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FIQH MUAMALAH PERSPECTIVE ON INDODAX CRYPTOCURRENCY PAYMENTS: IMPACT ANALYSIS

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Abstract: This research aims to explain a more in-depth analysis of the effects of using Indodax cryptocurrency payments from the perspective of fiqh muamalah and how it interacts with the principles of fiqh muamalah. This research is qualitative and uses a library research method. The author collects data, analyses it, and concludes the sources of information obtained. The results show that the impact of using Indodax cryptocurrency payments triggers concerns regarding the elements of gharar (uncertainty) and maisir (gambling) due to the highly fluctuating value and speculative nature that are sometimes involved in trading this digital currency. Because legal authorities do Not regulate cryptocurrency and have No Intrinsic Value, Cryptocurrencies can be affected by market manipulation, such as pump-and-dump schemes, where the price of a cryptocurrency is artificially inflated and then sold in large quantities, causing the price to crash. Such practices are a form of fraud and tadlis because they mislead other investors.

Keyword: Cryptocurrency, Indodax, fiqh muamalah

A. Introduction

The digital world is developing rapidly, and the global community feels its development is massive. The development of information technology brings benefits and certainly affects the dynamics of social life in society, such as getting information and interacting; economic activities are also becoming more dynamic, such as online transactions, buying and selling activities, and renting products or services online. (Rachmaditya, 2023)

The buying and selling activities occurred through direct face-to-face transactions between seller and buyers. Now, sellers and buyers only transact virtually or online using specific platforms. In the era of the Industrial Revolution 5.0, there have been changes in the industrial system order from technology, trade, and banking; like it or not, all business systems that still apply conventional methods switch to digital. This allows sellers and buyers to make transactions without moving in a more efficient time and save on costs. (Genda & Jasmin, 2024).

More sophisticated technology can affect economic payment systems that impact people's lives today. Modern people prefer electronic payment systems to cash transactions because of their ease. Today's society, which is starting to choose to use electronic payment systems in transactions, must be connected to the development of online buying and selling practices that are becoming a lifestyle trend. (Feliyani & Ardiyanto, 2022).

The development of the increasingly widespread digital era has resulted in a change in the payment system that provides services that facilitate economic activities. It also has an impact on people's financial behavior. The emergence of cryptocurrency as a digital currency has almost the same function as other currencies. The difference is that cryptocurrency does not have a physical form like paper money but is a data block bound by a hash as its validation. Although its presence has a terrific impact on its users, there is still a debate both in terms of regulation and legality, especially from the perspective of Islamic law for its users. (Genda & Jasmine, 2024).

Cryptocurrency, particularly Bitcoin, has become an increasingly important topic in today's global economy, controlled by rapidly expanding digital and financial technology. (Ardiyansyah et al., 2024). Bitcoin is commonly utilized in international trade as a payment method for online buying and selling. However, Bitcoin is not a virtual currency. Financial institutions charge incredibly high transaction fees, particularly when transacting between nations. Transaction fees are cheap because users interact directly without using financial institutions as intermediaries. Inflation does not affect the value of cryptocurrencies; instead, demand and supply in the market do. Based on this condition, cryptocurrencies can bring numerous benefits simultaneously. (Denny & Disemadi, 2023).

Bitcoin is like Expedia, the world's largest travel company website, which adopts Bitcoin payments. Then there is Apple, the American technology giant that has announced that its users can buy Bitcoin through the Apple Pay application. Likewise, Microsoft, the world's largest technology company, accepts Bitcoin as a payment method for purchasing applications, Windows software, and Xbox games. These are some of the big companies in the world that accept Bitcoin's existence and indirectly show through these companies their support for Bitcoin in the business world. Many people are starting to own and trade their crypto assets in Indonesia. Crypto asset trading in Indonesia is available on the online blockchain platforms Indodax and Tokocrypto. (Diaz & Febriadi, 2022).

Cryptocurrency in Indonesia is not illegal; through Bank Indonesia, the government allows cryptocurrency to be stored or traded as an asset, with each person bearing the risk. This is evidenced by the issuing of a permit to establish Bitcoin Indonesia, now known as the Indonesia Digital Asset Exchange (Indodax). (Priyatno & Atiah, 2021)

