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"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

Investing In Cryptocurrency Through The Lens Of Islamic Economics**Baihaqi Ammy¹, Andri Soemitra², Zuhri M Nawawi²**¹Universitas Muhammadiyah Sumatera Utara
Jalan Kapten Mukhtar Basri No. 3, Medan, Indonesia²Universitas Islam Negeri Sumatera Utara**Email:** baihaqiammy@umsu.ac.id**ABSTRACT**

This research is library research or library research. The data collecting technique employed is the Foundation of the Qur'an, Hadith, Ijtihad Qiyas, about Cryptocurrency Investment in an Islamic economic perspective. From this conclusion, the government must protect investors who make Cryptocurrency investments, namely in terms of rules, the government must make regulations specifically in dealing with legal protection for investors and in the view of Islamic economics, other cryptocurrencies are an illegal investment tool because they contain gharar, maysir high recovery (chancy). However, as a digital money transaction, Cryptocurrency is covered in muamalah, especially buying and selling that is allowed. Cryptocurrency investment in the Islamic Economy as a legal currency is permitted as long as there is no harm and does not affect the people as money methods. Several Muslim countries such as Egypt, Iran and Turkey prohibit and regulate the use of digital currency, while Saudi Arabia, the United Arab Emirates and Qatar have approved their use.

Keywords: Cryptocurrency, Investment, Islamic Economic Perspective

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INTRODUCTION

Transaction (Akad), an agreement or approval between two parties, is a relationship between consent and qabul with the presence of a bond between those parties. If both parties voluntarily agree and the agreement is by Islamic law, it can be deemed legal between the submitting party and the receiving party (Mujiatun, 2013).

Money is defined by (Machfoedz, 2007) as everything that can be used to pay for products and services. Individuals in the community are paid for the resources or goods they possess. They either preserve it or utilize it to purchase other resources. Money originally served as a means of transaction, but as human civilization advanced, its role also changed to include serving as a unit of account and a store of value.

Digital currency is now undergoing such rapid development. The future of money, according to Bill Gates, is digital money (Blockchain Whispers Team BCW Crypto Fund Team, 2018). The invention of cryptocurrencies or virtual money in cyberspace is one of the most amazing technological developments in the field of economics. The Regulation of the Minister of Trade of the Republic of Indonesia Number 99 of 2018 addressing the general policy of holding crypto asset futures trading now governs digital assets (crypto assets). The phrase "cryptocurrency" is made up of the words "crypto," which means "secret," and "currency," which means "money." Cryptocurrency can be understood simply as a type of virtual currency that uses a cryptographic mechanism to safeguard transactions and cannot be copied. This currency uses cryptography, and the process for creating it is regarded as secure. A number of different sciences that use mathematical computations are combined in cryptography. These algorithms and protocols will be developed and examined by the system in use to guard against any information being altered or affected while it is linked by an outsider. Cryptocurrency, which lives in the virtual world and is in digital form, is unlike the currencies that we use every day in that it has no physical existence.

There are several different varieties of cryptocurrency, including dogecoin, ripple, ethereum, stellar, and many more. In the realm of cryptocurrencies, anyone may access the Blockchain and view each transaction made by any user. Blockchain is the system used for cryptocurrencies; it is made up of the words block (for block) and chain (for block chain). The foundation of the bitcoin system is the blockchain. Cryptocurrency exchanges take place peer-to-peer, or through a network of computers without any third parties, unlike traditional payment methods used for online purchases and sales, such as banks. Relationships that arise during cryptocurrency transactions happen anonymously, meaning that the perpetrators are not required to have a fixed identity and that identity is not needed because the only thing that connects the actors is a hash value or address, and this address will change with every transaction, ensuring that the perpetrators' privacy is very well maintained in contrast to banks, which have complete identities for their customers that are crucial to know during transactions.

The fact that the price of cryptocurrencies always rises over time is one of its qualities that piques people's curiosity. height. Due of this background, many investors utilize cryptocurrencies as a digital asset class to diversify their traditional investing portfolios, which often include equities and gold assets. Calculations must be done carefully when investing money in cryptocurrencies, especially if the investment will last for years. In order for these funds to at least have a better chance of being "safe," fundamental analysis is required rather than haphazardly selecting bitcoin goods. It should be emphasized that investors who put their money into cryptocurrencies have no protection and are extremely likely to lose their money quickly. when this takes place. A cryptocurrency product may

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climb by more than 100% or decline by tens of percent in a single day because, unlike stock trading, which is governed by regulators (Ankaa Wijaya, 2016).

The Al-Qur'an encourages investment, which in Islam refers to postponing the use of the resources we already possess or to preserving, controlling, and developing them.

وَلْيَخْشَ الَّذِينَ لَوْ تَرْكُوا مِنْ خَلْفِهِمْ ذُرِّيَّةً ضِعْفًا خَافُوا عَلَيْهِمْ فَلْيَتَّقُوا اللَّهَ وَلْيَقُولُوا قَوْلًا سَدِيدًا

Al-Qur'an Surah An-Nisa Verse 9 of the Ministry of Religion's translation:

9. *And let those who fear for their weak progeny if they leave behind them dread (of Allah) (welfare).* So let them speak the proper words and let them fear Allah.

