

Between Innovation and Prohibition: A Contextualised Islamic Legal Analysis of Cryptocurrency Compliance with Sharī'ah Principles in the Indonesian Context

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Abstract: Despite growing scholarly attention to Islamic finance and digital technology, the existing literature has not produced a systematic contextualised Islamic legal analysis that integrates classical *fiqh* doctrines — particularly *gharār*, *maysir*, and *ribā* — with the structural and functional characteristics of contemporary cryptocurrency instruments. This lacuna generates normative uncertainty for Muslim investors, Islamic financial institutions, and *Shari'ah* regulatory authorities in Indonesia. This study critically examines the extent to which cryptocurrency — as a blockchain-based financial technology — satisfies or violates *Shari'ah* principles, and proposes a contextualised Islamic legal framework for evaluating cryptocurrency compliance within the Indonesian regulatory and fatwa environment. A normative legal research design was employed, combining a conceptual approach (analysis of classical *fiqh* categories and *maqāsid al-Shari'ah*) with a statutory approach (examination of DSN-MUI Fatwa No. 116/2017, OJK Regulation No. 27/2024, and Bappebti regulatory instruments). Primary and secondary legal sources were analysed using qualitative descriptive method with purposive thematic synthesis. Standard cryptocurrencies such as Bitcoin exhibit characteristics of *gharār fāhish* (excessive uncertainty) and *maysir* due to extreme price volatility and speculative trading structures, rendering them presumptively impermissible under the majority scholarly position. *Ribā*-related concerns emerge specifically in crypto lending and DeFi yield mechanisms. However, the underlying blockchain technology demonstrates structural alignment with *Shari'ah* principles of *amānah* (trustworthiness) and transparency. Asset-backed, *Shari'ah*-screened tokens present a viable pathway toward compliance. This study offers the first contextualised Islamic legal framework that disaggregates cryptocurrency compliance analysis by instrument type, distinguishing standard cryptocurrencies, asset-backed stablecoins, and blockchain infrastructure — an analytical move absent in prior literature. Unlike existing studies that assess cryptocurrency compliance wholesale, this paper applies *maqāsid al-Shari'ah's* *hifz al-māl* (protection of wealth) as an evaluative metric, demonstrating that partial compliance is possible under specific structural conditions. The findings provide actionable guidance for Indonesian *Shari'ah* authorities and policymakers navigating the regulatory transition from Bappebti to OJK.

Keywords: Cryptocurrency; *Shari'ah* compliance; *Gharār*; *Maysir*; Blockchain; *Maqāsid al-Shari'ah*; Islamic finance; Indonesia

Abstrak: Meskipun perhatian akademis terhadap keuangan Islam dan teknologi digital terus meningkat, literatur yang ada belum menghasilkan analisis hukum Islam kontekstual yang sistematis dengan mengintegrasikan doktrin fikih klasik — khususnya *gharār*, *maysir*, dan *ribā* — dengan karakteristik struktural dan fungsional instrumen cryptocurrency kontemporer. Kekosongan ini menciptakan ketidakpastian normatif bagi investor Muslim, lembaga keuangan syariah, dan otoritas regulasi syariah di Indonesia. Penelitian ini secara kritis mengkaji sejauh mana cryptocurrency — sebagai teknologi keuangan berbasis blockchain — memenuhi atau melanggar prinsip-prinsip *Syari'ah*, dan mengusulkan kerangka hukum Islam kontekstual untuk mengevaluasi kepatuhan cryptocurrency dalam lingkungan regulasi dan fatwa Indonesia. Desain penelitian hukum normatif digunakan dengan menggabungkan pendekatan konseptual (analisis kategori fikih klasik dan *maqāsid al-Shari'ah*) dan pendekatan perundang-undangan (telah Fatwa DSN-MUI No. 116/2017, Peraturan OJK No. 27/2024, dan instrumen regulasi Bappebti). Sumber hukum primer dan sekunder dianalisis dengan metode deskriptif kualitatif melalui sintesis tematik purposif. Cryptocurrency standar seperti Bitcoin menunjukkan karakteristik *gharār fāhish* (ketidakpastian berlebihan) dan *maysir* akibat volatilitas harga yang ekstrem dan struktur perdagangan spekulatif, sehingga secara presumtif tidak diperbolehkan menurut posisi mayoritas ulama. Kekhawatiran terkait *ribā* muncul secara spesifik dalam pinjaman kripto dan mekanisme yield DeFi. Namun, teknologi blockchain yang mendasarinya menunjukkan keselarasan struktural dengan prinsip *Syari'ah* tentang *amānah* (kepercayaan) dan transparansi. Token yang didukung aset dan disaring berdasarkan *Syari'ah* menghadirkan jalur yang layak menuju kepatuhan. Penelitian ini menawarkan kerangka hukum Islam kontekstual pertama yang menguraikan analisis kepatuhan cryptocurrency berdasarkan jenis instrumen — membedakan cryptocurrency standar, stablecoin berbasis aset, dan infrastruktur blockchain. Tidak seperti studi sebelumnya yang menilai kepatuhan cryptocurrency secara menyeluruh, makalah ini menerapkan *hifz al-māl* (perlindungan kekayaan) dari *maqāsid al-Shari'ah* sebagai metrik evaluatif. Temuan ini memberikan panduan operasional bagi otoritas *Syari'ah* dan pembuat kebijakan Indonesia dalam transisi regulasi dari Bappebti ke OJK.

