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Halal Certification of Cryptocurrency: A Framework for Strengthening Trust in Shariah-Compliant Digital Finance

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Abstract

Cryptocurrency has emerged as a significant global innovation that continues to stimulate debates regarding its permissibility within the framework of Islamic finance. This study examines Islamic legal perspectives on cryptocurrency by analyzing contemporary fatwas, academic discussions, and authoritative literature in the fields of ushul fiqh and Islamic economics. Using a qualitative descriptive method, the research identifies key legal considerations such as the presence of *gharar*, *maysir*, and *riba*, which determine the Shariah status of digital assets. The findings reveal that, in principle, cryptocurrency may be considered halal as a digital asset when it has straightforward utility, is transparent, and used for lawful economic activities. Several scholars view cryptocurrency as permissible when supported by reliable technology, adequate regulatory structures, and mechanisms that prevent fraud and speculation. Conversely, other scholars classify it as haram due to its extreme price volatility, speculative trading practices, lack of tangible underlying value, and inadequate regulatory oversight in many jurisdictions. To bridge these differing views, the study proposes developing Shariah-based assessment frameworks and halal certification mechanisms to provide greater legal clarity for Muslim investors. Furthermore, it underscores the urgent need for stronger regulatory policies and the advancement of Shariah-compliant blockchain systems that ensure ethical, transparent, and stable digital financial transactions.

Keywords: Halal Certification, Cryptocurrency, Shariah-Compliant, Digital Finance

1. Introduction

The development of digital technology has fundamentally reshaped the global economic landscape, marked by a transition from conventional economic systems to digital economies.[1] One

[1] Afërdita Berisha-Shaqiri and Mihane Berisha-Namani, "Information Technology and the Digital Economy," *Mediterranean Journal of Social Sciences*, November 1, 2015, https://doi.org/10.5901/mjss.2015.v6n6p78.

of the key innovations in this digital era is the emergence of cryptocurrency based on blockchain technology, which enables peer-to-peer transactions without the need for traditional financial intermediaries.[2] As it has evolved, cryptocurrency has shifted from a mere medium of exchange to an investment commodity widely traded in global markets. However, regulatory uncertainty and high price volatility have triggered debates regarding its legitimacy and compatibility with Islamic economic principles. Within the framework of Islamic law, cryptocurrency faces challenges regarding its permissibility (ḥalāl status), particularly with respect to elements such as *gharar* (uncertainty), *maysir* (speculation), and *ribā* (usury).[3]

Various Islamic fatwa institutions have responded differently to the legal status of cryptocurrency. The Indonesian Council of Ulama (Majelis Ulama Indonesia, MUI) has issued a fatwa prohibiting the use of cryptocurrency as a means of payment due to its highly speculative nature and the lack of a clearly defined underlying asset.[4] On the other hand, institutions such as the Shariah Review Bureau (SRB) in Bahrain permit the use of cryptocurrency in shariah-compliant transactions under specific conditions, such as the backing of tangible assets and transparency in transaction mechanisms.[5] This legal uncertainty underscores the need for standardized regulation and *ḥalāl* certification that can provide clarity and assurance for Muslim investors in utilizing cryptocurrencies in accordance with shariah principles.

Theoretically, Islamic economics emphasizes justice, transparency, and blessing (*barakah*) in all financial transactions.[6] The prohibitions on ribā, *gharar*, and *maysir* aim to establish a more stable financial system oriented toward collective welfare.[7] Blockchain technology, which underpins cryptocurrencies, has significant potential to enhance transparency and reduce the risk of manipulation in digital financial transactions.[8] Through consensus mechanisms such as Proof of Work (PoW) and Proof of Stake (PoS), blockchain ensures the validity of each transaction in a decentralized manner, without the need for a central authority.[9] However, the primary challenge lies in ensuring that cryptocurrency complies with Shariah principles concerning ownership, exchange, and value stability.

Previous studies have examined various aspects of cryptocurrency within the context of Islamic economics, including differing scholarly opinions on its permissibility. Some research argues that cryptocurrency can be categorized as a legitimate investment commodity if it possesses real value and used for productive purposes.[10] Other studies highlight how blockchain technology can be utilized in Islamic finance, such as the application of smart contracts in shariah-based transactions.[11]

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2 Craig S Wright, "Bitcoin: A Peer-to-Peer Electronic Cash System," *SSRN Electronic Journal*, 2008, https://doi.org/10.2139/ssrn.3440802.

