

## Cryptocurrency Under Islamic Law: Assessing Its *Halal* or *Haram* Status

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### Abstract

The rapid advancement of digital technology has spurred the emergence of cryptocurrency—a decentralized digital asset that presents both opportunities and challenges for the global financial system. In Indonesia, the world's most populous Muslim-majority nation, ongoing debates center on the compatibility of cryptocurrency with Islamic law, which prohibits elements such as uncertainty (*gharar*), gambling (*maysir*), and interest (*riba*). While the Indonesian Ulema Council (MUI) has declared cryptocurrency haram due to its speculative characteristics and lack of tangible form, it also acknowledges its potential as a tradeable commodity with intrinsic value. This study seeks to examine the legal status of cryptocurrency from an Islamic legal perspective by analyzing scholarly interpretations, Shariah principles, and its broader economic and social implications. Employing a quantitative research method, the study gathers data through surveys to explore public perceptions of cryptocurrency and its alignment with Islamic financial ethics. The findings reveal that young investors, particularly those from Generation Z, demonstrate significant engagement in cryptocurrency investments, often showing openness to its adoption provided it adheres to legal and Shariah-compliant frameworks. This research underscores the importance of continued scholarly discourse and regulatory clarity to better define cryptocurrency's position within the context of Islamic finance.

**Keywords:** Cryptocurrency; Islamic Law; Sharia's Principles; Halal, Haram.

### Introduction

Technological advancements in the digital age have brought forth numerous innovations in the financial sector, one of which is the emergence of cryptocurrency. Cryptocurrency is a form of digital currency that utilizes cryptographic technologies to ensure transaction security. Unlike conventional paper-based systems, cryptocurrency transactions are recorded on a decentralized digital ledger, commonly referred to as blockchain technology. A key distinction between cryptocurrency and fiat currency lies in its lack of central authority - cryptocurrency operates independently of government regulation and control (Hanum, 2022).

In Indonesia, the value of cryptocurrency asset transactions continues to grow alongside a rising number of investors treating it as a tradeable commodity (Hanum, 2022). However, in the world's largest Muslim-majority country, debates persist regarding whether cryptocurrency is *halal* (permissible) or *haram* (forbidden) under Islamic law.

Islamic finance requires that all financial transactions comply with Shariah principles, which prohibit elements such as *gharar* (excessive uncertainty), *maysir* (gambling), and *riba* (usury or interest) (Anwar, 2024). From a currency perspective, cryptocurrency has been deemed haram by Indonesia's Ulema Council (MUI), primarily due to its speculative nature and lack of physical form. Nonetheless, the MUI also acknowledges that cryptocurrency may be considered

halal if traded as a commodity or asset with intrinsic (sil'ah) value, clear underlying assets, and tangible benefits (Kurniawan et al., 2023). The question of its permissibility continues to be the subject of theological, legal, and economic debate.

In light of these ongoing discussions, this study aims to examine the legal status of cryptocurrency from the perspective of Islamic law by analyzing scholarly interpretations, Shariah principles, and the broader economic and social implications of its use. Employing a quantitative research method through a structured survey, this research seeks to capture diverse public perceptions regarding the compatibility of cryptocurrency with Islamic financial ethics. By incorporating various viewpoints, this study aspires to contribute to the development of a more comprehensive framework for understanding cryptocurrency within the context of Islamic jurisprudence.

### **Literature Review and Theoretical Framework**

Cryptocurrency is a form of virtual currency and digital medium of exchange that functions similarly to fiat money in facilitating transactions (Irwin & Turner, 2018). The concept of cryptocurrency was first introduced in 2008 by Satoshi Nakamoto through a white paper titled Bitcoin: A Peer-to-Peer Electronic Cash System (Nakamoto, 2008). Bitcoin, which became operational in 2009 (Malik, 2016), marked a technological revolution through its use of blockchain technology (Hayes, 2019) - offering a decentralized and secure transaction system that eliminates the need for intermediaries (Maishanu, 2024).

Following Bitcoin's success, numerous alternative cryptocurrencies have emerged, gaining popularity among investors and retail users alike (Mohd Noh & Abu Bakar, 2020). Bitcoin, in particular, garnered global attention due to its increasing value over time, serving not only as a tool for electronic transactions but also as a speculative asset for investment and trading (Ciaian et al., 2016).

