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Socio-Legal Analysis of Legal Protection for Buy Now Pay Later Users Among Diponegoro University Students

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ABSTRACT

The rapid expansion of Buy Now Pay Later (BNPL) services in Indonesia has increased university students' access to digital credit while raising concerns about consumer protection and financial vulnerability. Although previous studies have focused on financial behavior and consumer economics, limited attention has been given to the effectiveness of legal protection within students' socio-economic practices. To address this gap, this study adopts a socio-legal approach grounded in economic law to examine both the adequacy and practical implementation of legal safeguards for BNPL users. Empirical legal methods were employed through statutory analysis, literature review, and field data collection involving BNPL users among students at Diponegoro University. The findings show that BNPL adoption is primarily driven by lifestyle-oriented consumption, easy credit access, promotional incentives, and limited financial literacy. The study further reveals that legal protection remains inadequate due to insufficient transparency in digital contracts, weak disclosure of financing risks, ineffective implementation of responsible lending principles, and low consumer awareness of legal rights and obligations. Theoretically, the study demonstrates that effective digital consumer protection depends on the interaction between legal norms and users' financial behavior rather than regulatory completeness alone. From a policy perspective, it recommends strengthening regulatory oversight, improving contractual transparency, enforcing responsible lending practices, and expanding financial literacy programs to create a fairer and more sustainable digital financing ecosystem for university students.

Keywords: Buy Now Pay Later, Consumer Protection, University Students, Digital Financial Law

INTRODUCTION

The rapid development of financial technology has transformed contemporary consumer transactions, particularly through the emergence of Buy Now Pay Later (BNPL) services within digital commerce ecosystems. BNPL enables consumers to purchase goods and services instantly while postponing payment through installment mechanisms integrated into e-commerce platforms and digital financial applications. Globally, BNPL has experienced significant expansion due to its convenience, accessibility, and flexible payment features, especially among young consumers and university students (Berg et al., 2023; Cornelli et al., 2023). In Indonesia, the growth of BNPL services has accelerated alongside increasing digital financial inclusion and the expansion of online marketplaces. This phenomenon has positioned university students as one of the most active consumer groups within the digital credit ecosystem.

The increasing adoption of BNPL among students raises serious socio-legal concerns regarding consumer protection, financial literacy, digital indebtedness, and the imbalance of bargaining positions between fintech providers and users. Previous studies demonstrate that BNPL services encourage impulsive consumption behavior and increase the risk of long-term financial instability among young consumers (DeHaan et al., 2024; Halim et al., 2024). Similarly, Gdalman et al. (2022) emphasized that the ease of digital installment systems often leads users to underestimate debt accumulation and financing risks. From a socio-economic perspective, the expansion of BNPL reflects a broader transformation of digital financial culture among younger generations who prioritize instant consumption and flexible credit access.

In the Indonesian context, legal issues concerning BNPL services continue to attract academic attention. Abdullah and Ramadhan (2022) argued that consumer rights in digital transactions remain vulnerable due to weak legal certainty and inadequate digital consumer awareness. Achmad (2023) further explained that fintech-based pay later services often contain standard electronic agreements that potentially disadvantage consumers because users generally fail to understand contractual risks comprehensively. Likewise, Dharmadji and Sulistiyantoro (2023) highlighted that existing legal protections for users of e-commerce-based pay later systems remain ineffective in addressing unfair contractual practices and consumer disputes. Oktaviani et al. (2024) also noted that the implementation of consumer protection principles in BNPL services still faces regulatory and supervisory limitations.

Although previous studies have discussed BNPL from consumer protection, financial innovation, and regulatory perspectives, several important gaps remain unresolved. First, existing studies predominantly focus on doctrinal legal analysis and normative consumer protection frameworks without adequately examining the social realities influencing BNPL usage among university students. Second, limited research specifically investigates students as vulnerable digital consumers despite their increasing dependence on instant digital financing. Third, prior studies generally discuss BNPL users in broad contexts without focusing on specific academic communities such as university students whose financial behavior is strongly shaped by lifestyle, peer influence, and limited financial literacy. Fourth, the socio-legal dimensions of legal protection, particularly concerning the interaction between digital financial culture and regulatory effectiveness, remain insufficiently explored in Indonesian legal scholarship.

