technology in Islamic Finance: A Systematic Review of Sharī'ah Compliance and Regulatory Challenges," *Journal of Islamic Economics, Banking and Finance* 18, no. 2 (2022): 123-145.

¹³ Ibid.

¹⁴ Taha Mohamed, Zulkifli Hasan, and Khaled Hussainey, "Embedding Maqāṣid al-Sharī'ah in Islamic FinTech: A Framework for AI and Blockchain Applications," *Journal of Financial Reporting and Accounting* 21, no. 5 (2023): 1339. <https://doi.org/10.1108/JFRA-10-2022-0305>.

¹⁵ Laldin, Fauzi, and Muhammad Asyraf Furqani, "Islamic Finance and the Higher Objectives of Sharī'ah: Implications for Contract Structuring," *Review of Islamic Economics* 17, no. 1 (2013): 1-22.

¹⁶ Farooq, A., and Ahmed, H. Financing the Future: The Role of Fintech, Leadership, and Governance in Islamic Finance. *Journal of Financial Services Marketing* 29, no. 1 (2025): 87.

microloans, and financial literacy.¹⁷ Yet, without Shariah-compliant structures, interest-bearing products and speculative incentives risk exploitation and undermine ethical financial behavior. Aligning Easypaisa's operations with *Maqāṣid al-Sharī'ah* ensures protection of wealth (*Hifẓ al-Māl*), justice ('Adl), and public interest (Maslahah), providing both economic inclusion and adherence to Islamic ethical norms.¹⁸

This research conducts a critical, Shariah-compliant analysis of modern payment gateways, with Easypaisa as a case study. Grounded in *Maqāṣid al-Sharī'ah*, the study examines operational features in light of fairness, public interest, and ethical conduct.¹⁹ By situating the analysis within Pakistan's regulatory landscape and drawing comparative insights, it bridges theoretical jurisprudence and practical implementation, contributing to the growing scholarship on Islamic fintech. The findings aim to guide policymakers, financial institutions, and scholars in leveraging fintech for inclusive growth while maintaining Shariah integrity.²⁰

Literature Review

The field of Islamic Fintech remains in its early stages, with limited academic literature specifically addressing payment gateways. Nevertheless, several studies have laid the groundwork for understanding the contradictory elements of Islamic finance with emerging technologies.

Hasan et al. (2020) examine the role of governments in fostering Fintech ecosystems, using case studies from the United Arab Emirates (UAE), Malaysia, and Bahrain to illustrate policy interventions e.g., regulatory sandboxes, tax incentives, and public-private partnerships. The study highlights how state-led initiatives can accelerate Fintech adoption by creating a supportive regulatory environment. However, it critiques the authors for neglecting core debates about the religious permissibility of Fintech tools a critical gap, as technologies like blockchain or AI may conflict with Shariah principles e.g., *Ribā* prohibitions or *Gharar* uncertainty. This omission limits the study's utility for practitioners seeking to align Fintech with Islamic ethics, as it fails to address whether government-backed innovations comply with *Maqāṣid al-Sharī'ah*.²¹

The Islamic Financial Services Board (2020) provides a landmark analysis of Fintech's impact on the Islamic capital market, covering applications in *Ṣukūk* retail platforms, and crypto-assets. The report's strength lies in affirming that Fintech can uphold Shariah values

¹⁷ Ahmed Al-Bahrani, Abdullah Al-Mansour, and Abdulaziz Al-Dosary, "Adoption of Islamic Fintech: The Role of Financial Literacy, Perceived Risk, and Social Influence," *International Journal of Islamic and Middle Eastern Finance and Management* 15, no. 4 (2022): 622–40. <https://doi.org/10.1108/IMEFM-09-2021-0367>.

¹⁸ Taha Mohamed, Zulkifli Hasan, and Khaled Hussainey, "Embedding Maqāṣid al-Sharī'ah in Islamic FinTech: A Framework for AI and Blockchain Applications," *Journal of Financial Reporting and Accounting* 21, no. 5 (2023): 1334–52. <https://doi.org/10.1108/JFRA-10-2022-0305>.

¹⁹ Mohd Ma'Sum Billah Abdullah and Saiful Azhar Rosly Rahman, "Sharī'ah Compliance of Digital Payment Gateways: A Study on Raast, Pakistan," *Global Journal of Islamic Marketing and Branding* 2, no. 2 (2023): 115–30.

