Is Bitcoin Haram in Sharia? A Methodological Critique of the Prohibition Fatwa

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Abstract: This article critically evaluates the Sharia legitimacy of Bitcoin by applying Usul al-Fiqh—the foundational principles of Islamic jurisprudence—to several influential fatwas that prohibit it. Despite stemming from sincere concerns, many such fatwas rely on incomplete factual understanding, unverified analogies, or secondary policy considerations rather than explicit textual or consensus-based evidence. Consequently, these rulings risk conflating genuine harms (fraud, volatility, illicit use) with Bitcoin's inherent characteristics, which classical fiqh frameworks may otherwise recognize as permissible if carefully regulated. Drawing on examples of fatwas that deem Bitcoin permissible, the study demonstrates how thorough subject comprehension and methodologically robust legal derivation (ijtihad) often yield more nuanced conclusions. It further underscores that well-established Qur'anic and Prophetic principles—such as avoiding excessive uncertainty (*gharar*) and upholding wealth preservation—need not preclude thoughtful, evidence-based engagement with emerging financial technologies. Concluding that clear methodological grounding and accurate technology assessment are indispensable, the paper advocates ongoing dialogue between Sharia scholars, economists, and technical experts to ensure balanced rulings that protect Muslims' interests while fostering innovation.

Keywords: Bitcoin, Islamic Finance, Cryptocurrencies, Sharia, Usul al-Fiqh, Fatwas, Halal, Haram

Mansouri E. (2025), Is Bitcoin Haram in Sharia? A Methodological Critique of the Prohibition Fatwa, *Journal of Balkan Economies and Management*, 1(2), 83-156.

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Balkan Studies Foundation
DOI: http//doi.org/10.51331/bemA06
Journal of Balkan Economies and Management, 1(2), 2025
journalbem.com

Received: 01.04.2025
Accepted: 08.05.2025

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Introduction

Bitcoin's rapid rise has pushed it to the forefront of financial innovation, making it not only the first successful cryptocurrency but also the most significant by nearly every measure—adoption, market capitalization, and real-world impact. Far from a mere technological novelty, Bitcoin has reshaped how individuals, institutions, and even nation-states conceive of money and digital assets. Its core invention—a decentralized, transparent, and tamper-resistant ledger called the blockchain—represents a major shift in how secure value transfer can be conducted. In this sense, Bitcoin stands as a milestone in both technology and finance, meaning that misunderstanding its fundamentals can easily lead to oversimplifications and, as this paper will illustrate, potentially flawed Sharia rulings.

Within the Islamic context, such misunderstandings come with high stakes. Many Sharia scholars and jurists have declared Bitcoin forbidden (haram) (Meera, 2018; Mustafa, 2023), often citing concerns about volatility, speculation, and the absence of a central authority. Meanwhile, economists like Saifedean Ammous (2018, 2023) hold that Bitcoin's design—which restricts supply, ensures transparency, and operates without central-bank-driven riba—might in fact render it more halal than certain fiat currencies. Against the backdrop of these polarized views, it becomes evident that any ruling on Bitcoin's Sharia status should rest on a precise understanding of its technological and economic attributes.

Contrary to the idea that Bitcoin is purely theoretical in Islamic finance, it is already being seriously contemplated and, in some cases, actively employed across the Muslim world. Institutions and individuals alike have begun exploring how Bitcoin can support various practices, including zakat (charitable giving), sadaqa (donations), mahr (dowry), waqf (endowments), inheritance, and other contractual arrangements that require recognizing Bitcoin as property (Aysan & Al-Saudi, 2023; Baudier et al., 2023; Farhan & Saiban, 2024; Kamis et al., 2022; Rosele et al., 2025). The International Islamic Fiqh Academy (IIFA) of the Organization of Islamic Cooperation, the highest Sharia jurisprudence authority globally, is still looking into the issue with much sincerity and caution

(IIFA, 2019), a situation parallels the one the IIFA faced when determining the permissibility of fiat currencies (IIFA, 1986). As Bitcoin's adoption grows, clarifying its Sharia standing is more than an academic exercise; it is a practical necessity..

In the Middle East, North Africa, and Southeast Asia, economic pressures such as inflation and currency devaluation have pushed many toward alternative asset classes (Aysan, 2025; Bhimani et al., 2022). In response, bodies such as the Indonesian Ulema Council (MUI) have prohibited Bitcoin on grounds of speculative risk (Hidayat, 2023; Mustafa, 2023). Meanwhile, jurists in Turkey and Saudi Arabia have also issued differing opinions (Al-Farouqi, 2024), creating a patchwork of rulings that sow confusion among Muslims and policymakers, and potentially stifle beneficial blockchain innovations..

Hence, this paper addresses a key question: Is Bitcoin truly prohibited by Sharia, or are the prohibition verdicts based on inadequacy of jurisprudential methods? With Bitcoin's global usage continuing apace, a methodologically sound Sharia perspective is urgently needed. A robust Sharia analysis is therefore indispensable for guiding Muslim communities as they consider adopting this technology. This study employs Usul al-Fiqh, the foundational methodology by which Islamic jurists derive legal rulings from the Qur'an, Sunnah. A major difficulty arises when fatwas (jurisdic opinion) prohibiting Bitcoin omit rigorous evaluation of Bitcoin's technical and economic fundamentals, jumping straight to concerns about speculation, gambling, or riba without careful analysis.

Following the methodological framework outlined in methodology section, this paper evaluates Bitcoin's Sharia fatwas according to Usul al-Fiqh principles. First, it conducts Textual Examination (Nusus), exploring possible analogies within Qur'anic or Sunnah (Prophetic sources). Next, in the Application of Ijma' and Qiyas, it considers whether explicit textual rulings or consensus (Ijma') exist; if not, it investigates whether legitimate analogy (Qiyas) can be drawn from established monetary and property rulings. After that, the study proceeds to an Evaluation of Supplementary Sources, examining how other sources and methods like maslahah (public interest), 'urf (customs), and sadd al-dhara'i (blocking means to harm) have been applied, and whether these secondary principles

bridge genuine gaps or simply substitute for missing foundational proofs. Finally, it measures outcomes against Sharia objectives (Maqasid al-Sharia), ensuring that any conclusions regarding Bitcoin align with Sharia's higher objectives—particularly preserving wealth—in a rapidly evolving digital landscape.

Although I engage with several contemporary fatwas on cryptocurrency, this paper focuses primarily on Bitcoin—the original, largest, and arguably most influential cryptocurrency (Aysan et al., 2021) —whose features are frequently oversimplified by non-professionals. I do not delve into stablecoins, central bank digital currencies (CBDCs), NFTs, or the other major cryptocurrencies such as Etherium, especially after the Proof of Steak transition. Given the vast differences between cryptocurrencies, focus on Bitcoin enhances the robustness of this study and avoids conclusions that cannot be generalized to other cryptocurrencies.

This study brings several distinct contributions to the Islamic finance discourse by integrating a rigorous Usul al-Fiqh approach with a substantive understanding of Bitcoin's design and real-world uses. First, it highlights how harnessing Usul al-Fiqh as a formal methodology—still relatively uncommon in English-language analyses—can be systematically applied to questions like cryptocurrency. Second, it clarifies misunderstood concepts in English-language Sharia and Islamic finance literature, such as the nuanced distinction between gharar (excessive uncertainty) and legitimate risk, the difference between money and property, and whether states hold exclusive mandates to issue currency. Third, it underscores the importance of bridging theory and practice, showing that real-world applications of Bitcoin (including zakat distribution, dowry, and inheritance) require conscious, coherent, consensus-driven rulings. By examining classical Islamic jurisprudence alongside cutting-edge financial technology, the study suggests a route to progress that respects both traditional legal principles and modern innovations. Finally, the analysis focuses on fatwas and ijtihad (scholarly jurisprudence) that exhibit high methodological rigor and originate from recognized Sharia jurists working within an Usul al-Fiqh framework. Less specialized viewpoints—those outside the purview of qualified Sharia jurists—are deliberately omitted, preserving a focus on rulings carrying the greatest doctrinal relevance.

Reaching clarity on whether Bitcoin is Sharia-compliant represents a pivotal moment for Islamic finance. If Sharia jurists thoroughly assess Bitcoin's attributes and apply Usul al-Fiqh principles correctly, Muslim societies might benefit from a financial instrument capable of fostering efficiency, transparency, and cross-border integration—much like the forward-looking stance once adopted for fiat currencies. Conversely, if rulings remain rooted in partial technical insights, confusion could dominate, ultimately undermining an innovation with transformative potential. By examining how fatwas are formulated and whether they align with classical jurisprudential standards, this paper calls for a more transparent, evidence-based conversation about technology's evolving role in Islamic finance.

This paper is divided into four main parts. Following the introduction, the Literature Review contrasts works from non-Sharia scholars—who often emphasize economic and practical considerations—with studies by juristic Sharia experts grounded in Usul al-Fiqh. The Methodology section then explains how in Usul al-Fiqh classical Islamic legal principles (Qur'an, Sunnah, Ijma', and Qiyas) serve as the lens through which various Bitcoin prohibition fatwas are critically examined, highlighting the importance of accurate fact-finding. In the Results and Discussion, each selected fatwa is systematically analyzed to uncover methodological strengths and gaps, paying particular attention to whether they rely on complete technical knowledge or align with foundational scriptural evidence. Finally, the Conclusion integrates these findings, reiterates the necessity for robust, interdisciplinary collaboration, and proposes a path forward for Sharia scholars to navigate emerging financial technologies without compromising essential Islamic jurisprudential principles.

Literature Review

Bitcoin Sharia Literature by Non-Sharia Scholars

A considerable segment of Islamic finance research on Bitcoin and cryptocurrencies comes from scholars who, while well-intentioned and often highly specialized in fields like economics or finance, are not formally trained in Usul al-Fiqh. Consequently, their analyses can overlook certain nuances in Islamic

jurisprudence. For example, Othman et al. (2023) categorize Muslim scholars' and experts' opinions on cryptocurrencies into three main stances—those who permit, those who prohibit, and those who remain undecided. Their review highlights that some experts view cryptocurrencies favorably if they meet particular requirements (e.g., regulatory compliance, asset backing, or gold-backing), whereas others forbid them for reasons like speculation, lack of a robust legal framework, or alignment with personal religious convictions. Meanwhile, undecided scholars acknowledge crypto's potential but advocate further investigation, reflecting the diverse range of viewpoints in this space. Hassan et al. (2023) similarly note that Bitcoin's decentralized nature can be seen as an advantage under Sharia principles by eliminating a single issuer and circumventing conventional monetary control. Nonetheless, this very autonomy raises questions about whether Bitcoin meets the stability criteria typically emphasized in Islamic finance, leading to a cautious or skeptical approach among Muslims wary of volatility and managerial risks..

A number of studies underscore the prohibition of Bitcoin and other cryptocurrencies, grounded in concerns that they do not fully satisfy Sharia principles for money. Balarabe et al. (2024) note that financial institutions in certain regions have been restricted from dealing with cryptocurrencies, due to their unresolved legal and Sharia status. This regulatory vacuum often fosters uncertainty, which in turn fuels debates about whether Bitcoin is halal (permissible) or haram (forbidden). Meera (2018) contends that since most cryptocurrencies are not asset-backed, they cannot be considered Sharia-compliant. Moreover, he points to the prevalence of gharar (excessive uncertainty) and maysir (gambling) in cryptocurrency markets, arguing that these elements conflict with the objectives of Islamic finance. In a similar vein, Naya et al. (2024) conclude that the risks of speculation and the lack of regulatory oversight make cryptocurrencies nonconforming with Sharia principles, thereby rendering them haram based on their speculative nature and potential to facilitate illegal activities.

Some works on cryptocurrency approach the issue from the perspective of Maqasid al-Shari'ah (Sharia Objectives), which include, among other elements, the preservation of wealth. Al-Farouqi (2024) emphasizes the role of maslahah

(public interest) in shaping cryptocurrency fatwas across Muslim-majority countries, with certain jurisdictions pursuing more permissive stances to encourage economic growth and financial inclusion. By contrast, other regions take a more conservative approach out of concern for safeguarding financial stability and preventing harm.

Ghoni et al. (2022) suggest that preventing harm takes precedence over realizing benefits when it comes to cryptocurrency investments, underscoring an Islamic legal maxim that can underpin more prohibitive rulings. Meanwhile, Ibrahim et al. (Ibrahim et al., 2024) question whether cryptocurrencies meet the classical criteria for Islamic money, especially given their volatility and potential for speculation. As a result, many Muslims remain cautious, anticipating slower adoption of cryptocurrencies in jurisdictions that strictly uphold these principles.

Nonetheless, some studies propose that blockchain, the technology underpinning Bitcoin, aligns with Sharia goals like transparency, security, and anti-monopoly (Aljamos et al., 2022). Others highlight the possibility of gold-backed or asset-backed cryptocurrencies as a way to reconcile Islamic principles with innovation (Rani et al., 2024). These conversations reflect an ongoing effort within Islamic finance to integrate Maqasid al-Shari‘ah when evaluating novel financial instruments.

Although the literature identifies a range of issues—from absence of tangible backing to speculation—these studies primarily assess Bitcoin and other cryptocurrencies through an Islamic finance lens that may not always apply rigorous Usul al-Fiqh methodologies. Consequently, they capture the perspectives of well-intentioned scholars who nonetheless might overlook or simplify certain jurisprudential subtleties.

Bitcoin Literature by Juristic Sharia Scholars

Usul al-Fiqh, the methodology governing how jurists derive legal rulings from the Qur’an, Sunnah, Ijma‘ (consensus), and Qiyas (analogy), offers a foundational framework for analyzing contemporary issues in Islamic law (Al-Alwani et al., 2003; Kamali, 2003). Its structured approach is designed to ensure that

Sharia rulings rest on established principles. Despite its importance, much of the English-language discourse on Bitcoin in Islamic finance does not rigorously employ this discipline. Consequently, many analyses revolve around macroeconomic or practical viewpoints—such as volatility, legality, and market dynamics—without deeply exploring relevant jurisprudential tools.

In essence, the broader literature on Usul al-Fiqh underscores the need to move beyond generic assessments of compliance and instead engage with the sources of Islamic law in a systematic way. Through this lens, questions about whether Bitcoin qualifies as māl (property), whether its use involves prohibited gharar, and how analogical reasoning might place Bitcoin alongside earlier forms of currency become central to the inquiry.

In contrast to non-jurist discussions, some Sharia specialists apply Usul al-Fiqh directly to the question of cryptocurrency permissibility. Kirchner (2020) provides both historical and modern examinations of commodity, property, and money concepts, reflecting on the typical critiques—volatility, speculation, and lack of intrinsic value—leveled at digital currencies.

Other works examine the positions of recognized Sharia jurists on Bitcoin. For instance, Sahalan and Samsudin (2023) highlight Mohd Daud Bakar's detailed approach, in which he finds no solid legal cause ('illah) to prohibit cryptocurrencies. Bakar's view rests on Al-'Urf (custom), sadd al-dhara'i' (blocking harm), and fatḥ al-dhara'i' (facilitating benefits), suggesting that innovation in financial technology can be permissible if it does not contravene established Sharia principles. Similarly, Abu-Bakar (2018) presents a Sharia analysis of Bitcoin rooted in defining Bitcoin as property and differentiating its inherent characteristics from how users might misuse it.

Abozaid (2020) also addresses how the absence of real asset-backing and official oversight complicates the classification of cryptocurrencies. Nevertheless, he acknowledges that the question of whether these instruments fall under the same rules as conventional currencies—particularly regarding riba (usury)—requires further juristic scrutiny. This focus on grounded, textually based reasoning stands apart from more generalized Islamic finance perspectives that primarily emphasize speculation, volatility, and regulatory concerns.

Overall, the literature reveals a gap between conventional Islamic finance discussions—often led by well-intentioned but non-jurist experts—and the more specialized Usul al-Fiqh analysis conducted by trained jurists. While the former group frequently addresses practical aspects like risk and regulatory policy, they may not fully deploy the nuances of Sharia legal reasoning, occasionally resulting in oversimplified conclusions. The latter group, by contrast, employs classical juristic methods to interpret cryptocurrencies in light of primary legal sources and recognized jurisprudential principles, offering a more textually grounded perspective.

