

Human Rights Implications of Buy Now Pay Later Usage among Teenagers: A Comparative Legal and Policy Analysis of Indonesia and Oman

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Abstract

The development of financial technology (fintech) has given rise to the Buy Now Pay Later (BNPL) payment innovation, which allows consumers to make instant purchases of goods and services with deferred payments. Although this service enhances financial access and digital consumption, its convenience poses new risks, especially for teenagers who tend to lack adequate financial literacy. The phenomenon of increasing BNPL usage among teenagers raises serious questions regarding the protection of human rights, particularly the right to consumer protection, the right to economic education, and the right to be free from exploitative financial practices. This research aims to analyze the human rights implications of BNPL usage among teenagers through a comparative legal and policy approach between Indonesia and Oman. The study employs qualitative methods with a comparative legal and policy analysis approach, involving the analysis of national legislation, government policies, financial institution reports, and academic literature related to children's rights and digital consumer protection. The research results indicate that Indonesia has a rapidly developing fintech regulatory framework but has not yet fully emphasized the aspect of human rights protection for young users. On the other hand, Oman tends to be more cautious by applying Sharia principles and strict regulations in digital finance, thereby providing better protection for teenagers from the risk of consumer debt. Both countries, despite differing legal and social contexts, face the same challenge: balancing digital innovation with the protection of young users' fundamental rights. This research recommends strengthening financial literacy, regulating age limits for BNPL usage, and integrating human rights principles into national fintech policies in both countries.

Keywords: Buy Now, Pay Later, Human Rights, Teenagers,

A. INTRODUCTION

The development of financial technology (fintech) over the past decade has revolutionized the global financial landscape by introducing service models that are increasingly integrated into everyday life (Yunaz et al., 2023). This transformation has not only changed how individuals access financial services but also driven a shift in spending behavior from conventional cash or credit card-based methods toward the concept of embedded finance, where financial services are embedded directly within digital platforms such as e-commerce sites, social media, and lifestyle applications (Selfira & Neltje, 2022). This model has made consumer transactions easier through innovations such as Buy Now Pay Later (BNPL), digital wallets, and peer-to-peer lending, which are now an integral part of the global digital economic ecosystem (Sulistyowati, Eny, Muh. Ali Masnun, 2025). This shift has accelerated financial inclusion, but at the same time created new challenges related to governance, financial ethics, and consumer protection particularly among young users who are psychologically more vulnerable to consumptive behavior.

One of the consumer transaction innovations, the use of Buy Now Pay Later (BNPL) services, has seen significant global growth over the past five years, reflecting a major shift in consumer preferences toward instant and flexible financing. According to the 2025 Fintech Futures report, the BNPL payments market will grow by 13.7% annually to reach US\$560.1 billion in 2025. The global BNPL market experienced strong growth between 2021 and 2024, achieving a Compound Annual Growth Rate (CAGR) of 21.7%. This phenomenon confirms that BNPL is not just a passing trend but has become an integral part of the global digital payment system that drives consumption and influences the economic behavior of the younger generation.

Buy Now Pay Later (BNPL) services operate on a mechanism that allows consumers to purchase products or services instantly and defer payment in several initial interest-free installments. Typically, users only need to make a first payment of 25% of the total price at the time of transaction, then settle the remainder within a period of 1–3 months, depending on the service provider's policy. This system is integrated directly into e-commerce platforms or digital wallet applications, so the credit approval process runs automatically using risk assessment algorithms based on user data. While offering easy access, this model has the potential to create an illusion of affordability that can trigger consumptive behavior and the risk of excessive debt, especially among young age groups with still limited financial literacy. Thus, understanding how BNPL works is crucial for assessing its implications for consumer protection and economic rights, particularly among teenagers.

For young age groups – especially teenagers and young adults aged 15–24 years – Buy Now Pay Later (BNPL) services offer an ideal combination of easy access, payment flexibility, and instant gratification, which are hallmarks of modern digital consumer culture. According to Business Wire 2025, the BNPL payments market in the Asia Pacific is projected to grow by 14.5% annually to reach US\$211.7 billion in 2025. The BNPL market in the Middle East is poised for significant growth, with an estimated 19.4% YoY (Year-on-Year) increase by 2025, reaching \$5.79 billion. The main driving factors include high smartphone penetration, the influence of social media on consumption behavior, and fewer administrative requirements compared to conventional credit services. Additionally, marketing campaigns packaged with lifestyle narratives and cashback promotions further reinforce the perception that BNPL is a symbol of modernity and financial independence for the digital generation. However, this interest also raises

ethical and social dilemmas, given teenagers limited financial literacy, which could potentially trigger debt burdens at a young age.

