

# Problems of Cryptocurrency Development on Investor Protection from an Islamic Business Perspective

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**Abstract:** Cryptocurrencies have sparked intense debate within the global business and financial sectors. While promising substantial investment growth, they also present significant challenges, particularly concerning investor protection. In the context of Islamic business, the emergence of cryptocurrencies raises profound questions regarding compliance with Sharia principles and safeguarding investor interests. This article aims to scrutinise these issues from an Islamic business perspective, focusing on investor protection. This study identifies several critical concerns through a synthesis of literature and conceptual analysis. Firstly, it assesses the Sharia compliance of cryptocurrencies concerning their structure, transactions, and utility. Secondly, it examines risks associated with price volatility and the stability of investment values. Thirdly, it addresses the ambiguity in regulations and legal frameworks, impacting investor security and protection. Finally, it discusses the integration challenges of Islamic business ethics in the cryptocurrency landscape. The findings underscore that while cryptocurrencies offer potential for lucrative returns, they also entail substantial risks in terms of investor protection from an Islamic business standpoint. Consequently, there is a pressing need for robust regulatory frameworks that align with Sharia principles alongside enhancing investor awareness and comprehension of cryptocurrency investment risks.

**Keywords:** Cryptocurrency, Investor Protection, Islamic Business Perspective

**Abstrak:** Cryptocurrency telah menjadi topik perdebatan penting di kalangan bisnis dan keuangan global. Meskipun menawarkan potensi pertumbuhan investasi yang besar, keberadaannya juga menimbulkan berbagai masalah, terutama terkait perlindungan investor. Dalam konteks bisnis Islam, perkembangan cryptocurrency menimbulkan pertanyaan serius tentang kepatuhan syariah dan perlindungan investor. Artikel ini bertujuan untuk mengeksplorasi masalah yang muncul terkait perkembangan cryptocurrency dari sudut pandang bisnis Islam, khususnya terkait perlindungan investor. Dengan menggabungkan pendekatan tinjauan literatur dan analisis konseptual, makalah ini menyoroti beberapa masalah utama. Pertama, penilaian kepatuhan syariah cryptocurrency dalam hal strukturnya, transaksi, dan penggunaannya. Kedua, risiko terkait volatilitas harga dan stabilitas nilai investasi. Ketiga, ketidakjelasan dalam regulasi dan kerangka hukum yang memengaruhi keamanan dan perlindungan investor. Keempat, tantangan dalam mengintegrasikan prinsip etika bisnis Islam dalam ekosistem cryptocurrency. Hasil analisis menunjukkan bahwa perkembangan cryptocurrency memberikan manfaat dan risiko yang kompleks dari sudut pandang bisnis Islam. Meskipun menawarkan potensi pengembalian investasi yang tinggi, cryptocurrency juga menghadapi tantangan signifikan dalam hal perlindungan investor. Oleh karena itu, diperlukan upaya lebih lanjut untuk mengembangkan regulasi yang sesuai dengan prinsip syariah serta meningkatkan kesadaran dan pemahaman investor terhadap risiko yang terlibat dalam investasi cryptocurrency.

**Keywords:** Cryptocurrency, Perlindungan Investor, Perspektif Bisnis Islam

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## Introduction

Cryptocurrencies, such as Bitcoin and Ethereum, have created a wave of revolution in the world of global finance by introducing innovative blockchain technology. This technological advancement has facilitated the creation of a decentralised digital currency system, transforming the traditional paradigms of financial transactions and investments. Bitcoin, introduced in 2009 by an anonymous entity known as Satoshi Nakamoto, was the pioneer cryptocurrency, followed by Ethereum in 2015, which brought further innovation with smart contracts and decentralised applications.<sup>1</sup>

Bitcoin and Ethereum have unique characteristics that distinguish them in the cryptocurrency ecosystem. Bitcoin is renowned for its decentralised nature and its fixed supply of 21 million bitcoins, creating a sense of scarcity and value preservation. On the other hand, Ethereum offers greater flexibility, allowing for the development of decentralised applications (dApps) and smart contracts, which execute transactions autonomously based on predefined conditions.<sup>2</sup> These innovations have attracted a significant number of investors, traders, and financial institutions, allured by the high potential for investment growth.<sup>3</sup>

Despite the promise of substantial returns, the cryptocurrency market is fraught with high volatility and numerous risks, including regulatory uncertainties, security issues, and market manipulation. These risks pose significant challenges to investor protection, which is a critical concern in the financial industry. In the context of Islamic business, these challenges are further compounded by the need to ensure sharia compliance. Islamic finance principles emphasise justice, transparency, and the avoidance of excessive uncertainty (*gharar*) and interest (*riba*), which present unique issues when applied to cryptocurrencies.