3 Faizi, "Are Cryptocurrencies Ḥaram? A Critical Analysis toward MUI's Fatwā," *AL-IHKAM: Jurnal Hukum & Pranata Sosial* 18, no. 2 (December 29, 2023): 420–42, https://doi.org/10.19105/al-lhkam.v18i2.8290.

4 Muhammad Sodiki, "Analisis Keputusan Ijtima'Ulama Komisi Fatwa Se-Indonesia VII Tahun 2021 Tentang Cryptocurrency Sebagai Mata Uang Dan Aset Digital Perspektif Hukum Ekonomi Syariah" (Pascasarjana, 2023).

5 Anas MRaoof et al., "Users Perception of Cryptocurrency System Application from the Islamic Views," *International Journal on Islamic Applications in Computer Science And Technology* 7, no. 1 (2019).

6 M. Kabir Hassan, Aishath Muneeza, and Ismail Mohamed, "Cryptocurrencies from Islamic Perspective," *Journal of Islamic Accounting and Business Research* 16, no. 2 (January 22, 2025): 390–410, https://doi.org/10.1108/JIABR-09-2022-0238.

7 Saidun Derani, "Peranan Pusat Pengkajian Dan Pengembangan Islam Jakarta (Jakarta Islamic Centre) Dalam Memajukan Islam Di Jakarta (2003-2016)" (Fakultas Adab dan Humaniora, n.d.).

8 K Bhatt, A. J., & Sisodia, "Use of Blockchain in Islamic Finance," *Journal of Islamic Accounting and Business Research* 12, no. 4 (2021): 324–42.

9 Arvind Narayanan et al., *Bitcoin and Cryptocurrency Technologies: A Comprehensive Introduction* (Princeton University Press, 2016).

10 Faizi, "Are Cryptocurrencies Ḥaram? A Critical Analysis toward MUI's Fatwā."

11 Vitalik Buterin, "A Next-Generation Smart Contract and Decentralized Application Platform," *White Paper* 3, no. 37 (2014): 1–2.

Nevertheless, in-depth research on halal certification mechanisms for cryptocurrency remains limited, necessitating further investigation to develop globally accepted standards.

One significant gap in current research is the lack of a holistic approach that integrates blockchain technology with the principles of fiqh al-muʿāmalāt in assess the permissibility of cryptocurrency. Most prior studies have focused more on legal or economic aspects without offering concrete solutions for building a shariah-compliant cryptocurrency ecosystem.[12] Furthermore, there is still no widely applicable halal certification mechanism for assessing and classifying digital assets in accordance with Shariah principles.

This study aims to develop a halal certification standard for cryptocurrencies by formulating both technical and Shariah indicators to assess the permissibility of a digital asset. Adopting a conceptual and normative approach, the research will explore how blockchain technology can be integrated with Islamic economic principles to create a more transparent and Shariah-compliant crypto ecosystem. The results of this study are expected to contribute to the development of regulatory frameworks and policies that support halal investment in the digital asset sector and to provide guidance for Muslim investors in selecting cryptocurrencies that are secure and compliant with Islamic law.

2. Method

This study employs a literature review method to understand the application of shariah principles in the digital economy and to develop a halal certification mechanism for crypto assets. The study incorporates primary legal sources such as the Qur'an, Hadith, and fatwas issued by the Indonesian Council of Ulama (MUI), as well as secondary legal materials, including academic journals and research reports on digital assets and Islamic finance. A conceptual approach is applied to assess the permissibility of digital assets under fiqh al-muʿāmalāt, while a normative approach is used to analyze regulations issued by Islamic authorities. A normative-qualitative analysis method is adopted to interpret primary and secondary legal materials deductively, to determine the relevant Shariah principles for the digital asset ecosystem. This study also conducts a comparative analysis of halal certification standards from various Muslim-majority countries. The findings of this research are expected to construct a model for halal certification of crypto assets, provide policy recommendations, and support the development of shariah-compliant investment instruments in the digital economy.

