

RECONSTRUCTING THE SHARIAH LEGITIMACY OF CRYPTOCURRENCY: A DOUBLE-MOVEMENT ANALYSIS OF AL-GHAZĀLĪ'S MAQĀSĪD AND ABŪ AL-ḤUSAYN AL-BAṢRĪ'S LEGAL RATIONALISM

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ABSTRACT: This study examines the Shariah legitimacy of cryptocurrency through a comparative analysis of the *uṣūl al-fiqh* methodologies of Abū Ḥāmid al-Ghazālī and Abū al-Ḥusayn al-Baṣrī, contextualized through Fazlur Rahman's Double Movement approach. Using qualitative library research and a descriptive-comparative method, the study analyzes classical sources, particularly *al-Mustaṣfā min 'Ilm al-Uṣūl* and *al-Mu'tamad fī Uṣūl al-Fiqh*, alongside contemporary Islamic economic literature, institutional fatwas, and Indonesian cryptocurrency regulation. The findings demonstrate that cryptocurrency cannot be subjected to a uniform *halal-haram* classification because its Shariah status depends on its economic function, utility, ownership structure, transferability, speculative intensity, and regulatory environment. Al-Ghazālī's framework emphasizes *manfa'ah shar'iyyah*, *maṣlaḥah*, and *ḥifẓ al-māl*, making cryptocurrency unacceptable when speculation, *gharar*, and *maysir* dominate its economic function. In contrast, al-Baṣrī's rational approach provides greater analytical space for recognizing digital assets as *māl* when value, ownership, transferability, and a valid *'illah* can be demonstrated. Through Double Movement, the study proposes a conditional Shariah legitimacy framework that differentiates blockchain technology, crypto-assets, and cryptocurrency as money. The study contributes to contemporary Islamic economic jurisprudence by integrating classical legal reasoning, technological realities, and modern regulatory governance.

Keywords: Cryptocurrency; *Uṣūl al-Fiqh*; al-Ghazālī; al-Baṣrī; Double Movement; *Maqāṣid al-Sharī'ah*; Islamic Digital Finance.

1. INTRODUCTION

The rapid development of digital technology has transformed the structure of the global financial system. Financial transactions that were historically dependent on physical money, banking institutions, and centralized monetary authorities are increasingly mediated by digital platforms, distributed networks, and technologically generated financial assets [1]. Among the most controversial manifestations of this transformation is cryptocurrency. Unlike conventional money issued and guaranteed by sovereign authorities, cryptocurrency operates through cryptographic technology and, in many cases, decentralized blockchain networks. Its emergence has therefore challenged conventional understandings of money, property, financial intermediation, ownership, and economic exchange. Cryptocurrency represents more than the digitization of conventional money. It introduces a different architecture of financial ownership and exchange. Transactions may occur directly between participants without the traditional intermediation of banks, while blockchain technology provides a distributed mechanism for recording and verifying transactions. Bitcoin represents the earliest and most prominent example, although the cryptocurrency ecosystem has subsequently expanded to include Ethereum, Litecoin, Ripple, Monero, utility tokens, smart-contract platforms, decentralized finance applications, and various forms of tokenized assets [2]. Consequently, cryptocurrency increasingly performs multiple functions: it may operate as an investment asset, speculative instrument, digital commodity, medium of exchange within particular communities, technological utility token, or infrastructure for decentralized applications. This functional diversity makes cryptocurrency particularly difficult to classify from the perspective of Islamic economics. Classical Islamic jurisprudence developed sophisticated doctrines concerning money, property, ownership, exchange, contractual certainty, speculation, public welfare, and the prevention of economic harm. Nevertheless, the classical jurists formulated these

doctrines within economic environments substantially different from contemporary digital markets. Classical discussions of *māl* generally presupposed forms of property that could be possessed, controlled, transferred, stored, or beneficially used. Likewise, discussions of currency largely emerged within monetary systems based on gold, silver, commodity money, or state-recognized monetary instruments. Cryptocurrency challenges these historical categories because its economic existence is digital rather than conventionally physical. Its value may arise from scarcity, technological architecture, network effects, market acceptance, utility, and collective expectations rather than from an underlying physical commodity [3]. The resulting question is therefore not merely whether cryptocurrency resembles conventional money or commodities. The deeper issue concerns whether classical Islamic legal concepts can accommodate new forms of economically valuable digital objects whose ownership, transferability, and utility are established technologically rather than physically. The study summarized here addresses this problem through the methodologies of *uṣūl al-fiqh*, particularly the intellectual frameworks associated with Abū Ḥāmid al-Ghazālī and Abū al-Ḥusayn al-Baṣrī. Instead of treating contemporary rulings on cryptocurrency merely as final conclusions of "halal" or "haram," the study investigates the methodological foundations from which such conclusions may emerge. This constitutes the principal research gap identified in the study: contemporary cryptocurrency debates frequently emphasize the final legal classification while paying insufficient attention to the philosophical and methodological structures of *istinbāt al-aḥkām* underlying divergent rulings. The research therefore focuses on several interconnected concepts: *māl* as legally recognized property; *maṣlaḥah* as legitimate welfare; *mafsadah* as harm; *'illah* as the effective legal cause; *qiyās* as analogical reasoning; *gharar* as excessive contractual uncertainty; and *maqāṣid al-sharī'ah* as the higher objectives of Islamic law. These concepts are then contextualized through Fazlur Rahman's

Double Movement methodology. The Double Movement approach is particularly important because it enables the research to move beyond a literal application of classical formulations [4]. The first movement reconstructs the historical and intellectual circumstances within which classical principles were formulated and identifies their underlying moral and legal purposes. The second movement brings these principles back into the contemporary context and asks how their underlying objectives should operate within radically different technological, economic, and institutional conditions. In the study, this process transforms cryptocurrency from a simple object requiring a binary ruling into a methodological test of the adaptability of Islamic economic jurisprudence. Accordingly, the central problem is how the conceptual and legal dynamics of cryptocurrency can be reconstructed through the methodologies of al-Ghazālī and al-Baṣrī, mediated by the Double Movement approach, in order to produce a formulation of Islamic economic law that is rational, adaptive, and responsive to contemporary economic realities. The research seeks to describe the two scholars' approaches to property, welfare, and transactions; examine cryptocurrency through their respective methodological structures; and determine the relevance of classical Islamic legal reasoning to the modern digital economy.

