

DIGITAL CURRENCY UNDER THE PERSPECTIVE OF ISLAMIC LAW

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Abstract: Fatwa Number: 28/DSn-MUI/III/2002 regulates the sale and purchase of money in the fatwa which reads: Currency buying and selling transactions are basically allowed, provided that: Not for chancy (speculation), just in case (savings), the transaction needs if the currency transactions are of the same type, they must be of the same value and cash. If different types, it must be based on the exchange rate at the time of transaction and cash delivery. The concept of digital currency for buying and selling transactions has met the requirements and pillars. However, in the mechanism, there is an element of ambiguity. Its nature and form is unknown (*jahalah*), which is contained in the software. The use of digital money is also seen as having many disadvantages. The reason is that when the price goes up, this digital money will be sold, and even the price can go up to zero. Here there is a dark side that is to draw fate and make a profit. So to avoid harm, this digital money is not recommended to be used.

Keywords: *Digital Currency*, Islamic Law

Abstrak: Fatwa Nomor: 28/DSn-MUI/III/2002 mengatur mengenai jual beli uang dalam fatwa bunyinya: Transaksi jual beli mata uang pada dasarnya diperbolehkan, dengan ketentuan: Tidak untuk untung-untungan (*spekulasi*), untuk berjaga-jaga (*simpanan*), kebutuhan transaksi, jika transaksi mata uang sama jenisnya maka harus sama nilainya dan tunai. Jikalau berbeda jenis maka harus berpatokan pada kurs (*nilai tukar*) pada saat transaksi dan tunai penyerahannya. Konsep mata uang digital untuk transaksi jual beli telah memenuhi syarat dan rukunnya. Akan tetapi dalam mekanisme terdapat unsur ke tidak jelasan, sifatnya tidak diketahui (*jahalah*) sifat dan bentuknya, yakni terdapat dalam *software*. Penggunaan uang digital ini juga dipandang banyak kemudaratannya. Pasalnya pada saat harganya naik uang digital ini akan dijual bahkan harganya bisa sampai nol, di sini terdapat sisi buruknya yakni mengundi nasib dan untung-untungan mencari keuntungan. Jadi untuk menghindari kemudaratannya, uang digital ini tidak disarankan digunakan.

Kata Kunci: *Digital Currency*, Hukum Islam.

Introduction

At first, people exchanged goods without using money. So how does society meet its needs? By exchanging services or goods for services or other goods belonging to others. This exchange process is called barter. It isn't effortless to do where one has to find others who need certain specifications of goods and services.¹

Islamic teachings require its people to do any activity easily. God wants his servants to ease. Of course, the development of technology in this era makes it easier for humankind to do all activities. However, keep in mind that every single thing, every aspect of this life, must remain on the path He wants. God wants ease but does not let the comfort bring humankind to damage, let alone everything related to *muamalah*, the relationship between people. Of course, it is a pity that a human being who wants ease then falls on the hole of damage for not heeding the rules or restrictions in his religion.

Cryptography: The word cryptography derives from Greek which is translated as 'hidden writing'² It has a literal meaning of 'the science of secret writing.' Crypto is 'secret or hidden, while graphy is 'writing'³ Thus, cryptography is a secret writing or secret signature, a digital signature⁴ Scientifically, cryptography is the meeting point among science, Mathematics, Computer Science, and Electrical Engineering. Computational encryption algorithms are designed to assume that they are

¹Sholihah, Nur Lailatus. *Fiqh Muamalah's Review of Bitcoin Digital Money with Studies on DSN-MUI and Artabit Companies*.

² Kenneth H. Rosen, Douglas R. Shier, and Wayne Goddard, eds., *Handbook of Discrete and Combinatorial Mathematics*, Second edition (Boca Raton: CRC Press, Taylor & Francis Group, 2018), 199.

