
ANALYSIS OF CRYPTOCURRENCY AS A NEW CURRENCY WITH THE *MAQASHID SHARIA* APPROACH

Hendra Setiawan

UIN Sunan Kalijaga, Yogyakarta, Indonesia

Email: hendramasadepan@gmail.com

Abstract

Cryptocurrency is a technology and financial innovation that has brought about significant changes in the economic sector. Its existence and use in the perspective of Sharia are still debatable. This study aims to analyze cryptocurrency with the *Maqashid Sharia* approach. They are covering the protection of religion, soul, mind, descendants, and property. This analysis uses a qualitative research method with a descriptive-analytical approach. Data were collected from various recent journals and books by experts discussing Cryptocurrency and *Maqashid Sharia* and then sorted and analyzed for their relationship. The results of this research provide a more comprehensive understanding of the suitability of cryptocurrency as a new currency with the *maqashid sharia* approach.

Keywords: *Cryptocurrency, Maqashid Sharia, Finance, Islamic Economics.*

A. INTRODUCTION

Cryptocurrency generated through blockchain technology, has proliferated in the last decade. By 2024, the number of cryptocurrency owners worldwide will increase significantly. According to a report from Coinvestasi, the number of global cryptocurrency owners reached 562 million people, up from 420 million the previous year, indicating a 33% increase in adoption.

A report from Tokocrypto stated that the number of global cryptocurrency owners jumped to 580 million people in 2023, up from 432 million compared to 2022. Data from BeInCrypto also showed that global cryptocurrency owners reached 580 million people in December 2023, up 34% from 432 million in January 2023. The differences in numbers may be due to differences in methodology and data collection periods by each source. However, overall, the data shows a significant upward trend in cryptocurrency adoption globally (BeInCrypto.com, 2024).

Regionally, Asia dominates with the most significant number of cryptocurrency owners. According to Coinvestasi, cryptocurrency ownership in Asia increased from 268.2 million to 326.8 million, up 21.8%. In Indonesia, cryptocurrency adoption has also shown significant growth. According to a report from Katadata, Indonesia ranks sixth in the world for cryptocurrency owners, with 20.1% of internet users aged 16 to 24 owning Cryptocurrency as of January 2023. Five of the top 20 countries in the Cryptocurrency Adoption Index are Muslim-majority countries, namely Turkey, Nigeria, Indonesia, Pakistan, and Morocco. In Indonesia, cryptocurrency investors reached 18.51 million by the end of 2023 (coinvesta.com, 2024).

Cryptocurrency owners reflect the growing interest in digital assets as an alternative investment and transaction tool in various parts of the world. Muslims, both as individuals, groups, and countries, have done several things to take advantage of this new technology. In 2021, ISLM was launched, the native currency of the Haqq Network blockchain designed by Sharia principles. Every ISLM issuance sets aside 10% for Evergreen, a non-profit organization that supports Islamic projects. In September 2024, Money Changer Bybit launched the world's first Islamic cryptocurrency account, enabling trading digital assets by Sharia principles

without involving interest-based transactions or speculative activities. The UAE, especially Dubai, has become a significant hub for the cryptocurrency industry in the Middle East. The UAE government has adopted regulations supporting digital asset development, attracting interest from local and international investors. Although the number of cryptocurrency investors in the UAE is unknown, the increase in cryptocurrency companies and trading volumes indicates rapid growth. Despite the country's strict regulations, Saudi Arabia has shown increasing interest in cryptocurrency assets. The Saudi government has issued warnings regarding the risks of cryptocurrency investment, but public interest in digital assets continues to grow. Turkey has seen a significant surge in cryptocurrency adoption, mainly in response to fluctuations in the value of its local currency. According to a report by Chainalysis, Turkey ranked 12th in global adoption of Cryptocurrency in 2021. Iran has shown great interest in Cryptocurrency, especially Bitcoin, as an alternative to international economic sanctions. The Iranian government has even legalized Bitcoin mining and used Cryptocurrency to pay for imports (Bybit.com, 2024).

Cryptocurrency phenomenon that continues to proliferate in various parts of the world, including in Muslim-majority countries, raises important questions regarding its compliance with Sharia principles. Cryptocurrency is a technological innovation that brings a new way of conducting financial transactions, investments, and managing digital assets. However, is this Cryptocurrency in line with Islamic values? A comprehensive approach is needed to answer this question, one of which is by using the Maqashid Sharia framework.

Maqashid Sharia is a concept in Islamic law that aims to achieve welfare and prevent harm in all aspects of life. Using this approach, a comprehensive evaluation of Cryptocurrency can be carried out to ensure that all related economic activities do not conflict with Islamic principles. Maqashid Sharia has five main objectives that must be considered, which include protecting religion (*hifz ad-din*), soul (*hifz an-nafs*), reason (*hifz al-aql*), descendants (*hifz an-nasal*), and wealth (*hifz al-mal*).