As time passes, investment in cryptocurrencies or digital money has gradually but steadily begun to grow in Indonesia, attracting the attention of online enterprises. Although it is currently small and limited, digital money holds a strategic role, especially for consumers of online transactions who do not use bank services. The primary benefit of using digital currency is its practicality. It can be used anywhere without being connected to a bank, is tax-free while it is still in the form of digital currency, and is only subject to administrative fees when it is converted to local or foreign cash.

Since its inception, the state has been concerned about the existence of cryptocurrency in Indonesia as an electronic good, but up to this point, the government has not decided what actions to take to create formal legislation governing its circulation and oversight. What are the formulations of policy and factors of protection for users or investors in transactions involving cryptocurrency investments, which are risky and easy targets for cybercrime? The author is interested in talking about "Cryptocurrency Investment in an Islamic Economic Perspective" after departing from this idea.

READING REVIEW**Cryptocurrency History**

The person who goes by the name Satoshi Nakamoto is inextricably linked to the history of cryptocurrencies. The effort he did to launch a new kind of money called Bitcoin is important to know, even though no one can confirm the true identity of the person hiding behind this name at this moment. A whitepaper titled "Bitcoin: A Peer-to-Peer Electronic Cash System" was released by Satoshi in 2008.

David Chaum, a doctor of computer science and business administration graduate of the University of California in the United States, created the first cryptocurrency. In the 1980s, Chaum created an extremely safe technique that made it possible to conduct electronic fund transfers using encryption (coded writing/code). With the intention of serving as a "gateway" for electronic money transactions that go straight to people, Chaum, who was living in the Netherlands at the time, launched the DigiCash company at the end of 1990. Regrettably, the Dutch government at the time responded by placing harsh limits on the business, forcing DigiCash to only conduct business with authorized institutions. The results for the company were severely hampered. After a decade of adversity and collaboration with Microsoft, DigiCash finally failed in the 1990s.

The new system went into effect on January 3, 2009. The block with the number 0 is the first of all blocks created in the Bitcoin system and is referred to as the genesis block (creation block) since it marks the commencement of a previously unheard-of system. Even if the new system is currently in use, only a small number of cryptography activists utilize it, and even in that case, no commercial activities have resulted from it because the value is

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still zero and it primarily concentrates on expanding system capabilities, testing, and updating features.

Since Bitcoin's price has been rising rapidly over the past few years and reached more than IDR 250 million per chip at the end of 2017, various software development teams have begun to enter the cryptocurrency market. Only a small number of cryptocurrencies, including litecoin, dogecoin, and ethereum, were previously recognized in addition to bitcoin. On different cryptocurrency marketplaces throughout the world, there are 9,242 crypto currencies that have been advertised as of November 30, 2022, according to this source (<https://id.investing.com/crypto>). Given that the market is still open and the volume of new coin offerings, or ICOs (Initial Coin Offerings), has not diminished, this number is expected to rise daily (Ankaa Wijaya, 2016).

Cryptography, or talking about code in the computer world, and currency, or referring to the values of currencies, are the two words that make up the etymology of cryptocurrency. It is possible to define cryptocurrency as a system for virtual currency that can be used for online transactions and is secured by a sophisticated computer code.

Cryptocurrency can be used much like regular fiat money, such as US dollars or the currency of the nation where a person resides, but there is a significant distinction because it is not regulated by any banks at all, according to (Saefullah, 2018). Although Bitcoin was the first cryptocurrency, there are now tens of thousands of other cryptocurrencies, often known as altcoins. Cryptographic techniques are used in the cryptocurrency system, as suggested by its name. Computer science's area on cryptography investigates how to conceal data. A secret message is randomly generated into a message that seems to have no structure and is conveyed to the target recipient using cryptography. The random message can only be deciphered by the intended recipient in order to reveal the sender's hidden message.

(Ankaa Wijaya, 2016) asserts that setting a cap on the total amount of coins in circulation determines the deflationary properties of cryptocurrencies. The future worth of the money will rise if there are more demands since there are fewer coins in use. In contrast, there is no cap on the total number of coins that can be issued in the future for cryptocurrencies that have a set inflation rate. Cryptocurrencies that exhibit deflationary traits are more likely to see price increases, while those that exhibit inflationary traits may have a better chance of surviving in the long run. The qualities of each product make it clear which form of cryptocurrency is available on the market at any given time. At least five types of cryptocurrencies can be distinguished based on these characteristics, including:

1. Transfers of assets

Asset transfer cryptocurrencies typically only offer basic tools for moving virtual assets (in the form of cryptocurrency coins) from one address to another; further capabilities are typically not generally accessible. These cryptocurrencies typically have been around for a while. as Bitcoin, Litecoin, and Dogecoin, to name a few.

2. Smart Contracts

After the Bitcoin era, smart contract type cryptocurrency is regarded as the second iteration of Blockchain technology. Ethereum is the innovator in this field. Developers can incorporate apps into the Blockchain using smart contracts, whereas in the prior iteration the only assets were coins.

3. Cryptocurrencies that Protect Your Privacy

Cryptocurrency emphasizes privacy (privacy preservation), and it provides additional safeguards to safeguard user data. Each cryptocurrency uses a variety of various

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technologies; for instance, Monero uses CyroptoNote as a result of a modified linkable ring signature, whereas Zcash opts to use the zk-SNARK implementation.