³ Willem Conradie and Valentin Goranko, *Logic and Discrete Mathematics: A Concise Introduction* (Chichester, West Sussex, UK ; Hoboken, NJ, USA: John Wiley & Sons Inc, 2015),h. 272

⁴ Asep Zaenal Ausop and Elsa Silvia Nur Aulia, "Teknologi Cryptocurrency Bitcoin Untuk Investasi Dan Transaksi Bisnis Menurut Syariat Islam," *Jurnal Sositologi* 17, no. Vol.17, No1, April 2018 (April 2018): 19, <http://dx.doi.org/10.5614%2Fsostek.itbj.2018.17.1.8>.

anti-hacking because the purpose of using cryptography is for security.⁵

As a result of the development of the times, people now know the so-called money. Money becomes a means of exchange, a means of payment in which the legality is authorized by law. Even the forms of money today vary, ranging from money in paper, coin-shaped, or even electronic, contract digital. There is the progress of the times and the development of technological innovation. Digital money is functioned to be 'money aka a means of transactions through the internet. Because this money is digital and commerce through the internet, this type of money can not be held, touched, or financed like fiat money.

Bitcoin is an example of digital money. The concept is that this currency uses a decentralized system managed by a technology called *blockchain* with a peer-to-peer approach and without any central bank authority or central authority. Simply put, everything is run by a system. Thus, the⁶ bitcoin currency is not controlled and supervised by central banks or governments.

Blockchain technology was developed in 2009 by Satoshi Nakamoto, a developer of Bitcoin called digital currency. Bitcoin is the blockchain, a complex and evolving technology with tremendous potential and less risk whose central promise is a world without intermediaries.⁷

Historically, the bitcoin currency was developed in 2009 by Satoshi Nakamoto with the paradigm that the money should not be in government power where the government is corrupt and likes to attach importance to itself. So, with the existence of digital currencies with the above concept, money no longer favors the conglomerate

⁵ Ausop and Aulia, "Teknologi Cryptocurrency Bitcoin, 5

⁶ Hasan, Maisyarah Rahmi. *Regulation on the Use of Dogecoin Digital Money In The Perspective of Islamic Law and Positive Law*.

⁷ S. T. Bhosale Dr. S. T. Bhosale, "BLOCKCHAIN IN HIGHER EDUCATION INSTITUTIONS," *International Journal of Advance and Innovative Research* 6, no. 3 (September 2019): 124–27.

However, its identity is still disguised today. In early 2018 the price reached US\$11,110. Questions arise about trading cryptocurrency of digital currencies, and the most popular is Bitcoin, which starts at 2 cents and has reached thousands of USD per coin. The price continues to increase according to supply and demand. However, after that, the value of bitcoin dropped 80 percent from its highest point. Likewise, the ethereum, whose price fell from a range of US\$1,400 to USD102 in May 2018.⁸

Conception of Money

1. Money⁹

a. Definition of Money

Money is a tool to facilitate the muamalah / human trafficking to meet the needs. So it can be said that money is a human need for easy fulfillment of requirements. Citing economist J.P Crowrd's opinion on money, he defines it as a widely accepted medium of exchange and a standard measure of value. Whereas in Islam, money is often referred to as *tsaman*, *nuqud* is a means of measuring services or goods valuable as smooth transactions.

b. Money Function

- 1) According to the economic system, as a means of transaction (*medium of exchange*), the unit of price calculation(*unit of account*), and storage of value or *currency*.
- 2) According to Islam, money also has three functions above, but in Islam, money is not a commodity that can be traded but simply *a medium of exchange*.

c. Money terms

- 1) Accepted and known (*acceptability*)

⁸ Astrid Dwijayanti Astrid Dwijayanti, "Pasar Mata Uang Kripto Alami Tren Penurunan, Berbeda Dengan Indonesia Yang Pertahankan Stabilitas Harganya," Commerce, *Finroll.Com* (blog), December 3, 2018.

⁹Sholihah, Nur Lailatus. *Fiqh Muamalah Review of Bitcoin Digital Money with Studies on DSN-MUI and Artabit Companies* .

- 2) Stable value
 - 3) Easy to carry
 - 4) Not easily damaged and counterfeited
 - 5) It can be divided without reducing its value
 - 6) Forms of money
 - a) Fiat money is coins or paper.
 - b) Commodity money in the form of goods
 - c) Near money. Money exchanged or disbursed in advance, such as ATMs, passbooks.
 - d) Cold Money. Bank money that can be used transactions by check only.
 - e) Digital/electronic/virtual money. Money used on internet (electronic) transactions.
2. Digital currency¹⁰

There are different statements regarding virtual currencies, electronic money, cryptocurrencies, and digital currencies in much literature. All of them are components of money that do not have the physicality of cash. Even these terms in some literature are used with the same meaning and replace each other.