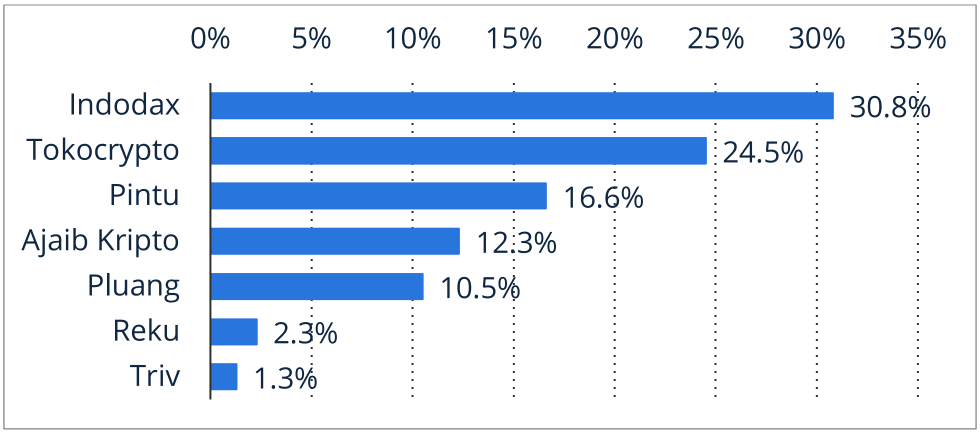

Figure 1. Most used cryptocurrency exchanges in Indonesia as of January 2024

Source: Statista

In January 2024, Indodax ranked first as Indonesia's most widely used crypto exchange, with 30.8% of respondents choosing this platform to transact digital currencies. Tokocrypto, used by 24.5% of users, is in second place. Pintu is in third place with 16.6% of respondents, followed by Ajaib Kripto with 12.3%, and Pluang, used by 10.5% of respondents. The other two platforms, Reku and Triv, have a smaller user share, used by 2.3% and 1.3% of respondents, respectively. This data illustrates the crypto exchange landscape in Indonesia, where Indodax and Tokocrypto hold significant dominance.

According to research by Muna & Firmansyah (2024), it is entitled Fiqh Mu'amalah Perspective on the Use of Bitcoin as a Transaction in Buying and Selling (Al-Ba'i), which examines Islamic views on the use of Bitcoin as a buying and selling transaction (Al-Ba'i). The results are that the law of using Bitcoin in buying and selling is permitted if it does not contain usury, gharar (uncertainty), or maysir (gambling) and does not violate Islamic law ethics.

Research conducted by Herlin Utami in 2023 on the sale and purchase of Bitcoin cryptocurrency from the perspective of contemporary muamalah fiqh discusses how Bitcoin transactions are viewed in Islamic law. This study considers the pros and cons of using Bitcoin as a means of payment, especially regarding issues such as instability of value and ambiguity that can potentially be detrimental. This study uses a fiqh approach to assess the suitability of Bitcoin transactions within a Sharia framework based on justice and certainty.

According to research conducted by (Feliyani & Ardiyanto, 2022) titled "Buy and Sell with Bitcoin from the Perspective of Fiqh Muamalah," Transactions show that the practice of buying and selling with Bitcoin as an exchange tool, whether for exchange or investment business needs, especially in online financial transactions, is included in the doubtful. Something doubtful should be abandoned because it does not bring benefits, and at the same time, the goal of Islamic law, namely its welfare, cannot be realized.

Previous studies only discussed cryptocurrency without highlighting specific platforms such as Indodax and its impact. Therefore, from the description, the author intends to make this research use a more in-depth analysis that will be conducted on the effects of the use of Indodax cryptocurrency payments from the perspective of fiqh muamalah and how it interacts with the principles of fiqh muamalah.

B. Method

The research method used in this study is library research, where the analysis is conducted by reviewing existing literature related to both fiqh muamalah and the development and regulation of cryptocurrencies. The literature reviewed includes perspectives from Islamic jurisprudence governing transactions and economic activities and technical analyses of cryptocurrencies operating in today's digital ecosystem. The study aims to assess whether transactions involving cryptocurrency on platforms like Indodax align with the principles of fiqh muamalah, which emphasizes justice, transparency, and the permissibility of transactions according to Islamic law.

From the perspective of fiqh muamalah, several key issues are of concern, such as whether the use of cryptocurrency in transactions involves elements of riba (usury), which is prohibited in Islam, or whether there is any element of gharar (excessive uncertainty) that could potentially harm the parties involved in the transaction. Additionally, this study explores whether cryptocurrency, as a means of payment and investment, meets the criteria of legitimate assets under Islamic law and how it impacts ownership and the transfer of assets in the context of Islamic legal principles. Through this library research, the study aims to provide a deeper understanding of whether the use of cryptocurrency through platforms like Indodax can be accepted within the framework of fiqh muamalah.

C. Result and Discussion

a. Indodax cryptocurrency payments

Digital currency (Cryptocurrency), or crypto money, is a means of exchange whose transaction techniques are carried out virtually or via the Internet. In principle, digital currency is made or created from popular Blockchain codes. Because it is made from a series of digital codes, this currency has no physical form and cannot be duplicated or tracked by its owner. Thus, the way it is stored and used is undoubtedly different from traditional currency or what is called fiat by crypto money players. (Wandri & Arsal, Rahmiati, 2022)

Cryptocurrency has many types, with more than 9,549 circulating globally and approximately 21,322 publicly traded cryptocurrencies circulating. Based on these two reports, the most popular type of Cryptocurrency is Bitcoin. (Fauzi & Mursal, 2023). Bitcoin is the most common form of virtual currency used in transactions since 2009. A Bitcoin-based digital currency, Litecoin, was first released to the public in 2011 and uses the same underlying software. (Anisa et al., 2023).