This gap underscores the importance of a study that systematically applies Usul al-Fiqh to evaluate Bitcoin's permissibility. Doing so helps clarify whether prohibition fatwas indeed meet the standards of rigorous Sharia methodology or rely too heavily on secondary considerations such as maslahah without first establishing a solid legal basis. By highlighting both sets of literature—non-Sharia specialists and trained jurists—this review underlines the need for bridging macro-level Islamic finance insights with jurisprudential precision, thus ensuring that Sharia rulings on Bitcoin and related innovations rest on firm, methodologically sound foundations.

Methodology

This study applies Usul al-Fiqh, the foundational discipline that governs how Islamic jurists derive legal rulings from Sharia sources (Kamali, 2003). By foregrounding this classical framework, the research seeks to assess whether fatwas prohibiting Bitcoin meet the rigorous standards of Islamic legal derivation from agreed sources such as the Qur'an, Sunnah (Prophetic traditions), Ijmāʿ (consensus), and Qiyās (analogical reasoning) or whether they invoke supplementary principles—like maṣlaḥah (public interest) or sadd al-dharāʾiʿ (blocking means)—without first demonstrating clear textual or analogical evidence for prohibition.

Usul al-Fiqh (literally, "the principles of Islamic jurisprudence") provides the interpretive tools and legal maxims that guide jurists in deducing rulings on novel issues (Al-Alwani et al., 2003). In particular, it enjoins a systematic examination

of direct textual evidence (of scriptural nature) from the Qur'an and Sunnah, followed by efforts to identify an existing scholarly consensus (ijmāʿ) or relevant analogy (qiyās). When such definitive guidance is absent, jurists consider recognized secondary principles, such as maṣlaḥah (public welfare), ʿurf (custom), or sadd al-dharāʾiʿ (preventing harm). This structured approach ensures that legal opinions rest on a solid chain of reasoning back to authoritative textual sources rather than primarily on utilitarian or policy-based arguments.

An additional layer of insight for understanding how Usul al-Fiqh operates can be drawn by likening it to hermeneutics, a discipline that explores the theory and methodology of textual interpretation (Kazemi-Moussavi & Mavani, 2023). While hermeneutics originally emerged in the context of biblical exegesis in Western scholarship, its principles have broadened to encompass the interpretation of secular texts, legal doctrines, and philosophical writings. Fundamentally, both Usul al-Fiqh and hermeneutics revolve around extracting meaning from authoritative texts—whether divine revelation or other foundational sources—and applying that meaning to current or future contexts. Positioning Usul al-Fiqh alongside hermeneutics in the Methodology section thus highlights the interpretive depth and conceptual discipline inherent in Islamic jurisprudence. By framing the analysis of Bitcoin's permissibility within a tradition that shares notable parallels to hermeneutical inquiry, the paper underscores the scholarly seriousness with which new rulings must be approached. It also invites readers unfamiliar with Islamic legal theory to appreciate that interpreting Sharia texts involves a robust, multi-layered methodology—one that resembles recognized interpretive traditions in other scholarly domains.

Given the polarized nature of current scholarly discourse on Bitcoin—some declaring it ḥarām outright, others viewing it as potentially more ḥalāl than certain fiat currencies—it is essential to place each prohibition fatwa under close juristic scrutiny. In this way, the study highlights whether the classical methodology was followed thoroughly or whether certain fatwas rely on incomplete premises, such as equating Bitcoin's volatility with gambling or conflating decentralization with outright impermissibility.

To achieve a focused and methodologically robust analysis, this research examines fatwas and ijtihād documents issued by recognized Sharia jurists who operate within an Usul al-Fiqh framework. Earlier sections noted that many non-specialist commentators—well-intentioned economists, finance scholars, or business experts—have offered opinions on Bitcoin's Sharia status without the precise juristic grounding that Usul al-Fiqh demands. While their works were reviewed in the Literature Review section, they were excluded from the formal dataset to maintain a clear emphasis on the rulings carrying the greatest doctrinal weight.

This selection strategy stems from the earlier observation that some documented fatwas lacked a clear demonstration of foundational juristic reasoning. By concentrating on thoroughly reasoned opinions, the study can better evaluate whether classical jurisprudential protocols were indeed followed. Moreover, focusing on jurists recognized for their methodological rigor helps clarify the degree to which existing prohibitions on Bitcoin align with or depart from well-established Islamic legal standards.

Following the collection and translation of these fatwas, each document was subjected to a **qualitative content analysis** driven by Usul al-Fiqh constructs. First, the text was examined to identify any direct textual citations (Qur'an or Sunnah) and how these were interpreted or applied. Next, the presence or absence of ijmāʿ or qiyās was noted, with careful attention to whether the analogical cause (ʿillah) was clearly and convincingly established.

Where the fatwa appealed to secondary principles such as maṣlaḥah (public welfare) or ʿurf (custom), the analysis explored whether these tools were invoked in a manner consistent with classical jurisprudential guidelines. Specifically, the study assessed whether the jurist had attempted to locate a textual or analogical basis prior to moving on to maslahah-based arguments—one of the key stages mandated by Usul al-Fiqh methodology.

Finally, the rulings were evaluated against Sharia Objectives (Maqasid al-Sharia). Although Sharia Objectives are often cited to justify policy-level or pragmatic considerations, the fundamental principle remains that these objectives must never contradict primary textual sources or firmly established legal reasoning.

This step was therefore essential for interpreting how each fatwa balanced technical concerns about Bitcoin (e.g., volatility, speculation, perceived risk of money laundering) with classical imperatives such as preventing harm and preserving wealth.

The logic of this methodology paved the way for the Results section, in which each selected fatwa's reasoning was systematically compared. The final dataset, while limited to a select group of fatwas, maintains a depth of juristic rigor required for evaluating whether the prohibition of Bitcoin genuinely reflects Sharia fundamentals or rests on incomplete or tangential arguments. As such, the results derived from this dataset are intended to offer a specialized, yet pointed, critique of existing fatwas and a model for more disciplined Sharia analysis of emerging financial technologies. Fatwas offering explicit, well-documented textual or analogical proofs were set against those relying on broad appeals to uncertainty (gharar) or speculation (maysir) without correlating them to a recognized ʿillah. The subsequent Discussion elaborated on these findings, highlighting how certain prohibition fatwas might hinge on misinterpretations of Bitcoin's technical features or revolve around secondary concerns (e.g., potential misuse in illegal activities) rather than validated, textually grounded ḥarām criteria.

Results

Selected Permission Fatwa

While this paper is not about the Bitcoin Halal fatwa, the permissability opinion is worth noting to contextualize subsequent analysis. Guided by the Usul al-Fiqh methodology, several prominent Sharia scholars and Ijtihad and Fatwa bodies have declared Bitcoin permissible under Sharia.

Mufti Muhammad Abu-Bakar (Blossom Labs, Indonesia) is often cited as one of the first to declare Bitcoin and cryptocurrencies bona fida permissible (Abu-Bakar, 2018). He started his reasoning by arguing that Bitcoin meets the Sharia definition of property (māl), emphasizing its widespread acceptance, utility as a medium of exchange, and demonstrable value. He maintains that Bitcoin's volatility or speculative misuse does not inherently render it impermissible, just

as other permissible commodities also experience price fluctuations. By adequately distinguishing between Bitcoin's inherent characteristics and misuse by individuals, he effectively applies traditional juristic principles, making his argument persuasive from an Usul al-Fiqh perspective.

Dr. Mohd Daud Bakar, a prominent Malaysian Sharia scholar and chairman of Amanie Advisors, strongly supports Bitcoin's permissibility as property (māl), viewing it through the lens of 'urf (customary practice) and fath al-dhara'i (opening beneficial means). Baker is known to have made some of the best counterarguments to the prohibition scholars (N. M. Ibrahim et al., 2024; Sahalan & Samsudin, 2023). He explicitly rejects claims that Bitcoin mining equates to gambling, instead characterizing it as a legitimate competitive economic activity. Bakar argues that Bitcoin does not contain prohibitive gharar (excessive uncertainty) or qimar (gambling), as its inherent risks and fluctuations are comparable to other permissible investment assets. Bakar's position stands out due to its robust conceptual accuracy and sophisticated jurisprudential reasoning.

The Sharia Advisory Council (SAC) of Malaysia's Securities Commission has broadly accepted digital assets, including Bitcoin, provided they comply with clear and transparent regulations ensuring minimal uncertainty and sufficient investor protection (SAC, 2020)at its 233rd meeting held on 29 June 2020 and its 234th meeting held on 20 July 2020, resolved the following:\n\n(A. This approach highlights regulatory clarity, risk management, and consumer protection, aligning well with classical jurisprudence emphasizing preventing harm (dharrar) while enabling beneficial innovations (maslahah). Its perspective effectively bridges traditional jurisprudential principles and modern economic realities, providing regulatory clarity that aligns with classical jurisprudence's spirit and objectives.

Based on the permissability fatwas above, it is notable that the permissibility of Bitcoin requires not as much Ijtihad to prove in Usul al Fiqh. In Usul al-Fiqh, particularly under the principles of Istishāb (presumption of continuity) and ʿUrf (customary practice), proving Bitcoin's permissibility is straightforward. Istishāb presumes the permissibility of all non-worship actions and objects unless explicitly prohibited by authoritative textual evidence. Thus, in the

absence of such explicit evidence from primary sources (Qur'an and Sunnah), Bitcoin transactions would naturally be deemed permissible by default. Similarly, according to the principle of ʿUrf, the classification of something as property (māl) does not necessarily require rigorous textual evidence. Rather, it suffices for an asset to be broadly accepted and customarily treated by people as having value, being traded, and being beneficial. Bitcoin meets these conditions given its widespread global acceptance, trade, and economic utility.

Given the default rules of permisability in the case of Bitcoin, the burden of rigorous proof rests on those declaring it impermissible. Therefore, and given the clear lack of juristic consensus (Ijmaa), those who insist to declare Bitcoin impermissible (haram) must provide clear, robust textual evidence or authoritative analogical reasoning (Qiyās grounded explicitly in primary sources) to override these fundamental jurisprudential principles. Given the textual analysis of the prohibition fatwas, many jurists recognize such requirements, pushing them to find reasons for the prohibition instead of relying on general Sharia principles forbidding new technology or objects, for example. Without authoritative evidence or analogical reasoning firmly grounded in primary sources, some scholars prohibiting Bitcoin may opt to rely largely on their reputation, weakening their fatwas' jurisprudential foundation.

Selected prohibition Fatwa

In this study, I have deliberately chosen certain prohibition fatwas for detailed analysis due to their significant influence, authoritative origins, and wide dissemination among Muslim communities globally. Each selected fatwa comes from a prominent Islamic jurisprudential authority or scholarly council whose opinions significantly impact Muslim public perception, regulatory decisions, and scholarly debates about Bitcoin and cryptocurrencies. By critically examining these influential fatwas, I aim to highlight key methodological strengths and weaknesses in their jurisprudential reasoning, particularly regarding their application of Usul al-Fiqh principles. Furthermore, these fatwas collectively represent diverse geographical and institutional contexts, thus providing a comprehensive perspective on how different Islamic authorities approach contemporary financial innovations. This analytical selection ultimately aims to enrich

the ongoing scholarly conversation, offering nuanced insights into how Islamic jurisprudence interacts with emerging financial technologies like Bitcoin.

Türkiye's High Board of Religious Affairs

The fatwa dated 04.12.2017 by Türkiye's High Board of Religious Affairs to the question "*What is the religious ruling on the use of cryptocurrencies?*" can be represented as follows (High Board of Religious Affairs, 2017):

> "It is permissible to use any type of currency that is widely accepted as a medium of exchange or measure of value among users, provided that its source inspires trust and reliability.
>
> In this context, what matters is whether the medium of exchange known as currency inherently contains substantial uncertainty (gharar) either in its production, distribution, or nature of interaction; whether it serves as a means of deception; and whether it facilitates unjust and unearned enrichment of certain individuals or groups.
>
> The religious ruling regarding each type of cryptocurrency, which have emerged in recent years and come in various forms, must be assessed individually according to the above general principles.
>
> Consequently, the use of cryptocurrencies that inherently contain significant uncertainty, carry a high risk of deception and fraud, offer no guarantees or security, and lead to unjust enrichment—similar to pyramid-scheme practices commonly known in society—is impermissible."

The Turkish Sharia authorities were previously claimed to have made a blanket prohibition on Bitcoin in an earlier fatwa, but this updated fatwa's reasoning uses careful language, ensuring adherence to classical jurisprudence while remaining open to cryptocurrencies that potentially fulfill Sharia-compliant conditions. The fatwa employs the concept of Maslahah (public welfare) implicitly, by assessing trustworthiness, security, and protection from harm. This reflects careful textual reasoning (dalālah), distinguishing clearly between permissible and impermissible transactions based on clearly stated Sharia principles rather than generalizing indiscriminately.

Palestinian Dar Al Ifta

The Supreme Iftaa Council of the Palestinian Fatwa House (Dar Al Ifta) issued a fatwa in response to a question on the Sharia ruling for Bitcoin trading and mining, raising several key objections (Supreme Iftaa Council, 2017). First, it highlights Bitcoin's anonymity, depicting this feature as enabling illegal activities such as drug trafficking and money laundering. Second, the fatwa points to extreme uncertainty (gharar) and risk (mukhāṭarah), emphasizing dangers like volatility, hacking threats, and the potential for sudden or restrictive government regulations. Third, it cites Bitcoin's limited supply of 21 million coins, judging this aspect harmful. Fourth, the fatwa criticizes the term "mining," arguing that the underlying competition more closely resembles gambling (maysir) and wastes resources. Fifth, it denounces Bitcoin's trustless design, claiming that the lack of a reliable issuing authority undermines the necessity of trust in currency adoption. Sixth, it contends that Bitcoin fails the Sharia conditions for money, insisting that a valid "Sharia-compliant coin" must serve as a unit of account (Thamaniyyah), be issued by a recognized authority, and enjoy general public acceptance—criteria that, the fatwa notes, Bitcoin does not meet, referencing bans in countries like Russia and China. Seventh, the fatwa cites a warning from the Palestinian Monetary Authority indicating that any Palestinian money exchanged for Bitcoin could drop to zero at any time. Finally, the fatwa concludes that Bitcoin lacks Thamaniyyah (monetary value) and thus does not qualify as a valid commodity, effectively classifying it as non-property under Sharia. In light of these objections, it declares Bitcoin trading and mining harām (impermissible) due to uncertainty, lack of guarantees, and inherent risks, invoking prophetic hadiths that forbid transactions involving unknown (majhūl) or uncertain (gharar) objects.

The fatwa's portrayal of Bitcoin mining as gambling is inaccurate when assessed in light of Bitcoin's technological structure and the classical jurisprudential concept of gambling. In Usul al-Fiqh, *maysir* involves wagering wealth in games of pure chance, where participants stake resources on uncertain outcomes, leading directly to unjustified losses or unearned gains. Bitcoin mining differs fundamentally. It is a computational process that validates transactions and secures the blockchain network through cryptographic problem-solving. Although

miners compete to solve algorithmic challenges, they are not betting against one another in a zero-sum manner. Instead, each miner voluntarily invests computational resources and energy costs; if successful, they receive a predictable, algorithmically determined reward, and even unsuccessful attempts indirectly bolster network security. Thus, mining does not equate to the zero-sum wagering that classical fiqh deems impermissible. Because the fatwa misunderstands mining's function and conflates it with gambling, its analysis is weakened under Usul al-Fiqh standards. A more accurate grasp of mining would classify it as a productive economic activity, distinctly removed from the classical forms of gambling that Sharia explicitly prohibits.

The fatwa contends that Bitcoin fails the Sharia conditions for money. However, from an Usul al-Fiqh perspective, the logic behind these conditions is methodologically questionable. First, the fatwa enumerates three criteria for Sharia-compliant money—being a unit of account (described in the fatwa as *Thamaniyyah*), being issued by a recognized authority, and enjoying widespread acceptance—without referencing any primary Islamic sources (Qur'an or Sunnah).

