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Cryptocurrency in the Framework of Islamic Finance: Evaluating Halal and Haram Dimensions

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Abstract

Objective: The study examines the Sharia status of cryptocurrency by assessing its characteristics, functions, and transaction mechanisms based on fiqh al-mu‘āmalāt, particularly its status as māl or thamaniyyah and its potential involvement in ribā, gharar, and maysir. **Theoretical framework:** The study is grounded in Islamic commercial jurisprudence, focusing on māl, thamaniyyah, ribā, gharar, maysir, and maqāṣid al-Sharī‘ah as principles for evaluating cryptocurrency transactions. **Literature review:** The review discusses cryptocurrency, Islamic finance, contemporary fatwas, and scholarly debates concerning its classification, economic functions, potential benefits, and Sharia-related risks. **Methods:** The study employs a qualitative doctrinal approach based on Qur’anic principles, Sunnah, classical jurisprudence, contemporary fatwas, and recent academic literature on cryptocurrency and Islamic finance. **Results:** The analysis finds that cryptocurrency cannot be assigned a uniform halal or haram status solely on the basis of its technological form. Its Sharia status depends on the characteristics of the particular token, its economic function, transaction structure, and manner of use. Cryptocurrency may perform certain functions of money and facilitate lawful exchange, financial inclusion, remittances, and transparent transactions. However, high volatility, speculative trading, uncertain valuation, weak consumer protection, illicit uses, and interest-based products associated with some platforms raise substantial Sharia concerns. The findings therefore support a conditional, case-by-case approach to Sharia assessment. **Implications:** The findings highlight the need for case-by-case Sharia assessment and responsible governance that considers transparency, utility, transaction mechanisms, consumer protection, and the objectives of Sharia. **Novelty:** The study introduces a conditional approach to cryptocurrency assessment by shifting the focus from the technology itself toward token design, economic utility, transaction structure, and the presence or absence of prohibited Sharia elements.

Keywords: cryptocurrency, digital currency, halal and haram, islamic finance, sharia compliance

INTRODUCTION

Cryptocurrency has emerged as a significant form of digital asset built on blockchain-based infrastructures. Bitcoin, introduced through a peer-to-peer electronic cash proposal, was designed to enable transactions without dependence on a conventional financial

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intermediary [1]. Since then, cryptocurrencies have expanded beyond payment functions into investment, remittances, decentralised applications, tokenisation, and other financial activities. This development has created an important jurisprudential question for Islamic finance: whether digital assets can be recognised as lawful property or money and, if so, under what conditions their acquisition, exchange, and use comply with Sharia principles.

Islamic commercial jurisprudence does not evaluate financial innovation merely by its technological form. Transactions are assessed through principles concerning lawful property, mutual consent, contractual clarity, justice, and the prevention of harm. Among the most important prohibitions are *ribā*, *gharar*, and *maysir* [2]. The debate over cryptocurrency therefore concerns several interconnected issues: whether a cryptocurrency constitutes *māl*, whether it can perform the functions of money, whether its price volatility creates impermissible uncertainty, and whether speculative trading resembles gambling. Contemporary scholarship has consequently produced divergent positions, ranging from prohibition to conditional permissibility [3].

The problem addressed in this study is the absence of a uniform jurisprudential assessment of cryptocurrency. Existing discussions frequently focus on Bitcoin or on cryptocurrency trading in general, while different token designs, uses, and transaction structures may produce different legal consequences. The resulting disagreement creates uncertainty for Muslim users, investors, Islamic financial institutions, and regulators [4]. The objective of this study is therefore to critically evaluate the Sharia dimensions of cryptocurrency and to identify the conditions under which its use may be considered permissible or impermissible.

The theoretical framework combines the classification of cryptocurrency as *māl* or *thamaniyyah* with the Sharia screening of *ribā*, *gharar*, and *maysir* and a *maqāṣid al-Sharīʿah* perspective. The framework also considers utility, governance, social impact, and the distinction between genuine economic risk and speculative risk. This approach treats Sharia compliance as a contextual assessment rather than an automatic judgment based solely on the digital nature of an asset [5].