According to Dusuki & Abdullah (2007), evaluations based on the Maqashid Sharia framework can help ensure that any financial innovation, including cryptocurrencies, remains in line with the broader objectives of Sharia. In this case, even though there are potential benefits such as financial inclusion and ease of cross-border transactions, in-depth studies are still needed to determine whether Cryptocurrency as a whole is acceptable in the Islamic financial system or requires certain restrictions so as not to deviate from Sharia principles.

Sharia experts, Islamic economists, and regulators need to continue to develop their understanding and research on cryptocurrencies. Only with a comprehensive approach based on Maqashid Sharia can it be ensured that its use is by Islamic ethics and law and brings benefits to the community as a whole without sacrificing the principles upheld in the religion.

This study attempts to answer the fundamental question. Can Cryptocurrency be accepted as a new currency from the perspective of Maqashid Sharia?

B. LITERATURE REVIEW

Various studies have discussed the topic of Cryptocurrency from a Sharia perspective. Ahmed and Ansari (2021) examined the validity of Bitcoin from an Islamic legal perspective. They concluded that Bitcoin and several other digital currencies have characteristics close to usury and gharar, so their use is still debated among scholars. According to research by Ali (2020), speculative risks and high volatility in cryptocurrencies create high uncertainty, which is not by the principle of prudence in Islam.

Research conducted by Afrizal and Marliyah in Analysis of Cryptocurrency (Currency, Legal, Economic, and Sharia Perspectives). Concludes that Bitcoin meets five of the seven criteria for money. These criteria include being generally acceptable and easy to carry. However, Bitcoin lacks the intrinsic value and stability required, so it does not qualify as a

sound currency. Bitcoin is not considered a legal tender in Indonesia because it violates Law No. 7 of 2011 concerning Currency, which stipulates the Rupiah as the only legal tender in Indonesia. Bank Indonesia also prohibits using Cryptocurrency as a means of payment through various regulations to maintain the stability of the national financial system. From an economic perspective, Bitcoin does not entirely fulfill the functions of money, such as a store of value, a medium of exchange, and a unit of account, mainly due to its high price volatility. Bitcoin is considered a more speculative asset than a stable currency for investment or transactions. There are differences of opinion among scholars regarding the permissibility of Cryptocurrency. Some scholars and Islamic institutions, such as the Fatwa Center of the Islamic Seminary of South Africa, consider Cryptocurrency to be permissible (halal) because it meets the criteria for assets in Islam. However, other scholars, such as the Grand Mufti of Egypt, forbid Cryptocurrency due to speculative reasons, volatility, and use in illegal activities. This study concludes that Cryptocurrency meets some of the requirements as a currency. However, from a legal and economic perspective, it still needs to be considered a legal tender in Indonesia. The Sharia perspective provides a divided conclusion, with some scholars accepting it while others reject it based on the risks and uncertainties inherent in Cryptocurrency.

Research conducted by Mohammad Farid Fad & Ali Imron (2022) in the Halal Cryptocurrency Model Under the Maqashid Al-Shari'ah Scheme. In conclusion, cryptocurrencies such as Bitcoin are criticized for being vulnerable to price volatility, legal uncertainty, and potential cybercrime. In many countries, including Indonesia, there is still debate about the legitimacy of their use under Islamic law. The proposed halal cryptocurrency model follows the six main principles of Maqashid al-shari'ah, namely:

1. *Hifdz Din*: Halal cryptocurrency must support economic activities that comply with Islamic law.
2. *Hifdz Nafs*: The use of halal Cryptocurrency can be beneficial for social activities such as donations, which ultimately maintain the welfare of society.
3. *Hifdz Aql*: This model requires users to know about cryptocurrencies to avoid excessive speculation.
4. *Hifdz Mal*: Wealth protection is realized through strict supervision and compliance with Islamic law.
5. *Hifdz Nasl*: The halal cryptocurrency model is expected to bring blessings to future generations.
6. *Hifdz Irdh*: Involving trust in transactions, thereby protecting society's honor.

Halal cryptocurrency model includes transparency controls, identity disclosure, and the application of zakat on cryptocurrency assets. The government acts as a supervisor to prevent crime and ensure compliance with Islamic law. The study concluded that this model provides economic benefits and supports social growth by providing halal entrepreneurial opportunities and reducing poverty through zakat funds and charitable initiatives.

Research conducted by Abdul Rahaman (2022) on Cryptocurrency from the perspective of Sharia. Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia. Analyzing whether Cryptocurrency, such as Bitcoin, can be considered money or a legitimate medium of exchange from the Islamic perspective. This study refers to Maqasid Sharia, namely the objectives of Sharia, which include the protection of religion, life, mind, descendants, and property. Analysis is carried out to determine whether Bitcoin meets the criteria for property protection in Maqasid Shariah and whether it is at risk of containing elements of gharar (uncertainty) and riba (interest). The approach used in this study is qualitative, with data collection through documentation and interviews with experts in Islamic finance and Sharia. The semi-structured interview method was used to gain an in-depth understanding of expert opinions on Cryptocurrency and Islamic law. This study compares the characteristics of Cryptocurrency with traditional money. Money is recognized based on durability, divisibility,

scarcity, and general acceptance. Cryptocurrency is not recognized as official money in Malaysia and many other countries. However, some countries, such as the United States and Canada, allow its use in specific trades. There are two views among scholars regarding the law on Bitcoin: some state that its use is permissible if it meets the requirements of valuable property (*mal mutaqaawwim*) and has benefits.