4. Useful Coins

Of course, a utility coin can be used to move assets, but it also provides unique functions to the developing Blockchain system. These particular services range greatly and include Big Data, decentralized databases, artificial intelligence (AI), the internet of things (IoT), and data storage, among others.

Blockchains

Blockchain, according to (Ankaa Wijaya, 2018), is a data structure that is stored in blocks connected to one another. Each block contains data, typically information about financial transactions but not exclusively. Similar to a regular database system, blockchain has limitless power. often owned by a central database. Each record block contains a hash, which is a digital representation of the material contained therein, and each block also contains information about earlier blocks, namely their hashes. It is exceedingly challenging to alter data that occurs in the Blockchain system since block data and sequences are kept across a large number of distributor ledgers, which are computer nodes scattered around the internet. Blockchain is used in the following applications, according to Daniel Sembiring (2018):

1. Cryptocurrencies including Bitcoin, etherium, litecoin, dogecoin, ripple, stellar, and others.
2. Real-time international money transfers, as opposed to those made through the traditional clearing system, which typically takes longer time.
3. Voting apparatus (election system that cannot be penetrated by hackers, especially by party officials).
4. Important letters pertaining to visas, money orders, and other matters. Scientific periodicals, etc.

Indonesian cryptocurrency brokerage firm

The market for cryptocurrencies in Indonesia is still expanding. Additionally, the government has declared that this digital asset qualifies as a commodity that can be traded on futures exchanges through the Commodity Futures Trading Regulatory Agency (BAPEBBTI). According to BAPPEBTI data, there were 16.27 million cryptocurrency investors in Indonesia as of September 2022. Comparing this number to the previous month, it has climbed by 151,043 individuals. For instance, Binance, Tokocrypto, Indodax, Triv, Rekeningku.com, and Coinone Indonesia are a few exchange businesses or intermediaries that operate and have limited liability corporation legal organizations.

Problems with cryptocurrency investments

Cryptocurrency is more of a digital asset than it is a type of virtual money. Digital purchases are brand-new and have never existed before, but it is essential to realize that it is difficult to anticipate whether they will rise or fall. As the Governor of Bank Indonesia (BI), Perry Warjiyo urged the public to be cautious while considering the risks associated with investing in bitcoin. "I would like to emphasize that danger should not be handled lightly. If some are interested in learning more about Bitcoin, that should not be regretted. Digital currencies like Bitcoin, Perry said, are not yet accepted in Indonesia and are not necessarily safe investments. Bitcoin is not a legal tender, either. As a result, he stated, I constantly advise individuals to be aware of the risks of using Bitcoin instruments. BI, the regulatory body, has also urged the public to avoid investing in cryptocurrencies and instead pick safer and more reliable alternative financial products.

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Sri Mulyani, the minister of finance, also wants people to refrain from speculating about buying Bitcoin or other digital currency assets. "Bitcoin's potential seems to emerge regularly since the price is rising; this is considered a type of investment, but we don't expect it to be fixed or a bubble because then it can be harmful," says the author. remarked Sri Mulyani. Tongam L. Tobing, the task force's leader, stressed that even while investments frequently guarantee unfair outcomes, using digital currency for transactions violates the rules of the payment system authority. Tobing believes that the use of virtual currency for investment has the potential to be harmful to society because it attracts unreasonably high levels of interest. If individuals want to invest, he believes they should go to the productive sector or legitimate financial goods.

According to Warren Buffet, purchasing cryptocurrencies like Bitcoin is only a speculative activity or a game of chance rather than an investment. Buffett implicitly advises buying a home or a farm if you want to invest because the outcomes are more evident. You can purchase a loft, an apartment building, or a company stake for yourself, which is a genuinely excellent investment. Now, if you buy something like Bitcoin or another cryptocurrency, you are left unsure what to do with it. All you can do is wait and hope that prices go up. In addition to referring to cryptocurrency as speculative, he claimed that purchasing Bitcoin is more akin to gambling than an investment. Based on supply and demand, it might increase or decrease. Irshad Wicaksono, a financial consultant, urges people to choose other investment vehicles besides digital currency, noting that the value of this currency swings and is unstable due to its quick rise in performance.

Spending Money On Perfect Sharia

Sharia investing is making money by using various resources to make money by Islamic sharia principles. The primary purpose of financing is growing cash to make a profit. According to Al-Ghazali, a famous scholar, profits are compensation for travel expenses, business risks, and the entrepreneur's safety. As a result, it is only natural for someone to make a profit as compensation for the trouble he assumes.

Islamic Finance Legal Basis

The Al-Qur'an and Al-Hadith provide the legal justification for investment:

Verse 18 of Surah Al-Hasyr in the Qur'an:

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَلْتَنْظُرْ نَفْسٌ مَّا قَدَّمَتْ لِغَدٍ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ خَبِيرٌ بِمَا تَعْمَلُونَ

Translation of the Ministry of Religion Al-Qur'an Surah Al-Hasyr Verse 18:

18. O you who believe! Fear Allah and let everyone pay attention to what he has done for tomorrow (hereafter), and fear Allah. Verily, Allah is All-Aware of what you do.