Indonesia and Oman occupy strategic positions on the global fintech growth map, representing contrasting yet complementary economic and regulatory contexts in their respective regions. Indonesia, with the largest young digital population in Southeast Asia, and according to the Ministry of Communication and Digital (Komdigi) in 2025, internet penetration in Indonesia is projected to reach 79.5% by 2024. This has led to the expansion of BNPL services targeting young consumers on e-commerce platforms such as Tokopedia, Shopee, and Lazada. Meanwhile, Oman stands out in the Middle East as a country that integrates financial innovation with Sharia principles, where regulators like the Central Bank of Oman implement strict policies to ensure a balance between financial inclusion and social stability (Said & Gambo, 2025). These two countries demonstrate different fintech adoption patterns – Indonesia through an open and innovative market approach, while Oman through value-based governance and cautious regulation. Thus, a comparison between the two provides important insights into the relationship between digital economic growth and human rights protection.

Empirical data shows that young age groups dominate the use of Buy Now Pay Later (BNPL) services across various countries, including Indonesia and Oman. According to databoks.katadata (2023), BNPL users in Indonesia are dominated by millennials and Gen Z. A total of 43.9% of users are aged 26–35 years, followed by 26.5% aged 18–25 years, and 21.3% aged 36–45 years. Meanwhile, in Oman, based on start.io data (2022), approximately 56.1% of BNPL users are aged 25-34 years and 39.6% are aged 18-24 years. These figures confirm the position of teenagers and young adults as the most active market segment in the digital payment ecosystem, while also being the group

most vulnerable to consumptive pressure due to exposure to promotions and easy access to microcredit.

Legally and socially, teenagers occupy a unique yet vulnerable position in the digital financial system as they do not yet have full legal capacity to make binding economic decisions. In many jurisdictions, including Indonesia and Oman, individuals under the age of 21 are often considered to still require additional protection in digital financial contracts, yet these boundaries are frequently blurred in the online world. This phenomenon is exacerbated by limited financial literacy, social pressure from digital media, and weak age verification mechanisms on BNPL platforms. As a result, many teenagers may enter into credit agreements without fully understanding the legal and financial consequences, creating potential violations of the right to consumer protection and children's rights as outlined in the Convention on the Rights of the Child (CRC) (Widowati & Vu Le Giang, 2025).

The increased access to BNPL services without adequate oversight has raised global concerns about the risk of over-indebtedness among teenagers. Many young users utilize BNPL for non-essential purchases such as fashion items, gadgets, and digital entertainment, which cumulatively create financial burdens beyond their repayment capacity. This situation opens the door to economic exploitation by service providers that use behavioral algorithms to encourage impulsive transactions, thereby undermining teenagers' right to fair economic protection. Thus, the potential for excessive debt is not only a personal financial issue but also a human rights concern that demands stronger regulatory frameworks and protective policies.

Access to digital financial services, including Buy Now Pay Later (BNPL), is not only related to economic inclusion but also carries fundamental human rights dimensions.

Under the UN Guiding Principles on Business and Human Rights (UNGPs), states and businesses have a duty to respect, protect, and fulfill individuals' rights in the context of digital economic activities – including the right to information, transparency, and freedom from exploitative practices. Meanwhile, the Convention on the Rights of the Child (CRC) affirms that children and teenagers have the right to protection from economic risks that could harm their well-being, as well as the right to receive adequate financial education (Ramadianto et al., 2025). In the context of BNPL, these two instruments provide a normative foundation that digital access should not compromise the economic security and dignity of young users. Therefore, integrating human rights principles into fintech policies is essential to ensure a balance between financial innovation and protecting the fundamental rights of the younger generation (Masnun et al., 2025).

A comparison between Indonesia and Oman provides contrasting yet complementary perspectives for understanding the relationship between fintech regulation, legal culture, and human rights protection. Indonesia, with its dynamic fintech ecosystem, is regulated by the Financial Services Authority (OJK) and Bank Indonesia (BI), which oversee BNPL services through an innovation-driven and financial inclusion-focused approach. However, the main challenges lie in the weak protection for young consumers and the absence of specific regulations regarding age limits or service providers' responsibilities. . Conversely, Oman implements a financial system based on Sharia principles that emphasizes prudence regarding digital credit risks and rejects practices conflicting with anti-usury (riba) and transactional justice principles. Financing practices in Oman are subject to regulation by the Shariah Supervisory Board and domestic laws that prioritize transparency and business ethics, making it an interesting example of integrating moral values into fintech governance. These differences in legal

and cultural contexts form the basis for comparative analysis to assess the effectiveness of teenagers' human rights protection within the digital financial systems of the two countries.

Research on Buy Now Pay Later focusing on teenage users and human rights (HR) implications remains limited, as most studies discuss BNPL in general from management and marketing psychology perspectives. A study by Muhammad Ilman Abidin in the *Brazilian Journal of Development* highlights that BNPL regulation in Indonesia still has gaps, particularly regarding consumer protection against debt traps and transparency in digital contracts. The author urges strengthening the role of the OJK in overseeing credit distribution algorithms. Furthermore, research by Luci Irawati et al., published in the *International Journal of Economics, Management, and Accounting*, analyzed comparative BNPL regulations across 10 ASEAN countries. The results showed that while BNPL promotes financial inclusion, the risk of over-indebtedness among young people is very high due to weak traditional credit scoring. And research by Mohammad Shahfaraz Khan et al., in *Heliyon* shows that financial literacy especially for Omani adolescents has the most significant impact on compulsive buying behavior compared to materialism and the tendency to accumulate debt among the suggested direct relationships.