While significant research has been conducted on the technical and economic aspects of cryptocurrencies, there is a notable gap in the literature concerning the intersection of cryptocurrency development, investor protection, and Islamic finance principles. Existing studies often address regulatory and security concerns in secular contexts but seldom consider the specific requirements and challenges posed by sharia compliance. Furthermore, although some research has explored the compatibility of cryptocurrencies with Islamic finance, these studies typically focus on theoretical frameworks without providing comprehensive analyses of practical implications for investor protection.<sup>4</sup>

This paper aims to fill this research gap by exploring the development of cryptocurrencies from an Islamic business

<sup>1</sup> Eduardo Garzón Espinosa Dkk., "Money Or Crypto-Gold? Problematics And Possible Worlds For Cryptocurrencies. | International Economics / Economia Internazionale | Ebscohost," 1 Agustus 2023, 44, <https://Openurl.Ebsco.Com/Contentitem/Gcd:172353403?Sid=Ebsco:Plink:Crawler&Id=Ebsco:Gcd:172353403>.

<sup>2</sup> Benjamin Johnson Dkk., "Cryptocurrency Trading And Its Associations With Gambling And Mental Health: A Scoping Review," *Addictive Behaviors* 136 (1 Januari 2023): 139, <https://doi.org/10.1016/j.addbeh.2022.107504>.

<sup>3</sup> Evgeniya Rubinina, "Are Cryptocurrency Assets A Protected Investment Under Investment Treaties?," *Arbitration: The International Journal Of Arbitration*,

*Mediation And Dispute Management* 89, No. 1 (1 Januari 2023): 79, <https://kluwerlawonline.com/api/product/citationpdfurl?File=Journals\Amdm\Amdm2023004.Pdf>.

<sup>4</sup> Eko Zulfikar Dan Nora Ria Retnasih, "Cryptocurrency As Investment Assets And Economic Transactions According To The Qur'an: Analysis Based On Ahkam Exegesis," *Jurnal Ulunnuha* 12, No. 1 (1 Juli 2023): 77, <https://doi.org/10.15548/Ju.V12i1.5964>.

perspective, focusing on the challenges related to sharia compliance and investor protection. By analysing the key issues and proposing potential solutions, this study seeks to contribute to the broader discourse on integrating innovative financial technologies with ethical and religious considerations in Islamic finance. Through a detailed examination of regulatory frameworks, market practices, and sharia principles, this research will offer insights into creating a more secure and compliant cryptocurrency ecosystem for Muslim investors.

### Literature Review

Cryptocurrency has become a topic that is increasingly attracting attention among investors and business practitioners, including within the Islamic business sphere. However, the development of cryptocurrencies also causes various problems related to investor protection, which need to be understood and addressed, especially in the context of Islamic business principles. This literature review will describe some of the main issues in cryptocurrency development and how they affect investor protection, with a focus on the Islamic business perspective.<sup>5</sup>

#### 1. Technical Challenges in Cryptocurrency Development

Cryptocurrency development has become a major highlight in the world of global finance over the past few years. With its ability to change the way we view financial transactions, the underlying blockchain technology has sparked a revolution that has attracted interest from various groups, from investors to regulators.

However, despite the enormous potential it offers, cryptocurrency development also faces a number of complex and challenging technical issues:<sup>6</sup>

- **Scalability** is one of the most significant technical challenges. Cryptocurrencies like Bitcoin and Ethereum have encountered limitations in transaction processing speed and volume, leading to congestion and high transaction fees during peak times
- **Security** concerns remain a critical issue. While blockchain technology is inherently secure due to its decentralised nature, there have been instances of hacking and fraud, particularly in cryptocurrency exchanges
- The lack of **interoperability** between different blockchain platforms poses another technical challenge. Seamless interaction between various cryptocurrencies and traditional financial systems is essential for widespread adoption but is currently limited.