This research seeks to address those gaps by examining BNPL practices among students at Diponegoro University through a socio-legal perspective. Unlike previous studies that primarily emphasize normative legal frameworks, this study integrates social realities, consumer behavior, and legal protection mechanisms within Indonesia's digital financial ecosystem. The socio-legal approach is essential because the effectiveness of legal protection cannot be analyzed solely through statutory interpretation but must also consider how law operates within society and influences consumer behavior in practice.

The novelty of this research lies in three major aspects. First, this study positions university students as vulnerable digital consumers within the expanding BNPL ecosystem, an issue that remains underexplored in Indonesian legal studies. Second, this research combines socio-legal analysis with digital consumer protection discourse by examining the interaction between financial behavior, legal awareness, and fintech regulation. Third, this study proposes a reconstruction of student-centered legal protection models emphasizing responsible lending principles, financial literacy enhancement, and stronger digital financial supervision. This perspective contributes not only to consumer protection law but also to the broader discourse on digital financial governance in developing countries.

The urgency of strengthening legal protection in BNPL transactions has become increasingly important due to the rapid transformation of digital finance in Indonesia. The issuance of Otoritas Jasa Keuangan Regulation Number 22 of 2023 concerning Consumer and Public Protection in the Financial Services Sector demonstrates the government's effort to improve legal safeguards within digital financial services. However, the implementation of these protections remains challenging due to low consumer legal literacy, limited transparency in digital contracts, and weak enforcement of responsible lending principles. Comparative studies also reveal that regulatory frameworks concerning BNPL remain inconsistent across ASEAN countries, creating further challenges for consumer protection governance (Irawati et al., 2024).

Based on these considerations, this study aims to analyze the social dynamics underlying BNPL usage among Diponegoro University students and evaluate the effectiveness of legal protection mechanisms for BNPL users within Indonesian financial regulations. Furthermore, this research seeks to formulate an ideal model of legal protection capable of balancing financial innovation with consumer rights protection in the digital economy era. Through this socio-legal analysis, the study is expected to contribute theoretically to the development of consumer protection law and practically to the improvement of fintech regulatory policies in Indonesia.

RESEARCH METHODS

This study employed a socio-legal research approach to examine the implementation of legal protection for Buy Now Pay Later (BNPL) users among students at Diponegoro University. The socio-legal approach was selected because the research not only analyzes legal norms governing digital financial transactions but also evaluates how these norms function within social realities, particularly among university students as vulnerable digital consumers. Socio-legal research emphasizes the interaction between law, society, and consumer behavior to assess the effectiveness of legal protection in the rapidly evolving digital financial ecosystem (Johnson et al., 2021). This approach is especially appropriate because BNPL practices involve not only normative legal dimensions but also social, economic, and behavioral factors shaped by digital lifestyles and financial literacy.

The analytical framework integrates normative legal analysis with socio-economic assessment to explain the relationship between consumer protection regulations and the financial vulnerability of student BNPL users. Specifically, the framework evaluates whether existing legal norms—including transparency obligations, informed consent requirements, responsible lending principles, and consumer rights protections—are effectively implemented in practice and capable of mitigating risks such as excessive indebtedness, information asymmetry, and unfair contractual relationships. By linking statutory provisions with empirical evidence on students' financial behavior and legal awareness, the framework enables a comprehensive assessment of the effectiveness of Indonesia's digital consumer protection regime.

The research employed empirical legal methods supported by statutory and conceptual approaches. The statutory approach involved a systematic examination of laws and regulations governing consumer protection, electronic transactions, financial technology, and digital financial services in Indonesia, including Otoritas Jasa Keuangan Regulation Number 22 of 2023 concerning Consumer and Public Protection in the Financial Services Sector. The conceptual approach was used to analyze theories of consumer protection, responsible lending, financial technology governance, and digital consumer vulnerability while incorporating socio-economic perspectives on students' financial decision-making and consumption patterns.

