

Conference Paper

Cryptocurrency: A Currency or Investment Asset?

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Abstract.

As most countries use currencies to denote paper money created as a medium of exchange for buying and selling goods or services. Nevertheless, there are attempts from several entities to create a crypto asset named cryptocurrencies which aims to replace the functions of paper money. The issue arises whether cryptocurrency is valid to be used as a currency or investment asset according to Shariah’s perspective. This article aims to clarify the Shariah views on the legality of cryptocurrency, analyze the suitability of cryptocurrencies as a currency or investment assets, and finally, suggest that cryptocurrency is one of the investment assets or commodities in line with the requirements of Shariah. The research adopts pure legal research methodology utilizing content analysis on the primary and secondary sources. The research findings revealed that Islamic scholars have conflicting views regarding the legality of cryptocurrency as a means of exchange to replace the function of paper money and as an investment asset. Nevertheless, cryptocurrency and crypto assets are required today because of Maqasid Shariah, maslahah, and qawaid fihiyyah. Future research should focus on the usage and practice of cryptocurrency worldwide and its legal application in specific countries.

Keywords: cryptocurrency, currency, investment

1. INTRODUCTION

The advancement of technology has impacted many aspects of human life, both socially and economically [1]. Today’s world is connected thanks to the modern technology of cyberspace that enables cross-border telecommunications and commercial transactions. As a result, there is a need to digitise any goods and services to utilise the latest computer expertise and equipment fully. Cryptocurrencies are one of the most recent creations that spark the evolution of digital technology. The development of cryptocurrency started with the emergence of Bitcoin in 2008. Since then, its growth

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and expansion have continued to the extent that the governments have to enact laws to regulate cryptocurrency operations in the country. In 2021, El Salvador became the first country to accept Bitcoin as a legal tender and require all businesses to use it in the transaction, followed by the Central African Republic when its government announced it as the official currency in 2022. Nonetheless, most countries regard cryptocurrency as another type of investment securities, such as Malaysia and the United States.

The issue arises whether it is valid and permitted as a currency, investment asset, or commodity according to the Shariah perspective. Identifying cryptocurrency's legal nature and classification is crucial as this might affect its application by the Muslim community. If it falls under the type of currency, then the practice of cryptocurrency exchanges will be subject to rules under Bay al-Sarf, a contract of money exchanges in Islam. Islamic law has laid down several rules about currency exchange. These rules avoid *riba* (interest) in the transaction. *Riba* is strictly prohibited in the *muamalat* or Islamic transaction Allah Almighty himself has declared war against the one who takes *riba* as stated in Al-Quran:

“O believers! Fear Allah, and give up outstanding interest if you are a true believer. If you do not, beware of war with Allah and His Messenger! However, if you repent, you may retain your principal—neither inflicting nor suffering harm.” [2]

If it is considered a sukuk (Islamic security) or a commodity, the cryptocurrency's underlying business or usage must not contradict any Shariah rulings and principles.

1.1. Money under Islamic law

Money under Islamic law must fulfill three conditions [3]. Firstly, valuable metals such as gold, silver, or commodity in the marketplace. Thus living things such as animal is not accepted as money in Islam. Second, money must possess the intrinsic value granted by Allah Almighty Himself. Other than that, the *ribawi* items, as explained by Prophet Muhammad (Peace be upon him), like gold, silver, wheat, barley, dates, and salts, also possessed intrinsic values. Thirdly, money is a medium of exchange, and Shariah prohibits charging interest on loans or gambling. If these three features exist in the cryptocurrency, it might qualify as currency in Islamic law. Another research also stated that money evaluates goods and services' value in economic transactions. Islamic financial system divides the roles of money as a medium of exchange for transactions and a unit of account.

1.2. Characteristic of cryptocurrency

Cryptocurrency has these dual characteristics as currency and unit of account. When it is an asset in investment, that function is incompatible with the Islamic financial system as it is a commodity, not money [4]. Fiat money is generally paper money to which the government assigns its value. The government of a country may issue its own paper money as an official currency in that country. Therefore, although fiat money is not backed by any precious physical asset such as gold or silver, it is still considered a valuable asset because of the government guarantee on the worth and price of this paper money. Under Islamic law, fiat money is also acknowledged as currency based on the principle of *'uruf* (customary practice) that most countries accept the application of fiat money nowadays.