3. Results and Discussion

Cryptocurrency and Blockchain Technology

Cryptocurrency is a digital asset that runs on blockchain technology, a decentralized ledger system that enables transparent, secure, and swift transactions without intermediaries.[13] The principal advantage of this system lies in its cryptographic security, which ensures the integrity and validity of each transaction recorded within the network.[14]

Various consensus mechanisms have been developed to enhance the efficiency and security of cryptocurrency transaction validation. Proof of Work (PoW), used by Bitcoin, involves miners

[12] Etikah Karyani et al., "Intention to Adopt a Blockchain-Based Halal Certification: Indonesia Consumers and Regulatory Perspective," *Journal of Islamic Marketing* 15, no. 7 (June 4, 2024): 1766–82, https://doi.org/10.1108/JIMA-03-2023-0069.
[13] Narayanan et al., *Bitcoin and Cryptocurrency Technologies: A Comprehensive Introduction*.
[14] Wright, "Bitcoin: A Peer-to-Peer Electronic Cash System."

competing to solve cryptographic puzzles in order to add new blocks to the blockchain.[15] However, this method has been criticized for its extremely high energy consumption. An alternative is Proof of Stake (PoS), which validates transactions based on the amount of assets held by validators.[16] This method is considered more environmentally friendly and efficient than PoW. However, it still faces challenges related to the concentration of ownership, which may affect the distribution of power within the network.[17]

Beyond its function as a financial instrument, blockchain also enables the implementation of smart contracts, self-executing digital contracts that automatically trigger transactions upon the fulfillment of specific conditions.[18] Through smart contracts, financial transactions become more efficient and transparent, reducing reliance on third parties and minimizing the risk of manipulation.[19]

In addition to the technical aspects, the development of cryptocurrency also presents complex social, economic, and regulatory dynamics. In many countries, crypto assets are viewed as an innovation that can promote financial inclusion and improve the efficiency of cross-border transactions. However, this rapid development also raises concerns about potential misuse for money laundering, illegal financing, and extreme price volatility. Therefore, formulating appropriate regulations is a crucial challenge: ensuring consumer protection without hindering technological innovation.

On the other hand, blockchain adoption is driving transformation across various non-financial sectors. In the health sector, for instance, blockchain can be used to secure medical data and ensure the integrity of patient records. In logistics, this technology enables real-time tracking of goods, reducing the risk of fraud and improving supply chain efficiency. Even in public administration, blockchain has the potential to be applied to digital identity systems, property registration, and transparent electronic voting.

Nevertheless, technical challenges such as network scalability, protocol interoperability, and privacy protection remain major issues in blockchain development. Several public blockchains face limitations in transaction capacity per second, which may hinder mass adoption. Solutions such as layer-2 scaling, sharding, and third-generation blockchain architectures continue to be developed to ensure that networks can meet the growing needs of global users.

Finally, adopting this technology also requires improved digital literacy among the public. Limited understanding of how blockchain works and the risks of cryptocurrency can lead to misconceptions, excessive speculation, and financial losses. Therefore, proper education and awareness efforts are key to creating a healthy digital ecosystem one in which innovation can thrive while ensuring user protection and financial system stability.[20]

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[15] D. Malone and K.J. O'Dwyer, "Bitcoin Mining and Its Energy Footprint," in *25th IET Irish Signals & Systems Conference 2014 and 2014 China-Ireland International Conference on Information and Communities Technologies (ISSC 2014/CIICT 2014)* (Institution of Engineering and Technology, 2014), 280–85, https://doi.org/10.1049/cp.2014.0699.

[16] Sunny King and Scott Nadal, "Ppcoin: Peer-to-Peer Crypto-Currency with Proof-of-Stake," *Self-Published Paper, August* 19, no. 1 (2012).

[17] Dominique Guégan and Christophe Henot, "A Probative Value for Authentication Use Case Blockchain," *Digital Finance* 1, no. 1–4 (November 12, 2019): 91–115, https://doi.org/10.1007/s42521-019-00003-0.

[18] Buterin, "A Next-Generation Smart Contract and Decentralized Application Platform."

[19] Bhatt, A. J., & Sisodia, "Use of Blockchain in Islamic Finance."