On the other hand, there is a view that prohibits it because it contains *gharar*, potential for speculation, and the risk of misuse in illegal activities. This study concludes that Cryptocurrency still requires further study to ensure its compliance with Sharia principles.

C. METHOD

This study uses a qualitative method with a descriptive-analytical approach. By using literature studies from scientific journals, books, and other relevant sources. After that, an analysis was carried out. According to Creswell (2018), qualitative research is a method used to explore and understand the meaning experienced by individuals or groups related to a social problem. Qualitative research is helpful in studying people's lives, history, behavior, concepts or phenomena, and other social issues. The main focus of this research is on in-depth interpretation and analysis from the participants' perspective, so that researchers can dig up rich and detailed information. This approach usually involves in-depth interviews, participant observation, and document or text analysis.

Qualitative research aims to understand subjective experiences and provide a comprehensive picture of how individuals or groups interpret an event or issue. Qualitative researchers often act as the primary instrument in the data collection, utilizing observation and interpretation skills to gain a deep understanding of the context and reality being studied. This approach is more flexible and adaptive, allowing for changes in data collection strategies by research developments in the field.

The results of qualitative research are not in the form of statistical figures but rather detailed descriptions that reveal the complexity of the phenomena studied. These results provide in-depth insights for stakeholders, academics, and policy makers in understanding complex and diverse issues in society. All sources used as references are collected and then analyzed critically to understand the position of Cryptocurrency within the Maqashid Sharia framework.

D. RESULT AND DISCUSSION

1. Understanding Cryptocurrency

According to Nakamoto (2008), Cryptocurrency is defined as a form of digital currency that relies on blockchain technology to organize and secure transactions in a decentralized manner. Nakamoto explains that Cryptocurrency is an electronic payment system based on evidence from graphical Cryptocurrency.

According to Antonopoulos (2017), Cryptocurrency is a secure network-based currency that uses the graphic cryptocurrency method, allowing its users to carry out transparent and immutable transactions on a peer-to-peer basis.

According to Narayanan et al. (2016), Cryptocurrency is a form of digital money designed with a complex graphical cryptocurrency mechanism to control the creation of new units and verify the transfer of funds. Its main characteristic is decentralization, which is achieved through blockchain technology. Analysis Maqashid Sharia on Cryptocurrency

According to Tapscott (2016), Cryptocurrency is a digital asset that uses blockchain technology to verify and record every transaction. This technology allows transparency and security of transactions without the need for intermediaries.

Paul Vigna & Michael J. Casey (2015) describe Cryptocurrency as the embodiment of technology that allows individuals to transfer value digitally without intermediaries such as

banks or financial institutions. According to them, Cryptocurrency is changing how value is transferred and exchanged in the digital era.

Chris Burniske and Jack Tatar (2017) define Cryptocurrency as a digital asset managed by a decentralized computer network and using cryptocurrency graphics to secure transactions and control the creation of new units. They focus on the investment aspect and unique characteristics of Cryptocurrency as a new form of asset.

From the collection of definitions above. The definition of Cryptocurrency is a digital asset that uses blockchain technology and cryptocurrency graphics to secure transactions, control the creation of new units, and ensure data integrity without the need for intermediaries or central authorities. Cryptocurrency is designed to enable secure and transparent peer-to-peer value transfers across decentralized networks. Its main characteristics include decentralization, high security, and the potential for use in various applications beyond monetary functions, such as smart contracts and digital asset management.

Cryptocurrency is a combination of technology, economics, and security that enables more efficient digital transactions and reduces dependence on traditional financial systems.

2. Maqashid Sharia Cryptocurrency

Maqashid Sharia is the principle and ultimate goal that Islamic law wants to realize in every law established by Allah SWT. Thus, Maqashid Sharia is the main objective and direction of the Qibla of Islamic law, which all mujtahids must pay attention to and make the primary reference in the process of *ijtihad* and legal decision-making. This ensures that the resulting law is not only textually legal but also in line with the broader objectives of Sharia, namely realizing the welfare of the people.

An important principle emphasized in Maqashid Sharia is the application of the middle path, avoiding extreme or excessive attitudes in its practice. This aims to ensure that every application of law can create a fair balance and be by human values. The *maslahah* (benefit) that Maqashid Sharia seeks to realize must always be based on divine revelation and teachings so that it does not only depend on logic or the results of human thought alone. In this way, *mawashi* Sharia becomes a comprehensive guide for the formation of laws that are relevant, just, and in favor of the common good.