1.3. Objectives of this research

As the number of Muslim users and investors showing their interest in cryptocurrency increases, this research aims to elucidate the permissibility of cryptocurrency from a Shariah perspective. Then, the characteristics of cryptocurrencies will be analysed and compared to fiat money to determine its nature as a currency or investment asset. Finally, this research proposes that cryptocurrency is well suited to be introduced as one of the investment assets or commodities as it aligns with the requirements and objectives of Shariah law in promoting the betterment of human life.

2. METHODOLOGY

This study employs a descriptive analysis qualitative study method that involves data retrieval from a library. This strategy was chosen since it is the most effective way to get literature highlights on legislative texts like acts of Parliament, regulations, and judgements from court-decided cases.

3. RESULTS AND DISCUSSIONS

3.1. Crypto assets and Cryptocurrency

The term crypto asset usually indicates digital tokens using distributed ledger technology systems in their operation [5]. It also means a digital representation of value

or contractual rights that use cryptographic technology [6]. Cryptography can secure data and messages from any third party's access using mathematical functions and algorithms to deliver the data to the intended receiver [7]. Cryptocurrency, the most popular type of crypto asset, was first introduced by Satoshi Nakamoto in 2008 [8]. Satoshi Nakamoto's white paper entitled "Bitcoin: A Peer-to-Peer Electronic Cash System" explained that the creation of Bitcoin aims to establish a direct financial system between parties without the need and involvement of a third party, such as a bank or any financial institution [9].

3.1.1. Cryptocurrency, Bitcoin, and blockchain

Cryptocurrency uses blockchain technology, a digital ledger where any transaction regarding the cryptocurrency is recorded in the blockchain. Bitcoin ledger, for example, can be accessed by the public to ensure that every transaction is open and transparent to everybody [10]. This ledger has recorded all Bitcoin transactions since its early establishment in 2008 to enable people to identify the amount of Bitcoin that has been found or mined. Consequently, people will be more convinced to execute any transaction related to Bitcoin, whether selling, purchasing, or transferring it to others, that this crypto asset exists and is available. Bitcoin has inspired the creation of many other types of cryptocurrencies, such as Ethereum, Litecoin, and XRP. In 2022, approximately 35% of Malaysian people owned Bitcoin, whereas Ethereum came in second place with 24% [11]. While Bitcoin serves a function similar to fiat money, other types of cryptocurrency function as a medium of exchange. For example, XRP was launched by Ripple Labs Inc to enable speedy money transfers to others without intermediaries from financial institutions. It aims to become a more cost-effective way of transferring funds across borders than the conventional method [12]. Nowadays, the variety of functions and usages has led to more classification of crypto assets.

3.1.2. Types of Crypto Assets

Some regulatory authorities have classified crypto assets into three token categories based on their functions and purposes [13]. Firstly, it is regarded as a cryptocurrency or payment token if the crypto is utilised as a means of exchange. Secondly, it is known as a utility token when the crypto is necessary to access any online website or service. Finally, if applicable to the investment instrument, it will become a security token. Currently, all digital token is widely known and interpreted as cryptocurrency.

From this classification, some crypto, although known by others as cryptocurrency, may not be regarded as currency at all due to its function as utility or investment purposes only. However, Malaysia regards all digital assets such as cryptocurrency and tokens as securities through Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019. Therefore, cryptocurrency legislation by the Capital Markets and Services Act (CMSA) provisions. Securities Commission also has the power to issue guidelines under section 377(1) CMSA. Some of them are the Recognized Markets Guidelines and Digital Assets Guidelines, which regulate digital asset markets by imposing various requirements and obligations on digital asset intermediaries. Later, the Recognized Markets Guidelines were revised on 31 January 2019 to acknowledge digital asset exchanges (DAXs) as a 'recognized market' pursuant to sections 7(1) and 34 of the CMSA, within the regulatory authority of the Securities Commission [14]. Only Bitcoin and Ethereum are commodities in the United States as they are highly decentralised. However, US Securities and Exchange Commission clarifies in its report No. 81207, issued on July 2017, that most cryptocurrency is a security in investment contracts if the trading involves money. The parties have the same objectives to generate more income. Usually, the promoter or the company of the issuing token does the trading with the expectation of profit but on the efforts of one party only.