Legal interpretation was conducted using grammatical, systematic, and teleological methods. Grammatical interpretation was applied to ascertain the ordinary meaning of statutory provisions regulating digital financial services and consumer rights. Systematic interpretation examined the coherence and interaction among relevant legal instruments within Indonesia's regulatory framework. Teleological interpretation was employed to identify the underlying objectives of consumer protection legislation, particularly in promoting fairness, transparency, accountability, and legal certainty in digital financing transactions. The combination of these interpretive methods facilitated a contextual evaluation of whether existing regulations adequately address the practical challenges experienced by BNPL users.

The selection of legal materials followed predetermined relevance and quality criteria. Primary legal materials consisted of legislation, regulatory instruments, and official policy documents directly governing BNPL services, consumer protection, electronic transactions, and financial sector supervision. Secondary legal materials included peer-reviewed academic journal articles, scholarly books, legal commentaries, and empirical studies addressing fintech regulation, consumer protection law, digital finance, and BNPL practices (Achmad, 2023; Cornelli et al., 2023; Irawati et al., 2024). These materials were selected based on their substantive relevance to the research questions, academic credibility, recency, and contribution to understanding legal and socio-economic issues associated with BNPL services. The collected literature was critically evaluated by comparing doctrinal arguments, empirical findings, and regulatory developments to ensure analytical consistency and reliability.

Primary data were obtained through field research involving students who actively used BNPL services in online transactions. Data collection was conducted through semi-structured interviews and questionnaires to explore participants' experiences, legal awareness, financial literacy, perceptions of contractual fairness, and understanding of the legal protections available in BNPL transactions. Respondents were selected using purposive sampling to ensure that each participant possessed direct experience with BNPL services within digital commerce platforms and could provide information relevant to the research objectives.

The collected data were analyzed qualitatively using descriptive-analytical methods. The analysis involved organizing empirical findings, identifying recurring patterns of BNPL usage, examining the correspondence between regulatory provisions and actual consumer experiences, and evaluating the effectiveness of existing legal protections in addressing financial vulnerability among students. Normative legal analysis and empirical evidence were then integrated through the socio-legal framework to produce a comprehensive interpretation of how legal norms operate in practice. Based on this synthesis, the study formulated recommendations for strengthening legal protection and developing a more responsive and sustainable regulatory model for university students participating in Indonesia's digital financial system.

RESULTS AND DISCUSSION

The Social Dynamics of Buy Now Pay Later Usage Among Diponegoro University Students

The rapid expansion of digital financial services in Indonesia has significantly transformed consumption behavior among university students, particularly through the widespread use of Buy Now Pay Later (BNPL) facilities integrated into e-commerce platforms. Among students at Diponegoro University, BNPL services have become increasingly popular because they offer fast access to instant financing without requiring conventional banking procedures. The integration of BNPL features into online marketplaces has created a consumption environment that encourages flexibility, convenience, and immediate purchasing power. This phenomenon reflects broader changes within digital financial culture, where young consumers tend to prioritize efficiency and instant gratification in their financial transactions. Previous studies demonstrate that the rapid growth of BNPL services is closely linked to technological development, digital consumer lifestyles, and the increasing penetration of financial technology platforms among younger generations (Berg et al., 2023; Cornelli et al., 2023).

Based on interviews conducted during this study, most student respondents stated that BNPL services were primarily used to fulfill daily consumption needs, online shopping activities, and educational necessities. Student 1 explained that BNPL services provided convenience when monthly allowances were insufficient to support academic and personal expenses. Similarly, Student 2 stated that the installment features encouraged more frequent online purchases because payments could be postponed without requiring immediate cash availability. Another respondent, Student 3, admitted that promotional discounts and zero-interest installment offers strongly influenced purchasing decisions. These findings indicate that the use of BNPL among students is not merely driven by economic necessity but is also shaped by digital consumption culture and psychological motivations associated with convenience and lifestyle adaptation. Such conditions are consistent with the findings of Akana (2022), which emphasized that BNPL adoption among young consumers is largely motivated by ease of access, payment flexibility, and attractive promotional incentives.