2. LITERATURE REVIEW

Cryptocurrency and the Transformation of the Modern Financial System

The transformation of the modern financial system through cryptocurrency and blockchain technology can also be situated within the Qur'anic framework governing wealth and economic exchange [5]. Islam does not reject financial innovation merely because of its novel technological form; rather, economic legitimacy is determined by the substantive principles governing the transaction. The Qur'an permits trade while prohibiting *ribā* (*Qur'an* 2:275) and prohibits the wrongful appropriation of wealth, requiring transactions to be based on mutual consent (*Qur'an* 4:29). These principles suggest that cryptocurrency should be evaluated according to its underlying economic function, contractual structure, ownership mechanism, and effects on the parties involved rather than simply according to its digital nature. Furthermore, the Qur'anic emphasis on documenting financial obligations in *Qur'an* 2:282 reflects broader principles of transparency and accountability that are particularly relevant to blockchain-based financial systems. Distributed ledger technology may potentially support these principles by providing traceable and verifiable transaction records. However, technological transparency alone cannot establish Shariah legitimacy. Cryptocurrency markets must also remain free from unjust enrichment, fraud, excessive uncertainty, and speculative practices that resemble *maysir*. This concern is consistent with *Qur'an* 2:188, which prohibits the wrongful consumption of wealth, and *Qur'an* 5:90, which prohibits gambling. Consequently, the Islamic evaluation of digital financial transformation requires a distinction between blockchain as a potentially beneficial financial technology and speculative practices that may

undermine *ḥifẓ al-māl*. Such an approach places cryptocurrency within the broader Qur'anic vision of financial innovation governed by justice, transparency, lawful exchange, protection of property, and responsible stewardship of wealth. Cryptocurrency emerged from a broader transformation in which digital technologies increasingly mediate economic exchange. Electronic payments, mobile banking, financial technology, and digitally recorded ownership have gradually reduced the economic significance of physical instruments. Cryptocurrency extends this transformation by combining digital assets with cryptographic verification and, particularly in public blockchain systems, decentralized transaction validation. Several characteristics distinguish cryptocurrency from conventional financial instruments. The first is decentralization. Many cryptocurrencies are designed to operate without a central institution responsible for validating every transaction. Instead, distributed network participants and predetermined technological protocols perform functions traditionally undertaken by centralized financial institutions. The second characteristic is blockchain-based transparency and security. Transactions recorded on public blockchains can generally be traced and verified within the network, while cryptographic mechanisms protect the integrity of transaction records. This does not eliminate every form of financial risk. Rather, it changes the nature of risk: technological verification may reduce certain informational uncertainties while market volatility, cybercrime, wallet loss, fraud, and speculative behaviour generate other forms of uncertainty. Third, cryptocurrencies frequently exhibit substantial price volatility. This characteristic is central to the Islamic legal debate because price instability can transform an otherwise technologically useful asset into an instrument of excessive speculation. The distinction between the technological infrastructure and the behaviour of the asset in financial markets consequently becomes critical. Fourth, cryptocurrency facilitates cross-border transfer and global access. Individuals with internet-connected devices may potentially participate in digital asset markets without conventional banking relationships. The study therefore recognizes the possible relationship between cryptocurrency and digital financial inclusion. At the same time, cross-border accessibility creates regulatory difficulties because transactions can move across jurisdictions with different legal and supervisory structures. Fifth, cryptocurrency has diversified beyond its initial association with alternative money. Some digital assets function as utility tokens, while blockchain infrastructures facilitate smart contracts, decentralized finance, tokenization, and other digital applications. The study consequently emphasizes that cryptocurrency cannot adequately be understood exclusively as "money." Its economic and technological functions differ significantly across tokens and platforms. This diversity creates a fundamental problem for Islamic legal classification. A ruling formulated for cryptocurrency as currency may not automatically apply to cryptocurrency as a digital commodity, utility token, or tokenized representation of another asset. Similarly, an assessment of blockchain technology cannot automatically determine the Shariah status

of speculative trading conducted through that technology. The study illustrates the scale of this transformation through the development of Indonesia's cryptocurrency market. Its dataset describes transaction values rising from approximately Rp64.9 trillion in 2020 to Rp859.4 trillion during the 2021 bull market, followed by substantial corrections in 2022 and 2023 and recovery in 2024. The study treats 2025 figures partly as projections and the 2026 figure as partial data; accordingly, these later values should not be interpreted in the same way as completed historical observations. The study organizes Indonesian cryptocurrency development into broad phases. The acceleration phase was associated with the pandemic, expanding digital activity, global cryptocurrency enthusiasm, and fear of missing out. The subsequent consolidation phase involved market corrections, more selective participation, and increasing regulatory maturity. This development matters for Islamic jurisprudence because *hukm* cannot be separated entirely from an accurate understanding of the object to which the ruling applies. If cryptocurrency develops from an unregulated speculative instrument into a regulated digital asset with identifiable ownership, custody mechanisms, consumer protection, and genuine economic utility, some aspects relevant to *tahqīq al-manāṭ* may also change. Conversely, technological sophistication cannot itself legitimize an instrument whose dominant economic function remains harmful speculation.

