

TOWARDS AN INTERPRETATION OF CRYPTOCURRENCY AS A COMMODITY FROM MAQASID AL-SHARI'AH PERSPECTIVE

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ABSTRACT

From days of simple barter to the age of digital entries, the evolution of money is proof of a human sense of resourcefulness. Besides the universal acceptance of money as wealth, conventionally it is regarded as a commodity and according to Islamic jurisprudence, though money is used as a medium of exchange and store of value, it cannot be sold at a price higher than its face value or rented out. There has recently been increasing work on the position of commodity money and fiat money in the context of Islamic finance theories and commodity markets. Whereas traditional fiat currency plays a vital role in the socio-economy, digital or cryptocurrency starts to persuade the world economy under the ledger technology. Unlike fiat money, the cryptocurrency spectrum today, under its extreme configuration, intends to offer remarkable opportunities. The conventional works that have provided several studies on the impacts of cryptocurrency in the financial services industry and commodity markets, proportionate to the analysis of the classification of wealth pertaining to digital currencies in order to review the relationship between crypto-token and crypto-commodity. There have been few responses from the Islamic perspective, but not particularly in the light of Maqāsid. Therefore, the paper explores the nature of wealth and the principles involved in the acquisition and protection, and classification of wealth according to Maqāsid al-Shari'ah. With particular reference to a treatise of Maqāsid, the paper investigates five simultaneous characteristics and objectives of wealth deliberated by Ibn Ashur (2001). The last part of the paper analyzes the relationship between the five characteristics of wealth and the cryptocurrency ecosystem, such as tokens, initial coin offerings (ICOs), and cryptocurrency derivatives, to review the research opportunities to propose a more comprehensively sound study in the Maqasid framework.

Keywords: Wealth, Commodity, Maqasid, Cryptocurrency, Blockchain, Bitcoins

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INTRODUCTION

According to Qur'anic teachings, God made every one of us successors on the bounties of the earth (Qur'an, 6:165). He has raised some of us above others in rank to test every one of us through what He gave us, and some of us accommodatingly may take others in service. (43:32) This deliberately carries a message in line with the Prophetic tradition that every individual strong or rich person, should assist a weak or poor person by bearing the responsibility of showing appreciation and gratitude because a poor suffers every time a rich indecorously litters his money.

Al-Māl (wealth) is described in Islam as anything that may be owned and has value, including the privileges and rights of ownership. It is made up of all the resources that Allah

made available to man (Amin et al., 2015). In the Qur'an and several hadiths, the word "*māl*" and its variants are mentioned 83 times. The people's common usage and customs will determine what constitutes *māl*. According to lingual meaning, the word *māl* includes all things that can be acquired, possessed and owned by individuals which do not surpass the nature of money that is in practice today (Saleem, 2014). In fact, from the days of simple barter to the age of digital entries, the evolution of money is proof of a human sense of resourcefulness. There are four functions to money: a medium, a measure, a standard, and a store (Jevons, 1989). Besides the universal acceptance of money as wealth, conventionally along with serving as a medium of exchange and a store of value, money is a commodity. As a result, it can be rented out or sold for a sum that is greater than its face value. Islamic law maintains that despite the fact that money is employed as a store of value and a medium of exchange, it is not a commodity and cannot be rented out or sold for a price greater than its face value.

This paper examines the role of property in Islamic law by identifying its "*maaliyyah*." In order to provide precise information about what is meant by "property," Muslims and western scholars have developed a variety of distinct definitions. Scholars have offered a variety of definitions for property, particularly those from the Hanafi school, which claimed that property is something that man naturally gravitates toward and may be saved for later use. The bulk of Islamic scholars, aside from Hanafi, believe that property has value and should not be damaged. In addition, a contemporary researcher like Zaydan (2008) emphasizes two crucial elements in analyzing the concept of *mal* that can be managed and used for its usufruct. In conclusion, it may be said that according to Islamic law, "property" refers to anything that can be exploited, controlled, and legal and has a value equal to or more than what humans do to it.

