



VALIDITY OF BITCOIN TRANSACTIONS IN THE PERSPECTIVE OF CROSS SCHOOLS OF FIQH

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Abstract

This research aims to explore bitcoin as an online payment system of peer-to-peer electronic money sent directly from one party to another without going through financial institutions. The existence of bitcoin as a virtual currency is considered legal, or allowed with conditions, namely if it is recognised by the state. The rights and obligations to manage iqtishadiyah including the issuance of new currencies are the authority of the state. In this research, all factors, both oral and written, from data sources have been taken and presented to answer the problems in the research. Therefore, this research is a type of descriptive research, which is research that makes a description of situations or events. In this case, bitcoin is not issued by the state and is not recognised by the Indonesian bank, so bitcoin is a currency that is considered illegal in Indonesia. The concept of bitcoin according to classical scholars and contemporary scholars includes: first, bitcoin in function is the same and there is no difference. Second, the content of bitcoin legality is illegal currency in Indonesia. Third, the weakness side can be used as a money laundering tool. Bitcoin is a digital currency that can be used by developed countries. This currency is haram li ghairihi, because the violation is caused by something else, not the substance of bitcoin itself.

Keywords: Bitcoin, Fiqh Mazhab, Islamic Law

How to cite: Wijaya, Satria and Lalu Muhammad Ariadi. 2024. "Validity of Bitcoin Transactions in the Perspective of Cross Schools of Fiqh". *Sophist: Jurnal Sosial Politik Kajian Islam dan Tafsir* 6 (1):51-66. <https://doi.org/10.20414/sophist.v6i1.113>.



A. Introduction

Globalisation is a worldwide phenomenon that has been unavoidable and unstoppable since it began in the 1990s. This era is characterised by the acceleration in various fields, including the economic field. World economic activities cannot be limited by geographical, language, cultural, and ideological factors. Rather, it is a relationship of mutual need that forms an ever-growing connection.

Speaking of economics, it certainly cannot be separated from buying and selling transactions. This activity requires a medium of exchange that is accepted by all parties. The medium of exchange is money. Money is an object or item that is easily and commonly accepted by the community to purchase goods and services and to pay debts.¹

Along with the times, the role of money increases in line with its functions. Money is no longer just a means of exchange but serves as a unit of account, a store of value, and a standard of deferred payments, and even today money can function as a commodity.²

Money in the past was very diverse in form and value. Starting from paper, coins, animal skins and others. With the development of science and technology, the form of money has changed. The most phenomenal form lately is the emergence of digital money as a means of payment and investment. This shows that the economic

¹ Luvy Sofiah, *Dasar-dasar Ekonomi* (Jakarta: PT Gramedia, 2009), 1.

² Solikin & Suseno, *Uang; Pengertian, Penciptaan, dan Peranannya dalam Perekonomian* (Pusat Pendidikan dan Studi Kebanksentralan Bank Indonesia, 2002), 2.

sector will greatly progress both in terms of goods, services and means of payment. This is because digital money is abstract and is only used in buying and selling transactions on the internet.

One of the most popular digital currencies worldwide is bitcoin. Bitcoin offers solutions to these financial problems using technology that is cheap and easy to implement and integrate into existing systems. Bitcoin itself is a virtual currency developed in 2009 by a person with the pseudonym Satoshi Nakamoto.³ Bitcoin uses peer-to-peer technology to operate, with no central authority or central bank; transaction management and issuance of bitcoins is done collectively by the network.

Bitcoin is a payment network based on peer-to-peer technology and open source. Every bitcoin transaction is stored in the bitcoin network database. When a transaction occurs with bitcoin, the buyer and seller will automatically be recorded in the bitcoin database network.⁴

Some countries that have positively implemented bitcoin as an e-commodity are Canada, Singapore, Malaysia and China.⁵ In Indonesia, there are pros and cons to the use of this digital currency. Because it does not comply with some of the elements and criteria as a currency that applies in Indonesia.⁶ Reinforced by a press conference from the Indonesian government on 6 February

³ Dimaz Ankaa Wijaya, *Mengenal Bitcoin dan Cryptocurrency* (Medan Sumatera Utara: Puspantara, 2016), 15

⁴ Oscar Darmawan, *Bitcoin Mata Uang Digital Dunia* (Jakarta: Jasakom.com, 2014), 19.

⁵ Darmawan, *Bitcoin Mata Uang*, hlm. 30.