The study contributes to the literature by integrating these dimensions into a single analytical framework. Rather than treating the *halal*–*haram* debate as a binary classification of all cryptocurrencies, the study distinguishes between the technology, the asset design, the transaction, and the user's purpose. This distinction provides a more nuanced basis for discussing cryptocurrency within contemporary *fiqh al-muʿāmalāt*.

The novelty of this study lies in developing a multidimensional Sharia assessment that connects cryptocurrency classification, transactional conditions, technological characteristics, and *maqāṣid al-Sharīʿah* within an integrated framework. Unlike approaches that debate whether cryptocurrency is money or property, this study examines how asset characteristics, transaction mechanisms, user intentions, and benefits or harms jointly influence legal evaluation. This framework enables a differentiated assessment of cryptocurrencies rather than applying a ruling to all digital assets. The findings have implications for consumers, investors, Islamic financial institutions, scholars, and policymakers. They can support Sharia screening guidelines, responsible investment decisions, regulatory development, and educational materials concerning cryptocurrency use, while encouraging innovation consistent with ethical and legal principles.

LITERATURE REVIEW

Money, Property, and Cryptocurrency

Islamic jurisprudence historically distinguishes between money and tradable property. Money functions primarily as a medium of exchange and a measure of value, whereas property may be exchanged because it possesses recognised economic value. Contemporary discussions of cryptocurrency therefore ask whether a digital token can acquire the legal

status of *māl* through social recognition, utility, or ownership rights. This classification is important because different classifications may activate different rules of exchange, particularly those associated with *ṣarf* when a token is treated as currency [6]. The classical monetary perspective articulated by Chapra is also relevant to the distinction between money as a means of exchange and money as a tradable object.

Cryptocurrency differs from sovereign fiat currency because it is generally not issued by a central monetary authority. Its value is formed through market demand, network effects, scarcity mechanisms, utility, and user confidence. This does not automatically make it impermissible, but it raises questions concerning stability, widespread acceptance, valuation, and the protection of wealth. The literature therefore remains divided on whether cryptocurrencies should be treated as money, commodities, assets, or a distinct category of digital property [7]. Empirical economic analysis has likewise highlighted the difficulty of treating Bitcoin as a conventional currency because of its volatility and limited monetary functions.

Ribā, Gharar, and Maysir

Ribā concerns prohibited increases associated with certain lending and exchange arrangements. Cryptocurrency itself is not necessarily an interest-bearing instrument, but cryptocurrency ecosystems may include lending, staking, leveraged trading, and other products that generate fixed or predetermined returns [8]. The Sharia assessment must therefore distinguish the underlying asset from the contractual mechanism through which it is used. *Gharar* refers to excessive uncertainty or ambiguity in a transaction. Cryptocurrency markets may exhibit substantial volatility, uncertain valuation, limited disclosure, and technological or governance risks. These characteristics become particularly relevant when uncertainty affects the subject matter, price, delivery, ownership, or contractual rights of the transaction [9]. *Maysir* concerns gain obtained through games of chance or gambling-like speculation. The literature distinguishes legitimate commercial risk from speculative behaviour in which price movements themselves become the primary object of the transaction.

Maqāṣid al-Sharī‘ah and Social Utility

A *maqāṣid*-based approach broadens the analysis beyond formal contractual requirements. It asks whether a financial innovation protects wealth, supports justice, reduces harm, and contributes to legitimate economic activity. Blockchain-based systems may support transparency, traceability, and financial inclusion, while cryptocurrency may facilitate cross-border transfers and alternative payment mechanisms. At the same time, illicit transactions, fraud, market manipulation, environmental costs, and excessive concentration of wealth may create *mafsadah* that must be considered [10].

Recent literature has consequently moved toward conditional and multidimensional approaches. Studies of cryptocurrency in Islamic law increasingly examine token utility, asset backing, transaction structure, governance, regulatory safeguards, and the user's purpose rather than relying on a single characteristic such as decentralisation [11].