Despite growing global adoption, the use of cryptocurrency remains controversial. Internationally, Bitcoin and other digital assets have triggered regulatory debates, prompting governments to closely monitor their development. In Indonesia, a country with strict monetary regulations, the use of cryptocurrency as a medium of exchange is met with both support and opposition. According to Law No. 7 of 2011 concerning Currency, cryptocurrency does not fulfill the legal criteria to be recognized as official tender in Indonesia (Marliyah, 2021).

Virtual currencies also present broader legal and economic challenges (Elabidine, et al., 2024). Due to their lack of formal recognition by monetary authorities, cryptocurrencies raise concerns regarding their interaction with the real economy, consumer protection, and vulnerability to criminal misuse such as fraud and money laundering (Zahudi & Amir, 2016). Furthermore, Bitcoin transactions are characterized by high levels of uncertainty and volatility (Bakar, Rosbi, & Uzaki, 2017).

From an Islamic perspective, the Indonesian Ulema Council (MUI) has issued a fatwa prohibiting the use of cryptocurrencies for transactions, investment, and commodity trading, citing non-compliance with Islamic legal principles. The MUI's stance is based on the argument that cryptocurrencies involve *gharar* (uncertainty), *dharar* (harm), and *qimar* (gambling), which are prohibited under Sharia law. Additionally, cryptocurrency does not conform to Law No. 7 of 2011 and Bank Indonesia Regulation No. 17 of 2015 regarding the mandatory use of the rupiah within Indonesia's territory (Sacipto et al., 2023).

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Nevertheless, some Islamic scholars propose that cryptocurrencies could be permissible if designed in alignment with Shariah principles—emphasizing transparency, fairness, and the avoidance of excessive speculation. The core challenge remains cryptocurrency’s extreme price volatility, which often leads it to be classified under *gharar* and thus considered impermissible in Islamic finance.

### Research Methodology

This study employs a quantitative research approach to explore the perspectives of individuals who possess knowledge of both cryptocurrency and Islamic finance. The primary objective is to assess public perceptions regarding the permissibility of cryptocurrencies under Islamic financial law.

Data were collected through a structured survey consisting of 18 questions, designed to evaluate participants’ understanding of cryptocurrency and its alignment with Islamic values. The questionnaire was distributed via Google Forms, using direct links shared through personal messages. A total of 110 respondents participated in the survey.

To analyse the data, this study adopts an explanatory research design aimed at identifying and examining the factors that influence public perceptions of the *halal* or *haram* status of cryptocurrency. The responses obtained were systematically analysed to uncover patterns, trends, and correlations between participants’ knowledge, beliefs, and their stance on the permissibility of cryptocurrency within the framework of Islamic finance. The complete list of survey questions is presented in Table 1 (refer to table below).

Table 1.  
Survey Questions on Cryptocurrency and Islamic Finance Perceptions

No	Questions	Response Options
1	What is your level of understanding of cryptocurrencies?	<ol style="list-style-type: none"> <li>1. Not understanding at all</li> <li>2. Limited understanding</li> <li>3. Moderate understanding</li> <li>4. Good understanding</li> <li>5. Very good understanding</li> </ol>
2	Have you ever invested in or used cryptocurrency?	<ul style="list-style-type: none"> <li>▪ Yes</li> <li>▪ No</li> </ul>
3	If yes, which cryptocurrency have you used or invested in? ( <i>Select all that apply</i> )	<ol style="list-style-type: none"> <li>1. Bitcoin (BTC)</li> <li>2. Ethereum (ETH)</li> <li>3. Binance Coin (BNB)</li> <li>4. Dogecoin (DOGE)</li> <li>5. Others (please specify)</li> </ol>
4	What are the main reasons people are interested in using cryptocurrency? ( <i>Select all that apply</i> )	<ol style="list-style-type: none"> <li>1. No investment</li> <li>2. Potential for high returns</li> <li>3. Decentralization and transaction freedom</li> <li>4. Privacy and anonymity</li> <li>5. Secure blockchain technology</li> <li>6. Other (please specify)</li> </ol>
5	Do you believe cryptocurrencies can be used as legal tender?	<ul style="list-style-type: none"> <li>▪ Yes</li> <li>▪ No</li> <li>▪ Not sure</li> </ul>