The main discussion in Maqashid Sharia is about the reasons and objectives of establishing a law. There is a difference between *hikmah* and *illat*. *Illat* refers to certain clear characteristics, can be seen objectively, have a definite (standardized) measurement, and are relevant to the law being established. The existence of this *illat* determines whether a law is valid or not. On the other hand, *hikmah* is the goal or intention of establishing a law, which aims to achieve the benefit or goodness of humans (Paryadi, 2021).

Maqashid Sharia emphasizes the importance of protecting five main aspects of human life, namely religion, soul, mind, descendants, and property. In the context of Islamic finance, this concept requires financial products and services to support the welfare of the people and avoid elements of usury, *maysir* (speculation), and *gharar* (uncertainty). Research shows that the application of Maqashid Sharia is very relevant to assessing modern financial instruments, including Cryptocurrency (Dusuki, 2008).

In this discussion, we will explain in more depth the analysis of Cryptocurrency based on the five principles of Maqashid Sharia, namely the protection of religion, soul, mind, descendants, and property, as well as related legal and regulatory issues. This analysis will discuss the advantages and disadvantages of Cryptocurrency in relation to each of the Sharia principles as well as the relevance of regulations that affect policies in Islamic countries.

3. Protection of Religion (*Hifz Ad-Din*)

Protection of religion is a key principle in Maqashid Sharia, which emphasizes the necessity of economic activities in accordance with Sharia. Cryptocurrency has characteristics that make it ambiguous from a Sharia perspective, especially due to the high risk caused by price volatility and the possibility of speculative elements that are contrary to Islamic principles (Ahmed, 2021). Usury and gharar (uncertainty) are major prohibitions in Islamic finance, where Cryptocurrency, especially Bitcoin, is seen as having significant potential for usury and gharar (Ali et al., 2020).

The existence of Cryptocurrency can also have a negative impact on religious values (Kahf, 2004). There are concerns that anonymous or semi-anonymous cryptocurrency activities can be used for non-halal purposes, such as funding illegal activities (Ahmed, 2021). This is contrary to the purpose of Sharia to protect religion and maintain Islamic ethics in every aspect of life. The use of Cryptocurrency for activities that are not transparent or related to things prohibited by Sharia such as funding illicit activities can be considered not fulfilling the principle of protecting religion in Maqashid Sharia (Usmani, 2010).

In Islam, it is important to avoid riba, gharar (excessive uncertainty), and maysir (gambling). The speculative nature of Cryptocurrency can resemble maysir, which violates the Maqashid of Sharia. Cryptocurrency can support individual financial freedom without the involvement of conventional banking institutions often associated with riba. According to Farid Fad & Imron (2022), the use of Cryptocurrency that is regulated and supervised by a legitimate authority can be by Sharia principles if it is free from elements of riba, excessive speculation (may), and detrimental uncertainty (gharar). However, the high volatility of Cryptocurrency raises the risk of speculation that can lead to maysir, which is prohibited in Islam (Fauzi, 2023)

According to research conducted by Abul Qasim (2020), several cryptocurrencies are designed with the principle of decentralization that avoids the involvement of traditional financial institutions that are considered to contain usury. However, the speculative and uncertain aspects (gharar) in trading cryptocurrency have led some scholars to question the suitability of its use with Sharia principles (Saeed, 2021).

4. Protection of the Soul (*Hifz An-Nafs*)

The principle of life protection in Maqashid Sharia aims to ensure economic stability and well-being that can support the lives of society in general. However, cryptocurrencies exhibit high levels of volatility, which can affect the personal financial stability of users. For example, Khan and Qureshi (2019) noted that drastic changes in Bitcoin prices often hurt the financial condition of users who make investments or transactions without fully understanding the risks. The impact of this high volatility can harm individuals financially and damage their well-being, contrary to Sharia's purpose to maintain economic security (Khan, 2019).

Cryptocurrencies that are vulnerable to use for illegal activities such as money laundering and terrorist financing are considered detrimental to the security of the lives of the wider community. In the view of Maqashid Sharia, any activity that can endanger human life is considered contrary to hifz the soul.

In the Maqashid Sharia, protection of the soul (hifz an-nafs) is a principle that aims to protect human life and ensure its physical and mental safety. This principle ensures that Sharia places life as one of the main aspects that must be maintained and protected, both from direct threats such as violence and from indirect threats such as extreme poverty or hunger. Islamic Sharia emphasizes the importance of respecting the right to life. Any form of action that can endanger human life, such as murder and violence, is strictly prohibited. Islam provides strict sanctions against criminal acts that can threaten the lives of others. This reflects that Islam upholds the right to life of every individual. Ensuring physical and mental well-being, Hifz an-nafs includes protection from physical and mental illnesses that can endanger the quality of

life. In this context, health policies, insurance, and social security systems in Islamic societies are examples of implementations to protect individuals from health hazards. Islam requires its followers to maintain physical and mental health as a form of worship, because the body is considered a trust from Allah.