The literature demonstrates three principal gaps. First, scholarly disagreement remains substantial because studies apply different classifications of cryptocurrency and different jurisprudential analogies. Second, many discussions concentrate on the abstract legality of cryptocurrency without sufficiently separating asset characteristics from transaction practices. Third, there is a need for an integrated framework that connects *fiqh al-mu‘āmalāt*, *maqāṣid al-Sharī‘ah*, token utility, governance, and transaction behaviour [12]. This study addresses these gaps through a doctrinal synthesis that evaluates cryptocurrency at the level of asset, transaction, and use.

METHODOLOGY

This study employs a qualitative doctrinal approach supported by descriptive analysis of cryptocurrency price data. The study examines cryptocurrency as a digital asset and its use in financial transactions from the perspective of Islamic jurisprudence. The doctrinal approach is used to assess the Sharia status of cryptocurrency, while the descriptive price analysis provides supporting evidence regarding its volatility and distribution characteristics. The doctrinal analysis is based on Qur'anic principles, Sunnah, classical and contemporary fiqh literature, contemporary fatwas, and academic studies on cryptocurrency, Islamic finance, and Sharia compliance. These sources are analysed thematically by focusing on the concepts of *māl*, *thamaniyyah*, *ribā*, *gharar*, *maysir*, and *maqāṣid al-Sharī'ah*. The analysis also considers the economic function, utility, governance, and potential benefits and harms associated with cryptocurrency.

The descriptive analysis uses monthly cryptocurrency price data to examine price movements and distribution characteristics. The analysis consists of three main procedures. First, the monthly price movement is examined to identify changes and patterns of volatility. Second, a histogram is used to describe the frequency and distribution of cryptocurrency prices. Third, a normal probability plot is used to examine whether the observed price distribution approximates a normal distribution. These analyses are presented as supporting evidence for understanding price uncertainty and its relevance to the discussion of *gharar* and *maysir*.

The findings from both analyses are interpreted together. The price characteristics are not used as a direct measure of *halal* or *haram* status but as empirical context for the jurisprudential analysis. The final assessment is based on the consistency between cryptocurrency characteristics, transaction mechanisms, observed risks, and relevant principles of *fiqh al-mu'āmalāt* and *maqāṣid al-Sharī'ah*. Therefore, the study provides an analytical Sharia assessment and does not constitute a fatwa or individualised investment advice.

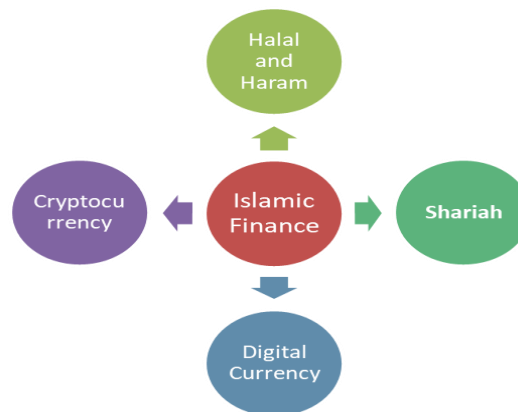


Figure 1. Research model

Figure 1 illustrates the research model examining Islamic finance through interconnected dimensions: Islamic Finance, Sharia, Halal and Haram, Digital Currency, and Cryptocurrency. Islamic Finance serves as the central construct, integrating financial practices with Islamic principles. Sharia provides the normative framework guiding financial transactions, while Halal and Haram represent the permissibility criteria for financial activities and products. Digital Currency highlights the transformation of financial systems through digital technologies, whereas Cryptocurrency represents emerging decentralized financial instruments. The model suggests that these dimensions are interconnected and collectively contribute to understanding the compatibility, opportunities, and challenges of digital finance within an Islamic framework.

RESULTS AND DISCUSSION

The analysis demonstrates that the *Sharia* status of cryptocurrency remains context-dependent rather than uniformly classified as either *halāl* or *harām* [13]. The findings indicate that cryptocurrency possesses several characteristics associated with money, particularly its ability to function as a medium of exchange and a store of value. However, its decentralised structure, substantial price volatility, uncertain valuation, and limited universal acceptance distinguish it from conventional sovereign currencies and established forms of money [14]. Consequently, its jurisprudential classification remains subject to continuing debate.