#### 2. Regulatory Issues and Investor Protection

As the cryptocurrency industry grows, regulatory issues become increasingly significant. Different countries have adopted varying approaches to cryptocurrency regulation, ranging from complete bans to full legal recognition. These discrepancies create an uncertain environment for investors, raising concerns about investor protection:<sup>7</sup>

- **Legal Uncertainty:** The lack of clear regulatory frameworks in many jurisdictions creates legal uncertainty for

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<sup>5</sup> Al-Hussaini Abulfathi Ibrahim Saleh Dkk., "Factors Influencing Adoption Of Cryptocurrency-Based Transaction From An Islamic Perspective," *Global Journal Of Computer Science And Technology* 20, No. G4 (20 Agustus 2020): 26.

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<sup>6</sup> Cameron Harwick, "Cryptocurrency And The Problem Of Intermediation," *The Independent Review* 20, No. 4 (2016): 560.

<sup>7</sup> Alexander Masharsky Dan Ivan Skvortsov, "Problems And Prospects Of Cryptocurrency Development," Dalam *Advanced Manufacturing Processes Iii*, Ed. Oleh Volodymyr Tonkonogyi Dkk. (Cham: Springer International Publishing, 2022), 54, [https://doi.org/10.1007/978-3-030-91327-4\\_43](https://doi.org/10.1007/978-3-030-91327-4_43).

investors. This uncertainty can lead to a lack of confidence and increased risk (Zohar, 2015).

- **Consumer Protection:** Traditional financial systems have established mechanisms for consumer protection, such as deposit insurance and fraud protection. In contrast, the cryptocurrency market often lacks these safeguards, leaving investors vulnerable to losses from fraud or technical failures (Böhme et al., 2015).
- **Sharia Compliance:** For Muslim investors, ensuring that cryptocurrency transactions comply with Islamic principles is a significant concern. Issues such as the permissibility of trading certain cryptocurrencies, the avoidance of interest (*riba*), and the prohibition of excessive uncertainty (*gharar*) must be addressed (Hasan & Aliyu, 2018).

### 3. Social and Economic Implications

The widespread adoption of cryptocurrencies has profound social and economic implications:

- **Financial Inclusion:** Cryptocurrencies have the potential to promote financial inclusion by providing unbanked populations access to financial services. However, the volatility and complexity of these assets may also deter their use by those who could benefit the most (Narayanan et al., 2016).
- **Economic Impact:** The integration of cryptocurrencies into the global financial system could lead to significant changes in how economies operate. While some argue that cryptocurrencies could reduce transaction costs and increase efficiency, others warn of the potential for economic instability and systemic risks (Yermack, 2015).

Through a deeper understanding of these issues, we can hopefully open the door to innovative and sustainable solutions

that will strengthen the foundations of this technology and enable it to reach its true potential in shaping the future of global finance. Addressing these challenges from an Islamic business perspective requires not only technical and regulatory advancements but also the development of frameworks that align with Islamic ethical principles.<sup>8</sup>

### Method

This study employs descriptive qualitative research to determine the position of cryptocurrency as an investment within the framework of the Islamic economy. By utilising this approach, the research aims to provide a comprehensive understanding of the foundational aspects, evolution, and investment standards in Islamic economics as they relate to cryptocurrencies. The methodology is structured to systematically answer key questions concerning the compliance and viability of cryptocurrencies from an Islamic perspective.

### Data Collection

Researchers will rely primarily on valid secondary data gathered from a variety of authoritative sources:

#### 1. Islamic Legal References:

- **Hadith of the Prophet Muhammad:** The sayings and traditions of the Prophet Muhammad will be analysed to draw insights into Islamic rulings that may apply to modern financial instruments like cryptocurrencies.
- **Opinions of Scholars:** The interpretations and fatwas (Islamic legal rulings) from respected Islamic scholars will be reviewed to understand contemporary

<sup>8</sup> Magizov Rustem Dkk., "Problems Of Criminal Responsibility For Illegal Circulation Of Cryptocurrency," Dalam 2019 12th International Conference On Developments In Esystems Engineering (Dese), 2019, 43, <https://doi.org/10.1109/Dese.2019.00185>.

viewpoints on the permissibility and ethical considerations of cryptocurrency investments.