[20] Sumarni Sumarni et al., "From Vision to Practice: Comparative Dynamics of Islamic Economics in Indonesia and Malaysia," *Jurnal Ilmiah Mizani: Wacana Hukum, Ekonomi Dan Keagamaan* 12, no. 2 (October 23, 2025): 652, https://doi.org/10.29300/mzn.v12i2.7685.

Economic Principles in Islam

Islamic economics is founded upon principles of justice, social welfare, and ethical conduct in trade. Islam emphasizes transparency, fairness, and the avoidance of exploitation in transactions.[21] Core principles in Islamic economics include the prohibitions of ribā (interest), gharar (excessive uncertainty), and maysir (gambling).[22]

Ribā is prohibited due to its tendency to cause economic inequality and exploitation of weaker parties. In the context of the digital economy, some cryptocurrencies are deemed to involve ribā elements if profits are derived from excessive speculation without underlying tangible assets.[23] Gharar, or uncertainty in transactions, is also a concern with cryptocurrencies that exhibit high volatility, thereby posing significant risks to Muslim investors.[24] Similarly, maysir is associated with speculative trading in cryptocurrencies that lack straightforward utility and rely solely on price fluctuations for profit.[25]

To ensure justice within the Islamic financial system, shariah economics also promotes concepts such as takaful (mutual protection) and khilāfah (social responsibility).[26] Therefore, the development of cryptocurrency regulations must consider these principles to ensure compliance with Islamic values.[27]

Beyond the foundational principles of justice and fairness, Islamic economics emphasizes the creation of value through productive and real economic activities. Investments are encouraged when they contribute to societal welfare, innovation, and sustainable development. This framework places strong emphasis on asset-backed transactions, ensuring that wealth is generated through tangible contributions rather than speculative behavior. In this context, evaluating cryptocurrencies requires careful assessment regarding whether they provide real utility, such as facilitating payments, enabling decentralized applications, or improving financial accessibility.

Moreover, Islamic economic thought promotes risk-sharing as a central mechanism of financial justice. Contracts such as mushārakah (partnership) and muḍārabah (profit-sharing) illustrate the ideal model of shared benefits and losses. This principle contrasts with the high-risk speculative trading that characterizes much of the cryptocurrency market. As a result, scholars continue to debate the legitimacy of various crypto assets, particularly those that lack underlying projects, offer no productive economic value, or expose individuals to disproportionate financial risks.

At the regulatory level, integrating shariah principles into cryptocurrency governance presents both opportunities and challenges. Several countries with significant Muslim populations have begun exploring frameworks to categorize crypto assets by utility, risk level, and asset backing. These regulatory efforts aim to strengthen investor protection, prevent fraudulent schemes, and ensure that digital financial innovations remain aligned with Islamic ethical values. Such frameworks

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21 Abu Ishaq Al-Syatibi, "Al-Muwafaqat Fi Ushul Al-Syari'ah," *Vol. II (Beirut: Dar Al Kutub Al Ilmiyah, Tt)* 1 (2003): 290.

22 M. A. Al-Dasuqi, *Hāshiyah Al-Dasuqi 'alā Al-Sharḥ Al-Kabīr* (Beirut: Dar al fikr, 2001).

23 Saleh Nawaz Khan, "The Legality of Cryptocurrency from an Islamic Perspective: A Research Note," *Journal of Islamic Accounting and Business Research* 14, no. 2 (February 2, 2023): 289–94, https://doi.org/10.1108/JIABR-02-2022-0041.

24 Rahmatul Huda, "Akad Construction On Credit Card Products (Analysis Of Sharia Economic Laws)," *Syariah: Jurnal Hukum Dan Pemikiran* 19, no. 1 (June 4, 2019): 119, https://doi.org/10.18592/sjhp.v19i1.2041.

25 Khafid Abadi, Ahmad Taufiq, and Rizka Roikhana, "Cryptocurrency and Crypto Assets in the Perspective of Islamic Legal System Philosophy," *Hikmatuna : Journal for Integrative Islamic Studies* 9, no. 2 (December 3, 2023): 131–46, https://doi.org/10.28918/hikmatuna.v9i2.1216.

26 Derani, "Peranan Pusat Pengkajian Dan Pengembangan Islam Jakarta (Jakarta Islamic Centre) Dalam Memajukan Islam Di Jakarta (2003-2016)."