But even so, these terms still have different meanings. The term *virtual currency* and *digital currency* is used for cash based on electronic media. The *virtual* world has negative connotations because it hints at objects that seem real when not entirely real when indicating the currency stored in electronic or digital registers. Moreover, *virtual* means something created out of the absence of aliases without a physical-created computer.

Digital currencies are different from traditional currencies that people have known. This digital currency uses an innovative method to process virtual transactions called *blockchain* or use *distributed ledger technology* (DLT). The ownership also does not use anonymity but by using a

¹⁰Bank for International Settlements, *Committee on Payments and Market Infrastructures; Digital Currencies*.

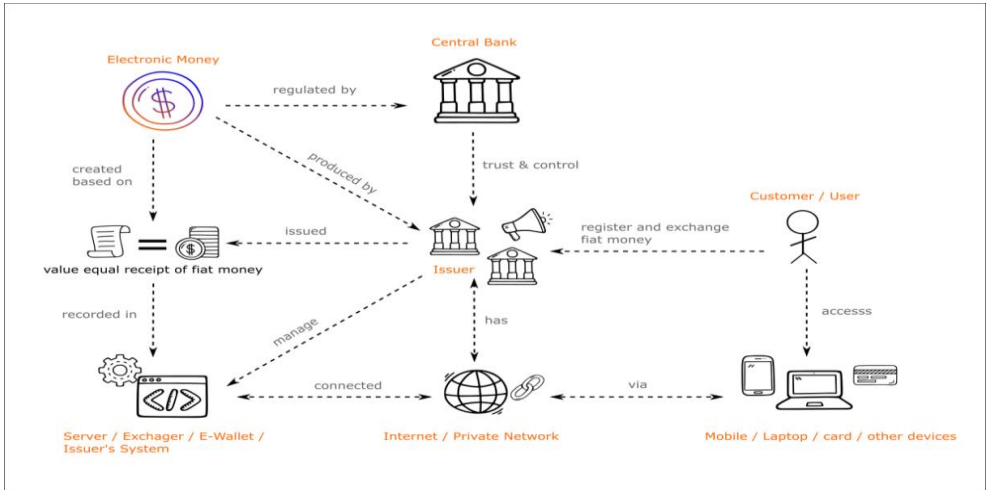
private key that is connected to *blockchains*. Therefore, the process of creating this currency is called *blockchain* mining.

A *peer-to-peer* exchange system conducted between two people for a transaction is carried out without an intermediary. Suppose the cryptocurrency user chooses to send money to another party. In that case, the transfer is directly through a decentralized database distributed computer network on the condition that all parties must give consent to the transaction before it is recorded. After agreeing, the transaction block is added to the existing "chain," thus creating a "digital ledger." Ledgers store information securely, and anyone on the network can see it transparently.

Digital currencies are treasures whose value depends on supply and demand, as is the concept of commodities, such as gold. To be different, digital currencies have no intrinsic value, unlike commodities. Also, digital currencies are not the responsibility of an institution or individual. There is no government support, which makes the value of a cryptocurrency dependent on the belief that it can be exchanged for services or other goods or a country's currency. Computer protocols regulate or determine the supply of cryptocurrencies, and please note that no particular group is free to manage the collection of units.¹¹

Electronic currency concept image

¹¹Bhiantara, Ida Bagus Prayoga. *Cryptocurrency Blockchain Technology* In the Digital *Revolution* Era. (Bali: University of Education Ganesha, 2018), 30



3. Akad *Ṣarf*¹²

Akad Ṣarf is one of the various models of trade transactions (بيع). God said:

"Those who consume interest cannot stand [on the Day of Resurrection] except as one stand who Satan is beating into insanity. That is because they say, "Trade is [just] like interest." But Allah has permitted trade and has forbidden interest. Whoever has received a warning from his Lord and desists may have his past, and his affair rests Allah. But whoever returns to [dealing in interest or usury] - those are the companions of the Fire; they will abide eternally therein" (Al-Baqarah: 275).¹³

The Messenger of Allaah (peace and blessings of Allaah be upon him) said: (narrated by Abu Sa'id al-KhudriRA.)