Intellectual property is a word used to describe the legal rights that result from intellectual activity produced in the fields of science, social science, business, literature, and crafts. Intellectual property is defined by the World Intellectual Property Organization as creations of the mind, such as inventions, literary and creative works, as well as commercially used symbols, names, photographs, and patterns. According to Fath al-Durayni (as cited in Arif & Hanapi, 2017), intellectual property is one sort of property that is acknowledged in Shari'ah because it is seen as a "right" or advantage that is generally regarded as *mal*. Ibn 'Urfah (as cited in Arif & Hanapi, 2017) held the view that intellectual property, such as ideas and inventions or the rights to them, had a significant property value that often even outweighs the value of tangible things. Madiha (2004) claims that previous Islamic scholars did not discuss or comment much on copyrights, intellectual property rights, or how these rights compare to other types of property rights. Since intellectual property is not intangible, alQarafi's opinion did not regard any transactions involving it as legitimate. In conclusion, the diversity and variety of definitions only demonstrated one thing: the concept of property in Islam is undoubtedly broader and can occasionally be enlarged in accordance with the flexible beliefs of Islam (Arif & Hanapi, 2017).

Many kinds of literature have recently been increased on the position of commodity money and fiat money in the context of Islamic financial theories. (Jaffar et al., 2017; Rama, 2013; Rab, 2020; Aizezi, 2010). While traditional fiat currency plays a vital role in the socio-economy and controls the financial market, the advent of the information age extends to digital currency known as the cryptocurrency of blockchain technology. The foundation of cryptography is a consensus algorithm that upholds the properties of security, stability, efficiency, and non-modifiability. Unlike fiat money, cryptocurrency today, under its extreme configuration, intends to offer remarkable opportunities. The conventional works that have provided a number of studies on the impacts of cryptocurrency in the stock and commodity markets, proportionate to the analysis of the classification of wealth pertaining to digital currencies, mainly because there is a need to explore the relationship between crypto-commodity and crypto-token in line with the efficient causes (*'illah*) of wealth (*māl*) in Islam.

According to Mejelle (1967) definition, *al-māl* is a thing that is naturally desired by man and can be stored for the time of necessity either movable or immovable property. This insists on analysing cryptocurrency as a commodity, for it being a measurement and unit of account can play the role of money to some extent, but will cryptocurrency become a commodity, i.e. intellectual or intangible asset? In other words, what makes cryptocurrency, *māl* in Islam?.

Some works on the legal aspect of cryptocurrency and its critical requirements of Shar'iah to money and value exist in the literature (Alam et al., 2019; Abubakar et al., 2019; Muedini, 2018); however, there have been few responses on cryptocurrency as a commodity from an Islamic perspective, particularly in the light of Maqāsid. The present paper consists of three sections, with the first as the introduction and the second discussing the literature on the accumulation of wealth and its restrictions, Maqāsid al-Shari'ah and its discourse on five simultaneous characteristics and objectives of wealth deliberated by Ibn Ashur (2006). The last section is the discussion of the paper which analyzes the relationship between the characteristics of wealth and the cryptocurrency ecosystem, such as tokens, initial coin offerings (ICOs), and cryptocurrency derivatives, to review the research opportunities to propose a more comprehensively sound study in the Maqasid framework with concluding remarks.

The research is based on qualitative methods and purely based on library research. Most of the works have relied on classical and contemporary books, articles, journals and proceedings in Arabic, and English. The descriptive method is primarily applied to clarify the accumulation of wealth, restriction, and objectives of Shari'ah. Moreover, the analytical method is applied when going through the interpretations of classical and contemporary Muslim scholars. Meanwhile, inductive and deductive methods are employed in examining the difference of interpretation between classical and contemporary scholars regarding the characteristics of wealth in comparison to cryptocurrency as a commodity.

LITERATURE REVIEW

The Accumulation of Wealth and Maqasid al-Shari'ah

Islam bases its understanding of property ownership rights on the idea of *khilāfah* (stewardship), which holds that Allah is the single owner of wealth and that people, as Allah's vicegerents, are merely trustees or custodians. The notion of stewardship entails accountability with the objective of restoring 'Adl (socioeconomic justice) and promoting *Ihsān* (mutual benevolence). Islamic jurisprudence places certain conditions on the methods by which an individual may acquire wealth. Many of the principles are the same as in the conventional economic system, such as supply and demand. They apply to the Islamic jurisprudence while being strictly attached to the laws of the Qur'an and Sunnah as such a person may acquire ownership through three ways, i.e. contracts, inheritance, and the rule of first possession of natural resources.