## 2. Academic and Professional Literature:

- **Journals and Books:** Peer-reviewed journals and scholarly books on Islamic finance and economics will be utilised to provide a theoretical background and support the analysis.
- **Previous Research:** Existing studies and research papers that explore the intersection of cryptocurrencies and Islamic finance will be critically examined to identify gaps and build upon their findings.

## 3. Trusted Online Sources:

- **Websites and Databases:** Information from reputable websites and financial databases will be incorporated to provide up-to-date data on cryptocurrency markets, trends, and regulatory developments.

## Analytical Framework

The research will follow a structured analytical framework:

### 1. Basics of Cryptocurrency:

- **Definition and Functionality:** Explaining the fundamental concepts of cryptocurrencies, including blockchain technology, decentralisation, and digital currency attributes.
- **Historical Evolution:** Tracing the development of cryptocurrencies from their inception to their current state, highlighting key milestones and technological advancements.

### 2. Cryptocurrencies in the Context of Islamic Economics:

- **Investment Standards:** Evaluating cryptocurrencies against the principles of Islamic investment, such as the prohibition of *riba* (interest), *gharar* (excessive

uncertainty), and *maysir* (gambling).

- **Ethical Considerations:** Assessing the ethical dimensions of cryptocurrency investments, including social justice, economic inclusivity, and wealth distribution.

### 3. Scholarly Opinions and Legal Rulings:

- **Compilation and Analysis:** Systematically compiling scholarly opinions and legal rulings on cryptocurrencies and analysing them to discern common themes and divergent viewpoints.
- **Practical Implications:** Discussing the practical implications of these rulings for Muslim investors and financial institutions.

## Data Analysis

The qualitative data collected will be subjected to thematic analysis, identifying patterns and themes that emerge from the literature and legal texts. This will involve:

1. **Coding and Categorisation:** Organising data into meaningful categories based on the research questions and analytical framework.
2. **Thematic Synthesis:** Synthesising the data to develop a coherent narrative that addresses the research objectives.
3. **Critical Evaluation:** Critically evaluating the findings in light of Islamic economic principles and contemporary financial practices.

By adopting this methodological approach, the research aims to provide a nuanced understanding of the role and acceptability of cryptocurrencies as investments in the Islamic economy, thereby contributing valuable insights to the ongoing discourse in Islamic finance

## Results and Discussion

### Cryptocurrency

Cryptocurrency, derived from the Greek word for hidden writing, cryptography,



represents digital currencies secured by cryptographic algorithms. This technology blends principles from natural science, mathematics, computer science, and electrical engineering to create robust encryption methods aimed at securing transactions from unauthorised access and fraud. Cryptography has long been integral to secure digital environments, from ATMs to e-commerce platforms. In contemporary applications, cryptography plays a crucial role in blockchain technology, particularly in securing the private keys that underpin transactions in cryptocurrencies like Bitcoin.

The adoption of cryptocurrencies has surged globally, notably in countries such as Japan and Sweden, where they have gained popularity exceeding that of traditional fiat currencies. Unlike physical money, which requires constant printing and circulation efforts, cryptocurrencies exist solely in digital or electronic form. This digital evolution has ushered in a new era where financial transactions are stored and protected in complex digital ecosystems, impervious to counterfeiting.<sup>9</sup>

Similar to physical currencies, digital money encompasses various forms such as dollars, pounds, riyals, and yen, with Bitcoin, Litecoin, and Ethereum among the most renowned. However, unlike traditional currencies backed by physical assets like gold or silver, cryptocurrencies operate on agreements among parties to accept them as mediums of exchange or stores of value. This distinction underscores the difference between cryptocurrencies and conventional currencies governed by monetary policies

and central authorities.<sup>10</sup>

Islamic finance principles integrate financial practices with religious obligations such as *zakat*, *infaq*, and *sadaqah*, highlighting money's dual role in economic activities and spiritual responsibilities. Investments in Islamic economics adhere to principles that prohibit usury, speculation (*gharar*), and excessive risk (*maitsir*), fostering ethical financial practices. This approach is increasingly recognised in countries like Indonesia, where Sharia-compliant investment instruments are emerging to meet the ethical and financial needs of Muslim communities.<sup>11</sup>