Someone who wants to transact with Bitcoin must first have a wallet and address (account) to receive or send Bitcoin to others. After having a wallet and Bitcoin address, the person must find a service that exchanges Bitcoin (Bitcoin exchanger). (Feliyani & Ardiyanto, 2022)

In 2009, Satoshi Nakamoto created Bitcoin. Its proof-of-work scheme uses a cryptographic hash function known as SHA-256. In October 2011, a similar coin called Litecoin was released. Then, in October 2011, Litecoin was issued, the first successful cryptocurrency that used script as its SHA-256 hash function. Bitcoin is the most popular cryptocurrency after the emergence of the cryptocurrency phenomenon today. (Jati & Zulfikar, 2021).

Since then, many sites or entrepreneurs have allowed payments, such as Amazon, Namecheap, WordPress, and several well-known brands, to use cryptocurrency as a means of transaction. However, the legal status of cryptocurrency itself still varies and is still changing in various countries. Some countries allow it, and some countries openly prohibit or limit the use of this cryptocurrency. (Rachmaditya, 2023)

A regular service can manage thousands of addresses, whereas more extensive services can handle millions. We discover services by using Blockchain-specific properties. Blockchains utilize various techniques to verify transactions graphically, but the Bitcoin blockchain records all transactions using Unspent Transactions (UTXOs). UTXOs are unspent outcomes from prior transactions that users can transfer to other Bitcoin addresses (Goldsmith et al., 2020).

A typical service can control thousands of addresses, while more significant services can even reach millions. We identify services by exploiting features unique to the blockchain. Blockchains use many approaches to verify transactions graphically, but the Bitcoin blockchain relies on Unspent Transactions (UTXOs) to record all transactions. UTXOs are unspent results from previous transactions, which users can transfer to other Bitcoin addresses (Goldsmith et al., 2020).

The Bitcoin database network automatically stores the buyer and seller data for transactions. Bitcoin transaction data that enters and exits Bitcoin is permanently recorded and distributed openly, verified through a computer network using cryptography, connected peer-to-peer, and distributed to the entire computer network of Bitcoin owners worldwide. Bitcoin is not stored in an account like in a bank that can be frozen at any time; it is stored in a computer wallet or computer, or called a wallet file so that it can be controlled at any time. (Arminanto & Firmansyah, 2022).

One of the platforms for making transactions using Cryptocurrency is Indodax. Indodax is a technology-based blockchain and crypto asset company that buys and sells cryptocurrency assets (Bitcoin, Ripple, Ethereum, and more than 160 other crypto assets worldwide) with 24-hour market activity. Indodax was founded in 2014, serving over 4.3 million registered and verified members. Indodax is also registered with BAPPEBTI (Commodity Futures Trading Supervisory Agency) and has obtained two international certifications in the first crypto asset marketplace company in Indonesia, namely in 2019, namely ISO 9001: 2015 and 27001: 2013.

Furthermore, in July 2021, it received another certification, namely ISO 27017: 2015, so Indodax obtained 3 ISO certifications. In this case, Indodax has become a trusted crypto asset investment platform provider, with recognition from the Indonesian government and international standardization obtained.

Key Features of Indodax:

1. User-Friendly Interface: The platform provides a simple, easy-to-navigate interface for beginners and experienced traders. It supports trading on spot markets and advanced trading features like margin trading for more experienced users.

2. Payment Methods: Indodax accepts deposits and withdrawals via IDR, making it convenient for Indonesian users. Users can fund their accounts through bank transfers, local e-wallets, and other traditional payment systems.
3. Security and Regulation: Indodax emphasizes the security of its users' assets, implementing measures such as two-factor authentication (2FA) and cold storage for most cryptocurrencies. The platform is also registered with Indonesia's Commodity Futures Trading Regulatory Agency (BAPPEBTI), ensuring it operates within the framework of Indonesian regulations. This regulation provides some level of assurance to users regarding the platform's legitimacy.
4. Trading Fees: Indodax charges trading fees based on the volume of transactions. These fees are typically competitive compared to other platforms in the region. They also offer lower fees for makers (users who add liquidity to the market) and higher fees for takers (users who match existing orders).