There are certain restrictions in regard to acquiring the ownership of wealth. Firstly, it is prohibited to earn wealth through gambling or a game of luck. This is because gambling makes a person rely on accidents, luck, and chance instead of hard work. Gambling is a game that makes a person lose faith in Allah just to obtain something which is not his. Islam encourages everyone to become a productive figure for society and to earn in permitted ways with their efforts. The Qur'an is quite evident in the prohibition of gambling, and Muslims are not allowed to involve in a game of chance (al-Ma'idah, 6-9). Another principle is that Islam promotes earning wealth by not exploiting the weak. For centuries, many people have used the weak for their benefit and caused them to suffer. This way of gaining wealth is unacceptable in Islam. Not only is it prohibited, but also it is unlawful. Lastly, no person is allowed to acquire goods

or money through *ribā* (usury). Usury is viewed as undesirable for society since it rewards people without the requirement for work. It urges individuals to sit on their cash and to gather rewards without genuine work, going after those that are destitute in society.

A generally accepted introductory discourse on Maqāsid is securing the interests of the servants (human beings) in both the here and the Hereafter, and the Shari'ah has been formulated to realize the interest (*maṣlahah*) and that all of its prohibitions are designed to prevent corruption (*mafsadah*). In the absence of a clear prohibition in the Qur'an, Sunnah, *ijmā'* and *qiyās*, the *maṣlahah* serves as a legitimate foundation for regulation. If so, the Islamic economist can use it to defend humanity's benefits based on the five fundamental pillars of faith, life, intelligence, lineage, and wealth and prevent the earth from becoming corrupted.

There are many rules by Shar'iah that need to be obligated in order to bind the financial contract in Islam. The ultimate objective of these obligations and prohibitions needs to comply with is to give protection to people. Firstly, it can be shown that people cannot enter a contract without their guardian as they have some restraints that prohibit them from dealing with the contract themselves. For example, insanity and imbecility. This regulation gives protection of life to people that have restraints as they cannot be deceived by other people that have evil intentions because the contract will be void. Besides, the prohibition of *gharar* (uncertainty) and *maysir* (gambling) in the contract gives the protection of life to the individual. This is because, with these prohibitions, people can avoid the risk of making such contracts and be protected. It shows that Maqāsid al-Shari'ah gives many advantages for financial stability.

On the other perspective, Maqāsid also gives protection of intellect in stabilizing finances. Prohibition of intoxicants such as alcohol and drugs can make the *aql* develop correctly and enhance its functionality. Besides, nowadays, education becomes one of the basic needs of society. Education can help people to broaden their knowledge. Many educational institutes are there to provide training and guidance for people so that they can enhance their knowledge. Plus, some institutions are there to offer free education to people. The government and the private company also provide some incentives, such as scholarships for students who have problems with their finances that want to get their education correctly. It shows that intellect is one of the most important for an individual in order to get a blessing from Allah.

Other than that, the protection of lineage is one of the elements that are important in contributing to financial stability. Islam is severely distressed about future generations and how well they are raised and trained. The reason is that in this modern era, there are many cases of parents whereby most of whom are single parents, who have difficulty raising their children in a conducive environment. They mainly have a financial crisis in order to provide the necessities for the family as the purchasing power to buy becomes higher. So, with institutions like *baitulmāl* and the zakat for the *asnāf*, it can help these people to reduce their financial problems. Then, the parents can provide basic needs to their children in order to protect the lineage.

Besides that, the other fundamental value of Maqāsid is protecting wealth. Unlawful practices such as usury (loan with unreasonably high rates of interest) and *gharar* (uncertainty) are prohibited in Islam because it leads to injustice and depletes wealth and property, especially a poor society. The poor become poorer, and the rich become richer due to the implementation of interest rates in making loans. The poor need to pay interest at a high rate and sometimes more than the loan itself. This discrimination needs to be put to a full stop; otherwise, the difference in income gap between poor society and rich society will widen, and justice cannot be achieved. Plus, wealth is crucially needed in today's society to ensure sustainability to live their life because it is highly desirable to mention the value of wealth as equal to other fundamental values of Islam because it ensures that maintaining money is a necessary duty since only wealth can fulfil these commitments on a societal and personal level.