As the landscape of investments continues to diversify across financial and non-financial sectors, investors must assess the compliance and profitability of their choices against Islamic principles. This scrutiny ensures that investments align not only with financial objectives but also with ethical considerations integral to Sharia finance, promoting sustainable and socially responsible economic growth.<sup>12</sup>

### **Investment from the perspective of Islamic business law**

Investment from the perspective of Islamic business law focuses on protecting the interests and rights of investors in business transactions, guided by principles rooted in Islamic teachings. This approach entails applying ethical values and Islamic legal principles within business practices to ensure that investors are safeguarded from

<sup>9</sup> Neetu Dan Jacqueline Symss, "Can Cryptocurrency Solve The Problem Of Financial Constraint In Corporates? A Literature Review And Theoretical Perspective," *Qualitative Research In Financial Markets Ahead-Of-Print*, No. Ahead-Of-Print (1 Januari 2023): 47, <https://doi.org/10.1108/Qrfm-12-2021-0215>.

<sup>10</sup> Jefik Zulfikar Hafizd, "Investasi Emas Dalam Perspektif Hukum Islam," *Jurnal Hukum Ekonomi Syariah* 5, No. 02 (25 Desember 2021): 101, <https://doi.org/10.26618/J-Hes.V5i02.5302>.

<sup>11</sup> Neneng Hartati, "Investasi Saham Syariah Di Bursa Efek Indonesia Dalam Perspektif Hukum Ekonomi Syariah," *Jurnal Hukum Ekonomi Syariah* 5, No. 01 (25 Juni 2021): 45, <https://doi.org/10.26618/J-Hes.V5i01.4819>.

<sup>12</sup> Musnad Admad No. 23968. Hadis Shoft

harm or exploitation in financial dealings.<sup>13</sup>

The concept of investment originates from the word "invest," meaning to plant or allocate money or capital. Just as a farmer plants seeds with the expectation of a fruitful harvest, investors allocate funds with the aim of growth and profitability.<sup>14</sup> Investing in Islam involves adhering to conditions permitted by Islamic sources such as the Quran, hadith (sayings of the Prophet Muhammad), ijma (scholarly consensus), and qiyas (analogical reasoning). This ensures that investments are beneficial both in this life and the hereafter.<sup>15</sup>

Surah Yusuf (verses 47-49) underscores the importance of saving wealth for unforeseen future events, acknowledging that only Allah possesses complete knowledge of the future.<sup>16</sup> Prophet Yusuf's directive in these verses advises prudent financial planning, emphasising the necessity of setting aside reserves.<sup>17</sup>

There are at least four significant reasons for investing:

1. **Family Development:** Investing helps balance asset growth with family development, including funding children's education.
2. **Inflation Protection:** Assets are safeguarded against inflation, which erodes currency value and increases living costs.
3. **Retirement Planning:** Investing ensures financial security during retirement, covering expenses in old age.
4. **Economic Legacy:** Investing builds a strong economic foundation for future generations, benefiting families and communities.<sup>18</sup>

By aligning investments with Islamic principles, individuals contribute to personal financial stability and broader economic prosperity while adhering to ethical guidelines outlined in Islamic teachings.

### Problematics Of Cryptocurrency As A Place For Investment

Investing in cryptocurrencies has become an increasingly popular and controversial topic in recent years. Although cryptocurrencies offer great profit opportunities, there are several problems that need to be considered before one decides to invest in them. Some of the main problems include:

- a) **High Volatility:** Cryptocurrency prices are highly volatile and often experience drastic price changes in a short period of time. This can cause investors to suffer huge losses if they do not manage risks wisely.
- b) **Security:** The security of cryptocurrency platforms and wallets is a serious issue. Hacker attacks, theft, and data leaks can

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<sup>13</sup> Abd Shomad, *Hukum Islam: Penormaan Prinsip Syariah Dalam Hukum Indonesia* (Kencana, 2017), 37.