Cryptocurrency in the Indonesian Islamic Legal Context

Indonesia provides a particularly important setting for examining cryptocurrency because regulatory recognition and Islamic legal legitimacy do not completely coincide [6]. Cryptocurrency has been recognized within the regulatory framework as a tradable digital asset, while its use as legal tender is restricted by Indonesia's monetary law. At the same time, Islamic organizations and scholars have developed differing assessments concerning whether cryptocurrency constitutes valid property and whether its trading is permissible. The study describes the Indonesian Ulama Council's position as emphasizing *gharar*, *ḍarar*, *qimār*, the requirements of a valid commodity, and the legal status of currency. It distinguishes between cryptocurrency functioning as money and cryptocurrency functioning as a commodity. The study reports that cryptocurrency is rejected as a means of payment because of uncertainty, potential harm, and conflict with Indonesian monetary rules. As a commodity, however, the legal analysis depends upon whether the asset satisfies the requirements of a legitimate *sil'ah*, possesses clear benefit, and avoids prohibited elements. The study also discusses differing positions emerging from *Baḥṡ al-Masā'il* forums. Some approaches are more willing to recognize digital assets as *māl* where they possess economic value, transferability, ownership, and recognized benefit. Such perspectives illustrate that disagreement is not simply a dispute over the technological facts of cryptocurrency. It reflects different methodologies for determining whether digital value satisfies the Islamic legal requirements of property. This divergence is one of the most important intellectual motivations for the study. Rather than treating institutional disagreement as evidence of inconsistency in

Islamic law, the study interprets it as a manifestation of methodological plurality. Different conclusions can arise because jurists assign different weights to *maṣlaḥah*, *gharar*, *'urf*, *'illah*, state authority, technological certainty, market volatility, and the requirements of *māl*. The study therefore moves the discussion from the level of verdict to the level of legal epistemology. The key question becomes not merely "Is cryptocurrency halal or haram?" but "What methodological assumptions cause one jurist to recognize cryptocurrency as property while another refuses such recognition?" This shift is important because Islamic economic jurisprudence has historically contained multiple legitimate methods of legal reasoning. A new financial phenomenon cannot be adequately understood merely by searching for a direct textual reference when no specific cryptocurrency existed during the formative periods of Islamic jurisprudence. Instead, jurists must identify the relevant principles, establish the characteristics of the new phenomenon, determine the effective legal causes, and evaluate its consequences in relation to the purposes of Shariah.

Al-Ghazālī's Framework: Maṣlaḥah, Maqāṣid and the Meaning of Property

Al-Ghazālī occupies a central position in the development of Islamic legal theory, particularly through his systematic articulation of *maṣlaḥah* and *maqāṣid al-sharī'ah* [7]. In the study, his framework provides a normative basis for determining whether a new economic instrument can be recognized as legitimate property. A crucial point is that *maṣlaḥah* in al-Ghazālī's methodology cannot simply be equated with economic profitability or individual preference. An activity is not automatically beneficial merely because participants desire it, because markets assign it a high price, or because it produces financial gains. The study stresses that al-Ghazālī distinguishes genuine Shariah-recognized welfare from purely subjective or worldly advantage. Legitimate *maṣlaḥah* must ultimately preserve the purposes established by Shariah. These purposes are represented by the five essentials: protection of religion (*ḥifẓ al-dīn*), life (*ḥifẓ al-naḥs*), intellect (*ḥifẓ al-aql*), lineage (*ḥifẓ al-nasl*), and property (*ḥifẓ al-māl*). In economic analysis, *ḥifẓ al-māl* becomes particularly important. Financial innovation should contribute to the legitimate creation, transfer, preservation, and protection of wealth rather than exposing property to unjustified destruction. The study therefore asks whether cryptocurrency provides *manfa'ah shar'īyyah*. If digital assets provide legitimate utility, can be possessed and transferred, facilitate economically productive activity, and operate within structures that protect wealth, they may possess characteristics relevant to recognition as *māl*. However, if their dominant use consists of extreme speculation, manipulation, gambling-like behavior, or exposure to destructive uncertainty, the claim that they protect wealth becomes substantially weaker. This produces a significant distinction between technological usefulness and speculative financial practice. Blockchain may offer transparency, secure records, efficient transfer, and technological innovation. Cryptocurrency markets, however, may simultaneously generate volatility, scams, hacking risks, speculative bubbles, and substantial losses. The study

therefore presents cryptocurrency as a paradox from the standpoint of *ḥifẓ al-māl*: the underlying technology may potentially support the preservation of property, while speculative manifestations of crypto-assets may undermine the same objective. The study's more restrictive reading of al-Ghazālī argues that the speculative form of cryptocurrency does not qualify as legitimate *māl* when it lacks demonstrable *manfa'ah shar'iyyah*. Under this interpretation, claimed benefits such as efficiency and financial inclusion are insufficient when the actual market structure is dominated by *gharar* and *maysir*. The study describes such purported benefits as failing the demanding conditions attached to legitimate *maṣlahah*, particularly when substantial and systematic harm to property is present. Accordingly, al-Ghazālī's methodology is not simply "flexible" because it recognizes welfare. Its flexibility is normatively constrained. Innovation may be accepted, but only where its benefit corresponds to Shariah-recognized purposes. Market acceptance alone cannot transform harmful speculation into legitimate wealth. This point is especially relevant to contemporary Islamic finance. A superficial application of *maṣlahah* might legitimize almost any profitable innovation by claiming efficiency or consumer demand. Al-Ghazālī's framework prevents such instrumentalization. The economic benefits of innovation must be examined together with their social consequences and relationship to the preservation of the essentials. Thus, from a Ghazālīan perspective, cryptocurrency requires a functional rather than merely nominal assessment. A digital asset that facilitates secure ownership, productive tokenization, efficient transactions, or genuine economic services may require a different assessment from an anonymous token created principally for speculative price appreciation.