The social dynamics of BNPL usage among students also reveal a growing tendency toward impulsive consumption behavior. Several respondents acknowledged that the availability of deferred payment systems reduced their consideration of financial risks before making purchases. Student 4 explained that online shopping became psychologically easier because the payment burden appeared smaller when divided into installments. In the same context, Student 5 admitted experiencing difficulties in managing monthly expenses after accumulating multiple BNPL obligations simultaneously. This condition reflects the phenomenon of digital indebtedness, where users gradually develop financial dependence on digital credit facilities. DeHaan et al. (2024) argued that BNPL services often create an illusion of affordability, leading consumers to increase spending beyond their actual financial capacity. Likewise, Halim et al. (2024) found that instant financing mechanisms significantly influence consumer behavior by encouraging impulsive spending patterns and weakening long-term financial discipline.

From a socio-legal perspective, the increasing dependence on BNPL among students is also influenced by limited financial literacy and low awareness of legal risks associated with digital financial contracts. Interviews revealed that many respondents rarely read the complete terms and conditions provided by BNPL platforms before approving transactions. Student 6 stated that most users immediately accepted electronic agreements without understanding penalty clauses, interest calculations, or personal data usage policies. Student 7 similarly acknowledged limited knowledge regarding consumer rights in digital financial transactions. These findings demonstrate an imbalance between technological accessibility and legal awareness among student consumers. Abdullah and Ramadhan (2022) emphasized that digital consumers often face weak legal certainty because electronic transactions are conducted within highly asymmetrical information structures. Furthermore, Achmad (2023) noted that standard electronic contracts in fintech services frequently place consumers in vulnerable positions due to limited bargaining power and insufficient legal comprehension.

The influence of social environments and peer interactions also contributes significantly to the normalization of BNPL usage among university students. Several respondents admitted that recommendations from friends and social media trends encouraged them to adopt BNPL services. Student 8 explained that BNPL had become part of contemporary student lifestyles because many peers used installment systems for fashion, gadgets, and entertainment purchases. This finding indicates that BNPL usage has evolved beyond financial necessity into a form of social adaptation within digital consumer culture. Cervellati et al. (2025) argued that consumer financing decisions in BNPL ecosystems are strongly shaped by social behavior and lifestyle aspirations, particularly among younger users exposed to digital marketing environments. Similar observations were presented by Gaju (2025), who explained that social influence and digital convenience are major drivers of increasing BNPL adoption globally.

Interviews with lecturers further revealed concerns regarding the long-term implications of BNPL usage on students' financial responsibility and legal awareness. Lecturer 1 stated that many students perceive BNPL merely as a modern payment method rather than a form of debt obligation with legal consequences. Lecturer 2 emphasized that the lack of financial literacy education within higher education institutions contributes to students' vulnerability toward excessive digital borrowing. Meanwhile, Lecturer 3 highlighted that students often underestimate the risks of late payment penalties and personal data misuse in fintech ecosystems. These concerns align with the arguments of Herlina and Yuliati (2022), who explained that consumers using pay later services remain highly vulnerable to pressure from business actors due to unequal contractual positions. In addition, Agusthin et al. (2024) stressed that the rapid digitalization of financial services has increased risks related to data security and cyber-based consumer exploitation.

From the perspective of Islamic economic law, several respondents also expressed ethical concerns regarding BNPL transactions. Student 9 questioned whether installment mechanisms involving additional charges could potentially contradict Islamic financial principles. Such concerns reflect broader debates surrounding the legitimacy of BNPL systems within Islamic finance discourse. Al Obaid (2024) explained that BNPL services require careful evaluation from a Sharia perspective because unclear contractual structures and excessive financial burdens may potentially contain elements inconsistent with Islamic legal principles. Similar concerns were raised by Putra et al. (2024), who emphasized that digital financial innovation must remain aligned with ethical and justice-oriented principles within Islamic economic systems.

The social dynamics of BNPL usage among Diponegoro University students demonstrate that digital financial transformation has significantly reshaped consumer behavior, financial decision-making, and legal awareness among young consumers. The increasing normalization of installment-based digital consumption reflects both the opportunities and risks created by fintech innovation. While BNPL services provide financial flexibility and easier access to consumption, they also expose students to impulsive spending behavior, digital indebtedness, and legal vulnerabilities resulting from limited financial literacy and unequal contractual relationships. These findings indicate the urgent need for stronger legal protection mechanisms, responsible lending practices, and financial literacy programs capable of balancing financial innovation with sustainable consumer protection in Indonesia's digital economy era.