Meanwhile, Indonesia legalizes cryptocurrency trading in the country but recognizes them as a commodity [15], just like gold, natural gas, or palm oil, to name a few. Initially, the regulation of crypto trading in Indonesia was under the supervision of the Commodity Futures Trading Regulatory Agency (CoFTRA). According to CoFTRA Regulation No. 7 (2020): CoFTRA published a list of 229 crypto assets that can be legally traded on the exchange and CoFTRA Regulation No. 5 (2019): CoFTRA defines cryptocurrency as a commodity and provides clarity on the regulatory requirements for cryptocurrency exchanges in Indonesia. In 2023, the government intends to shift the regulatory authority to Financial Services Authority in the next two years, which gives the impression that the government will give more recognition to cryptocurrency as securities [16].

3.1.3. Stable Coin

Another type of cryptocurrency that is worth attention is the stablecoin. Generally, stablecoin is a cryptocurrency pegged to the value of another asset, such as fiat money or commodity. It can be an alternative to other cryptocurrencies exposed to price

volatility risk due to external or internal pressure. This crypto asset has three types: fiat-collateralized stablecoins, crypto-collateralized stablecoins, and algorithmic stablecoins [17]. Tether (USDT) and TrueUSD (TUSD) are examples of fiat-collateralized stablecoins whose value is backed by United States fiat money. Alternatively, cryptocurrencies back crypto-collateralized stablecoins. However, when the value of reserve cryptocurrencies increases, the overcollateralized event might happen if the price exceeds the stablecoins' value. MakerDAO's Dai (DAI) is an example of a stablecoin backed by Ethereum. Lastly, algorithmic stablecoins rely on the algorithm to control the stablecoin supply to maintain stability and value. The algorithms will supervise the supply and demand automatically using the smart contract [18]. However, many algorithmic stablecoins are unsuccessful due to the absence of actual reserve assets.

In short, cryptocurrency investment and trading are pretty popular nowadays. It has become a trend worldwide, just like foreign exchange trading. Nevertheless, foreign exchange trading, commonly referred to as forex, was declared non-Shariah compliant as it does not meet *Bay al-Sarf's* requirements. In order to impose the rules of *Bay al-Sarf* on cryptocurrency, it must be first established that cryptocurrency falls under the category of money following Islamic law.

3.2. Comparisons between Fiat Money and Cryptocurrency

The features of cryptocurrency need to be examined and comprehended before deciding its status and categorization. Therefore, a comparison can be made between fiat money and cryptocurrency to identify whether cryptocurrency can be qualified as a currency. Both fiat money and cryptocurrency are generally viewed as valuable assets by most countries worldwide. Some cryptocurrency has attained a high standard of fiat money as valid legal tender in a country such as accepting Bitcoin as currency in El Salvador and Central African Republic. Nonetheless, some features of fiat money differentiate it from cryptocurrency, signifying that it is more reliable as a currency than crypto assets. First, a country's government, usually the central bank, issues fiat money. Without a doubt, fiat money will be recognized as legal tender in the issuing country and might also be acceptable in other countries—meanwhile, cryptocurrency's origin by an individual or a corporation. There are numerous establishments of new cryptocurrencies every year, created by different entities around the world. Therefore, not all people in that particular country may accept the use of cryptocurrency in business and transactions as they do not view any particular cryptocurrency as valuable with goods and services. The element of decentralisation in cryptocurrency is another

feature that distinguishes it from fiat money. As the government issues fiat money, the government can control the management and administration of the money. Intervention by the government in the supply of money inside the country is crucial as it will consider the economic impact of the country, for instance, to prevent inflation. On the other hand, cryptocurrency might be abundantly produced and become out of control as the government might not be able to trace all cryptocurrency available in the online system. People can freely trade crypto worldwide, buying or disposing of more crypto whenever they like, as the crypto market opens and is available 24 hours daily. Fiat money's intrinsic value comes from the backing of the government itself. People trust the worthiness and price of this paper money because the government guarantees its value [19]. Nevertheless, cryptocurrency has no inborn value. Its value depends on the demand and recognition by the public. It is valuable if a cryptocurrency is well-known and widely used in the market, such as Bitcoin. It has been reported that around 1,700 to 2,500 types of cryptocurrencies have been unsuccessful and become worthless [20].

