

Contemporary Fiqh Perspective on Cryptocurrency: A Comparative Study of the Indonesian Ulema Council and Perlis State Fatwas

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Abstract

This study aims to analyze cryptocurrency fatwas issued in two countries: Malaysia and Indonesia. The objectives include identifying the fatwas related to cryptocurrency, examining the similarities and differences between the two, and understanding the reasoning behind them. The research employs a qualitative approach using library research and document analysis as data collection methods. The findings reveal two main points: First, scholars hold differing opinions on cryptocurrency some deem it impermissible (haram), while others consider it permissible (halal). Second, both Malaysia and Indonesia share a common stance in their fatwas by not recognizing cryptocurrency as legal tender or a valid means of payment, as it contradicts national regulations and monetary laws.

Keywords: Crypto, Fatwas, the Indonesian Ulema Council, the Mufti Department of Perlis.

INTRODUCTION

In the contemporary era, humanity witnesses unprecedented technological advancement. Daily innovations emerge, each transforming and facilitating human existence in profound ways. Economic activities have undergone substantial evolution throughout history. Prior to the advent of monetary systems, societies fulfilled their needs through direct exchange mechanisms known as the barter system. Barter constitutes an economic system wherein goods or services are directly exchanged for other goods or services without the intermediation of monetary instruments.¹ For instance, an individual requiring butter could exchange it directly for bread, with both parties conducting transactions without monetary involvement or third-party intermediation.²

However, as technological sophistication increased, the barter system was gradually abandoned due to several inherent limitations. These include the difficulty of locating parties with complementary needs (double coincidence of wants), challenges in establishing equitable valuation ratios between disparate commodities, complications in finding individuals willing to exchange goods for services or vice versa, and the temporal inefficiency of securing desired exchanges within acceptable timeframes.

Following the obsolescence of the barter system, economists and societies developed monetary systems, establishing currency as the primary medium of exchange. According to the Kamus Bahasa Indonesia (Indonesian Dictionary), money constitutes a legitimate medium of exchange or standard of value measurement, issued by governmental authorities in the form of paper, gold, silver, or other metals, minted with specific designs and imagery. The function of money extends beyond mere transactional facilitation to encompass value measurement, wealth accumulation, deferred payment standards, and

¹ Alo Liliweri, *Sistem Ekonomi & Mata Pencaharian* (2021), 24.

² Mohamad Hidayat, *An Introduction to the Sharia Economics* (Jakarta: Zikrul Hakim, 2010), p. 144.

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commodity trading.³

Technological advancement has continued to reshape monetary systems, leading to the emergence of digital currencies. Among the most significant technological innovations in the economic sphere is the creation of digital currency, known as *kripto* in Indonesian or cryptocurrency in English. Fundamentally, cryptocurrency represents a digital currency technology employing cryptographic systems to secure transactions and prevent counterfeiting. Globally, numerous cryptocurrencies exist, with Bitcoin, Ripple, and Dogecoin being among the most prominent in Malaysia and Indonesia.

Cryptocurrency has penetrated numerous countries, including Malaysia and Indonesia. Given that cryptocurrency constitutes a novel phenomenon absent from primary Islamic legal sources (*masadir al-ahkam*), Islamic scholars have exercised their interpretive authority (*ijtihad*) to issue fatwas regarding its permissibility. These religious rulings vary considerably, with some scholars declaring cryptocurrency *haram* (prohibited) while others deem it *halal* (permissible). Consequently, scholarly opinion remains divided regarding cryptocurrency's legal status in Islamic jurisprudence.

In Malaysia, the Perlis State Mufti Department has ruled cryptocurrency as *halal* and beneficial. Conversely, the Indonesian Ulema Council (*Majelis Ulama Indonesia*) has declared cryptocurrency *haram* as a digital asset, though this ruling remains subject to revision should prohibitive elements (*unsur muharramat*) be eliminated.

Given these divergent perspectives, this research seeks to examine cryptocurrency from an Islamic legal standpoint and conduct a comparative analysis of fatwas issued by Malaysia and Indonesia. This study therefore addresses "Cryptocurrency Law in Contemporary Fiqh Perspective: A Comparative Analysis of Fatwas from the Indonesian Ulema Council and the 38th Session of the Perlis State Fatwa Committee (2018)."