Abū al-Ḥusayn al-Baṣrī: Rationality, 'Illah and Qiyās

Abū al-Ḥusayn al-Baṣrī represents another major methodological orientation in the study. His approach emphasizes rational analysis, the disciplined identification of legal causes, and rigorous analogical reasoning [8]. Whereas the Ghazālīan analysis concentrates strongly on Shariah-recognized welfare and higher objectives, the Basrian framework requires careful determination of whether the characteristics of a new phenomenon satisfy a legally relevant *'illah*. This distinction becomes especially important in relation to cryptocurrency because the absence of a direct classical precedent makes *qiyās* an obvious methodological possibility. Cryptocurrency could potentially be analogized to money, commodities, financial assets, or other forms of property. Yet every analogy depends upon identifying a valid common *'illah*. If cryptocurrency is analogized to currency, the relevant characteristics may include *thamaniyyah*, general acceptability as a medium of exchange, stability as a measure of value, and monetary authority. Extreme volatility and the absence of sovereign recognition can weaken this analogy. If cryptocurrency is analogized to a commodity, the relevant characteristics change. Ownership, economic value, transferability, deliverability, and recognized utility become more significant. The digital nature of the asset does not necessarily invalidate this analogy if physical existence is not considered the essential legal cause of property. The study

contains a particularly significant argument on this point. It suggests that a rationalist Basrian analysis may recognize cryptocurrency as *māl mutaqaṭṭawwam* where digital communities have assigned it *qīmah*, where ownership (*tamalluk*) can be established, and where transferability can be technologically demonstrated. Blockchain may provide rational evidence for these characteristics. This reasoning has profound implications. If accepted, the absence of physical form ceases to be a decisive objection. The relevant question becomes whether digital property possesses economically and legally meaningful characteristics equivalent to those that justified the recognition of other forms of property. At the same time, rational recognition of digital property does not automatically validate every transaction involving it. The Basrian framework still requires analysis of *gharar*, *qimār*, fraud, uncertainty, and other prohibited elements. The study therefore differentiates between uncertainty inherent in the technology and uncertainty arising from market price behaviour. Blockchain can reduce certain types of technological uncertainty because transaction histories may be transparent, verifiable, and resistant to unauthorized alteration. Price uncertainty, however, may remain extremely high. Consequently, the existence of *gharar* must be investigated rather than presumed solely from the fact that the asset is digital. The study frames this as a question of *tahqīq al-manāṭ*: the prohibition of excessive *gharar* is established, but jurists must determine whether the specific uncertainty associated with cryptocurrency corresponds to the prohibited form. A more cautious Ghazālīan interpretation may regard extreme volatility as sufficient evidence of excessive uncertainty, whereas the rational-analytical approach attributed to al-Baṣrī may distinguish between technological and price uncertainty and demand further examination. This methodology creates space for conditional rather than absolute rulings. If the harmful features are intrinsic and unavoidable, prohibition becomes stronger. If they arise from deficient market design, weak regulation, manipulation, or immature infrastructure, rational regulation may potentially reduce them. The study thus associates the Basrian approach with the possibility of regulating implementation rather than prohibiting the technology itself. It describes a rational balancing of the benefits of blockchain against the harms associated with speculative cryptocurrency markets, suggesting that regulation may eliminate or reduce certain forms of *mafsadah*.

Double Movement as a Method of Recontextualization

The major methodological contribution of the research lies in the application of Fazlur Rahman's Double Movement approach. This framework is used to bridge the historical distance between classical Islamic jurisprudence and twenty-first-century digital finance. The first movement travels from the contemporary problem to the historical intellectual context. Rather than directly imposing classical descriptions of property on cryptocurrency, the researcher examines the circumstances within which al-Ghazālī and al-Baṣrī developed their legal methodologies. Classical monetary systems were largely centralized and connected to physical forms of property and currency. Digital ownership, cryptographic verification, decentralized ledgers, algorithmic

scarcity, and globally distributed financial networks did not exist. Consequently, the precise historical form of classical legal categories cannot always be transferred directly into the digital environment. The purpose of the first movement is therefore to identify the underlying legal and moral principles rather than simply reproduce historical forms. From al-Ghazālī, the study extracts *hiḏ al-māl*, genuine *maṣlahah*, and the prevention of *mafsadah*. From al-Baṣrī, it extracts rational verification, valid *illah*, and disciplined analogical reasoning. The second movement returns from these principles to contemporary reality. Cryptocurrency is then examined not as an abstract technological object but in relation to blockchain verification, decentralized ownership, price volatility, consumer behaviour, market manipulation, regulation, financial inclusion, custody, and institutional oversight. This movement permits a reconstruction of *māl*. The essential requirement need not necessarily be physical embodiment; digital utility, controllable ownership, transferability, market recognition, and legally protected value may become relevant contemporary manifestations of property. Likewise, the concept of *illah* can be recontextualized. Blockchain can provide evidence of ownership and transaction finality. Regulation can reduce certain forms of uncertainty. Custody standards can strengthen property protection. Consumer safeguards can reduce *ḍarar*. These institutional and technological developments can therefore affect the factual circumstances upon which a Shariah ruling is based. The study accordingly interprets the transition toward regulatory oversight as potentially corresponding to *sadd al-dharā'i'*: institutional supervision may close pathways to harm by reducing fraud, misuse, uncontrolled speculation, and counterparty risk. This does not make cryptocurrency automatically permissible, but it demonstrates how changes in regulatory architecture may become relevant to contemporary Islamic legal reasoning. Double Movement therefore transforms the legal inquiry. Instead of asking whether a digital token literally resembles classical dinars, dirhams, or physical commodities, the approach asks what moral and legal functions classical rules sought to protect and whether those functions can be preserved under contemporary technological conditions. The study consequently argues that Double Movement represents an epistemological adaptation rather than the abandonment of classical jurisprudence. Classical legal principles remain authoritative, but their contemporary application requires careful reconstruction of the factual environment.