No	Questions	Response Options
6	Are you aware of the halal or haram debate regarding cryptocurrencies in Islam?	<ul style="list-style-type: none"> <li>▪ Yes</li> <li>▪ No</li> </ul>
7	To what extent do you agree with the following statement: "Cryptocurrencies are halal because they serve as a legitimate investment and transaction tool in the modern economy."	<ol style="list-style-type: none"> <li>1. Strongly disagree</li> <li>2. Disagree</li> <li>3. Neutral</li> <li>4. Agree</li> <li>5. Strongly agree</li> </ol>
8	To what extent do you agree with the following statement: "Cryptocurrencies are haram because they involve elements of <i>gharar</i> (uncertainty) and excessive speculation."	<ol style="list-style-type: none"> <li>1. Strongly disagree</li> <li>2. Disagree</li> <li>3. Neutral</li> <li>4. Agree</li> <li>5. Strongly agree</li> </ol>
9	In Islam, excessive speculation ( <i>maysir</i> ) is considered haram. Do you think cryptocurrencies contain an element of <i>gharar</i> ?	<ul style="list-style-type: none"> <li>▪ Yes</li> <li>▪ No</li> <li>▪ Not sure</li> </ul>
10	Do you think crypto price volatility poses a high risk to investors?	<ol style="list-style-type: none"> <li>1. Strongly agree</li> <li>2. Agree</li> <li>3. Neutral</li> <li>4. Disagree</li> <li>5. Strongly disagree</li> </ol>
11	Are you more likely to follow the opinions of scholars or fatwas from Islamic institutions regarding the halal or haram status of cryptocurrencies?	<ul style="list-style-type: none"> <li>▪ Yes</li> <li>▪ No</li> </ul>
12	If yes, how do you interpret the fatwa?	<ol style="list-style-type: none"> <li>1. Cryptocurrencies are haram due to elements of <i>gharar</i> and <i>maysir</i></li> <li>2. Cryptocurrencies may be halal if they are backed by clear underlying assets</li> <li>3. I am still unsure about the fatwa</li> </ol>
13	In Islam, speculation ( <i>maysir</i> ) is haram. Do you view crypto investment as a scam?	<ul style="list-style-type: none"> <li>▪ Yes, due to high price volatility and unpredictability</li> <li>▪ No, because investments are made based on analysis and strategy</li> <li>▪ Not sure</li> </ul>
14	What is your view on using cryptocurrencies for everyday transactions if one day both the government and Islamic scholars declare it halal?	<ul style="list-style-type: none"> <li>▪ I would use it</li> <li>▪ I remain unsure</li> <li>▪ I would still not use it</li> </ul>
15	Do you believe cryptocurrencies can provide benefits to the Islamic economic system?	<ul style="list-style-type: none"> <li>▪ Yes, by improving financial inclusion and transaction efficiency</li> <li>▪ No, as risks outweigh benefits</li> <li>▪ Not sure</li> </ul>
16	Do you agree that cryptocurrencies can be classified as digital assets permissible for trade in Islam?	<ol style="list-style-type: none"> <li>1. Strongly agree</li> <li>2. Agree</li> <li>3. Neutral</li> <li>4. Disagree</li> <li>5. Strongly disagree</li> </ol>
17	If a new fatwa is issued supporting the use of cryptocurrencies in Islam, would you consider using them?	<ul style="list-style-type: none"> <li>▪ Yes</li> <li>▪ No</li> <li>▪ Still unsure</li> </ul>
18	Overall, do you believe cryptocurrency is more likely to be halal or haram in Islam?	<ul style="list-style-type: none"> <li>▪ Halal</li> <li>▪ Haram</li> <li>▪ Unable to determine</li> </ul>

## Results and Discussions

The rapid advancement of technology in the modern era has become an inevitable phenomenon, with significant implications for the investment landscape. Traditional investments—such as gold, stocks, and bonds—are now complemented by virtual assets, including cryptocurrencies (Bertamia, 2023). Technological developments, particularly in digital finance, have enabled the emergence of these new investment instruments. Notably, age demographics appear to play a role in influencing investment preferences. Younger investors, particularly those from Generation Z and younger Millennials, are increasingly drawn to speculative assets such as cryptocurrencies and options (Welsch, 2025).