Classification of Wealth and Maqasid al-Shari'ah

Muhammad al-Tahir ibn Ashur's most famous work is *Maqāsid al-Sharī'ah al-Islamiyyah* (1946), often known as the *Intents or Higher Goals of Islamic Law*. Ibn Ashur (2006) positioned his writing as having a contemporary application. He assumed the uṣūl al-fiqh discipline has reached its bounds and is now overburdened with methodological details. He held the firm belief that we cannot develop legal solutions to problems in the current world by going ever more into the meaning of a word. Instead, we must accept the ongoing challenge of identifying and putting into practice the greater purposes of the Sharī'ah. Ibn Ashur (2006) claimed that Shari'ah has the highest esteem for material prosperity because it aims to uphold human social order and advance the prowess and glory of the Ummah. The Prophetic Traditions and the verses of the Qur'an deal with wealth and property, considering them to be the foundation of human society's activities and the answer to its issues. There is a lot of evidence to support Shari'ah's position that wealth and property have a crucial role (El-Mesawi, 2006).

Kinds of Wealth

Ibn Ashur (2006) explored how wealth should be maintained by setting suitable laws for its administration at both the public and private levels because one of the main goals of the Shari'ah regarding the community's wealth is to secure its maintenance and increase. In actuality, safeguarding the community's wealth as a whole depends on safeguarding its specific parts, which include individual wealth and property. Ibn Ashur (2006) concluded that the majority of economic law in Shari'ah is concerned with protecting people's wealth and private property because private property's benefits and uses contribute to the community's well-being as a whole. Wealth is not simply for the immediate recipients who utilise it; it also helps its owners as people and the broader society (Holy Qur'an, 4:5). Ibn Ashur (2006) discussed the way the Qur'an views dealing with money with incompetents (*sufahā*) in this passage; the society as a whole or those in positions of leadership are given the order. "*Do not entrust your property to the feeble-minded. God has made it a means of support for you: make provision for them from it, clothe them, and address them kindly*". The final clause of the verse emphasizes the wealth's assignment to the community and makes clear its purpose by describing how it is used for the benefit and support of the entire community (El-Mesawi, 2006).

Wealth as a Whole and in Detail

Ibn Ashur (2006) suggested that it is possible to think about the wealth that is being distributed across the community both broadly and specifically. He pointed out the collective right of the community, which enables the community to live happily and independently of others, and which is one of Shari'ah's objectives in directing the management of wealth. In spite of whether the immediate recipients are one person, a small group of people, or a large population, the objective is to ensure that it is distributed fairly throughout the community beyond what many would consider to be practical and to provide all suitable tools for its development, both in-house and as alternatives (El-Mesawi, 2006).

Regarding Ibn Ashur's (2006) detailed analysis of wealth, it is taken into account due to the fact that whether specific persons or groups of people are identified or not, each component is the property of the party managing it or the right of the party receiving it from another. Wealth can be divided into the following two categories: private wealth and public wealth.

Private Wealth and Public Wealth

The private property of particular owners falls under the first category, but the community property (*māl al-muslimin*), or the property of the public treasury with its different assets and liabilities, falls under the second. The second category, which started during the time of the Prophet, included items like zakah proceeds, camels designated for jihad transportation, and armour for use in the holy war. Even though it fell under private ownership, the zakah was not collected on these types of public properties and was not regarded as *kanz*, i.e., the Uthman's purchase of the well of Rūmah¹ which includes what has been endowed (waqf) for the benefit of all Muslims (Bukhari, *Sahih*: 2060/2061) and the storage of Khalid's armors for the sake of *Jihad* (Bukhari, *Sahih*: 2327).

Classification

Ibn Ashur (2006) has provided a more in-depth analysis of this important subject, but only a few Shari'ah scholars have studied it at some length. He believed it was his responsibility to examine it thoroughly, paying close attention to its foundation. To categorize wealth, he emphasizes the following:

- i. an individual's or community's possessions make up its riches
- ii. wealth is the means by which people, both individually and collectively, obtain things that are advantageous and helpful.
- iii. people, both individually and collectively, do not reject what is harmful and ineffective because of riches.
- iv. the possession is transferable under all conditions, at all times, and for a variety of uses.

When Ibn Ashur (2006) used terms like "directly or indirectly," he emphasized that using one's possessions can be done either directly to meet requirements or indirectly by exchanging them with someone else to gain the benefits of a replacement. The words "all circumstances," "all-time," and "various purposes" alludes to the fact that things only qualify as real wealth when they may be used over an extended period of time. Ibn Ashur (2006) believed that while dealing in flowers and fruits is an accessory to wealth, they do not actually represent wealth.