Second, the fatwa treats *Thamaniyyah* as a decisive factor for recognizing money, ignoring the fact that classical scholars debate whether *Thamaniyyah* is essential or merely functional, and whether it applies exclusively to gold and silver or extends to other mediums of exchange. Typically, *Thamaniyyah* indicates an item's potential for usury (*riba*) regulations, not its fundamental eligibility as money or property. Even if Bitcoin were excluded from *Thamaniyyah*, that alone would not prevent it from being considered legitimate property—or from acting as a valid currency in practical terms.

Finally, the fatwa notes limited acceptance and official bans in countries like Russia and China but neglects the classical stance that currency legitimacy hinges on societal usage and mutual consent, not solely on governmental recognition. Many recognized national currencies also lack universal acceptance, yet remain permissible under Sharia. This selective focus on governmental bans lacks sufficient grounding in primary fiqh sources, further weakening the ruling.

The fatwa employs a nuanced linguistic and juristic approach in its classification, arguing that Bitcoin does not fulfill Sharia-compliant currency standards (due to absent centralized authority or inherent trust) nor qualifies as a valid commodity (due to intangible form and lack of direct human consumption benefits). Yet restricting property solely to tangible items runs counter to significant strands of classical fiqh and modern Sharia scholarship, which accept various intangible assets.

Furthermore, the fatwa implicitly applies *Sadd al-Dharāʾiʿ* (blocking harmful means) by banning Bitcoin trading to avert perceived large-scale damage, whether economic instability or illicit use. References to public welfare (*maslaḥah*)—though not explicitly named—surface in its warnings about national economic harm and substantial financial losses. Still, an overly broad depiction of Bitcoin as inherently speculative or fraudulent reveals a limited conceptual understanding of the network's technological underpinnings and legitimate economic roles. Since valid ijtihād requires a full, accurate picture of the subject, this mischaracterization undermines the fatwa's universal applicability and persuasiveness under Usul al-Fiqh.

Overall, while the Palestinian fatwa identifies legitimate risks and concerns about Bitcoin, its classification of mining as gambling and blanket dismissal of Bitcoin as non-property reflect methodological shortcomings. A more thorough analysis, factoring in intangible property's classical acceptance and Bitcoin's actual technological features, might have led to a more precise and potentially differentiated ruling.

Egypt's Dar Al-Ifta

The fatwa by Egypt's Grand Mufti Dr. Shawki Ibrahim Allam, on behalf of Egypt's Dar Al-Ifta, declares Bitcoin trading impermissible (ḥarām) due to several reasons: Bitcoin lacks the fundamental conditions required by Sharia for a valid currency, including clear measurement standards, identifiable sources, and general acceptability (Allam, 2017). It asserts that Bitcoin involves hidden fraud (ghish), significant uncertainty (gharar), and volatility causing widespread deception among participants, thus likening it to counterfeit currency

and ambiguous commodities explicitly forbidden by prophetic traditions. Additionally, the fatwa claims that Bitcoin trading causes serious economic harm, invoking the legal maxim "no harm nor reciprocation of harm". The fatwa further argues that currency issuance is exclusively a state prerogative, implying that private issuance constitutes unlawful interference with state authority. Due to these concerns about uncertainty, fraud, harm, and interference with state rights, the fatwa categorically prohibits dealing with Bitcoin.

The fatwa primarily references two Hadiths, one one fraud and deceit, and another on preventing harm. While these hadiths are authentic and authoritative, their application in this context requires proper understanding and accurate conceptualization. The fatwa attempts to apply these texts by categorizing Bitcoin as inherently involving deception, uncertainty (gharar), and harm. However, applying these principles depends significantly on accurate characterization and understanding of Bitcoin, which appears lacking here.

The fatwa applies the Hadith "Whoever cheats us is not from us" analogically to Bitcoin by drawing a parallel with counterfeit money (coins) and fraudulent commodities. However, this analogy is flawed from an Usul al-Fiqh standpoint for the following. First, analogical reasoning (Qiyas) in Usul al-Fiqh must be explicitly based on shared operative causes (Illah) derived from primary texts. The Mufti's fatwa does not clearly demonstrate the 'illah from textual evidence that accurately corresponds to Bitcoin's nature. Instead, it analogizes Bitcoin to other previously prohibited items (counterfeit money, dust of goldsmiths, etc.), which are secondary precedents, not primary textual sources. Second, the hadith about deception primarily forbids transactions involving intentional fraud or misrepresentation. Bitcoin's decentralized and transparent ledger (blockchain) provides greater transparency rather than hidden deception. Misrepresenting Bitcoin as inherently deceptive reflects conceptual misunderstanding, weakening the analogical reasoning.

Another matter relates to the principle in the hadith "There should be neither harm nor reciprocation of harm". The fatwa employs this hadith inaccurately by associating Bitcoin transactions with generalized economic harms or financial instability. The principle referenced is primarily applied to prevent

individuals from intentionally harming one another or to assign liability for inflicted damage (as in tort law). In Bitcoin transactions, there is no intrinsic harm inflicted by one party upon another inherently. Bitcoin users voluntarily assume the known risks. Further, generalized economic instability or volatility does not equate to intentional or direct harm by one party upon another, thus misapplying the hadith and rendering the reasoning weak from a jurisprudential perspective.

The fatwa places significant emphasis on the exclusive right of the state to issue currency (Ḍarb al-Sikkah), implying that dealing with Bitcoin amounts to defyance to the dominion of the ruler. This claim presents two methodological flaws. First, the Mufti implies the existence of consensus regarding state monopoly on money issuance without explicit evidence from classical sources or proof of unanimous scholarly agreement. Second, the fatwa is misinterpretation "minting" in classical texts. Classical jurists referred specifically to physically minted coins (gold, silver, metal) when discussing "ḍarb al-sikkah" (minting coins). Contemporary monetary policy (printing fiat currencies, digital currencies) differs fundamentally from classical minting practices. Thus, applying classical jurisprudence on coin minting directly to digital currency issuance represents a methodological error based on inaccurate analogy.

The fatwa strongly emphasizes Gharar and Jahalah, associating these terms with Bitcoin's volatility, anonymity, and lack of physical backing. However, classical jurisprudence defines gharar as significant ambiguity or uncertainty concerning the fundamental attributes of the traded item. Bitcoin, despite volatility, possesses clear attributes: its quantity, transaction record (blockchain), and availability are known and transparently accessible. Volatility alone does not constitute classical gharar, which focuses on ambiguity or ignorance of fundamental attributes. Jahalah (ignorance) refers specifically to uncertainty regarding the traded commodity itself. Bitcoin transactions clearly define traded units, their ownership, and their history. Hence, describing Bitcoin as fundamentally "unknown" or "non-visible" misunderstands digital property and overlooks classical jurisprudential flexibility toward intangible property.

The fatwa frequently exhibits deep conceptual misunderstanding (Tasawwur Ghayr Sahih) of Bitcoin's technology, use-cases, and economic functionality. For instance, Bitcoin's decentralized structure is described negatively (absence of authority, lack of state backing), ignoring positive aspects such as transparency, incorruptibility, and resistance to fraud. Further, Bitcoin's association with illicit activities is generalized and ignores legitimate uses by millions globally. This inaccurate conceptualization significantly weakens the validity and applicability of the fatwa according to Usul al-Fiqh principles, which mandate precise understanding of subject matter.

From an Usul al-Fiqh perspective, Mufti Shawki Allam's fatwa presents one of the early attempts at rationalizing Bitcoin in a rigorous methodological grounding, raising valid policy concerns (deception, state control over currency, economic stability). However, the fatwa demonstrates critical methodological shortcomings due to inaccurate conceptualization, flawed analogical reasoning (Qiyas), inappropriate use of secondary sources as if primary, and incorrect application of key jurisprudential concepts, rendering it jurisprudentially deficient and in need of substantial correction or reassessment.

Prof Dr Ali Al-Quradaghi

Prof. Dr. Ali Al-Quradaghi is a prominent contemporary Sharia scholar widely recognized for his influential contributions to Islamic jurisprudence, particularly in Islamic finance and economics. Serving as the President of the International Union of Muslim Scholars (IUMS) and a senior advisor to several Islamic financial institutions globally, Al-Quradaghi's scholarship is characterized by rigorous adherence to classical jurisprudential methodologies coupled with engagement in contemporary economic and financial challenges. His opinions, fatwas, and scholarly writings significantly impact Muslim communities and institutions worldwide, making him a critical voice in debates surrounding emerging technologies and financial instruments, including cryptocurrencies.

Prof. Dr. Ali Al-Quradaghi's fatwa on Bitcoin presents a detailed prohibition based on multiple legal, economic, and Sharia-based arguments (Al-Quradaghi, 2018). At its core, his position is that Bitcoin does not fulfill the essential requirements

of money in Sharia and poses substantial harms to individuals and society, warranting its prohibition. His reasoning begins by affirming that the issuance of currency is the exclusive right of the state. He draws on historical Islamic jurisprudence to argue that minting coins was traditionally a responsibility of the ruler, and that counterfeiting or corruption in currency indicated broader governmental failure. He uses this as a foundation to argue that Bitcoin's decentralized issuance violates established Sharia practices.

Al-Quradaghi further argues that protection of wealth (ḥifẓ al-māl) is a key objective of Islamic law (maqāṣid al-sharīʿah), and that Bitcoin jeopardizes this objective due to its volatility and speculative nature. He asserts that money must serve as a unit of account, store of value, medium of exchange, and standard of deferred payment, and that Bitcoin fails in these respects. He also references the jurisprudential position of some classical scholars who limited the 'illah (effective cause) of Qiyās (analogical reasoning) regarding money to gold and silver (dīnār and dirham), implying that Bitcoin, lacking physicality and intrinsic value, cannot be considered legitimate money.

A key contention in the fatwa is the claim that Bitcoin is neither money nor property. Al-Quradaghi argues that because Bitcoin is a digital record without physical substance, it fails to qualify even as māl (property), and is thus unsuitable for trade. He contends that Islamic economics is rooted in real assets and utility, while Bitcoin is more aligned with speculative, credit-based, capitalist markets. As such, he views Bitcoin as a tool for unjust enrichment, vulnerable to manipulation, and lacking any real economic or technological benefit. He also asserts that Bitcoin fails to meet the Sharia rules of currency exchange (ṣarf), including the requirement for immediate hand-to-hand transfer.

The fatwa claims that Bitcoin is widely used in illegal activities, lacks a responsible issuing party or guarantee, and is subject to extreme risk, including regulatory bans and potential technical failures. Al-Quradaghi equates Bitcoin trading to gambling (qimār) due to its speculative nature and likens it to transactions filled with gharar (excessive uncertainty), both of which are prohibited in Sharia. He concludes that Bitcoin is haram (prohibited), but as a prohibition of means rather than essence (ḥarām li-ghayrihi), meaning its prohibition arises

from the harms and risks it entails, not from its inherent nature. He further states that Muslims who own Bitcoin must dispose of it and give excess profits to charity, and calls on Muslim governments to outlaw its use until its status is rectified.

Al-Quradaghi's fatwa suggests gaps in his understanding of Bitcoin's technical and economic fundamentals. Specifically, his claims that Bitcoin is "merely an electronic copy in computers with no physical presence," "has no benefit on industry, technology, or real trade," and conflating Bitcoin universally with speculative instruments (such as derivatives or futures) indicate limited familiarity with Bitcoin's underlying technology, utility, and practical applications. In Islamic jurisprudence (Usul al-Fiqh), particularly in the principles governing Ijtihad (juristic reasoning), a crucial condition for issuing a valid verdict (fatwa) is possessing deep and accurate understanding of the subject matter. If this precise conceptualization or thorough understanding of the subject is flawed or incomplete, it directly impacts the legitimacy of the juristic ruling derived from such incomplete premises. Since Al-Quradaghi's verdict hinges significantly upon incorrect or incomplete assumptions regarding Bitcoin's nature, technology, utility, and role within economic transactions, it weakens his fatwa's authority according to Usul al-Fiqh. Consequently, this diminished accuracy affects the reliability and binding nature of the fatwa. The fatwa may be considered deficient (Naqis) in Usul al-Fiqh terms because it does not fulfill the precondition of comprehensive subject matter understanding. Such deficiency justifies re-examination or reconsideration (Muraja'ah) of his fatwa, especially when accurate technical and economic knowledge becomes available or is clarified. Other qualified scholars who demonstrate a deeper, more accurate understanding of Bitcoin could potentially issue different conclusions, challenging or overriding his verdict.

Al-Quradaghi emphasizes traditional jurisprudential stances regarding the authority of the ruler (state) over monetary issuance, referencing classical texts affirming minting as a sovereign duty. Within Usul al-Fiqh, such historical precedents reflect reliance on state authority (Wilayat al-Amr) to protect public welfare, an extention of the Unrestricted Maslahah source of Sharia jurisprudence

in Usul al-Fiqh. However, limiting money exclusively to state-sanctioned issuance is not explicitly derived from primary texts (Qur'an and Sunnah). Instead, this restriction relies on historical scholarly interpretations and administrative considerations, which are subject to change according to best practices. However, he emphasized his relyance on such secondary authorities as conclusive and evident of a widely understood verdict of divine prohibition. Scholarly diligence would have required a disclaimer on the distinction between primary sources and Unrestricted Maslahah.

Al-Quradaghi's emphasis on wealth protection aligns explicitly with Sharia Objectives. Al-Quradaghi correctly highlights wealth preservation as a fundamental objective. However, he uses this objective to justify a restrictive stance toward Bitcoin, asserting a high risk and potential societal harm without explicitly analyzing Bitcoin's inherent nature based on the primary textual sources.

His conclusion that Bitcoin is neither money nor property due to lack of physicality introduces a novel criterion not explicitly derived from primary sources. Traditional Sharia jurists broadly define Māl (property) as anything beneficially possessed and traded. Digital assets possess economic utility and transactional value despite lacking physicality. Here, Al-Quradaghi applies a restrictive interpretation of property inconsistent with the broader Fiqh tradition, which historically recognizes non-tangible rights (usufruct, intellectual property, debts, etc.) as forms of property.

Al-Quradaghi criticizes speculative financial instruments (derivatives, futures, margins) typical in capitalist economies, suggesting their reliance on "credit" rather than tangible assets violates Islamic principles. This assertion aligns with traditional Islamic critiques of pure speculation (Mayser) and usury. However, applying this critique to Bitcoin broadly equates all cryptocurrency transactions with speculative derivatives, neglecting legitimate transactional or investment uses.

The reference to the "Riba of Hadith" requiring immediate spot transactions (Sarf) in currency exchange correctly identifies traditional Islamic financial conditions. However, applying Sarf requirements universally to Bitcoin transactions assumes Bitcoin is definitively money, a categorization he earlier rejected.

Hence, there's methodological inconsistency here—he invokes currency-specific conditions while denying Bitcoin monetary status.

He asserts that Bitcoin violates unanimously agreed-upon (Ijma‘) currency transaction standards. However, he cites no such Ijmaa, and and it is his responsibility to cite one of the scholars who collected such Ijmaa. To the contrary, many of the the issues relating to money are credibly disputed by the highest of sharia scholars, including the primary Imams establishing the schools of Fiqh. The primary issue disputed is one that he himself referenced in his Ijtihad: the dispute over the operative cause (Ilah) of gold and silver and whether or not an anology can be made to other currencies such as fiat currencies. Invoking Ijma‘ prematurely undermines methodological rigor.

Identifying the sale of excessive speculation (gharar) as prohibited aligns with clear primary texts. However, Al-Quradaghi treats all Bitcoin transactions uniformly speculative, thus overly generalizing. The mere existence of volatility or speculative use doesn't categorically render the asset itself prohibited under Fiqh. Classical jurists distinguished between intrinsic characteristics and market misuse, and the sale of gharar is an example of the latter. Further, he seems to be mixing Gharar with Sale of Gharar: the primary Sharia sources prohibit the latter and not the former.