Another role of currency is to store value. Fiat money is suitable as a store of value as it maintains its value for a long time with fewer worries about its depreciation. Cryptocurrency, on the other hand, is highly volatile. For example, Bitcoin reached 61,837.26 USD on October 2021 but decreased to 26,884.37 USD on May 2023 [21]. The difference between year to year is too high. As explained before, there are also several cases of failed cryptocurrencies. Therefore, this crypto asset might not be suitable for storing value as fiat money. Cryptocurrency also has been proven to be inversely correlated with fiat money issued by the United States, the US Dollar. Appreciation in the value of Bitcoin will cause a fall in the price of the US Dollar [22]. Therefore, cryptocurrency is a security or hedging asset instrument to mitigate the future risk of fiat money. To sum up, although some types of cryptocurrencies are regarded as valuable and receive recognition from the government of a country, it might be risky to hold them in the same position as fiat money due to the uncertainty of value and the functions that cryptocurrency proposes to serve to its users.

3.3. Islamic Views on the Legality of Cryptocurrency

Islamic scholars have different opinions regarding the permissibility of cryptocurrency. What is the status of cryptocurrency as *mal mutaqqawwam* (valuable property) as money or commodity in Islam? Any property that possesses commercial value can be owned,

stored, and transferred to another party, and beneficial according to the Shariah perspective, will be regarded as *mal mutaqaawwam* [23]. From these characteristics, prohibited goods such as liquor and pork are not considered valuable properties in Islam. Mufti Muhammad Abu-Bakar also explained the definition of property according to the opinions of Hanafi scholars and *jumhur* (majority scholars). Hanafi scholars only accepted tangible goods, excluding usufruct and rights from the definition of property. Most scholars from Maliki, Shafi, and Hanbali schools of thought recognized everything with value as property, tangible or intangible things such as the usufruct [24]. Cryptocurrency is a digital asset without any physical form. It exists virtually in the system and its ownership from the blockchain. According to the majority opinion, it is valuable if its usages and benefits align with Islamic principles.

The first view rejects the application of cryptocurrency both as money and investment asset. For example, Bitcoin is unlawful as it does not possess the characteristics of money. On top of that, it also has an element of *gharar* (uncertainty) which may lead to harm and risk in its transaction. The absence of authority in regulating Bitcoin also makes it easier for any party to exploit Bitcoin for his crime and terrorist activities. Element of speculation also exists as the price volatility of Bitcoin is extremely high [25]. In Indonesia, the Islamic authority believes that cryptocurrency does not amount to money, a similar opinion to its central government that prohibits using it as a payment instrument.

Nevertheless, Asrorun Niam Sholeh from Indonesia Ulama Council announced their ruling that cryptocurrency is not a commodity and digital asset trading as it involves elements of *gharar*, *dharar* (harm), *qimar* (gambling) and does not fulfill conditions of valuable property under the Islamic principles [26]. The price of a particular cryptocurrency, such as Bitcoin, has shown that it may become highly volatile caused by external and socioeconomic factors. There is also research on Inacoin, a cryptocurrency initiated by Iwan Kurniawan, a citizen of Indonesia [27]. Inacoin was created in 2018 to support the creative economy and introduce Indonesian cryptocurrency worldwide. Inacoin cannot qualify as money in Indonesia as not all citizens accept Inacoin as a currency; the existence of uncertainty in the price and the limited supply of Inacoin amounted to 18 million only, which might not be enough to be used as money by all people [28]. Egypt's Dar al-Ifta, an authority in issuing a *fatwa* (religious verdict) in Egypt, also held that Bitcoin is unlawful in Islam, explaining that specific rules for the transaction of funds in Islam and this element is absent in Bitcoin's transaction [29]. Among them, cryptocurrency is a high-risk investment and can cause comprehensive losses to investors, with no compensation provided for such losses. Besides, most Islamic scholars in Turkey also

view cryptocurrency as not permissible as it is not legal tender or money and may cause more social disadvantages [30]. The total prohibition of cryptocurrency was primarily due to its uncertainty and speculation elements, caused by its decentralized feature of eliminating the intervention by any authority or third party.

The second view from a prominent Malaysian scholar regards cryptocurrency as a money and investment asset. Cryptocurrency is lawful as money or a medium of exchange to obtain goods. The justification is that other financial assets, such as currencies and gold, are also experiencing price volatility and instability [31]. Also, cryptocurrency is a secured transaction and promotes the use of cryptocurrency as money [32]. Mufti Muhammad Abu-Bakar views Bitcoin as permissible to be used both as currency or trading with conditions that the application of Bitcoin is only limited to the country that allows its usage and transaction [33]. The proponents of the permissibility of Bitcoin as a currency acknowledge Bitcoin as *mal mutaqawwam* and hold that it is valid to use Bitcoin as money unless any proof exists to reject its permissibility. Bitcoin is valuable because some countries accept it as currency and have a monetary value. The absence of regulations does not hinder the practicality of Bitcoin as a currency [34].