The research methodology employed in this study is a comparative approach, a method involving the systematic comparison

³ Indra Darmawan, *Pengantar Uang dan Perbankan* (Jakarta: PT Rineka Cipta, 1992), p. 13.

of concepts, theories, or regulations with alternative frameworks, as well as the analysis of various scholarly perspectives to achieve comprehensive understanding of the research object.

DISCUSSION

Content of Cryptocurrency Fatwas Issued by the Indonesian Ulema Council and the Perlis State Mufti Department

According to the Indonesian Ulema Council (Majelis Ulama Indonesia - MUI), cryptocurrency presents numerous novel jurisprudential challenges requiring scholarly deliberation. Consequently, the ulama within the MUI convened to discuss and issue fatwas regarding cryptocurrency. The 7th Ijtima of the MUI Fatwa Commission Ulama was conducted from November 9-11, 2021, encompassing extensive deliberations, including the legal status of cryptocurrency.

Several fundamental issues emerge in cryptocurrency jurisprudence. Two primary concerns center on whether cryptocurrency constitutes currency or commodity. Two distinct scholarly positions have emerged regarding this classification. The first position regards cryptocurrency as virtual currency, predicated on its function as a medium of exchange and store of value.⁴ The second position considers cryptocurrency merely as a commodity, based on its virtual intrinsic value that qualifies it as a public good consumable by its user community.⁵

According to Law No. 7 of 2011 concerning Currency and Bank Indonesia Regulation No. 18/40/PBI/2016 regarding Payment Transaction Processing Implementation, cryptocurrency is not recognized as legal tender by the government. However, through Commodity Futures Trading Supervisory Agency (Badan Pengawas Perdagangan Berjangka Komoditi - BAPPEBTI) Regulation No. 5 of 2019, cryptocurrency is acknowledged as a digital asset. Although

⁴ Majelis Ulama Indonesia, *Keputusan Ijtima' Ulama Komisi Fatwa Se-Indonesia VII*, cetakan ke-1 (Jakarta: Sekretariat Komisi Fatwa Majelis Ulama Indonesia, 2021), p. 33.

⁵ Majelis Ulama Indonesia, *Keputusan Ijtima' Ulama Komisi Fatwa*, p. 33.

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cryptocurrency is accepted as a digital asset (commodity), it possesses significant risks that may prove detrimental. When cryptocurrency is considered as currency, the risks include threatening the sovereignty of the state's official currency and being susceptible to money laundering activities (Tindak Pidana Pencucian Uang - TPPU). From a Sharia perspective, cryptocurrency utilization contains elements contrary to Islamic principles, including qimar (gambling) and gharar (speculation).⁶

Given the multitude of issues and concerns among cryptocurrency investors and the general public, the Ijtima Ulama Fatwa Commission forum of the Indonesian Ulema Council deemed it necessary to address these matters and issue a comprehensive fatwa on cryptocurrency jurisprudence. Several legal determinations have been established, including:

The utilization of cryptocurrency as a medium of exchange or currency is deemed haram (prohibited) due to its incorporation of gharar (uncertainty), dharar (potential harm), and its contradiction with Indonesian positive law, specifically Law No. 7 of 2011 concerning Currency and Bank Indonesia Regulation No. 17 of 2015 regarding the Obligation to Use Rupiah within the Territory of the Unitary State of the Republic of Indonesia.

Furthermore, cryptocurrency as a commodity or digital asset is deemed impermissible for trading when it contains elements of gharar, dharar, and qimar (speculation/gambling), and fails to fulfill the requirements for valid commodities (sil'ah) from a Sharia perspective. These requirements include having physical manifestation, clear value, definite quantity, legitimate ownership, and deliverability to the purchaser.

⁶ Sulhan Mabruhi, "Analisis Keputusan Lembaga Bahtsul Masail Daerah Istimewa Yogyakarta Yang Membolehkan Transaksi Cryptocurrency (Studi Perbandingan Dengan Keputusan Ijtima' Ulama Komisi Fatwa Majelis Ulama Indonesia tentang Cryptocurrency)" (skripsi, Universitas Islam Negeri Kiai Haji Achmad Siddiq Jember, 2020), p. 52.