3. Research Methodology

The study employs qualitative library research rather than empirical fieldwork. Its primary object is not respondent behaviour or statistical data but legal ideas, jurisprudential theories, classical texts, and contemporary institutional positions. The research adopts a descriptive-comparative approach designed to explain the methodological characteristics of al-Ghazālī and al-Baṣrī and subsequently compare their implications for cryptocurrency. The principal classical sources are al-Ghazālī's *al-Mustaṣfā min 'Ilm al-Uṣūl* and al-Baṣrī's *al-Mu'tamad fī Uṣūl al-Fiqh*. Secondary sources include literature on Islamic commercial jurisprudence, Islamic economics, cryptocurrency, blockchain

technology, contemporary fatwas, and Indonesian regulatory developments. The analytical strategy proceeds through several levels. First, the study describes cryptocurrency and its technological and economic characteristics. Second, it reconstructs relevant classical concepts, particularly *māl*, *maṣlahah*, *maqāṣid*, *illah*, and *qiyās*. Third, it compares the methodologies of the two scholars. Fourth, the Double Movement approach is applied to translate the underlying principles into contemporary digital-financial conditions. Finally, the resulting analysis is connected to Indonesian Islamic economic law and regulatory governance. This method allows the study to treat disagreement as analytically productive. Rather than attempting prematurely to eliminate differences between the two classical frameworks, it uses those differences to reveal alternative pathways through which Islamic jurisprudence can approach financial innovation.

4. RESULTS AND DISCUSSION

Cryptocurrency as Māl in Islamic Jurisprudence

The concept of *māl* constitutes one of the central problems in the research. If cryptocurrency cannot be recognized as property, many subsequent questions concerning trading, ownership, inheritance, investment, and transfer become substantially different. If it qualifies as *māl*, however, the next question concerns whether it is *māl mutaqaṣṣam*—property whose use is legally recognized by Shariah. Traditional understandings of property often emphasize possession, utility, storage, ownership, and value. Digital assets complicate these criteria because they are intangible. Yet modern economies already recognize numerous intangible forms of value, including intellectual property, digital rights, securities, electronic balances, and contractual claims. The study therefore questions whether physical existence should remain the decisive criterion. Blockchain-based assets may be digitally possessed through private keys, transferred between identifiable addresses, valued by markets, and used within technological ecosystems. From a functional perspective, these characteristics resemble important features traditionally associated with property. Nevertheless, economic value alone is insufficient from an Islamic perspective. An object may have a market price yet remain prohibited if its use contradicts Shariah. Recognition as *māl* therefore involves both factual and normative dimensions. Under the Ghazālīan framework developed in the study, legitimate property requires *manfa'ah shar'īyyah*. This means that a cryptocurrency whose primary economic role consists of speculative trading cannot rely solely on market capitalization as evidence of legitimate property status. Its utility must correspond to recognized purposes and avoid substantial harm. Under the rationalist framework attributed to al-Baṣrī in parts of the analysis, digital form is less problematic where *qimah*, ownership, and transferability can be rationally established. Blockchain may therefore provide evidence supporting recognition as property. The resulting study suggests that the most productive question is not whether “cryptocurrency” as an undifferentiated category is *māl*. Different digital assets may have different economic structures. A token representing ownership in a real asset

differs fundamentally from an unbacked speculative token [9]. A utility token required to access a productive digital service differs from a meme coin whose value depends predominantly on speculative enthusiasm. Therefore, Islamic legal classification should be asset-specific and function-specific.

Gharar, Maysir and the Problem of Speculation

The most substantial Shariah objection to cryptocurrency in the study concerns *gharar*, *maysir*, and the potential destruction of wealth [10]. Islamic commercial law does not prohibit every form of uncertainty. Commercial activity necessarily involves risk. The relevant distinction is between acceptable commercial risk and excessive uncertainty capable of undermining contractual fairness. Cryptocurrency presents several dimensions of uncertainty. Market prices can change rapidly. Information may be asymmetrically distributed. Some tokens lack identifiable fundamental value. Cybersecurity failures can result in loss. Fraudulent projects and scams may exploit inexperienced investors. Regulatory changes can significantly affect market value. Private-key loss can make assets permanently inaccessible. These risks become particularly problematic when participants purchase tokens principally in anticipation of short-term price increases rather than for productive economic utility. Under such circumstances, investment may increasingly resemble gambling. The study therefore stresses the difference between *gharar yasir*, which can be tolerated, and *gharar fahish*, which may invalidate transactions. Determining where cryptocurrency falls within this spectrum requires analysis of the specific asset, transaction, and market structure. The distinction between blockchain and speculative cryptocurrency is again crucial. Blockchain transparency may actually reduce uncertainty concerning ownership and transaction records [11]. Yet it cannot eliminate price volatility. Therefore, declaring blockchain itself inherently characterized by *gharar* would oversimplify the technological reality. Conversely, claiming that blockchain transparency eliminates all *gharar* would be equally problematic. Market uncertainty may remain extreme even where transaction records are technologically secure. This differentiation supports the study's broader methodological argument: Islamic legal reasoning must examine the effective source of harm rather than apply generalized technological labels.