⁶ <https://id.wikipedia.org/wiki/bitcoin>, diakses pada tanggal 7 Juni 2024

2014 stating that bitcoin and other virtual currencies are not legal currencies in Indonesia. In fact, in the world of Islamic and conventional finance, fintech has been the main topic at several events and the subject of much financial news today. Some countries such as Bahrain and the United Arab Emirates are taking precautionary measures by creating a regulatory sandbox, which Indonesia is also doing.

Fintech also raises concerns regarding the issue of sharia compliance. Digital innovation such as cryptocurrency is one of the fintech products that has raised debates regarding its sharia compliance. Digitalisation is one of the issues that must be considered in the development of the Islamic finance industry in the future. In addition to blockchain users and technology platforms for the development and marketing of Islamic financial products, digitalisation has begun to transform the Islamic banking industry with the establishment of several digital-based banks such as those in Saudi Arabia.⁷

In Islam itself, money or a medium of exchange must fulfil the requirements first, then it can be used as legal tender. According to Imam al-Ghazali, economic activity is a good deed recommended by Islam. Economic activities should be aimed at achieving *maslahah* to strengthen the nature of wisdom, simplicity and firmness of the human heart.⁸ Although Imam al-Ghazali did not

⁷Otoritas Jasa Keuangan, *Laporan Perkembangan Keuangan Syariah Indonesia*, 2018, 4.

⁸Pusat Pengkajian dan Pengembangan Ekonomi Islam, *Ekonomi Islam* (Jakarta: Rajawali Pers, 2014), 110.

explicitly discuss bitcoin, he conceptualised that all economic activities must bring maslahat to humans.

Continuing Imam al-Ghazali's argument, the Chairman of the MUI Da'wah Commission, KH Cholil Nafis, explained that the existence of bitcoin as a new virtual currency is not a problem, because in the past Caliph Umar bin Khattab intended to make a new type of money from camel skin. As for the use of bitcoin in business transactions, it tends to be haram because the existence of bitcoin has not been recognised by the state.

Seeing this phenomenon, there is still much to be studied and analysed from the perspective of religion and technology experts. Bitcoin is a world currency that is used across countries. It is not enough to stick to one scholar without comparing it with other scholars. Compare their thoughts from time to time to get clear information and can be used as a reference by the community. Therefore, researchers are encouraged to elaborate on how buying and selling transactions using bitcoin exchange tools.

B. Methodology

The method model used is the deductive method or deduction, where theory is still a research tool from choosing and finding problems, building hypotheses and making observations in the field to testing data. This model of using theory is what is usually done in qualitative descriptive research.⁹

⁹Burhan Bungin, *Metodologi Penelitian Kualitatif*, (Jakarta: Raja Grafindo Persada, 2008), hlm. 27.

The main difference is the way of looking at theory, where deductive theorisation uses theory as a starting point for theorisation, while inductive theorisation uses data as a starting point for research, even in the inductive format, there is no theorisation at all. This means that theory and theorisation are not important. Instead, data is the starting point for research.¹⁰

In this research, all factors, both oral and written, from the data sources have been taken and presented to answer the problems in the research. Therefore, this research is a type of descriptive research. Descriptive research is research that makes a description of situations or events.¹¹ Descriptive research describes and interprets objects in accordance to systematically describe the facts and characteristics of the object or subject under study precisely.¹²

C. Discussion

1. Classical Scholars' Views on Money

The context of classical Islamic economic thought referred to in this section is the thought of Muslim scholars related to Islamic economic thought after the era of the Prophet Muhammad SAW and Khulafaurrasyidin. The following will be presented as a figure of classical scholarly thought related to his views on economics, especially currency, namely Abu Hamid al-Ghazali.

¹⁰Bungin, *Metodologi Penelitian Kualitatif*, hlm. 31.

¹¹Sumadi Suryabrata, *Metodeologi Penelitian* (Jakarta: Raja Grafindo Persada, 2008), 76.

¹²Sukardi, *Metodologi Penelitian Pendidikan Kompetensi dan Praktiknya* (Jakarta: Bumi Aksara. 2011), 157.

al-Ghazali, whose full name is Abu Hamid Muhammad bin Muhammad al-Ghazali, was born in Thus, a city in Khurasan (Persia) in the middle of the fifth century AH (450 AH/1058 AD). In Latin, his name is often referred to as Algazel or Abuhamet.¹³ He was one of the great Islamic thinkers who was awarded the titles of hujjat al-Islam (proof of the truth of Islam) and zayn ad-din (jeweller of religion).