Five Simultaneous Characteristics of Wealth

Ibn Ashur (2006) categorized wealth as described above and confines wealth to having five simultaneous characteristics:

- i. it is storable (*iddikhār*)
- ii. it is desirable (*marghūb*)
- iii. it is exchangeable (*tadāwul*)
- iv. it is measurable (*miqdār*)
- v. it is acquirable (*muktasab*)

Storable: usable products must have a long storage life, while perishable goods can be utilised right away even when not needed, whereas they are frequently unavailable when needed.

Desirable: its highest utility makes wealth a desirable acquisition with that characteristic. For example, livestock, grains, and trees are wealth for the rural and Bedouin people, whereas gold, silver, diamonds, and priceless antiques are wealth for city inhabitants. Wealth also includes things like water sources, pastureland, and hunting equipment (Malik, *Muwatta*: 1312).

¹ Uthmān bought it and endowed it for the good of all Muslims, Ibn `Ashūr (2006), p.377

Exchangeable: the ability to circulate, or exchange, wealth results from the enormous desire for it. A property may be exchanged by having it moved from one person's ownership (*ḥawẓ*) into another's hands. It may also refer to payment (*i'tibār*), as in the case of liability contracts (*uqūd al-dhimān*), such as *salam* sales, *ḥawālah* (endorsement; transfer of debt), sales based on a price list or catalogue (*barnāmiġ*), and the exchange of currency (Abu Dawud, *Sunan*: 3449; Ibn Majah, *Sunan*: 2283; Ahmad, *Musnad*, Vol. 3, p.419).

Measurable: anything that lacks that attribute cannot be owned in a certain quantity; hence measurability is necessary. Unmeasurable things cannot be stored and hence do not make up wealth. The ocean, sand, rivers, and woods are some examples (of public wealth). However, given that they support fertility and industrial capacity, rivers and forests may be considered sources of wealth. The oceans have not traditionally been viewed as wealth in the technical sense (of Muslim jurists), despite the fact that they facilitate the flow of both people and goods for the nations that have access to them rather than those that do not. Minerals, on the other hand, despite not being measurable, have historically been seen as a kind of wealth. The significant cost involved usually places a cap on the amount that can be retrieved.

Acquirable: the final attribute of wealth, namely, its acquisition, indicates that its possessor must have worked very hard to acquire it. Sand in a desert region for someone who lives in a desert or grass in a forest region for someone who lives in a forest is therefore not an example of prosperity. Free gifts are not regarded as wealth.

DISCUSSION

Cryptocurrency and Its Characteristics of Wealth

In line with Ibn Ashur's (2006) discussion, economic prosperity is a crucial component of the power dynamics that exist between various peoples and nations as they compete for global dominance. The strength, sovereignty, self-sufficiency, and independence of a country are proportional to how prosperous it is economical when compared to other countries. At the time of the Prophet, the wealth of gold and silver was used as money. However, there was a limit on the natural resources over the period, such as gold and silver cannot be produced or manufactured instantly. As a result, later definitions of fiat money included an agreement among members of a society to utilise something as a medium of exchange. It takes a group in a community to agree that a specific object has an absolute value in a transaction for anything to function as money. Formally and informally, voluntarily and under duress, consciously and subconsciously, the financial arrangement was made.

Unlike fiat money, cryptocurrency today, under its extreme configuration, may offer remarkable opportunities. Basically, the technology of crypto is made up of blockchain, which is a decentralized database that keeps track registry of assets and transaction history across a peer-to-peer network. The primary function of blockchain is to record the way an asset is stored, transferred, accounted for, and reconciled (Meera, 2018). Bitcoin is the most well-known and widely recognises cryptocurrency, which was founded by someone or a group of people whom society believed a software developer named Satoshi Nakamoto in 2009 (Mishkin, 2017). It is not a centralized currency, and no authority body is currently not regulating it. It involves a direct transaction, and it does not have any financial intermediaries such as banks or other financial institutions. Bitcoin also is acknowledged as a highly secure money and e-payment system. Each transaction for bitcoin will need verification by the network nodes and will be recorded in a distributed ledger within the blockchain. People can own bitcoin in two ways: they can either conduct virtual mining activity and consequently earns bitcoin as rewards, or they can also trade dollars to buy bitcoins (Mishkin, 2017).