Kata Kunci: Cryptocurrency; Kepatuhan Syariah; *Gharār*; *Maysir*; Blockchain; *Maqāsid al-Shari'ah*; Keuangan Islam; Indonesia

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Introduction

In the current digital era, cryptocurrency is a financial technology innovation that is expanding rapidly.¹ It utilises blockchain technology to operate a peer-to-peer payment system that is both transparent and secure, eliminating the necessity for traditional intermediaries like bank.² This development creates new opportunities for global financial transactions that are more efficient and expedited.³ Blockchain technology, which underpins cryptocurrencies, enables the distributed and immutable recording of transactions, thereby improving the security and trust in financial transactions.⁴ In addition, it significantly reduces transaction costs and expedites the process of cross-border remittances. The financial sector, as well as other sectors such as logistics and healthcare, are being advanced by the transparency and efficacy that this innovation provides.⁵

Cryptocurrencies remain a topic of debate from the perspective of Islamic finance.⁶

According to certain scholars, cryptocurrencies are not entirely adherent to *Sharī'ah* principles due to the presence of *gharār* (uncertainty) and elevated speculation, which could result in an unjust risk of loss for one of the parties involved in the transaction.⁷ Additionally, the Islamic fiqh finds it difficult to recognise extreme value fluctuations as legal tender.⁸ Digital currencies' speculative nature complicates their adoption, as Islamic financial principles prohibit elements such as usury, *ribā* (interest), *gharār* (uncertainty), and *maysir* (gambling).⁹ Nevertheless, there are viewpoints that consider cryptocurrencies to be digital assets or commodities that are permissible to trade, provided that they satisfy *Sharī'ah* criteria, such as the capacity to be accounted for and possess unique economic value.¹⁰ Cryptocurrency is not merely a digital number; it provides tangible benefits in terms of technological utility and as a legal investment instrument in accordance with *Sharī'ah*.¹¹

¹ M. A. I. Bintarto et al., "Zakah and Waqf for Cryptocurrency in Islamic Law," *Al-Istinbath: Jurnal Hukum Islam* 7, no. 1 (2022): 21–38, <https://doi.org/10.29240/jhi.v7i1.4229>.

² Don Tapscott and Alex Tapscott, *Blockchain Revolution: How the Technology behind Bitcoin Is Changing Money, Business, and the World* (Penguin, 2016).

³ Muslim Muslim, "Cryptocurrencies and Their Impact on Traditional Monetary Systems: An Exploratory Study," *Advances in Economics & Financial Studies* 2, no. 3 (2024): 153–64, <https://doi.org/10.60079/aeefs.v2i3.312>.

⁴ Artina Bedjeti Baftijari and Leonid Nakov, "The Architecture of Blockchain Technology and Beyond," in *Cryptocurrencies - Financial Technologies of the Future* (IntechOpen, 2024), <https://doi.org/10.5772/intechopen.1004138>.

⁵ Nsisong Louis Eyo-Udo et al., "Advances in Blockchain Solutions for Secure and Efficient Cross-Border Payment Systems," *International Journal of Research and Innovation in Applied Science* IX, no. XII (2025): 536–63, <https://doi.org/10.51584/IJRIAS.2024.912048>.

⁶ M. J. Ma'arif, "Problems of Cryptocurrency Development on Investor Protection from an Islamic

Business Perspective," *Jurnal Ilmiah Mizani* 11, no. 1 (2024): 139–49, Scopus, <https://doi.org/10.29300/mzn.v11i1.3443>.

⁷ Andika Prawira Buana et al., "Polarisation of Islamic Scholars on the Legality of Cryptocurrency Usage as Currency," *Arena Hukum* 17, no. 2 (2024): 448–64, <https://doi.org/10.21776/ub.arenahukum2024.01702.12>.

⁸ Mahmoud A. El-Gamal, *Islamic Finance: Law, Economics and Practice* (Cambridge University Press, 2006).

⁹ Asep Syarifuddin Hidayat, "Sharia and State's Intervention: Uncertainty Cryptocurrency in Indonesia," *AHKAM: Jurnal Ilmu Syariah* 23, no. 1 (2023): 213–34, <https://doi.org/https://doi.org/10.15408/ajis.v23i1.31876>.

¹⁰ Damaika Putu Eggy Agasi and Ni Nengah Adiyaryani, "Regulation of Cryptocurrency Transactions in Indonesia as a Modern Trading Innovation," *Jurnal Magister Hukum Udayana (Udayana Master Law Journal)* 13, no. 3 (2024): 666–80, <https://doi.org/https://doi.org/10.24843/JMHU.2024.v13.i03.p10>.

¹¹ Khafid Abadi et al., "Cryptocurrency and Crypto Assets in the Perspective of Islamic Legal System Philosophy," *Hikmatuna: Journal for Integrative Islamic Studies* 9, no. 2 (2023): 131–46,

Blockchain technology, which is the foundation of cryptocurrencies, has huge potential for application in the Islamic financial system.¹² In a variety of transactions, such as halal product tracking, Islamic banking, and zakat administration, blockchain technology has the potential to enhance transparency, fairness, and security.¹³ Blockchain can be a technological advancement that promotes *Shari'ah* principles in the digital economy when implemented correctly.¹⁴ Consequently, it is crucial to revise and establish explicit regulations and fatwas concerning the role of cryptocurrencies within the *Shari'ah* framework.¹⁵ A critical and *Shari'ah*-based approach will enable Muslims to responsibly and ethically utilise financial technology innovations while preserving the integrity of Islamic values in contemporary economic practices.¹⁶

There have been many studies conducted on cryptocurrencies by Siti Nurjanah,¹⁷ Agasi &

Adiyaryani,¹⁸ Hasani et al.,¹⁹ and McGivern²⁰ who studied cryptocurrencies from a trading perspective, focusing on commodities or investment instruments, trading and value fluctuations in the global market. At the same time, Birjaman et al.,²¹ Wartoyo & Haerisma,²² Batubara & Tho'in,²³ Abadi et al.,²⁴ Hassan et al.,²⁵ and Prasetyo & Janah,²⁶ examined cryptocurrency from the perspective of Islamic law, determining whether it is permissible to use it as a financial instrument

<https://doi.org/10.28918/hikmatuna.v9i2.1216>.

¹² Desy Mayasari Matondang et al., "Blockchain in Islamic Finance: A Review Using Bibliometric Approach," *At-Tijarah: Jurnal Ilmu Manajemen Dan Bisnis Islam* 10, no. 1 (2024): 70–103.

¹³ Sabil Mokodenseho et al., "Utilizing Blockchain Technology to Increase Transparency in Zakat Management," *West Science Islamic Studies* 1, no. 01 (2023): 01–09, <https://doi.org/10.58812/wsiss.v1i01.280>.

¹⁴ M. Nashirudin et al., "Strengthening Maqāsid Al-Shari'ah Values in Halal Traceability: Evidence and Analysis of Block Chain Based on Halal Supply Chain Applications," *Al-Manahij: Jurnal Kajian Hukum Islam* 18, no. 1 (2024): 95–108, Scopus, <https://doi.org/10.24090/mnh.v18i1.9883>.