Surah Al-Luqman Verse 34:

إِنَّ اللَّهَ عِنْدَهُ عِلْمُ السَّاعَةِ وَيُنَزِّلُ الْغَيْثَ وَيَعْلَمُ مَا فِي الْأَرْحَامِ وَمَا تَدْرِي نَفْسٌ مَّاذَا تَكْسِبُ غَدًا وَمَا تَدْرِي نَفْسٌ بِأَيِّ أَرْضٍ تَمُوتُ إِنَّ اللَّهَ عَلِيمٌ خَبِيرٌ

Translation of the Ministry of Religion of the Qur'an Surah Al-Luqman Verse 34:

34. Indeed, only with Allah is the knowledge of the Day of Resurrection; and He who sends down the rain, and knows what is in the wombs. And no one can know (with certainty) what he will do tomorrow. And no one can know on which earth he will die. Indeed, Allah is All-Knowing, All-Knowing.

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Al-Hadits

عَنْ فَضَالَةَ بْنِ عُبَيْدِ الْأَنْصَارِيِّ رَضِيَ اللَّهُ عَنْهُ يَقُولُ : أُتِيَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ وَهُوَ بِخَيْبَرَ بِقِلَادَةٍ فِيهَا حَرَزٌ وَذَهَبٌ، وَهِيَ مِنَ الْمَغَانِمِ ثُبَاعٌ، فَأَمَرَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ بِالذَّهَبِ الَّذِي فِي الْقِلَادَةِ فَتَرَعَ وَحَدَّهُ، ثُمَّ قَالَ لَهُمْ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ : "الذَّهَبُ بِالذَّهَبِ، وَزَنًا بِوَزَنٍ" (رواه مسلم)

Fadhlah bin "Ubaid al-Ansari r.a. said that the Prophet was presented with a necklace containing diamonds (gems) and gold to sell when he was in Khabair. The necklace comes from Ghanimah. So Rasulullah ordered to take the gold that was in the necklace and separate it, then he said, "gold should be sold (exchanged) with gold with the same weight" (Nashiruddin Al-Albani, 2000).

The following are the primary signals in Sharia investment, according to Husen Sobana (2018):

1. Is free of items of interest

In Islamic terminology, *riba* is defined in a variety of ways by scholars and denotes a variety of things, including:

فَضْلٌ خَالٍ عَنْ عَوْضٍ شَطْلٍ لَا حُدَّ الْمُنْعَا قَدَّيْنِ

"Riba is an advantage that there is no replacement equivalent (iwadh) which is not justified by Islam which is required by one of the two people who have a contract."

Imam Badrudin Al-Aini in his book "Umdatul Qari," defines usury as:

الزَّيَادَةُ عَلَى أَصْلٍ مِنْ غَيْرِ عَقْدٍ تَبَايَعٍ :

"Riba is the addition of basic assets without any real business transactions."

2. Prevent gharar

According to (Tarmizi, 2017), there is always some uncertainty when investing in an asset like a company or stock because the return on investment could be favorable or unfavorable. *Gharar*, which means risk, betrayal, and falling from the wealth of devastation, is an Arabic word. In the *fiqh gharar* book, the experts define it as purchasing and selling without a precise result. According to some academics, buying and selling can have effects or not. *Gharar* can also mean dishonesty, and it can be observed in business deals that harm any party in any way.

3. Steer clear of gambling's components (maysir)

Since the word "maysir" is etymologically related to "easy," it is often used to refer to an area that makes things easier. It is argued that anything is simply because someone avoids the difficult path in favor of a shortcut to get what they want, even while the shortcuts contradict Islamic principles and values and the hope of getting what one wants. The word *Qamar* is used in place of *maysir* in the book *Al-Muj'mal al Wasith*. Although the pronunciation of *qimar* is:

كُلُّ لَعِبٍ فِيهِ مَرَاة

"Any form of game that contains an element of betting (gambling)".

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While the word maysir itself is defined as :

قمار العرب بالأزلام , أو اللعب بالقداح في كل شيء . و قيل
كل شيء فيه قمار حتى لعب الصبيان بالجوز

"Maysir is a form of gambling for the Arabs during the Jahiliyah period by using azlam, or a game that uses qida in everything, and it is also said that maysir is everything that depends on the element of qimar, even to the game of a child with Jauz."

Allah SWT and Rasulullah SAW prohibit all types of gambling; this is stated in the Al-Qur'an Al-Maidah verses 90-91:

يَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْأَنْصَابُ وَالْأَزْلَامُ رَجْسٌ مِّنْ عَمَلِ الشَّيْطَانِ فَاجْتَنِبُوهُ لَعَلَّكُمْ تُفْلِحُونَ إِنَّمَا يُرِيدُ الشَّيْطَانُ
أَنْ يُوقِعَ بَيْنَكُمُ الْعَدَاوَةَ وَالْبَغْضَاءَ فِي الْخَمْرِ وَالْمَيْسِرِ وَيَصُدَّكُمْ عَنْ ذِكْرِ اللَّهِ وَعَنِ الصَّلَاةِ فَهَلْ أَنْتُمْ مُنْتَهُونَ

Translation of the Ministry of Religion Al-Qur'an Surah Al-Maidah verses 90-91:

90. O you who believe! Drinking alcohol, gambling, (sacrificing to) idols, and darting fortunes with arrows are abominable acts and include the deeds of satan. So stay away from those (doing) so that you will be lucky.
91. With liquor and gambling, Satan only intends to create enmity and hatred among you, and hinder you from remembering Allah and performing prayers, so don't you want to stop?