²⁰ Salman A. Khan, Ahmed A. Al-Busaidi, and Khaled Hussainey, "Blockchain Technology in Islamic Finance: A Study of the Maqāṣid al-Sharī'ah," *Journal of Financial Reporting and Accounting* 20, no. 4 (2022): 549–69. <https://doi.org/10.1108/JFRA-09-2021-0252>.

²¹ Hasan, M. K., Aliyu, S., and Hasan, R., "Fintech and Islamic Finance: Literature Review and Research Agenda," *International Journal of Islamic Economics and Finance Studies* 6, no. 1 (2020): 1–16, <https://doi.org/10.18196/ijief.6113>.

such as transparency, trust, and fairness while noting that many Islamic Fintech firms pursue Shariah certification. However, the study is criticized for being overly optimistic: it does not scrutinize the depth of certification processes e.g., whether certifications are superficial or rooted in rigorous Shariah review nor address the theological controversies surrounding crypto-assets (e.g., Bitcoin's status as *mal* [invalid] under some schools of thought). This limits its ability to guide practitioners in navigating complex Shariah-compliance challenges.²²

Khan, M. A., et al. (2022) present a systematic review of blockchain technology in Islamic finance, examining its Shari'ah compliance and regulatory challenges. The study integrates classical Shari'ah sources (Quran, Sunnah, and *Ijmah*) to evaluate blockchain's alignment with core principles (e.g., prohibiting *Ribā*, avoiding *Gharar*). It proposes a Shari'ah-compliant regulatory framework for smart contracts. However, while it addresses the doctrinal legitimacy of blockchain, it does not examine its application in everyday fintech products like payment gateways.²³

Abdullah, N., & Rahman, S. A. (2023) conduct an empirical analysis of digital payment gateways in Malaysia (e.g., Boost, ShopeePay), assessing their Shari'ah compliance through the lenses of *Maqāṣid al-Shari'ah* (justice, transparency) and classical rules e.g., ensuring transaction authenticity, adhering to *Zakat* requirements. The study identifies that most platforms meet basic Shari'ah standards but lack robust mechanisms for real-time compliance monitoring. It provides actionable guidelines for developers (e.g., integrating Shari'ah audit trails). However, its focus on Malaysian markets limits generalizability to other regions, such as Pakistan.²⁴

Mohamed, H., et al. (2024) explore the embedding of *Maqāṣid al-Shari'ah* in Islamic fintech, using case studies of crowdfunding (Ethis) and e-wallets (HalalPay). The study translates theoretical *Maqāṣid* e.g., “eliminating poverty,” “fostering trust” into tangible design principles for instance, mandating e-wallets to align fund flows with *iradah al-mu'amalah* (promoting social good) and requiring crowdfunding platforms to embed *amanah* (trust) via Shari'ah-certified audits. It bridges the gap between abstract theory and practical implementation. However, it does not address scalability challenges for small-scale fintech startups in developing economies.²⁵

Al-Bahrani et al. (2024) investigate the determinants of Islamic Fintech adoption, focusing on both consumer behavior and institutional factors. The study highlights technological readiness, regulatory support, and Shariah awareness as key enablers. While it provides a comprehensive review of adoption factors, it does not analyze the operational compliance of specific fintech platforms such as digital payment gateways.²⁶

²² Islamic Financial Services Board, *Fintech in the Islamic Capital Market: A Catalyst for Innovation* (Kuala Lumpur: IFSB, 2020).

²³ Muhammad A. Khan et al., "Blockchain Technology in Islamic Finance: A Systematic Review of Shari'ah Compliance and Regulatory Challenges," *Journal of Islamic Economics, Banking and Finance* 18, no. 2 (2022): 123–45.

²⁴ Noraini Abdullah and Siti Azura Rahman, "Shari'ah Compliance of Digital Payment Gateways in Malaysia: An Empirical Analysis," *Fintech and Digital Innovation* 5, no. 1 (2023): 45–62.

²⁵ Hassan Mohamed et al., "Embedding Maqāṣid al-Shari'ah in Islamic Fintech: Case Studies from Crowdfunding and E-Wallets," *Journal of Islamic Business and Finance* 10, no. 1 (2024): 20–38.