Four closely related dimensions emerge from the analysis. First, cryptocurrency raises a fundamental classification issue concerning whether it should be regarded as *māl* (property), *thamaniyyah* (monetary value), or another form of digital asset. Second, its transactional characteristics require assessment against the prohibitions of *ribā*, *gharar*, and *maysir*. Third, the potential benefits and harms of cryptocurrency must be evaluated through the framework of *maqāṣid al-sharīʿah*, particularly *hifẓ al-māl* (protection of wealth). Fourth, regulatory and governance mechanisms are relevant because transparency, accountability, consumer protection, and illicit-finance controls affect the level of uncertainty and potential harm associated with digital assets [15].

These findings support a multidimensional approach to cryptocurrency assessment rather than a binary legal classification. The results also indicate that the *Sharia* evaluation depends not only on the technical characteristics of the cryptocurrency but also on the purpose, structure, and conditions of its use.

Sharia Assessment through Fiqh al-Muʿāmalāt

The first analytical dimension concerns the fundamental principles of *fiqh al-muʿāmalāt*. Islamic commercial jurisprudence requires economic transactions to be based on lawful objects, mutual consent, clearly defined contractual conditions, and transparent exchange arrangements [16]. Transactions involving *ribā*, excessive *gharar*, and *maysir* are prohibited because they may generate exploitation, unjustified uncertainty, or acquisition of wealth through gambling-like practices. The analysis indicates that cryptocurrency is not inherently associated with *ribā*. The presence of *ribā* depends primarily on the structure of the transaction. Cryptocurrency transactions become problematic when they involve interest-bearing lending, prohibited exchange arrangements, or financial contracts that guarantee interest [17]. Accordingly, the mere use of cryptocurrency does not by itself constitute *ribā*.

A more substantial concern relates to *gharar*. Cryptocurrency markets may involve significant uncertainty because of extreme price fluctuations, uncertain valuation, regulatory differences, technological vulnerabilities, and the absence of tangible or identifiable backing for some digital assets. These characteristics may affect the predictability and stability of transactions [18]. However, volatility should not automatically be equated with prohibited *gharar*. The relevant issue is whether uncertainty reaches a level that materially undermines the contractual rights, obligations, ownership, price, or delivery of the subject matter [19].

The third concern is *maysir*. The literature indicates that cryptocurrency trading can become highly speculative, particularly when participants seek rapid returns from short-term price movements rather than engaging in legitimate economic exchange. In such circumstances, cryptocurrency trading may resemble gambling because outcomes depend heavily on unpredictable market movements and excessive risk-taking [20]. This concern is especially relevant when trading practices are dominated by speculation, leverage, manipulation, or other high-risk mechanisms.

The findings therefore suggest that *Sharia* assessment should distinguish between cryptocurrency as a technological or financial instrument and the particular transactions conducted using that instrument. Lawful use as a means of payment or a legitimate digital asset is analytically different from highly speculative trading undertaken primarily for short-term gains.

Jurisprudential Debate and Conditional Permissibility

The literature identifies three broad jurisprudential positions. The first is the prohibitionist position, which emphasises volatility, speculative behaviour, uncertain value, limited institutional backing, and potential misuse. From this perspective, cryptocurrency may generate *gharar*, *maysir*, and *mafsadah*, making a precautionary approach necessary [21]. The second position considers cryptocurrency potentially permissible as a medium of exchange or store of value. This position emphasises the functional nature of money and argues that Islamic jurisprudence does not necessarily restrict monetary value to a particular physical form [22]. Under this interpretation, a digital asset may possess legal and economic value when it is recognised by users and employed in lawful transactions.

The third position adopts a conditional approach. Under this framework, cryptocurrency may be permissible when its ownership and contractual conditions are clear, its use serves a legitimate economic purpose, prohibited activities are avoided, and excessive speculation and uncertainty are adequately controlled [23]. The conditional approach provides a middle position between absolute prohibition and unrestricted acceptance. The divergence among scholars therefore appears to arise primarily from different assessments of the nature, economic utility, risks, and social consequences of cryptocurrency [24]. Rather than demonstrating inconsistency within Islamic jurisprudence, these differences illustrate the role of *ijtihad* in evaluating financial innovations whose technological and economic characteristics were not present in the classical period.