Qiyās and the Problem of Classification

Cryptocurrency presents an unusual challenge for *qiyās* because it does not perfectly resemble either traditional currency or physical commodities [12]. Analogizing cryptocurrency to money encounters several difficulties. Conventional money typically functions as a broadly accepted medium of exchange, unit of account, and store of value within an institutional monetary system. Many cryptocurrencies do not consistently perform these functions. Extreme volatility particularly weakens their capacity to operate as a stable measure of value. Analogizing cryptocurrency to commodities avoids some of these difficulties but raises others. Classical commodities are often physical, while crypto-assets are digital. Nevertheless, if physical form is not the relevant *'illah*, the analogy may remain possible where economic value, ownership,

transferability, and legitimate utility are present. The study consequently suggests that cryptocurrency may constitute a new category of asset for which conventional analogies are imperfect. This observation has major methodological significance. The failure of a simple analogy does not imply that Islamic jurisprudence is incapable of addressing the phenomenon. Instead, it requires movement toward broader principles such as *maṣlaḥah* and *maqāṣid*.

Maṣlaḥah versus Mafsadah

The evaluation of cryptocurrency ultimately requires balancing its potential benefits against its potential harms. The study identifies several possible benefits. Blockchain can facilitate efficient transactions, cross-border transfer, digital ownership, transparency, technological innovation, and potentially financial inclusion. Smart contracts and tokenization may create new forms of economic organization. At the same time, the potential harms are substantial: excessive speculation, extreme volatility, fraud, hacking, consumer losses, market manipulation, and potential resemblance to gambling. The critical question is therefore whether these harms are intrinsic to cryptocurrency or contingent upon particular market arrangements. If speculation and instability are unavoidable characteristics, prohibition becomes considerably stronger. If the harmful features can be reduced through regulation, asset backing, transparency, Shariah screening, custody standards, and restrictions on speculative trading, conditional permissibility becomes more conceivable. The study presents this tension through the contrast between the Ghazālīan and Basrian approaches. Its Ghazālīan analysis tends toward caution where *mafsadah* appears dominant and demonstrable. The Basrian rationalist approach is portrayed as more willing to investigate whether regulation can isolate technological benefit from speculative harm. The resulting contribution is not simply a compromise between prohibition and permissibility. Rather, it is a methodological differentiation between technology, asset, function, transaction, and market behaviour.

Maqāṣid al-Sharī'ah and Hifẓ al-Māl

Among the five essential purposes of Shariah, *hifẓ al-māl* provides the most direct normative criterion for cryptocurrency [13]. Preserving wealth does not mean preventing all financial risk. Entrepreneurship, investment, and trade inherently involve uncertainty. Instead, *hifẓ al-māl* requires economic structures that protect legitimate ownership, prevent unjust appropriation, discourage destructive speculation, and facilitate productive wealth creation [14]. Cryptocurrency has contradictory implications for this objective. Blockchain technology may strengthen records of ownership, improve transaction security, and reduce reliance on certain intermediaries. Conversely, speculative crypto markets may expose investors to dramatic losses and fraudulent schemes. The study therefore describes a fundamental cryptocurrency paradox: blockchain can theoretically support *hifẓ al-māl*, while speculative crypto-assets may actively undermine it. The study additionally extends the *maqāṣid* analysis to *hifẓ al-'aql*. Highly speculative trading can encourage compulsive behaviour and

irrational financial decision-making. The similarity between certain forms of crypto trading and gambling therefore raises concerns not only about property protection but also about rational human agency. This broader *maqāsid* perspective demonstrates why purely technological analysis is insufficient. Islamic economics is concerned with the consequences of financial institutions for human welfare, not merely their operational efficiency.

Cryptocurrency as an Asset versus Cryptocurrency as Money

One of the strongest conclusions emerging from the study is the need to distinguish cryptocurrency as an asset from cryptocurrency as official money. As a digital asset or commodity, conditional recognition is theoretically possible where ownership, value, utility, transferability, and Shariah compliance can be demonstrated. Regulation may strengthen this recognition by reducing fraud and protecting investors. The position is substantially different when cryptocurrency attempts to function as official currency. Money performs systemic functions affecting not only individual contracting parties but the broader economy. Monetary stability, public confidence, legal recognition, and sovereign responsibility become relevant [15]. The study identifies an unusual point of convergence between the Ghazālian and Basrian frameworks regarding this monetary function. Despite their different methodological premises, the analysis argues that both approaches encounter serious difficulties in legitimizing decentralized cryptocurrency as an official medium of exchange where it lacks sovereign authority and creates systemic instability. Thus, the Shariah status of cryptocurrency cannot be determined independently of its economic function. An asset may potentially qualify as tradable property without qualifying as legitimate official currency. This distinction also corresponds with the Indonesian regulatory context, where digital assets can receive regulatory recognition while the Rupiah retains its position as the legally recognized payment instrument.