²⁶ Al-Bahrani, M., Al-Mansour, S., & Al-Dosary, A. (2025). "Adoption of Islamic Fintech: Exploring Influential Factors and the Mediating Role of Islamic Work Ethics." *Journal of Islamic Banking and Finance*, 42(3), 112–130.

Farooq and Ahmed (2025) explore the interplay between Shariah principles and Fintech services, emphasizing that alignment requires more than formal compliance—it demands ethical frameworks rooted in *Maqāṣid*. The study identifies gaps in governance (e.g., weak oversight of Fintech firms) and risk management (e.g., inadequate Shariah auditing). However, it stops short of empirical evaluation: it does not test these findings against real-world platforms (e.g., mobile wallets in Pakistan or cross-border payment systems). This limits its practical utility, as practitioners need evidence-based guidance to implement ethical Fintech solutions.²⁷

The reviewed literature reveals four critical gaps in Islamic Fintech research: (1) a lack of rigorous Shariah-compliance analysis for everyday fintech products like payment gateways (e.g., Easypaisa), despite their mass adoption; (2) an overemphasis on technological innovation at the expense of doctrinal legitimacy, with few studies linking blockchain/smart contracts to classical Shariah sources (Quran, Sunnah, *Ijmah*); (3) insufficient exploration of how *Maqāṣid al-Sharī'ah* can be operationalized in modern fintech contexts e.g., digital payments, microloans; and (4) limited regional generalizability, as most studies focus on Malaysia or the Gulf Cooperation Council (GCC) countries, neglecting South Asian contexts like Pakistan.

This study addresses these gaps by conducting a critical, Shariah-compliant analysis of payment gateways (with Easypaisa as a case study), grounding the evaluation in *Maqāṣid al-Sharī'ah* (justice, welfare, ethical conduct) to assess alignment with core principles (e.g., '*Adl, Maslahah*'). By situating the analysis within Pakistan's regulatory landscape where the State Bank of Pakistan (SBP) has issued guidelines for Shariah-compliant fintech the research bridges theoretical jurisprudence and practical implementation. It offers actionable recommendations for Easypaisa and similar platforms to reconcile technological advancement with Shariah integrity, thereby contributing to a nascent but vital body of scholarship on Islamic fintech. Ultimately, the work advances the field by demonstrating how fintech's potential for inclusive growth can be harnessed while upholding the ethical foundations of Islamic finance..

***Sharī'ah* Analysis of Easypaisa Services**

Easypaisa, as Pakistan's leading mobile wallet and digital payment platform, facilitates a wide range of transactions, from domestic fund transfers to cross-border remittances. Given its extensive use, ensuring that each service aligns with *Sharī'ah* principles covering issues like *Ribā*, *Gharar*, and proper custodianship of funds is critical. This section examines ten specific transaction scenarios on Easypaisa, including immediate and deferred currency exchanges, scheduled domestic transfers, and value-added services, to evaluate their compliance with classical jurisprudence and *Maqāṣid al-Sharī'ah*. Through this detailed analysis, we highlight areas where Easypaisa's operations uphold or potentially violate *Sharī'ah* standards, providing actionable insights for scholars, regulators, and users alike. To assess the *Sharī'ah* legitimacy of Easypaisa, ten different transaction scenarios were examined, covering both domestic and cross-border money transfers. These scenarios were selected to reflect the range of services offered by the platform and the practical challenges of ensuring ethical financial operations in line with Islamic law.

The first set of scenarios focused on cross-border transactions. One involved a straightforward currency exchange through a digital gateway, where funds are converted from one currency to another and transferred immediately. Another scenario examined a fixed exchange rate over several days, while a third considered deferred exchange rates based on future values. These

²⁷ Farooq, A., & Ahmed, H. (2025). "Financing the Future: The Role of Fintech, Leadership, and Governance in Islamic Finance." *Journal of Financial Services Marketing*, 29(1), 1–15. <https://doi.org/10.1016/j.jfs.2025.01.001>

cases highlighted the critical importance of prompt settlement and the avoidance of uncertainty. According to Shari'ah principles, such as *Bai' al-Sarf*, currency exchanges must be completed without delay. Transactions that introduce speculation or unpredictability violate the prohibitions of *Al-Gharar* and *Al-Maysir*. In compliant models, the gateway acts as an agent or intermediary, ensuring that ownership remains with the sender and that service fees are applied only for facilitation, without generating risk-free profit.