Since childhood, al-Ghazali has shown his intelligence and high interest in science. In his studies, he was known to be diligent and smart in all the schools he had attended. So in a short time, he has shown his ability and surpassed his teachers. It was all due to the role of his great parents and outstanding teachers.

His scholarly journey began with the death of his father when he was still a child. When he was about to die, he made a will to his close Sufi friend to educate and raise him. After learning from his father's friend, he continued his education in Jurjan at Imam al-Allamah Abu Nashr al-Isma'ily.¹⁴

After that, he continued his studies in Naisabur, Baghdad, Sham, Palestine, and Cairo, and ended up in Naisabur again because he was called by his children.¹⁵ From this journey in search of knowledge, it has been seen that he glorified knowledge even though he had to travel around the world. Al-Ghazali is a scholar

¹³Muhammad Edi Kurnanto, *Pendidikan dalam Pemikiran al-Ghazali*, (Jurnal Khatulistiwa-Journal Of Islamic Studies, Vol. I No. 2, 2011), 161.

¹⁴Boedi Abdullah, *Peradaban Pemikiran Ekonomi Islam* (Bandung: CV Pustaka Setia, 2011), 202.

¹⁵Boedi Abdullah, *Peradaban Pemikiran Ekonomi...*, 207.

who is very faqih in his field. Many of his thoughts were reflected in his works. Badawi says that the number of al-Ghazali's essays is 47.

As with previous Muslim scholars, al-Ghazali's attention to public life is not focused on one particular field but covers all aspects of human life. He is known to have broad thoughts in various fields, in the field of economics. His attention in the field of economics is contained in his various fiqh works. Because Islamic economics, in essence, is an inseparable part of Islamic fiqh.

Al-Ghazali realised that one of the most important inventions in the economy is money. This is at least evident from his detailed discussion of the evolution of money and its various functions. He explains how money solves the problems arising from the exchange. He also discusses the negative consequences of counterfeiting and currency debasement, an observation that precedes those of Nicholas Oresme, Thomas Gresham, and Richard Cantillon.¹⁶

Al-Ghazali's concept of finance shows a distinctive character, given the thick philosophical atmosphere due to the influence of his Sufism knowledge. However, what is interesting about his financial views is that the imam is not stuck in the philosophical order alone, but rather shows a harmonious blend between the real conditions that occur in society with these philosophical values accompanied by logical and clear arguments.¹⁷ In this case, al-Ghazali does not

¹⁶M. Nur Rianto Al Arif, *Pengantar Ekonomi Syariah: Teori dan Praktik* (Bandung: CV Pustaka Setia, 2015), 93.

¹⁷Jalaluddin, *Konsep Uang Menurut al-Ghazali*, *Jurnal Asy-Syari'ah* Vol. 16, No. 2, 2014, 170

explain the meaning of money as a whole, but we can quote his statement which says that money is a favour of Allah that is used by the community as a mediation or tool to obtain various needs of his life, which substantially does not have any value, but is needed by humans to fulfil various needs of their lives.¹⁸ He states his opinion as follows: Including the favour of Allah SWT is the creation of dirham and dinar. With both, life becomes straight. Both are just two mining goods that have no benefit in the object, but creatures need them.

2. Contemporary Scholars' Views on Money

The 1930s was a time of intellectual revival in the Islamic world.¹⁹ The independence of Muslim countries from western colonialism also encouraged the enthusiasm of Muslim scholars in developing their thoughts, especially in the field of economics. The context of economic thought in this section is the thoughts of contemporary Muslim scholars related to bitcoin or money. One of the contemporary scholars who specifically discusses currency is Wahbah Az-Zuhaili.

Shaykh Wahbah az-Zuhaili is known as a contemporary fiqh expert in the 20th century. Wahbah az-Zuhaili was born in Dir 'Athiah village, Damascus, Syria in 1932 AD, born to Mustafa az-Zuhaili, a simple farmer, and Fatimah bint Mustafa Sa'adah. He began studying the Qur'an and ibtidaiah in his village and

¹⁸Jalaluddin, *Konsep Uang Menurut...*, 173.