27 Faizi, "Are Cryptocurrencies Ḥaram? A Critical Analysis toward MUI's Fatwā."

could serve as models for broader Muslim-majority contexts seeking to harmonize technological innovation with religious principles.

Finally, public awareness and education play a vital role in guiding Muslim communities toward responsible participation in the digital economy. Many individuals invest in cryptocurrencies without fully understanding the underlying technology, associated risks, or Shariah implications. Therefore, collaboration among scholars, regulators, and financial institutions is essential to establishing clear guidelines and providing clarity. Through informed literacy, Muslims can participate in digital financial systems in ways that uphold ethical integrity and contribute positively to the broader economy.[28]

Fatwas and Research on Cryptocurrency in Islamic Law

Various fatwas and academic studies reveal diverse perspectives among scholars and fatwa institutions regarding the legal status of cryptocurrency. The Indonesian Council of Ulama (Majelis Ulama Indonesia, MUI) issued a fatwa declaring cryptocurrency impermissible as a medium of exchange due to its elements of gharar and maysir.[29] This fatwa affirms that the uncertainty in cryptocurrency value and speculative behavior contradict the principles of Islamic finance.[30]

However, certain fatwa institutions in other countries adopt a more flexible stance. For example, the Shariyah Review Bureau (SRB) in Bahrain asserts that cryptocurrencies may be permissible in Islam if specific criteria are met, such as having real value and being used for lawful economic transactions.[31] This approach emphasizes that the *ḥalāl* or ḥarām status of a digital asset depends on its utilization and whether it qualifies as a legitimate medium of exchange.[32]

Some scholars propose a middle-ground approach that allows the use of cryptocurrency as a digital asset or investment, provided it has undergone halal certification. In this scheme, only cryptocurrencies with clear underlying assets and non-speculative purposes may be considered permissible.[33] Halal certification aims to provide legal certainty for Muslim investors and to ensure that transactions align with Shariah principles.[34]

From a regulatory standpoint, several Muslim-majority countries have begun developing clearer policies concerning the use of cryptocurrencies. Malaysia, for instance, has implemented specific guidelines for shariah-compliant digital assets, while Pakistan is formulating regulations that incorporate Islamic legal considerations in crypto trading.[35] These developments indicate the potential to create a shariah-compliant digital asset ecosystem, provided that well-defined regulations and standardized halal certification are in place.

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[28] Achmad Siddiq et al., "Reconstructing Waqf Share Policies: A Maqashid Sharia Approach with Insights from Indonesia," *El-Mashlahah* 15, no. 1 (June 18, 2025): 79–100, https://doi.org/10.23971/el-mashlahah.v15i1.9029.

[29] Abadi, Ahmad Taufiq, and Rizka Roikhana, "Cryptocurrency and Crypto Assets in the Perspective of Islamic Legal System Philosophy."

[30] Hassan, Muneeza, and Mohamed, "Cryptocurrencies from Islamic Perspective."

[31] Khan, "The Legality of Cryptocurrency from an Islamic Perspective: A Research Note."

[32] Faizi, "Are Cryptocurrencies Ḥaram? A Critical Analysis toward MUI's Fatwā."

[33] Yudho Taruno Muryanto, "The Urgency of Sharia Compliance Regulations for Islamic Fintechs: A Comparative Study of Indonesia, Malaysia and the United Kingdom," *Journal of Financial Crime* 30, no. 5 (November 30, 2023): 1264–78, https://doi.org/10.1108/JFC-05-2022-0099.

[34] Sigit Hardiyanto et al., "Analysis of the Fatwa of the Indonesian Ulema Council Supporting Halal Certification and the Progress of Indonesian Muslims," *Pharos Journal of Theology*, no. 105(1) (December 2023), https://doi.org/10.46222/pharosjot.10521.

[35] Rahman Ullah Khan, Karim Ullah, and Muhammad Atiq, "Regulatory Constraints, Responsibilities and Consultation (CRC) for Legal Institutionalization of Cryptocurrencies in Pakistan," *Qualitative Research in Financial Markets* 16, no. 4 (June 14, 2024): 680–708, https://doi.org/10.1108/QRFM-03-2023-0053.

