

***SHARIAH* GOVERNANCE OF CRYPTOCURRENCIES: RISKS, PARAMETERS AND REGULATORY SOLUTIONS**

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Abstract

The introduction of cryptocurrencies into Islamic finance raises critical Shariah issues that require systematic evaluation through the lens of maqāṣid al-sharī'ah, specifically ḥifẓ al-māl (protection of wealth) and dar' al-mafāsīd (prevention of harm). This study conducts an empirical legal analysis by examining how risks and uncertainties prevent cryptocurrencies from functioning as Shariah-compliant money and analyses the conditions or regulations that could enable Shariah-compliant cryptocurrency transactions and develop Shariah parameters. Focusing on the Malaysian context, the study conducts qualitative interviews with 12 experts, including Shariah scholars, regulators, academics, and fintech practitioners. The methodology provides an in-depth examination of this multifaceted topic and seeks to bridge the gap between Shariah, finance, and new

technologies. The findings highlight major concerns such as gharar (uncertainty), maysir (speculation), lack of intrinsic value, and potential involvement in unlawful activities. Additional challenges include decentralisation, lack of transparency, weak public awareness, and contradictory fatwas. To address these issues, the study proposes a multi-level framework including Shariah certification, stablecoin development, asset protection mechanisms, risk mitigation tools, and institutional collaboration between regulators, scholars, and fintech developers. These findings contribute to the discourse on adapting new technologies to Islamic finance while providing practical guidance for policy development in Malaysia's dual financial system.

Masuknya mata uang kripto ke dalam sistem keuangan Islam menimbulkan sejumlah persoalan syariah yang krusial dan memerlukan evaluasi sistematis melalui perspektif maqāṣid al-shari'ah, khususnya ḥifẓ al-māl (perlindungan harta) dan dar' al-mafāṣid (pencegahan kemudharatan). Penelitian ini melakukan analisis hukum empiris dengan mengkaji bagaimana risiko dan ketidakpastian menghambat mata uang kripto untuk berfungsi sebagai alat tukar yang sesuai dengan prinsip syariah, serta menganalisis kondisi atau regulasi yang dapat memungkinkan transaksi mata uang kripto yang patuh syariah sekaligus merumuskan parameter syariah yang relevan. Dengan berfokus pada konteks Malaysia, penelitian ini melaksanakan wawancara kualitatif terhadap 12 orang ahli yang terdiri atas ulama syariah, regulator, akademisi, dan praktisi teknologi finansial (fintech). Metodologi ini memungkinkan kajian yang mendalam terhadap isu yang bersifat multidimensional serta berupaya menjembatani kesenjangan antara prinsip syariah, sistem keuangan, dan perkembangan teknologi baru. Temuan penelitian menyoroti berbagai persoalan utama, seperti gharar (ketidakpastian), maysir (spekulasi), ketiadaan nilai intrinsik, serta potensi keterlibatan dalam aktivitas yang tidak sah menurut hukum. Tantangan tambahan meliputi sifat desentralisasi, kurangnya transparansi, rendahnya tingkat literasi publik, serta adanya fatwa yang saling bertentangan. Untuk mengatasi permasalahan tersebut, penelitian ini mengusulkan suatu kerangka kerja bertingkat yang mencakup sertifikasi syariah, pengembangan stablecoin, mekanisme perlindungan aset, instrumen mitigasi risiko, serta kolaborasi kelembagaan antara regulator, ulama, dan pengembang fintech. Temuan ini

berkontribusi pada pengembangan wacana adaptasi teknologi baru dalam keuangan Islam sekaligus memberikan panduan praktis bagi perumusan kebijakan dalam sistem keuangan ganda Malaysia.

Keywords: *cryptocurrency, shariah compliance, gharar, Islamic finance.*

Introduction

The global adoption of cryptocurrencies has accelerated significantly in recent years. By the end of 2024, the number of cryptocurrency holders worldwide is estimated to have reached an approximately 562 million, an increase of 34% from 2023, and the number of cryptocurrency holders is forecast to exceed 659 million in 2025.¹ These developments underline the growing role of digital assets in the global financial ecosystem. The total market capitalisation of cryptocurrencies exceeded USD 2.7 trillion in March 2024, driven by substantial institutional investment and the introduction of regulated exchange-traded funds (ETFs).² As major economies such as the United States, the European Union, and several Asian countries introduce comprehensive regulatory frameworks, global oversight of cryptocurrencies is becoming increasingly structured.³

Malaysia is experiencing a significant surge in cryptocurrency adoption, marked by increased government backing and a growing number of domestic blockchain start-ups. The crypto asset market in Malaysia has also been expanding, with the volume of the crypto market increasing to RM 13.9 billion in 2024 from RM 5.4 billion in 2023. The number of domestic crypto asset players and the range of services offered have likewise increased. In 2024, the

¹ Michael Ndu-Okeke, "Global Cryptocurrency Ownership Hits 562 Million — 34% Jump from 2023," *Nairametrics*, May 31, 2024, <https://nairametrics.com/2024/05/31/global-cryptocurrency-ownership-hits-562-million-34-jump-from-2023>.

² MarketWatch, "Bitcoin ETFs Rake in \$14.8 Billion as Whales Push the Crypto's Price to All-Time Highs," *MarketWatch*, March 25, 2024, <https://www.marketwatch.com/story/bitcoin-etfs-rake-in-14-8-billion-as-whales-push-the-cryptos-price-to-all-time-highs-da0992ae>.

³ Barry Elad and Kathleen Kinder, "Cryptocurrency Adoption Statistics 2025: Demographics, Trends, and Industry Impact." *CoinLaw*, 27 June 2025, <https://coinlaw.io/cryptocurrency-adoption-statistics>

Securities Commission Malaysia (SC) regulated 15 entities that operate and deal with crypto assets and crypto funds, compared to only three entities in 2019.⁴

Despite this progress, cryptocurrencies remain controversial among Islamic scholars, regulators, and financial experts. Key global concerns include volatility, speculative trading, lack of intrinsic value, and risks to monetary policy. From an Islamic finance perspective, these concerns are exacerbated by the prohibition of *riba* (interest), *gharar* (uncertainty), and *maysir* (gambling).⁵ These prohibitions call into question the Shariah legitimacy of digital assets that lack tangible backing or involve speculative practices. Furthermore, some Shariah scholars view certain digital assets as potential vehicles for financial inclusion and innovation. Still, the lack of consensus has led to regulatory ambiguity, inconsistent *fatwa*, and insufficient Shariah-based regulatory parameters.⁶

Shariah parameters are needed to guide people within the framework of Islamic finance. This financial innovation has attracted the attention of Islamic finance, where ethical principles and legal maxims are derived from the Quran, Sunnah, and classical jurisprudence (*fiqh*), especially *fiqh al-muamalat* (Islamic commercial law). Within this framework, any financial innovation must be assessed based on compliance with the prohibitions of *riba* (interest), *gharar* (uncertainty), *maysir* (gambling) and involvement in unlawful (*haram*) activities⁷. In addition, they must be developed under the parameters of *Shariah*.