The categorization of Bitcoin's prohibition as Sadd al-Dhara'i (preventing harm) can be methodologically coherent in Usul al-Fiqh. However, earlier he categorically rejected any indication that Bitcoin is money or even property, implying a serious contradiction in his verdict. He either needs to stick to a verdict of non-property, or describe Bitcoin as property and then impliment the Sadd al-Dhara'I criteria. Further, he assumes for Sadd al-Dhara'I that Bitcoin inherently leads to prohibitions (harm, speculation) without explicit proof from primary sources or clear Qiyas (analogical reasoning) or indeed from an accurate understanding of Bitcoin's technology. Sadd al-Dhara'i traditionally requires clear probability causative connections, not generalized assumptions of potential harm.

Interestingly, Al-Quradaghi concedes the theoretical permissibility of cryptocurrency if it fulfills Shariah conditions (real underlying assets, clarity, no excessive

speculation). This acknowledgment indirectly indicates Bitcoin's prohibition is contingent and context-dependent, opening doors for reconsideration. Further, such assumption necessarily implies that Bitcoin can be money or property, another contradiction of his lack of value proposition.

The International Union of Muslim Scholars

The International Union of Muslim Scholars (IUMS), led by Prof. Dr. Ali Muhyiddin al-Quradaghi, issued a resolution prohibiting transactions involving Bitcoin and similar unofficial digital currencies under their current circumstances (IUMS Fatwa & Ijtihad Committee, 2022). The fatwa argues that Bitcoin fails to satisfy essential Islamic jurisprudential and economic criteria for valid currencies, such as acting as a standard measure of value, medium of exchange, and reliable store of value. Additionally, it highlights concerns over Bitcoin's anonymity, its use in criminal activities (e.g., money laundering and illicit trade), and its speculative nature. The fatwa specifically references the primary textual principle ("No harm nor reciprocation of harm") as justification, categorizing the prohibition as a means-based prohibition (tahrīm al-wasā'il) rather than an intrinsic one. Consequently, the fatwa permits exceptions under cases of genuine necessity or significant communal benefit and allows future reconsideration if Bitcoin evolves to fulfill legitimate monetary functions.

The IUMS fatwa heavily reflects al-Quradaghi's earlier stance against Bitcoin, while notably avoiding the inadequacy as property (māl) characterization. The IUMS reiterates his primary arguments regarding Bitcoin's failure to meet classical and neoclassical economic criteria (medium of exchange, measure of value, store of value). However, this threefold criterion originates from neoclassical economics rather than primary Sharia texts, and is itself contested among contemporary economists. Classical Islamic jurisprudence does not explicitly or exclusively endorse this particular economic definition of money, suggesting that its adoption here represents a methodological weakness in relying on secondary, non-jurisprudential sources rather than primary textual evidence.

The fatwa emphasizes the textual principle of "no harm", attempting to use this general Sharia principle to justify prohibition. However, the principle

traditionally addresses direct interpersonal harm or clearly defined public harm. Its application here is overly broad, as commercial activities inherently involve acceptable risks and speculative elements permitted by classical jurisprudence. Consequently, the fatwa's reliance on this principle, without a nuanced explanation grounded in explicit primary texts or specific harms, weakens its methodological rigor.

Further methodological inconsistency emerges in classifying the prohibition as conditional (tahrīm al-wasā'il). Initially, the fatwa argues categorically against Bitcoin's validity as either money or property (māl), citing excessive uncertainty (gharar) and ambiguity (jahālah). Such reasoning implies Bitcoin is inherently invalid for transactions. However, by later adopting a conditional prohibition framework (tahrīm al-wasā'il), it implicitly acknowledges Bitcoin's essential existence as property or money that could, under different conditions, be permissible. This represents a stark contradiction, undermining the internal coherence of its jurisprudential reasoning.

Additionally, the fatwa's claim about the exclusive right of states to issue currency references classical scholars like Imam Ahmad and al-Rāfi'ī. However, these references do not establish a unanimous consensus (ijmā'), nor do they accurately reflect modern monetary policy concepts, thus limiting their relevance to the contemporary context of decentralized digital currencies.

In conclusion, from an Usul al-Fiqh perspective, the IUMS fatwa is methodologically compromised due to reliance on non-primary economic criteria, overly generalized interpretations of the principle of harm, internal contradictions regarding Bitcoin's status as money or property, and an incomplete understanding of classical jurisprudential precedents on currency issuance. While the fatwa's cautious stance toward Bitcoin is understandable, its jurisprudential justification requires more rigorous methodological consistency and clarity.

Majelis Ulama Indonesia

The Indonesian Ulema Council (Majelis Ulama Indonesia - MUI), in its fatwa issued at the VII Fatwa Commission Scholars' Congress (Ijtima' Ulama Komisi Fatwa) held in Jakarta on November 9-11, 2021, declared cryptocurrency,

specifically Bitcoin, as impermissible (haram) when used as currency (MUI, 2021). They stated that cryptocurrencies contain gharar (excessive uncertainty), dharrar (harm), and qimar (gambling). According to the fatwa, cryptocurrency also violates Indonesian law concerning currency, specifically Law No. 7 of 2011 and Bank Indonesia regulations mandating Rupiah as the exclusive currency within the country.

The fatwa further states that cryptocurrency is not permissible as a commodity or digital asset for trading because it does not fulfill Sharia requirements for a valid commodity (sil'ah), namely having physical existence, intrinsic value, clearly defined quantity, proper ownership rights, and deliverability to the buyer.

However, the fatwa leaves room for permissibility in a hypothetical scenario: if cryptocurrency meets the Sharia requirements for commodities, has a clear underlying asset, and is free from gharar, dharrar, and qimar, then it becomes permissible for trading.

The fatwa by MUI adopts a cautious but methodologically challenging approach according to classical principles of Usul al-Fiqh. Below is a detailed evaluation:

The fatwa explicitly cites relevant Qur'anic verses (Al-Baqarah: 188, 278-280; Al-Nisa: 29; Al-Maidah: 90) and Hadith that prohibit transactions involving excessive uncertainty (gharar), gambling (qimar), and unlawful acquisition of wealth. This reliance on clear textual injunctions aligns methodologically well with Usul al-Fiqh standards.

The fatwa uses classical conditions for a valid commodity (sil'ah)—physical existence, known quantity, intrinsic value, clear ownership, and deliverability. It is noted that classical Arabic fiqh literature commonly uses terms like ʿayn (نيع) (plural: aʿyān نايعأ) when referring explicitly to tangible, physical goods. The term silʿah (ةعلس), though Arabic in origin, traditionally refers broadly to commodities, merchandise, or goods specifically intended for trade—having less of a strict implication regarding physicality, compared to ʿayn/aʿyān. In contemporary Indonesian Islamic jurisprudence, especially among jurists affiliated with the Indonesian Ulema Council (Majelis Ulama Indonesia, MUI), the term silʿah

has become more prevalent. This increased use likely reflects the modern economic context—particularly the expansion of commodity markets, trade, Islamic finance, and the nuanced classification of contemporary financial and digital assets. Indonesian jurists often integrate classical Arabic terminology into their Indonesian-language fatwas but sometimes use or reinterpret these classical terms differently, influenced by local economic discussions, regulatory considerations, and modern scholarly debates.

Such strict physicality condition as embodied in either silʿah or ʿayn reflects traditional juristic positions originally pursued by some fo the the Hanafi and the Shafii schools of fiqh, but being overwelmed by the opinions of other classic and contemporary jurists, sticking to it might be overly restrictive when applied to modern digital assets. Classical jurisprudence acknowledges forms of intangible assets (rights, debts, intellectual properties) as legitimate properties (māl). Thus, the fatwa's insistence on physical presence and inherent physical value may represent an unnecessarily restrictive understanding, methodologically limiting its applicability.

The fatwa correctly identifies gharar, dharrar, and qimar as operative causes derived from explicit textual prohibitions (hadiths forbidding gharar and qimar). However, classifying cryptocurrency trading inherently as gambling (qimar) represents a methodological overreach. Classical jurisprudence characterizes gambling as purely chance-based, zero-sum, and lacking productive economic value, conditions that do not neatly apply to cryptocurrency trading or mining. Thus, the fatwa's analogy here is methodologically weak.

Although the fatwa emphasizes harm (dharrar) as a basis of prohibition, it broadly applies the principle of "no harm nor reciprocation of harm," a general maxim requiring nuanced interpretation. Trading and investment activities inherently involve risk, which classical jurisprudence permits when risks are reasonable and justifiable. The fatwa's categorical characterization of cryptocurrency as causing unacceptable harm needs more explicit and context-specific justification to meet classical jurisprudential standards. Such undue diligence to trace sources of harm in cryptocurrencies was compoudned by a significant oversight by MUI regarding the potential benefits cryptocurrencies could offer,

such as enhancing transactional security, investment opportunities, market efficiency, and facilitating new economic activities. Thus, MUI's fatwa overlooks essential considerations of public welfare (**Maslahah**).

Interestingly, the fatwa provides a conditional permissibility clause, suggesting cryptocurrency may become permissible if certain conditions (clear underlying asset, absence of gharar/qimar/dharrar) are met. This conditional approach demonstrates an implicit acknowledgment of cryptocurrency's potential legitimacy, despite earlier dismissing it categorically as neither money nor a legitimate commodity. While this conditional approach is methodologically sound, it somewhat contradicts the fatwa's initial absolute stance against cryptocurrency, reflecting internal tension and lack of conceptual consistency.

The fatwa explicitly references Indonesian state regulations mandating Rupiah as the exclusive national currency, which aligns with the classical jurisprudential principle of adherence to legitimate state authority (Ulil Amr). However, classical Islamic jurisprudence does not categorically forbid privately issued forms of currency; historically, various forms of exchange mediums were permissible provided they fulfilled basic transactional fairness and mutual consent.

The MUI fatwa methodologically aligns strongly with primary Islamic sources and Maqasid al-Sharia concerning harm prevention and financial justice. However, its application of classical jurisprudential conditions for commodities and money appears overly restrictive, methodologically weak in analogical reasoning, and inconsistent in conceptualizing cryptocurrency's legal status. Thus, while cautious, the fatwa requires further refinement, incorporating nuanced analysis of cryptocurrency technology, clearer juristic reasoning, and greater conceptual consistency according to Usul al-Fiqh standards.

Summary of Prohibition Fatwas

According to the prohibition fatwas under discussion, the main challenges to Bitcoin's permissibility revolve around key points. First, numerous fatwas emphasize that the right to mint or issue currency (*ḍarb al-sikkah*) belongs exclusively to state authorities, citing classical jurisprudential views that legitimizing currency requires a recognized sovereign guarantor. Second, they argue that

Bitcoin, lacking physical or tangible existence, cannot qualify as a real asset, commodity, or valid property under the traditional conditions for Sharia-compliant financial transactions. Third, some fatwas contend that Bitcoin lacks some conditions typically demanded by classical Islamic jurisprudence for a legitimate currency, contending that it is neither backed by a credible financial institution nor universally recognized by society.

Critics also allege that Bitcoin transactions undermine key Maqasid al-Shari'ah objectives—especially the preservation of wealth and socio-economic stability—by exposing users to excessive volatility and uncertainty. Fifty, they critique excessive uncertainty (*gharar*), wherein rapid price fluctuations and opaque valuation mechanisms are seen as contravening the Sharia prohibition on ambiguous or risky transactions. Sixth, the anonymity and technical complexity of Bitcoin are said to open the door to fraud and deception (*ghish* and *taghrīr*), contradicting prophetic warnings against manipulative financial dealings. Furthermore, some fatwas draw parallels between Bitcoin trading and gambling (*maysir*), claiming that speculative trading wastes resources and yield unfair profits or losses. Finally, the decentralized and pseudonymous design of Bitcoin is seen as facilitating illicit activities such as money laundering, drug trafficking, and illegal arms trade, leading to significant moral and legal concerns.

Taken together, these factors form the basis for prohibiting Bitcoin transactions in the analyzed fatwas—even as questions remain regarding the methodological and conceptual soundness of some arguments under Usul al-Fiqh. The discussion sections offer a more expansive critique of the most contentious issues cited by these fatwas.

Discussion

A Critique of the Prohibition Fatwas

In Islamic jurisprudence (Usul al-Fiqh), ijtihad is defined as exerting utmost effort to arrive at accurate legal rulings. A jurist (mujtahid) is thus not considered to have genuinely "spared no effort" until he has fully understood the factual circumstances (taṣawwur) of the issue at hand (Kamali, 2003). This thorough

understanding becomes especially critical when issuing a fatwa of prohibition, as prohibitions carry significant implications for the community.

Classical scholars emphasize that when jurists face uncertainty or doubt regarding either the factual or the Sharia aspects of an issue, it is their duty to refrain from issuing a fatwa. This principle is known as tawaqquf, or abstention from judgment, and can manifest in various forms, such as explicitly declining to answer, stating clearly “I do not know,” or referring the questioner to another more knowledgeable mufti out of precaution (Ibn Al-Qayyim, 2019).

This cautious approach is grounded in authentic prophetic traditions, including the hadith stating: "If a judge (qadi) makes a correct decision through ijtihad, he receives two rewards, and if he errs, he receives one reward" (Sahih Muslim 1716a). However, this hadith specifies that such rewards are only given to a mujtahid who genuinely meets the rigorous criteria of ijtihad. The seriousness of this requirement is further highlighted by another hadith, which categorizes judges into three groups: "One judge will be in Paradise, and two judges will be in Hellfire. The judge who goes to Paradise is the one who recognizes the truth and judges by it. The one who recognizes the truth but deliberately judges unjustly is in Hellfire, and the one who judges people out of ignorance is also in Hellfire" (Sunan Ibn Majah 2315).

Additionally, the Qur’an explicitly warns against speaking about Allah or the Sharia without knowledge, categorizing it among the gravest sins: “Say, ‘My Lord has only forbidden immoralities—what is apparent of them and what is concealed—and sin, and unjust aggression, and that you associate with Allah that for which He has not sent down authority, and that you say about Allah that which you do not know.’” (Qur’an 7:33). Ibn al-Qayyim further emphasizes this gravity, stating that speaking about Allah without knowledge constitutes the root of disbelief and polytheism, as it entails inventing ungrounded beliefs or rulings that can misguide entire communities.

Therefore, from the perspective of Usul al-Fiqh, issuing fatwas based on incomplete conceptualization or insufficient understanding is methodologically flawed and ethically irresponsible. Jurists bear the significant duty of ensuring full comprehension of both the factual realities and Sharia evidence before

issuing legal verdicts, particularly prohibitions. Failure to uphold this standard undermines the integrity and legitimacy of the fatwa and risks severe spiritual and societal consequences.

Ancient Sharia jurists exercised considerable caution before declaring matters as definitively Haram (prohibited). Guided by the foundational Qur'anic principle stated in Surah al-An'ām (6:119): "And He has explained to you in detail what is forbidden to you, except that to which you are compelled," classical jurists refrained from hastily labeling actions as categorically Haram without explicit and definitive textual evidence from primary sources (the Qur'an and authentic Sunnah). Instead, jurists often chose to express prohibitions cautiously using terms like Makruh (disliked) or "I hate", even when they intended an implicit prohibition (Al-Shehabi, 2023). This approach reflected their deep sense of accountability and humility before God, acknowledging the gravity of attributing prohibitions directly to divine authority.

Imam Ibn al-Qayyim al-Jawziyyah notably emphasized this cautious, stressing that scholars who issue fatwas or engage in ijtihad act as signatories on behalf of Almighty Allah (Ibn Al-Qayyim, 2019). He issued explicit guidelines and warnings to jurists, urging utmost caution to avoid exceeding their sanctioned authority and inadvertently imposing unjustified restrictions upon believers. Ibn al-Qayyim's warnings underscore the necessity for scholarly humility, rigorous methodological adherence, and profound recognition of the responsibility inherent in declaring something Haram.

Contrastingly, many contemporary jurists display relative haste in issuing Haram judgments, frequently overlooking the nuanced caution practiced by classical scholars. This trend not only risks overstepping the boundaries of juristic authority but also leads to unnecessary hardship, restricting permissible opportunities and advancements for the Muslim community. Revisiting classical jurisprudential wisdom serves as a crucial corrective, reminding contemporary scholars of the profound responsibility inherent in their role and the necessity of rigorous methodological discipline grounded firmly in explicit textual evidence from primary Sharia sources.