Regulatory Governance and Shariah Supervision

The study assigns significant importance to regulation because many cryptocurrency-related harms arise from the institutional environment rather than from blockchain technology alone [16]. A mature regulatory framework can establish custody standards, segregation of customer assets, licensing requirements, transparency, consumer protection, anti-fraud mechanisms, and accountability. From an Islamic perspective, these mechanisms can support *ḥifẓ al-māl* and reduce *gharar* and *ḍarar*. The study therefore interprets regulatory supervision as potentially compatible with *sadd al-dharā'i'*. Regulation closes pathways to foreseeable harm without necessarily prohibiting technological innovation itself. The transition toward stronger OJK supervision is treated as particularly relevant to the Indonesian context. The study argues that adaptive regulation should evolve with the maturity of the digital asset ecosystem while avoiding legal uncertainty that could undermine legitimate innovation. However, regulation alone cannot establish Shariah permissibility. A well-regulated activity can still contain prohibited economic substance. Shariah supervision must

therefore operate alongside prudential and technological regulation. An integrated framework would evaluate at least the legitimacy of the underlying asset or utility; clarity of ownership; transferability; transparency; degree of speculation; presence of *gharar*; relationship with *maysir*; potential *ribā* structures; market manipulation; custody; consumer protection; and compatibility with *maqāsid al-sharī'ah*. This leads to a broader concept of Shariah governance in digital finance. Shariah supervision should not function merely as a final certification mechanism after a financial product has been designed. It should participate in the architecture of digital financial products so that harmful structures can be prevented at the design stage.

Theoretical Synstudy: Toward Conditional Shariah Legitimacy

The comparative analysis indicates that a binary approach is inadequate for cryptocurrency. The term refers to a heterogeneous range of assets, technologies, functions, and transactional practices. The first principle emerging from the study is functional differentiation. Blockchain technology, crypto-assets, cryptocurrency trading, tokenization, and cryptocurrency as money should not automatically receive identical rulings. The second is substantive recognition of digital property. Physical form need not necessarily constitute the sole basis of *māl*. Digital assets may possess economically meaningful value, ownership, utility, and transferability. The third is Shariah-recognized utility. Market value alone is insufficient. An asset should possess legitimate economic utility consistent with *manfa'ah shar'iyah*. The fourth is risk differentiation. Commercial risk must be distinguished from excessive *gharar*, while productive investment must be distinguished from gambling-like speculation [17]. The fifth is empirical verification of *'illah*. The legal cause relevant to a ruling must be examined in relation to actual technological and market characteristics rather than assumed from terminology. The sixth is *maqāsid*-based evaluation. Cryptocurrency should ultimately be assessed according to its contribution to or violation of the objectives of Shariah, especially *ḥifẓ al-māl*. The seventh is regulatory relevance. Regulation can materially change the environment in which digital assets operate by reducing certain forms of uncertainty and harm. Taken together, these principles suggest what may be described as conditional Shariah legitimacy. Cryptocurrency is neither inherently legitimate merely because it represents technological innovation nor inherently illegitimate merely because it lacks physical form. Its status depends on the interaction between technological structure, economic function, transaction design, market behaviour, regulatory environment, and Shariah objectives.

The Contribution of Double Movement to Islamic Digital Finance

The Double Movement framework enables the study to formulate a broader contribution to contemporary Islamic economics. The first movement prevents presentism. Classical scholars should not be made to speak directly about technological phenomena they never encountered. Their concepts must first be understood within their own historical and epistemological environments. The second movement

prevents historical rigidity. Classical formulations should not be frozen into historical forms where the underlying objectives can operate through new technological structures. Together, these movements allow continuity without literalism and adaptation without abandoning Shariah principles. This is particularly important for the concept of *māl*. Historically, physical possession was highly relevant because most economically valuable objects were physical. In the digital economy, possession can be established through cryptographic control, legal entitlement, and technological exclusivity. Double Movement allows the jurist to ask whether these new mechanisms fulfil the underlying purposes of ownership rather than simply whether they reproduce historical physical forms. Similarly, *sadd al-dharā'ī* can be expressed through modern regulatory technology [18]. Licensing, digital custody requirements, cybersecurity standards, transaction monitoring, consumer protection, and Shariah screening can perform preventive functions corresponding to the classical objective of closing pathways to harm. The same reasoning applies to *'illah*. Contemporary jurists can use empirical evidence concerning volatility, fraud, ownership, market structure, and technological security when determining whether a classical legal cause exists in a modern financial instrument. The study therefore suggests a movement from reactive jurisprudence toward what could be understood as governance-oriented Islamic jurisprudence. Future *ijtihād* should not merely pronounce rulings after innovation occurs; it should contribute to designing the institutional conditions under which legitimate innovation can flourish. The study explicitly argues that future Islamic legal reasoning should be capable of “engineering conditions” through which law and welfare can be realized, integrating *maqāṣid* with empirically verified *'illah*.

Implications for Islamic Economic Law

The research has several implications for Islamic economic law. First, Islamic jurisprudence requires a more differentiated taxonomy of digital assets. Treating all cryptocurrencies identically ignores substantial differences in economic structure. Second, Shariah analysis should incorporate technological expertise. Determining ownership, blockchain security, smart-contract functions, token supply, and transaction mechanisms may require collaboration between jurists, economists, regulators, and technologists. Third, *taḥqīq al-manāṭ* should become central to digital financial jurisprudence [19]. Jurists must determine whether prohibited characteristics actually exist in specific products rather than infer them solely from broad categories. Fourth, Shariah governance should become dynamic. A ruling may depend partly on changing factual circumstances. Improvements in regulation, custody, transparency, or asset backing can alter relevant characteristics, although they cannot legitimize intrinsically prohibited structures. Fifth, consumer protection should become a central component of Islamic digital finance. *Ḥifẓ al-māl* requires attention to cybersecurity, disclosure, market manipulation, financial literacy, and protection from fraudulent products [20]. Sixth, official currency and investment assets should remain conceptually separate. Recognition of cryptocurrency as *māl* does not automatically imply recognition as sovereign money.