This virtual currency is recognized today as a new form of digital money. It serves the same purpose as physical money, such as a medium of exchange, unit account, and store of value, as well as other functions of money. It might be able to withstand the obvious excess of the traditional fiat system, the high prices, and the unpredictability of commodity money and might therefore constitute an important and beneficial step toward a legitimate Islamic system (Haq & Ali, 2018). Cryptocurrency can play a significant role in most contemporary notions of a currency:

- i. an intermediary in a trade that serves as a medium of exchange
- ii. a quantifiable, which means it can play a unit of account
- iii. a divisible into smaller units which are called satoshis
- iv. a fungible, so a bitcoin is exchangeable with other bitcoins
- v. a durable and a portable

The price volatility of Bitcoin as a store of value is the only perceived negative, but once cryptocurrencies become more established, in the long term, we can expect to see prices stabilize (Matt, 2018). Indeed, several properties of gold that shares with cryptocurrencies. For instance, unlike fiat currency, which central banks can generate "out of thin air," both Bitcoin and gold are limited. As a result, countries with the gold standard have had much less flexibility with their monetary policies than those that use fiat (Phil, 2014). Equally, Bitcoin and gold are stateless. They incur considerable mining costs. Hence, the characteristic of the cryptocurrency resembles gold and silver in that sense since it cannot be produced or manufactured instantly and there is a limit on how much digital money can be mined. Some academics have gone as far as to say that cryptocurrencies may represent a fundamentally new paradigm that enhances our knowledge of money's historical development rather than just being "digital" or "virtual" money (Maurer et al., 2013). With the above note, the following passages will review the relationship of wealth in the cryptocurrency ecosystem and derivatives according to the characteristics of wealth in Maqāsid. According to Ibn Taymiyyah (1995), dirhams and dinars (gold and silver coins) were produced solely to serve as a medium of exchange. Commodities vary from gold and silver coins and have an inherent use and function. Similar qualities and characteristics can be found in the commodities. On the other hand, cash has no intrinsic value other than to serve as a medium of exchange and a measure of value. As a result, all units of the same denomination of money have the same value and are equal. There is no difference in value between a dirty \$100 bill and a clean \$100 bill, at least in theory (Abu-Bakar, 2018). A wide body of research has been done on the importance of wealth from Maqashid Shariah's perspective in forecasting the volatility of equities and other assets, including foreign exchange and commodities (Walther et al., 2019).

Storability

Cryptocurrency is based on blockchain technology, which is defined as a decentralized digital ledger of economic transactions that is entirely public, continually updated by numerous users, and considered impossible to be hacked and corrupt (Lou, 2017). The ledger file here where it is stored in a central entity server, it is a list of continuous records stored in blocks. It can be very unintuitive to store safely as a digital asset. The reliability of exchange transactions and transfers may be increased thanks to blockchain technology. It may be utilised to put the cash transaction idea into practice while exchanging money and goods (Abu-Bakar, 2018). However many people have lost their coins, but with proper understanding, the risks can be eliminated. If in case, any cryptocurrency does end up lost or stolen, then there is almost certainly nothing that can be done to get them back.

Desirability

In a way, cryptocurrency is similar to painting, whereby only people who genuinely understand will appreciate and believe that it will be able to store value and become valuable. However, due to the high volatility of cryptocurrency, it is hard to consider being a good store of value even though the price trend is upward. The similarity between bitcoin and gold has been further studied by commentators, who contend that criticisms of bitcoin may not fully account for its advantages. For example, the claim that bitcoin has no inherent worth is plausible on its face but rests on a limited definition of 'value'. According to Nakamoto, bitcoin has intrinsic value since it can be transmitted safely, effectively, and quickly online for little to no cost. Bitcoin also lessens reliance on central banks and reliable third parties, which decreases associated costs and increases value (Haq & Ali, 2018). Cryptocurrency trade is closely related to real currencies and commodities. As a result, real-time currency and commodity trading may be affected. (Dalmia, 2019).