To make a transaction to buy and sell assets on Indodax can be done starting from 10 thousand rupiah, although the price of crypto assets such as Bitcoin and others can be worth hundreds of millions of rupiah per coin. Indodax has a vision and mission to provide access and services to crypto assets quickly, easily, and safely for everyone. (Moch & Hs, 2022)

Cryptocurrencies and their underlying technology (Blockchain) offer numerous advantages that set them apart from traditional currencies and financial systems. However, despite these benefits, cryptocurrencies also present several drawbacks, such as the need for a more general understanding, limited acceptance, high investment risks, price volatility, and the inability to recover lost payments.

b. Fiqh of Muamalah

The definition of Fiqh Muamalah comprises two words: fiqh and mu'amalah. Fiqh in language means al-fahmu (understanding), while in terms of terminology, fiqh means the science of the laws of sharia amaliyah which are excavated or obtained from detailed evidence. According to Muhamad Yusuf Musa, as quoted by Qomarul Huda, Muamalah is the rule of Allah that must be followed and obeyed to live in society and protect human interests.

The definition of fiqh muamalah initially had a broad scope, namely the rules of Allah that humans must follow and obey in living in society to protect human interests. However, lately, the definition of fiqh muamalah has been more widely understood as the rules of Allah that regulate human relations regarding obtaining and developing property or, more precisely, the rules of Islam regarding economic activities carried out by humans.

Fiqh muamalah serves as a guide for various economic activities, including trade, investment, and contracts. It provides a legal framework that helps individuals navigate complex financial landscapes while ensuring compliance with Islamic law. This guidance is crucial in a globalized economy where transactions are often cross-cultural and legal boundaries. By establishing clear transaction rules, fiqh muamalah encourages economic participation by providing a safe environment for investments and business operations.

This inclusiveness is essential for promoting economic development inside and outside Muslim communities. Fiqh muamalah significantly addresses modern challenges such as fraud, exploitation, and unethical business practices. Emphasizing fairness and transparency helps mitigate risks associated with financial dealings in both traditional and digital contexts. The urgency of Fiqh Muamalah in Digital Currency Innovation: The rapid advancement of digital currencies necessitates an urgent application of fiqh muamalah principles:

1. Navigating New Financial Instruments

As cryptocurrencies gain popularity, there is a pressing need for clear guidelines on their use within Islamic finance frameworks. Fiqh muamalah can provide essential insights into how these digital assets can be utilized ethically and legally within Islamic contexts.

2. Protecting Consumers

With the rise of digital currencies comes increased risks related to fraud and market volatility. Fiqh muamalah offers protective measures by emphasizing ethical trading practices and consumer rights, ensuring users are safeguarded against potential exploitation.

3. Enhancing Financial Literacy

Incorporating fiqh muamalah into discussions about digital currencies can enhance financial literacy among Muslim communities, equipping them with the knowledge needed to engage safely in modern financial markets while adhering to their beliefs.

Fiqh muamalah is critical in shaping ethical economic interactions within Islamic finance, particularly as innovations like digital currencies emerge. Providing a robust transaction framework while addressing contemporary challenges ensures that economic activities align with Islamic values and principles.

c. Analysis of the Use of Indodax Cryptocurrency Payments in the Perspective of Fiqh Muamalah

According to research by (Zazuni, 2022). Entitled analysis of Sharf contracts on the practice of the UIN Mataram academics about buying and selling bitcoins through the indodax application perspective of the Sharf contract in practice. It has rules and conditions, namely, the handover of the contract object before the contracting parties is separate and similar, there is no khiyar, and it is not deferred. Furthermore, foreign exchange sale and purchase transactions described in DSN-MUI Fatwa No.28/MUI/III/2002 concerning buying and selling currencies (al-sharf) only use spot transactions because spot transactions themselves are transactions of buying and selling foreign exchange for delivery at that time (Over The Counter) or settlement no later than within two days. The law is permissible because it is considered cash, while within two days, it is considered an inevitable settlement process and an international transaction. Forward and Swap transactions are haram because they contain elements of maisir and gharar, as described.

Cryptocurrency trading and Al-Sharf (currency exchange) have inherent similarities, particularly in exchange mechanisms, but also notable differences when analyzed through the lens of fiqh muamalah. Al-Sharf refers to the exchange of physical currencies (fiat) based on mutually agreed rates. It requires both parties to perform the transaction immediately (spot exchange), ensuring fairness and clarity in the exchange process. Cryptocurrency, conversely, deals with digital assets that are not physically held but exist in a decentralized ledger known as the blockchain. While cryptocurrencies such as Bitcoin or Ethereum are traded on digital platforms in real-time, the volatile nature of their prices and the speculative risk involved raises concerns about their compliance with Islamic finance principles, particularly about gharar (uncertainty) and maisir (gambling).