⁴ Bank Negara Malaysia, *Annual Report 2024*, Kuala Lumpur, Malaysia, p. 103, 2024.

⁵ Muhammad Arief Jailani, and Aishath Muneeza, "Crypto assets: The need for Shariah screening criteria for digital assets in Malaysia," *International Journal of Islamic Economics and Finance Research* 1 (2023): 27-47.

⁶ Abubakar Balarabe, Md Faruk Abdullah, and Abdur Rahman, "Cryptocurrency in Nigeria: A Review from Contemporary Islamic Scholars' perspective," *Jurnal Syariah* 32, no. 3 (2024): 466-486.

⁷ Muhammad Waqas Jamil, Mufti Muhammad Akhlaq, and Hafiz Adil Jahangir, "Cryptocurrency in the Light of Islamic Financial Principles: Challenges and Opportunities for Shariah Compliance," *Contemporary Journal of Social Science Review* 3, no. 1 (2025): 2250-2258.

One of the most critical issues examined in the literature is the status of the risks of cryptocurrencies within the framework of Islamic law. This inquiry is rooted in Islamic finance, which is guided by the principles of *maqasid Shariah* and classifies money based on its physicality, usability and permissibility⁸. The discussion begins with whether cryptocurrencies can be considered money from an Islamic perspective. Muhammad Arief Jailani and Aishath Muneeza argue that Bitcoin fulfils the criteria of money due to its utility, exchange value and market recognition.⁹ This viewpoint aligns with the functionalist school of thought, which prioritises utility over physical form.

However, other scholars dispute this view, pointing to the highly speculative nature of cryptocurrencies and their lack of intrinsic value. They argue that these characteristics position cryptocurrencies closer to gambling or *gharar*-based transactions. Ziyaad Mahomed, for example, claims that cryptocurrencies cannot function as a legitimate means of exchange as tangible assets do not back them and thus violate the principle of wealth preservation, which is essential to Islamic finance.¹⁰ The criticism also extends to cryptocurrencies' inflationary and deflationary mechanisms, suggesting they can contribute to economic injustice.

The issue of *riba* is another critical point in the controversy. Traditional Islamic finance prohibits fixed interest and unearned profits. Since cryptocurrencies are non-interest-bearing assets, they may appear *Shariah*-compliant on the surface. However, their use in interest-based lending platforms and their facilitation of speculative profit-seeking complicates this view. According to Othman Sahalan and Muhammad Adib Samsudin¹¹, the

⁸ Abubakar Balarabe, Md Faruk Abdullah, and Abdur Rahman. "Cryptocurrency in Nigeria: A Review from Contemporary Islamic Scholars' perspective," *Jurnal Syariah* 32, no. 3 (2024): 466-486.

⁹ Muhammad Arief Jailani, and Aishath Muneeza. "Crypto assets: The need for Shariah screening criteria for digital assets in Malaysia," *International Journal of Islamic Economics and Finance Research* 1 (2023): 27-47.

¹⁰ Ziyaad Mahomed, "Crypto: a 'contagious disease' or the 'most useful system of trust ever devised'? Is crypto halal?," (2022).

¹¹ Othman Sahalan, and Muhammad Adib Samsudin, "Cryptocurrency According to The Principles of Usul Al-Fiqh: A Critical Analysis by Mohd Daud Bakar," *Islāmiyyāt: International Journal of Islamic Studies* 45, no. 1 (2023).

mere absence of *riba* does not make a transaction *Shariah*-compliant; it must also avoid *maysir* and *gharar*. This holistic view is also reflected in the work of contemporary scholars like Nafis Alam, Lokesh Gupta, and Abdolhossein Zameni¹², who argue for an ethical review process that evaluates financial instruments' form and content. Various fatwa bodies have issued contradictory rulings on cryptocurrencies. Endi Aulia Garadian and Harun Arrasyid¹³ mention that the Indonesian Ulema Council declared cryptocurrencies haram due to their speculative nature. At the same time, scholars in the United Arab Emirates and Bahrain offered more favourable interpretations. Sahara Putri Dahlan¹⁴ argues that cryptocurrencies could be permissible if they are used as a medium of exchange and not for speculative trading. He emphasises the importance of intention (*niyyah*) and usage context, which is central to *Shariah* analysis.

Technological and functional dimensions also play a role in scholarly assessments. The use of blockchain for transparent transactions, smart contracts, and tamper-proof records was highlighted as a potential tool for enhancing Islamic financial transactions. These features can address concerns about contract enforceability, fraud, and moral hazard. For example, smart contracts can be programmed to comply with *Shariah* rules and automatically enforce profit-sharing¹⁵.

From a regulatory perspective, Islamic financial institutions and central banks in Muslim-majority countries have taken different positions. The Central Bank of Malaysia, through its *Shariah* Advisory Council, has recognised the need for closer scrutiny of cryptocurrencies and has proposed

¹² Nafis Alam, Lokesh Gupta, and Abdolhossein Zameni, "Cryptocurrency and Islamic finance," In *Fintech and Islamic finance: Digitalization, development and disruption*, pp. 99-118. Cham: Springer International Publishing, 2019.

¹³ Endi Aulia Garadian, and Harun Arrasyid. "Millennial Muslims and "Haram Fatwas" on Cryptocurrency in Contemporary Indonesia," *Understanding the Role of Indonesian Millennials in Shaping the Nation's Future* 155 (2024).

¹⁴ Sahara Putri Dahlan, "Addressing Sharia issues in cryptocurrency: Analyzing the case of Bitcoin and Blockchain Technology," *Journal of Islamic Economic Insights* 1, no. 1 (2025): 47-54.

¹⁵ Mufti Muhammad Abu-Bakar, "Shariah analysis of bitcoin, cryptocurrency, and blockchain." *Shariah Analysis in Light of Fatwas and Scholars' Opinions* (2018): 14-19.

a cautious but open approach. Similarly, the Dubai Financial Services Authority has examined frameworks for Islamic fintech innovation, signalling its willingness to adapt to modern technological realities¹⁶.