4. Avoid the elements of haram

Investments made by a Muslim investor are required to avoid haram elements. Something unlawful is prohibited by Allah SWT and His Messenger SAW. in the Qur'an and Hadith. The word haram etymologically means to deny. Something that is unlawful means forbidden to do it. In the rules of usual fiqh, haram is defined as:

الحرَام ما يعاقب فاعله ويثاب تاركه امشالا

"Haram is something that is provided with a punishment (iqab) for those who do it, there is also a reward for those who leave because it is intended to carry out His Shari'a." In a Hadith narrated by Imam Tirmidhi from Salman, it is stated:

والحلال ما أحلَّ الله ورَسُولُهُ في كتابه , والحرَام ما حَرَّمَ الله ورَسُولُهُ

سوله في كتابه , وما سكت عنه فهو مما عفا عنه

"Something that is lawful is what Allah and His Messenger have made lawful in His Book and something that is unlawful is what Allah and His Messenger have made unlawful in His Book and what is kept silent (is not regulated) is classified as something that is unforgivable."

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5. Avoid doubt

The word syubhat means dream, similar and mixed. In sharia terminology syubhat is defined as:

ما التبس أمره فلا يدري أحلال هو أم حرام، وحق هو أم باطل

"A matter that is mixed (between lawful and unlawful) but it is not known with certainty whether it is something lawful or unlawful, and whether it is right or wrong."

To be able to convince this terminology, in a Hadith narrated by Imam Bukhari and Muslim, it is stated as follows:

الْحَلَالُ بَيْنَ وَبَيْنَ الْحَرَامِ بَيْنَ وَبَيْنَهُمَا أُمُورٌ مُشْتَبِهَاتٌ لَا يَعْلَمُهُنَّ كَثِيرٌ مِنَ النَّاسِ، فَمَنْ اتَّقَى الشُّبُهَاتِ فَقَدْ اسْتَبْرَأَ لِدِينِهِ وَعِرْضِهِ

"What is lawful is clear, and what is also clear, between the two of them, there are things that are doubtful (unclear) that most people do not know. Whoever guards/avoids syubhat, then his religion and honor are truly safe."

A Muslim investor is advised to stay away from investing activities that have a doubtful flavor because if this is done, then in essence, they have fallen into something unlawful, as what has been stated by the scholars and jurists in a fiqh rule as follows:

إِذَا اجْتَمَعَ الْحَلَالُ وَالْحَرَامُ غَلَبَ الْحَرَامُ

"When there is gathering between the lawful and the unlawful, the unlawful wins."

RESULT AND DISCUSSION**Legal Defense for Investors in Cryptocurrencies**

Users of the cryptocurrency paradigm for commercial transactions or trading: Consumers use commodities and services offered in society for themselves, their families, other people, and other living things, and not for trading. This includes those who utilize bitcoin. You truly need the government to protect you as a consumer. Remember that "consumer protection includes all efforts that offer legal certainty to protect consumers," according to Article 1 UURI No. 8 of 1999. According to Miru and Yodo (2004), four fundamental consumer rights are commonly acknowledged:

1. The right to security (the right to safety).
2. The right to informational access (the right to be informed).
3. The freedom to decide (the right to choose).
4. The opportunity to speak up.

Considering UURI Number 8214, Legal Protection for Cryptocurrency Investors, 1999, The State (Bank Indonesia) views consumer protection as crucial to establishing long-lasting regulatory frameworks for the use and circulation of cryptocurrency in Indonesia. Given some global community issues regarding cryptocurrency circulation and transactions, Bank Indonesia (State) must create regulations to safeguard consumers or investors.

When the aforementioned guiding principles are examined in detail, it becomes abundantly evident that the state offers guarantees to consumers who use and use the products and services that consumers use. These principles can serve as a foundation for the protection of investors or cryptocurrency users, and the state should offer assurances of security, advantages, and legal certainty about the use of the Bitcoin-like cryptocurrency in

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Indonesia. To give investors or users of cryptocurrency in Indonesia a sense of security, comfort, serenity, prosperity, benefit, and fairness, the state or government may utilize its jurisdiction to develop or enact sustainable policies that take into account the dynamics of the moment. If specific legal regulations control cryptocurrency, the country will profit or gain from the circulation of Indonesian cryptocurrency.

According to Bank Indonesia Circular Letter (BI) No. 20/04/Dkom about Virtual Currency, crypto assets are not permitted to be considered legal money in Indonesia. Through Minister of Trade Regulation No. 99 of 2018 regarding the General Policy for Organizing Crypto Asset Futures Trading and CoFTRA Regulation No. 5 of 2019 regarding Technical Provisions for Organizing the Physical Crypto Asset Market on the Futures Exchange, additional regulations were strengthened as well. The law is evident that cryptocurrency is not accepted as legal tender in Indonesia. If cryptocurrency is used as money, there will be a clash with BI. However, futures trading can employ cryptocurrencies. Other names for cryptocurrency include a commodity such as gold and others.