¹⁵ Dwi Astuti Wahyu Nurhayati and Novi Tri Oktavia, "Relevance Of Al Mawardi's Reflection In The Development Of Islamic Economic Activities," *Journal of Nusantara Economy* 1, no. 1 (2022).

¹⁶ A. Hafiz et al., "Crypto Currency Investment from an Islamic Law Perspective: An Overview of Guidelines and Considerations," *Nurani* 25, no. 1 (2025): 200–218, Scopus, <https://doi.org/10.19109/nurani.v25i1.26315>.

¹⁷ Siti Nurjannah and Gede Artha, "Bitcoin Sebagai Aset Kripto Di Indonesia Dalam Persepektif Perdagangan," *Kertha Negara: Journal Ilmu Hukum* 7, no. 9 (2019): 1–15.

¹⁸ Agasi and Adiyaryani, "Regulation of Cryptocurrency Transactions in Indonesia as a Modern Trading Innovation."

¹⁹ Muhammad Naufal Hasani et al., "Analisis Crypto Currency Sebagai Alat Alternatif Dalam Berinvestasi Di Indonesia Pada Mata Uang Digital Bitcoin," *JURNAL ILMIAH EKONOMI BISNIS* 8, no. 2 (2022): 329–44, <https://doi.org/https://doi.org/10.35972/jieb.v8i2.762>.

²⁰ Paul McGivern, "A Broader Perspective on Cryptocurrency Trading: Consumer-Driven Value, Online Communities and Heuristics Are Drivers for Consumer Behaviour," *Journal of Money and Business* 3, no. 2 (2023): 137–46, <https://doi.org/10.1108/JMB-05-2023-0018>.

²¹ Muhammad Iqbal Birjaman et al., "Cryptocurrency in Islamic View: Sentiment Analysis Method Approach," *Jurnal Ilmiah Manajemen Kesatuan* 12, no. 1 (2024): 27–32, <https://doi.org/10.37641/jimkes.v12i1.2341>.

²² Wartoyo and Alvien Septian Haerisma, "Cryptocurrency in The Perspective of Maqasid Al-Shariah: A Critical Analysis of the Mafsadah (Harm) and the Maslahah (Benefit) of Cryptocurrency," *Jurnal Afkaruna* 18, no. 1 (2022): 110–39, <https://doi.org/https://doi.org/10.18196/afkaruna.v18i1.14164>.

²³ Maryam Batubara and Muhammad Tho'in, "Transactions of Cryptocurrency in the Perspective of Islamic Finance and Economics," *Muqtasid: Jurnal Ekonomi Dan Perbankan Syariah* 14, no. 2 (2024): 133–47, <https://doi.org/10.18326/muqtasid.v14i2.133-147>.

²⁴ Abadi et al., "Cryptocurrency and Crypto Assets in the Perspective of Islamic Legal System Philosophy."

²⁵ M. Kabir Hassan et al., "Cryptocurrencies from Islamic Perspective," *Journal of Islamic Accounting and Business Research* 16, no. 2 (2025): 390–410, <https://doi.org/10.1108/JIABR-09-2022-0238>.

²⁶ Luhur Prasetyo and Unun Roudlotul Janah, "Cryptocurrencies As Money: Islamic Monetary System Perspective," *Al-Tahrir: Jurnal Pemikiran Islam* 22, no. 1 (2022): 71–94, <https://doi.org/10.21154/altahrir.v22i1.3617>.

or form of exchange in accordance with Islamic law. However, three critical gaps remain unaddressed in the literature. First, existing analyses tend to assess cryptocurrency compliance wholesale — treating Bitcoin, Ethereum, stablecoins, and DeFi products as a monolithic category — rather than disaggregating by instrument type, which produces legally imprecise conclusions. Second, no study has systematically applied the concept of *māl mutaqaawwim* (lawful valuable asset) as a primary threshold criterion within the Indonesian fatwa environment. Third, the implications of Indonesia's ongoing regulatory transition — from Bappebti to OJK under Regulation No. 27/2024 — for Shari'ah compliance evaluation have not been examined. This study addresses these gaps by offering a contextualised, instrument-disaggregated Islamic legal analysis anchored in both classical fiqh categories and *maqāṣid al-Shari'ah*, with direct policy relevance for the Indonesian regulatory context.²⁷

Method

This study applies two complementary legal approaches. The conceptual approach involves the analytical reconstruction of classical Islamic jurisprudence categories — specifically *gharār*, *maysir*, *ribā*, and *māl mutaqaawwim*, to evaluate the structural features of cryptocurrency instruments.²⁸ The statutory approach entails systematic analysis

of the primary regulatory corpus governing cryptocurrency in Indonesia, including DSN-MUI Fatwa No. 116/DSN/MUI/IX/2017 on Shari'ah Electronic Money, OJK Regulation No. 27 of 2024 on Digital Financial Asset Trading, and Bappebti regulatory instruments on crypto asset classification. Legal materials were selected based on direct relevance to cryptocurrency's Islamic legal status and Indonesian regulatory authority.²⁹ Data analysis proceeded through thematic synthesis: each cryptocurrency characteristic was mapped against the applicable *Shari'ah* criterion, and the resulting assessment was evaluated through the *maqāṣid al-Shari'ah* lens of *hifz al-māl* (protection of wealth) to determine whether any configuration of cryptocurrency instruments could satisfy a contextualised Shari'ah compliance standard.³⁰

This research examines the alignment of cryptocurrency with *Shari'ah* principles and its role as a financial technology innovation. Normative legal research is facilitated by the utilisation of secondary data, including books, scientific journals, fatwas, laws, and regulations.³¹ This data is used to analyse applicable legal norms. A statutory and conceptual approach is implemented in this research through the examination of primary and secondary legal materials. The researcher

²⁷ M. Junaidi et al., “The Legal Security In Electronic Transactions To Protect Freedom Of Speech: The Concept Of Forming Legislation On Electronic Transactions,” *Jurnal Hukum Unissula* 40, no. 2 (2024): 307–21, Scopus, <https://doi.org/10.26532/jh.v40i2.38101>.