Domestic transfers were also evaluated. Scenarios included transfers with flexible collection options, allowing recipients to withdraw funds immediately or after a short period, as well as scheduled transfers with delays of up to thirty days. Compliance in these cases requires that the gateway functions solely as an intermediary. Any use of deposited funds for profit during the holding period would be considered *Ribā*. Models such as *Hawalah Naqdiyah* are appropriate, ensuring the gateway facilitates the transfer while maintaining the sender's ownership and responsibility over the funds.

Further scenarios addressed value-added services and profit-oriented models. Some gateways offer incentives, such as discounts or reward programs, while others seek to benefit from customer funds during the transaction period, including doorstep delivery services. These services are permissible under Shari'ah only if they do not involve prohibited gains, misrepresentation, or exploitation of customer funds. Clear contract terms, transparent risk allocation, and adherence to principles such as *Wakālah*, *Qardh*, and *Wadiyah* are essential to maintain ethical compliance.

Corporate and employee-focused gateways were also reviewed. These platforms facilitate transfers within organizations and provide incentives to employees or customers. Applying Shari'ah-compliant models, *Mudharabah* or *Wakālah* etc., ensures fair profit-sharing, transparency, and accountability while preventing unethical practices. Retail gateways offering utility bill payments or additional discounts were found permissible under the principle of *Fadhal*, where benefits are provided without any charge to the customer.

1. Foundational Principles of Shariah Compliance

Regardless of the specific purpose whether domestic transfers, cross-border remittances, or payments for goods and services ensuring the Shari'ah legitimacy of digital payment channels is of critical importance. Compliance cannot be assumed based solely on conventional regulatory approval; it requires a careful evaluation against established Shari'ah principles, including the use of *Qiyas* and *Istihsān*, alongside consideration of the higher objectives of Islamic law, or *Maqāṣid al-Shari'ah*, which aim to safeguard ethical, social, and economic welfare.²⁸ This framework asserts that financial transactions must promote fairness, equity, and justice, protect the ownership and rights of all parties, and prevent exploitation, deception, or harm, including indirect or structural forms of injustice.²⁹

Within this structure, a typical digital payment transaction involves three key actors: the sender, the intermediary (in this case, Easypaisa), and the receiver.³⁰ The sender entrusts funds to the platform, expecting safe, timely, and transparent delivery to the recipient. The intermediary, acting as an agent or facilitator, assumes the responsibility of executing transactions without engaging in interest-based activities, excessive uncertainty (*Gharar*), or speculative practices

²⁸ Hassan Mohamed et al., *Embedding Maqāṣid al-Shari'ah in Islamic Fintech: Case Studies from Crowdfunding and E-Wallets*, *Journal of Islamic Business and Finance* 10, no. 1 (2024): 20–38.

²⁹ Noraini Abdullah and Siti Azura Rahman, *Shari'ah Compliance of Digital Payment Gateways in Malaysia: An Empirical Analysis*, *Fintech and Digital Innovation* 5, no. 1 (2023): 45–62.

³⁰ Al-Bahrani, M., Al-Mansour, S., and Al-Dosary, A., *Adoption of Islamic Fintech: Exploring Influential Factors and the Mediating Role of Islamic Work Ethics*, *Journal of Islamic Banking and Finance* 42, no. 3 (2025): 112–130.

Maysir.³¹ The receiver's rights must also be fully respected, ensuring that funds are accessible without delay and that no undue conditions or hidden fees compromise the transaction's fairness.³² In practice, this means that Easypaisa must structure its operations fees, interest-free loans, incentives, and currency exchanges in a manner fully aligned with Shari'ah objectives, maintaining the integrity of funds and guaranteeing ethical accountability.³³