Based on the literature above, which offers insights into the theological and regulatory debates on cryptocurrencies, there remains a lack of empirical legal research incorporating expert opinions from the Malaysian Islamic finance ecosystem. This study fills this gap by analysing qualitative data from academics, Shariah consultants and regulators, providing grounded Shariah parameters that can serve as a basis for developing Malaysia's cryptocurrency regulatory framework.

In Malaysia, which operates with a dual financial system and aspires to be a global leader in Islamic finance, a Shariah-compliant framework for cryptocurrencies is being developed.¹⁷ In 2020, the Securities Commission Malaysia (SCM) introduced guidelines for digital assets under Section 377 of the Capital Markets and Services Act 2007 (CMSA) to provide investor protection and legal clarity.¹⁸ However, these guidelines are largely silent on Shariah-specific parameters and leave significant interpretation gaps. At the same time, Bank Negara Malaysia (BNM) plays a crucial role in maintaining financial stability and promoting innovation in the financial sector.¹⁹ However, the lack of uniform *fatwa*, limited public awareness and lingering ethical concerns regarding cryptocurrency trading exacerbate the gap in Shariah compliance. Clarifying this gap and positioning the present study as an empirical contribution to the literature on Shariah-compliant digital assets enhances its scholarly value.

¹⁶ Mohammad Hidir Baharudin, Rahmawati Mohd Yusoff, Ros Hasri Ahmad, Muhamad Ismail Pahmi, Siti Masnah Saringat, and Shafiee Md Tarmudi, "Cryptocurrency in Malaysia: Navigating Islamic legal perspectives for economic innovation and resilience," *Environment-Behaviour Proceedings Journal* 10, no. SI28 (2025): 121-126.

¹⁷ Abubakar Balarabe, Md Faruk Abdullah, Uzairu Muhammad Gwadabe, and Auwal Jibril Muhammad, "History of Islamic Banking in Malaysia: A General Review," *International Journal of Islamic Products and Malay Civilization* 2, no. 1 (2023): 43-53.

¹⁸ Securities Commission Malaysia, *Guidelines on Digital Assets* (Kuala Lumpur: SCM, January 2020).

¹⁹ Bank Negara Malaysia, *Financial Stability Review* (Kuala Lumpur: BNM, 2024).

To address these issues, this study adopts the framework of *maqāṣid al-sharī'ah*, specifically *ḥifẓ al-māl* (protection of wealth) and *dar' al-maḥasād* (prevention of harm), to explore how cryptocurrencies can be compliant with Islamic jurisprudence. Introducing this framework at the outset helps to situate the discussion within Islamic legal theory while providing a consistent basis for assessing risks and regulatory measures. This paper makes an empirical contribution by drawing on in-depth interviews with 12 Islamic finance scholars, Shariah advisors and regulatory experts in Malaysia. The qualitative analysis uncovers critical Shariah, technical, and regulatory concerns that need to be considered when formulating practical parameters for Shariah-compliant digital assets.

Accordingly, this study has two objectives: (1) to examine the potential risks or uncertainties that could prevent cryptocurrencies from functioning effectively as Shariah-compliant money; and (2) to analyse the specific conditions or regulations that could be implemented to ensure Shariah-compliant cryptocurrency transactions in Malaysia. The findings are intended to assist policymakers, financial institutions, and fintech innovators in designing regulatory frameworks and products consistent with Shariah principles and global best practices.

Research Methods

The study adopts a qualitative, socio-legal research design²⁰ to explore experts' perspectives on the *Shariah* compliance of cryptocurrencies and to develop robust parameters for their regulation in Malaysia.²¹ A qualitative approach is appropriate, as it allows for interpreting experts' subjective meanings and specific experiences concerning Islamic finance, *Shariah* and digital innovation. Placing this work within the tradition of empirical legal studies distinguishes it from a purely doctrinal analysis by demonstrating how empirical data can illuminate and complement Shariah legal principles. Such an approach reflects the growing realisation that legal scholarship benefits

²⁰ Joseph A Maxwell, "Interactive approaches to qualitative research design," *The Sage handbook of qualitative research design* (2022): 41-54.

²¹ Joseph A Maxwell, "The importance of qualitative research for causal explanation in education," *Qualitative inquiry* 18, no. 8 (2012): 655-661.

from linking doctrinal sources with empirical evidence to address contemporary legal challenges.²²

Data were collected through semi-structured interviews with 12 purposively selected experts, including Shariah scholars, academics in the field of Islamic finance, regulators and fintech practitioners in Malaysia.²³ These individuals were selected based on their active involvement in Islamic finance regulation, product development and cryptocurrency governance. The sample size was determined based on the principle of thematic saturation to ensure that further interviews would not yield significantly new insights.²⁴ The selection of these participant categories reflects their direct role in shaping both Shariah-compliant financial standards and the practical regulation of digital assets. The interviews were conducted in English and recorded with prior informed consent. The interview questions were designed to address two main objectives: (1) to explore the potential risks or uncertainties that could prevent cryptocurrencies from functioning effectively as *Shariah*-compliant money, and (2) to analyse the specific conditions or regulations required to facilitate *Shariah*-compliant cryptocurrency transactions in Malaysia.

Thematic analysis was conducted following Braun and Clarke's²⁵ six-phase framework to identify, analyse and report patterns in the data. Using NVivo 14, the researchers systematically coded the transcripts and assigned codes to meaningful text segments based on the research objectives and key Shariah principles. The final themes were developed and organised under each research question and supported by verbatim quotations to ensure authenticity and credibility. To increase trustworthiness, the criteria of credibility, transferability, reliability, and confirmability were applied in the

²² Plan, Audrey M, "Taking law seriously: The challenges of law as research data in socio-legal scholarship," *Law, Technology and Humans* 6, no. 3 (2024): 46-59.

²³ Abubakar Balarabe, Md Faruk Abdullah, and Abdur Rahman, "Cryptocurrency in Nigeria: A Review from Contemporary Islamic Scholars' perspective," *Jurnal Syariah* 32, no. 3 (2024): 466-486.

²⁴ Greg Guest, Arwen Bunce, and Laura Johnson, "How Many Interviews Are Enough? An Experiment with Data Saturation and Variability," *Field Methods* 18, no. 1 (2006): 59-82.