<sup>14</sup> Mardhiyah Hayati, "Investasi Menurut Perspektif Ekonomi Islam," *Ikonomika: Jurnal Ekonomi Dan Bisnis Islam* 1, No. 1 (8 April 2017): 70, <https://doi.org/10.24042/Febi.V1i1.143>.

<sup>15</sup> Diana Wiyanti, "Perspektif Hukum Islam Terhadap Pasar Modal Syariah Sebagai Alternatif Investasi Bagi Investor," *Jurnal Hukum Ius Quia Iustum* 20, No. 2 (2013): 238, <https://doi.org/10.20885/Iustum.Vol20.Iss2.Art4>.

<sup>16</sup> Abubakar Jamilu Baita Dan Shellvy Lukito, "Islamic Digital Currency And Entrepreneurship," *Dalam Decentralized Finance: The Impact Of Blockchain-Based Financial Innovations On Entrepreneurship*, Ed. Oleh Sami Basly (Cham: Springer International Publishing, 2024), 76, [https://doi.org/10.1007/978-3-031-49515-1\\_5](https://doi.org/10.1007/978-3-031-49515-1_5).

<sup>17</sup> Romansyah Romansyah, "Pasar Modal Dalam Perspektif Islam," *Mazahib*, 2015, 34, <https://doi.org/10.21093/Mj.V14i1.332>; Fajar Tri Pamungkas Dan Ahmad Arif Zulfikar, "Peran Otoritas Jasa Keuangan (Ojk) Dalam Mengawasi Adanya Fraud Dalam Bisnis Investasi Dalam Perspektif Hukum Ekonomi Islam," *Jurnal Penegakan Hukum Dan Keadilan* 2, No. 1 (27 April 2021): 27, <https://doi.org/10.18196/Jphk.V2i1.9507>.

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<sup>18</sup> Hanan Qudah Dkk., "Unlocking The Esg Value Of Sustainable Investments In Cryptocurrency: A Bibliometric Review Of Research Trends," *Technology Analysis & Strategic Management* 0, No. 0 (2024): 7, <https://doi.org/10.1080/09537325.2024.2308631>.

result in significant loss of funds for investors.

- c) **Uncertain Regulation:** Cryptocurrencies are regulated differently in different countries, and regulations are often unclear or constantly changing. This regulatory uncertainty can impact the liquidity and overall value of cryptocurrencies.
- d) **Market Instability:** The cryptocurrency market is still relatively young and susceptible to price manipulation and other speculative actions. Lack of liquidity on some exchanges can also cause price volatility.
- e) **Technical Failure:** Cryptocurrencies are susceptible to technical problems, including network failures, security vulnerabilities, and poorly coordinated software updates. This can affect investor confidence in the technology.
- f) **Lack of Protective Regulations:** Some investors may feel they are not adequately protected by current regulations, particularly in terms of legal liability and consumer protection.

While there are risks associated with investing in cryptocurrencies, there are also great opportunities for substantial profits for investors who are able to manage risks wisely and understand the markets well. However, it is important to conduct careful research, understand the risks involved, and only invest funds that you are willing to bear the risk of.

Investment in cryptocurrencies has become an increasingly attractive topic, but it raises a number of problems that need to be considered, especially in the context of Sharia economic principles.

One of the main problems in cryptocurrency investment is high price volatility. Cryptocurrency prices often experience drastic fluctuations over a short period of time, which can result in a

significant risk of loss for investors. In Islam, the principle of prudence (*takaful*) is highly emphasised in terms of wealth management. Therefore, Muslim investors need to consider this price volatility risk very carefully and only invest the funds they are prepared to invest in more stable assets.

Additionally, it is important for Muslim investors to ensure that investments in cryptocurrencies do not violate Sharia principles, such as the prohibition of *riba*, *maysir*, and *gharar*. Therefore, investors should choose cryptocurrencies that are considered halal by Islamic religious authorities or ensure that their investment activities comply with such principles. For example, investors should avoid making transactions that involve unclear interest or speculation (*gharar*).