In our survey, respondents were grouped by age: under 20 years (18 individuals), 20–25 years (52 individuals), 26–30 years (27 individuals), and over 30 years (13 individuals). This distribution indicates that 97 of the respondents belong to Generation Z. Interestingly, despite their relatively young age, 101 respondents demonstrated a basic understanding of Islamic financial principles.

Cryptocurrencies have the potential to improve financial inclusion, especially for populations historically underserved by the conventional banking system. In Indonesia, where more than half of the population remains unbanked, crypto-assets provide an accessible alternative via mobile technology (Giovanny, 2024). According to Triple-A (2024), 38 million Indonesians—approximately 14% of the population—have already engaged in the cryptocurrency ecosystem.

Our survey findings reveal that 61 respondents (55.5%) have invested in cryptocurrency, signaling a notable increase from previous periods. This growth aligns with observations from Yano (2024), who attributes increased participation to the bullish market conditions that often trigger FOMO (Fear of Missing Out) behavior among new investors.

Laksono et al. (2021) further explain the rising popularity of cryptocurrencies as investment instruments, pointing to the growing distrust in fiat currencies. One respondent in our study cited Bitcoin's limited supply and its use in transactions as key motivations for investing, stating that Bitcoin offers a hedge against fiat currency devaluation. Bitcoin's total supply is capped at 21 million coins—a feature designed to maintain scarcity and long-term value (Bittime, 2024). Bitcoin's utility as a transaction tool dates back to 2010, when individuals traded 3,019 BTC for digital items in online games such as Point Blank. More recently, a video posted on the X platform (February 15, 2025) showcased an Indonesian restaurant in the Netherlands accepting Bitcoin as payment, demonstrating growing global acceptance of cryptocurrency.

Despite these technological advancements, the application of cryptocurrency within the Islamic context remains contentious in Indonesia. According to Hidayat (2024), following the 7th Ijtima Ulama conducted by the Indonesian Ulema Council (MUI), cryptocurrencies were declared haram due to concerns regarding speculation (maysir) and uncertainty (gharar). Nevertheless, our survey found that 28.2% (31 respondents) do not adhere to the MUI fatwa.

Further responses revealed that if the government and MUI were to officially legalize cryptocurrencies as halal, 41.8% (46 respondents) would be willing to use them, while 39.1% remained uncertain, and the remainder expressed refusal. Finally, when asked whether cryptocurrencies are more likely to be halal or haram, 47.3% of respondents indicated they were still undecided. This hesitation may be influenced by Indonesia's changing political landscape. The newly elected leadership—President Prabowo and Vice President Gibran—have been perceived as crypto-friendly. In particular, Gibran has publicly supported blockchain and

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cryptocurrency adoption, including plans to recruit crypto and blockchain experts to advance Indonesia's digital infrastructure (Giovanny, 2024).

## Conclusion

Based on the findings and discussion above, it can be concluded that the cryptocurrency ecosystem encompasses both halal and haram elements. Evaluating the permissibility of digital currencies requires a multidimensional analysis—considering not only the technological underpinnings but also religious principles. Our survey reveals that the majority of crypto investors are members of Generation Z, a cohort particularly inclined toward speculative and alternative investment assets. Encouragingly, many of these young investors possess a foundational understanding of Islamic financial jurisprudence, especially in matters of investment ethics and transactional legitimacy.

Moreover, Indonesia's current administration has begun to recognize the strategic importance of blockchain and cryptocurrency technologies by initiating efforts to develop local expertise in these fields. This signals a shift toward greater institutional openness and technological preparedness. Given the growing global adoption of digital assets and their potential to enhance financial inclusion and transactional efficiency, it is advisable for stakeholders—particularly scholars, regulators, and financial institutions—to remain open to technological advancements. Embracing innovation while aligning it with Islamic ethical frameworks may position Indonesia more competitively in the evolving digital economy. In this context, cryptocurrencies hold considerable promise as future instruments for legitimate financial transactions, provided they are governed by transparent and shariah-compliant mechanisms.

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