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Nevertheless, under specific conditions, when cryptocurrency is positioned as a commodity or digital asset that fulfills the requirements of sil'ah according to Islamic law (syar'i), possesses underlying assets, and is free from elements of gharar, dharar, and qimar, its trading becomes legally valid. This approach emphasizes the necessity for structural clarity, value transparency, and legal certainty in transactions to conform with Sharia principles and prevent harm to involved parties.

According to the Perlis Mufti Department, the fatwa does not address cryptocurrency law comprehensively but specifically discusses Bitcoin, which represents one of the world's cryptocurrencies. Bitcoin constitutes one of the most popular and widely utilized cryptocurrencies. In determining cryptocurrency jurisprudence, significant scholarly disagreement exists regarding the classification, characteristics, and status of cryptocurrency specifically Bitcoin concerning value validity and recognition as valuable property (mal). Additional scholarly divergence concerns the permissibility of Bitcoin transactions, encompassing trading processes, storage, utilization, and zakat obligations.⁷

The 38th deliberation of the Perlis State Fatwa Committee was conducted on November 8-9, 2018, aimed at discussing, examining, and determining the fatwa regarding Bitcoin. The Perlis Mufti Department's perspective on Bitcoin (cryptocurrency) includes the following determinations:

Bitcoin can be legally recognized as a valuable digital asset due to its versatile nature and benefits provided to owners. Nevertheless, Bitcoin does not fulfill the requirements as currency in conventional classification, thus not subject to sarf (currency exchange) legal provisions. In practice, Bitcoin utilization as a payment instrument, fund transfer mechanism, savings instrument, or trading object is

⁷ Jabatan Mufti Negeri Perlis, "Fatwa Bitcoin," accessed February 27, 2023, <https://muftiperlis.gov.my/index.php>.

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permissible, provided it adheres to relevant Sharia principles and muamalah ethics.

Bitcoin ownership that reaches or exceeds the equivalent value of 85 grams of gold and is held for one year is subject to zakat at 2.5% of Bitcoin's market value at the time of payment.

It is essential for Bitcoin users to comprehensively understand the mechanisms, risks, and technological characteristics to avoid gharar elements in transactions. Ignorance regarding proper utilization may result in losses and involve uncertainty elements contrary to Sharia principles. Additionally, Bitcoin utilization becomes haram when explicitly prohibited by governmental authorities or deemed contrary to public welfare (maslahah) by legitimate authority (ulil amri).

Prohibition also applies in the context of Bitcoin utilization in get-rich-quick schemes promoted by intermediaries or companies promising guaranteed returns. Such practices not only violate Sharia principles but also potentially constitute fraud and positive law violations, particularly when Bitcoin purchases are conducted through third-party accounts without transparency.

Similarities and Differences in Cryptocurrency Fatwas Between MUI and the Perlis State Mufti Department

Upon examining existing cryptocurrency-related fatwas, this research identifies two distinct scholarly positions regarding cryptocurrency. As previously stated, the Indonesian Ulema Council declares cryptocurrency utilization as currency to be haram. When cryptocurrency is positioned as a commodity or digital asset, it is deemed invalid for trading unless it fulfills the requirements of sil'ah, possesses underlying assets, and demonstrates clear benefits, only then becoming permissible and valid for commercial transactions.

The fatwa issued by the Perlis State Mufti Department similarly asserts that cryptocurrency, specifically Bitcoin (as the fatwa specifically addresses Bitcoin), does not qualify and fails to meet the

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requirements for classification as currency. This position aligns with the Indonesian Ulama Council's fatwa. However, the fundamental difference lies in the MUI's assertion that cryptocurrency, when accepted as a digital asset, possesses numerous detrimental risks, while the Perlis State Mufti Department recognizes Bitcoin as a digital asset with inherent benefits, requiring Bitcoin owners to pay zakat.⁸

In January 2014, Bank Negara Malaysia (BNM) issued a statement declaring that Bitcoin cryptocurrency is not recognized as a legitimate payment instrument in Malaysia, and all Bitcoin cryptocurrency operations are not regulated by BNM. However, on December 14, 2017, BNM issued a policy requiring all transactions involving digital currency exchange to comply with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA). The Malaysian Ministry of Finance announced government regulations regarding Bitcoin cryptocurrency and other digital currencies on January 14, 2019. All activities involving Bitcoin cryptocurrency and other currencies require approval from the Securities Commission Malaysia. Bitcoin cryptocurrency is recognized solely as a digital asset, not as a legitimate payment instrument.⁹