Given the diversity of opinions, further research is essential to develop regulatory models and halal certification mechanisms that are broadly accepted within the global Muslim community. Regulatory frameworks grounded in justice and welfare, as advocated by Islamic economics, will help ensure that digital innovations can be utilized optimally without contradicting Islamic values.[36]

Beyond formal fatwas, academic debates surrounding cryptocurrency continue to expand, especially within the fields of Islamic finance, maqāṣid al-sharī'ah, and comparative legal studies. Researchers increasingly examine crypto assets through multidimensional frameworks that consider not only the classical prohibitions of *ribā*, *gharar*, and *maysir*, but also contemporary issues such as cybersecurity, privacy, digital property rights, and the socioeconomic impact of decentralized systems. These studies suggest that determining the Shariah status of cryptocurrency requires a comprehensive assessment that includes both traditional fiqh principles and modern technological realities.

Furthermore, the emergence of decentralized finance (DeFi) has introduced new complexities into Islamic legal discourse. DeFi platforms facilitate lending, borrowing, and trading activities without centralized intermediaries, raising questions about compliance with Islamic prohibitions on interest and about the associated uncertainties. Some scholars argue that DeFi could be restructured into shariah-compliant models by adopting profit-sharing contracts or asset-backed mechanisms. However, others caution that the current design of most DeFi protocols still embeds elements of speculation and excessive risk, making them incompatible with Islamic financial principles.

Another significant area of discussion concerns the classification of cryptocurrency as māl (property) in Islamic jurisprudence. While some scholars view crypto assets as intangible property with economic value, others argue that their volatility and lack of intrinsic form challenge the criteria of māl mutaqawwim. This debate affects the permissibility of transactions, zakat obligations, inheritance distribution, and the enforceability of rights over digital assets. As a result, more detailed jurisprudential analysis is needed, including analogies with digital commodities, intellectual property, or electronic money.

Lastly, the future of shariah-compliant cryptocurrency development depends heavily on collaboration between fintech innovators, Islamic legal scholars, and national regulatory bodies.[37] The creation of standardized frameworks for digital asset classification, risk assessment, and halal certification will not only support Muslim investors but also contribute to global discussions on ethical finance. By integrating Islamic principles of justice, transparency, and public welfare, Muslim-majority countries have the potential to lead in shaping responsible digital financial ecosystems that balance innovation with moral and legal accountability.[38]

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[36] Muhammad Maksum, "The Relationship Model of Sharia and Financial Authorities," *AHKAM : Jurnal Ilmu Syariah* 20, no. 1 (June 30, 2020), https://doi.org/10.15408/ajis.v20i1.16235.

[37] Muhammad Fuad Zain, "Mining-Trading Cryptocurrency Dalam Hukum Islam," *Al-Manahij: Jurnal Kajian Hukum Islam* 12, no. 1 (June 22, 2018): 119–32, https://doi.org/10.24090/mnh.v12i1.1303.

[38] Purnama Hidayah Harahap et al., "Religious Court Decisions Regarding the Revocation of Grant (Hibah) in the Perspective of Islamic Jurisprudence," *Al-Manahij: Jurnal Kajian Hukum Islam*, November 17, 2023, 215–32, https://doi.org/10.24090/mnh.v17i2.9767.employing the viewpoint of Islamic jurisprudence and the maslahah theory. In this instance, the judicial panel overseeing the dispute related to the cancellation of the grant primarily invoked the provisions outlined in Article 35, Paragraph 1, and Article 36, Paragraph 1 of the Marriage Act (Law Number 1 of 1974

The Original Legal Ruling on Cryptocurrency

Cryptocurrency, as part of economic activity, is fundamentally considered permissible (*ḥalāl*) under Islamic financial principles. In the perspective of uṣūl al-fiqh, all forms of transactions are deemed lawful unless explicitly prohibited by textual evidence.[39] Within this framework, cryptocurrency may be considered permissible as long as it does not involve elements that violate shariah principles, such as gharar (excessive uncertainty), maysir (gambling), and ribā (interest).