Maqāṣid al-Sharī‘a: Maṣlaḥah and Mafsadah

The findings indicate that cryptocurrency should also be assessed through the broader objectives of Islamic law. The potential benefits identified in the literature include financial inclusion, decentralised transactions, lower-cost cross-border payments, increased transaction transparency, and reduced dependence on conventional financial intermediaries [25]. Blockchain technology is particularly relevant to this discussion because distributed ledger systems can provide traceability and transparency in transaction recording. These characteristics may strengthen accountability and reduce certain forms of fraud [26]. From a *maqāṣid al-sharī‘ah* perspective, such benefits may contribute to *maṣlaḥah* by increasing economic accessibility and supporting more transparent financial relationships.

Cryptocurrency may also provide alternative payment mechanisms for individuals who have limited access to conventional banking systems. This potential contribution to financial inclusion is relevant to the broader Islamic economic objective of facilitating legitimate economic participation [27]. However, these potential benefits cannot independently establish *Sharia* compliance. The same technology can generate significant *mafsadah*. Price instability may expose users to substantial financial losses, while pseudonymous transactions can create challenges related to money laundering, fraud, and other illicit financial activities. In addition, speculative trading may concentrate financial risks among less-informed participants [28]. These concerns are particularly important in relation to *hifẓ al-māl*, because the protection of wealth requires financial systems to minimise unjustified and excessive exposure to harm.

The findings therefore reveal a clear tension between *maṣlahah* and *mafsadah*. Cryptocurrency can generate economic utility while simultaneously producing substantial risks. Consequently, a *maqāṣid*-based evaluation should consider both dimensions rather than focusing exclusively on technological innovation or financial efficiency [29].

Regulatory Governance and the Nigerian Context

The Nigerian regulatory environment provides an important empirical context for understanding the governance of virtual assets. The findings show that cryptocurrency-related activities involve multiple institutions with different regulatory and advisory responsibilities.

Table 1. Regulatory and Advisory Bodies for Cryptocurrency in Nigeria

Institution	Type	Ownership Information
Virtual Asset Council	Government Coordinating Body	Chaired by the Central Bank of Nigeria (CBN), with vice-chair positions held by the Securities and Exchange Commission (SEC) and the Nigeria Revenue Service (NRS).
Central Bank of Nigeria (CBN)	Primary Financial Regulator	Federal Government of Nigeria.
Securities and Exchange Commission (SEC)	Capital Market Regulator	Federal government of Nigeria.
Nigeria Revenue Service (NRS)	Tax Authority	Federal Government of Nigeria.
Stakeholders in Blockchain Technology Association of Nigeria (SiBAN)	Industry Association	Independent industry association representing blockchain and digital asset operators, including companies such as ZONEX and AlphaGeek.

Table 1 indicates that cryptocurrency governance in Nigeria extends beyond monetary regulation. Financial supervision, capital-market regulation, taxation, and industry representation form part of the broader institutional environment surrounding virtual assets. This institutional structure is relevant to the *Sharia* discussion because effective governance can reduce uncertainty, improve accountability, and strengthen consumer protection.

However, regulatory recognition should not be interpreted as equivalent to *Sharia* compliance. Legal authorisation concerns the regulatory status of an activity, whereas *Sharia* assessment concerns the permissibility of its underlying object, contract, and method of use. A regulated cryptocurrency transaction may therefore remain non-compliant if it contains prohibited elements, while effective regulation may simultaneously reduce some of the risks associated with *gharar* and *mafsadah*.

Cryptocurrency Price Dynamics and Risk

The empirical analysis further illustrates the economic characteristics underlying the jurisprudential concerns. Figure 1 presents the monthly movement of cryptocurrency-related prices.