Moneyness vs Thamaniyyah

As referenced above, one of the greatest preculiarities of the esteemed fatwas above is their relyance not on Sharia or hard science, but on the orthodoxy of mainstream neoclassical categorization of money: being a medium of exchange, a unit of account, and a store of value. The fatwa from the Palestinian High Fatwa Board argued that Bitcoin does not serve as a valid unit of account because it does not consistently measure the value of goods and services, leaning (intentionally or unintentionally) towards the concept of money adopted by Post-Keynesians and Mondern Monetary Theory. They emphasized Bitcoin's extreme price volatility, stating it undermines its role in facilitating stable valuations and predictable deferred payments. Similarly, the fatwa issued by Dar al-Ifta al-Misriyya (Grand Mufti of Egypt Dr. Shawki Ibrahim Allam) asserted Bitcoin's failure in fulfilling the economic orthodoxy of monetary functions. The Mufti argued Bitcoin neither acts reliably as a measure of value nor offers stability required to preserve wealth, unintentionally contradicting the consumerist nature of mainstream economic thought. The fatwa claimed Bitcoin lacks clear valuation standards, widespread acceptance, and trust backed by legitimate authorities, explicitly referencing Bitcoin's speculative nature, price instability, and absence of state guarantees. The International Union of Muslim Scholars (IUMS), led by Prof. Dr. Ali Muhyiddin al-Quradaghi, reiterated similar points, arguing that Bitcoin and other unofficial digital currencies do not satisfy essential conditions recognized by both jurists and economists: general acceptance, stable value measurement, and functionality as a reliable medium for deferred payments, the last condition implicitly highlighting and relying on the debt-inflated, monetary policy driven, and interest-based (Riba) aspects of the orthodox definition of money.

Thamaniyyah vs Neoclassical Orthodoxy

Are Sharia jurists fully aware of the implications of the political-economic assumptions they adopt? Many prohibition fatwas against Bitcoin rely heavily on a neoclassical test for money, typically defining it through three core functions—medium of exchange, store of value, and unit of account. Although historically prominent, this functional approach can overlook deeper social, legal, and

political forces that shape monetary acceptance (Koddenbrock, 2019). Standard textbook roles of money may be familiar, but heterodox scholars argue that a purely functional definition obscures the ways in which money emerges from legal frameworks, power relations, or credit-debt obligations, rather than from mere market convenience. As Geoffrey Ingham and other sociologically oriented economists note, we cannot fully understand money by listing its functions alone; we must also place it in its institutional and historical context (Ingham, 2013).

Money stands at the heart of modern economies, yet economic theories diverge sharply on what money is and how it operates (Koddenbrock, 2019). Dominant in academia and policymaking, neoclassical economics—with its microfoundations, equilibrium orientation, and rational-agent assumptions—emphasizes the long-run neutrality of money. Critics suggest this oversimplifies monetary phenomena and neglects historical, institutional, and social aspects (Ingham, 2013; Koddenbrock, 2019). During the late nineteenth century, marginalists such as Jevons, Menger, and Walras recast money as a tool for transactions, a departure from earlier institutional studies by Adam Smith or the mercantilists. Neoclassical economists further advanced the quantity theory, portraying money mainly as nominal. Critics point to private banks' role in endogenizing money supply, an aspect unrecognized by purely exogenous money models (Wray, 2015).

Geoffrey Ingham's sociological analysis challenges neoclassical assumptions, arguing that money is neither neutral nor solely transactional, but intertwined with power and state authority (Ingham, 2013). Austrian economists likewise critique monetary neutrality and highlight how artificial interest rates can distort price signals (Von Mises, 2013). Post-Keynesian and Modern Monetary Theory perspectives add that money is endogenously created via bank lending, requiring active public policy intervention (Wray, 2015). A shared concern across these heterodox views is how neoclassical models often rely on abstract mathematical frameworks detached from complex socio-economic realities (Ingham, 2013).

Thus, Sharia jurists who invoke a simplified neoclassical test for money risk overlooking broader dimensions that shape monetary systems—social, institutional, and historical. If they accord near-canonical status to the orthodox

"threefold test," or treat secular economic theories as unassailable scientific facts, they may obscure the deeper, contested nature of money and entrench paradoxes in their prohibition fatwas.

The Confusion Caused by Rejecting Monetary Status for Bitcoin

Many of the discussed fatwas concluded that Bitcoin does not qualify as money, nor could it be categorized definitively as property (*māl)*. Classical Islamic jurisprudence (Fiqh) provides extensive criteria and flexibility for identifying valid property, including intangible assets. The inability of jurists to situate Bitcoin within an existing category reveals gaps in their conceptual understanding and highlights methodological inadequacies.

The disagreements around Bitcoin's monetary status could have been entirely avoided by adopting a more straightforward Fiqh approach centered on the concept of property (*māl)*. Several fatwas permitting Bitcoin have correctly highlighted that Islamic jurisprudence does not mandate the price or consideration (*thaman*) in contracts to strictly meet the criteria of money—much less a definition of money aligned with neoclassical economic standards. Analyzing Bitcoin's permissibility could have been more effectively approached by assessing whether it serves as valid property capable of being legitimately exchanged in contracts. This property-rights perspective would have provided a more solid and less contentious foundation for legal reasoning.

Additionally, while Islamic jurisprudence indeed recognizes the concept of *Thamaniyyah* (moneyness), its practical applications are significantly narrower than implied by the fatwas above. *Thamaniyyah* primarily pertains to rules concerning *Ribawi* commodities, not broadly to the validity of transactions or permissibility of assets (Al-Zuhaili, 2017). Unfortunately, the jurists' misplaced emphasis on Bitcoin's status as money created substantial confusion among the general Muslim populace, many of whom interpreted these verdicts simplistically: "since Bitcoin is not money (thaman), it must therefore be prohibited (haram)." Such oversimplifications obscure nuanced Fiqh distinctions, particularly regarding the limited and specific contexts in which an asset must qualify as money (*thaman*).

Ultimately, by insisting upon categorizing Bitcoin strictly as money and failing to properly utilize established jurisprudential concepts of property, the discussed fatwas have generated significant confusion and misguidance. Worse yet, intentionally or unintentionally, these fatwas may have obscured the true and nuanced Islamic verdict on Bitcoin, contributing to misconceptions rather than informed clarity among Muslims seeking accurate Sharia guidance.

Materiality as Intrinsic Value

Several of the prohibition fatwas above cited Bitcoin's lack of physical or tangible existence as grounds for rejecting its recognition as valid property (*māl)*. The Palestinian High Fatwa Board emphasized Bitcoin's intangible existence, arguing it neither meets human consumption needs nor qualifies as a commodity. They highlighted that Bitcoin is purely digital, without underlying physical assets or tangible reference points, thereby classifying it as merely a speculative financial instrument without legitimate property status.

Dar al-Ifta al-Misriyya (Egyptian Grand Mufti Dr. Shawki Ibrahim Allam) also declared Bitcoin invalid as property by underscoring its non-physical, intangible nature. The fatwa likened Bitcoin to ambiguous commodities like counterfeit coins or goldsmith's dust, lacking stable physical criteria for valuation, measurement, or secure storage. Consequently, they argued, such intangible digital assets cannot be recognized within classical Islamic jurisprudential definitions of valid property.

Prof. Dr. Ali Al-Quradaghi explicitly argued that Bitcoin is neither money nor property because it lacks any physical form, categorizing it merely as electronic data stored on computers, with no tangible presence or intrinsic value. He strongly emphasized that Islamic economies are fundamentally based on tangible assets, rights, and usufructs, thus excluding Bitcoin from valid property categories due to its intangible nature.

In contrast, the International Union of Muslim Scholars (IUMS), chaired by Prof. Dr. Al-Quradaghi himself, took a more cautious stance. Although they questioned Bitcoin's legitimacy as money or financial asset due to its intangible nature, their rejection primarily hinged upon Bitcoin's broader speculative

and harmful implications rather than exclusively on its lack of tangibility. The IUMS fatwa carefully left room for reconsideration, implicitly acknowledging that intangible digital assets might eventually qualify as legitimate property if underlying conditions change, reflecting greater jurisprudential caution and flexibility compared to the more absolute rejection by individual scholars like Al-Quradaghi.

Similarly, the Indonesian Majelis Ulama Indonesia (MUI) fatwa emphasized the requirement that a legitimate commodity (*sil'ah*) must possess tangible existence, intrinsic value, precise quantity, established ownership rights, and the ability to be physically delivered. Since Bitcoin lacked these tangible characteristics—specifically physical existence and intrinsic value—the MUI ruled it invalid as a tradable commodity (*sil'ah*), thereby denying its property status under Islamic law.

Collectively, these fatwas reflect varying degrees of insistence on physical tangibility as a criterion for valid property status under Islamic jurisprudence, with the IUMS adopting the most moderate position, implicitly acknowledging that property status might not strictly hinge upon physical existence alone.

The Intrinsic Fallacy

The Sharia jurists, in the prohibition fatwas discussed earlier, appear strongly attached to a realist concept that locates intrinsic value within material objects. Their insistence on materiality possibly aims to provide an objective basis for value assessment, assuming that objectivity inherently yields the most accurate or reliable valuation theory. This attachment to physicality may resonate deeply with common human intuitions, behavioral inclinations, and practical experiences. However, this reliance is often grounded less in robust theoretical or explicit Sharia justifications and more in implicit assumptions or unexamined beliefs about the fundamental nature of value itself. Consequently, these jurists may unintentionally uphold a perspective on value that lacks sufficient philosophical or jurisprudential scrutiny.

Perhaps the Sharia jurists are driven to materiality by an unidentified sense of moral philosophy. Philosophically, the concept of intrinsic value is highly

contentious and ambiguous, even within moral and economic frameworks. Zimmerman and Bradley (2019) highlight intrinsic value's significant role in moral philosophy, noting that intrinsic value judgments underpin various moral evaluations—including the rightness or wrongness of actions, moral responsibility, justice, and virtue. However, translating these nuanced moral-philosophical discussions to practical economic assessments is complex and remains problematic. Economically, "intrinsic value" typically refers either to an asset's inherent capacity to generate cash flows, which is viewed objectively, or to market-driven subjective expectations of future value. Yet, notably, neither definition inherently requires materiality or physical existence. Rather, these economic definitions focus more on the perceived or anticipated usefulness and economic benefits derived from the asset, whether tangible or intangible.

Otherwise, such Sharia jurists may well be grounded by some economic theory placing intrinsic value in physical objects. The debate on the theory of value is one of the oldest and most fundamental in economics, touching on how the values of goods and services are determined and what underlies these valuations, revealing multiple competing perspectives without conclusively identifying physical tangibility as a requisite criterion for legitimacy (Dobb, 1975). For instance, classical economists such as Adam Smith and Karl Marx proposed labor-based theories, emphasizing the labor inputs embedded in goods rather than their inherent material qualities. Conversely, the marginalist and subjective theories, developed by Jevons, Menger, and Walras, shifted the focus away from objective labor inputs towards subjective utility and individual preferences. This historical evolution of value theory demonstrates the inadequacy of rigidly associating intrinsic value exclusively with materiality.

Compared to the neoclassical test of money discussed above, is intrinsic value and materiality as important as a secular base for Sharia verdicts? Treiblmaier (2022) further critiques the notion of intrinsic value, specifically within the context of cryptocurrencies. He emphasizes the ambiguity and philosophical—rather than objective or economic—nature of intrinsic value. Cryptocurrencies, he argues, should not be evaluated through an illusory intrinsic criterion but rather through their demonstrated utility, network properties, and broader

societal acceptance as money-like instruments. He also points out the misconception inherent in equating intrinsic value directly with production costs, such as the energy and computing resources expended in Bitcoin mining. While production costs might establish a minimum valuation threshold, actual market valuation primarily arises from subjective factors, including societal consensus, perceived scarcity, usability, and network effects. Thus, the value attributed to cryptocurrencies reflects a complex interplay of subjective market perceptions and adoption dynamics rather than merely tangible attributes.

This analysis directly challenges the jurists' implicit assumption that intrinsic value must necessarily originate from tangible assets or traditionally recognizable utility. The example of fiat currencies reinforces this critique clearly: modern fiat money rarely derives its value from tangible backing, such as gold reserves, yet maintains substantial value due to collective societal trust, widespread acceptance, legal recognition, and institutional frameworks rather than any intrinsic material properties. Similarly, cryptocurrencies derive their economic legitimacy from analogous trust and institutional recognition dynamics, albeit decentralized rather than state-centered.

Ultimately, the insistence by certain Sharia jurists on criteria of materiality and intrinsic value reflects a fundamental misunderstanding or oversimplification of contemporary economic realities and modern value theories. By recognizing that value emerges primarily from subjective market interactions, collective trust, institutional frameworks, and network effects, the legitimacy and economic relevance of cryptocurrencies like Bitcoin become much clearer. A proper appreciation of these theoretical contexts could substantially enhance juristic conceptualizations, avoiding misconceptions and confusion that have unnecessarily complicated the Muslim community's understanding of digital assets and their permissibility within Islamic jurisprudence.

Intangible Rights in Sharia

Sharia jurists may nonetheless incline toward assigning higher legal value to physical objects. Graeber (2014), in his seminal anthropological exploration of property rights, addresses precisely such tacit inclination in human nature. While popular

perception commonly conflates ownership with physically holding or controlling a tangible item, Graeber illustrates how ownership in historical and contemporary legal systems is largely an abstract construct. It is defined by shared customs, legal codes, and broader institutional frameworks that collectively determine legitimate claims to use or transfer an asset—even absent physical possession. This understanding diverges significantly from the simplistic notion that physical dominance equates ownership, emphasizing instead how rules, norms, and institutional consensus underpin the very concept of ownership.

By tracing the evolution of Roman property laws and other legal traditions, Graeber shows how institutional acknowledgment rather than physical possession forms the bedrock of property rights. In Roman law, holding a physical item or occupying land was less critical than obtaining recognition from relevant legal bodies regarding one's rightful claim. Consequently, value frequently becomes detached from physicality; it emerges primarily from societal consensus, which validates an individual's or entity's legitimate control over an asset. Whether discussing land, currency, or intangible properties, the critical determinant of value is not material possession but collective, institutional affirmation.

Graeber's anthropological insights align with broader scholarship emphasizing that debts, obligations, and reputational factors can bear equal or greater weight compared to physical possession. Modern economies rely predominantly on complex webs of contracts and legal arrangements—mutually recognized "papers and promises"—rather than direct physical control, to facilitate transactions. Recognizing the non-physical foundations of ownership challenges the notion that economic systems depend purely on tangible resources, reinforcing instead the centrality of legal, cultural, and institutional consensus in defining property rights and shaping wealth circulation.

The prohibition fatwas discussed earlier rely heavily on the premise that valid property or objects of sale in Islamic law must possess physical existence. This argument, prominently influenced by the Hanafi school (Al-Zuhaili, 2017), does not accurately reflect the broader jurisprudential consensus nor fully capture the complex and nuanced nature of property rights recognized in classical and contemporary Islamic jurisprudence.

The Hanafi school traditionally emphasized physicality as an essential criterion for property rights, distinguishing sharply between tangible assets and intangible benefits (usufructs) (Husam El-Deen, 2018). They historically considered intangible usufructuary rights (such as rents or services) not validly tradable unless attached to tangible assets. Conversely, the majority of Islamic jurisprudence—including the Maliki, Shafi'i, and Hanbali schools—explicitly recognize intangible usufruct rights as independently valid objects of ownership and exchange (Al-Zuhaili, 2017). For these jurists, usufruct (manfa'ah) is recognized as a distinct category of property rights, allowing its owner full rights to use, transfer, or dispose of it. Thus, for instance, leasing (ijara) contracts are considered fully valid despite their fundamentally intangible nature, clearly contradicting claims that Sharia universally requires physical existence for valid property.

Contemporary Islamic jurisprudence further reinforces the acceptance of intangible rights. The IIFA explicitly recognized intellectual property rights as legitimate and protectable under Sharia (IIFA, 1988). Intellectual property rights, inherently intangible and non-physical, demonstrate that Islamic law accommodates evolving economic realities where value increasingly resides in knowledge, innovation, and creative outputs.