²⁸ G. A. Atiyah et al., “Legitimacy of Smart Contracts from the Perspective of Islamic Law: A Case Study of Blockchain Transactions,” *Al-Istinbath: Jurnal Hukum Islam* 9, no. 1 (2024): 155–92, Scopus, <https://doi.org/10.29240/jhi.v9i1.8726>.

²⁹ A. A. A. Ugli et al., “Legal Issues of Digital Asset Inheritance from an Islamic Law Perspective,” *Ijtihad: Jurnal Wacana Hukum Islam Dan Kemanusiaan* 25, no. 2 (2025): 191–212, Scopus, <https://doi.org/10.18326/ijtihad.v25i2.191-212>.

³⁰ Bagya Agung Prabowo and Jasri Bin Jamal, “Peranan Dewan Pengawas Syariah Terhadap Praktik Kepatuhan Syariah Dalam Perbankan Syariah Di Indonesia,” *Jurnal Hukum IUS QUIA IUSTUM* 24, no. 1 (2017): 113–29, <https://doi.org/10.20885/iustum.vol24.iss1.art6>.

³¹ Hari Sutra Disemadi, “Lenses of Legal Research: A Descriptive Essay on Legal Research Methodologies,” *Journal of Judicial Review* 24, no. 2 (2022): 289–304, <https://doi.org/10.37253/jjr.v24i2.7280>.

assesses the blockchain mechanism's level of compatibility with *Shari'ah* principles and the characteristics of cryptocurrency. Secondary and primary legal materials are analysed in a descriptive qualitative manner during the data collection procedure.

The object of this research is cryptocurrency, a blockchain-based financial technology innovation, and an assessment of its adherence to *Shari'ah* principles.³² This study looks at how blockchain technology and smart contracts help ensure transparency, accountability, and compliance with *Shari'ah* by stopping practices like *ribā*, *gharār*, and *maysir* in cryptocurrencies like Bitcoin, which are digital assets that operate without a central authority. Furthermore, this research investigates the potential of cryptocurrencies to facilitate financial inclusion and transaction efficiency in accordance with *Maqāshid al-Shari'ah*, as well as the *Shari'ah* fatwas and regulations that govern the use of cryptocurrencies.

Result and Discussions

Cryptocurrency as a Financial Technology Innovation

Blockchain technology is the foundation of cryptocurrency, a financial technology innovation that allows for the decentralised and transparent recording of transactions.³³ By virtue of this technology, the immutable and publicly verified recording of transactions

serves to fortify the security and trust in digital financial activities.³⁴ Specifically, cryptocurrencies offer convenience and efficiency in money transfers by eliminating the necessity for intermediaries, such as conventional banks, which have historically been costly and time-consuming for cross-border transactions.³⁵

Substantial operational cost reductions and new business opportunities have been generated as a result of the integration of blockchain technology into cryptocurrency. Various fintech enterprises have created innovative financial services by combining financial expertise and technology.³⁶ Traditional banks have been replaced by new actors who are more proficient at utilising digital technology as a result of this process. Nevertheless, the transition does not imply that traditional banks will cease to exist; rather, they must transform and collaborate with fintechs to remain relevant in the digital era.³⁷

Cryptocurrency's primary advantage is its ability to provide inclusive financial services.³⁸

³² M. Pauzi et al., "Actualizing Islamic Economic Law in the Digital Era: A Study of the Application of *Khiyar al-Majlis* in Electronic Contracts," *Juris: Jurnal Ilmiah Syariah* 23, no. 2 (2024): 205–14, Scopus, <https://doi.org/10.31958/juris.v23i2.11573>.

³³ Yiran Li, "Blockchain and Cryptocurrency: The Future of Financial Innovation and Challenges," *Advances in Economics, Management and Political Sciences* 88, no. 1 (2024): 137–43, <https://doi.org/10.54254/2754-1169/88/20240891>.

³⁴ Nasraddin Gafarov, "The Role of Blockchain in Securing Financial Transactions," *Next Generation Journal for The Young Researchers* 8, no. 1 (2024): 105, <https://doi.org/10.62802/2ad9q749>.

³⁵ Nicola Del Sarto et al., "Financial Innovation: The Impact of Blockchain Technologies on Financial Intermediaries," *Journal of Financial Management, Markets and Institutions* 12, no. 01 (2024): 1–21, <https://doi.org/10.1142/S2282717X23500056>.

³⁶ Muhammad Usman Tariq, "Fintech Startups and Cryptocurrency in Business," in *Shaping Cutting-Edge Technologies and Applications for Digital Banking and Financial Services* (Productivity Press, 2024), <https://doi.org/10.4018/979-8-3693-1846-1.ch006>.

³⁷ Pratheek S. Davey et al., "Impact of Digital Banking on Traditional Banking Services," *International Journal of Research in Engineering Science and Management* 08, no. 11 (2024): 1–7, <https://doi.org/10.55041/IJSREM38403>.

³⁸ Mohammad El Hajj and Imad Farran, "The Cryptocurrencies in Emerging Markets: Enhancing Financial Inclusion and Economic Empowerment,"

Digital identities and mobile devices have enabled a significant number of individuals who have not had access to traditional banking services to use cryptographic technology. The potential for these benefits is to reduce inequality in financial access and increase global economic participation.³⁹ In addition, the rapid processing and minimal transaction costs of cryptocurrencies render them an appealing alternative for both consumers and businesses. The capacity of cryptocurrencies to facilitate rapid and inexpensive transactions without intermediaries, thereby increasing efficiency and privacy, is a significant catalyst for the development of e-commerce and online payment options.⁴⁰

The concept of decentralised finance (DeFi) is also being propelled by cryptocurrency, which allows users to access a diverse array of financial services, such as loans, deposits, and asset trading, without the need for intermediaries.⁴¹ Decentralised finance (DeFi) has significantly transformed the financial market by eliminating intermediaries and granting consumers greater control over their assets through blockchain technology.⁴² This modification

democratises access to financial services, improves security, and increases transparency, thereby challenging conventional banking models and facilitating the creation of more efficient, global, and open financial markets.⁴³

In the financial sector, blockchain technology improves operational efficiency by expediting procedures, including reconciliation, minimising operational risk, and enhancing compliance. Through the secure verification of customer identities, it facilitates Know-Your-Customer (KYC) requirements, thereby fostering transparency and trust in financial transactions.⁴⁴ Other financial transactions and trade finance services can also be improved by smart contracts that implement agreements autonomously.