"We isma'il namely Ibn 'Ulayyah from Salamah ibn 'Alqamah from Ibn Sirin, he said; has told me Muslim ibn Yasar and Abdullah ibn Atik and he was called by the name of Ibn Hurmuz, he said; Ubadah ibn Ash-Shamit and Mu'awiyah told them: 'Ubadah told them, 'Ubadah said: 'I will not be able to do that. The Messenger of Allaah (peace and

¹² aliqtisadalislami.net

¹³ al-Qur'an, 2:275.

blessings of Allaah be upon him) forbade us from selling gold with gold, silver with silver, dates with dates, wheat with wheat, jewawut with jewawut. One of them both said, and salt with salt, while others do not say so. Except equally, like the like. One of them both said; Whoever adds or asks for more, he has indeed taken usury. And the others didn't say it. And he commanded that we sell gold with silver, and silver with gold, wheat with jewawut and jewawut with grain, by handover directly however we wish."

The definition of *Ṣarf* according to etymology means 'additional' (الزيادة) and 'balanced' (العدل). *Ṣarf* itself, in the sense of terminology, means 'buying and selling between goods of the same type or not of the same type.'

Scholars explain many definitions of terminology, but the more comprehensive descriptions are;

بيع الأثمان ببعضها عند اتحاد الجنس أو اختلافه

Buying and selling/exchanging currencies of similar or different types. For example, buying and selling rupiah with rupiah or buying and selling rupiah with US dollars. It is also called forex.¹⁴

The ruling on *Ṣarf*, according to *shariah*, is permissible when the conditions are met. Based on the word of Allah in sura al-Baqarah verse 275, "Allah permitted the sale and prohibition of usury":

The Messenger of Allaah (peace and blessings of Allah be upon him) also said

"The Messenger of Allaah (peace and blessings of Allaah be upon him) forbade us from selling gold with gold, silver with silver, dates with dates, wheat with wheat, jewawut with jewawut. One of them both said, and salt with salt, while others do not say so. Except equally, like the like. One of them both said; Whoever adds or asks for more, he has indeed taken usury. And the others didn't say it. And he

¹⁴Sholihah, Nur Lailatus. *Fiqh Muamalah Review of Bitcoin Digital Money with Studies on DSN-MUI and Artabit Companies*

commanded that we sell gold with silver, and silver with gold, wheat with jewawut and jewawut with grain, by handover directly however we wish."

The conditions that must be met in the transaction of *this Ṣarf* contract are as follows;¹⁵

- a. The handover of goods before separating from the contract assembly. Either the goods are the same type or different types.
- b. Payment must be cash at the time of the assembly.
- c. There is no *khiyār*. If there is a *khiyār*, then the contract of *Ṣarf* is automatically canceled.
- d. The weight of the scale/quantity must be commensurate when the goods are of the same type.

Types of Foreign Exchange Transactions¹⁶, There are four types of foreign exchange transactions as the following:

- a. Cash transactions or *spot transactions* remittance of foreign currency in the next two business days.
- b. Futures transactions or *forward transactions*. Submissions will be made a few days later, weeks or even up to a monthly count.
- c. *Swap transaction* (barter). Sales and purchases are made for multiple currencies with two different delivery dates (cash).
- d. Transaction */option*.

Currency in Regulation

All countries in the world have their reactions to the emergence of digital currencies. Two groups review or regulate digital currencies whose contents look at:

1. In terms of legality: each country has a different view in treating digital currencies, namely: legal, illegal, legal, or neutral, in restrictions or limited and unknown classification.

¹⁵ alqitadalislami.net

¹⁶Sholihah, Nur Lailatus. *Fiqh Muamalah Review of Bitcoin Digital Money with Studies on DSN-MUI and Artabit Companies*

2. In terms of classification: related to the character of digital currencies, then set as legitimate currency (*currency/money*) such as the United Kingdom, Belgium, Singapore, and Brunei Darussalam, commodities such as the State of France, Hongkong, The Netherlands, Thailand, property as in the USA, Australia, barter goods such as in Canada, Austria, Germany, unknown classification as in Afghanistan, Vanuatu.¹⁷

Bank Indonesia - through Bank Indonesia Regulation No. 18/40/PBI/2016 concerning Payment Transaction Processing and Bank Indonesia Regulation No. 19/12/PBI/2017 on The Implementation of Financial Technology - prohibits digital currencies' use to risks in the digital currency. The prohibitions set by the PBI include a ban on buying, selling aka trading cryptocurrencies. It also applies to payment system services (switching operators, funds transfers, principals, payment gateways, clearinghouses, issuers, final settlements, acquirers, electronic wallets) and financial technology operators, the form of banks non-bank institutions to process payment transactions using digital currencies.¹⁸

Fatwa DSN MUI examines Law Number 7 of 2011 on Currency in Indonesia, relating to money. It will also be presented the opinion of Islamic scholars on digital currencies in the following discussion.