²⁵ Victoria Clarke, and Virginia Braun, "Thematic analysis," In *Encyclopaedia of critical psychology*, pp. 1947-1952. Springer, New York, NY, 2014.

study. Member checking was conducted with selected participants, and NVivo's audit trail feature was used to ensure the analysis's transparency. Ethical approval was obtained from the relevant review body. Confidentiality and anonymity were assured, and all data were stored securely. These measures reflect best practice in qualitative legal research, where transparency, reflexivity, and methodological rigour are paramount.²⁶ Crucially, the results of the interviews were integrated with doctrinal legal sources (Qur'an, Sunnah, *fiqh al-mu'āmalāt*) and Malaysian legal texts to demonstrate that the analysis is grounded in authoritative Shariah and legal materials and is not limited to socio-economic observations.²⁷

Discussion

Potential Risks or Uncertainties of Cryptocurrency

This section highlights the risks and uncertainties identified by participants that could prevent cryptocurrencies from being recognised as Shariah-compliant. The findings are significant as they highlight both Shariah-based incompatibilities and practical barriers hindering regulatory acceptance. The analysis aims to develop Shariah parameters that can guide the formulation of a compliant framework for cryptocurrencies in Malaysia.

As shown in Figure 1 (Appendix), participants consistently indicated that *gharar* (uncertainty), *maysir* (speculation), lack of intrinsic value and various ethical concerns are the main barriers to Shariah compliance. These elements violate the *maqāṣid al-shari'ah*, particularly *ḥifẓ al-māl* (protection of wealth) and *dar' al-mafāsid* (prevention of harm), thereby preventing cryptocurrencies from functioning effectively as Shariah-compliant money. In addition to these substantive concerns, participants also cited structural barriers such as the lack of a regulatory framework, unclear Shariah regulations, technical issues and limited public awareness. In contrast to *gharar*

²⁶ Kadi, Sanaa, "Research Methods for Islamic Banking and Finance Law: Interdisciplinary Research Method," *European Journal of Islamic Finance* 9, no. 2 (2022): 1-8.

²⁷ Al-Qasim, S. *Legal education in Islamic Law for legal practice in England and Wales: an Islamic Law framework for legal professionals*, Nottingham Trent University (United Kingdom), 2019.

and *maysir*, these obstacles are not theological but remain crucial to the realisation of a Shariah-compliant ecosystem. The findings will inform the development of standardised Shariah parameters for cryptocurrencies in Malaysia.

Table 1 below provides an overview of the thematic coding that emerged from the interviews. Two overarching themes were identified: (1) Shariah-Incompatibility Due to Financial and Ethical Concerns, and (2) Regulatory and Knowledge-Based Barriers

Table 1. Data Analysis for Interview Question 1

Interview Question 1	What potential risks or uncertainties could prevent cryptocurrency from functioning effectively as Sharia-compliant money?	
Focused Coding	Sub-themes/Remarks	Concluding Theme
1	<i>Shariah</i> -Incompatibility Due to Financial and Ethical Concerns	<i>Gharar</i> , <i>maysir</i> , lack of intrinsic value, ethical concerns
2	Regulatory and Knowledge-Based Barriers	Absence of regulation, lack of awareness, and technical issues
Clear Shariah Parameters are Therefore Essential for Ensuring that Digital Financial Products Align with Islamic Principles.		

Source: Data Proceed by Authors

The sub-themes are elaborated below with participant quotations and integrated legal commentary.

Table 2. Focused Coding No. 1 for Interview Question 1

Sub-themes	<i>Shariah</i> -Incompatibility Due to Financial and Ethical Concerns
Participant No.	Remarks

Participants 1 and 12	Cryptocurrencies and digital assets are unlawful, impermissible and haram. The reason for this is the excessive <i>gharar</i> and high level of speculation in this trade. <i>Gharar</i> (uncertainty) is a potential risk in terms of <i>Shariah</i> .
Participant 3	Volatility and speculation are driven by fear of missing out (FOMO) and greed, which leads to market manipulation. The risk is too high; it is simply an online casino. This is in line with the Islamic legal maxim <i>sadd al-dhari'a</i> (prevention of harm), where gambling, such as speculation, is against the <i>maqasid</i> principle <i>dar' al-mafasid</i> (prevention of harm).
Participant 4	Several <i>Shariah</i> concerns call into question the function of cryptocurrencies as compliant money: <ol style="list-style-type: none"> 1. High volatility (<i>gharar</i>) 2. Use in haram or unlawful activities: Use of cryptocurrencies for unlawful activities. 3. Speculative trading such as <i>maysir</i> (gambling). 4. Anonymity reduces accountability.
Participant 5	<i>Shariah</i> concerns regarding cryptocurrencies include the lack of intrinsic value, the potential for speculative behaviour, and uncertainty regarding the permissibility of certain features. Potential usury issues, ensuring transparency and navigating the evolving cryptocurrency market.
Participant 6	Several <i>Shariah</i> issues could prevent cryptocurrencies from being <i>Shariah</i> compliant: Volatility and speculation (<i>gharar</i> and <i>maysir</i>), lack of regulatory oversight, risk of use for illicit activities, and transparency and accountability concerns.
Participant 8	Major concerns include price volatility, speculative trading, lack of intrinsic value and unclear

regulatory status, all of which raise *Shariah* issues related to *gharar* and *maysir*. Many cryptocurrencies’ extreme volatility and speculative nature are among the leading causes of today’s concerns.

Participant 11	Incompatibilities with <i>Shariah</i> in some cryptocurrencies related to gambling, pig farming, pornography.
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Source: Data Proceed by Authors

As shown in Table 2, this theme highlights *Shariah* problems such as *gharar* (uncertainty), *maysir* (speculation), and the lack of intrinsic value, making cryptocurrencies incompatible with Islamic transactions’ requirements. These characteristics prevent cryptocurrencies from being considered *māl* under classical *fiqh*, which requires stability, lawful use, and accountability. In addition, unethical practices are likened to online gambling and are not in line with *Shariah* principles. Cryptocurrencies are also associated with haram activities and suffer from anonymity and lack of accountability, which contradicts the emphasis on transparency in Islamic finance. Additionally, all these issues are against the *Shariah* parameters and requirements of *Shariah* law.

It is worthwhile to examine cryptocurrencies against the criteria of a property in *Shari’ah*, as the early scholars of *fiqh* mentioned. The classical Muslim jurists (*fuqaha*) deliberated that a property (*māl*) should be desired,²⁸ lawful, and valuable under the purview of *Shariah*.²⁹ Additionally, the property

²⁸ Muḥammad Amīn Ibn ‘Ābidīn, *Radd al-Muhtār ‘ala al-Durr al-Mukhtār*, known as *Ḥāshiyat Ibn ‘Ābidīn*, Bayrūt: Dār Iḥyā’ al-Turāth al-‘Arabī, 1998, vol. 7, pp. 7 & 171; Zayn al-Dīn Ibn Ibrāhīm Ibn Nujaym. *Al-Baḥr al-Rā’iq Sharḥ Kanḥ al-Daqā’iq*, Bayrūt: Dār al-Kutub al-‘Ilmiyyah, 1997, vol. 5, p. 430.