The novelty of this research lies in its multidisciplinary approach, which combines legal analysis, public policy, and human rights perspectives to understand the impact of Buy Now Pay Later (BNPL) use among teenagers – an angle that has not been widely explored in fintech studies. Most previous research has focused on BNPL from economic or market regulation aspects, without examining dimensions such as children's rights, consumer protection, and the social responsibility of fintech companies. This research is

also unique as it presents a comparison between Indonesia and Oman – two countries with vastly different legal systems, cultures, and financial principles – to assess the extent to which their regulatory approaches can protect teenagers from the risks of digital economic exploitation. Its urgency stems from the growing number of teenage BNPL users globally, amid a lack of legal frameworks that explicitly protect human rights within the digital financial ecosystem. Therefore, this research makes a substantial contribution to efforts to develop fair fintech policies focused on protecting children's rights.

The increasing use of Buy Now Pay Later (BNPL) services among teenagers raises fundamental questions about the extent to which national legal frameworks and policies can protect human rights in digital financial practices. The main issue examined in this research is whether regulations and policies in Indonesia and Oman are aligned with the principles of the UN Guiding Principles on Business and Human Rights (UNGPs) and the Convention on the Rights of the Child (CRC), as well as how differences in legal and cultural systems in the two countries influence the protection of teenagers from the risks of excessive debt and economic exploitation. Based on this issue, this research aims to analyze the human rights implications of BNPL use among teenagers through a comparative legal and policy approach between Indonesia and Oman. The research also seeks to identify regulatory gaps and provide policy recommendations focused on protecting children's rights and young consumers in the digital finance era. Thus, this research is expected to strengthen fair, ethical fintech governance that is aligned with human rights principles.

This research uses a qualitative approach with comparative legal and policy analysis methods to examine the human rights implications of Buy Now Pay Later (BNPL) use among teenagers in Indonesia and Oman. The data used consists of secondary

sources, including legislation, government policies, reports from financial institutions, and academic publications from international bodies. Data collection techniques are carried out through document studies and analysis of literature relevant to fintech, consumer protection, and children's rights. Analysis is conducted in three stages: identification and classification of legal norms governing BNPL services in each country; comparative analysis of regulatory alignment with the principles of the UN Guiding Principles on Business and Human Rights (UNGPs) and the Convention on the Rights of the Child (CRC); and critical evaluation of policy effectiveness in protecting teenagers from digital economic risks. The validity of findings is maintained through triangulation of legal data sources, official reports, and recent academic studies, ensuring that research results are not only descriptive but also provide an argumentative basis for formulating human rights-focused policy recommendations

B. RESULT AND DISCUSSION

1. Human Rights Implications in the Use of Buy Now Pay Later (BNPL) by Teenagers

Studies Buy Now Pay Later (BNPL) services can be understood as a concrete form of digital financial inclusion, opening up opportunities for young people to participate earlier in modern economic activities. Through easy access without complex administrative requirements, BNPL provides opportunities for young people to obtain goods and services that were previously difficult to access, while also introducing them to the digital financial system. This can improve practical financial literacy, expand economic participation, and support consumption patterns that are in line with technological developments. While BNPL has the potential to empower young people as

digital economic actors, without adequate regulation and financial education, this service can also become a gateway to impulsive consumption practices and early financial risk. Therefore, BNPL should be viewed not merely as an economic innovation, but also as an instrument that demands social responsibility and protects the economic rights of young users.

The disparity in access to information and financial literacy between young users and Buy Now Pay Later (BNPL) service providers is a central issue in the context of human rights protection in the digital financial era (Stevy et al., 2023). BNPL service providers possess far greater technological capacity, resources, and consumer behavior data than young users, who generally have little understanding of the financial consequences of credit transactions. This imbalance creates an unequal relationship, where teens often make financial decisions based on perceived promotions or ease of transactions without understanding payment obligations and the risks of late payments. In many cases, the transparency of information provided by BNPL platforms remains limited, with details of hidden interest rates, late fees, or the reputational impact of digital credit not fully explained to young users.

Financial literacy among adolescents in developing countries like Indonesia and Oman remains low, particularly in understanding digital financing mechanisms and consumer rights (Das, Sanjib, 2023). This gap places adolescents at risk of economic exploitation, as they operate within a complex financial system without adequate financial education. On the other hand, BNPL providers utilize behavioral algorithms and targeted advertising to attract young users through lifestyle images and easy shopping, further reinforcing this information gap. This situation underscores the importance of public policy interventions that emphasize financial transparency and financial education from

school age, so that youth participation in the digital economy does not turn into a new form of information-based economic injustice.