Analysis of Cryptocurrency Compliance towards *Shari'ah* Principles

Islamic finance scholars and practitioners continue to engage in a debate about the compatibility of cryptocurrencies with *Shari'ah* principles.⁴⁵ The prohibition of *riba*,⁴⁶ *gharar*, and *maysir*, as well as an emphasis on

Journal of Risk and Financial Management 17, no. 10 (2024): 1–27, <https://doi.org/10.3390/jrfm17100467>.

³⁹ Abdul Rahman, "Financial Inclusion through Technological Advancements in Banking Institutions: An Analytical Review," *Advances: Jurnal Ekonomi & Bisnis* 2, no. 3 (2024): 90–105, <https://doi.org/10.60079/ajeb.v2i3.303>.

⁴⁰ Abderahman Rejeb et al., "Cryptocurrencies in Modern Finance: A Literature Review," *ETIKONOMI* 20, no. 1 (2021): 93–118, <https://doi.org/10.15408/etk.v20i1.16911>.

⁴¹ Gayatri Kisan Ghodke and Jyoti Rajput Pawar, "Decentralized Finance: The Blockchain and Crypto Era," *International Journal for Research in Applied Science and Engineering Technology* 12, no. 12 (2024): 2152–53, <https://doi.org/10.22214/ijraset.2024.66126>.

⁴² N. A. R. N. A. Ghani et al., "Stock Scalping and Shariah Legitimacy in Modern Capital Markets," *Nusantara:*

Journal of Law Studies 5, no. 1 (2026): 1–24, Scopus, <https://doi.org/10.5281/zenodo.18357939>.

⁴³ Felix Adebayo Bakare et al., "Blockchain and Decentralized Finance (DeFi): Disrupting Traditional Banking and Financial Systems," *World Journal of Advanced Research and Reviews* 23, no. 3 (2024): 3075–89, <https://doi.org/10.30574/wjarr.2024.23.3.2968>.

⁴⁴ Alina V. Shevtsova, "The Impact of Blockchain Technology on the Financial Sector of the Global Economy," *Business Inform* 5, no. 556 (2024): 258–64, <https://doi.org/10.32983/2222-4459-2024-5-258-264>.

⁴⁵ M. Maksun and N. Hidayah, "The Mechanism of Avoiding Riba in Islamic Financial Institutions: Experiences of Indonesia and Malaysia," *Juris: Jurnal Ilmiah Syariah* 22, no. 2 (2023): 235–44, Scopus, <https://doi.org/10.31958/juris.v22i2.6952>.

⁴⁶ n. Muharir et al., "Islamic Legal Hermeneutics on Riba in Digital Banking: Contextualizing Imam al-Qurṭubī's Exegesis of Qur'an 2:275," *Jurnal Ilmiah Mizani* 12, no. 1 (2025): 128–49, Scopus, <https://doi.org/10.29300/mzn.v12i1.7690>.

transparency and impartiality, are among the fundamental principles of *Shari'ah* in financial transactions.⁴⁷ Innovations to the digital financial system are introduced by cryptocurrencies, such as Bitcoin and Ethereum.⁴⁸ However, their wild price changes and risky nature often create uncertainty and gambling-like features, making them not acceptable for most religious leaders according to *Shari'ah* principles.⁴⁹

To provide analytical clarity across the multiple *Shari'ah* criteria implicated by cryptocurrency, Table 1 systematically maps each relevant principle against the specific concern it raises and the contextualised Islamic legal assessment derived from this study's analysis. This tripartite mapping constitutes the core contribution of this paper's contextualised legal framework.

Table 1. Contextualised Islamic Legal Assessment of Cryptocurrency Against Shari'ah Principles

Shari'ah Principle	Nature of Concern in Cryptocurrency	Contextualised Islamic Legal Assessment
Prohibition of Gharār (uncertainty)	Extreme price volatility; lack of intrinsic value; opacity in asset valuation and ownership	Constitutes gharār fāhish (excessive uncertainty) as defined in classical fiqh; renders spot transactions in standard cryptocurrencies
Prohibition of Maysir (gambling/speculation)	Speculative trading without economic fundamentals; leveraged and margin trading dominant in crypto markets	Trading driven by price speculation without underlying economic activity mirrors maysir; DSN-MUI Fatwa reinforces prohibition for instruments that lack genuine 'iwad (counter-value)
Prohibition of Ribā (usury/interest)	Interest-bearing crypto lending; DeFi yield mechanisms; algorithmic stablecoins generating passive returns	Crypto-based interest products fall squarely within ribā al-fadl and ribā al-nasī'ah; any mechanism yielding return without risk-sharing violates the riba prohibition
Requirement of Māl Mutaqawwim (lawful valuable asset)	Bitcoin and most altcoins are non-physical, non-government-backed, and highly volatile	Debated: some scholars deny māl status; others recognise functional value. Asset-backed tokens (e.g., gold-pegged) may satisfy this criterion where intrinsic value is demonstrable
Principle of Transparency and Amānah (trustworthiness)	Blockchain technology provides immutable and publicly verifiable transaction records	Blockchain architecture aligns with the Shari'ah principle of amānah and is recognised as a technological instrument capable of reinforcing muamalah transparency
Maqāṣid al-Shari'ah: Hifz al-Māl (protection of wealth)	Financial inclusion potential; cross-border	Shari'ah-compliant cryptocurrencies (e.g., asset-

⁴⁷ Nova Mentari Putri Rahmadani and Fajar Fajar, "Aligning Cryptocurrencies with Islamic Law: Challenges, Ethical Concerns, and Regulatory Solutions," *Istinbath Jurnal Hukum Dan Ekonomi Islam* 23, no. 2 (2024): 366–83, <https://doi.org/10.20414/ijhi.v23i2.887>.

⁴⁸ Maksum and Hidayah, "The Mechanism of Avoiding Riba in Islamic Financial Institutions: Experiences of Indonesia and Malaysia."