Exchangeability

Since cryptocurrency is not a physical currency that people can touch, thus, there is a mechanism to virtually facilitate the exchange between cryptocurrencies and goods or services. The backbone of cryptocurrency is a Peer-to-Peer (P2P) network and blockchain technology (Nakamoto, 2009). P2P network is supported by open-source software. What it means is that all points in the network act as both clients and servers, and the source code is openly available to users; therefore, the participants who use the platform are responsible and in charge of their cryptocurrency. In terms of network, fiat money can be described as a client and server relationship whereby the government is the server, which issues and certifies the fiat money according to their currency. However, major currencies like the USD, Japanese yen, and euros are easily convertible into Bitcoin and Ethereum at cryptocurrency exchanges like Coinbase, while other cryptocurrencies might only be convertible into USD or Bitcoin. In order for a British firm, whose main source of income is in pounds (GBP), to pay an Australian supplier in Australian dollars (AUD), it is obvious that using a cryptocurrency that can only be traded for USD or Bitcoin presents a major FX risk. Second, the value of cryptocurrencies fluctuates wildly. Businesses that hold cash positions in cryptocurrencies for any period of time run the danger of suffering large losses, though they may also benefit from exchange rate gains (Frances 2019). Cryptocurrency and its commodity futures trading are all modern concepts that have become common in recent years. From the viewpoint of Islamic law, Bitcoin is used in commodity futures trading. The study hopes that the findings will help determine the classification of wealth from a Maqasid al-Shariah perspective and related parties to be used as an essential guide for the Islamic industry (Kusuma, 2020).

Bitcoin's price or value in US dollars increased from around \$0.10 in 2009 to over \$13,850 in December of 2017 (a gain of roughly 1.4 billion percent) before falling down to the \$5,000 area in 2019. (the price is very volatile). For something to be considered real money, it must maintain its worth throughout time. Because of this, bitcoin's sharp rises and falls in value resemble those of a commodity (or maybe even a fad or exotic investment) (Mark & Banker, 2020).

Measurability

Like fiat money, cryptocurrency has its own unit of account. Cryptocurrency uses the metric system of denominations. In comparison to conventional currencies and commodities, cryptocurrency has a very high level of uncertainty. There is no official agreement about

whether crypto assets are capital or commodities (Arikan, 2021). Exactly like gold, bitcoin is totally fungible (one bitcoin is comparable to another), divisible (you may pay someone a little part of a bitcoin if you want to), and readily verifiable (via the Blockchain) (Luno, 2017). However, the unit of account keeps changing, and it is hard to reflect the appropriate value for goods and services.

Acquirability

A specific software application that resolves complex mathematical riddles or equations produced by the bitcoin system can emit cryptocurrency. The user whose computer first solves the 'hash' (equations) gets a cryptocurrency as a reward. Symbolically the process is called mining (like gold mining) with a considerable amount of time and electricity. However, only specialized, powerful machines will acquire a chance to extract cryptocurrencies compared to home miners. It might also be claimed that although bitcoins are entirely digital, significant real-world resources are required to create new bitcoins, a process that some compare to the mining of actual metals. To add blocks to the blockchain, miners compete internationally in solving cryptographic riddles, which takes a massive amount of computational power. High expenditures for hardware, infrastructure, and electricity are also involved. At the time of writing, it is projected that mining uses 73.12 TWh of power annually (roughly as much as what Austria and the Philippines annually consume) (Digiconomist, 2018). A closer look at bitcoin reveals that it falls short in a few areas (especially being legal tender and having a stable value). As a result, it trades like a commodity rather than a currency.

Table 1: Comparison of Characteristics between Wealth and Cryptocurrencies

Characters	Similarities		Differences
	Wealth	Crypto-Commodity	
Storability	Long storage life is a condition for the usable goods	The ledger file where it stored in a central entity server	Many have lost their coins, but with the proper understanding that only the risks can be eliminated, then there is almost certainly nothing that can be done to get them back if it is stolen.
Desirability	It is an attractive purchase that results from its greatest utility.	Whereby only people who genuinely understand will appreciate	Due to the high volatility of cryptocurrency, it is hard to consider being a good store of value even though the price trend is upward
Exchangeability	It can be swapped because of the strong demand and attractiveness for it.	There is a mechanism to virtually facilitate the exchange between cryptocurrencies and goods or services	Only major currencies, including Bitcoin and Ethereum, are freely exchangeable; the interchange prices fluctuate greatly. In the long run, businesses run the danger of suffering considerable losses.
Measurability	Wealth cannot be stored and cannot be defined by things that are not measurable.	It has its own unit of account. It uses the metric system of denominations	The unit of account keeps changing, and it is hard to reflect the appropriate value for goods and services
Acquirability	Its owner must have worked very hard to acquire it.	Through a particular software that solves sophisticated math puzzles generated by the system	Only specialized, powerful machines will acquire a chance to extract cryptocurrencies compared to home miners