²⁹ Jalāl al-Dīn al-Suyūṭī, *Al-Ashbāḥ wa al-Nazā’ir*. Bayrūt: Dār al-Kutub al-‘Ilmiyyah, 2001, vol. 2, p. 171; Shams al-Dīn Muḥammad Ibn al-Khātib al-Sharbīnī, *Mughnī al-Muḥtāj ilā Ma`rifat Ma`āni Aljāz al-Minhāj*. Cairo: Dār al-Ḥadīth, 2006, vol. 2, p. 424; Muḥammad Ibn

should provide a lawful benefit under ordinary circumstances.³⁰ Moreover, the property should be owned, possessed, and controlled by individuals to transfer it through a contract of exchange.³¹

People are interested in cryptocurrencies because they offer certain benefits. However, not all benefits derived from cryptocurrencies comply with the rules of *Shari'ah*. Indeed, they are valuable, but the value is relative, as what one person finds valuable may not be valued by others. Moreover, the anonymity of cryptocurrencies undermines the criterion of a property in *Shari'ah*, namely that it be possessed and controlled by individuals in a way that leaves no uncertainty regarding the ownership and transferability of the asset through an exchange contract.

According to the study results, two elements of this issue directly contradict Islamic financial principles and the *maqasid* of *Shariah*. First, *gharar* violates the principle of certainty (*yaqin*) in contracts, as Islamic transactions require complete transparency and completeness regarding the subject matter and outcome. From the perspective of Islamic finance, the volatility of cryptocurrencies and their unclear legal nature are viewed through this lens. Furthermore, *maysir* stands for unjust enrichment through chance and speculation, which is strictly prohibited in Islam as it undermines productive economic activity. *Maysir* is clearly stated in the Quran in Chapter 2:219 and 5:90 as unlawful wealth acquisition. Islamic finance upholds the principle of productive risk-taking (*ghunm bil-ghurm*), but prohibits pure speculation that is not linked to the underlying assets. Cryptocurrencies that mimic gambling-like behaviour violate this balance. These findings are consistent with the positions

Idrīs al-Shāfi'ī, *Mawsu'at al-Imām al-Shāfi'ī*, al-Kitāb al-'Umm, Cairo: Dār al-Ḥadīth, 2008, vol. 3, p. 353.

³⁰ Muwaffaq al-Dīn 'Abdullāh Ibn Aḥmad Ibn Qudāmah, *Al-Mughnī* with *al-Sharḥ al-Kabīr*. Cairo: Dār al-Ḥadīth, 2004, vol. 5, p. 224; Mansūr Ibn Yūnus al-Buhūtī, *Kashshāf al-Qinā' 'an Matan al-Iqnā'*, Bayrūt: Dār al-Kutub al-'Ilmiyyah, 1997, vol. 3, p. 174; 'Alā al-Dīn al-Mardawī, *Al-Inṣāf fi Ma'rifat al-Rājiḥ min al-Khilāf 'ala Madhhab al-Imām Aḥmad ibn Ḥanbal*. Bayrūt: Dār al-Kutub al-'Ilmiyyah, 1997, vol. 4, p. 258.

³¹ Abu Ishāq Ibrāhīm Ibn Mūsā al-Shāṭibī, *Al-Muwāfaqāt fī Usūl al-Sharī'ah*, Bayrūt: Mu'assasat al-Kutub al-Thaqāfiyyah, 1999, vol. 1, no. 2, p. 13; Shihāb al-Dīn Aḥmad Ibn Idrīs al-Qarāfī, *Al-Furūq*, Bayrūt: Dār al-Kutub al-'Ilmiyyah, 1998, vol. 3, p. 384.

of Muhammad Arief Jailani, Aishath Muneeza, Mohamad Amerzan Mohamad Sobri, and Muneer Ali Abdul Rab.³²

Table 3. Focused Coding No. 1 for Interview Question 1

Sub-themes	<i>Shariah-Incompatibility Due to Financial and Ethical Concerns</i>
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Participant No.	Remarks
Participant 2	Crypto trading encourages laziness and greed, seeking money without effort. Combined with risks such as hacking and monopolisation, this undermines Islamic economics

Source: Data Proceed by Authors

As illustrated in Table 3 above, participants also expressed concerns that cryptocurrencies could encourage unethical behaviour (greed, effortless gain) while exposing users to technological risks (hacking, monopolisation). Taken together, these concerns contradict the principles of Shariah, which call for justice (*adl*), trust (*amanah*), and a genuine Islamic economic contribution. The main reasons for prohibiting such practices are their volatility and associated speculation; this study is in line with the view of Mufti Muhammad Abu-Bakar.³³

Table 4. Focused Coding No. 1 for Interview Question 1

Sub-themes	<i>Shariah-Incompatibility Due to Financial and Ethical Concerns</i>
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Participant No.	Remarks
Participant 7	There could be potential inconsistencies with <i>Shariah</i> -based stability, ethical behaviour, and social justice compared to cryptocurrency

³² Mohamad Amerzan Mohamad Sobri, and Muneer Ali Abdul Rab, "Regulatory Frameworks for Crypto Assets: Comparative Fiqh Study Between Malaysia and Indonesia," In Salam Digest: Syariah and Law Undergraduate Symposium, vol. 2, no. 1, pp. 66-77. 2024.

³³ Mufti Muhammad Abu-Bakar, "Shariah analysis of bitcoin, cryptocurrency, and blockchain," *Shariah Analysis in Light of Fatwas and Scholars' Opinions* (2018): 14-19.

markets' inherent nature and current state, in addition to any element of *riba* that contradicts the *maqasid* of *Shariah*.

Participant 10	Crypto lending involves <i>riba</i> , which is directly prohibited in the Qur'an (2:275–281). Anonymity undermines accountability (<i>muhāsabah</i>), contradicting Islamic finance, which is founded on transparency and justice (<i>adl</i>).
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Source: Data Proceed by Authors

Based on the findings presented by the participant, as illustrated in Table 4, this theme reveals concerns about ethics, social justice, and systemic instability. Features such as anonymity and interest-based lending violate the basic principles of Sharia: Transparency, fairness, and the prohibition of *riba*. Furthermore, the risk of *riba* in crypto lending directly contradicts the Quran's prohibitions (2:275–281). These points show why cryptocurrencies, in their current form, cannot fulfil the *maqasid* of promoting justice and avoiding harm. *Shariah*-compliant financial instruments must avoid uncertainty and speculation while promoting transparency and accountability. If these risks are not adequately addressed, cryptocurrencies are likely to remain outside the realm of compliant financial instruments.