Violations of the right to consumer protection and the right to clear financial information are fundamental problems in Buy Now Pay Later (BNPL) practices, especially when these services target young age groups who do not yet have sufficient legal capacity and financial knowledge. Many BNPL providers do not fully comply with the principle of transparency in conveying the terms and conditions of transactions, including hidden fees, late fees, and legal consequences in the event of default. This lack of clarity obscures users' understanding of their financial obligations, ultimately violating consumers' right to receive accurate, clear, and honest information, as stipulated in international and national legal instruments (Wardhani, 2023). This situation is exacerbated by the lack of oversight by financial authorities of digital marketing practices that often mislead or normalize consumer debt among teenagers.

The right to clear financial information is also directly related to an individual's ability to make informed and responsible economic decisions (Alnsour et al., 2023). When the information provided is partial or manipulatively designed through marketing algorithms, young users not only lose their economic autonomy but also become victims of information asymmetry between consumers and businesses. This contradicts the principle of informed consent in human rights, which states that every individual has the right to fully understand the risks and implications of every transaction. Consequently, violations of the right to information not only impact the economic aspects but also create structural injustices in the digital financial system. Therefore, a regulatory mechanism is needed that requires full transparency, presentation of information in easy-to-understand

language, and strict supervision of commercial communication practices involving young users.

The potential for right to development violations due to digital debt traps in Buy Now Pay Later (BNPL) services is an important issue that is often overlooked in digital finance discourse. Young people who use BNPL without adequately understanding the long-term financial implications can become trapped in a cycle of debt that hinders their ability to achieve future economic independence. When access to financial services leads to increased debt burdens, an individual's right to thrive economically, socially, and educationally is diminished. This phenomenon demonstrates a paradox in digital financial inclusion, namely that although it nominally increases access to financial services, unethical practices or the absence of strict regulations can actually deepen economic and social inequality among the younger generation (Turner, 2021).

Digital debt traps can also have a domino effect on the quality of life and social mobility of young people, especially in developing countries such as Indonesia and Oman. When future financial capabilities are disrupted by short-term payment obligations, young people lose opportunities to invest in education, skills, and other productive activities. This situation directly contradicts the principles of the right to development as guaranteed in the Declaration on the Right to Development (1986), which emphasizes that every individual is entitled to economic conditions that enable them to develop fully and with dignity. Therefore, the responsibilities of states and corporations are essential to ensure that digital financial services not only drive economic growth but also respect every individual's right to develop without being trapped in debt-based financial exclusion.

Buy Now Pay Later (BNPL) providers' compliance with corporate responsibilities for human rights is a crucial aspect in assessing the ethics and sustainability of the fintech sector. Based on the UN Guiding Principles on Business and Human Rights (UNGPs), corporations have an obligation to respect human rights by avoiding practices that could harm consumers, including vulnerable groups such as teenagers. However, in practice, most BNPL providers have not fully implemented the principles of human rights due diligence in their operations, especially in the aspects of information transparency, data protection mechanisms, and social risk evaluation. The BNPL business model, which relies on consumer behavior, often creates conflicts of interest, where company profits are prioritized over the financial well-being of young consumers (Kurniawan et al., 2025b). The absence of independent audits of the social and human rights impacts of fintech corporations' activities highlights a significant gap between international norms and actual business practices on the ground.

Corporate human rights accountability mechanisms in the BNPL sector remain reactive and not yet integrated into comprehensive company policies (Turner, 2021). Most platforms only adapt following public pressure or government regulations, rather than out of ethical awareness or a proactive commitment to human rights principles. In Indonesia, fintech consumer protection policies are still under the general framework of the OJK without an explicit obligation for BNPL companies to conduct human rights risk assessments. Meanwhile in Oman, the Islamic financial principles-based approach provides stronger moral protection but has not yet been fully translated into modern corporate policies (Bouakkaz & Ferdjallah, 2023). This condition emphasizes the need to strengthen human rights-based corporate governance, where social responsibility is not

just a formality but becomes the core of an ethical and sustainable fintech business strategy .

Protecting children from economic exploitation in the digital context has become a new challenge with the development of technology-based financial services such as Buy Now Pay Later (BNPL). In the digital ecosystem, adolescents are often the primary targets of marketing strategies that emphasize ease of transactions and the image of a consumerist lifestyle without realizing the financial consequences .This situation has the potential to place them in a position of hidden economic exploitation, where their ignorance and immaturity in financial management are exploited by industry players for commercial gain. According to the Convention on the Rights of the Child (CRC), states have an obligation to protect children from all forms of economic exploitation that could harm their education, moral development, or well-being. Digital marketing practices that encourage consumer behavior through BNPL can be seen as a form of indirect exploitation of children's rights.