The third view accepts it as an investment asset only. In 2018, the Mufti of Federal Territories declared that cryptocurrency was prohibited from being used as currency in Malaysia because it does not align with currency characteristics under Islamic law regarding storing value and price instability. Nonetheless, it is an investment asset [35]. In 2020, the Shariah Advisory Council (SAC) of the Securities Commission Malaysia held that cryptocurrency investment is permissible with several conditions. Any proceeds, rights, and benefits derived from the cryptocurrency must follow Shariah requirements. However, if there is a combination of proceed and rights from Shariah-compliant activities with non-Shariah-compliant, SAC rules and benchmarking in sukuk will be applicable to determine the legality of cryptocurrency.

On top of that, the cryptocurrencies must be on Digital Asset Exchange registered with the Securities Commission [36]. Malaysia has four registered cryptocurrency exchanges: Luno, MX Global, Sinegy DAX, and Tokenize Technology. In Luno, for example, there are ten types of cryptocurrencies approved by SAC and available for trading, such as Bitcoin, Ethereum, XRP, Litecoin, and Cardano. Furthermore, Islamic cryptocurrencies were issued to foster the market, for example, OneGram, introduced by a company in Dubai claiming it conforms with the Shariah requirements and rules. The operation of OneGram is different from other cryptocurrencies as each coin is backed by at least one gram of physical gold to prevent the speculation and instability of the crypto price to ensure the trading is free from prohibited elements in Shariah [37]. Other than that, there

is also the latest creation of Islamic cryptocurrency in 2023, Islamic Coin, operating in its decentralized ledger, HAQQ Blockchain. Islamic Coin co-founder Mohammed AlKaff AlHashmi intends to support the Islamic finance market by introducing a Shariah-compliant product. He also ensures that any underlying business of the Islamic Coins is approved by its Shariah board to ensure the legality of the cryptocurrency [38].

The above discussion showed different views among Muslim scholars on the Shariah legality of cryptocurrency based on the interpretation of currency and valuable property in Islam.

3.4. The Need for Cryptocurrency according to Shariah Principles.

The evolution of technology contributes to enhancing the quality of human life and activity. Muslim people need to catch up with the latest technology and inventions to be productive Muslims that can serve the religion and country.

Generally, cryptocurrency intends to replace the function of money but might not fulfill the currency elements in Islamic law. Besides that, it also depends on the custom of the people in the country whether to accept it as money or not. Currently, it is not acknowledged as a currency by most countries worldwide. Nevertheless, other functions of cryptocurrency are beneficial for the public. XRP, for example, its purpose is to serve as a medium of exchange for currencies, whether locally or abroad. Using the XRP, money can be transferred immediately without intermediaries and at a lower cost. Trading in XRP might also be profitable to investors if they invest with skill and knowledge. From the functions of XRP, it seems that this crypto asset may work as a utility token and a security token.

One of the Shariah principles under Islamic law is known as *maqasid shariah* (the objectives of Shariah law), where there are five primary objectives that Islam aims to safeguard through its laws and rulings. Islam regards property as an essential element for human beings as *Hifz Mal* (protection of property) becomes the fifth objective in Islamic law. Islam encourages Muslims to work hard and acquire property for the benefit of themselves and others. The property must be obtained legally and spent wisely. Cryptocurrency is a new type of digital asset that might become valuable due to its various functions with the latest technology highly needed in this modern world. Thus, benefits gained from cryptocurrency may help human beings preserve their property following the objective of Shariah law. As mentioned, cryptocurrency may also work as a hedging instrument to mitigate the risk in other financial assets.

In addition, cryptocurrency is an investment asset or commodity through *masalih mursalah* (public interest) principles. *Maslahah* generally means benefit or interest. Syeikh Dr. Abd al-Karim Zaidan has divided *maslahah* into three categories [39]. First is the *maslahah mu'tabarah*, which means any interest Shariah expressly said to protect, such as preserving religion, life, reason, lineage, and property. Second, *maslahah mulghaah* is when the Shariah directly rejects and does not consider the matter as a *maslahah*. For example, the benefit a woman gains if the distribution of *faraid* in the deceased's estate was conducted equally between men and women and the benefit of profit gained by the one who imposes *riba* (interest) in the transaction. These benefits are not *maslahah*, and Shariah will not agree to protect this *maslahah*. Third is the *masalih mursalih*, which means any benefit Shariah acknowledges or rejects. Therefore, anything that is beneficial may be regarded as *maslahah*. The use of *masalih mursalih* in deducing Shariah rulings is supported with textual proof from Al-Quran:

“We have sent you ﷺ Prophet only as a mercy for the whole world.” [40]

Cryptocurrency is not directly prohibited or permitted either in Al-Quran or As-Sunnah. Therefore, it falls under the category of *masalih mursalih*. Cryptocurrency is valuable and fulfills individual and society's needs due to its various functions and advantages. Besides that, any income gains from cryptocurrency trading may be subjected to *zakat* payment when it satisfies the conditions of *zakat*—the collection of *zakat* to help the needy and poor. Mufti of Perlis, one of the states in Malaysia, has already imposed the obligation of *zakat* payable from the proceeds of Bitcoin trading if it fulfils the specified conditions of *nisab* (the minimum amount of property) and *haul* (possession of the property in one year). The Perlis religious authority also accepts both money and Bitcoin as payment [41]. Other states in Malaysia are also reviewing and considering whether to make payment of *zakat* in cryptocurrency mandatory. The attainment of public benefit from the transaction in Islamic Coin. Ten percent of every minted Islamic Coin will be channelled to Evergreen DAO, a non-profit virtual foundation. The fund is to invest in projects involving the Muslim community or contribute to Islamic charities [42]. Therefore, the profits gained through cryptocurrency investment are shared between the investor and other Muslim communities.

Rulings under the Shariah law by *qawaid fiqhiyyah*, Islamic legal maxims in solving contemporary issues that Al-Quran or Al-Sunnah are silent. Nevertheless, all legal maxims are from the general principles and concepts in Al- Quran and Al-Sunnah. Therefore, they do not contradict any express rulings in Shariah law. Al-Burnu has defined *qawaid fiqhiyyah* as a universal legal ruling which may result in a particular legal ruling, while Sheikh Mustafa al-Zarqa said that it is the source or principle containing

brief and clear general rules of law according to its specified topic [43]. Examples of well-known legal maxims that all Muslim scholars accept are *al-umur bi-maqasidiha* (any matters according to the intention), *al-yaqin la yazulu bi-alshak* (certainty cannot by doubt), *al-mashaqqatu tujlab al-taysir* (hardship begets facility), *al-darar yuzal* (harm removed), and *al-'addah muhakkamah* (custom is authoritative). Fiat money is a currency society accepts and aligns with the legal maxim of *al-'addah muhakkamah*. As for now, only two countries accept cryptocurrency, Bitcoin, as their legal currency. Therefore, cryptocurrency might not yet be suitable to be used as money. However, most countries, including Muslim countries, allow the trading and investment of crypto assets, and the volume of crypto investments keeps increasing yearly. Crypto trading has become a regular activity by the public. This fact needed to be taken into account and become one of the reasons for the permissibility of investment in crypto assets. The second legal maxim is *al aslu fi al asyaya' al ibahah* (all matter is originally permissible). Muslim scholars have two conflicting views on the application of this legal maxim. The supporters of this legal maxim relied on evidence from Al-Quran that said:

“But Allah has permitted trading and forbidden interest.” [44]

According to the Islamic principle, every matter is permissible unless a specific ruling prohibits a particular act or matter [45]. For that reason, cryptocurrency usage might be lawful as there is no specific ruling prohibiting the use of the crypto asset as long as it conforms to the Shariah perspective.

To conclude, acceptance of cryptocurrency serves more benefit than its harm. It is also in accordance with *maqasid shariah*, resulting in the application of cryptocurrency, which is therefore necessary and essential for the community's best interest.

4. CONCLUSION

Cryptocurrency is unsuitable for use as a currency due to its high volatility that may involve the prohibited element of uncertainty and speculation under Islamic law. Besides that, there are various types of cryptocurrency creation worldwide. Thus, it might be challenging to determine which of them are suitable and reliable to be used as a currency. Their durability and resilience to maintain relevance needed by society cannot be guaranteed as strong as fiat money issued by a country's central authority or government. Nevertheless, cryptocurrency may be categorized as a commodity for the utility token or an investment asset in cases of security tokens. People see it as valuable and serve some function in their life. Cryptocurrency is the latest invention that might benefit human beings, with its usage and application using the internet for

transboundary communication and transaction. The crypto asset will keep developing, and more functions and serve the purposes to fulfil the needs of society.

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