Moreover, fiat money, a cornerstone of modern economic systems, has been explicitly recognized as valid property by the IIFA despite lacking physical backing or intrinsic tangible value (IIFA, 1986). Fiat currencies function effectively due to institutional acceptance, collective societal trust, and legal recognition rather than any inherent physical quality, reinforcing the acceptability of intangible rights within Islamic economic frameworks.

Sharia jurisprudence also recognizes various other abstract, non-physical rights (Husam El-Deen, 2018). For instance, the right of qisas (retributive justice) is inherently intangible yet can be inherited and exchanged for monetary compensation by the heirs. This underscores that intangible rights are deeply embedded in Islamic jurisprudence, extending beyond mere financial or commercial contexts.

Thus, the insistence by certain jurists on physical existence and intrinsic material value as absolute requirements overlooks the broad and robust recognition

of intangible property rights within Islamic law. The longstanding acceptance of intangible usufruct rights, intellectual property, fiat currency, and abstract legal rights such as qisas confirms that Islamic jurisprudence does not categorically demand physicality as a condition for property validity. Such insistence misrepresents the nuanced and flexible nature of Sharia's approach to property, thereby unjustifiably narrowing permissible economic activities, such as those involving digital assets like Bitcoin.

Confusing Gharar with Sale of Gharar

An overarching theme in the prohibition fatwas discussed above is that Bitcoin somehow violates the Sharia rules in relation to gharar, while differing in their articulation of how such Sharia violation occurs.

The fatwa issued by Prof. Dr. Ali al-Quradaghi notably highlighted Bitcoin's price volatility and uncertain future, asserting that these uncertainties represent clear cases of prohibited *gharar*, explicitly referencing the hadith prohibiting *gharar* sales. Al-Quradaghi interpreted Bitcoin's uncertain valuation and potential governmental bans as forms of uncertainty resembling the classical Islamic prohibition on ambiguous transactions, thus categorically declaring Bitcoin transactions invalid on these grounds.

Similarly, Egypt's Grand Mufti Dr. Shawki Ibrahim Allam (Dar al-Ifta al-Misriyya) explicitly invoked *gharar* as central to his prohibition, emphasizing Bitcoin's intangible nature, uncertain valuation standards, and unclear market mechanisms. His fatwa compared Bitcoin transactions directly to sales involving ambiguous commodities historically forbidden by jurists, such as counterfeit money or uncertain residues from metalworking. He extended the prohibition to Bitcoin mining and trading, reasoning that such activities inherently involve significant uncertainty, deceit (*ghish*), and speculative volatility—conditions explicitly addressed by the prophetic prohibition against *gharar*.

The fatwa of Palestine's High Fatwa Board similarly utilized *gharar* prominently, noting that Bitcoin's anonymity, lack of institutional guarantees, vulnerability to hacking, and extreme price fluctuations collectively represented severe forms of uncertainty (ةلاهج and ررغ). They further argued that such uncertainty

poses economic harm to individuals and communities, thus justifying prohibition by analogizing Bitcoin transactions with historically forbidden contracts due to uncertainty.

The fatwa of Indonesia's Majelis Ulama Indonesia (MUI) also leaned heavily on *gharar*, describing cryptocurrencies broadly as instruments that inherently contain uncertainty, deception, and unjust enrichment through uncertain financial schemes akin to "pyramid schemes." Their interpretation appears slightly broader, extending *gharar* not merely to uncertain commodities, but to the structural and speculative aspects of cryptocurrencies themselves.

The International Union of Muslim Scholars (IUMS), despite its overall cautious stance, also invoked *gharar* indirectly. However, their fatwa focused more explicitly on institutional guarantees, state backing, and potential for societal harm rather than narrowly emphasizing uncertainty as inherent prohibition criteria. Thus, their use of *gharar* was less categorical and more nuanced compared to other fatwas.

Overall, reliance on *gharar* varied among these fatwas. While most directly linked their reasoning to the prophetic hadith prohibiting sales involving significant ambiguity, their broad interpretations were sometimes methodologically questionable. Classical jurists traditionally limited prohibited *gharar* to significant ambiguity directly affecting contract performance and deliverability. The contemporary fatwas expanded this concept extensively, incorporating broad speculative market dynamics, structural uncertainties, and non-physicality—potentially overstretching classical jurisprudential limits and thereby weakening their methodological rigor.

The concept of "gharar", commonly translated as uncertainty or ambiguity, carries significant jurisprudential implications in Islamic commercial law. Gharar refers to uncertainty or probabilistic outcomes concerning the critical elements of a contract. However, classical jurisprudence does not prohibit gharar per se; rather, it specifically forbids "Bay' al-Gharar" , or "sales involving excessive uncertainty." Thus, not all uncertainty invalidates transactions—only uncertainty directly undermining the fundamental conditions of a valid sale.

Technically, the "Sale of Gharar" refers explicitly to transactions involving the unknown or sales contingent on the uncertain existence, description, or deliverability of essential aspects of the contractual elements (Al-Zuhaili, 2017). Classical jurists have identified numerous illustrative categories explicitly prohibited due to gharar. For instance, classical jurisprudential literature across Islamic schools enumerates examples including:

1. Inability to deliver the item: Selling something impossible or improbable to deliver.
2. Unknown type of price or object: Selling without clearly defining the object or its price.
3. Unknown attributes of either price or object: Ambiguity regarding the qualities or descriptions of what is being sold or its price.
4. Unknown quantity: Lack of specificity about the quantity or exact amount involved.
5. Uncertainty in time: Ambiguity concerning timelines or maturity of the transaction.
6. Two sales in one: Combining multiple unclear transactions into a single ambiguous agreement.
7. Selling something unlikely to remain intact: Items expected to perish or significantly degrade before delivery.
8. Sale by throwing pebbles: Determining sales arbitrarily by random throws, creating inherent uncertainty.
9. Sale by tossing items: Transactions involving arbitrary and uncertain exchange mechanisms.
10. Sale by touch: Buying an item purely through ambiguous tactile selection without proper inspection or definition.

These examples clarify that the essential prohibition focuses on transactions with ambiguities or probabilities affecting the fundamental exchange value or deliverability, rather than uncertainty per se. The concept closely aligns with

"jahala" (ignorance), emphasizing the lack of adequate knowledge or information critical for informed consent in contracts.

Given this classical understanding, Bitcoin transactions validated by blockchain technology clearly do not constitute "sales involving excessive uncertainty." Indeed, a Bitcoin transaction possesses considerably more certainty than many traditional financial transactions, ancient or modern (Antonopoulos, 2017; Nakamoto, 2008). Blockchain technology inherently ensures transparency, immutability, and specificity, addressing directly the classical jurisprudential concerns related to gharar. Specifically, Bitcoin meets the conditions of consideration specificity required by classical jurists:

1. Deliverability: Bitcoin is digitally delivered promptly upon validation. Such delivery, if registered in the blockchain, is virtually irreversable.
2. Specific type and description: Bitcoin transactions explicitly define both the digital asset (BTC units) and the exact quantity exchanged.
3. Clear price definition: Transactions occur at openly negotiated market rates or publicly established prices, eliminating price ambiguity.
4. No uncertainty in timelines: Bitcoin transactions and transfers are time-stamped and clearly recorded, removing ambiguity regarding the transaction's timing or maturity.
5. Integrity and permanence: Bitcoin does not degrade or perish, nor is it subject to arbitrary selection or random determination methods (such as tossing or throwing stones).

Therefore, Bitcoin transactions not only avoid violating classical prohibitions on gharar but also clearly fulfill all the juristic criteria for valid and certain contractual consideration, except those criteria inherently irrelevant to digital goods. Recognizing Bitcoin's compliance with classical juristic requirements underscores its legitimacy and permissibility within Islamic contractual frameworks, challenging the misguided interpretations presented by contemporary fatwas.

Further, contrary to the mistaken interpretations found in contemporary fatwas, Islam actively encourages certain forms of risk-taking as part of seeking

legitimate returns—whether in worship, commerce, or other aspects of life. Numerous Sharia texts validate and commend calculated risk-taking, highlighting the flawed application of the gharar prohibition in modern rulings on Bitcoin.

First, Islamic teachings underscore that humans are inherently fallible, prone to errors and sin. However, individuals are not condemned outright in Sharia for sins; rather, they are continuously encouraged to repent and seek forgiveness. A well-known Hadith states: "If you did not commit sins, Allah would replace you with people who would sin and seek forgiveness from Him" (Sahih Muslim 2749). Thus, the very act of seeking forgiveness involves hopeful risk-taking—recognizing human imperfection and relying on divine mercy and generosity.

Second, historical commerce, especially international trade, carried substantial risks, including severe hardships such as theft, loss, harsh travel conditions, and even death (Ali, 2001). The Quraysh tribe, explicitly mentioned in the Qur'an (Surah Quraysh), regularly undertook risky trade journeys in winter and summer, reflecting Islam's positive outlook on commercial ventures despite inherent risks. Prophet Muhammad himself engaged actively in commerce, further validating risk-taking. The Qur'an explicitly encourages trade and economic activity, as seen in verses praising those who "...travel through the land seeking the bounty of Allah..." [73:20]. If gharar were inherently prohibited merely due to risk, it would contradict this clear encouragement of trade found in Islamic primary texts.

Third, in modern economic contexts, venture capital represents one of the riskiest forms of investment due to the high probability of startup failure. Yet, contemporary Sharia jurists widely acknowledge and commend venture capital as a legitimate form of commerce, recognizing its essential role in fostering innovation and economic growth. This acceptance starkly contrasts the double standards evident in fatwas prohibiting Bitcoin. Venture capital involves significantly greater risk than Bitcoin transactions, yet it remains widely accepted due to its clear economic benefits and alignment with the general Islamic principle of pursuing lawful, productive risk.

Hence, equating gharar with any form of risk or uncertainty profoundly misunderstands the classical Sharia position. Properly contextualizing gharar clarifies

that Sharia consistently supports and encourages calculated risk-taking that contributes positively to individual and collective welfare.

Trade in Financial Markets as Gambling

Several fatwas prohibiting Bitcoin have characterized speculation in cryptocurrency markets as equivalent to gambling (Qimar). The fatwas from jurists such as Prof. Dr. Ali Muhyiddin al-Quradaghi and others frequently reference the speculative nature of Bitcoin transactions, equating them to gambling due to their volatile prices and perceived unpredictability. Al-Quradaghi specifically notes that Bitcoin's speculative transactions are severely prohibited because they represent gambling (maysir), which is explicitly forbidden in Islam. Similarly, fatwas by institutions like Dâru'l-Iftâ al-Mısriyye and The Palestinian Dar Al Ifta emphasized the high risks and uncertainties associated with cryptocurrencies, classifying them as gambling due to their speculative nature, uncertain outcomes, and potential for significant financial losses.

In Fiqh, Qimar (gambling) is specifically defined as a transaction where two or more parties engage in an activity whose outcome is based purely on chance or uncertain events, with one party's gain directly correlated to the other's loss (Al-Milhim, 2008). Qimar inherently involves betting, speculation purely based on luck, and unjust enrichment without commensurate effort or legitimate consideration.

While some Sharia jurists express concern regarding Muslims engaging in crypto exchanges without adequate understanding of market risks, their utilization of gharar (uncertainty) and Qimar (gambling) as bases to declare Bitcoin impermissible demonstrates a critical misunderstanding. Gharar refers primarily to contractual ambiguity or sales involving unknown specifics, whereas Qimar directly pertains to gambling-like behavior, characterized by pure chance without productive effort or market analysis (Al-Zuhaili, 2017).

The issue of speculation in financial markets has been extensively addressed in contemporary fiqh discussions. Notably, the IIFA has tackled financial market operations multiple times, issuing resolutions that clarify the boundaries between legitimate market speculation and gambling-like behaviors (IIFA, 1990,

1992)because\n\nit leads to meet the general human needs and discharge the spiritual and mate- rial duties relating to wealth.\n\nSecond: Although the original concept of financial markets is sound and its application is very much needed in the present-day context, yet their existing structure does not present an example to carry out the objective of investment and growth of capital within the Islamic framework. This situation requires serious academic efforts to be undertaken in collaboration between the Fiqh scholars and the economists, so that it may be possible to review the financial markets' existing systems, procedure and instruments and to amend what needs to be amended in accordance with Shariah principles.\n\nThird: The financial markets are established through administrative and pro- cedural systems; therefore, the adoption of these systems can be attributed to the legal maxim of Al-Masalih Al-Mursalah (unrestricted public interests. The IIFA avoided the wholesale banning of financial markets under the principle of "closing of means" (sadd al-dhara'i), acknowledging that despite malpractices by some participants, these markets primarily facilitate legitimate trade and economic benefit. The IIFA instead recommended enhanced regulation and the prohibition of explicitly haram practices such as selling without valid consideration.

Many contemporary Sharia jurists have countered the gambling analogy by emphasizing the fundamental principle of permissibility (istishab) that governs trade and market activities (Allam, 2020). Trading is fundamentally permissible as it involves active efforts to analyze, evaluate, and pursue profitable opportunities, provided that other contractual Sharia violations such as fraud, gharar (contractual ambiguity), duress, or misrepresentation are not present. Thus, the legitimacy of transactions does not depend on market volatility or the mechanism through which trading is conducted but rather on adherence to fundamental principles of valid contractual relationships.

Specifically addressing cryptocurrencies, Noh (2022) underscores that volatility and speculative behavior are not intrinsic qualities of cryptocurrencies themselves but are driven by external market dynamics. Cryptocurrencies, when correctly understood and analyzed, offer predictable market behaviors akin to traditional financial instruments such as stocks and mutual funds. Hence, their

speculative nature does not inherently equate them with gambling. Instead, such financial activities reflect calculated risk-taking and informed investment decisions based on market analysis and available information.

Consequently, equating speculation in Bitcoin markets with gambling represents an outdated and misguided interpretation. Speculative behavior in financial markets, including crypto markets, has long been clarified in contemporary fiqh, affirming that market speculation based on informed decisions is permissible and fundamentally distinct from prohibited gambling. Thus, resurrecting the gambling argument specifically for Bitcoin is inconsistent with established Sharia principles and contemporary scholarly consensus.

Sharia Objective of No Harm as a Basis to Prohibit Bitcoin

Several fatwas prohibiting Bitcoin above relied explicitly on Maqasid al-Shari'ah (objectives of Islamic law), emphasizing the objectives of protecting wealth and preventing harm as foundational justifications for their rulings. Prof. Dr. Ali al-Quradaghi's fatwa prominently underscored the protection of wealth as a primary Sharia objective. Al-Quradaghi argued that Bitcoin transactions harm individuals and communities due to speculative volatility, lack of intrinsic economic benefit, and potential for financial losses. By invoking the prevention of harm principle (*la darar wa la dirar*), he justified prohibiting Bitcoin as a necessary means to protect Muslims from economic harm, speculative risk, and uncertain futures.

Similarly, Egypt's Grand Mufti, Dr. Shawki Ibrahim Allam, strongly relied on Sharia objectives, particularly emphasizing societal harm prevention and financial stability. He cited extensive economic risks, regulatory gaps, and opportunities for fraud and manipulation inherent in Bitcoin, asserting that such harms undermine the Sharia goal of safeguarding societal and individual wealth. His fatwa explicitly employed the hadith "Whoever deceives us is not one of us" and the principle of preventing harm to categorically declare Bitcoin impermissible.

The Indonesian Majelis Ulama Indonesia (MUI) fatwa also emphasized harm prevention, highlighting that cryptocurrencies facilitate deception (*taghrir*) and unjust enrichment. It described cryptocurrencies as inherently risky schemes

resembling pyramid schemes, explicitly violating the Sharia objectives of protecting individual wealth and ensuring economic fairness. The MUI specifically pointed out the risk of harm from speculative bubbles, fraud, and widespread economic instability as justification for prohibition.

Palestine's High Fatwa Board similarly leveraged Sharia objectives, focusing particularly on Bitcoin's role in facilitating illicit activities due to its anonymity and lack of institutional oversight. They linked these features directly to societal harm, such as money laundering and criminal transactions, aligning their prohibition with broader Sharia objectives aimed at protecting societal integrity and individual wealth.