Economic exploitation in BNPL services arises not only from the consumption side but also from how children's personal data is processed and commercially utilized by platform providers. Young people's digital shopping behavior information and preferences are often collected, analyzed, and sold to enhance the effectiveness of advertising targeting the youth demographic, without informed consent or adequate legal protection. These practices not only violate the right to privacy but also reinforce cycles of dependence on digital consumption that can impact children's psychological well-being . Therefore, stricter child data protection policies, restrictions on aggressive marketing to vulnerable age groups, and the integration of child rights impact assessment principles into every fintech product development are needed. These efforts are essential to ensure

that digital financial innovation aligns with the principles of child protection and sustainable human development.

Transparency of algorithms and marketing practices in Buy Now Pay Later (BNPL) services is becoming an increasingly important issue when it comes to protecting young people as digital consumers. The algorithms used by BNPL providers often operate in a black box system, determining credit offerings, interest rates, and promotions without adequate public oversight. McKinsey & Company research (2023) shows that more than 68% of BNPL users in Southeast Asia are under 25 years old, and most of their purchasing decisions are influenced by automated recommendation systems based on behavioral profiling. These algorithmic systems often reinforce consumer behavior by displaying ads tailored to users' online activities, creating a psychological incentive to make impulsive purchases. In the context of business ethics and human rights, this lack of transparency potentially violates the right to information and the principle of corporate responsibility as outlined in the UN Guiding Principles on Business and Human Rights (UNGPs) (Bailey & Simons, 2026).

Digital marketing practices targeting teens through social media and influencer marketing exacerbate the imbalance between service providers and young users. More than half of teen users admit to not fully understanding the terms of use of these services (Permana, 2024). Algorithm-based marketing that emphasizes the narrative of "smart, carefree shopping" tends to normalize debt behavior as part of a digital lifestyle, without highlighting the true financial risks. The lack of explicit regulations on algorithm transparency and child-friendly marketing in countries like Indonesia and Oman further increases the potential for such ethical violations. Therefore, an algorithmic transparency policy and ethical marketing code are needed, requiring BNPL providers to disclose their

recommendation systems to regulatory authorities and report on the social impact of algorithms on young people .

The company's role in ensuring transaction fairness and preventing misuse of personal data is a crucial component of the ethical governance of Buy Now Pay Later (BNPL) services. In practice, many BNPL providers still operate with verification and risk assessment mechanisms that are not fully transparent, creating an imbalance between user rights and corporate interests .This situation raises concerns about potential violations of the principles of fair treatment and data minimization as stipulated in the General Data Protection Regulation (GDPR) and the UN Guiding Principles on Business and Human Rights (UNGPs). Therefore, companies' responsibility lies not only in providing access to financial services, but also in implementing systems that ensure algorithmic transparency, clarity of transaction requirements, and protection of young users' privacy from commercial data exploitation .

Transaction fairness in the BNPL context requires that companies not place young users at a financial disadvantage through disproportionate or poorly understood contractual practices. A 2022 report by the UK's Financial Conduct Authority (FCA) noted that over 25% of young BNPL users had difficulty understanding payment structures and late penalties, indicating a communication gap between service providers and consumers. In the context of data protection, risks increase because BNPL often integrates data across platforms ranging from e-commerce, social media, to digital banking applications without explicit informed consent. Therefore, companies must implement privacy-by-design and independent audit mechanisms to ensure all transactions and data management are conducted fairly, transparently, and in accordance with international business ethics standards. This approach not only strengthens public

trust but also represents a concrete step in guaranteeing youth's digital rights in the data-driven economy.

2. The Comparison of Buy Now Pay Later (BNPL) Legal Framework and Policy between Indonesia and Oman

The The Financial Services Authority (OJK) and Bank Indonesia (BI) play a key role in maintaining a balance between digital innovation and consumer protection in Indonesia's fintech ecosystem, including Buy Now Pay Later (BNPL) services (Usman, 2023). The OJK is responsible for regulating and supervising fintech institutions through legal frameworks such as POJK No. 10/POJK.05/2022 concerning Information Technology-Based Joint Funding Services, while BI plays a role in maintaining the stability of the digital payment system and interoperability between platforms. Through this policy, both institutions strive to ensure that BNPL providers operate transparently, adhere to prudential principles, and have adequate consumer protection mechanisms in place. However, the Bank Indonesia Fintech Outlook (2024) report indicates that there are still gaps in oversight of non-bank fintechs that are not fully registered or licensed, posing potential legal and economic risks for young users. This condition shows that even though regulations have begun to develop, the implementation of effective supervision of market behavior still requires strengthening capacity and coordination between institutions.