Within the Securities Commission Malaysia, there exists the Shariah Advisory Council of the Securities Commission (SAC). Established in 1997 under the Securities Commission Malaysia (SC), the SAC is responsible for assisting the SC in identifying Shariah-compliant capital market products across all aspects, including conventional insurance, stocks, and others. Additionally, it serves as an advisor on matters related to Islamic capital markets and as a reference source.¹⁰ In 2021, the Shariah Advisory Council of the

⁸ Mohd Faizal Yusof, "Perilaku Pembayaran Zakat Mata Wang Digital Kripto: Isu, Cabaran Dan Strategi," *International Journal of Behavioral Analytic* 1, no. 4 (Juni 2021): p. 5.

⁹ Amir Husairi dan Ahmad Dahlan, "Analisis Syariah Terhadap Kedudukan Bitcoin Sebagai Alat Pembayaran," *Journal of Contemporary Islamic Law* 4, no. 2 (2019): p. 50.

¹⁰ "Peranan Majlis Penasihat Syariah Suruhanjaya Sekuriti Malaysia Dalam Masyarakat," accessed March 6, 2023, <https://www.asriahmadacademy.com/peranan-majlis->

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Securities Commission (SC) under the SC concluded that, in principle, investment and trading of cryptocurrencies in registered Digital Asset Exchanges (DAX)¹¹ in Malaysia are permissible.¹² Among the approved DAX in Malaysia is Luno. The SC concluded that investment and trading of Digital Assets meeting the aforementioned requirements and traded through SC-registered DAX are permissible, though this resolution does not apply to any Digital Assets outside SC jurisdiction.

Therefore, according to the fatwa issued by the Perlis State Mufti Department, cryptocurrency investment in Malaysia is permitted, particularly Bitcoin cryptocurrency, and is subject to mandatory zakat payment of 2.5% of current value. The Mufti Department stated that if its usage is prohibited by the government, it would become haram from a legal perspective. Since the Securities Commission Malaysia possesses authority and permits digital asset investment such as cryptocurrency, cryptocurrency investment in Malaysia is permissible from an Islamic standpoint, with only cryptocurrencies under registered DAX being permitted for investment.

Bank Indonesia issued a warning on January 13, 2018, regarding the purchase, sale, or exchange of digital currencies. Bitcoin and other digital currencies are not legitimate payment instruments in Indonesia, and the use of digital currencies or cryptocurrencies, including Bitcoin, is completely prohibited in Indonesia. According to Bank Indonesia, ownership of digital currencies such as Bitcoin cryptocurrency poses extremely high risks due to vulnerability to money laundering and terrorism financing. Digital currencies also potentially affect financial system stability and may harm society.

[penasihat-syariah-suruhanjaya-sekuriti-malaysia-dalam-masyarakat/](https://www.syariah.gov.my/penasihat-syariah-suruhanjaya-sekuriti-malaysia-dalam-masyarakat/).

¹¹ DAX is a platform that facilitates digital asset trading, allowing investors to trade official digital assets such as Bitcoin, Ethereum, Ripple, and Litecoin. Digital asset trading on the DAX platform is open to all investors.

¹² Team Loanstreet, "Adakah Pelaburan Kripto Patuh Syariah di Malaysia," accessed March 6, 2023, <https://loanstreet.com.my/ms/pusat-pembelajaran/cryptocurrency-halal-atau-haram>.

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Cryptocurrency in Indonesia has been declared legal since 2019 by the Ministry of Trade through the Commodity Futures Trading Supervisory Agency (Bappebti), with cryptocurrency considered solely as a tradable commodity, not as a payment instrument. Bappebti Regulation No. 5 of 2019 concerning Technical Provisions for Implementing Physical Markets for Crypto Assets on Futures Exchanges represents the Bappebti regulation that has legalized cryptocurrency trading in Indonesia. Bappebti also issued regulations regarding crypto assets tradable in Indonesia, stipulated in Commodity Futures Trading Supervisory Agency Regulation No. 7 of 2020 concerning Implementation of the List of Crypto Assets Tradable in Physical Crypto Asset Markets. A total of 299 cryptocurrencies may be legally traded in Indonesia, including Bitcoin.¹³