Lastly, the International Union of Muslim Scholars (IUMS) issued a nuanced prohibition strongly grounded in Sharia objectives and harm prevention principles. Their fatwa articulated specific concerns regarding societal harm through illicit transactions, money laundering, and systemic financial risks associated with Bitcoin. Nonetheless, their approach remained cautious, suggesting permissibility under certain exceptional circumstances where broader benefits outweighed potential harms, indicating a careful and context-sensitive application of Sharia objectives compared to the more rigid prohibitions cited above.

Sharia Objectives: Their Utility and Limitations in Usul al-Fiqh

Sharia objectives and Fiqh principles (Al-Qawaid al-Fiqhiyyah) hold substantial value within Islamic jurisprudence, particularly in structuring systematic and coherent interpretations of Sharia law (Auda, 2008). When employed correctly, these objectives offer critical insights and frameworks to jurists, enabling comprehensive conceptualization and accurate categorization of issues. This approach ensures broader, macro-level consistency across various fatwas and legal opinions. Ignoring these overarching objectives can result in fragmented and isolated legal rulings that may appear consistent individually but fail to achieve collective coherence or to reflect the broader ethical goals of Sharia.

Nevertheless, it is essential to recognize that reliance on Sharia objectives, while beneficial, is insufficient by itself to supersede clear, explicit primary texts (Qur'an and Sunnah). An undue or excessive reliance on Maqasid al-Sharia at

the expense of explicit primary texts risks introducing personal biases and subjective interpretations by jurists. This potential deviation aligns with the problematic practice of following personal desires (Ittiba' al-Hawa), which Sharia jurisprudence explicitly cautions against. Jurists who invoke Maqasid without strong and clear textual support run the profound risk of attributing to Allah commands He did not promulgate, thus facing severe punishment for such actions.

Bitcoin Through Sharia Objectives

While the fatwas discussed above emphasized the Sharia objectives of harm prevention and wealth protection as key reasons to prohibit Bitcoin, they evidently overlooked significant benefits offered by Bitcoin that strongly align with these very Sharia objectives. Most notably, Bitcoin serves exceptionally well as a means of exchange, closely fulfilling all the classical monetary characteristics identified by both traditional economic theory and Islamic jurisprudence (Ammous, 2018). It is highly durable due to robust cryptographic security, virtually impossible to counterfeit or corrupt, providing unprecedented integrity in monetary transactions. Its limited supply of 21 million coins ensures scarcity, inherently protecting against inflationary pressures, unlike fiat currencies managed by central banks. Bitcoin's ease of portability and divisibility also surpasses traditional money forms such as gold and physical currency, significantly enhancing economic efficiency. Additionally, Bitcoin is easily recognizable and verifiable, reducing transaction risks and facilitating smoother economic interactions.

Beyond its basic monetary features, Bitcoin dramatically reduces transaction and intermediary costs compared to traditional financial systems (Benston & Smith, 1976; Kim, 2017). Maintaining traditional fiat money involves substantial expenditures: national central banks, global supervisory institutions like the IMF and G20, commercial banks, international transfer networks such as SWIFT, and numerous regulatory entities. Bitcoin's decentralized blockchain eliminates most intermediary costs, allowing cheaper and faster transfers globally, significantly benefiting ordinary users and businesses, particularly in economically disadvantaged regions (Hazard et al., 2016).

Furthermore, Bitcoin's decentralization and transparency provide unparalleled integrity and security (Nakamoto, 2008). Its tamper-resistant blockchain technology makes transactions transparent and irreversible, thus dramatically reducing fraud, corruption, and financial crimes. This transparency aligns perfectly with Sharia principles promoting honesty, integrity, and accountability. The pseudonymous yet publicly verifiable nature of Bitcoin transactions balances privacy concerns with public accountability, preventing illicit financial flows while preserving individual autonomy.

The substantial energy investment in Bitcoin mining—often criticized—is, in fact, integral to its value. This energy expenditure secures Bitcoin's network, maintaining trust and stability in a decentralized system (Antonopoulos, 2017; Lal et al., 2023). Rather than representing wasted resources, the energy consumed directly translates into securing a global financial network, safeguarding billions of dollars worth of transactions with unmatched reliability and security.

Finally, Bitcoin significantly democratizes access to financial services, particularly in regions lacking reliable financial infrastructure (Ammous, 2015). It provides a censorship-resistant payment method, protecting individuals from unjust economic exclusion and government manipulation. The growing network effect, as adoption increases globally, further amplifies these benefits, enhancing Bitcoin's effectiveness and resilience.

In sum, the fatwas's emphasis on the negative impact of Bitcoin on the protection of wealth and preventing of harm may align well with the objectives of international economic institutions while significantly understating Bitcoin's positive implications for individual and societal wealth protection and economic well-being. Rather than causing the harms emphasized by prohibitionist jurists, Bitcoin actually embodies core Sharia values: integrity, security, transparency, and economic fairness, directly supporting the Maqasid al-Shari'ah of protecting wealth and preventing genuine harm.

State Authority in Money

Several prominent fatwas prohibiting Bitcoin heavily emphasize the argument that legitimate currencies in Sharia must be issued and guaranteed by state

authority. The fatwa issued by The Palestinian Dar Al Ifta explicitly lists the absence of a recognized issuing authority as a primary reason for declaring Bitcoin transactions impermissible. It emphasizes that legitimate currencies under Sharia must be widely recognized and backed by a known and trusted state or authority. Bitcoin's decentralized issuance, lacking any authoritative backing or guarantee, was considered a fundamental flaw that disqualifies it from being recognized as a valid currency under Islamic law.

Similarly, the fatwa by Egypt's Dar al-Ifta underscores that the state's exclusive right to mint currency is critical in maintaining economic order, legal accountability, and protecting market stability. The fatwa regards Bitcoin's lack of state oversight as problematic because it undermines governmental authority, creates market instability, and leads to significant financial harm through speculative behavior and lack of legal recourse.

Prof. Dr. Ali Al-Quradaghi explicitly states that issuing currency is the exclusive right of the state or an authorized body designated by the state, invoking historical Sharia jurisprudence that identifies minting and coinage as duties and rights of the ruler or state authority. He further cites classical jurists who argued that minting money was essential for maintaining economic stability and protecting markets from counterfeit and corrupt currencies, linking monetary issuance directly with governmental responsibility.

Lastly, the International Union of Muslim Scholars (IUMS) in their fatwa argues similarly, highlighting the historical Sharia position that currency issuance must be controlled by a recognized governing authority. This fatwa specifically quotes classical Islamic jurisprudence, emphasizing that minting and monetary policy must be managed by a central authority to avoid harmful societal impacts and instability. According to the IUMS, Bitcoin fails this requirement due to its decentralized issuance and lack of state recognition, thus rendering it impermissible under Sharia principles.

Fallacies of the Monetary Policy Fatwas

The prohibition fatwas against Bitcoin based on the argument that currency issuance must exclusively be under state authority reflect significant

misunderstandings of historical practices and classical Sharia jurisprudence. Classical Islamic jurists specifically referred to the act of minting physical coins, primarily gold and silver (Mawardi, 2017), rather than formulating broad rules applicable to modern monetary policy and fiat currencies. Applying their limited historical context indiscriminately to contemporary issues involving digital and fiat currencies constitutes a fundamental methodological error and misinterpretation of their original intent.

Historically, coinage and minting practices were frequently decentralized, with various degrees of centralized oversight emerging only gradually. Anthropologist David Graeber (2014) provides an extensive historical analysis of centralized versus decentralized minting, demonstrating that centralization was initially a pragmatic strategy intended primarily to standardize monetary units, prevent fraud, and ensure fairness in transactions. Centralization was not viewed as an inherently moral or religious necessity but rather evolved as an administrative tool to streamline economic interactions and foster trust in financial exchanges.

Moreover, coins historically served not only as monetary instruments but also as vital communication channels. Rulers often used coinage to announce their authority, legitimize their rule, and disseminate political or religious messages (Graeber, 2014). Such practices extended across civilizations and cultures, including early Islamic societies, indicating that the communicative function of coinage was universally recognized and widely utilized for political and administrative purposes.

The Prophet Muhammad's own practices offer significant insights into the permissibility of using foreign or decentralized currencies. Historical evidence indicates that the Prophet openly permitted the use of foreign coins, even when they contained images and inscriptions inconsistent with Islamic teachings (Hamdan, 1988). This practical allowance establishes an important Sunnah-based precedent. Had centralized coinage been a strict Sharia requirement, it would have been imperative for the Prophet to introduce a distinct Islamic currency explicitly forbidding the use of non-Islamic coins. The Prophet's tolerance of foreign-issued currency thus implicitly validates decentralized monetary systems, presenting a robust Sunnah-based argument for their permissibility

(ibaha). Jurists insisting otherwise must furnish substantial textual or evidentiary counterarguments to justify their stance.

Following the Prophet's era, the early Caliphs approached coinage with considerable caution, primarily regarding it as a medium of communication and economic facilitation rather than an instrument of personal or political aggrandizement (Hamdan, 1988). Caliph Omar, for instance, sanctioned limited minting of coins but explicitly replaced any anti-Sharia inscriptions with appropriate Qur'anic texts, prioritizing religious compliance and practical transaction integrity. This cautious and conscientious approach persisted through several generations, focusing primarily on coin purity and fraud prevention rather than explicit assertions of political or personal dominance.

A critical shift occurred during the reign of Caliph Abd al-Malik ibn Marwan, who initiated centralized minting explicitly for both political and religious motivations (Hamdan, 1988). Abd al-Malik's insistence on exclusive coinage served dual objectives: it addressed the removal of anti-Sharia expressions present on foreign coins and simultaneously asserted the political dominance and territorial sovereignty of the expanding Caliphate. Coins minted under Abd al-Malik prominently featured Sharia-compliant texts and occasionally the Caliph's depiction, reflecting a heightened awareness of coinage's communicative and symbolic power. While aligning with Sharia objectives in removing objectionable elements, Abd al-Malik's policies significantly transformed coinage from a purely practical instrument to a powerful political statement, setting a precedent for later rulers.

Subsequent Umayyad and Abbasid caliphs progressively exploited coinage's communicative and symbolic capacities for overt political, dynastic, and personal agendas (Al-Ejli, 2010). Abbasid coins frequently bore politically motivated inscriptions, strategically selected Qur'anic verses, and direct references to specific rulers or their heirs to legitimize claims of sovereignty and authority. For instance, Caliph al-Mansur minted coins explicitly naming his successor, al-Mahdi, and later Abbasid rulers such as al-Hadi and Harun al-Rashid used coin inscriptions to influence succession outcomes, assert political claims, and commemorate military victories. This increasingly overt politicization severely

constrained juristic discourse, as critical or divergent views on monetary policy and coinage risked severe political repercussions and suppression.

Given this historical context, contemporary fatwas prohibiting Bitcoin solely due to its lack of state-issued authority fundamentally misinterpret and distort classical jurisprudential and historical precedents. Such fatwas inadvertently perpetuate outdated political narratives historically driven by rulers' personal ambitions and political expediency rather than authentically reflecting Sharia principles. Bitcoin, as a decentralized digital currency, fundamentally aligns with early Islamic precedents established by the Prophet Muhammad, who clearly permitted decentralized and foreign currencies. Its decentralized structure embodies transparency, security, and fairness—key Islamic values historically pursued through coinage regulation. Therefore, Bitcoin does not inherently violate any authentic Sharia requirements regarding currency issuance. Instead, its decentralized nature closely mirrors early Islamic economic practices, supporting its legitimacy and permissibility as a modern financial instrument that reflects authentic Islamic jurisprudential principles.

Government Failure vs Algorithmic Governance

Instead of arguing how Bitcoin violates the requirements on money, Sharia jurists may be better served taking a closer look at Bitcoin's monetary governance structure and how its decentralized nature closely mirrors early Islamic economic practices, supporting its legitimacy and permissibility as a modern financial instrument that reflects authentic Islamic jurisprudential principles. Bitcoin's decentralized cryptographic algorithm achieves the original objective of centralized minting—preventing forgery and fraud—far more effectively than traditional state-issued currencies (Antonopoulos, 2017). The Bitcoin blockchain employs a rigorous cryptographic validation process known as Proof-of-Work (PoW), where miners solve complex mathematical puzzles to verify and record transactions. This process ensures the integrity, transparency, and immutability of transaction records, providing robust protection against forgery and counterfeit attempts. Unlike state-issued currencies, which are periodically subject to counterfeiting and fraud despite extensive oversight, Bitcoin's

algorithm inherently secures every transaction, offering a significantly higher degree of protection and trustworthiness.

Institutionally, the governance of Bitcoin offers distinct advantages compared to traditional fiat currencies managed by governments and central banks. While government intervention is often justified as necessary to prevent market failures such as fraud, corruption, and malpractices, empirical evidence shows frequent governmental and institutional failures in managing fiat currencies (Anwar, 2023). This is particularly pronounced in developing and Muslim-majority countries as shown in Table 1 below, where governmental mismanagement frequently leads to severe currency devaluation, inflation, and economic instability, resulting in significant wealth erosion among their populations.

In contrast, Bitcoin has demonstrated remarkable stability over the past decade, significantly outperforming many fiat currencies in terms of maintaining its purchasing power. Unlike fiat currencies, which are subject to arbitrary adjustments, inflationary policies, and political manipulation, Bitcoin operates on a transparent and predictable monetary policy governed algorithmically rather than politically. Its fixed supply limit and decentralized governance closely resemble the gold standard era, reducing risks associated with central banks' private interests or governmental misuse of monetary policy. Therefore, criticisms against Bitcoin for lacking governmental issuance and central bank oversight ignore substantial historical evidence of the institutional failures inherent in traditional fiat systems, highlighting Bitcoin's institutional robustness and alignment with the fundamental objectives of Sharia in protecting wealth and ensuring economic fairness.

Bitcoin as Legal Tender: A Challenge to the State Authority Arguments

A consistent theme among the fatwas prohibiting Bitcoin is the claim that, in Sharia, the issuance and recognition of currency must come from a legitimate state authority. However, this line of reasoning is increasingly untenable in light of real-world developments. Notably, El Salvador adopting Bitcoin as legal tender. El Salvador has historically suffered from monetary instability, including high inflation and a fragile banking system. As a response to ongoing economic

turbulence and policy failures, the country fully dollarized its economy in 2001, abandoning its own currency (the Salvadoran colón) in favor of the U.S. dollar. In 2021, El Salvador became the first country in the world to adopt Bitcoin as legal tender (Secretaría de Prensa, 2021). Under the Bitcoin Law, passed by the Legislative Assembly, all economic agents are required to accept Bitcoin as payment when offered by someone acquiring a good or service. El Salvador's move was driven not by ideological support for cryptocurrency but by practical considerations: inclusion of the unbanked, reduction of remittance fees, and creation of a tech-driven economic environment (Alonso et al., 2023)namely the Monetary Integration Law (MIL. Their embrace of Bitcoin was a strategic pivot in light of state failure in traditional monetary governance.

The fatwas rejecting Bitcoin repeatedly assert that state recognition is a requirement for monetary legitimacy in Sharia. However, now that a sovereign government has officially recognized Bitcoin as legal tender, this foundational argument begins to unravel. If state authority is essential, how do jurists respond when states actually endorse Bitcoin? Will they urge El Salvador to return to the USD? Would a return to USD be considered more "Sharia-compliant" simply because they involve state backing, despite the massive harm they've historically inflicted on local economies? If any, such Sharia scholars will at least have the IMF thanking them (IMF Staff, 2022).

In conclusion, the endorsement of Bitcoin by actual states—not hypotheticals—forces a fundamental reassessment of the fatwas prohibiting Bitcoin on the basis of lacking state authority. The Sharia scholars' insistence on the necessity of state authority appears increasingly inconsistent and selective. Their argument collapses when confronted with the reality that Bitcoin has been state-sanctioned in contexts where traditional fiat currencies failed, and where Sharia objectives like economic justice, transparency, and wealth protection may be better served. These developments render such arguments obsolete and expose the need for more principled and context-aware juristic analysis.