Islam encourages efforts to prevent and avoid actions that have the potential to harm a person's soul or health. In Maqashid Sharia, all actions that can endanger the soul, such as drugs, alcohol, and other bad habits, are prohibited. This preventive action is included in the aspect of *daf' al-mafasid*, which is preventing evil before it occurs. Justice in Law Enforcement, Protection of life also includes fair and balanced law enforcement. Punishments under Sharia law relating to serious violations such as murder or assault must be carried out to protect life and maintain public order. The punishment does not only serve as retribution but also as a deterrent against similar threats in the future (Dusuki, 2007).

In the context of life protection, Maqashid Sharia also emphasizes the importance of economic welfare and social security, because extreme poverty and social injustice can affect human survival. Islam encourages efforts to meet basic needs, including food, housing, and access to health, so that every individual can live with dignity and be safe from dangerous deprivation (Raysuni, 2005).

Harahap et al. (2022) stated that Cryptocurrency has the potential to improve the welfare of global society by providing broader access to an inclusive digital economy. However, the high risks faced by investors, especially in cases of extreme market volatility, can endanger the financial well-being of users, which may conflict with the protection of life in the Maqashid Sharia.

Cryptocurrency can provide wider financial utilization opportunities for people who do not have access to conventional banking systems (Hassan & Aliyu, 2021). However, the risk of losing investment and the security of personal data can threaten users' welfare, which is not in line with the objectives of Maqashid Sharia to protect lives.

5. Protection of Reason (*Hifz Al-Aql*)

The protection of reason aspect in Maqashid Sharia demands transparency and clarity in every financial transaction. The blockchain technology underlying Cryptocurrency offers significant transparency, as all transactions are recorded and verifiable on the blockchain network. However, the flip side of the lack of regulation in Cryptocurrency can trigger illegal activities, such as money laundering and terrorism financing, which are contrary to the principles of clarity and caution recommended in Islam (Zohra, 2020). The absence of official supervision poses a risk to users who do not have sufficient understanding of the potential criminal risks involved in cryptocurrency transactions. Therefore, protection of reason must be considered in the use of Cryptocurrency, especially in educating the public about its potential and risks.

Maqashid Sharia emphasizes the importance of keeping human reason healthy, rational, and protected from anything that can damage it. Reason is an essential aspect in Islam because it is a tool for humans to understand, reflect on, and obey the commands of Allah. Therefore, Sharia pays great attention to protecting human reason from anything that can damage or weaken it.

Education and literacy are essential in the use of Cryptocurrency because this technology requires a strong understanding so that users are not easily deceived. Blockchain-based Cryptocurrency provides high transparency, which supports Sharia principles regarding honesty and openness of information. However, the anonymity of cryptocurrency transactions can lead to increased crimes such as money laundering, which is detrimental to society and has the potential to hinder intellectual and moral development (Fauzi, 2023).

In this aspect, whether Cryptocurrency can have a positive or negative impact on an individual's reasoning and thinking ability. Complex and difficult-to-understand financial products can make it difficult for individuals to make wise decisions, and this violates the principle of *hifz al-aql*. Clarity and transparency are essential in financial instruments.

Using Cryptocurrency as a means of transaction requires a deep understanding of the technology. This can raise awareness of new technologies, but its complex use can also trigger confusion and misunderstanding, potentially hindering the achievement of rational protection (Yusof, 2020).

6. Protection of Offspring (*Hifz An- Nasl*)

Maqashid Sharia underlines the importance of protecting future generations from the negative impacts that may be caused by unstable financial products. Cryptocurrencies, with their volatile and speculative nature, can have long-term economic impacts that could potentially harm future generations (Hasan, 2021). Excessive speculation in cryptocurrency market can cause economic uncertainty, which can affect the stability of financial markets. In this case, the unregulated use of Cryptocurrency can cause economic instability, which is contrary to the principle of generation protection in Sharia.

Maqashid Shariah also considers the aspect of how Cryptocurrency affects social relations and the morality of future generations. If Cryptocurrency promotes a consumerist or irresponsible lifestyle, this could have a negative impact on future generations. Chapra (2000) in his book on Islamic ethics emphasizes the importance of maintaining morality through economic stability for future generations.

Hereditary protection or *hifz an-nasl* in Maqashid Sharia is a principle that aims to maintain and preserve human lineage and ensure that future generations are raised in a good environment and in accordance with Islamic values. Protection of descendants in the context of Sharia aims to ensure the continuity of human life continuously and in noble condition.

Protection of descendants in Maqashid Sharia not only involves the family aspect, but also future economic welfare. Cryptocurrency can be part of a future investment that increases economic opportunities for future generations if appropriately managed (Afrizal, 2021). However, high volatility in Cryptocurrency can pose a significant risk of asset loss, which can negatively impact the economic stability of future generations (Harahap et al., 2022).