Moreover, *riba* directly contradicts the prohibition of predetermined returns in Islamic contracts. Practices such as betting and interest-based crypto loans reflect the prohibited *riba*, as indicated in the teachings of the Quran. Allah states: “*Those who consume interest will stand 'on Judgment Day like those driven to madness by Satan's touch. That is because they say, 'Trade is no different than interest.' But Allah has permitted trading and forbidden interest'*” (Al-Baqarah 2:275). The prohibition of *riba* is reiterated multiple times in the primary sources of the Quran, specifically in chapters and verses 30:39, 4:161, 3:130, and 2:275-281, as well as in the Sunnah. *Riba* refers to unjustified, predetermined interest on loans or transactions, which fundamentally contradicts the Islamic mandate against exploitative gains and the parameters

set by *Shariah*. These findings align with those of Othman Sahalan and Muhammad Adib Samsudin.³⁴

Table 5. Focused Coding No. 2 for Interview Question 1

Sub-themes	Regulatory and Knowledge-Based Barriers
Participant No.	Remarks
Participants 3, 7, 8, 10, 11 and 12	The biggest challenge is the public and scholars' lack of awareness and education. Knowledge and experience among scholars and regulators: Scholars should be knowledgeable about Islamic finance technology. They need to collaborate with legal and financial scholars. Then they can create a framework that serves as a reference for regulating these cryptocurrency transactions. Without regulation and clear Shariah guidelines, cryptocurrency becomes risky and vulnerable to abuse. Compliance requires oversight, enforcement, and standardised ethical rules.

Source: Data Proceed by Authors

Table 5 highlights that challenges not rooted in *Shariah* significantly hinder the realisation of a *Shariah*-compliant cryptocurrency ecosystem, even if the instruments could theoretically align with Islamic regulatory requirements. Participants identified several interrelated barriers, including the absence of a regulatory framework, unclear *Shariah* provisions, and a general lack of awareness. *Shariah*-compliant cryptocurrencies' legitimacy and practical implementation will remain compromised without a clear regulatory and religious framework. A significant obstacle is the limited understanding of *Shariah* among scholars and regulators regarding new financial technologies.

While *Shariah* principles provide a robust ethical foundation, the adoption of *Shariah*-compliant cryptocurrencies is obstructed by systemic

³⁴ Othman Sahalan, and Muhammad Adib Samsudin, "Cryptocurrency According to The Principles of Usul Al-Fiqh: A Critical Analysis by Mohd Daud Bakar," *Islāmiyyāt: International Journal of Islamic Studies* 45, no. 1 (2023).

barriers. These barriers are not theological; they stem from practical governance, regulation, and education gaps. Addressing these gaps through *Shariah* guidance, interdisciplinary collaboration, and innovative regulatory approaches is essential for aligning cryptocurrency systems with Islamic ethical and legal norms. Notably, the lack of awareness and *Shariah* knowledge underscores the need for structured educational initiatives to guide younger generations and traders. These results align with M. Kabir Hassan, Aishath Muneeza, and Ismail Mohamed.³⁵

The Conditions or Regulations that could be Implemented to Ensure *Shariah*-Compliant Cryptocurrency Transactions in Malaysia

This section presents the regulatory and *Shariah* conditions required for cryptocurrency transactions in Malaysia, and situates the participants' findings within the jurisprudential and legal analysis. *Shariah* certification is a legal requirement under IFSA 2013, requiring both licensing and supervision. Certification ensures compliance with *hifz al-māl*. Comparative models include Bahrain's centralised *Shariah* screening and the UAE's regulatory sandbox. Two central themes emerged: (i) *Shariah*-centric certification and asset-backing, and (ii) institutional-regulatory collaboration. As Figure 2 in the appendix illustrates, participants highlighted the critical need for a coordinated approach involving regulators, *Shariah* scholars, fintech developers, and academic institutions. Consistent calls were made for licensing, transparency, public education, and establishing regulatory and *Shariah* parameters. The integrated governance model suggested by these participants aligns with Malaysia's dual financial system and provides relevant *Shariah* parameters. Table 6 below begins the thematic analysis, highlighting that the regulations should be implemented in cryptocurrency transactions to be *Shariah*-compliant.

³⁵ M. Kabir Hassan, Aishath Muneeza, and Ismail Mohamed, "Cryptocurrencies from Islamic perspective," *Journal of Islamic Accounting and Business Research* 16, no. 2 (2025): 390-410.

Table 6. Data Analysis for Interview Question 2

Interview Question 2	What specific conditions or regulations could be implemented to ensure <i>Shariah</i> -compliant cryptocurrency transactions in Malaysia?
Focused Coding	Sub-themes/Remarks
1	<i>Shariah</i> -Centric Frameworks for Certification and Asset-Backing
2	Institutional and Regulatory Collaboration for <i>Shariah</i> Governance
Concluding Theme	<i>Shariah</i> certification, which leads to institutional and regulatory collaboration, can be the solution to regulating cryptocurrency. Subsequently, clear <i>Shariah</i> parameters are needed to implement cryptocurrency in Malaysia

Source: Data Proceed by Authors

Following an extensive thematic analysis of the data, two themes have emerged concerning the conditions and regulations that could facilitate *Shariah*-compliant cryptocurrency transactions in Malaysia. The first theme is “*Shariah*-Centric Frameworks for Certification and Asset-Backing,” and the second is “Institutional and Regulatory Collaboration for *Shariah* Governance.” These themes reflect the conditions and regulations necessary to ensure compliance in cryptocurrency transaction. Table 7 below begins the thematic analysis, highlighting the lack of cryptocurrency certification based on *Shariah* parameters.

Table 7. Focused Coding No. 1 for Interview Question 2

Sub-themes	<i>Shariah</i> -Centric Frameworks for Certification and Asset-Backing
Participant No.	Remarks
Participant 1	Therefore, a licensing system should be introduced for anyone offering cryptocurrencies as an investment. They must qualify through certain financial, governance, transparency and disclosure criteria.
Participant 9	The BNM would need to adapt digital asset policies to reflect these principles and potentially offer halal-certified digital assets under controlled conditions.
Participant 6	Transparent crypto exchanges with registered <i>Shariah</i> bodies and development of regulatory sandboxes to test compliant innovations under BNM/SAC oversight.
Participants 4 and 5	Have cryptocurrency projects audited for <i>Shariah</i> compliance by qualified bodies. A <i>Shariah</i> -compliant framework could include <i>Shariah</i> certification of crypto products (e.g., via SAC), integration of risk-mitigating controls, and transparent crypto exchanges with registered <i>Shariah</i> bodies.