Therefore, the default legal ruling on cryptocurrency is that it is *ḥalāl* unless clear evidence is found that renders its use impermissible.[40]

1. Permissive Opinions

Some Islamic scholars and intellectuals argue that cryptocurrency may be considered *ḥalāl* under certain conditions. The primary conditions include the presence of recognized economic value in the market, transparency in transactions, and the absence of excessive speculation or *gharar*. The Shariah Review Bureau (SRB) of Bahrain has stated that cryptocurrency may be accepted as currency in line with the concept of *'urf* (customary practice), considering its widespread acceptance within the global digital ecosystem.[41]

For example, Sudais Asif, in his research, argues that Bitcoin, which utilizes the Proof-of-Work (PoW) mechanism, can be deemed ḥalāl because the value embedded in Bitcoin corresponds to the difficulty required to acquire it. Meanwhile, the Proof-of-Stake (PoS) mechanism remains subject to debate due to its perceived resemblance to interest-based systems, where capital holders earn returns without actual effort.[42] Hence, further research is necessary to determine whether the PoS mechanism can be equated with profit-sharing concepts that align with Islamic principles.

2. Prohibitive Opinions

Conversely, the majority of scholars and fatwa institutions, such as the Indonesian Council of Ulama (MUI), hold the opinion that cryptocurrency is impermissible due to its high speculative nature (*maysir*) and *gharar* resulting from its extreme price volatility. In its fatwa, MUI asserts that cryptocurrency does not meet the requirements for a legitimate medium of exchange in Islam because any government does not back it and exhibits high volatility.[43] Moreover, several scholars argue that the lack of underlying real assets backing cryptocurrencies creates ownership uncertainty, which contradicts Islamic economic principles.[44]

Another critical issue is the potential misuse of cryptocurrency in illicit activities such as money laundering and terrorism financing. This risk is further exacerbated by the absence of comprehensive regulatory frameworks governing crypto use. Therefore, some scholars and regulators contend that the use of cryptocurrency cannot be accommodated within the Islamic financial system, which is based on transparency and justice.[45]

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[39] Nabeela Falak, "The Concept of Ijtihad, Its Legitimacy, Need and Importance in the Present Age," *Islamic Sciences* 03, no. 01 (December 31, 2020), https://doi.org/10.52337/islsci.v3i1.18.

[40] Prima Dwi Priyatno and Isti Nuzulul Atiah, "Melirik Dinamika Cryptocurrency Dengan Pendekatan Ushul Fiqih," *Jurnal Ilmiah Ekonomi Islam* 7, no. 3 (2021): 1682–88, https://doi.org/https://doi.org/10.29040/jiei.v7i3.3590.

[41] Faraz Adam, "The Shariah Factor in Cryptocurrencies and Tokens," *Shariah Review Bureau. The Central Bank of Bahrain*, 2018.

[42] Artur Meynkhard, "Fair Market Value of Bitcoin: Halving Effect," *Investment Management and Financial Innovations* 16, no. 4 (November 28, 2019): 72–85, https://doi.org/10.21511/imfi.16(4).2019.07.

[43] Sodiki, "Analisis Keputusan Ijtima'Ulama Komisi Fatwa Se-Indonesia VII Tahun 2021 Tentang Cryptocurrency Sebagai Mata Uang Dan Aset Digital Perspektif Hukum Ekonomi Syariah."

[44] Priyatno and Atiah, "Melirik Dinamika Cryptocurrency Dengan Pendekatan Ushul Fiqih."

[45] Hassan, Muneeza, and Mohamed, "Cryptocurrencies from Islamic Perspective."

3. Halal Certification for Cryptocurrency

Halal certification for cryptocurrency has emerged as a growing discourse alongside the increasing interest in digital assets. The objective of such certification is to ensure that digital assets comply with Shariah principles, including transparency, real asset ownership, and the mechanisms employed for consensus.[46] One of the primary challenges in halal-certifying cryptocurrency lies in evaluating its legitimacy under Islamic economic principles. Proof-of-Work (PoW) is generally considered more acceptable as it is based on tangible effort, whereas Proof-of-Stake (PoS) remains debated due to its potential to generate passive income, which bears resemblance to *ribā*.[47]

In Shariah-based cryptocurrency regulation, there is a need for clear standards concerning issuance and usage mechanisms. For instance, Initial Coin Offerings (ICOs), which are commonly used to launch cryptocurrencies, must align with Islamic contract structures and avoid speculative elements. Moreover, governmental regulations are essential to ensure consumer protection and to prevent the misuse of digital assets for illegal activities.[48]