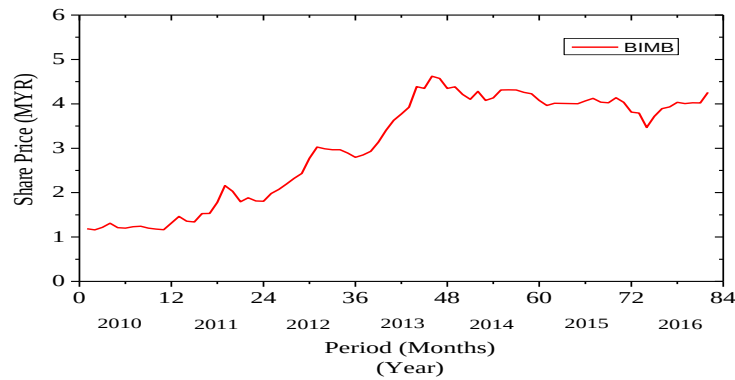


Figure 1. Dynamic Movement of Monthly Share Price

Figure 1 shows the dynamic movement of prices over the observation period. The fluctuations provide empirical support for the concern that cryptocurrency markets are characterised by substantial price variability. Such variability is relevant to the discussion of financial risk and speculative behaviour. However, price fluctuation alone does not establish the presence of prohibited *gharar* or *maysir*. Its jurisprudential significance depends on the purpose of trading, contractual transparency, the degree of uncertainty, and the behaviour of market participants. The distribution of the observed cryptocurrency prices is presented in Figure 2.

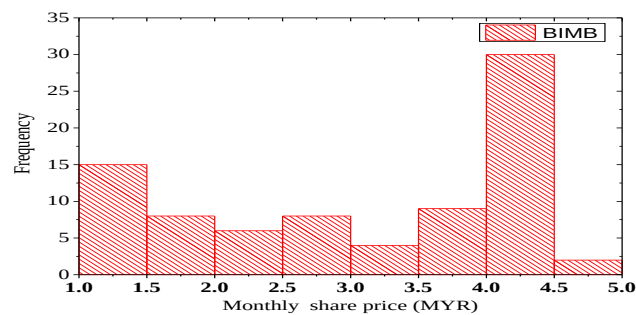


Figure 2. Histogram of Cryptocurrency Price

The histogram illustrates the distributional characteristics of cryptocurrency prices. The degree of dispersion provides further evidence of price variability and helps explain why cryptocurrency may be perceived as a high-risk financial asset. From a *Sharia* perspective, this observation strengthens the need for appropriate risk disclosure and informed consent, particularly when investors face substantial uncertainty concerning future prices. Figure 3 presents the corresponding normal probability plot.

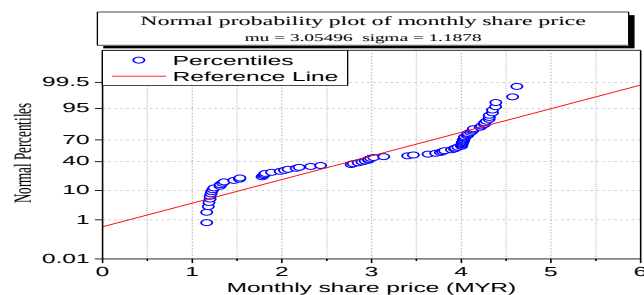


Figure 3. Normal Probability Plot

The normal probability plot provides an additional perspective on the statistical distribution of cryptocurrency prices. Deviations from the reference line indicate

departures from a normal distribution and may reflect the non-standard behaviour frequently associated with financial asset prices. These statistical properties are relevant for evaluating market risk and volatility, although statistical non-normality itself is not a *Sharia* criterion. Its significance lies in demonstrating economic conditions that may intensify uncertainty and speculative behaviour.

The three figures should therefore be interpreted collectively rather than independently. Figure 1 illustrates price movement, Figure 2 describes the distribution of prices, and Figure 3 provides an indication of the distributional pattern. Together, they provide empirical context for the jurisprudential discussion of uncertainty and financial risk.

Virtual Asset Service Providers and Regulatory Development

The development of regulatory mechanisms in Nigeria is further illustrated through the virtual asset service providers identified in the regulatory programme.