In terms of fiqh muamalah, both cryptocurrency trading and Al-Sharf involve risk, but cryptocurrency, due to its speculative nature, introduces higher levels of uncertainty and price volatility. Al-Sharf transactions are traditionally seen as permissible under Islamic law as long as they adhere to principles of fairness, no usury (riba), and no uncertainty (gharar). However, introducing cryptocurrencies into the market raises new questions about whether this exchange form fits within these traditional legal frameworks. The fact that cryptocurrencies lack a tangible underlying asset and are subject to market manipulation and fluctuating demand creates the need to explore further whether they can be classified as permissible or forbidden (haram) under Islamic law. Thus, the comparison between Al-Sharf and cryptocurrency highlights the necessity of reviewing modern financial innovations through fiqh muamalah.

Business transactions that are forbidden are grouped into two laws. Namely, the first is haram lidzatihi, which indicates that the object of the transaction is forbidden goods. The second law is haram lighairihi, which means it is forbidden due to causal factors outside the object of the transaction. In Islamic law, there is also no term money demand for speculation because speculation is prohibited. (Nisa & Rofiq, 2021)

The review of fiqh muamalah on crypto asset buying and selling transactions explains eleven important points regarding Bitcoin or crypto assets, including that Bitcoin in several countries is classified as a foreign currency. In general, it is not recognized by authorities and regulators as an official currency and exchange tool because it does not represent the asset's value. However, crypto assets are allowed as a means of exchange because there must be a handover (taqabudh) and the same quantity if the type is the same. If the type is different, it must be taqabudh in essence or hukmi (there is money and bitcoin that can be handed over). Because its existence has no supporting assets, the price cannot be controlled, and its existence is not officially guaranteed, much speculation is likely haram because it will only become a tool for playing profit and loss, not a profitable business. (Diaz & Febriadi, 2022)

This is according to the rules of fiqh, which means: "Rejecting mafsadat is more prioritized than taking benefit. Because mafsadat can spread and spread everywhere," which will cause more significant damage. This is analogous to the prohibition of gambling and intoxicating drinks (khamr). The benefit level generated by Bitcoin is more significant than that generated by using Bitcoin at the hajiyyat level. In comparison, the level of mafsadat is much greater than hajiyyat, namely at the dharūriyat level, because rejecting mafsadat takes priority over realizing benefit.

دَرْءُ الْمَفَاسِدِ أَوْلَى مِنْ جَلْبِ الْمَصَالِ حِ

Meaning: Rejecting mafsadat takes priority over taking benefits.

Cryptocurrencies in circulation still have various problems, so not all countries recognize their existence as a currency. The problems contained therein can give rise to enormous consequences, so using cryptocurrency as currency cannot be justified according to Islamic law. Many conditions still need to be met in making currency, so its implementation can cause a large mafsadah. (Lahuri & Mumtaz, 2024).

This is causing a stir because the digital currency in cyberspace can also be used in the real world. In terms of the internal aspect, namely ontologically, the existence of Bitcoin is declared legitimate according to 'urf. However, it is not enough to look at one aspect; it is also necessary to look at it from the external aspect, namely the adverse effects that can arise from its use, such as the value of Bitcoin. (Ardiyanto, 2020)

Another aspect to consider is the side of its more significant harm than the benefits taken if used as a payment or transaction and even as a commodity, as explained regarding its benefits and harms. Every risk of weakness in its security is misuse or criminal acts against using or accessing Bitcoin, mainly if controlled by another irresponsible party. If so, everything must be borne by the Bitcoin community or user. Of course, there will be a greater risk of danger for the Bitcoin community and its users. Therefore, using something other than the digital money exchange tool to transact in buying and selling practices is better. (Feliyani & Ardiyanto, 2022).

Dharar is, in other words, something that causes harm or danger that can harm one party. When there is a crime such as money laundering, the government is not responsible for the loss; that is the dharar that exists in using Cryptocurrency or Cryptocurrency. The rise and fall of the price of a cryptocurrency or cryptocurrency are partly because its market capitalization is small, making the rise and fall of the coin price faster besides that, the community can also indirectly influence the rise and fall of the price of a cryptocurrency or cryptocurrency, in other words, its value is determined by supply and demand because the community makes Cryptocurrency or Cryptocurrency alive when the community is no longer active or makes their Cryptocurrency or Cryptocurrency alive, the price of the coin will likely fall, the one who is harmed is the investor or the one who buys Cryptocurrency or Cryptocurrency (Preshila & Hidayat, 2022).

Grants in money laundering activities are intended to separate funds from criminal acts or other illegal activities and channel them to philanthropic or other charitable institutions, both formal and informal, so these funds can be disguised as charitable funds benefiting others. In contrast, these monies must be accounted for in criminal court and reimbursed when the violation is found. (Setiawan, 2023).