In referring to digital currencies as virtual currencies, Bank Indonesia states that all parties must be careful of the risk of virtual *currency*. But please note the number of digital currencies in the world at the time of the press of Bank Indonesia reached the number of 1300 digital currencies. Five cryptocurrencies dominate bitcoin, Ripple, Cardano, Bitcoin Cash, and Ethereum. These digital amounts of money are

¹⁷ Nizar, Muhammad Afdi. *The Controversies of Digital Currency*. (T.T:t.p,2018), 25

¹⁸ Bank Indonesia Regulation No.18/40/Pbi/2016 concerning Payment Transaction Processing

controlled by a community of developers and accepted and used by the virtual community.

Bank Indonesia declares the risks of *digital currencies* as follows:¹⁹

1. It has the potential to harm the community. The value of this digital currency is highly volatile or unreasonable ups and downs.
2. Using technology that could potentially be used for crimes such as terrorist financing and money laundering. For example;
 - a. Bomb threat to the management of Alam Sutera mall with a ransom of 100BTC in 2015
 - b. The dismantling of several ISIS funding accounts in 2015, One of his accounts has a nominal amount of Rp41.1 billion.
3. The vulnerability of cybercrime on the part that facilitates the trading of virtual *currency*.

In a press release, Bank Indonesia No. 20/4/DKom stated that the laws governing currencies and *digital currencies* are not among the money used in Indonesia.

1. Article 1, paragraph 1 of Undang - Undang No. 7 of 2011 about the currency. The prevailing currency is the currency issued by the Republic of Indonesia.
2. Article 21, paragraph 1 of the Currency Act. It is mandatory to use Rupiah currency in every transaction as payment or other activities that must use the territory of the Republic of Indonesia.

Therefore, using digital currency in Indonesia is very risky, let alone risk violating the Currency Law, which leads to criminal acts with criminal penalties of confinement and fines.

Furthermore, Bank Indonesia has regulated the prohibition of the use of *digital currencies*. There are at least two rules as follows:²⁰

¹⁹ Bank Indonesia Press Release No: 20/4DKom

²⁰ Ibid.

1. Article 34 PBI No.18/40/PBI/2016 concerning Payment Transaction Processing
2. Article 8 paragraph 2 PBI No.19/12/PBI/2017 on The Implementation of Financial Technology. TekFin is prohibited from making transactions using digital currency /*virtual currency*. If they violate, they will be removed from the Bank Indonesia register mark and cannot cooperate with PJSP.

Digital money perspective of Islamic Law

E-Money / Electronic Money is a means of payment issued based on the value of money deposited in advance by the holder to the issuer. Then the money is stored electronically in a medium of electronic money that can be used as a means of payment to merchants and not publishers.

Electronic money is the same as ordinary money because it functions as a means of payment for the sale and purchase of goods. From in sharia perspective, electronic money law is Halal. This idolatry is based on rules; every transaction in *muamalah* is permissible unless there is evidence that prohibits it, then the direction turns illegal.

Therefore, electronic money must meet the criteria and provisions following sharia principles, as explained later in this paper. Another factor that is the reason for the halalness of electronic cash is the demands of human needs for electronic money and the many benefits that exist in it.

Sharia e-money should be avoided from usury transactions:

1. The exchange of cash value with the value of Sharia E-Money must be the same amount because otherwise, it belongs to *Ribā al-Faḍl*. *Ribā al-Faḍl* is additional for one of two items yang exchanged in exchange for similar rib wi goods. For example, sharia E-Money balance of Rp. 100,000.00 cannot be sold for Rp. 95,000.00 or Rp. 110,000.00. So it can only be purchased at the exact value of Rp. 100.000,00.
2. Exchange of cash value with the value in Sharia E-Money must also be done in cash. Otherwise, it is classified as *Ribā al-nasīah*. *Ribā al-nasīah* delayed delivering one of the two

goods exchanged to sell similar rib wi goods. For example, when an E-Money Syariah cardholder *refunds/redeem* the value of electronic money with cash value to the issuer, the issuer must fulfill the bill rights promptly without delaying payment.