Regarding national legislation, cryptocurrency is legal in Indonesia. Moreover, concerning Islamic law, the Indonesian Ulema Council has issued its own resolution regarding cryptocurrency. Beyond prohibiting its use as currency, the MUI also states that although accepted as a commodity, cryptocurrency possesses numerous risks, and if any cryptocurrency is to be classified as a commodity/digital asset, it must fulfill the requirements as *sil'ah*, possess underlying assets, and be free from elements of *gharar*, *dharar*, and *qimar* to be valid for trading. This indicates that cryptocurrency as a commodity may be valid or invalid for trading depending on the cryptocurrency's characteristics and whether it meets *syar'i* requirements.

The fundamental issue contributing to scholarly disagreement concerns cryptocurrency's capacity to function as currency. As demonstrated above, this research finds that cryptocurrency is deemed unqualified, insufficient, or even prohibited as currency by both the Indonesian Ulema Council and the Perlis State Mufti

¹³ Gagas Yoga Pratomo, "Apakah Bitcoin Legal di Indonesia? Begini Penjelasannya," accessed March 6, 2023, <https://www.liputan6.com/crypto/read/4902881/apakah-bitcoin-legal-di-indonesia-begini-penjasannya>.

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Department.

To evaluate something as money requires assessment from the perspectives of medium of exchange, unit of account, and store of value. Currency can be defined as an object agreed upon and recognized by society as an exchange medium for conducting exchange activities and trade.¹⁴

The primary function of money is payment for goods and services, termed medium of exchange. Globally, several major companies utilize Bitcoin cryptocurrency as a payment method, including Microsoft, PayPal, Overstock, Whole Foods, Etsy, Starbucks, and Newegg.¹⁵ This approach benefits users, as cryptocurrency transactions can be conducted freely without concern for legal allocation and national boundaries due to cryptocurrency's decentralized nature. Decentralization means it is not issued or regulated by any state.¹⁶ However, implementing decentralization in cryptocurrency financial systems prevents cryptocurrency from being widely accepted as legitimate payment instruments by any state, disqualifying cryptocurrency as legal tender.

According to the Financial Services Authority, legal tender constitutes official payment instruments in the form of money issued by the government as legitimate payment instruments.¹⁷

Therefore, payments using cryptocurrency to companies accepting cryptocurrency payment methods facilitate users' purchases of goods in other countries, transcending national boundaries. Although most companies accept cryptocurrency as

¹⁴ Amir Husairi dan Ahmad Dahlan Salleh, "Analisis Syariah Terhadap Kedudukan Bitcoin Sebagai Alat Pembayaran," *Journal of Contemporary Islamic Law* 4, no. 2 (2019): 51

¹⁵ Renis Lestari, "10 Perusahaan Besar Yang Gunakan Transaksi Bitcoin," accessed March 9, 2023, <https://ekonomi.bisnis.com/read/20210830/620/1435625/cek-di-sini-10-perusahaan-besar-yang-gunakan-transaksi-bitcoin>.

¹⁶ Amir Husairi dan Ahmad Dahlan Salleh, "Analisis Syariah Terhadap Kedudukan Bitcoin sebagai Alat Pembayaran," p. 51.

¹⁷ "Alat Bayar Sah: Pengertian Jenis dan Keunggulan," accessed March 9, 2023, <https://www.idntimes.com/business/economy/kiki-amalia-6/alat-bayar-sah>.

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payment, they maintain fiat currency prices such as USD for pricing goods and services. They also frequently update cryptocurrency prices to avoid cryptocurrency price fluctuations and collect desired amounts in USD, for example. Fundamentally, cryptocurrency can function as a medium of exchange, namely payment instruments or exchange intermediaries.¹⁸

Money can serve as a unit of account. To function as a unit of account like other currencies, cryptocurrency must possess the capacity to measure the value of goods and services in the economy. However, the utilization of multiple decimal points in cryptocurrency financial systems causes value measurement to become somewhat confusing for users and problematic for users in comparing goods and service prices compared to fiat¹⁹ currencies that use only two decimal points for price expression. Sellers must express cryptocurrency prices for most items in four decimal places or more. Although the mathematics is simple, for users, these decimal points may be confusing.²⁰ Considering cryptocurrency volatility, its price is extremely volatile and may limit cryptocurrency's effectiveness as a unit of account. Extreme price volatility causes direct or indirect additional costs to businesses and consumers. Additionally, it creates speculative elements prohibited by Islamic law. Allah states in the Quran:

"O you who believe! Indeed, intoxicants, gambling, [sacrificing on] stone alters [to other than Allah], and divining arrows are but defilement from the work of Satan, so avoid it that you may be successful." (Al-Ma'idah: 90)

Through this verse, Allah commands believers to avoid Satan's

¹⁸ Marjan binti Muhammad dan Muhd Rosydi bin Muhammad, "Analisis Syariah Terhadap Bitcoin," dalam Mohd Noor bin Omar, *Islam dan Mata Wang Kripto*, cetakan ke-2 (Kuala Lumpur: IKIM, 2022), p. 81.

¹⁹ Jamaluddin, "Fiat Money: Masalah dan Solusi," *Jurnal Akuntansi Multiparadigma* 4, no. 2 (Agustus 2013): 258.

²⁰ Amir Husairi dan Ahmad Dahlan Salleh, "Analisis Syariah Terhadap Kedudukan Bitcoin Sebagai Alat Pembayaran," *Journal of Contemporary Islamic Law* 4, no. 2 (2019): 53.

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deeds. O you who believe in Allah, His Book, and His Messenger! Indeed, intoxicants of any type, little or much, intoxicating or non-intoxicating; gambling in any form; sacrificing to idols, including offerings, sea charity, and various other offerings to supernatural beings; and divining fate with arrows or any method according to local culture, are abominable acts because they contradict sound reason and conscience and negatively impact personal and social life; and are among Satan's prohibited acts. Therefore, avoid these acts in personal and social life with firm regulations and severe punishments so that you may prosper and achieve physical and spiritual welfare in worldly life and avoid Allah's punishment in the hereafter. Allah emphasizes that Satan aims to create enmity and hatred among humans. By enticing you to consume intoxicants and encouraging gambling, Satan merely intends very cleverly to create enmity resulting from intoxicant influence and gambling addiction. Intoxicants and gambling also create hatred between you and your children, wives, siblings, neighbors, and friends. Moreover, intoxicants and gambling prevent you from remembering Allah and performing prayers, as your thoughts become confused, your heart becomes dim, and your soul becomes polluted; so will you not think clearly and consciously, and resolve to stop the habit of consuming intoxicants and gambling?²¹

Therefore, cryptocurrency utilization containing speculative elements is prohibited by Islamic law as an instrument for establishing value measurement for goods and services, is irrelevant and should be avoided.

Additionally, extreme price volatility causes cryptocurrency value compared to other currency values to change so rapidly that retailers must recalculate goods prices daily.²² Cryptocurrency price fluctuations raise questions about whether cryptocurrency fulfills the

²¹ "Tafsir Ringkas Kementerian Agama RI," accessed March 25, 2023, <https://tafsirweb.com/1974-surat-al-maidah-ayat-90.html>.

²² Amir Husairi dan Ahmad Dahlan Salleh, "Analisis Syariah Terhadap Kedudukan Bitcoin Sebagai Alat Pembayaran," p. 53.

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unit of account role from a Sharia perspective. There are differences between cryptocurrency and fiat currency. Fiat currency is regulated by central banks according to economic conditions.²³ Ibn Qayyim al-Jawziyyah stated that every currency must possess fixed and accurate value as a unit of account for goods and services and wealth measurement. However, cryptocurrency value uncertainty and sudden value volatility in cryptocurrency financial systems contradict cryptocurrency's relevance as a value measure.²⁴

Furthermore, money serves as a store of purchasing power over time. In other words, money can be stored and retrieved in the future.²⁵ Extreme fluctuations in cryptocurrency value that occur very suddenly prevent cryptocurrency from having fixed value in determining owned wealth and can affect cryptocurrency liquidity for conversion into other assets.²⁶ Therefore, with occurring hyperinflation combined with absent price determination and illiquidity, cryptocurrency storage as a wealth storage instrument is irrelevant and should be avoided. In conclusion, cryptocurrency can be considered an exchange intermediary but is unqualified to serve as a unit of account and store of value.