By evaluating transactions through the lens of *Maqāṣid al-Shari'ah*, this framework not only checks formal compliance with Islamic rules but also addresses the broader goals of promoting social welfare, protecting wealth, ensuring equitable risk-sharing, and fostering trust between all parties.³⁴ Such an approach is particularly necessary for fintech platforms serving unbanked or underserved populations, where operational lapses or non-compliant practices could disproportionately affect economically vulnerable users. Consequently, a rigorous Shari'ah-based assessment is indispensable for legitimizing modern payment gateways like Easypaisa and for guiding their design, governance, and regulatory oversight.³⁵

2. Easypaisa's Role as an Intermediary and its Operational Motives

Easypaisa functions as a middleman facilitating digital money transfers and other financial services. Its Shari'ah classification depends heavily on the underlying intent of the service provided. Three broad categories are relevant:

- *Philanthropic (Aqad Tabarru')*: The intermediary provides services without seeking material gain. Funds are held purely for facilitating transactions. In this case, the intermediary cannot derive any profit, and the risk remains minimal for both the service provider and the sender/receiver. Violations of this principle occur if the intermediary uses customer funds for its own benefit.
- *Commercial (Uqūd Mu'āwadhāt)*: Easypaisa charges service fees or benefits from holding funds temporarily, which is permissible under commercial contracts. However, Shari'ah prohibits exploiting funds or engaging in transactions where gain is disconnected from risk (*Al-ghunm bi-l-ghurm*). The intermediary must act as a fiduciary, ensuring fairness and transparency while assuming proportional risk.
- *Qardh Hasan (Benevolent Loan)*: If the intermediary temporarily holds funds as a loan without profit, the transaction is permissible under benevolence principles. The intermediary must not demand additional remuneration, and any misuse of funds constitutes a breach of trust.

Survey data demonstrates significant ambiguity in classifying Easypaisa's operational motives. Out of 50 Shariah experts consulted, 72% struggled to categorize Easypaisa services strictly as philanthropic or commercial. Within this group, 68% highlighted that the simultaneous pursuit of material gain and custodial responsibility merges *Aqad Tabarru'* with *Uqūd Mu'āwadhāt*, resulting in potential violations of *Jahalah* (ambiguity), *Akl Mal Bil Haram* (unjust consumption of property), and *Khianah* (breach of trust). This inherent ambiguity necessitates careful scrutiny of Easypaisa transactions and their alignment with Shari'ah.

³¹ Muhammad A. Khan et al., "Blockchain Technology in Islamic Finance: A Systematic Review of Shari'ah Compliance and Regulatory Challenges," *Journal of Islamic Economics, Banking and Finance* 18, no. 2 (2022): 123–45.

³² Taha Mohamed, Zulkifli Hasan, and Khaled Hussainey, "Embedding Maqāṣid al-Shari'ah in Islamic FinTech: A Framework for AI and Blockchain Applications," *Journal of Financial Reporting and Accounting* 21, no. 5 (2023): 20–38. <https://doi.org/10.1108/JFRA-10-2022-0305>.

³³ Farooq, A., and Ahmed, H., *Financing the Future: The Role of Fintech, Leadership, and Governance in Islamic Finance*, *Journal of Financial Services Marketing* 29, no. 1 (2025): 1–15.

³⁴ Laldin, Fauzi, and Muhammad Asyraf Furqani, "Islamic Finance and the Higher Objectives of Shari'ah: Implications for Contract Structuring," *Review of Islamic Economics* 17, no. 1 (2013): 1–22.

³⁵ Islamic Financial Services Board, *Fintech in the Islamic Capital Market: A Catalyst for Innovation* (Kuala Lumpur: IFSB, 2020).

3. Violations of Core Shariah Principles

a. *Ribā* (Interest):

Easypaisa's financial services include interest-bearing savings plans ranging from 7% to 18% and loans with additional charges upon default. Islam explicitly prohibits *Rib*, which is considered exploitative and unethical. Survey results indicate that 74% of experts view Easypaisa's interest-related practices as violating Shari'ah, as these transactions extract advantage from debtors without assuming proportionate risk.³⁶ The model of profiting from funds temporarily held from customers, without risk-sharing, contravenes the ethical objectives of financial justice in Islam.

b. *Gharar* (Uncertainty) and *Maysir* (Gambling):