In Indonesia, regulations regarding cryptocurrency have been stipulated through various government regulations that have issued joint regulations with the Commodity Futures Trading Supervisory Agency (BAPPEBTI). For example, Regulation Number. 7 of 2011 concerning the rupiah currency confirms that cryptocurrency is not a legal means of payment in Indonesia. In addition, Bappebti Regulation Number 5 of 2019, Article 7 Paragraph 1, which regulates the technical provisions for the operation of the physical market for Crypto assets on the futures exchange, defines Cryptocurrency assets as a concept in technology that refers to a network that is directly connected without going through another party or can be called decentralized. No central authority controls or supervises the network in cryptocurrency, such as blockchain. Distributed ledger technology, better known as blockchain, is the basis of most Cryptocurrencies, such as Bitcoin. (Djati & Dewi, 2024)

Cryptocurrency in Indonesia still causes many differences of opinion from various parties, such as the central government prohibiting the use of crypto as a means of transaction. According to Bank Indonesia in a press release in February 2014, based on Law Number 7 of 2011 concerning Currency and Law Number 23 of 1999, which was later amended several times, most recently by Law Number 6 of 2009, it states that digital currency is not considered a legal currency in Indonesia. Each bears the risk of digital money circulation.7 According to data from Bappebti, in 2022, crypto asset transactions in Indonesia reached 83.8 trillion and had 12.4 million users in Indonesia. It proves that the development and enthusiasm of crypto users in Indonesia are massive. (Genda & Jasmin, 2024).

The current conditions for buying and selling crypto on the Indodax platform are suspected of being hacked, according to a report by the Web3 security company Cyvers Alerts, shared via their X (formerly Twitter) account. Cyvers revealed that Indodax was involved in a series of suspicious transactions with large amounts of money. Several addresses were reported to hold assets worth $14.4 million (approximately IDR 221 billion), later converted into Ether. After further investigation, Cyvers revised the loss estimate to $18.2 million (approximately IDR 280.55 billion) from 150 transactions. (Rully, 2024)

Crypto is very volatile, meaning that it can go up or down in a matter of minutes. For example, three years ago, the price of bitcoin was still around 200 million rupiahs for one coin. However, the price rose to around 900 million rupiahs at the end of last year before going down again, and now the price is around 400 million rupiahs per coin. From here, we can conclude that crypto has a very volatile or fluctuating value, so the risk is very high, very high, and higher than other investments, such as stocks. (Widhiarti et al., 2022).

Some countries classify it as a foreign currency. Because it does not reflect the value of assets, authorities and regulators usually do not recognize it as an official currency and exchange tool. Its trading is highly speculative because Bitcoin transactions are similar to transactions in the forex market. Bitcoin is more similar to gharar as an investment (speculation that harms others). (Fajaruddin et al., 2023)

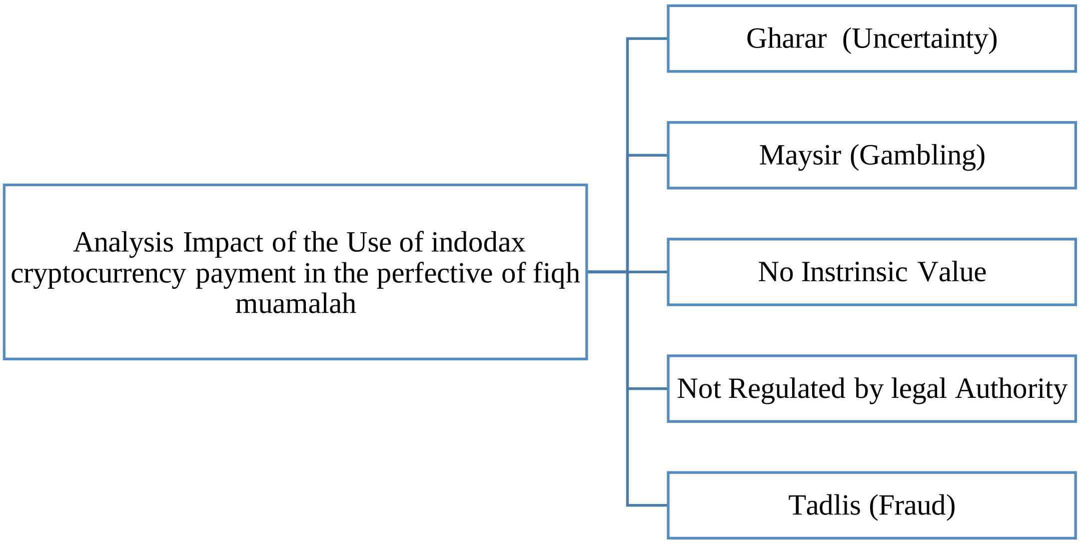

Figure 2. Analysis of the Impact of Using Indodax Cryptocurrency Payments in the Perspective of Fiqh Muamalah

1. Gharar (Uncertainty)

Cryptocurrencies contain gharar due to their high volatility and uncertainty of value, which can harm one of the parties in the transaction, contrary to Islam's principle of justice. (Jati & Zulfikar, 2021). The fiqh mu'amalah perspective on using Bitcoin in buying and selling states that cryptocurrencies can cause gharar due to the lack of value certainty, which often relies on speculative markets (Muna & Firmansyah, 2024).