Legal Protection Mechanisms for Buy Now Pay Later Users in Indonesian Financial Regulation

The rapid expansion of Buy Now Pay Later (BNPL) services in Indonesia has created significant legal challenges concerning consumer protection within the digital financial ecosystem. As a financial innovation integrated into e-commerce and fintech platforms, BNPL has transformed traditional credit systems into instant digital financing accessible through mobile applications. Although this development contributes positively to financial inclusion and digital economic growth, it simultaneously increases the vulnerability of consumers, particularly university students who generally possess limited financial literacy and weak bargaining positions in digital contractual relationships. Indonesian financial regulation has attempted to address these concerns through various legal instruments governing consumer rights, electronic transactions, and fintech supervision. However, the effectiveness of these regulatory mechanisms remains debatable due to the rapid evolution of digital financial services and the complexity of BNPL operational models (Cornelli et al., 2023; Ishak et al., 2025).

The legal protection framework for BNPL users in Indonesia is fundamentally derived from consumer protection principles established in national legislation, particularly regulations concerning consumer rights, electronic transactions, and financial services governance. The issuance of Otoritas Jasa Keuangan Regulation Number 22 of 2023 concerning Consumer and Public Protection in the Financial Services Sector represents an important effort to strengthen legal safeguards within digital finance. This regulation obligates financial service providers to implement transparency, fairness, confidentiality, complaint handling mechanisms, and responsible business conduct toward consumers. In principle, BNPL providers are required to disclose financing terms, interest rates, penalties, and risk information clearly before consumers approve transactions. Nevertheless, practical implementation often reveals significant shortcomings because digital agreements are generally presented through lengthy electronic contracts rarely understood by users. Abdullah and Ramadhan (2022) argued that legal certainty in digital transactions remains weak due to information asymmetry between service providers and consumers, particularly within online financial services.

The contractual structure of BNPL transactions also raises concerns regarding the imbalance of bargaining positions between fintech companies and users. Most BNPL agreements utilize standard electronic contracts drafted unilaterally by service providers without negotiation opportunities for consumers. In many cases, consumers simply accept contractual terms through digital consent mechanisms without fully understanding the legal consequences of financing obligations. Achmad (2023) explained that electronic standard clauses in pay later services frequently disadvantage consumers because users lack adequate legal literacy and contractual awareness. Similar findings were presented by Dharmadji and Sulistiyantoro (2023), who emphasized that consumers using e-commerce-based pay later systems remain vulnerable to unfair contractual practices, particularly regarding penalties, late fees, and debt collection mechanisms. Consequently, although regulatory frameworks formally recognize consumer protection principles, the practical implementation of those protections remains insufficient in ensuring substantive justice for digital consumers.

Another important aspect of legal protection concerns the implementation of responsible lending principles within BNPL services. Responsible lending requires financial service providers to assess consumers' repayment capacity before approving financing facilities. However, BNPL systems in Indonesia often prioritize transaction speed and market expansion over prudent risk assessment mechanisms. The simplified verification procedures used by many fintech platforms enable consumers, including university students, to access multiple financing services simultaneously without comprehensive credit evaluation. Johnson et al. (2021) argued that regulatory frameworks concerning BNPL in many jurisdictions fail to adequately address the risks of excessive consumer indebtedness because these services are frequently positioned outside conventional credit regulations. Similarly, DeHaan et al. (2024) found that BNPL systems encourage consumers to spend beyond their financial capacity due to the psychological effect of installment-based payments that appear more affordable than direct cash transactions.

From a comparative perspective, regulatory challenges related to BNPL services are not unique to Indonesia but also occur across ASEAN and global financial systems. Irawati et al. (2024) explained that ASEAN countries face difficulties in harmonizing fintech regulations due to differing approaches toward digital consumer protection and financial innovation governance. In Indonesia, BNPL regulation remains fragmented because existing legal instruments primarily focus on general fintech supervision rather than specific BNPL operational characteristics. This regulatory gap creates uncertainty regarding issues such as interest limitations, debt collection ethics, dispute resolution procedures, and consumer data protection. Cornelli et al. (2023) similarly noted that cross-country BNPL regulation often struggles to balance innovation promotion with adequate consumer protection mechanisms. As a result, regulatory adaptation frequently lags behind the rapid evolution of digital financial technology.