OJK and BI also have strategic roles in developing digital financial literacy, which is an essential instrument in preventing the misuse of BNPL by young people. Through the National Financial Literacy Program (Reksa Dana 2025) and the “#BijakBerfintech” (#WiseWithFintech) campaign, both institutions are working to increase public

awareness of the risks of digital transactions and the importance of understanding financial contracts before using BNPL services. However, the level of digital financial literacy in Indonesia remains relatively low at only 49.6%, while digital literacy is also insufficient at 41.48% in 2022. According to the Otoritas Jasa Keuangan (OJK) National Survey on Financial Literacy and Inclusion, public education has not yet fully kept pace with the rate of fintech innovation. Therefore, supervision needs to be expanded not only to technical and legal aspects but also to social and educational dimensions, involving collaboration between the government, fintech industry, and educational institutions. This integrative approach is essential to ensure that digital financial transformation can proceed in an inclusive, safe manner and in line with the principles of human rights protection.

The regulatory weaknesses in governing Buy Now Pay Later (BNPL) services in Indonesia are particularly evident in the absence of clear age limits for users, weak algorithmic oversight mechanisms, and the lack of explicit protection for young people within the fintech legal framework. Currently, there are no provisions that specifically prohibit minors under the age of 18 from accessing BNPL services, thereby creating loopholes that allow them to enter credit transactions without adequate understanding of the risks. A 2024 OJK survey shows that around 26.5% of BNPL users in Indonesia are aged approximately 18-25 years, this indicates that this platform has become part of the consumption behavior of the younger generation without adequate legal protection. On the other hand, existing regulations still focus on administrative aspects and corporate compliance, rather than ethical and social dimensions such as information fairness and the psychological impact on young users. This creates a normative gap that has the

potential to lead to violations of children's and consumers' rights in the digital economy context.

Inadequate oversight mechanisms for algorithms in BNPL systems increase the risks of digital discrimination, manipulation of consumer behavior, and exploitation of personal data. The algorithms used by BNPL providers operate on the principle of behavioral scoring, which is not always monitored by regulators, thereby enabling data bias and automated decisions that harm users with certain economic profiles. The OECD Responsible Digital Lending Report (2023) highlights that the lack of algorithmic oversight in developing countries often results in aggressive marketing practices targeting young age groups. In the context of youth protection, Indonesia does not yet have a legal framework that explicitly regulates corporate responsibility for the social and psychological impacts of BNPL use. Therefore, regulatory reforms are needed that incorporate algorithmic accountability, minimum user age limits, and child protection clauses as integral parts of national fintech policy, so that financial innovation can align with the principles of fairness and social responsibility.

Unlike in Indonesia, Oman's financial system is based on Islamic law (Sharia Law), namely the principles of anti-riba, transaction fairness, and digital credit prudence. In the context of Buy Now Pay Later (BNPL), financing practices in Oman are strictly monitored to ensure they do not contain elements of riba or excessive interest, in accordance with the provisions of the Islamic Banking Regulatory Framework (IBRF) issued by the Central Bank of Oman (CBO) in 2020. Every financial transaction, including technology-based services, must meet the principles of fairness (al-'adl) and transparency (al-shafafiyyah), which require service providers to avoid manipulative practices and provide price information openly (Husni & Khairat, 2024). The CBO

Fintech Regulatory Review (2023) report states that every digital financing service provider is required to conduct a prudent creditworthiness verification process to prevent speculation and default. This approach makes Oman one of the countries in the Middle East that balances digital financial innovation with adherence to Islamic moral values.

The application of the precautionary principle in digital credit in Oman also serves as a social protection mechanism, particularly for vulnerable groups such as youth and new fintech users. Every financial institution is required to comply with the provisions of the Sharia Supervisory Board (SSB), which ensures that fintech products do not contain elements of exploitation, ambiguity, or unfairness in risk distribution. This regulation emphasizes that fintech companies' profits must be derived from productive economic activity, not from fines or penalties imposed on users. This moral and legal approach creates a more ethical oversight system than the secular regulatory models commonly used in other countries. Thus, Oman's legal framework focuses not only on financial stability, but also on the protection of human dignity (*karamah insaniyyah*) in digital economic activities, making it an example of harmonization between Islamic law, social justice, and modern financial transformation (Février & Dajean, 2026).

The oversight mechanism for Buy Now Pay Later (BNPL) and fintech services in Oman is implemented in a dual manner through coordination between the Central Bank of Oman (CBO) and the Shariah Supervisory Board (SSB). The CBO serves as the primary regulator, overseeing operating permits, technology compliance, and security of digital payment systems through the Fintech Regulatory Sandbox Framework (2022). This framework allows financial innovation to thrive while remaining within legal boundaries and prudent credit principles. Meanwhile, the SSB is responsible for assessing product compliance with Sharia principles, including ensuring the absence of *riba* (usury),

gharar (uncertainty), or maysir (speculation) .According to the CBO Annual Financial Stability Report (2024), this dual oversight has successfully mitigated digital credit risks and boosted public trust in ethical fintech services that align with Islamic values. This approach demonstrates that Oman is not only adopting financial technology but also integrating it with strong moral and social principles.