7. Protection of Property (*Hifz Al-Mal*)

The protection aspect of wealth in Maqashid Sharia emphasizes the management of wealth productively and fairly. However, the speculative nature of Cryptocurrency and its volatility pose a risk to this principle. The use of wealth in Islam should be directed towards social welfare and should not be used for activities that can cause significant financial losses. Highly volatile cryptocurrencies are considered to be able to cause unexpected wealth losses and, in many cases, encourage individuals to invest in assets that are not productive, according to Sharia (Dusuki, 2008).

Within the framework of Maqashid Sharia, the main objective of Islamic Sharia is property protection (*hifz al-mal*), which is one of the five fundamental aspects that must be maintained. Protection of property aims to ensure that every individual has the right to acquire, manage, and utilize wealth legally and is protected from acts of confiscation, fraud, or injustice. This includes efforts safeguarding property rights, encouraging equitable distribution of wealth, and preventing harmful practices, such as usury and corruption.

Cryptocurrency is viewed from the perspective of whether it can protect the owner's assets or instead contains high speculative risks that can endanger financial well-being. Overly speculative instruments are often considered contrary to the principles of *Hifz al-mal*.

According to Asmuni (2006), one of the objectives of Islamic law is to protect property through positive and negative protection. Positive protection can be realized by punishing the perpetrators of theft or compensating the injured party. Meanwhile, negative protection can be done through investment to increase wealth, circulation of property, and creating social justice in society.

Cryptocurrency offers more comprehensive financial access without geographical restrictions, which is to Sharia principles to maintain and develop wealth. Wealth in Islam must meet the requirements of stability and clear intrinsic value; in this case, extreme volatility in Cryptocurrency is a primary concern regarding wealth (Farid et al., 2022). In addition, cryptocurrencies that do not have underlying assets (underlying assets) have the potential to cause speculation, which is contrary to the Sharia principle of protecting assets from speculative dangers.

Cryptocurrencies have the potential to provide efficient investment and value transfer tools, but they also come with significant risks, such as price volatility and money laundering risks. This raises debates about whether cryptocurrencies protect assets, as high volatility can cause significant losses to individuals. (Bakar, 2019).

Property protection in Maqasid Sharia focuses on protecting individual property rights. It ensures that property management is carried out according to the principles of justice and mutual prosperity, by the objectives of Islamic Sharia.

8. Issues Regarding Cryptocurrency

Countries with large Muslim populations, like Saudi Arabia, Malaysia, and Indonesia, have mixed cryptocurrency approaches. Some Islamic scholars and jurists have issued fatwas prohibiting or restricting cryptocurrencies due to uncertainty and speculation (Ali et al., 2020). In Malaysia, for example, Bank Negara Malaysia has drafted regulatory guidelines regarding cryptocurrencies to ensure that trading activities involving digital assets meet Sharia requirements. However, in some other countries, such as the United Arab Emirates, cryptocurrencies are regulated as limited tradable assets.

This regulation shows the efforts of Muslim countries to find a middle ground between technological innovation and Sharia compliance. These countries realize blockchain technology can benefit from a more transparent and secure financial system. However, they still need to ensure that the principles of Maqasid Sharia are not violated.

From the various journals analyzed, the main issue regarding Cryptocurrency is related to its legal status in Islam. Its role as a currency and how its use can fulfill the principles of Maqashid Sharia, namely principles that include the protection of religion, life, mind, descendants, and property.

a. Security and Stability

Cryptocurrency has the advantage of speed and ease of transactions that can be carried out across countries without intermediaries such as banks. However, high price volatility and the potential for its use for illegal activities pose risks to security and economic stability. From a Sharia perspective, the high uncertainty (*gharar*) in Cryptocurrency, especially at fluctuating prices, creates uncertainty so that it can contain elements of speculation (*maysir*), which is prohibited in Islam.

b. Legality and Recognition

Cryptocurrency currently does not have legal tender status in many countries, including Indonesia. Most scholars argue that digital money must have apparent legal legitimacy and state supervision to avoid user risks. Recognition from legal authorities is needed so that Cryptocurrency can be used safely and in line with Sharia principles.

c. Intrinsic Value and Fair Use

In Islam, money ideally has intrinsic value and is generally recognized as a medium of exchange. Cryptocurrencies do not have physical intrinsic value like gold or silver, which is the main reason for scholars rejecting their use as legal tender. Some experts believe that without collateral or physical form, the use of cryptocurrencies has the potential to cause *gharar* and can be used for speculation that is not by the principles of justice.

d. Innovation and Economic Potential

From the perspective of Maqashid Sharia, innovations such as Cryptocurrency can be accepted if they can provide benefits (*maslahah*) to the broader community and support quality economic growth. To realize this, a halal cryptocurrency model has been proposed in several journals, namely Cryptocurrency, that authorities or the government supervise to reduce *gharar* and maintain compliance with Sharia.

e. Evaluation Based on Maqashid Sharia

Based on Maqashid Sharia, Cryptocurrency is acceptable if it meets specific requirements such as security, transparency, and legality, and there is real benefit for users without excessive speculation. Several journals suggest a maqasid Sharia approach to analyze Cryptocurrency's benefits (*maslahah*) and disadvantages (*mafsadah*). Thus, if adequate regulation is implemented, and risks such as *gharar* can be minimized, Maqashid Sharia can consider Cryptocurrency.