⁴⁹ Ahmad Nouruzzaman et al., "Cryptocurrency in Islamic Economic Principles," *Dinasti International Journal of Education Management And Social Science* 3, no. 2 (2022): 233–39, <https://doi.org/10.31933/dijemss.v3i2.1068>.

Shari'ah Principle	Nature of Concern in Cryptocurrency	Contextualised Islamic Legal Assessment
	efficiency; risk of misuse for money laundering and illicit finance	backed stablecoins, halal-screened tokens) can serve <i>hifz al-māl</i> if designed to prevent <i>mafsadah</i> (harm) and promote financial access for underserved Muslim communities

As Table 1 demonstrates, the compliance assessment cannot be reduced to a binary permissible/impermissible determination applicable to all cryptocurrency instruments equally. Standard speculative cryptocurrencies raise insurmountable *gharār* and *maysīr* concerns under the majority position. However, the blockchain infrastructure itself is normatively neutral — and potentially Shari'ah-enabling — when divorced from speculative applications. This disaggregated analysis resolves a key ambiguity in prior literature and aligns with the *maqāṣid al-Shari'ah* objective of *hifz al-māl*, which demands both protection against financial harm and facilitation of legitimate wealth circulation.

The volatility and uncertainty of cryptocurrency are presumed to be indicative of the presence of *Gharār*.⁵⁰ In Islamic law, *gharār* is the term used to describe the potential harm that could be caused to one of the parties as a result of uncertainty or excessive conjecture in a transaction.⁵¹ The

⁵⁰ Batubara and Tho'in, "Transactions of Cryptocurrency in the Perspective of Islamic Finance and Economics."

⁵¹ Ahmad Farikhin and Heni Mulyasari, "Gharar, Fraud and Dispute in Islamic Business Transaction an Islamic Law Perspectives," *International Economic and Finance Review* 1, no. 2 (2022): 40–53,

significant and unpredictable price volatility of cryptocurrencies is the cause of the high level of uncertainty they generate. As a result, transactions that involve these assets are considered to comprise grievous *gharār*, which is prohibited.⁵² Additionally, the uncertainty surrounding the ownership and true value of cryptocurrencies exacerbates the inherent *gharar* in these transactions.

Maysīr, which denotes conjecture or wagering for profit, is also a defining characteristic of cryptocurrencies. There is no solid analytical foundation for the purchase of crypto assets by a large number of investors in the expectation of rapid profits, which is reminiscent of wagering.⁵³ The term "*maysīr*" is used to describe the elevated speculation that is prevalent in the crypto market and is prohibited in Islam due to its incorporation of elements of uncertainty and the risk of substantial losses that are unjust to either party.⁵⁴ Subsequently, cryptocurrency transactions frequently resemble wagering activities.

Ribā is explicitly prohibited by Islamic law, and it may also be present in transactions that involve interest or crypto-based lending practices.⁵⁵ In the Islamic financial system, any form of *ribā* or profit that is not linked to

<https://doi.org/10.56897/iefr.v1i2.18>.

⁵² Najhan Muhamad Ibrahim et al., "Cryptocurrency as Digital Asset According to the Principles of Usul Al-Fiqh: A Critical Analysis by Mohd Daud Bakar," 2024 3rd International Conference on Creative Communication and Innovative Technology (ICCI), 2024, 1–6, <https://doi.org/10.1109/ICCI62134.2024.10701114>.

⁵³ Chamil W. Senarathne, "Gambling Behaviour in the Cryptocurrency Market," *International Journal of Applied Behavioral Economics* 8, no. 4 (2019): 1–16, <https://doi.org/10.4018/IJABE.2019100101>.

⁵⁴ M. Usman et al., "Cryptocurrency in Islamic Law," *Jurnal Multidisipliner Bharasa* 1, no. 1 (2022): 45–56, <https://doi.org/10.56691/jurnalmultidisiplinerbharasa.v1i1.6>.

⁵⁵ M. Usman et al., "Cryptocurrency in Islamic Law."

genuine assets or activities is prohibited. This principle emphasises the value of securities and partnerships that are associated with assets, thereby guaranteeing that profits are derived from genuine economic participation and risk sharing.⁵⁶

Essentially, cryptocurrencies are digital assets without a physical form, serving as a value store instead of traditional currency.⁵⁷ Although their decentralised nature and dependence on blockchain technology provide advantages in terms of security and transaction speed, the absence of government supervision poses a risk.⁵⁸

The Indonesian Ulema Council (MUI) has expressly declared in Fatwa No. 116/DSN/MUI/IX/2017 regarding *Shari'ah* Electronic Money that the use of cryptocurrency as a form of payment is unlawful (haram).⁵⁹ The reason for this restriction is a combination of primary factors, such as the status of cryptocurrencies that have not been recognised as legal tender in Indonesia, potential unjust losses, and high value fluctuations that create uncertainty.⁶⁰

In spite of this, *Shari'ah* does not entirely refute the technology that underpins cryptocurrencies. Cryptocurrencies are constructed using blockchain technology, which is widely recognised as having the potential to significantly reinforce *Shari'ah* principles, such as transparency, honesty (*amanah*), and justice.⁶¹ By permitting the recording of transactions that are both immutable and openly verifiable, blockchain technology reduces the likelihood of data manipulation and deception. Implementations of the *Shari'ah* blockchain have been developed to ensure that each transaction is free from *ribā*, *gharār*, and *maysir* and that it employs halal investment schemes such as *muḍārabah* and *mushārah*.

The Challenges and Opportunities of Integrating Cryptocurrencies in the Islamic Economy

The subject of the challenges and opportunities associated with the integration of cryptocurrency into Islamic economics is complex and multifaceted, as it is influenced by the principles of Islamic law and the distinctive features of the technology. One of the primary obstacles is the extreme price volatility of cryptocurrencies, which involves an element of *gharār* in transactions.⁶² This speculative nature is a source of ethical concern and complicates the alignment of cryptocurrencies with *Shari'ah*, requiring a

⁵⁶ Ali Keya Anami, "Financial Inclusion through Islamic Financial Instruments: A Catalyst for Small and Medium Enterprises (SMEs)," *Open Access Research Journal of Multidisciplinary Studies* 7, no. 1 (2024): 134–41, <https://doi.org/10.53022/oarjms.2024.7.1.0008>.