Legal protection mechanisms for BNPL users must also address increasing cybersecurity and personal data risks within digital financial services. BNPL transactions require consumers to provide extensive personal information, including identity documents, banking data, and transaction histories. The misuse of such information may expose consumers to cybercrimes, phishing attacks, and unauthorized financial exploitation. Agusthin et al. (2024) emphasized that digital banking and fintech consumers face growing threats related to cyber fraud due to weak data protection mechanisms and insufficient consumer awareness. The vulnerability of student consumers becomes even greater because younger users tend to prioritize convenience over digital security considerations. In this context, effective legal protection requires not only contractual transparency but also stronger supervision of digital security standards implemented by fintech providers.

The issue of financial literacy further influences the effectiveness of legal protection mechanisms within BNPL transactions. Many consumers lack sufficient understanding regarding interest calculations, penalty structures, dispute resolution rights, and legal consequences arising from digital financing agreements. Maulidiana et al. (2025) found that low consumer legal literacy significantly affects consumers' ability to resolve disputes related to BNPL services. This condition demonstrates that formal legal regulation alone is insufficient without parallel efforts to improve public understanding of digital financial rights and obligations. Herlina and Yuliati (2022) similarly argued that consumers using pay later services remain vulnerable to exploitation because business actors possess greater informational and economic power within digital transactions.

From the perspective of Islamic economic law, the legal protection of BNPL users also involves ethical considerations related to fairness, transparency, and the avoidance of exploitative financial practices. Several scholars have questioned whether certain BNPL operational mechanisms potentially contain elements inconsistent with Islamic legal principles, particularly when additional charges and unclear contractual arrangements create financial burdens for consumers. Al Obaid (2024) emphasized that BNPL systems require careful Sharia evaluation to ensure compliance with principles of justice and transparency in financial transactions. Furthermore, Putra et al. (2024) explained that digital financial innovation within Muslim societies should prioritize ethical governance capable of balancing technological advancement with social justice and consumer welfare.

Indonesian financial regulation has established important normative foundations for protecting BNPL users through consumer protection laws, fintech supervision, and financial service governance mechanisms. Nevertheless, the rapid development of digital financial services continues to expose significant weaknesses in regulatory implementation, contractual fairness, responsible lending practices, and digital consumer literacy. The persistence of unequal bargaining positions, inadequate transparency, and limited consumer awareness demonstrates that existing legal protections remain insufficient to fully safeguard university students and other vulnerable consumers within Indonesia's expanding BNPL ecosystem.

Reconstructing Ideal Legal Protection for Student Consumers in Buy Now Pay Later Transactions

The rapid expansion of Buy Now Pay Later (BNPL) services in Indonesia demonstrates the increasing integration of digital finance into everyday consumer activities, particularly among university students. Although BNPL contributes to financial inclusion by providing easier access to credit facilities, its development simultaneously creates substantial legal and social vulnerabilities for young consumers. Existing legal protection mechanisms remain largely reactive and normative, while the operational realities of BNPL continue evolving through aggressive digital marketing strategies, algorithm-based financing systems, and simplified electronic agreements. Consequently, reconstructing an ideal legal protection model for student consumers requires not only strengthening formal regulations but also developing an integrated framework capable of balancing financial innovation, consumer rights, financial literacy, and ethical digital governance. Such reconstruction becomes increasingly urgent because students represent one of the most vulnerable groups within the digital credit ecosystem due to limited economic capacity, inadequate legal literacy, and high exposure to digital consumer culture (Ishak et al., 2025; Gaju, 2025).

An ideal legal protection framework for BNPL users should begin with the reinforcement of responsible lending principles within Indonesian financial regulation. In practice, many BNPL providers prioritize transaction expansion and user acquisition without conducting comprehensive assessments of consumers' repayment capacity. Simplified verification systems enable students to access multiple financing facilities simultaneously despite uncertain financial capability. This condition increases the risk of over-indebtedness and financial dependency among young consumers. Johnson et al. (2021) argued that BNPL regulation in many jurisdictions has failed to effectively control excessive consumer debt because these services frequently operate outside traditional credit supervision mechanisms. Similarly, Di Maggio et al. (2022) found that BNPL usage significantly influences spending behavior by encouraging consumers to make purchases they would otherwise postpone or avoid. Therefore, Indonesian financial regulation should require fintech providers to implement stricter affordability assessments, transaction limits for student consumers, and periodic evaluations of repayment capacity before approving financing facilities.