Table 2. Virtual Asset Service Providers in the Regulatory Programme

Company Name	Status	Ownership Information
Luno Fintech Nigeria Ltd.	Admitted into SEC ARIP (Approval-in-Principle)	Not specified. Luno is described as an internationally backed cryptocurrency exchange.
KuCoin Nigeria Limited	Admitted into SEC ARIP (Approval-in-Principle)	Not specified. Nigerian subsidiary of the global KuCoin exchange.
GIGX Technologies	Admitted into SEC ARIP (Approval-in-Principle)	Not specified.
Bitbarter Technologies Ltd.	Admitted into SEC ARIP (Approval-in-Principle)	Not specified.
GetEquity Ltd.	Admitted into SEC ARIP (Approval-in-Principle)	Not specified.
Koinkoin Global Network Ltd.	Admitted into SEC ARIP (Approval-in-Principle)	Not specified. Also selected for a CBN Anti-Money Laundering pilot programme.
Wrapped CBDC Ltd.	Admitted into SEC ARIP (Approval-in-Principle)	Not specified.
Trovotech Ltd.	Admitted into SEC ARIP (Approval-in-Principle)	Not specified.
Blockvault Custodian Ltd.	Admitted into SEC ARIP (Approval-in-Principle)	Not specified.

Table 2 demonstrates the emergence of a more structured regulatory environment for virtual asset service providers in Nigeria. The participation of VASPs in a regulatory programme indicates an effort to strengthen oversight of operational activities, compliance procedures, client protection, and financial risks.

From a *Sharia* perspective, this development is important because regulatory supervision can contribute to reducing opportunities for fraud, illicit financial activities, and information asymmetry. Anti-Money Laundering and Counter-Financing of Terrorism measures are particularly relevant because they support the broader Islamic objective of protecting wealth and preventing societal harm.

Nevertheless, regulatory participation alone is insufficient to establish *Sharia* compliance. Regulatory governance and *Sharia* governance should be regarded as complementary mechanisms. The former establishes legal and operational safeguards, while the latter evaluates whether the underlying transactions, assets, and contractual structures comply with Islamic commercial principles.

Integrated Discussion: Toward a Context-Dependent Sharia Classification

The results demonstrate that cryptocurrency cannot be adequately assessed through a single jurisprudential criterion. Its classification requires simultaneous consideration of its legal nature, economic function, transaction structure, market behaviour, governance, and social consequences [30].

The findings show that cryptocurrency may function as a medium of exchange and store of value, but it differs from conventional currencies in terms of institutional backing, universal acceptance, and price stability [31]. These characteristics contribute to uncertainty over whether it should be treated as *māl*, *thamaniyyah*, or another category of digital asset.

At the transactional level, cryptocurrency does not inherently involve *ribā*. The more significant issues are *gharar* and *maysir*, particularly where transactions involve substantial uncertainty or speculative behaviour. However, volatility alone does not provide sufficient grounds for an absolute prohibition [32]. The specific contractual arrangement, information available to participants, and purpose of the transaction remain relevant.

The *maqāṣid al-sharīʿah* analysis reinforces this contextual approach. Cryptocurrency may generate *maṣlaḥah* through financial inclusion, decentralised payment systems, transparency, and lower transaction costs. At the same time, it may generate *mafsadah* through financial instability, fraud, money laundering, manipulation, and speculative losses. These competing consequences make *hifẓ al-māl* an especially important criterion in evaluating cryptocurrency [33].

The results consequently support a conditional approach to *Sharia* permissibility. Cryptocurrency should not be regarded as automatically permissible merely because it uses blockchain technology, nor should it be regarded as automatically prohibited solely because it is volatile or decentralised [34]. Its permissibility should instead depend on identifiable conditions, including legitimate economic utility, clear ownership, transparent contractual arrangements, avoidance of *ribā*, mitigation of excessive *gharar*, avoidance of *maysir*, prevention of illicit activities, and adequate regulatory and *Sharia* governance.

Theoretical and Practical Implications

The findings contribute to Islamic finance research in three ways. First, they reinforce the importance of distinguishing the technology, the digital asset, and the transaction when determining *Sharia* status. Blockchain technology may be permissible as a technological infrastructure even when a particular financial product implemented through it is not *Sharia*-compliant [35].