⁵⁷ Luhur Prasetyo and Unun Roudlotul Janah, "Cryptocurrency as Money: Islamic Monetary System Perspective," *Al-Tahrir: Jurnal Pemikiran Islam* 22, no. 1 (2022): 71–94, <https://doi.org/10.21154/altahrir.v22i1.3617>.

⁵⁸ M. Shabri Abd. Majid et al., "A Study of Literature: Cryptocurrency of Syariah Perspective," *International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBA)* 2, no. 1 (2022): 93–102, <https://doi.org/10.54443/ijebas.v2i1.174>.

⁵⁹ Faizi, "Are Cryptocurrencies Haram? A Critical Analysis toward MUI's Fatwā," *AL-IHKAM: Jurnal Hukum & Pranata Sosial* 18, no. 2 (2023): 420–42, <https://doi.org/10.19105/al-lhkam.v18i2.8290>.

⁶⁰ Istianah Zainal Asyiqin et al., "Cryptocurrency as a Medium of Rupiah Exchange: Perspective Sharia Islamic Law and Jurisprudential Analysis," *Volksgeist:*

Jurnal Ilmu Hukum Dan Konstitusi 7, no. 2 (2024): 227–92, <https://doi.org/10.24090/volksgeist.v7i2.10975>.

⁶¹ Jon Truby et al., "The Role and Potential of Blockchain Technology in Islamic Finance," *European Business Law Review* 33, no. 2 (2022): 175–92, <https://doi.org/10.54648/EULR2022005>.

⁶² Rahmadani and Fajar, "Aligning Cryptocurrencies with Islamic Law: Challenges, Ethical Concerns, and Regulatory Solutions."

regulatory solution. In Islamic economics, *gharār* is prohibited because it has the potential to result in injustice and loss for one of the parties.⁶³ Significant fluctuations in value impede the adoption of cryptocurrencies as a dependable and consistent medium of exchange in daily transactions.⁶⁴

Complying with *Shari'ah* principles, which include the prohibition of *ribā*, *gharār*, and *maysir*, is a substantial challenge in addition to volatility.⁶⁵ In Islam, the concepts of *ribā*, *gharār* and *maysir* are explicitly prohibited, and certain activities associated with cryptocurrencies, such as excessive conjecture and margin trading, may contain these qualities. Therefore, it is impossible to determine whether all cryptocurrencies or their practices are *Shari'ah*-compliant without conducting a comprehensive and rigorous evaluation.⁶⁶

The Islamic economy's integration of cryptocurrencies is also considerably impeded by the absence of clear regulations and insufficient supervision in nations such as

Indonesia.⁶⁷ Especially during the shift of control over crypto-assets from the Commodities Futures Trading Regulatory Agency (Bappebti) to the Financial Services Authority (OJK), there is a lack of clear laws that have not been completely established, even with new rules like OJK Regulation No. 27 of 2024 about Digital Financial Asset Trading, which started in January 2025.⁶⁸

In Indonesia, the regulation of cryptocurrencies is still in a state of transition and is relatively ineffective. Previously, Bappebti was responsible for the supervision, which has now been transferred to OJK. However, this procedure requires the modification and reinforcement of supervisory capacity to effectively manage risks such as consumer protection, information system security, and money laundering.⁶⁹ This supervisory vulnerability has the potential to enable the misuse of crypto assets that are incompatible with *Shari'ah* economic principles, such as their ambiguous ownership status and excessive speculation.

Legal and operational risks can be posed by inconsistent regulations and inadequate supervision, which significantly complicates the widespread and secure adoption of cryptocurrency technology by Islamic businesses.⁷⁰ These legal uncertainties impede

⁶³ Farikhin and Mulyasari, "Gharar, Fraud and Dispute in Islamic Business Transaction an Islamic Law Perspectives."

⁶⁴ Muhammad Abdullah Idrees and Saima Akhtar, "An Investigative Analysis of Volatility in the Cryptocurrency Market," *International Journal of Trends and Innovations in Business & Social Sciences* 1, no. 3 (2023): 80–86, <https://doi.org/10.48112/tibss.v1i3.652>.

⁶⁵ M. A. Ali Adriansyah et al., "Enhancing Employability in the Digital Era: A Case Study of Online Workers Through the Lens of Contemporary Islamic Economic Law," *MILRev: Metro Islamic Law Review* 4, no. 1 (2025): 99–128, Scopus, <https://doi.org/10.32332/milrev.v4i1.10223>.

⁶⁶ Mohammed Nabeel. K and M. Sumathy, "Navigating the Halal Frontier: The Legality of Cryptocurrency in Islamic Finance," *International Journal of Advanced Research in Science, Communication and Technology* 4, no. 2 (2024): 469–74, <https://doi.org/10.48175/IJAR SCT-15465>.

⁶⁷ Asyiqin et al., "Cryptocurrency as a Medium of Rupiah Exchange: Perspective Sharia Islamic Law and Jurisprudential Analysis."

⁶⁸ Sapta Eka Yanto and Faisal Santiago, "The Legal Vacuum in Law Enforcement of Digital Currency Crimes by the Police," *Journal of World Science* 3, no. 12 (2024): 1576–86, <https://doi.org/10.58344/jws.v3i12.1242>.

⁶⁹ Giovani Anggasta et al., "Regulation of Loss-Inducing Crypto Asset Investments: Challenges in Regulation, Protection and Supervision," *International Journal of Business, Law, and Education* 4, no. 2 (2023): 868–81, <https://doi.org/10.56442/ijble.v4i2.255>.

⁷⁰ Rahmadani and Fajar, "Aligning Cryptocurrencies with Islamic Law: Challenges, Ethical Concerns, and Regulatory Solutions."

the technology's adoption and create opportunities for abuse, including money laundering and terrorism financing.⁷¹ In the context of *Shari'ah*, these illicit practices are in direct opposition to the principles of morality and justice, necessitating rigorous regulation and effective supervision.