Easypaisa offers insurance products for road accidents, health, and business losses. These largely resemble *Ta'mīn Tijari* (commercial insurance), which scholars consider impermissible due to the presence of *Gharar* (uncertainty in outcomes), *Maysir* (gambling-like elements), and prioritization of profit over beneficiaries' welfare.³⁷ Only *Takaful*-like models *Ta'mīn Sihhi* structured around mutual assistance (*Muwākhāt*) and charity (*Tabarru'*) are Shariah-compliant.³⁸ Easypaisa's commercial insurance offerings fail to meet these criteria, demonstrating a misalignment with *Maqāṣid al-Shari'ah*, particularly in terms of *Hifẓ al-Māl* (protection of wealth) and *ʿAdl* (justice).

c. Exploitative Use of Customer Funds:

Easypaisa often treats customer deposits as its own assets, using these funds temporarily to generate earnings. This contravenes *Aqad Wakalah* (agency contracts), where an agent (*Wakil*) must not use the principal's (customer's) property for personal gain. This practice violates the Shari'ah principles of *Dhulm* (inequity) and *Akl Mal Bil Haram* (unlawful consumption of property), undermining trust and ethical integrity.³⁹

d. *Ghabn Fāḥish* (Excessive Pricing) and Incentives:

Service fees, incentives, and cashback rewards may constitute *Ghabn Fāḥish* if imposed without mutual consent, transparency, or clear linkage to service delivery. Benefits offered to attract deposits may tempt customers to act against their own interest, conflicting with the benevolent intent of *Qardh Hasan* contracts.⁴⁰

4. Survey Insights on Shariah Compliance

The survey of 50 experts provides a nuanced understanding of Shari'ah compliance challenges in Easypaisa:

- *Ambiguity in Classification*: 72% highlighted difficulty in distinguishing between philanthropic and commercial motives.
- *Application of Ribā Principles*: 74% considered Easypaisa's profit-driven use of funds as violating *Ribā* prohibitions.
- *Regulatory Segregation*: 58% recommended separate policies for payment gateways distinct from commercial banks to accommodate Shari'ah rules.
- *Judicial and Supervisory Reforms*: 19% advocated broader judicial reform, banning interest-based activities, and strengthening Shari'ah boards.

³⁶ The Holy Qur'an, 2:278–279.

³⁷ International Islamic Fiqh Academy (IIFA), *Decisions of the Senior Scholars Committee*, 2021, <https://iifa-aifi.org/decisions-and-recommendations>

³⁸ International Islamic Fiqh Academy (IIFA), *Decisions of the Senior Scholars Committee*, 2021, <https://iifaonline.org/decisions/>.

³⁹ Imam al-Nawawi, *Al-Rawdat al-Tālibīn* (The Garden of the Seekers), vol. 4 (Damascus: Al-Maktab al-Islami, 1991), 89.

⁴⁰ International Islamic Fiqh Academy. "Resolution No. 179 (12/19) on Incentives and Gifts Granted by Banks for Deposits and Financing." In *Decisions and Recommendations of the Islamic Fiqh Academy, Session 19*, 251–53. Jeddah: International Islamic Fiqh Academy, 2019.

- *Gradual Alignment and Interim Usage*: 10% suggested delaying usage until Shariah-compliant alternatives are available, while 13% endorsed using current gateways with necessary Shariah adjustments.
- *Dedicated Oversight*: 58% emphasized establishing a specialized institution to supervise Sharī'ah boards and operations in payment gateways, ensuring compliance consistency.

5. Implications for *Maqāṣid al-Sharī'ah*

Applying *Maqāṣid al-Sharī'ah* ensures that financial operations are ethical, socially responsible, and aligned with higher objectives:

- *Wealth Protection (Ḥifẓ al-Māl)*: Easypaisa's interest-based transactions and use of customer funds without proportional risk compromise wealth protection.
- *Justice ('Adl) and Equity*: Misaligned incentives and opaque fee structures undermine fairness, especially for unbanked customers who rely heavily on digital channels.
- *Promotion of Ethical Finance*: Maqāṣid frameworks encourage risk-sharing (e.g., *Mudārabah*, *Wakalah*) and transparent remuneration, preventing exploitation.

Ensuring Easypaisa adheres to these objectives is more urgent than traditional banks, as fintech services evolve rapidly, serving a broader unbanked population with limited alternatives. Hence, Sharī'ah analysis of digital gateways is both ethically and socially imperative, informing Muslim users, regulators, and scholars alike.