2. Maisir (Gambling)

Bitcoin contains many elements that are prohibited in Islam, such as the practice of gambling that is deliberately engineered. There are elements of gharar in the exchange tool used, and it is feared that there will be harm, especially for users or the wider community who use it. So the practice of buying and selling with bitcoin, whether for the need for an exchange tool or investment business, especially in online financial transactions, is included in sunhat (matters whose law is still unclear, whether it is permissible or not), and something that is syubhat should be abandoned, because it does not bring benefits at the same time, the goal of Islamic law, namely its welfare, cannot be realized. (Ardiyanto, 2020).

3. No Intrinsic Value

According to Islamic Monetary Theory Value. Since it exists only in digital form, Bitcoin has no intrinsic value or physical form, and a company does not issue it, nor is it under the jurisdiction of a company. Anything must have an inherent value that someone can profit from to be considered a commodity, and Bitcoin does not meet these requirements. Due to the speculative nature of cryptocurrencies like Bitcoin, governments and academics have decided that individuals should refrain from investing in them to avoid losses. It is the fundamental justification for the arguments against using and prohibiting cryptocurrencies. Understanding cryptocurrency mining and trading is crucial to determining whether digital currencies are permissible in Islamic finance, which is why we have seen the emergence of Sharia-compliant cryptocurrencies in some form; this will be discussed in the next section. (Nabeel. K & Sumathy, 2023)

4. Not regulated by legal authorities

During his reign, Umar argued that the issuance of money was the authority of the authorized party (ulil amri), as he said during his tenure as a caliph for the Muslims. The meaning of all amri in this context is the authority assigned by the imam to issue money according to the provisions that have been previously regulated. Authorities in this field, committed to the Islamic values they adhere to, can impose limits on the amount of money according to the overall condition of the people and the level of development at that time to encourage future economic growth. (Bakia & Dita, 2023)

The use of cryptocurrencies, especially Bitcoin, as a means of payment in Indonesia still needs to be officially recognized. Although there have been positive developments in regulations such as Bappebti Regulation No. 7/2020, which allows the trading of crypto assets in the physical market, cryptocurrencies still need to be considered legal currencies that can be used for domestic payment transactions. Law No. 7 of 2011 concerning Currency stipulates that the rupiah is the only legal tender in Indonesia. The prohibition on using cryptocurrencies as a means of payment is also emphasized in Bank Indonesia

Regulation 20 of 2018 concerning Electronic Money, which does not cover cryptocurrencies due to their inconsistency with the definition of electronic money.

E-money is a prepaid card or stored-value system that allows users to hold a specific monetary amount on an electronic device. Users can load this balance by depositing cash or transferring funds from their bank accounts. This stored electronic value can be used for making payments, with the balance decreasing upon transactions and increasing with additional deposits or top-ups. (Hardiyanti et al., 2024)

Bank Indonesia regulations, as outlined in PBI 18/40/PBI/2016 on Payment Transaction Processing and PBI 19/12/PBI/2017 on Financial Technology Implementation, assert that Bank Indonesia, as the payment system authority, prohibits all payment system service providers from using cryptocurrencies for payment purposes. Nonetheless, cryptocurrencies are acknowledged as tradeable crypto assets on physical markets but are not recognized as legal tender.

The regulations establish a comprehensive crypto asset trading framework, including specific guidelines and processes. Furthermore, Payment Service Providers found violating the prohibition on using cryptocurrencies as a payment method face administrative sanctions. Individuals who fail to utilize the rupiah in financial transactions may also face criminal penalties from the government. Due to the intricate nature of these laws and the uncertain legal status of cryptocurrencies, there have been calls for more precise regulations. These include specifying the classification of cryptocurrencies as a currency or exchange medium, defining use restrictions, overseeing transactions, addressing taxation and deposit guarantees, and implementing blockchain technology. (Ruslina, 2023).

In 2016, the Financial Services Authority (OJK) issued regulations regarding fintech. The regulation is OJK Regulation No.77/POJK.01/2016 concerning Information Technology-Based Money Lending Services. The regulation does not provide any provisions regarding cryptocurrencies. Recently, on August 16, 2018, OJK issued Regulation No.13/POJK.02/2018 concerning Digital Financial Innovation in the Financial Services Sector. This regulation mainly regulates the operation of digital financial innovation, which can only be licensed through the regulatory sandbox trial model after a successful trial.