The SSB's oversight system operates in a structured manner through annual sharia audits and regular reporting to the CBO to ensure the operational transparency of each digital financial institution. The SSB has the authority to reject or revise fintech products deemed to violate the principles of transaction fairness or potentially exploit users. Each fintech entity is required to appoint an internal sharia compliance officer who is directly responsible for implementing the SSB's fatwas and decisions. According to the Oman Islamic Finance Report (2023), approximately 92% of financial institutions in Oman have implemented an internal sharia audit system as part of regulatory compliance and business reputation assurance. The combination of technical oversight by the CBO and ethical oversight by the SSB creates a more stable, transparent, and community-oriented digital financial ecosystem. This model can serve as a reference for other countries, including Indonesia, in developing a fintech supervisory framework that is not only legally sound but also rooted in the values of social justice and moral responsibility.

Indonesia's orientation towards market growth and digital innovation in the fintech sector, including Buy Now Pay Later (BNPL) services, demonstrates a pro-economic approach and focuses on accelerating national financial inclusion. The government and regulators such as OJK and Bank Indonesia place fintech as the main catalyst for digital economic growth through policies such as the Financial Services Sector Master Plan 2021–2025 and the Indonesia Payment System Blueprint 2025. This

approach encourages the creation of a conducive ecosystem for innovation, where BNPL companies can operate relatively freely to expand their user base and introduce new business models. Data from [cnbcindonesia.com](https://www.cnbcindonesia.com) shows that the value of BNPL transactions in Indonesia reached 85.2% in April 2023, indicating a significant attraction to technology-based financial innovation. However, this focus on market expansion is often not balanced by strengthening consumer protection regulations and adequate social risk assessments.

Indonesia's pro-innovation strategy has also contributed to creating intense competition among BNPL providers to expand market penetration, which sometimes drives aggressive marketing practices without considering a balance of ethics and social sustainability. The focus on digital economic growth has caused aspects of youth and young consumer protection to remain a secondary issue in national fintech policy. However, the government still views this sector as a potential driver of financial inclusion, particularly for the unbanked and underbanked. Therefore, the main challenge going forward is balancing rapid market growth with the need for fintech governance that ensures the security, fairness, and sustainable well-being of young users (Kurniawan et al., 2025a).

Oman's focus on social stability and Sharia-compliant moral principles in the development of its digital financial sector positions it as a conservative yet sustainable model in the Middle East. The Omani government, through the Central Bank of Oman (CBO) and the Higher Shariah Authority (HSA), emphasizes that financial innovation must align with Islamic values such as justice (*adl*), transparency (*shafafiyyah*), and the prohibition of usury (*riba*). This approach ensures that the growth of the fintech sector, including the potential development of Buy Now Pay Later (BNPL) services, does not

lead to social inequality or excessive consumer behavior .According to the Oman Islamic Finance Report (2024), digital financial institutions in Oman have implemented Sharia-compliant frameworks to ensure all products and services are free from interest and financial exploitation. By emphasizing social stability, Oman demonstrates that the success of the digital economy does not have to compromise moral integrity and societal well-being.

The orientation towards Shariah moral principles also makes Oman more cautious in adopting new business models that could potentially pose social risks, especially among teenagers and young users (Alsalmi, 2012). The country's financial regulators consider that innovation should serve as a tool for economic empowerment, not merely as an instrument for consumption or short-term debt. Therefore, every fintech product is required to undergo a Shariah screening process that assesses compliance with the values of justice and transaction balance .Oman ranks among the top three GCC countries with the lowest fintech violation rates, thanks to its stringent moral oversight system and values-based financial policies. This approach demonstrates how Oman strives to maintain a balance between technological innovation and social stability, ensuring its financial system is not only efficient but also rooted in strong ethics and social responsibility.

The impact on young people's human rights (HR) protection in the context of Buy Now Pay Later (BNPL) usage shows quite significant differences between Indonesia and Oman. In Indonesia, policies that are more oriented toward digital economic growth mean that aspects of young people's HR protection are often reactive rather than preventive. Existing fintech regulations have not explicitly governed protection for young users, including the right to clear information, personal data security, and child-friendly dispute

resolution mechanisms. Teenagers using BNPL in Indonesia largely don't understand the consequences of digital debt, indicating weak financial literacy and a lack of legal protections for vulnerable age groups. This poses a risk of violating the right to development and right to information principles, where teens can become trapped in financial dependence due to a digital financial system that isn't fully transparent.

In contrast, in Oman, an approach that emphasizes cautionary principles and Shariah moral values creates more structured protection for young people's human rights, even though the growth of its fintech sector is relatively slower (Mishra & Varshney, 2024). Financial policies in Oman place moral integrity and social justice as the primary foundation for assessing digital financial products, so that practices of economic exploitation against young people can be minimized. The Central Bank of Oman and Shariah Supervisory Board actively oversee financial services to ensure they do not lead young users into debt burdens or consumptive behavior that contradicts the values of Islamic economic justice (Kindi, 2025). This shows that value- and moral-based systems can be effective instruments in guaranteeing young people's human rights in the digital economy era, provided they are balanced with adaptive oversight of technological advancements (Van der Ploeg, 2024).