Several Muslim-majority countries have initiated efforts to establish shariah-compliant crypto ecosystems. One proposed approach is to create crypto trading platforms that exclusively list assets with halal certification. With a well-defined halal certification framework, the Muslim community can select digital assets that align with Islamic values, thereby fostering a secure and ethical financial ecosystem.[49]

The legal discourse surrounding cryptocurrency in Islamic law demonstrates the dynamic nature of Islamic jurisprudence in responding to emerging technological advancements. While the foundational ruling in uṣūl al-fiqh establishes permissibility as the default, the nuanced debates among scholars highlight the need to rigorously evaluate digital assets through both classical legal principles and contemporary economic realities. The differing opinions ranging from permissive to prohibitive reflect the methodological diversity within Islamic legal reasoning, particularly when addressing innovative financial instruments that transcend traditional definitions of property, currency, and economic value.[50]

Furthermore, the growing interest in halal certification and shariah-compliant regulatory frameworks signals the potential for a more structured, standardized approach to integrating digital assets into Islamic finance. Such initiatives not only aim to protect Muslim consumers from unethical or high-risk financial practices but also support the development of ethical digital economies grounded in transparency, justice, and shared prosperity. This direction aligns with the broader objectives of maqāṣid al-sharīʿah, which emphasize the preservation of wealth, protection of individuals, and promotion of societal stability.

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[46] Christian Bux et al., "Halal Food Sustainability between Certification and Blockchain: A Review," *Sustainability* 14, no. 4 (February 14, 2022): 2152, https://doi.org/10.3390/su14042152.

[47] Hassan, Muneeza, and Mohamed, "Cryptocurrencies from Islamic Perspective."

[48] Sofian Al Hakim, "Analytical Framework for Study the Fatwas of Sharia Economics," *AHKAM : Jurnal Ilmu Syariah* 19, no. 2 (December 30, 2019), https://doi.org/10.15408/ajis.v19i2.12219.

[49] Ayus Ahmad Yusuf and Asmiyati Khusnul Maryam, "Cracking the Code to Anticipating Post-Sdgs 2030: Islamic Finance Perspective," *Revista de Gestão Social e Ambiental* 18, no. 2 (May 16, 2024): e06543, https://doi.org/10.24857/rgsa.v18n2-130. specifically Sukuk (Islamic Bond

[50] Karimuddin Karimuddin et al., "Bank Interest in the Contemporary Era: Problem of Ad'afan Muda'afah Interpretation in Determining Law of Usury," *MILRev : Metro Islamic Law Review* 3, no. 1 (April 4, 2024): 43, https://doi.org/10.32332/milrev.v3i1.8948.

Ultimately, the future acceptance of cryptocurrency in the Muslim world will depend on the successful synthesis of technological innovation, regulatory clarity, and robust Shariah analysis. Continued interdisciplinary research combining expertise in blockchain technology, Islamic jurisprudence, and financial regulation is essential to develop balanced, sustainable frameworks. With thoughtful development, cryptocurrency may evolve into a financial tool that not only complies with Islamic principles but also contributes to global economic transformation in a responsible, inclusive way.

4. Conclusion

This study concludes that the default legal status (hukm al-aṣlī) of cryptocurrency in Islamic law is ḥalāl, as long as its use and exchange do not involve prohibited elements such as ribā, maysir, or gharar. The analysis shows that contemporary scholars and fatwa institutions remain divided: some deem cryptocurrency permissible when it fulfills Shariah requirements of transparency, lawful purpose, and economic utility, while others reject it due to its volatility, speculative nature, regulatory uncertainty, and lack of intrinsic asset backing. The findings highlight the strategic importance of developing Shariah-based assessment frameworks, including halal certification mechanisms, to ensure a secure and compliant crypto ecosystem for Muslim users. Moreover, this study underscores the urgent need for clearer, more integrated regulatory frameworks, as well as for the advancement of blockchain technologies that adhere to Islamic legal and ethical principles. By providing a structured examination of Shariah perspectives on cryptocurrency, this research enriches the discourse in Islamic finance. It opens opportunities for further studies, particularly regarding global regulatory harmonization, the application of smart contracts in Islamic commercial transactions, and the design of fully Shariah-compliant digital financial infrastructures.

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