Additionally, the Indonesian Ulema Council states in its decision that cryptocurrency does not fulfill currency requirements because to become an exchange medium, it must possess legality granted by the government such as Bank Indonesia Regulation No. 17 of 2015 regarding the obligation to use Rupiah within the territory of the Unitary State of the Republic of Indonesia.²⁷ Cryptocurrency is only

²³ Marjan binti Muhammad dan Muhd Rosydi bin Muhammad, "Analisis Syariah Terhadap Bitcoin," dalam Mohd Noor bin Omar, Islam dan Mata Wang Kripto, cetakan ke-2 (Kuala Lumpur: IKIM, 2022), p. 83.

²⁴ Amir Husairi dan Ahmad Dahlan Salleh, "Analisis Syariah Terhadap Kedudukan Bitcoin Sebagai Alat Pembayaran," *Journal of Contemporary Islamic Law* 4, no. 2 (2019): 53.

²⁵ Marjan binti Muhammad dan Muhd Rosydi bin Muhammad, "Analisis Syariah Terhadap Bitcoin," p. 83.

²⁶ Amir Husairi dan Ahmad Dahlan Salleh, "Analisis Syariah Terhadap Kedudukan Bitcoin Sebagai Alat Pembayaran," p. 54.

²⁷ Sulhan Mabruhi, "Analisis Keputusan Lembaga Bahtsul Masail Daerah Istimewa

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recognized as a digital asset through Commodity Futures Trading Supervisory Agency Regulation No. 5 of 2019. Moreover, according to Tengku Datuk Seri Zafrul, former Malaysian Finance Minister, cryptocurrency is not recognized as a legitimate payment instrument in Malaysia and is not a payment instrument regulated by Bank Negara Malaysia (BNM). This is because cryptocurrency is unsuitable for use as a payment instrument as it does not demonstrate universal money characteristics, is not a good store of value and medium of exchange. This is due to digital asset conditions exposed to fluctuating price fluctuations resulting from speculative investment and theft risks due to cyber threats.²⁸

Finally, this researcher chooses the Indonesian Ulema Council's position prohibiting it and stating cryptocurrency may be traded if traders ensure the cryptocurrency contains no elements of gharar or maysir, fulfills sil'ah requirements, and possesses underlying assets. This is based on the legal istinbath results this researcher examined:

Al-Quran

Quranic verses representing economic activities generally, including cryptocurrency, can be found in Quran surah An-Nisa verse 29:

"O you who believe! Do not consume one another's wealth unjustly but only [in lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful." (An-Nisa: 29)

The above verse explains that every transaction activity must

Yogyakarta Yang Membolehkan Transaksi Cryptocurrency (Studi Perbandingan Dengan Keputusan Ijtima' Ulama Komisi Fatwa Majelis Ulama Indonesia tentang Cryptocurrency)" (skripsi, Universitas Islam Negeri Kiai Haji Achmad Siddiq Jember, 2020), p. 53.

²⁸ Nasaruddin Parzi, "Kripto Tidak Diiktiraf Mata Wang Sah Diperlakukan Di Malaysia," accessed March 13, 2023, <https://www.bharian.com.my/berita/nasional/2022/03/932215/kripto-tidak-diiktiraf-mata-wang-sah-diperlakukan-di-malaysia>.

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avoid batil (falsehood). The word batil itself possesses broad meaning in understanding, such that every conducted transaction must conform to Islamic teaching values or not violate Islamic teachings. The word batil means fasad, meaning corrupt, futile, useless, and false. Terminologically, batil is defined as the antonym of something correct, namely something that possesses no good benefits either in this world or the hereafter.²⁹ Regarding cryptocurrency usage, currently users more often utilize it for speculation and trading instruments. This aims to achieve profits from investment and trading activities through speculation. In Islam, this contains elements of gharar, maysir, and riba. Cryptocurrency currently still contains high price volatility, instability, and very high value fluctuations, identical to price difference speculation. Consequently, intentions to obtain results or profits from such price differences are categorized as gharar and maysir elements when used for cryptocurrency investment and trading.³⁰

Hadith

The concept of cryptocurrency as a buying and selling transaction instrument can be examined in the hadith of Ubadah bin Shamit r.a. which states:

"When gold is sold for gold, silver is sold for silver, wheat is sold for wheat, sha'ir (a type of wheat) is sold for sha'ir, dates are sold for dates, and salt is sold for salt, then the amount (measure or weight) must be equal and paid in cash (immediately). If the types of goods differ, then you may barter them as you wish, but it must be done in cash (immediately)." (HR. Muslim no. 1587).