Cryptocurrency has the potential to support several aspects of Maqashid Sharia, especially in terms of financial inclusion and broader investment opportunities. However, the main issues that are contrary to Maqashid Sharia are high volatility, speculation risks, and potential for abuse in anonymous transactions. To fulfill the principles of Maqashid Sharia, strict regulation and supervision are needed so that Cryptocurrency can benefit and reduce harm to Muslim users (Harahap et al., 2022).

Cryptocurrency can offer transparency through blockchain technology. However, on the other hand, its speculative and volatile nature contradicts several critical principles in Sharia, such as the protection of life, mind, and property. Therefore, Cryptocurrency is considered not entirely by the principles of Maqashid Sharia. Further supervision and regulation are needed to ensure that Cryptocurrency can be used safely and according to Sharia values, especially in providing proper education to the public and implementing certain limitations on its use. Scholars such as Mufti Abu Bakar (2018) argue that Cryptocurrency has the potential to be improved more by Sharia principles as long as it is well-managed and closely monitored. Based on this analysis of Maqashid Sharia, some scholars argue that Cryptocurrency, in its current form, contains many elements that are not based on Sharia principles (Khan, 2022).

E. CONCLUSION

In its current form, there are still many Islamic scholars' views that the speculative, unstable and less transparent nature of cryptocurrency is not in accordance with the principles of maqashid sharia. This principle emphasizes the importance of justice, benefit and protection for parties involved in financial transactions. There is a need for system improvements or even a stronger regulatory framework so that this instrument can fulfill sharia objectives in creating prosperity and justice for the people.

Cryptocurrency, from the perspective of Maqashid Sharia, shows several advantages and challenges. As a new technology in the financial world, Cryptocurrency has the potential to facilitate broader financial inclusion and provide access to individuals who were previously unreachable by the traditional banking system. However, from the perspective of Maqashid Sharia, Cryptocurrency is a financial instrument with benefits and risks. To be accepted

according to Sharia principles, Cryptocurrency must meet several main criteria, such as openness, fairness, and the ability not to cause harm to users.

It is essential to have legal recognition and supervision from a trusted authority. It aims to ensure transaction security, protect users from fraud, and prevent illegal activities such as money laundering. In addition, Cryptocurrency must also have stability and clarity of value to avoid excessive speculation so that its use does not contain gambling elements (*maysir*). This stability is essential to maintaining public trust in the exchange tool and ensuring that transactions can take place.

Despite the challenges, Cryptocurrency offers the potential for innovation and economic progress. The technology behind Cryptocurrency, blockchain, can help increase transparency in the financial system, reduce transaction costs, and speed up the process of transferring funds. Its implementation and usage model must be designed with the welfare of society in mind. The development of this technology must pay attention to the principle of justice and not harm certain parties. Implementing Cryptocurrency by Sharia must also avoid excessive usury and *gharar* (uncertainty) practices. With this explanation, Cryptocurrency has the opportunity to be considered a new currency in the *Maqashid* Sharia approach.

REFERENCE

- Abu-Bakar, M. M. (2018). Shariah analysis of bitcoin, cryptocurrency, and blockchain. *Shariah Analysis in Light of Fatwas and Scholars' Opinions*, 14-19.
- Abul Qasim, M. (2020). Islamic Perspectives on Cryptocurrencies: An Analytical Study. *Journal of Islamic Economics and Finance*.
- Ahmed, H. (2021). Cryptocurrencies and Islamic Ethics: Challenges and Opportunities. *International Journal of Islamic Business*, 9(1), 5-14.
- Al-Saati, A. (2003). The Permissibility of Risk (*Gharar*) in Islamic Law. *Journal of King Abdulaziz University: Islamic Economics*, 16(2), 3-19.
- Antonopoulos, A. M. (2017). *Mastering Bitcoin: Unlocking Digital Cryptocurrencies*. O'Reilly Media.
- Baur, D. G., Dimpfl, T. (2021). The volatility of Bitcoin and its role as a medium of exchange and a store of value. *Empire Econ*, 61, 2663–2683.
- Burniske, C., & Tatar, J. (2017). *Cryptoassets: The Innovative Investors Guide to Bitcoin and Beyond*. McGraw-Hill Education.
- Chapra, M. (2008). *The Islamic Vision of Development in the Light of Maqāsid Al- Shari'ah*.
- Dusuki, A. W., & Abdullah, N. I. (2007). Maqasid al-Shari`ah, Maslahah, and Corporate Social Responsibility. *American Journal of Islam and Society*, 24(1), 25–45.
- El-Din, S.S., & Yusof, Z.B. (2020). Complexity in Cryptocurrencies Transactions: A Shariah Perspective. *Journal of Islamic Finance*.
- El-Gamal, M. A. (2006). *Islamic Finance: Law, Economics, and Practice*. Cambridge: Cambridge University Press.
- Faqihuddin, A. (2020). Family Stability and Economic Activities in Islamic View. *International Journal of Islamic Economics*.
- Farooq, M. O. (2021). Cryptocurrencies and Islamic Finance: Addressing the Ethical Dimensions. *Global Finance Journal*, 23(1), 15-27.
- Ghazali, A. (2020). Speculation in the Cryptocurrency Market from the Perspective of *Maqashid* Sharia. *Islamic Finance Journal*, 10(4), 22-31.
- Hasan, Z., Syuhada, B., & Indira, N. (2023). Islamic Legal View on Buying and Selling Bitcoin. *Journal of Islamic Studies and Humanities*, 8(1), 15-34.
- Hasan, Z. (2019). Speculative Risks and Islamic Economics. *Journal of Islamic Economics*, 14(1), 11-29.