Source: Data Proceed by Authors

In Table 7, it was noted that participants consistently spoke out in favour of licensing and *Shariah* certification under the direction of the BNM and the SC. Legally, this reflects the IFSA 2013 requirements for transparency and risk mitigation, and operationalises *maqasid* al-shariah (*hifz al-mal, dar al-mafasid*). SAC certification ensures compliance with *riba*, *gharar*, and *maysir prohibitions*. Additionally, ongoing assessments based on *Shariah* parameters are

deemed essential. This study aligns with Muhammad Arief Jailani’s and Aishath Muneeza’s understanding.³⁶

Table 8. Focused Coding No. 1 for Interview Question 2

Sub-themes	<i>Shariah-Centric Frameworks for Certification and Asset-Backing</i>
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Participant No.	Remarks
Participant 9	One of the main <i>Shariah</i> concerns regarding the validity of cryptocurrencies as money is the lack of a physical backing.
Participant 5	Stablecoin frameworks backed by tangible assets.
Participant 8	Use of stablecoins backed by tangible assets (e.g. gold or fiat currencies).
Participant 9	There should be adequate disclosure that removes gharar, uncertainty and speculative elements.

Source: Data Proceed by Authors

As indicated in Table 8, the participants recognise that the lack of intrinsic value in cryptocurrencies raises legal issues in the context of *qimah maliyya*. Stablecoins backed by gold or fiat are similar to classical forms of valid currencies and thus conform to legal consensus. This mirrors Bahrain’s regulatory approach, where asset-backed tokens are explicitly licensed. Classical jurists have traditionally limited currency to items with an inherently recognised tangible value, such as gold or silver, criteria that cryptocurrencies generally do not meet. These shortcomings raise questions about the permissibility of cryptocurrencies. They are often assessed through the framework of the higher objectives of *Shariah* (*Maqāṣid al-shari‘ah*), which include the preservation of wealth (*hifẓ al-mal*) and the prevention of harm (*dar’ al-mafasid*). Moreover, the absence of intrinsic value suggests a

³⁶ Muhammad Arief Jailani, and Aishath Muneeza, "Crypto assets: The need for Shariah screening criteria for digital assets in Malaysia," International Journal of Islamic Economics and Finance Research 1 (2023): 27-47.

disconnection from tangible assets or real economic activities, which is at odds with the Islamic focus on assets and value creation. Cryptocurrencies that lack backing by tangible assets or genuine economic activities raise *Shariah* concerns, as they may involve *gharar* and lack *qimah maliyya* (monetary value).

In contrast, stablecoins backed by gold or fiat currencies and tokens linked to real-world projects are perceived as being more aligned with the classical Islamic concept of money and valid tradable assets. The current study is in line with the research of Ahmad Al Izham Izadin and Rosylin Mohd. Yusof and Ahmad Rizal Mazlan.³⁷

Table 9. Focused Coding No. 1 for Interview Question 2

Sub-themes	<i>Shariah</i> -Centric Frameworks for Certification and Asset-Backing
Participant No.	Remarks
Participant 1	So, trading in cryptocurrencies is permissible if there is a genuine <i>sil'ah</i> . Depending on the category, one must choose from cryptocurrency to cryptocurrency.
Participant 3	The classification of digital assets includes stablecoin tokens and security, interest and governance tokens.”

Source: Data Proceed by Authors

Participants 1 and 3 from Table 9 emphasise differentiated *Shariah* rulings for the various classes of tokens. This is in line with *fiqh al-mu'āmalāt*, which requires a valuation for each asset. Turkey’s regulatory guidelines on utility and security tokens provide a helpful benchmark.³⁸ The participants

³⁷ Ahmad Al Izham Izadin, Rosylin Mohd, Yusof, and Ahmad Rizal Mazlan. "The integration of Maqasid *Shariah* in evaluating stablecoins and traditional cryptocurrencies for Islamic portfolios diversification," *International Journal of Islamic and Middle Eastern Finance and Management* 18, no. 3 (2025): 577-597.

³⁸ Capital Markets Board of Turkey, Report on Crypto Assets and Financial Markets (Ankara: CMB, 2022).

stressed that each token needs to be evaluated based on its structure and intended use. This aligns with the principle of *fiqh al-mu'āmalāt* (jurisprudence of transactions), which mandates that each contract or asset be assessed individually for compliance. The current study is in line with the research of Ahmad Al Izham Izadin and Rosylin Mohd. Yusof and Ahmad Rizal Mazlan.³⁹

Table 10. Focused Coding No. 2 for Interview Question 2

Sub-themes	Institutional and Regulatory Collaboration for <i>Shariah</i> Governance
Participant No.	Remarks
Participant 3	We expect the AAOIFI and Malaysian <i>Shariah</i> scholars to take the lead in this area.
Participant 4	Develop regulatory sandboxes with the support of Bank Negara Malaysia and Securities Commission Malaysia to test and regulate <i>Shariah</i> -compliant crypto innovations.
Participant 10	The framework is in place, and academics are helping to improve it further. This would mean working with existing institutions such as Bank Negara and promoting research-based guidelines.
Participant 11	Collaboration between <i>Shariah</i> scholars, Islamic finance scholars and technical experts (ICT, cybersecurity, AI): The government should find a way to bring experts together.
Participant 7	Joint development of ethical guidelines with Bank Negara Malaysia (BNM) and fintech players.
Participant 5	Investor education programs by regulators such as BNM.

³⁹ Ahmad Al Izham Izadin, Rosylin Mohd, Yusof, and Ahmad Rizal Mazlan, "The integration of Maqasid *Shariah* in evaluating stablecoins and traditional cryptocurrencies for Islamic portfolios diversification," *International Journal of Islamic and Middle Eastern Finance and Management* 18, no. 3 (2025): 577-597.

Participant 12	Conduct workshops with the SAC, Bank Negara, academic institutions such as INCEIF and fintech players to develop an integrated framework.
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Source: Data Proceed by Authors

Table 10 emphasises the critical need for institutional and regulatory collaboration to enhance *Shariah* governance in the realm of cryptocurrency. This collaboration should be spearheaded by organisations like AAOIFI and Malaysian *Shariah* scholars, with active participation from regulators such as Bank Negara Malaysia and the Securities Commission. It is essential to establish clear regulatory parameters. In this collaborative effort, *Shariah* scholars, Islamic finance experts, and technical professionals should collaborate to formulate *Shariah* parameters for cryptocurrency, provide investor education, and create integrated frameworks through workshops and academic research. This mirrors global models such as the UAE's Shariah-compliant sandbox, where regulators and scholars jointly test crypto innovations. Such integration operationalises legal considerations into governance frameworks.⁴⁰ This study aligns with Halil Paino and Syed Iskandar Zulkarnain Sayd Idris.⁴¹

The study qualitatively examined the views of experts and developed the *Shariah* parameters for cryptocurrencies in Malaysia, which align with the *Shariah* objectives and Islamic financial framework. Table 11 below shows the developed *Shariah* parameters in detail.