An analysis of cryptocurrency investment's status under Islamic law**Differentiating Cryptocurrencies Electronic currencies**

Currency, such as dinars, dirhams, and gold coins composed of materials like gold, copper, and other metals, is an ancient mode of exchange. Additionally, banknotes undergo value and cost swings (price standards). For instance, we could swap banknotes for 1 gram of gold in the past for Rp. There are distinctions between the past and the present. Still, since the state recognizes paper currency, it is acceptable to use it as a transaction tool even if the price of that value fluctuates. Digital currencies known as "cryptocurrencies" are utilized as investment and trade tools. Bitcoin is one of the most popular digital money currencies. As long as there is no harm and using cryptocurrency as a legal tender does not hurt the populace, it is acceptable in Islam.

وعلى الوسيط ذلك كان مهما عاما قبولاً يلقي للتبادل وسيط كل هو النقد

”يكون حال أيّ“

Money can take on any shape and be used in any situation where it is universally accepted as a means of exchange.

As long as there are no fraudulent activities, damages, or speculation, shifting the medium of exchange to a different currency is not inherently problematic. However, the government has not yet permitted using Bitcoin currency as legal cash because few individuals accept it, and many nations continue to reject the cryptocurrency. However, a few countries have now begun accepting cryptocurrencies as payment. For instance, a Citizens School in Dubai now takes tuition payments made in Bitcoin and Ethereum.

Transferring money from the old form to digital currency is not a problem. Still, if the government issues a policy that may not be used as a medium of exchange, government regulations are not recommended to use it because it causes more harm, and We must avoid this harm. Discoveries like Bitcoin deserve to be appreciated as technological advancements in the economic sector. However, according to Islamic law, people who are prepared to utilize and accept cryptocurrencies like bitcoin can use them for payment.

Even though some investors often lose money while investing, we need to protect our capital investment and bring in rewards in the future. Considering cryptocurrency investing at the moment is attractive, especially in light of ministerial legislation that has made it legal. According to what Allah Subhanahu wa Ta'ala has said:

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يُرِيدُ اللَّهُ بِكُمُ الْيُسْرَ وَلَا يُرِيدُ بِكُمُ الْعُسْرَ

"... Allah wants ease for you, and does not want hardship for you."

Cryptocurrency Fiqh Approach

Before discussing the law, Cryptocurrency is a digital currency spread in a peer-to-peer network spread all over the world. The essence of the case is that the object of study (Cryptocurrency) can take fiqh (fiqh approach) in understanding the issue. There is a rule of fiqh that states:

الحكم على الشيء فرع عن تصوره

"The law of a case, is a derivative of how someone sees it."

He argues that money is:

النقد هو كل وسيط للتبادل يلقي قبولاً عاماً مهماً كان ذلك الوسيط وعلى
أي حال يكون

Digital money in the form of Cryptocurrency is included in muamalah, especially in buying and selling. The permissibility of buying and selling can be found in the Qur'an:

وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا

"And Allah has permitted trading and forbidden usury."

In another verse:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُم بَيْنَكُم بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ

تَرَاضٍ مِنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

"O you who believe, do not eat wealth among you in vanity except through trade that is based on voluntary among you."

DSN MUI Fatwa Currency buying and selling transactions are permissible under the following conditions: Not for speculation, there is a need; if transactions are made in similar currencies, the value must be the same and in cash (attaqabudh) if different types must be at the exchange rate that applies at the time of the transaction and money. Cryptocurrency as a legal medium of exchange is permissible because there must be a handover (taqabudh) and the same quantity if the type is the same. And if the class is different, it is required that taqabudh is authentic or legal (there is money, and there is Bitcoin that can be handed over) to be certified with gold and silver. All agreed objects are valid as currency and medium of exchange. However, the material is not gold and silver. In Tarikh al-Baladziri it is stated:

وقد همَّ عمر بن الخطاب -رضي الله عنه- باتخاذ النقود من جلد البعير. وما

منعه من ذلك إلا خشية على البعير من الانقراض

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"That Umar bin Khattab wanted to make money from camel skin. However, this plan was abandoned for fear that the camel would become extinct. (Futuh Al-Buldan Al Baladziri).

Even though this decision was not implemented, we can see that the Companions acknowledged that it is permissible to produce currency with materials other than gold and silver. This plan was canceled because it threatened the camel population. There may be people who slaughter camels only for the skin, while the meat may not be used if it is not a policy on the issue of camel conservation; currency made from camel skin will be issued.

Scholars believe that currency does not have to be made of gold and silver. Imam Malik once said:

لكرهتها وعين سكة لهم تكون حتى الجلود بينهم أجازوا الناس أن لو

نظرة والورق بالذهب تباع أن

"I disallowed the skin money to be exchanged for gold and silver in a non-cash fashion if people produced money out of leather and utilized it as a medium of exchange by them." 3/90, Al-Mudawwanah Al-Kubra.

Islamic law, therefore, permits the use of cryptocurrency as a medium of commerce, but only under the conditions that there must be handover (taqabudh) and the quantity must be the same if the kind is the same. If the type differs, taqabudh must be necessary or legitimate: Bitcoin and other cryptocurrencies can be given away.

Although cryptocurrency is a lucrative investment, there is still much disagreement because it carries a significant danger of causing investors to lose money. After all, the returns are uncertain. If we consider the investment as a whole, the goal is to achieve a specific rate of return, which is often as high as possible. The Al-Qur'an, Allah's word, and letter al-Hashr verse 18 must be the foundation of any investment to be correct and compliant with Islamic law.