¹⁹Lalu Muhammad Ariadi, *Manuskrip dan Pribumasi Fikih di Lombok* (Studi atas Peran Manuskrip terhadap Persebaran Fikih Lokal), *Jurnal Al-Manahij* Vol. 8, No. 1, 2014.

completed his ibtidaiyah education in Damascus in 1946 AD. He continued his education at the Shari'ah college and graduated in 1952. He was so fond of learning that when he moved to Cairo, Egypt, he attended several lectures simultaneously, namely at the faculty of Arabic Language at Al-Azhar University and the faculty of Law at 'Ain Shams University.²⁰

Wahbah az-Zuhaili obtained a Shariah undergraduate diploma at al-Azhar and also obtained a takhassus diploma in Arabic language teaching at al-Azhar in 1956 AD. Then obtained a Licence (Lc) diploma in the field of law at the University of 'Ain Shams pada in 1957 AD, a Master of Sharia from the faculty of law at Cairo University in 1959 AD and a Doctoral in 1963 AD. He obtained his doctorate in the field of law (Islamic law) with the title *summa cum laude* (Martabat ash-Syarof al-'Ula) with a dissertation entitled *Asar al-Harbi fi al-Fiqh al-Islami, Dirasah Muqaronah Baina al-Madzahib as-Samaniyyah wa al-Qanun ad-Dauli al-'Am* (The Effects of War in Islamic Fiqh, a Comparative Study between the Eight Madhhabs and International Law) is a very brilliant record of achievement.²¹

After obtaining his doctorate, Shaykh Wahbah az-Zuhaili's first job was as a lecturer at the Faculty of Sharia, Damascus University in 1963 CE, then became an assistant lecturer in 1969 CE and became a professor in 1975 CE. As a professor, he became a guest

²⁰Muhammad Khoirudin, *Kumpulan Biografi Ulama Kontemporer* (Bandung: Pustaka Ilmi, 2003), 102.

²¹Yunianti, *Pandangan Syaikh Wahbah Az-Zuhaili dalam Kitab Fiqih Al-Islam Wa Adillatuhu Tentang Batasan Cacat Sebagai Alasan Perceraian*, *Jurnal Studi Al-Qur'an dan Hukum*, Vol. III No. 01, 2017, 94.

lecturer at several universities in Arab countries, such as the Faculty of Sharia and Law and the Faculty of Postgraduate Adab at the University of Benghazi, Libya; at Khurtum University, Ummu Darman University, African University, all three of which are in Sudan. He has also taught at the United Arab Emirates University.²²

Wahbah az-Zuhaili himself was raised in the environment of the Hanafi Mazhab scholars, which shaped his thinking in the school of fiqh. Although he is Hanafi, in the development of his da'wah he does not prioritise the mazhab or sect he adheres to, remains neutral and proportional and always respects the opinions of other mazhabs. This can be seen from the form of his interpretation when discussing verses related to fiqh. In his development, he emerged as one of the experts in the comparison of madhhabs. He passed away on the night of Saturday, 8 August 2015 at the age of 83.²³

The discussion of currency transactions (al-sharf) in the books of fiqh is very few and also limited. This limitation is understandable, because perhaps in the past, when fiqh books were being written by fuqaha, the issue of currency trading was not as prominent as other muamalat issues. Thus, not enough attention was paid to this issue. The issue of currency came to the surface and became a discussion of the scholars after the instability of the exchange rate of gold and silver during the Mamluk Sultanate,

²² Yuniанти, *Pandangan Syaikh Wahbah*, hlm. 96.

²³ Fitra Rizal, *Wakaf Non Muslim dan Wakaf Uang Menurut Pandangan Wahbah Zuhaili*, Jurnal Fakultas Ekonomi dan Bisnis Islam IAIN Bengkulu, Vol. 5 No. 2, 2019, 179.

precisely the time of Nasir Muhammad bin Qalamun during the time of Imam Ibn Taymiyyah.²⁴

Before discussing bitcoin further, what must be understood is the definition of money according to Wahbah al-Zuhaili. The definition of money according to Wahbah al-Zuhaili is as follows:

وَهِيَ كُلُّ مَا يُسْتَعْمَلُ أَدَاةً أَوْ وَسِيطَةً لِلتَّبَادُلِ بِإِعْتِبَارِهَا ثَمَانًا

Nuqud or money is anything that is used as a medium that relates the price of something and a measure or symbol of value.

Based on the definition of money according to Wahbah az-Zuhaili, it can be verified that the legal status of bitcoin can be categorised as the same as money in general. The medium of exchange can be used for transactions and the basic properties that exist in money are also attached to it.