Security issues are also a major concern in cryptocurrency investments. Hacker attacks, theft, and data leaks can result in significant loss of funds for investors. Therefore, Muslim investors should choose safe and trustworthy investment platforms and take the necessary steps to protect their accounts and personal information.

Additionally, it is important for Muslim investors to strike a balance between investing in cryptocurrencies and investing in more conventional assets, such as gold or property. Portfolio diversification is an important principle in Sharia economics to reduce risk and maximise potential long-term profits.

Muslim investors should always consult with experienced financial experts or Islamic law experts before making investment decisions in cryptocurrency. By obtaining advice from experts who understand Sharia economic principles, investors can ensure that their investments are in accordance with Islamic religious teachings and moral values.

Investment in cryptocurrency can



provide attractive profit opportunities, but it also raises a number of problems that need to be considered, especially from a Sharia economic perspective. By considering the principles of prudence, Sharia compliance, security, diversification, and consulting with experts, Muslim investors can overcome the problems of investing in cryptocurrencies and ensure that their investments comply with Islamic principles.

Here is the structured analysis table based on the Sharia perspective on cryptocurrency investment:

Table 1. Sharia perspective on cryptocurrency investment.	
Concerns	Sharia Perspective
High Price Volatility	<ul style="list-style-type: none"> <li>• Cryptocurrency price volatility poses a significant risk, contradicting the principle of prudence (<i>takaful</i>) in wealth management.</li> <li>• Muslim investors should cautiously allocate funds, prioritising stability over high-risk assets.</li> </ul>
Adherence to Sharia Principles	<ul style="list-style-type: none"> <li>• Investments must avoid <i>riba</i> (usury), <i>maysir</i> (gambling), and <i>gharar</i> (uncertainty).</li> <li>• Choose cryptocurrencies recognised as halal by Islamic authorities or ensure transactions comply with Sharia guidelines.</li> </ul>
Security Issues	<ul style="list-style-type: none"> <li>• Cyber threats and data breaches necessitate robust security measures.</li> <li>• Prioritise reputable platforms and safeguard personal information to mitigate risks.</li> </ul>
Portfolio Diversification	<ul style="list-style-type: none"> <li>• Balancing cryptocurrency investments with conventional assets (e.g., gold, property) enhances portfolio stability and aligns with Sharia principles of risk management.</li> </ul>
Expert Consultation	<ul style="list-style-type: none"> <li>• Consulting financial or Islamic law experts ensures investments adhere to Sharia principles and moral values.</li> <li>• Expert guidance mitigates potential risks and enhances compliance.</li> </ul>

Table 1 summarizes the Sharia perspective on cryptocurrency investments, highlighting concerns such as volatility, adherence to Sharia principles, security, diversification, and the importance of expert consultation. By integrating these principles—prudence, Sharia compliance,

security, diversification, and expert consultation—Muslim investors can navigate cryptocurrency investments effectively while upholding Islamic values and principles.

## Conclusion

Investment in cryptocurrencies is an attractive phenomenon for many investors, including those who follow Islamic principles. However, as with every form of investment, there are a number of problems that need to be considered, especially from a Sharia economic perspective. To overcome these problems, Muslim investors need to adopt a wise and cautious approach. They must consider the risk of price volatility, ensure Sharia compliance in investments, choose safe investment platforms, and diversify their portfolios to reduce risks.

Additionally, it is important for Muslim investors to consult with experienced financial experts or Islamic law experts before making investment decisions in cryptocurrencies. By obtaining advice from experts who understand Sharia economic principles, investors can ensure that their investments are in accordance with Islamic religious teachings and moral values.

Thus, although investing in cryptocurrencies can provide attractive profit opportunities, Muslim investors need to ensure that they address the existing problems in a manner that is consistent with Islamic principles. With a thoughtful and careful approach, they can exploit the potential of cryptocurrency investments while maintaining moral integrity and Sharia compliance.

## Credit Authorship Contribution

**Suratno:** Conseptualization, investigation, Writing - Original Draft, and supervision.  
**Muhammad Jauharil Ma'arif:** Conseptualization, resources, and Writing -

Review & Editing.

### Declaration of Competing Interest

The authors declare no competing interests related to this study. No financial or personal conflicts of interest are present.

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