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَلْتَنْظُرْ نَفْسٌ مَّا قَدَّمَتْ لِغَدٍ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ خَبِيرٌ بِمَا تَعْمَلُونَ

Translation of the Ministry of Religion Al-Qur'an Surah Al-Hasyr Verse 18:

18. O you who believe! Fear Allah and let everyone pay attention to what he has done for tomorrow (hereafter), and fear Allah. Verily, Allah is All-Aware of what you do.

Foundation of the Qur'an:

يَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْأَنْصَابُ وَالْأَزْلَامُ رَجُسٌ مِّنْ عَمَلِ الشَّيْطَانِ فَاجْتَنِبُوا لَعَلَّكُمْ تَفْلَحُونَ

Verse 90 of the Holy Qur'an, as translated by the Ministry of Religion, is as follows:

90. O you who have faith! Alcohol use, gambling, idol worship, and drawing lots with arrows are all terrible activities involving the devil's works. Therefore, avoid doing those things to be lucky.

Anshan is the stone that the polytheists used to sacrifice next to him as a form of glorification of him. All of them were erected to be worshiped to get closer to him, according to the letter Al-Maidah verse 90, which reads, "O you who believe in Allah and follow His Shari'a, in fact, khamr is everything that intoxicates and closes the consciousness of reason."

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Maysir, which in practice is, Therefore, abstain from these sinful behaviors in the hopes that you'll have luck entering heaven.

Maysir is a term from this passage that refers to investing in cryptocurrencies. In its most basic sense, maysir refers to obtaining something quickly or making money without exerting effort. In this context, the term "maysir" refers to something that has aspects of gambling or dangerous activities.

According to Adiwarman Abdul Karim, maysir qualifies as a game if one party suffers a loss at the expense of the other party during the game. Gharar is essentially included in maysir since there is some ambiguity and it involves significant risk/speculation.

Foundation for Hadith

The hadith of Ubadah bin Shamit R.A. can be used to assess the idea of crypto money as a medium for buying and selling trades:

الذَّهَبُ بِالذَّهَبِ وَالْفِضَّةُ بِالْفِضَّةِ وَالْبُرُّ بِالْبُرِّ وَالشَّعِيرُ بِالشَّعِيرِ وَالتَّمْرُ
بِالتَّمْرِ وَالْمِلْحُ بِالْمِلْحِ مِثْلًا بِمِثْلِ سَوَاءٍ بِسَوَاءٍ يَدًا يَدًا فَإِذَا اخْتَلَفَتْ
هَذِهِ الْأَصْنَافُ فَبِيعُوا كَيْفَ شِئْتُمْ إِذَا كَانَ يَدًا يَدًا

"The amount (measurement or weight) must be the same and paid in cash if gold is sold for gold, silver for silver, wheat for wheat, sya'ir (a type of wheat) for sya'ir, dates for dates, and salt for salt (cash). You are free to barter as you choose if the commodities are of diverse types, but it must be done in currency (cash)." Muslim No. 1587 in HR.

There are two crucial phrases in this hadith regarding transactions: the exchange must be equal in value or quantity, and the transaction must be completed in cash. The sale of silver for silver and gold is how eye cyber money works. In the fiqh science of currency exchange, this is known as sharf, and cryptocurrency exchanges allow users to trade their coins for currencies like dollars and rupiah.

According to Imam Ibn Taymiyah in Majmu' Fatawa, money is any item that users have agreed to use as a means of exchange, whether made of stone or wood. That is, using cryptocurrency up to this point is acceptable. Still, according to Imam Al-Ghazali, money must be issued and distributed by government officials and be recognized as a legitimate form of payment by the government (Mansur, 2009). Although the usage of cryptocurrencies is still up for debate in many nations, according to Bank Indonesia (BI) Circular No. 20/04/DK about Virtual Currency, cryptocurrencies are not recognized as legal cash in Indonesia. Through Minister of Trade Regulation No. 99 of 2018 regarding the General Policy for Organizing Crypto Asset Futures Trading and CoFTRA Regulation No. 5 of 2019 regarding Technical Provisions for Organizing the Physical Crypto Asset Market on the Futures Exchange, additional regulations were strengthened as well. The law is evident that cryptocurrency is not accepted as legal tender in Indonesia. "If cryptocurrency is used as money, there will be a confrontation with BI. However, futures trading can employ cryptocurrencies. Other names for cryptocurrency include a commodity such as gold and others.

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حَدَّثَنَا أَبُو كُرَيْبٍ , أَيْ تَبَاؤُا أَبُو أُسَامَةَ , عَنْ عُيَيْدِ اللَّهِ بْنِ عُمَرَ , عَنْ أَبِي
الزُّنَادِ , عَنِ الْأَعْرَجِ , عَنْ أَبِي هُرَيْرَةَ , قَالَ : نَهَى رَسُولُ اللَّهِ صَلَّى اللَّهُ
عَلَيْهِ وَسَلَّمَ عَنْ بَيْعِ الْغَرَرِ وَبَيْعِ الْحَصَاةِ .

The Messenger of Allah forbade the sale and purchase of gharar and hashed at, according to Abu Kuraib, Abu Salama, Ubaidillah bin Umar, Abu Zinad, A'raj, and Abu Hurairah RA.