Research Contribution

The principal theoretical contribution of the study lies in shifting cryptocurrency discourse from a binary legal question toward comparative legal methodology. The research demonstrates that contemporary disagreement over cryptocurrency can be interpreted as a deeper disagreement about how Islamic law recognizes new economic realities. Al-Ghazālī's *maqāṣid*-oriented reasoning emphasizes Shariah-recognized welfare and the protection of essential interests. Al-Baṣrī's rationalist methodology emphasizes disciplined identification of *'illah*, rational verification, and analogical validity. Double Movement provides a mechanism through which both can be reconstructed for the digital economy. The resulting contribution can be summarized as a three-layer framework: Classical legal principle → contemporary factual verification → contextual Shariah ruling. The first layer protects continuity with Islamic jurisprudence. The second prevents abstract legal reasoning from becoming detached from technological reality. The third allows a contextual ruling that remains normatively grounded. This framework has relevance beyond cryptocurrency. It can potentially be applied to tokenized assets, decentralized finance, smart contracts, central bank digital currencies, artificial intelligence in finance, digital securities, and future forms of technologically mediated ownership.

5. CONCLUSION

The development of cryptocurrency represents a significant challenge to Islamic economic jurisprudence because it destabilizes traditional assumptions concerning property, money, ownership, value, and financial intermediation. The central issue is therefore not merely technological. It concerns the capacity of Islamic legal methodology to distinguish between legitimate innovation and harmful financial speculation. The study demonstrates that the methodologies of al-Ghazālī and Abū al-Ḥusayn al-Baṣrī provide different but potentially complementary analytical resources. Al-Ghazālī directs attention toward *manfa'ah shar'īyyah*, *maṣlaḥah*, *maṣṣadah*, and the preservation of the five essential objectives of Shariah. In this framework, market acceptance and profitability cannot independently establish legitimacy. Cryptocurrency must contribute to recognized welfare, particularly *ḥifẓ al-māl*, while avoiding destructive speculation. The study's conclusion accordingly emphasizes that, for al-Ghazālī, recognition of a crypto-asset as *māl* ultimately depends upon demonstrable Shariah-recognized benefit. Al-Baṣrī's rationalist methodology places stronger emphasis on *'illah*, rational verification, and *qiyās*. This approach opens analytical space for recognizing that digital assets can possess value, ownership, and transferability without physical embodiment. Blockchain technology may provide rational evidence of these characteristics. At the same time, recognition of digital property does not eliminate the need to assess *gharar*, speculation, and other prohibited elements. Fazlur Rahman's Double Movement connects these classical frameworks to contemporary reality. The first movement reconstructs the historical purposes underlying classical legal doctrines. The second movement applies those purposes to blockchain, digital ownership, market volatility,

consumer protection, and modern regulation. The result is neither an abandonment of classical jurisprudence nor a mechanical application of historical rules. It is a contextual reconstruction of Islamic legal reasoning. The most important substantive conclusion is that cryptocurrency should not be subjected to a single undifferentiated Shariah judgment solely because it belongs to the technological category of crypto-assets. Blockchain technology, digital commodities, utility tokens, speculative tokens, tokenized assets, and cryptocurrencies functioning as payment instruments have different characteristics and therefore require differentiated analysis. A crypto-asset may potentially qualify as legitimate *māl* where it possesses identifiable value, legitimate utility, enforceable ownership, transferability, technological security, adequate transparency, and compliance with Shariah principles. Its permissibility becomes weaker where speculative behaviour dominates genuine economic utility, excessive *gharar* remains unavoidable, or trading resembles *maysir*. The study is particularly restrictive toward speculative cryptocurrency when it threatens rather than preserves wealth. The distinction between cryptocurrency as an asset and cryptocurrency as official money is equally fundamental. Recognition as property does not automatically establish legitimacy as currency. Monetary instruments have systemic implications involving sovereignty, stability, public trust, and economic governance. The study finds a significant convergence between the two methodological traditions in questioning cryptocurrency as an official medium of exchange when it lacks legitimate monetary authority and generates systemic *mafsadah*. Regulation therefore occupies an important position in contemporary Islamic legal reasoning. Effective oversight can reduce fraud, protect ownership, improve custody, strengthen transparency, and mitigate certain forms of *gharar* and *qarar*. Nevertheless, regulatory approval cannot substitute for Shariah legitimacy. Regulatory and Shariah governance must operate together. Ultimately, the study demonstrates that the enduring relevance of *uṣūl al-fiqh* lies not in its capacity to provide predetermined answers to every technological innovation but in its methodological capacity to evaluate new realities according to stable normative principles. Cryptocurrency illustrates this dynamic vividly. The relevant Islamic legal question is no longer simply whether cryptocurrency is *halal* or *haram*. A more sophisticated inquiry asks: what type of crypto-asset is being evaluated, what economic function does it perform, how is its value generated, what form of ownership does it represent, what risks accompany its use, what legitimate benefits does it create, how effectively are its harms controlled, and does its overall structure advance or undermine the objectives of Shariah? Through the integration of al-Ghazālī's maqāṣid-oriented reasoning, al-Baṣrī's rational investigation of *'illah*, and Fazlur Rahman's Double Movement, the study therefore proposes a dynamic approach to Islamic digital finance. Such an approach neither rejects financial innovation merely because it is unprecedented nor accepts it merely because it is technologically advanced. Rather, innovation must pass through a process of normative evaluation, rational verification, contextual analysis, and institutional governance. In this sense, the broader

significance of the research extends beyond cryptocurrency. It demonstrates how Islamic economic law can engage with future financial technologies while maintaining the integrity of its normative foundations. The challenge for contemporary *ijtihād* is not to choose between tradition and innovation, but to ensure that innovation develops within a framework of justice, transparency, legitimate ownership, rational economic benefit, prevention of harm, and the preservation of human wealth. This is the point at which *maqāṣid*, *'illah*, technological innovation, and modern financial governance can be integrated into a coherent architecture for contemporary Islamic economic law.

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