Second, the findings support the integration of *fiqh al-muʿāmalāt* and *maqāṣid al-sharīʿah*. The former provides rules concerning prohibited transactional elements, while the latter provides a broader framework for assessing public benefit, harm, and wealth protection. Combining the two approaches produces a more comprehensive framework for evaluating emerging digital financial technologies [36].

Third, the findings suggest the need for stronger integration between financial regulation and *Sharia* governance. Regulatory mechanisms can address issues of transparency, consumer protection, and illicit finance, while *Sharia* governance can assess the legitimacy of the underlying assets, contracts, and economic activities [37].

For practitioners and policymakers, the findings imply that the development of *Sharia*-compliant digital assets should prioritise transparent ownership structures, identifiable economic value, clear contractual rights, robust risk management, anti-fraud mechanisms, and effective governance [38]. Asset-backed digital instruments may represent one potential direction because they can establish a clearer relationship between digital

representation and underlying economic assets, although their compliance still depends on the precise contractual structure.

Synthesis of Results

Overall, five principal findings emerge from the analysis. First, cryptocurrency possesses certain monetary and asset-related functions, but its jurisprudential classification remains contested. Second, *gharar* and *maysir* represent the most significant *Sharia* concerns, while *ribā* depends primarily on the structure of the underlying transaction. Third, contemporary scholarship is divided among prohibition, permissibility, and conditional acceptance. Fourth, cryptocurrency and blockchain offer potential benefits related to financial inclusion, transparency, decentralisation, and transactional efficiency. Fifth, volatility, speculative behaviour, illicit use, uncertain underlying value, and governance challenges remain significant barriers to broader *Sharia* acceptance [39].

Taken together, these findings indicate that the most appropriate jurisprudential position is not an unconditional classification of cryptocurrency as either *halāl* or *harām*, but a context-dependent and conditional assessment. Cryptocurrency may achieve greater compatibility with Islamic economic principles when it is used for legitimate economic purposes, supported by clear ownership and contractual rights, operated transparently, protected through effective governance, and used without *ribā*, excessive *gharar*, or *maysir* [40].

The findings further suggest that future research should move beyond conceptual debates by developing measurable *Sharia* assessment criteria for digital assets. Such criteria may integrate asset classification, transaction structure, volatility, speculative intensity, underlying economic value, governance quality, regulatory compliance, and *maqāṣid*-based indicators of social benefit and wealth protection [41]. This approach would provide a more systematic basis for evaluating cryptocurrency and other emerging digital financial technologies within Islamic finance.

CONCLUSION

This study examined cryptocurrency through the principles of *fiqh al-muʿāmalāt* and *maqāṣid al-Sharīʿah*. The analysis shows that cryptocurrency cannot be classified universally as either *halal* or *haram* solely because it is digital, decentralised, or volatile. Its legal status depends on its characteristics, economic function, transaction structure, and use. Cryptocurrency may possess recognised economic value and facilitate lawful exchange, but significant *Sharia* concerns arise where transactions involve excessive uncertainty, gambling-like speculation, interest-based mechanisms, fraud, or unlawful activities. A conditional and case-specific approach is therefore more appropriate for contemporary cryptocurrency assessment. Islamic scholars, regulators, economists, and technology specialists should collaborate in evaluating specific tokens and financial products. Future research should develop operational *Sharia* screening criteria for different categories of digital assets and examine how governance, asset backing, token utility, and transaction design affect their compliance. The study does not issue an individual fatwa; rather, it provides a structured analytical basis for future jurisprudential assessment.

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Authors Contributions

Rauf Adeola Lateef conceptualized the study; all authors contributed to methodology, analysis, manuscript preparation, critical revision, and final approval.

Conflict of Interest

The authors declare that they have no known competing financial, professional, or personal interests that could have influenced this study.

Use of artificial intelligence (AI)

The authors declare that no artificial intelligence tools were used to generate, analyze, interpret, or substantially develop this manuscript.

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