Gharar refers to the dangers or risks associated with gambling. Suppose the duties of numerous parties to a contract are unclear or uncertain. In that case, neither party controls the delivery of one of the non-traded products, or if one party's payment is questionable, gharar has occurred. Buying and selling are referred to as gharar, Arabic for unknown or posing a risk. Gharar transactions can occur for two significant reasons, firstly, lack of awareness or information on the part of the contractual party, which can include selling fish that are still in the water, fruit before the fruit is evident, or selling animals that are still in the womb (and). Secondly, there isn't an object. In any business, uncertainty is inescapable. However, the right to profit in business is subject to risk-return. The issue is that it is unclear exactly how much unpredictability qualifies as an illegal transaction. Therefore, in Islam, it is forbidden (haram) to buy and sell suspicious transactions (gharar) that contain maysir or gambling.

The Ijtihad Foundation Qiyas

The Qur'an and the Prophet's Sunnah are the first two sources of Islamic law, while ijtihad is the third. The word ijtihad, which in this language denotes applying all of one's resources to a challenging task, is derived from Arabic.

بَذَلَ الْجُهِدَ فِي اسْتِنَابِ طَرِيقِ الشَّرْعِ مِمَّا عُنِيَ بِهِ الشَّارِعُ وَهُوَ كِتَابُ اللَّهِ
وَسُنَّةُ رَسُولِهِ

Devoting all of one's resources to upholding the law of Syara, as found in the Qur'an and Hadith.

Qiyas is one form of ijtihad. The Arabic word qiyas, which means to measure or compare anything with something similar, is used in language. As explained by Abu Zahra, the term syara means connecting a case without a legal text with another case with a legal text because there are illat similarities. Selling fish still in the water and using cryptocurrency as a means of investment are both qiyaskan because they are both gharar or include obscurity. Therefore, it is forbidden to use cryptocurrency for legitimate investment. Although buying and selling are allowed, cryptocurrency transactions in the form of digital money are included in muamalah. As long as there is no harm and using cryptocurrency as money does not harm others, it is permitted under Islamic law to invest in it.

In this essay, I'd want to make an effort to present two viewpoints that might persuade the MUI to rethink its choice. Both views have a solid connection to the technology that powers cryptocurrency.

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Technology has arrived to address the difficulties of the modern day, and cryptocurrencies are Universal and Relatively Safe.

Digital currency was developed to address the perceived unfairness of the current difference in currency exchange rates across nations. A country's currency exchange rate may be pretty low compared to other nations. Then a single, globally usable money called cryptocurrency came into being. To close the gap between the values of currencies around the world, cryptocurrency is anticipated to be able to address issues relating to the problem of currency exchange rates in the future. Regarding security concerns, Blockchain technology, which gave rise to cryptocurrency, has reduced security gaps by offering a layered security mechanism. The system, which implements a decentralized storage system to eliminate its need for servers, can be correctly described as a ledger facility for recording transactions that uniquely stores user information.

Fatwas' Effect on Other Sectors

Using smart contracts, or contracts whose implementation runs automatically when the parties involved completing the agreements specified in the system, has allowed the usage of digital currency to spread to various industries. The use of digital currency in the banking business, pharmaceutical industry, real estate market, and electrical networks has also started. Because of blockchain technology, this is possible. Blockchain technology is currently employed by many market players on small to large business dimensions in various spheres of life. Does using digital currency in other industries make it inevitably haram under this unjust law, then?

So that consumers can utilize technology safely and comfortably, additional research needs to be done. The value of the "benefits" rather than the "madharats" should be maximized for those who have already adopted or invested so that it is more understandable.

I Need to Study Hard

Islam holds that money must meet specific criteria, including being able to be linked to other things like gold and having a steady value. Recent studies attempting to determine if cryptocurrencies are compatible with Islamic principles have revealed that there are still specific issues with using cryptocurrencies, such as their highly fluctuating value and impact on speculative trades, which are against Islamic law.

The development of digital currency in Islamic nations, such as Indonesia, where Muslims make up the majority of the population, will be challenging as research using data from 23 Cryptocurrency prices demonstrates and implies that Muslims will be "reluctant" to use Cryptocurrency as currency or as a medium of exchange (transactions). Although it is claimed that there are still variations of opinion among diverse Islamic countries, Western nations continue to urge Muslim nations to rapidly adopt global financial sector policies and Islamic regulations addressing cryptocurrencies. While the United Arab Emirates has approved the use of digital currency, some Muslim countries, like Egypt, Iran, and Turkey, forbid and restrict its use.

CONCLUSION

Based on the findings of the research conducted for this study, it can be said that the government has not created regulations expressly addressing legal protection for investors, despite efforts to develop legal protection for investors who participate in Cryptocurrency. Other cryptocurrencies are prohibited from being used as investment vehicles under Islamic law because they involve excessive speculation and gharar (chance). However, as cryptocurrency transactions include digital money, they are allowed under muamalah,

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particularly buying and selling. As long as there is no harm and using Cryptocurrency as money does not harm others, it is permitted under Islamic law to invest in it. While Saudi Arabia, the United Arab Emirates, and Qatar have approved the use of digital currency, several Muslim nations, like Egypt, Iran, and Turkey, forbid and restrict its use.

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