Table 11. *Shariah* Parameters for Cryptocurrency in Malaysia

1. Prohibition of - Cryptocurrencies must avoid excessive Gharar (Uncertainty) uncertainty (*gharar*) in their structure, trading, and value proposition.

⁴⁰ Dubai Financial Services Authority (DFSA), Crypto Token Regime (Dubai: DFSA, 2022).

⁴¹ Halil Paino, and Syed Iskandar Zulkarnain Sayd Idris, "Modelling the digital/Crypto currencies with the fiat Money of the country: can Crypto overtake fiat money?," (2019): 107.

and (Speculation)	<i>Maysir</i>	<ul style="list-style-type: none"> - They must not promote speculative behaviour (<i>maysir</i>) resembling gambling or unjust enrichment through chance. - Transactions must be transparent, with straightforward subject matter and outcomes to satisfy the <i>Shariah</i> principle of certainty (<i>yaqin</i>). - Cryptocurrencies linked solely to speculation and not backed by tangible assets are impermissible.
2. Avoidance of <i>Haram</i> Activities and Ensuring Ethical Use		<ul style="list-style-type: none"> - Cryptocurrencies must not be associated with <i>haram</i> (prohibited) activities, such as online gambling, fraud, or activities that lack transparency and accountability. - <i>Shariah</i>-compliant cryptocurrencies must avoid anonymity features that undermine accountability. - Ethical behaviour and social justice must be upheld, avoiding instruments that encourage laziness or easy wealth without productive effort.
3. Exclusion of <i>Riba</i> (Interest-Based Elements)		<ul style="list-style-type: none"> - Cryptocurrency activities must avoid involvement in interest-based transactions or crypto-lending with predetermined returns, as this would constitute <i>riba</i>. - Any cryptocurrency project must ensure its structure, purpose, and operations do not mirror interest-based financial systems.
4. Asset-Backed and Intrinsic Value Requirement		<ul style="list-style-type: none"> - Cryptocurrencies must ideally be backed by tangible assets (e.g., gold, fiat currencies) or linked to real economic activities to satisfy the requirement of intrinsic value (<i>qimah maliyya</i>). - The absence of intrinsic value or asset-backing raises concerns of <i>gharar</i> and violates the

	<i>maqāṣid al-shari‘ah</i> related to wealth preservation (<i>hifẓ al-mal</i>).
5. Classification and Screening of Cryptocurrencies	<ul style="list-style-type: none"> - Not all cryptocurrencies are the same; they must be screened and classified based on their nature (utility tokens, security tokens, governance tokens). - Each cryptocurrency must undergo individual <i>Shariah</i> assessment according to its structure and intended use under <i>fiqh al-mu‘āmalāt</i> (jurisprudence of transactions).
6. Institutional and Regulatory Compliance	<ul style="list-style-type: none"> - <i>Shariah</i> compliance requires certification from recognised bodies, such as Bank Negara Malaysia (BNM) and the Securities Commission Malaysia (SCM), with <i>Shariah</i> boards involved in the assessment. - A formal licensing framework for cryptocurrency products and exchanges must be established, integrating <i>Shariah</i> parameters. - Ongoing <i>Shariah</i> audits and assessments are necessary to ensure continued compliance.
7. Transparency and Accountability	<ul style="list-style-type: none"> - Cryptocurrency systems must enhance transaction transparency and maintain accountability, aligning with Islamic finance principles. - Anonymity features that enable concealment of transactions are to be avoided.
8. Alignment with <i>Maqāṣid al-shari‘ah</i>	<ul style="list-style-type: none"> - Cryptocurrencies must fulfil higher <i>Shariah</i> objectives (<i>maqāṣid al-shari‘ah</i>), including: <ul style="list-style-type: none"> - Preservation of Wealth (<i>Hifẓ al-Mal</i>) - Prevention of Harm (<i>Dar’ al-Mafasid</i>) - They must contribute positively to the economy through legitimate value creation, not undermine stability through volatility or speculation.

9. Regulatory and Institutional Collaboration	<ul style="list-style-type: none"> - Regulatory bodies (BNM, SCM) must work with <i>Shariah</i> scholars, Islamic finance experts, and technical professionals to establish clear <i>Shariah</i>-compliant frameworks. - Active collaboration with bodies like AAOIFI and Malaysian <i>Shariah</i> councils is essential. - Educational efforts for the public and regulators are necessary to bridge gaps in understanding new financial technologies within a <i>Shariah</i> context
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Source: Data Proceed by Authors

Conclusion

This study examined the permissibility of cryptocurrencies in Malaysia by identifying doctrinal and regulatory concerns that undermine Shariah compliance. The findings point to persistent risks such as *gharar* (uncertainty), *maysir* (speculation), *riba* (interest), and the lack of intrinsic value, which contradict core Islamic legal principles and the higher objectives of Shariah (*maqāṣid al-shari‘ah*). These challenges are exacerbated by weak regulation, decentralisation, and low awareness among Shariah scholars, suggesting that without reforms, most cryptocurrencies will remain excluded from the scope of shariah-compliant financial instruments. To address these issues, the study proposes a Shariah framework based on the following key parameters: prohibition of *gharar*, *maysir*, and *riba*; asset backing; halal screening and institutional cooperation. The study fills a critical gap in Islamic finance scholarship by operationalising these parameters. It advances the discourse on how digital assets can be aligned with Shariah objectives, particularly the protection of wealth (*ḥifẓ al-māl*) and the prevention of harm (*dar’ al-mafāsid*).

To develop Shariah-compliant cryptocurrencies in Malaysia, a centralised Shariah verification and certification body should be established to screen digital assets against the key prohibitions of *riba*, *gharar* and *maysir*. BNM, SCM and the Shariah Advisory Council must work together to develop clear classification guidelines, enforce Shariah audits, and require assets to be backed by gold or fiat-linked stablecoins to ensure value and minimise

speculation. Regulatory sandboxes should be expanded for Shariah-supervised fintech innovations, while public education and scholarly training must improve awareness and competence for Islamic fintechs. Continued collaboration between regulators, scholars, technologists, and academic institutions is essential to harmonising fatwa, supporting ongoing research, and providing real-time Shariah guidelines to build a robust and ethical Islamic crypto-finance ecosystem.

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