CONCLUSION

The examination of Easypaisa through the lens of Sharī'ah highlights the inherent tension between contemporary financial innovation and the enduring ethical framework of Islamic jurisprudence. Digital payment gateways provide unparalleled convenience, accessibility, and speed; however, their operational models frequently rely on mechanisms that conflict with fundamental Sharī'ah principles, including the prohibitions of *Ribā*, *Gharar*, *Maysir*, and unjust consumption of wealth. Technological advancement alone cannot confer legitimacy; every financial innovation must be rigorously evaluated against the moral and ethical imperatives embedded in Sharī'ah.

Easypaisa's role as an intermediary, combined with its diverse product offerings ranging from mobile transfers to interest-bearing savings and commercial insurance—creates a complex landscape in which profit motives, custodial responsibilities, and contractual structures intersect. Without careful calibration, this interplay risks undermining trust, equity, and social welfare—the core objectives *Maqāṣid al-Sharī'ah* seeks to uphold. Analysis of multiple transaction scenarios reveals that Shariah compliance is not a static condition but a dynamic process, requiring vigilant oversight, transparent policies, and a steadfast commitment to ethical risk-sharing.

The study underscores the necessity for a financial ecosystem that does not merely retrofit Islamic principles onto conventional frameworks but constructs systems intrinsically aligned with Sharī'ah. The pathway forward lies in developing Shariah-compliant digital infrastructures, supported by principled scholarship, effective governance, and informed public engagement. Such a model would safeguard ethical and spiritual imperatives while simultaneously promoting economic inclusion, trust, and sustainable growth in an increasingly digital economy.

Ultimately, the legitimacy of fintech platforms is determined not by their technological sophistication or market reach, but by their adherence to justice, fairness, and the moral compass that has guided Islamic finance for centuries. Easypaisa and similar gateways must therefore function not only as instruments of innovation but also as exemplars of ethical finance, demonstrating how modern financial systems can harmonize with the enduring objectives of Sharī'ah.

Policy Recommendations

Easypaisa's transformation into a comprehensive digital financial ecosystem requires full alignment with Sharī'ah principles. To ensure ethical, transparent, and inclusive finance, the following policies are recommended:

- **Structural and Operational Reforms**

- Minimize reliance on conventional, interest-based banks by prioritizing partnerships with Sharī'ah-compliant institutions or creating internal liquidity mechanisms based on *Qardh Hasan*.
- Reframe customer deposits from transactional contracts (*'Aqd Mu'āwadhāt*) to benevolent loans, ensuring funds are held in trust and not leveraged for profit.
- Structure risk-bearing products, including micro-loans and profit-sharing services, under *Mushārah* or *Muḍārah* with clearly documented profit/loss sharing.

- **Governance and Sharī'ah Oversight**

- Establish an independent and empowered Sharī'ah advisory council to review new services, conduct audits, and issue rulings on emerging fintech issues.
- Implement annual Sharī'ah audits for all products, with public certification that is revocable in case of non-compliance.
- Restrict temporary concessions invoking *Ḍarūrah* to emergencies, requiring council approval and public justification.

- **Transparency and Customer Protection**

- Standardize contracts to clearly state the Sharī'ah framework (e.g., *Muḍārah*, *Wakālah*, and *Ijārah*) and outline all parties' rights and obligations in accessible language.
- Disclose all revenue models, incentives, and fees to prevent hidden profits or exploitation.
- Introduce whistle-blower and feedback mechanisms for customers and staff to report violations of Sharī'ah ethics.

- **Industry Collaboration and Public Awareness**

- Participate in industry-wide forums with scholars, regulators, and fintech experts to develop standardized Sharī'ah guidelines for digital payments.
- Launch public education campaigns to enhance Sharī'ah literacy, ethical financial practices, and awareness of user rights in digital finance.

- **Scenario-Based Operational Guidelines**

- Ensure prompt settlement in domestic and cross-border transactions, avoiding speculation or risk-free profit.
- Maintain clear ownership and liability throughout the transfer process, with the gateway acting solely as an intermediary.

- Design value-added and corporate services in compliance with Sharī'ah principles, such as *Wakālah*, *Qardh*, and *Mushārah*, ensuring fairness, transparency, and risk-sharing.