The reconstruction of legal protection should also emphasize contractual transparency and fairness within digital financial transactions. Most BNPL agreements currently rely on standard electronic contracts drafted unilaterally by service providers, creating unequal bargaining positions between companies and consumers. Students often approve financing agreements without fully understanding interest structures, late payment penalties, or dispute resolution mechanisms. This situation weakens substantive consumer consent because contractual approval is frequently based on convenience rather than informed legal understanding. Martadikusuma (2025) emphasized that legal protection in BNPL transactions requires stronger regulation concerning transparency obligations and the simplification of digital contract language to ensure consumer comprehension. Similarly, Oktaviani et al. (2024) argued that the implementation of consumer protection principles within BNPL services remains ineffective when electronic agreements continue prioritizing corporate interests over consumer fairness. Accordingly, future regulatory reforms should mandate the use of accessible contract language, standardized risk disclosures, and mandatory consumer education before financing approval.

Another essential component of ideal legal protection involves strengthening digital financial literacy among university students. The effectiveness of consumer protection law depends not only on the existence of regulations but also on consumers' ability to understand and exercise their legal rights. Many students lack adequate knowledge concerning debt management, financing risks, data privacy, and contractual obligations within digital financial services. Maulidiana et al. (2025) demonstrated that low legal literacy significantly limits consumers' ability to resolve disputes arising from BNPL transactions. Likewise, Gdalman et al. (2022) explained that many BNPL users underestimate the long-term financial consequences of installment-based financing because digital payment systems create psychological perceptions of affordability. Therefore, universities and government institutions should collaborate to integrate financial literacy education into higher education programs, particularly regarding digital finance, consumer protection rights, and responsible financial behavior. Such preventive approaches are necessary to reduce students' vulnerability toward exploitative financial practices.

In addition to legal literacy, the reconstruction of legal protection mechanisms should incorporate stronger supervision of digital business practices conducted by fintech companies. The aggressive marketing strategies commonly used by BNPL providers frequently target younger consumers through discounts, instant approvals, and lifestyle-oriented advertisements that normalize debt-based consumption. Cervellati et al. (2025) explained that BNPL systems strongly influence consumer financing decisions by encouraging impulsive purchasing behavior and emotional spending patterns. Similarly, Halim et al. (2024) found that instant gratification culture within BNPL ecosystems contributes to long-term financial instability among younger consumers. To address these concerns, financial regulators should establish stricter advertising guidelines prohibiting misleading promotional claims, hidden financing charges, and psychologically manipulative marketing strategies directed toward students. Such measures are necessary to ensure that fintech innovation operates within ethical boundaries that prioritize consumer welfare rather than excessive commercial exploitation.

The protection of personal data and digital security also constitutes a crucial element within the reconstruction of legal safeguards for BNPL users. Digital financing transactions require extensive data collection, including identity verification, transaction histories, banking records, and behavioral analytics. Weak supervision of data management practices may expose consumers to cybercrime risks, phishing attacks, and unauthorized data exploitation. Agusthin et al. (2024) emphasized that digital financial consumers remain increasingly vulnerable to cyber-based crimes due to insufficient awareness and inadequate data protection standards. Similarly, Gayo et al. (2024) argued that digital platform providers possess substantial legal responsibilities in ensuring the security and confidentiality of consumer information. Therefore, future legal protection models should strengthen obligations concerning cybersecurity standards, consumer consent for data usage, and sanctions against fintech companies that misuse or fail to protect consumer data adequately.