The regulatory gap between Indonesia and Oman in governing Buy Now Pay Later (BNPL) services and fintech in general reflects differences in policy orientation, level of legal preparedness, and value-based approaches to protecting young consumers. In Indonesia, fintech regulation is under the coordination of the Financial Services Authority (OJK) and Bank Indonesia (BI), but existing legal frameworks such as POJK No. 10/POJK.05/2022 concerning Information Technology-Based Joint Funding Services do not specifically cover aspects of youth protection and algorithmic oversight for BNPL.

In contrast, Oman implements a more values-based regulatory approach that integrates positive legal aspects and Sharia moral principles. The country adopts a dual regulatory oversight system, in which the Central Bank of Oman (CBO) handles technical supervision and financial risk.

In contrast, Oman implements a more value-based regulatory approach that integrates aspects of positive law and Shariah moral principles. The country adopts a dual regulatory oversight system, where the Central Bank of Oman (CBO) handles technical supervision and financial risk management, while the Shariah Supervisory Board (SSB) ensures ethical compliance and justice in transactions. However, a gap emerges because Oman does not yet have specific regulations for BNPL products, even though oversight based on Shariah principles keeps such practices operating on a very limited scale. This situation contrasts with Indonesia, which already has a rapidly growing BNPL industry but lacks robust social audit mechanisms and human rights protections. Thus, this regulatory gap highlights two extremes: Indonesia, with its loose regulations amidst rapid growth, and Oman, with its tight controls but limited innovation. The future challenge for both is finding a balance between financial innovation and human rights compliance in developing an equitable digital financial system (De Schutter, 2016).

The integration of human rights (HR) principles and child protection into national fintech policies is an urgent step for countries like Indonesia and Oman, which are facing rapid growth in digital financial services. In Indonesia, fintech policies need to be strengthened through the implementation of Human Rights Due Diligence (HRDD) as recommended in the UN Guiding Principles on Business and Human Rights (UNGPs). These principles encourage BNPL providers to identify, prevent, and mitigate potential negative impacts on young people as a vulnerable group. The government can integrate

child protection into fintech policies through collaboration between OJK, the Ministry of Women's Empowerment and Child Protection (Kementerian PPA), and the National Commission on Human Rights (Komnas HAM), for example by creating a Fintech Child Protection Framework that ensures age limits, contract transparency, and digital financial education for young users .

Oman can strengthen its moral-based regulatory model by adopting a more explicit rights-based governance approach to child and young user protection. Principles of justice, social responsibility, and anti-exploitation in Shariah law can be harmonized with international human rights standards, particularly the Convention on the Rights of the Child (CRC), which has also been ratified by Oman. The Central Bank of Oman (CBO) together with the Shariah Supervisory Board (SSB) can develop fintech ethics guidelines that incorporate digital precautionary principles, such as transparency in marketing algorithms and strict age verification .Furthermore, Sharia financial literacy education in schools can be used as a preventative strategy to reduce adolescents' vulnerability to digital debt traps. Thus, integrating human rights and child protection principles not only strengthens the legitimacy of national laws but also creates an ethical foundation for sustainable and socially just fintech growth in both countries.

C. CONCLUSION

The use of Buy Now Pay Later (BNPL) among young people presents a dilemma between expanding digital financial inclusion and the potential for human rights (HR) violations. While BNPL can drive economic participation among the younger generation and strengthen financial access in the digital age, the system also opens the door to risks of over-indebtedness, manipulative consumer behavior, and weak

protection for the right to transparent financial information. Comparative analysis shows that Indonesia is more focused on accelerating digital innovation and market growth, whereas Oman emphasizes social stability and Shariah moral principles as the foundation for prudence in digital financing. These two approaches reflect fundamental differences between market-driven innovation and value-based regulation models in fintech governance. From a human rights perspective, Indonesia still faces a gap between its digital economic ambitions and the responsibility to guarantee the rights of young people as vulnerable legal subjects to economic exploitation. Regulations that do not explicitly cover youth protection and algorithmic oversight mechanisms are key challenges. Meanwhile, Oman demonstrates more ethical and cautious financial governance, but empirical information and academic studies on the impact of BNPL on young age groups remain limited. This limitation is an important note in this research as it creates a data gap that may affect the depth of comparative analysis. For further research, it is recommended that similar studies expand their scope with empirical and participatory approaches involving direct surveys of young users in both countries to map their perceptions, literacy, and financial behavior. Researchers may also examine more deeply how the integration of human rights principles into fintech policies can be technically operationalized—for example, through ethical algorithm design and child rights-based age verification systems. An interdisciplinary approach combining law, economics, and digital ethics will enrich global literature on the relationship between financial innovation and human rights protection in the digital finance era

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