Fiat vs Bitcoin: Empirical Evidence

Many Muslim-majority countries today face dire economic challenges, including ongoing political unrest, institutional weakness, military conflicts, and structural economic inefficiencies. These realities significantly hinder the ability of governments and central banks to exercise sound and effective monetary policy. As a result, their currencies often suffer from persistent inflation, erosion of public trust, and widespread depreciation in value—outcomes that directly contradict the Sharia objective of wealth protection.

The table below, compiled by the SESRIC (a subsidiary organ of the Organisation of Islamic Cooperation), reports the average annual inflation rates of several Muslim countries between 2018 and 2023. Notably, many of these countries experienced double-digit inflation, which reflects severe devaluation of national currencies over a sustained period.

Table 1. ***Average Annual Inflation Rates in Selected Muslim Countries* (2018–2023).**

Country	2018	2019	2020	2021	2022	2023	Average
Sudan	63.29	50.99	163.26	359.09	138.81	256.17	171.94%
Lebanon	6.06	2.89	84.88	154.76	171.20		83.96%
Suriname	30.23	34.68	36.43	40.21	45.75	47.01	39.05%
Iran	6.94	4.39	34.89	59.12	52.45	53.27	35.18%
Türkiye	16.33	15.18	12.28	19.60	72.31	51.17	31.15%
Yemen	33.65	15.69	21.67	31.46	29.51	14.91	24.48%
Sierra Leone	16.03	14.81	13.45	11.87	27.21	42.88	21.04%
Nigeria	12.09	11.40	13.25	16.95	18.85	25.12	16.28%
Egypt	17.53	14.53	12.87	10.85	11.45	10.21	12.91%
Uzbekistan	20.85	13.88	5.70	4.50	8.50	23.52	12.83%
Pakistan	3.92	6.74	10.74	8.90	12.15	29.18	11.94%
Guinea	9.83	9.47	10.60	12.60	10.50	8.31	10.22%
Kazakhstan	13.30	5.09	6.10	19.48	11.21	5.90	10.18%

Source: The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC).

The inflation data in Table 1 illustrate that despite centralized monetary authority, these nations failed to safeguard the economic value of their currencies. The loss in purchasing power and the increased cost of living have dramatically affected households, businesses, and entire communities. This undermines the fatwas' claim that government-issued fiat currencies inherently serve the objective of wealth protection better than decentralized alternatives like Bitcoin.

Bitcoin, despite being criticized for volatility, has over the past decade outperformed many of the fiat currencies listed above. It has not suffered from the institutional deterioration, political capture, or inflationary policies that afflict many developing nations. Therefore, from the perspective of preserving wealth—a clear maqṣad (objective) of the Sharia—Bitcoin may, in fact, be a superior alternative to fiat currencies in politically and economically unstable Muslim countries.

The empirical literature on Bitcoin highlights a variety of benefits that contribute to its appeal as a digital currency and investment asset. Notably, several studies emphasize its potential in enhancing portfolio diversification due to its low correlation with traditional financial assets such as stocks and bonds (Bouri et al., 2020)we compare the safe-haven properties of Bitcoin, gold, and the commodity index against world, developed, emerging, USA, and Chinese stock market indices for the period 20 July 2010–22 February 2018. We apply the wavelet coherency approach and show that the overall dependence between Bitcoin/gold/commodities and the stock markets is not very strong at various time scales, with Bitcoin being the least dependent. We study the diversification potential at the tail of the return distribution through wavelet value-at-risk (VaR. It has been found that Bitcoin exhibits a unique behavior that distinguishes it from traditional commodities and fiat currencies, offering diversification advantages for investors looking to mitigate risks associated with market volatility (Al-Mansouri et al., 2025)with a particular focus on its store of value function. We employ a suite of wavelet techniques, including Wavelet Transform (WT. This characteristic positions Bitcoin as an effective tool for portfolio managers aiming to optimize returns while maintaining a lower level of risk (Hossain, 2021).

In addition to its diversification benefits, Bitcoin is often regarded as a hedge against economic uncertainty. Various studies suggest that Bitcoin may serve this function, particularly in turbulent economic climates, where it can act as a refuge for investors amidst fluctuating traditional markets (Disli et al., 2021) crude oil and cryptocurrency as a safe haven for traditional, sustainable, and Islamic investors during the COVID-19 pandemic crisis. Using Wavelet coherence analysis and spillover index methodologies in bivariate and multivariate settings, this study examines the correlation of these assets for different investment horizons. The findings suggest that gold, oil and Bitcoin exhibited low coherency with each stock index across almost all considered investment horizons until the onset of the COVID-19. Conversely, with the outbreak of the pandemic, the return spillover is more intense across financial assets, and a significant pairwise return connectedness between each equity index and hedging asset is observed. Hence, gold, oil, and Bitcoin do not exhibit safe-haven characteristics. However, by decomposing the time-varying co-movements into different investment horizons, we find that total and pairwise connectedness among the assets are primarily driven by a higher-frequency band (up to 4 days. For example, during heightened periods of economic policy uncertainty, Bitcoin tends to perform better, suggesting that it can absorb shocks that impact conventional financial instruments, thus offering a degree of protection to investors (Conlon et al., 2020)Ethereum and Tether from the perspective of international equity index investors. Bitcoin and Ethereum are not a safe haven for the majority of international equity markets examined, with their inclusion adding to portfolio downside risk. Only investors in the Chinese CSI 300 index realized modest downside risk benefits (contingent on very limited allocations to Bitcoin or Ethereum . Further empirical evidence also shows that not accepting or including Bitcoin in portfolios exposes investment portfolios to higher risks (Noh, 2022), obviating the paradoxical argument that Bitcoin is inherently risky.

Overall, the literature illustrates a multifaceted perspective on Bitcoin that encompasses its role as a diversified investment, a hedge against uncertainty, a viable payment method, and a profitable mining opportunity. Together, these benefits contribute to Bitcoin's growing prominence in financial markets and its potential to reshape traditional economic interactions.

Abusing the "Blocking of Means" Principle

Several fatwas prohibiting Bitcoin have invoked the principle of "blocking of means" to justify their position. Prominently, Prof. Dr. Ali Al-Quradaghi and the International Union of Muslim Scholars (IUMS) explicitly utilized this principle, arguing that the use and trading of Bitcoin should be prohibited due to its potential to facilitate harmful outcomes such as gambling, fraud, money laundering, and speculative trading leading to substantial financial losses. The other fatwas above make use of this principle implicitly, especially when harm prevention and Sharia objectives are used as a basis for such fatwa. These fatwas contend that, given the uncertainty and volatility of cryptocurrencies, their use could inevitably or predominantly lead to Haram practices and detrimental societal impacts, thus justifying preventive prohibition.

"Blocking of means" is an established principle in Usul al-Fiqh, which allows jurists to prohibit actions that are permissible in themselves if they certainly or most probably lead to prohibited (Haram) outcomes (Kamali, 2003). For this principle to be legitimately applied, specific conditions must be met. First, the prohibited outcome must be unequivocally recognized as Haram in Sharia. Second, the means in question must lead certainly or at least with high probability to that prohibited outcome. Classic juristic literature offers clear examples to illustrate these criteria. An example of high probability: Acts explicitly leading to adultery, such as private seclusion (khalwa) with a non-mahram, are prohibited since they strongly facilitate adultery. An example of low probability: The sale of grapes remains permissible despite the potential of being turned into wine, given that this harmful outcome is neither certain nor highly probable.

In the context of Bitcoin, the invocation of "blocking of means" faces significant methodological issues. First, the fundamental requirement of a clearly identified Haram outcome is inadequately addressed by jurists prohibiting Bitcoin. As previously discussed, many alleged Haram attributes such as gharar (uncertainty), intangibility, and decentralization lack robust Sharia grounding. Specifically, gharar as used in their arguments was misinterpreted, intangible assets are widely accepted in modern Sharia jurisprudence, and decentralized foreign money has historical precedence as permissible. Moreover, Bitcoin has

demonstrated clear benefits in protecting Muslim wealth, aligning positively with Sharia objectives. Without a clearly established Haram end, the principle of "blocking of means" loses its foundational justification.

Second, even assuming for argument's sake that specific Haram outcomes exist, the fatwas fail to substantiate how Bitcoin's use would certainly or highly probably lead to these outcomes. For example, the speculative nature and volatility of cryptocurrencies, while introducing financial risk, do not inherently equate to gambling or fraud, as these are distinctly characterized by intentions and behaviors, not market volatility alone. Thus, the application of "blocking of means" here rests on assumptions rather than concrete evidence linking Bitcoin usage inherently and consistently to these prohibited outcomes.

Third, the application of "blocking of means" contradicts the fatwas' foundational claim that Bitcoin is neither money nor property. The application of this principle implicitly acknowledges Bitcoin as property or at least as an asset capable of facilitating prohibited transactions. This recognition contradicts the fatwas' earlier stance negating Bitcoin's status as legitimate property or currency. If Bitcoin truly lacks economic value or recognition as property, its use as a means towards prohibited ends becomes inherently implausible. Therefore, invoking the "blocking of means" principle in this context appears logically and methodologically inconsistent.

As such, the fatwas prohibiting Bitcoin based on the principle of "blocking of means" exhibit significant methodological flaws, primarily due to unclear identification of Haram outcomes, insufficient proof linking Bitcoin to these outcomes, and internal contradictions regarding Bitcoin's status as property or currency. These issues substantially undermine the validity of such prohibitive rulings.

Conclusion

The debates surrounding Bitcoin's Sharia legitimacy, as examined in this paper, reveal that many prohibition fatwas, though grounded in sincerely held concerns, rely on incomplete conceptualizations of Bitcoin's technological and economic features, or reference secondary principles (e.g., maslahah and public

policy) without grounding them in direct textual or analogical evidence. Although all jurists rightly emphasize the importance of preventing harm (darar), any prohibition ruling that lacks rigorous substantiation may inadvertently stifle legitimate innovations that align with the broader objectives of Sharia.

By contrast, fatwas that methodically apply Usul al-Fiqh—especially a careful assessment of textual sources, valid analogical reasoning, and accurate factual understanding (taṣawwur ṣaḥīḥ)—often conclude that Bitcoin can be deemed permissible (mubāḥ) absent a clearly established textual prohibition. From a methodological standpoint, the most robust fatwas on Bitcoin exemplify how classical jurisprudential concepts (e.g., ʿurf, māl, sadd al-dharāʾiʿ) can accommodate evolving financial technologies. As long as the asset in question proves its functionality, social acceptance, and absence of fundamental prohibitions (e.g., interest, fraud, or excessive uncertainty), it stands as permissible by default. Where volatility and speculation exist, classical jurists have historically distinguished between intrinsic asset features and abusive market behaviors—acknowledging that misuse alone does not necessarily invalidate an asset's permissibility under Sharia.

Yet, in highlighting these shortcomings, myintent is not to undermine the scholarly status or sincerity of any jurist. Rather, I aim to demonstrate that sincerity and reputation alone do not exempt a fatwa from critical evaluation according to Islamic law's highest methodological standards. At the same time, I affirm deep respect for classical jurisprudential authority and the cautious approaches employed by Sharia jurists. This paper reflects scholarly humility: I acknowledge the complexity of emerging financial technologies like Bitcoin and do not claim infallibility in my conclusions. However, a core principle in usuli discourse is that even established authorities must thoroughly examine both the factual realities and the primary textual sources before issuing prohibitions that have widespread implications for Muslim society. Where such a process reveals internal contradictions or technical misunderstandings, it is the jurist's duty to revisit and refine their verdict.

By situating my critique in a classical framework, I intend to honor rather than diminish the legitimate standing of recognized jurists and Sharia bodies. This

approach reinforces the idea that robust legal derivation (ijtihad) hinges on both textual knowledge and accurate subject awareness (*taṣawwur ṣaḥīḥ*). Without these elements, judgments risk conflating intrinsic asset characteristics with market abuses, thereby preempting potentially beneficial innovations.

Nevertheless, caution remains warranted. Many individuals lack adequate understanding of Bitcoin's mechanisms, including its decentralized network, cryptographic underpinnings, and capacity for legitimate use. Without addressing these complexities, fatwas risk conflating Bitcoin's inherent properties with malpractices or broader economic concerns. The answer, therefore, lies not in a blanket rejection of new financial instruments but in applying thorough fact-finding and strong juristic methodology. Only then can Muslim communities benefit from the potential efficiency, transparency, and global accessibility that technologies like Bitcoin offer—while mitigating tangible risks such as fraud, regulatory non-compliance, or unscrupulous speculation.

Going forward, Muslim jurists and policymakers are encouraged to collaborate with technical experts, economists, and industry practitioners. Such interdisciplinary engagement can bridge gaps in understanding, helping ensure that future Sharia rulings on digital assets reflect both technological realities and deep fidelity to foundational Islamic principles. In the near term, these efforts may include clarifying how established doctrines of property (*māl*), valid exchange (*ṣarf*), and risk management apply to intangible, digital environments. In the long term, a well-grounded Sharia approach to cryptocurrency can serve as a model for integrating new financial technologies without compromising the core imperatives of Sharia.

Ultimately, whether Bitcoin is ruled halāl or harām must rest on textual grounding, coherent analogical reasoning (qiyās), and clear evidence of potential benefit or harm (*maslaḥah* and *mafsadah*). This research highlights where certain prohibition fatwas might fall short in these respects and urges reconsideration based on more rigorous, unbiased scholarship. I conclude by reiterating that mycritique aims to uphold—rather than dismiss—the foundational caution and respect due to Sharia authorities, while encouraging them to stay firmly aligned with classical Usul al-Fiqh standards in assessing emergent financial phenomena.

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Acronyms

Table 2. ***Sharia Acronyms***

Term / Acronym	Arabic Script	Definition / Significance
Sharia	ةعيرشلا	The overarching Islamic moral and legal system, encompassing all aspects of faith, worship, and law.
Fiqh	هقفلا	Islamic jurisprudence; the human understanding and application of Shari‘ah principles.
Usul al-Fiqh	لوصأ هقفلا	The principles or methodology through which Islamic legal rulings are derived from primary sources.
Qur’an	نآرقلا	Islam’s primary holy text and supreme source of Shari‘ah.
Sunnah	ةنسلا	The teachings, practices, and traditions of the Prophet Muhammad (peace be upon him).
Ijma‘	عامجإ	Consensus of juristic Sharia scholars on a legal or doctrinal point.
Qiyas	سايق	Analogical reasoning that extends an existing Shari‘ah ruling to a new circumstance based on a shared operative cause (‘illah).
Maslahah	ةحلصم	Public interest or welfare, often used as a secondary principle when explicit textual guidance is absent.
Urf	فرع	Custom or social convention; can inform rulings when not contradicted by primary evidence.
Sadd al-Dhara’i‘	دس عئارذلا	Blocking the means to harm; a preventative measure invoked to avoid leading to prohibited outcomes.

Istishāb	باحصتسا	Presumption of continuity; the default ruling of permissibility (*ibāḥah*) in non-worship matters unless proven otherwise.
Gharar	ررغ	Excessive uncertainty or risk within a transaction, forbidden when it undermines contractual clarity.
Qimār	رامق	Gambling or chance-based transactions involving unjustified gain/loss; prohibited in Shari'ah. Sometimes called Maysir since the two concepts overlap.
Riba	ابر	Usury or interest; charging or paying interest on loans is forbidden in Sharia.
Maqasid al-Sharia	دصاقم ةعيرشلا	The higher objectives of Islamic law, which include preservation of religion, life, intellect, lineage, and wealth.
Ijtihād	داهتجا	A jurist's utmost effort to derive or interpret legal rulings from the primary sources.
Fatwa	يوتف	A formal ruling or opinion on a point of Islamic law given by a qualified mufti or scholar.
Mufti	يتفم	A qualified jurist in Sharia law qualified to issue fatwas.
Ḍarb al-Sikkah	برض ةكسلا	The classical concept of state coin minting; often cited to argue currency issuance is a government prerogative.
Māl	لام	Property or wealth recognized in Shari'ah; anything valuable, beneficial, and legally permissible to own or trade.