3. Not encouraging *Iṣrāf* (excessive spending). Electronic money is used as a means of *payment retail/* micro to avoid *Iṣrāf* (excessive expenditure) in consumption is carried out restrictions on the amount of electronic money value and the limit of the maximum total weight of electronic money transactions in a certain period.
4. Not used for the transaction of illicit objects and the sin of electronic money as a means of payment, electronic money should not be used for the price of illegal and sinful things, namely goods that is prohibited from being abused or used according to Islamic law.²¹

In sharia E-Money practice, there are three parties involved; who are they?

1. E-Money issuer is the party that receives *waḍī'ah* or *qard*. One of the institutions that provide such products is sharia banks.
2. Sharia E-Money cardholder as the owner of the fund that provides *waḍī'ah* or *qard*.
3. Merchants are sellers of goods and services that receive payments from sharia E-Money holders

The difference lies in the uniqueness of E-Money Syariah, where the value of electronic money should not be lost even if the card is lost. The implication is that E-Money Syariah must be reintegrated to know your customer principle is fulfilled and reduce the risk of abuse. In addition, the data of Sharia E-Money holders and their money value are stored on the server so that their value will be maintained.

²¹Muhammad Ridwan Firdaus, "E-money in the Perspective of Sharia Economic Law", *Tahkim*, Vol. 14. No. 1 (June, 2018), 152.

Another minor difference is that top-up transaction fees and cash withdrawals "bonus" on the publisher's device are free of charge. However, "of us," the publisher can be charged with the contract *Ijārah* (Buy and sell services) on the device that does not belong to the publisher.

Currently, some Sharia Banks will also issue products related to electronic money. However, they will not dare to launch the product unless they support the financial services authority and MUI, in this case through the fatwa of the National Sharia Council. This means that if MUI fatwa has come out, electronic money is valid to be used both according to religion and state. Next, all it takes is policies and savings in using it not to waste & cause losses in the future.²²

Digital currencies such as Bitcoin, *Dogecoin*, and so on, when purchased with rupiah (fiat), are essentially the same as buying money with money.²³

The Messenger of Allah (peace and blessings of Allah be upon him) explained in a hadith that it is permissible to buy and sell money with money.

"The Messenger of Allaah (peace and blessings of Allaah be upon him) forbade us from selling gold with gold, silver with silver, dates with dates, wheat with wheat, jewawut with jewawut".

There are two rules of exchanging currencies: *first*: If for the same type of goods, it must be the same scale (quantity), and the payment is made cash). For example, rupiah with rupiah, gold with gold. In this case, digital money can be equated with money because it has the same *illat* that is "has a price/value" similar to gold which is a valuable item and has an up and down price, as well as rupiah that has a value. Still, the exchange rate is also up and down. Then the trade made on

²² Ibid., 154.

²³ Hasan, Maisyarah Rahmi. *Regulation of the Use of Dogecoin Digital Money In The Perspective of Islamic Law and Positive Law*.

digital money must meet the requirements, pillars, and rules of buying and selling money with money.

In the discussion of fiqh muamalah about digital currency transactions in the process using the contract *Ṣarf*. *Ṣarf* is a contract to buy and sell currencies in currencies, both of the same type and not the same, such as silver purchased with silver, gold purchased with gold, or gold purchased with silver. But in practice, the *Ṣarf* must meet the pillars and conditions, namely, the surrender of the contract object before the person who is separated, of the same type, there is no right to *khiyār* and is not suspended.

This *Ṣarf* agreement is valid according to DSN-MUI Number 28/DSN-MUI/III/2002 concerning Currency Buying and Selling (*Ṣarf*) provided if no element of profit contract speculation, it must be the same value and cash contract *taqābuḍ*, if other types of money adjusted to exchange rate/exchange rate at the time of the agreement.²⁴

The rule of jurisprudence says:

الأصل في الأشياء الإباحة حتى يدل الدليل على التحريم

"Explaining that everything (including muamalah) is the original law is permissible until there is evidence that makes it haraam".

So the sale and purchase of digital currencies today is initially legal but must be clean from the forbidden Islamic law elements such as the absence of fraud elements in transactions, no aspect of gambling, usury, and so on.