5. Tadlis

Cryptocurrencies can be affected by market manipulation, such as pump-and-dump schemes, where the price of a cryptocurrency is artificially inflated and then sold in large quantities, causing the price to crash. Such practices are a form of fraud and tadlis because they mislead other investors. Some Forms of Tadlis in Cryptocurrency on Indodax

1. Price Manipulation: One form of tables that may occur on platforms like Indodax is cryptocurrency price manipulation. For example, a person or group of people can manipulate the price of a digital asset in a non-transparent manner, either through pump and dump (artificially pushing the price up and then selling at the peak) or spreading false information to change the market. This can be considered tadlis because it involves deception detrimental to other parties.
2. Non-Transparent Information: Tadlis can also occur if platform users need to provide transparent information about the digital assets they are trading or if

important facts related to the actual condition of the cryptocurrency are concealed. For example, if an asset sold on Indodax has security or technical issues that are not disclosed transparently, this can be considered tadlis.

3. Identity Fraud and Security: Identity fraud (fake identities) and security attacks (such as phishing or private key theft) can be significant problems in cryptocurrency. If a user on Indodax hides their real identity or uses false information to make transactions, this falls under tables. In Islam, transactions must be carried out transparently, and the parties involved must be known and accountable.
4. Offering of Fake Products or Unauthorized Assets
   In cases where the cryptocurrency traded on Indodax turns out to have no legitimate value or the seller sells tokens that are not genuine, this is also a form of tadlis. Offering goods with no legitimate value basis (either because they are not recognized or fake) is considered fraudulent. In Islam, transparency and honesty are essential principles for every transaction. Allah SWT says in the Al-Quran Surah Al-Isra Verse 35

وَأَوْفُوا۟ ٱلْكَيْلَ إِذَا كِلْتُمْ وَزِنُوا۟ بِٱلْقِسْطَاسِ ٱلْمُسْتَقِيمِ ۚ ذَٰلِكَ خَيْرٌ وَأَحْسَنُ تَأْوِيلًا

"And perfect the measure when you measure, and weigh it with the correct balance. That is more important (for you), and the result is better."

This verse emphasizes the importance of honesty in transactions, measuring and weighing so that no party is harmed. This is relevant in business transactions, including using cryptocurrencies, where transparency and fairness are obligations according to Islamic teachings.

D. Conclusion

From the perspective of fiqh muamalah, cryptocurrency also raises concerns regarding the elements of gharar (uncertainty) and maisir (gambling) due to the highly fluctuating value and speculative nature sometimes involved in trading this digital currency. In fiqh muamalah, transactions must be carried out fairly and transparent and not contain elements of uncertainty or excessive risk that can harm one of the parties. Another risk is the potential loss of assets, which is one of the biggest challenges in cryptocurrency. Although blockchain technology is known to be secure, users cannot recover their digital assets if they lose their private keys.

In addition, cyber-attacks such as hacking digital wallets are also a threat that continues to lurk for cryptocurrency users. Although cryptocurrency offers many benefits in speeding up transactions and reducing costs, many risks must be considered, especially regarding security and price volatility. From a Sharia perspective, uncertainty and the potential for high speculation are significant challenges that must be considered. Before cryptocurrency can be widely adopted, stricter regulations and a deeper understanding of its impact must continue to be developed.

In muamalah fiqh, all transactions must comply with Sharia principles, such as fairness, no usury, gharar (uncertainty), and maisir (gambling). To ensure compliance with Sharia, Muslims who want to use cryptocurrency are advised to learn more about its mechanisms and follow regulations by Sharia law. In addition, it is essential to be careful in investments or cryptocurrency transactions, given the high risks involved.

Future research on cryptocurrencies within the context of muamalah fiqh should focus on aligning blockchain technology with Sharia principles. While blockchain offers transparency and security, its speculative nature and risks of gharar (uncertainty) and maisir (gambling) remain significant challenges. Studies could explore how blockchain can be regulated or adapted to eliminate these speculative elements, ensuring compliance with Islamic law. Additionally, developing regulatory frameworks for cryptocurrency exchanges and digital asset platforms is crucial to ensure they operate fairly, avoid riba (interest), and adhere to Sharia guidelines. These frameworks would foster trust and security, enabling Muslims to engage with cryptocurrencies ethically.

Furthermore, addressing the risks associated with cryptocurrency, particularly cybersecurity, is essential. Research should focus on enhancing blockchain security to prevent asset loss through cyber-attacks and the potential loss of private keys. Educational initiatives aimed at raising awareness about Sharia-compliant cryptocurrency usage are equally important, as they can help Muslim users make informed decisions. Lastly, exploring the development of Sharia-compliant financial products based on blockchain technology could provide ethical investment opportunities for Muslims, supporting the broader, ethically sound adoption of digital finance in Muslim communities.

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