CONCLUDING REMARKS

The preservation of wealth, investment, development, and spending in lawful ways are the creation and maintenance of balance and equilibrium (*islah*) of the objectives of Shari'ah. On the other hand, the collection of wealth in prohibited ways, hoarding, squandering, and wasting are the prevention and eradication of evil and corruption (*fasad*) of the objectives of Shari'ah. Therefore, Shari'ah legislated punishments for assaulting someone by stealing or forcibly looting. Furthermore, wealth is a means of managing the interests of a government from a financial point of view (Siddiq, 2017). The interest is with the arrangement of these interests, giving priority to what wards off harm and giving precedence to the most important over the important, so the necessities (*daruriyyat*) begin, then the needs (*hajiyyat*), then the improvements (*tahsiniyyat*).

At the same time, Shari'ah encourages the use of contemporary methods, technologies, and technology for the benefit of humanity, in conformity with the requirements and principles of Shari'ah. Digital or encrypted currency are examples of new technological breakthroughs. Bitcoin and other cryptocurrencies are continuing to change the way we think about currencies

and money. Furthermore, cryptocurrencies provide features that far outnumber traditional currencies, traits that are completely consistent with Islamic principles of social justice, and values that oppose corrupt governments and predatory financial organisations. As such currencies gain popularity throughout the world, we may expect increasing focus and discussion on the role they play in Islamic banking and finance.

There are many exciting features of bitcoin that make it unique and different from no other existing e-payment system; still, bitcoin is digital and intangible, and gold remains a physical commodity. In contrast to gold, which has had an inherent value for centuries, there is controversy about how to define or quantify such a value for bitcoin. However, the supply and demand mechanisms are the most striking dissimilarity here. Unlike gold, which is mined globally and whose supply rises in an unpredictable way, bitcoins are produced in set quantities as defined in the programme with a planned future of 21 million units (Lawrence, 2018). In one of the first technical papers on the issue, a study characterizes bitcoin as a money-like informational commodity with particular significance to an Islamic economic system (Bergstra et al., 2014). Such a product has the odd characteristics listed below:

- i. It has an exclusively informational status.
- ii. It is correlated with the usage and acceptance of it by a sizeable and significant portion of the general population.
- iii. It has ownership which is identical to control or access to the quantity.

The last characteristic is particularly important from an Islamic perspective because, unlike fiat or fiduciary money, informational commodities that resemble money do not naturally lend themselves to debt or borrowing. The blockchain technology used for digital money has to potential to become a medium of exchange in Islamic banking and finance as well as stock and commodity markets since the *Ribā*, *Gharar*, and *Maysir* will be satisfied if the risks are associated with it the knowledge of blockchain is satisfied (as cited in Zainudin, 2016). Blockchain technology is undoubtedly one of the most ingenious and resourceful inventions, the brainchild of Satoshi Nakamoto. Since then, it has sparked into something that is so much greater. By allowing digital information to be distributed but not copied, it had fashioned a backbone for a new type of technology. While it was originally created as a cryptocurrency (bitcoin), people are now searching for a new use for it.

To conclude, cryptocurrency has its own positive advantage as well as negative disadvantage. If the negative disadvantages can be addressed and overcome, the implementation of the new technologies into stock and commodity markets will be more viable. The market itself must need to evolve so that it will not be outdated and submerged by the changes in technologies. With digital money, the use of natural resources and the pollution of the environment can be reduced. Printing paper money requires a lot of trees, and coins require a lot of metal; thus, it will help to save the current environmental issues. Finally, in line with the classification of wealth from Maqasid perspective, cryptocurrency can become one of many kinds of intangible wealth that people, both as individuals and groups, can possess at any time and for any reason and may use these assets directly or indirectly to acquire goods and services that are useful and beneficial, only when the differences between wealth and crypto-commodity can be identified, arranged, assessed, and evaluated properly.

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