- Hassan, M. K., & Aliyu, S. (2021). Inclusion through Islamic Finance: Cryptocurrency as a Potential Solution. *Journal of Islamic Financial Studies*.
- Iqbal, Z., & Mirakhor, A. (2017). *An Introduction to Islamic Finance: Theory and Practice*. Singapore: John Wiley & Sons.
- Jamaludin, A. (2019). Risk and Security in Cryptocurrency: A Maqasid Approach. *Al- Shariah: Journal of Economics and Law*.
- Kahf, M. (2004). Islamic Economics: What Went Wrong?. *Journal of Islamic Finance*, 15(3), 12-25.
- Karim, A. A. (2019). The Effect of Financial Risk on Investors' Mental Health: A Case Study of Cryptocurrency. *Journal of Islamic Economics and Finance*, 15(3), 45-60.
- Khaled, M. A. (2021). Technology and Maqasid al-Shariah: Understanding Cryptocurrency. *Journal of Islamic Technology and Law*.
- Khan, M. A. (2022). Cryptocurrencies: An Islamic Finance Perspective. *Journal of Islamic Banking and Finance*, 11(3), 75-92.
- Laldin, M. A., & Furqani, H. (2016). The Objectives of Sharia (Maqasid) al-Shariah) in Contemporary Economic Thought. *Islamic Economic Studies*, 19(2), 3-24.
- Nakamoto, S. (2008). *Bitcoin: A Peer-to-Peer Electronic Cash System*. Bitcoin.org.
- Narayanan, A., Bonneau, J., Felten, E., Miller, A., & Goldfeder, S. (2016). *Bitcoins and Cryptocurrency Technologies: A Comprehensive Introduction*. Princeton University Press.
- Naz, S., & Nazir, N. (2020). Exploring acceptability and legitimacy of Bitcoin in Islamic finance system. *Journal of Islamic Civilization and Culture*, 1(1), 35-53.
- Obaidullah, M. (2018). *Islamic Financial Services*. Jeddah: Islamic Development Bank, Islamic Research and Training Institute.
- Paryadi. (2021). Maqashid Sharia: Definition and Opinions of Ulama. *IAI Sambas Journal*
- Rahim, R. A., & Bakar, A. (2019). Cryptocurrencies from Islamic Perspective: A Maqasid Shariah Analysis. *Islamic Finance Review*.
- Saeed, A., & Hassan, M. K. (2021). Crypto Assets: Islamic Finance Perspectives. *International Journal of Islamic Economics and Finance*.
- Selcuk, M., & Kaya, S. (2021). A critical analysis of cryptocurrencies from an Islamic jurisprudence perspective. *TUJISE: Turkish Journal of Islamic Economics*, 8(1), 137-152.
- Shah, H., & Habibullah, N. (2021). Social and Economic Impact of High-Risk Investments in Islam. *Journal of Islamic Studies*.
- Siddiqi, M. N. (2014). Islamic Finance and Contemporary Challenges: Maqashid Shariah Perspective. *Journal of Islamic Economics*, 12(2), 33-49.
- Sulaiman, Z. (2021). Cryptocurrency Volatility in the Perspective of Maqashid Sharia. *Journal of Islamic Finance and Banking*, 12(1), 34-46.
- Tapscott, D., & Tapscott, A. (2016). *Blockchain Revolution: How the Technology Behind Bitcoin and Others Cryptocurrencies is Changing the World*. Penguin.
- Usmani, M. T. (2010). *An Introduction to Islamic Finance*. Karachi: Maktaba the Meaning of the Quran.
- Vigna, P., & Casey, M. J. (2015). *The Age of Cryptocurrency: How Bitcoin and Digital Money Are Challenging the Global Economic Order*. St. Martin's Press.
- Zohra, S., & Shaikh, A. (2020). Blockchain transparency and the role of cryptocurrencies in Islamic finance. *Islamic Finance Review*, 11(3), 65-72.