From a comparative regulatory perspective, Indonesia can also learn from international approaches to BNPL governance. Cornelli et al. (2023) explained that many countries are currently revising financial regulations to specifically address BNPL operational characteristics, including affordability checks, licensing requirements, and consumer dispute mechanisms. Chuah et al. (2023) similarly observed that Southeast Asian countries face increasing pressure to modernize fintech regulation in response to the rapid expansion of BNPL services among younger populations. Irawati et al. (2024) further highlighted that ASEAN regulatory frameworks still lack harmonization concerning BNPL supervision and digital consumer protection standards. Consequently, Indonesia should consider adopting more adaptive regulatory approaches capable of addressing emerging fintech risks while maintaining support for financial innovation and inclusion.

The reconstruction of legal protection for student consumers should additionally incorporate ethical and Islamic economic principles within digital financial governance. In predominantly Muslim societies such as Indonesia, financial innovation must align not only with positive legal frameworks but also with ethical values emphasizing fairness, transparency, and social welfare. Al Obaid (2024) argued that BNPL systems require careful Sharia evaluation because unclear contractual structures and excessive financial burdens may potentially contradict Islamic legal principles. Prayogi et al. (2025) similarly emphasized that

Islamic law prioritizes justice and balance within economic transactions to prevent exploitation and social inequality. In this context, responsible lending, transparent contracts, and consumer welfare protections should become central principles within the governance of digital financing services. Putra et al. (2024) and Safitri et al. (2025) further explained that the transformation of digital finance within Islamic economic systems requires ethical regulation capable of integrating technological innovation with moral accountability and social justice values.

Moreover, the transformation of Indonesia's digital financial ecosystem necessitates institutional collaboration among regulators, universities, fintech companies, and civil society organizations. Ceasario and Fauzatul Laily Nisa (2025) emphasized that digital financial transformation creates both opportunities and challenges for inclusive economic development, particularly within emerging fintech sectors. Likewise, Jannah and Abidin (2025) argued that sustainable digital financial governance requires adaptive legal institutions capable of responding to technological disruption and evolving consumer behavior. Zuchroh (2024) similarly highlighted that the digitalization of financial systems must be accompanied by stronger governance structures ensuring fairness, transparency, and consumer protection. Therefore, reconstructing ideal legal protection mechanisms for student consumers should involve multi-stakeholder cooperation focused on preventive education, ethical business conduct, technological accountability, and responsive regulatory supervision.

The reconstruction of legal protection for student consumers in BNPL transactions must move beyond merely formal regulatory compliance toward a more comprehensive and consumer-oriented protection model. Such a model should integrate responsible lending principles, transparent contractual practices, digital financial literacy, data protection, ethical fintech governance, and effective institutional supervision. Through this integrated approach, Indonesia can develop a sustainable digital financial ecosystem that not only supports technological innovation and economic inclusion but also ensures substantive justice and long-term protection for vulnerable consumer groups, particularly university students within the rapidly evolving digital economy era.

CONCLUSION

This study demonstrates that the rapid growth of Buy Now Pay Later (BNPL) services among students at Diponegoro University reflects significant transformations in digital consumer culture and financial behavior within Indonesia's digital economy. The findings reveal that students' use of BNPL services is strongly influenced by digital lifestyles, instant financing accessibility, promotional strategies, and limited financial literacy. Although BNPL services provide practical financial flexibility, their widespread use also creates serious socio-legal challenges, including impulsive consumption behavior, increasing digital indebtedness, weak legal awareness, and unequal bargaining positions between fintech providers and student consumers. Furthermore, the study confirms that existing legal protection mechanisms within Indonesian financial regulation remain insufficient to fully safeguard vulnerable consumers due to inadequate transparency, limited implementation of responsible lending principles, and weak consumer understanding of digital financial contracts.

This research further concludes that the reconstruction of ideal legal protection for student consumers requires a comprehensive and adaptive regulatory framework capable of balancing financial innovation with consumer welfare. Strengthening responsible lending obligations, improving digital financial literacy, enhancing transparency in electronic agreements, and reinforcing personal data protection are essential steps toward achieving more effective consumer protection in BNPL transactions. In addition, the integration of ethical principles, particularly fairness and social responsibility within digital financial governance, is necessary to ensure sustainable fintech development in Indonesia. Through stronger institutional supervision and collaborative efforts among regulators, universities, and fintech providers, Indonesia can establish a more equitable digital financial ecosystem that protects university students from exploitative financing practices while still supporting inclusive financial innovation in the digital era.

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