In Wahbah's work entitled *Fiqh Islam wa Adillatuhu*, he explains the concept of currency transactions in Islam with the term *sharf*, including the virtual currency bitcoin. Bitcoin is not discussed in detail, because during his lifetime digital currency technology had not yet developed. However, the explanation that he conveyed through his work, can bring closer understanding related to the desired problem

Etymologically, *al-sharf* means *al-ziyadah* (addition), *al-adl* (balance), *al-hilah* (diversion), exchange or sale and purchase transactions. As for terminology, Mustafa Ahmad al-Zarqa defines *al-sharf* as the sale and purchase contract of one currency with

²⁴M. Rizky Kurnia Sah & La Ilman, *al-Sharf dalam Pandangan Islam*, Jurnal Ulumul Syar'i, Vol 7 No. 2, 2018, 29.

another currency, whether similar or not. For example, buying and selling dinars for dinars, dirhams for dirhams, dinars for dirhams, or dinars for dirhams in cash.

This transaction is permissible because the Prophet (peace and blessings of Allaah be upon him) allowed the sale of ribawi commodities to each other when they are of the same type and there is a similarity in size or different types although there is a difference in size on condition that they are handed over from hand to hand (cash).

3. Legal Analysis of Bitcoin in the View of Classical and Contemporary Scholars

Similar to money in general, the function of bitcoin digital money is as a medium of exchange. Bitcoin as a medium of exchange in a transaction is in the form of the smallest to largest unit of value. Then, bitcoin as a unit of account is a bit complicated, namely by calculating several unit prices of an item and then calculating how much bitcoin is worth against an item. Finally, bitcoin as a store of value is just in case. Because the number is limited and almost equivalent to gold, many people want to have it.

Al-Ghazali explained that money functions as a means to obtain certain goods and purposes. Money also has no intrinsic value because its value will vary depending on the material it is made of. Money is likened to a mirror that does not have its colour but can

reflect all colours. In other words, what plays a role in objects that function as money is the exchange rate and nominal value.²⁵

In terms of legality, bitcoin in many countries, including Indonesia, has not been recognised. Bitcoin itself is not a country's currency, but a world currency that is only produced on a limited basis, which is around 21 million coins. So that the exchange rate of bitcoin is very high and can beat the exchange price of gold. In this case, al-Ghazali stated:

If a coin contains a certain amount of silver but is mixed with copper and it is an official coin in the country, then it is acceptable, whether the silver content is known or not. However, if the coin is unofficial, it is acceptable only if the silver content is known.²⁶

From his statement, it seems that al-Ghazali strongly emphasised the legality of a currency. He regarded the state as an important institution, not only for the proper running of the economic activities of a society but also for fulfilling social obligations as prescribed by revelation. Therefore, the currency must be known by all its users and be an official act of the state.

Furthermore, one of the most dangerous disadvantages of bitcoin is that it can be used as a medium for money laundering. Criminals who want to commit money laundering can invest their money in bitcoin and distribute it to colleagues or other private wallets without anyone knowing. The difficulty of tracking the

²⁵Jalaluddin, *Konsep Uang Menurut...*, 174.

²⁶Adiwarman Azwar Karim, *Sejarah Pemikiran Ekonomi Islam* (Jakarta: RajaWali Pers, 2016), 338.

identity of bitcoin users makes money laundering very easy to do. Al-Ghazali stated that Money is not created to make money. Doing this is an offence. Dinars and dirhams are for obtaining other goods. They are not meant for themselves. If people were allowed to sell (or exchange) money for money (to make a profit), such transactions would be the goal, so money would be held back and hoarded.²⁷

D. CONCLUSIONS

The existence of bitcoin as a virtual currency is considered valid, legal, or allowed with conditions, namely if it is recognised by the state. This is because the rights and obligations to take care of iqtishadiyah including the issuance of new currencies are the authority of the state. In this case, bitcoin is not issued by the state and is not recognised by Bank Indonesia, so bitcoin is a currency that is not considered legal in Indonesia.

The concept of bitcoin according to classical scholars and contemporary scholars is the same as money in general. Based on the above studies, bitcoin is a digital currency that can be used by developed countries. It is very influential in modern economic traffic. As for the law of using bitcoin as a currency or business transaction is haram li ghairihi, because the prohibition is caused by something else, not on the bitcoin substance itself. Also because of its uncertain nature, it is possible to cause maisir and harm many people.

²⁷Abdullah, *Peradaban Pemikiran Ekonomi*, 232.

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