According to Buya Yahya, he detailed with *go-pay* and *e-toll*. If *go-pay* there is a team, in which three people make programs, drivers, and customers or *customers*, and here there is convenience. So there are two laws:

1. The law between the customer and the team

If the money given into the *go-pay* application uses borrowed money, then it is not valid. If the loan money gets a bonus / additional, it will be usury. The contract must be clear.

²⁴ Ibid.

2. Legal team or programmer with Ojek driver

In the opinion of the Quraysh Shihab, there is no problem. As long as the economic activity should be straightforward, there is no fraud, equally like it, then there is no problem. So what's forbidden is the fraud, not the technological advances. That's convenient.

According to the Quran surah An-Nisa verse 29, which reads:

“Believers do not consume each other's property in vain, except in the manner of mutual business. And do not kill yourselves; Surely Allah is Merciful to you..”.²⁵

From the evidence of the Qur'an above that people can be reconciled in the field of economics, it is in the right way and not done in the wrong way according to sharia, also based on mutual measurement. The evidence in this peace was corroborated by Hadith of the Prophet (PBUH) narrated by Muslim imam of Aisha and from Tsabit of Anas:

“You better understand your world's affairs”. (HR. Muslims).

The evidence of the halalness of electronic money can also be based on the fiqh rule:

الثابت بالعرف كالثابت بالشريعة

“Something that happens based on traditional customs is the same as something that applies based on sharia (as long as it is not contrary to sharia)”.²⁶

Then, the use of digital currencies (e.g., bitcoin) was also discussed by the *Bahsul masāil* Tuban institution in 2018, where bitcoin is the same as *Dain*. Because it is the same as *Dain*, bitcoin (or other digital currency) can be invested or

²⁵ al-Qur'an, 5:29.

²⁶ Afif Muamar, Ari Salman Alparisi, 'Electronic Money (e-money) in sharia maqashid perspective', Muamar, Journal of Islamic Economics *Lariba*, Vol.3. No.2 (2017), 81.

used for transactions. However, to date, the Indonesian government has not set regulations on bitcoin.²⁷

Thus, all other forms of losses and risks are entirely borne by the person who performs the contract because there is no guarantee from the government (as explained earlier, the digital currency is issued by a computer system whose value also depends on the market). So the ability of this ruling based on the equation of digital currency with virtual assets can be used as a legitimate transaction tool or used as an investment. But also should not forget that there is no regulation on this digital currency, so the government can not guarantee it (further this problem in the Bank Indonesia Regulation on the Implementation of Payment Transaction Processing).

Closing

Based on the above exposure, the use of digital money, according to the Islamic view, is the same as buying and selling cash with cash. The term *fiqh muamalah* is *al-Ṣarf*.

Fatwa Number: 28/DSn-MUI/III/2002 regulates the buying and selling of money in the fatwa it reads: Currency trading transactions are allowed, provided: Not for profit (speculation), just in case (deposits), transaction needs, if the currency transactions are the same type then it must be the same value and cash. Different types must be based on the exchange rate (exchange rate) at the transaction and cash delivery time.

The concept of digital currency for buying and selling transactions has qualified and got along well. However, there is an element to the ins and outs; its nature is unknown (*jahālah*) nature and form, i.e. contained in the software. The use of digital money is also seen as a lot of harm. Because when the price rises, this digital money will be sold even if the cost can be up to zero, here there is a wrong side to draw fate and profit for profit. So to avoid harm, this digital money is not recommended to be used.

²⁷ Decision Bahsul Masail PW NU East Java in PP. Sunan Bejagung Semanding Tuban 10-11 February 2018.

While digital money is seen in terms of Positive Law, the government can handle and supervise money in Indonesia. Legally digital money is not an insurer and the legal basis. But if you look at Law No.7 of 2011 on Currency, it will be known that the currency is issued by the government (Bank Indonesia) and named rupiah, the material is made of metal or paper. Automatic money-based software and digital are not recognized as money in Indonesia. Bank Indonesia Regulation No. 28 of 2016 concerning Payment Transactions stipulates that the payment is valid if it has permission from Bank Indonesia as a valuable means of payment. So to avoid unwanted bad risks, it would be nice to follow the direction of the government and not use digital currencies even though cryptocurrencies say the law is allowed. Because as explained at the beginning of the discussion, people should not fall into harm because of their actions (innovations that do not contain benefits).

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