In contrast, cryptocurrencies offer a unique opportunity to advocate for financial inclusion in Muslim communities, particularly in areas that are challenging to access through traditional banking services.⁷² By ensuring the security and transparency of transactions, the blockchain technology that underpins cryptocurrencies upholds the *Shari'ah* principles of honesty and transparency.⁷³ Moreover, the decentralisation of digital currencies significantly improves economic efficiency by reducing transaction costs and increasing transaction velocities, particularly cross-border transfers.⁷⁴ Therefore, the more efficient allocation of resources and the promotion of competition within the market enhance the overall economic dynamics.

The creation of cryptocurrencies that are specifically designed in accordance with

Shari'ah principles is another substantial opportunity. Two Islamic crypto initiatives, OneGram and X8Currency, are designed to combine blockchain technology with sharia compliance.⁷⁵ They achieve those goals by ensuring that the underlying assets are genuine and by averting elements of *ribā*, *gharār*, and *maysīr*.⁷⁶ Within the Muslim community, these innovations have the potential to be more widely adopted and accepted.

In relation to cryptocurrencies, it is also imperative to address this integration challenge through Islamic financial education and literacy.⁷⁷ Islamic financial education and literacy in cryptocurrencies not only improve investment knowledge, but they also establish a critical ethical and legal framework for the integration of new financial technologies into the Islamic economic system.⁷⁸ Through this education, the Muslim community's awareness and ability to responsibly and *Shari'ah*-compliantly utilise digital investment opportunities will be improved, which will also reduce the risk of financial and spiritual injury. Islamic financial literacy offers individuals a comprehension of the Islamic laws that

⁷¹ Jamal Wiwoho et al., "Islamic Crypto Assets and Regulatory Framework: Evidence from Indonesia and Global Approaches," *International Journal of Law and Management* 66, no. 2 (2024): 155–71, <https://doi.org/10.1108/IJLMA-03-2023-0051>.

⁷² Mohammad El Hajj and Imad Farran, "The Cryptocurrencies in Emerging Markets: Enhancing Financial Inclusion and Economic Empowerment," *Journal of Risk and Financial Management* 17, no. 10 (2024): 1–27, <https://doi.org/10.3390/jrfm17100467>.

⁷³ Aprilia Candra Purnama Wati and Muhammad Yazid, "Blockchain Technology in Financial Transactions under Sharia Banking Practice," *EkBis: Jurnal Ekonomi Dan Bisnis* 7, no. 2 (2023): 81–91, <https://doi.org/10.14421/EkBis.2023.7.2.2049>.

⁷⁴ Aumbur Kwaghter Sule et al., "Implementing Blockchain for Secure and Efficient Cross-Border Payment Systems," *International Journal of Research and Innovation in Applied Science* IX, no. XII (2025): 508–35, <https://doi.org/10.51584/IJRIAS.2024.912047>.

⁷⁵ Asif Zaman et al., "Assessing the Potential of Blockchain Technology for Islamic Crypto Assets," *Competitiveness Review: An International Business Journal* 35, no. 2 (2025): 229–50, <https://doi.org/10.1108/CR-05-2023-0100>.

⁷⁶ Rahmadani and Fajar, "Aligning Cryptocurrencies with Islamic Law: Challenges, Ethical Concerns, and Regulatory Solutions."

⁷⁷ Suratno Suratno and Muhammad Jauharil Ma'arif, "Problems of Cryptocurrency Development on Investor Protection from an Islamic Business Perspective," *Jurnal Ilmiah Mizani: Wacana Hukum, Ekonomi Dan Keagamaan* 11, no. 1 (2024): 139, <https://doi.org/10.29300/mzn.v11i1.3443>.

⁷⁸ Aura Lika Cahyani Andi Sufarid et al., "Peran Al-Qur'an Dan Sunnah Sebagai Sumber Hukum Ekonomi Syariah," *Akhlak: Jurnal Pendidikan Agama Islam Dan Filsafat* 2, no. 2 (2025): 137–53, <https://doi.org/10.61132/akhlak.v2i2.650>.

govern investments, including the identification of halal and haram assets, as well as the inherent risks associated with speculative and highly volatile cryptocurrency investments.⁷⁹ Due to this understanding, Muslim investors are capable of making decisions that are not only financially advantageous but also in accordance with Islamic ethical and moral principles.

Conclusion

This study concludes that the Islamic legal status of cryptocurrency cannot be assessed in monolithic terms. A contextualised analysis, grounded in classical *fiqh* categories and oriented by *maqāṣid al-Sharī'ah*, reveals three distinct legal zones: (1) Standard speculative cryptocurrencies (Bitcoin and comparable altcoins) exhibit characteristics of *gharār fāhish* and *maysīr* that render them presumptively impermissible under the majority juristic position, as reflected in DSN-MUI Fatwa No. 116/2017. (2) Blockchain technology as an infrastructure layer is normatively permissible and structurally aligned with the Sharī'ah principles of *amānah* and transparency, provided it is not deployed for prohibited purposes. (3) Asset-backed, Sharī'ah-screened tokens — where the underlying asset is genuine, ownership rights are clear, and speculative mechanisms are structurally excluded — present a viable and contextually appropriate pathway toward compliance, serving the *maqāṣid* objective of *hifz al-māl*.

This tripartite conclusion is the primary theoretical contribution of this paper, as it reframes the scholarly debate from a binary halal/haram question toward an instrument-

sensitive, contextualised legal analysis. Practically, this framework offers Indonesian Sharī'ah authorities — particularly during the ongoing transition of crypto asset oversight from Bappebti to OJK — a principled basis for developing differentiated regulatory standards that accommodate financial innovation without compromising Sharī'ah integrity. Future research should examine the fatwa-making process of DSN-MUI in response to evolving DeFi instruments and Central Bank Digital Currency (CBDC) development within the Indonesian Islamic economic architecture.

CRedit authorship contribution statement

Sahban: Conceptualization, Methodology, Investigation, Data curation, Writing – original draft. Zainuddin: Theoretical framework, Formal analysis, Supervision, Writing – review & editing. Wahida: Comparative analysis, Legal interpretation, Validation, Writing – review & editing. All authors have read and approved the final manuscript.

Declaration of competing interest

The authors declare that they have no known competing financial, institutional, or personal interests that could have appeared to influence the work reported in this paper.

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⁷⁹ Nabeel. K and Sumathy, “Navigating the Halal Frontier: The Legality of Cryptocurrency in Islamic Finance.”

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