This hadith contains two key terms in conducting transactions: exchanges must be equal in value or measure, and transactions must

²⁹ Prima Dwi Priyatno dan Isti Nuzulul Atiah, "Melirik Dinamika Cryptocurrency dengan Pendekatan Ushul Fiqih," *Jurnal Ilmiah Ekonomi Islam* 7, no. 3 (2021): 1855.

³⁰ Priyatno dan Atiah, "Melirik Dinamika Cryptocurrency," p. 1855.

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be conducted in cash. Cryptocurrency is analogized to gold-for-gold and silver-for-silver exchanges. Cryptocurrency exchange can be exchanged with other currencies such as dollars and rupiah. In fiqh science, this currency exchange is called sharf.

Cryptocurrency remains debated regarding its usage in various countries; Indonesia itself has not yet or even prohibits cryptocurrency usage as a legitimate payment transaction instrument. Therefore, cryptocurrency usage as currency and payment transaction instruments is not permitted from a Sharia perspective, as Islam emphasizes compliance with ulil amri commands or regulations, in this case, the government. However, cryptocurrency lacks clarity and cannot be seen in physical form, and there is no legal certainty either in Indonesia itself or global agreement; therefore, this remains ambiguous and gharar, particularly its usage in investment and trading, making cryptocurrency inseparable from highly fluctuating price speculation and used merely as profit and loss instruments, thus containing maysir elements.³¹

Sadd al-Dzariah

Sadd al-Dzariah According to Mukhtar Yahya and Fatchurrahman, sadd al-dzariah means eliminating or closing paths leading to prohibited acts. According to Ibn al-Qayyim al-Jauziyyah, such paths or intermediaries can be either prohibited or permitted acts. Imam al-Shatibi holds that at least three criteria exist in sadd al-dzariah for viewing acts as prohibited. First, initially permitted acts contain corruption (mafsadah). Second, the corruption level exceeds benefits (maslahah). Third, permitted acts contain more corruption elements.

Cryptocurrency from its initial emergence until now remains a concern among global societies, both pro and contra regarding its usage legality, from positive law to Islamic Sharia perspectives, becoming a distinct phenomenon. Price volatility fluctuations and

³¹ Priyatno dan Atiah, "Melirik Dinamika Cryptocurrency," p. 1855.

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uncertainty of this currency create debate. Fundamentally, Islamic Sharia views that everything is permissible in muamalah aspects until there are prohibiting evidence. Cryptocurrency users worldwide are not few, demonstrating that this currency has been recognized by society, particularly by its users; therefore, cryptocurrency usage for transactions is permissible according to urf. However, behind cryptocurrency advantages, it cannot be viewed solely from its ontological existence according to urf, but must be viewed comprehensively from many aspects.

Several corruption aspects of cryptocurrency usage include vulnerability to bubble economic risks, thus negatively impacting society broadly. Additionally, cryptocurrency is not issued by central government authorities, and there is no supervision or monitoring from central government, potentially creating great harm, whether for money laundering, terrorist criminal acts, and others. Therefore, viewed from the al-dzariah method, cryptocurrency usage contains elements that will result in greater corruption. Consequently, preventing harm or corruption is prioritized over its benefits.

CONCLUSION

This research demonstrates that scholarly disagreement exists regarding cryptocurrency law, particularly between the Indonesian Ulema Council (MUI) and the Perlis State Fatwa Committee. The MUI establishes that cryptocurrency usage as currency is haram because it fails to meet syar'i requirements and contradicts state regulations. As a digital asset, cryptocurrency is only permitted if it fulfills sil'ah requirements, possesses underlying assets, and is free from elements of gharar, dharar, and qimar. Meanwhile, the Perlis State Fatwa Committee recognizes Bitcoin as a legitimate digital asset for use in transactions, with zakat obligations on its ownership. Nevertheless, both agree that cryptocurrency cannot be classified as legitimate currency. Generally, cryptocurrency usage in contemporary fiqh perspective must consider legality aspects, benefits, Sharia risks, and

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