

A SYSTEMATIC LITERATURE REVIEW ON THE IMPLEMENTATION OF CRYPTOCURRENCY USE FROM AN ISLAMIC PERSPECTIVE

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Abstract

The use of cryptocurrency among Muslims as a financial instrument has sparked a debate in its compatibility with Islamic principles. This systematic literature review examines the implementation of the use of cryptocurrency from an Islamic perspective, focusing on its compliance with Sharia law, issues and views of scholars on it and socio-economic implications. The review synthesizes existing research to explore key themes such as the trustworthiness of cryptocurrencies under Islamic jurisprudence, their potential as a medium for improving the Muslim economy, and the associated risks and benefits. The findings reveal different scholarly opinions, with some highlighting the innovative potential of cryptocurrencies in promoting the Muslim economy while others emphasize concerns over volatility, speculation and a lack of intrinsic value, which may conflict with Islamic ethical and legal frameworks. This review also identifies gaps in the literature and provides recommendations for future research, emphasizing the need for collaborative efforts among Islamic scholars, economists and technologists to develop comprehensive guidelines for the use of cryptocurrencies in Islamic finance.

Keywords: *Cryptocurrency, Islamic Law, Islamic Finance, Gold - Back*

INTRODUCTION

The method applied in this cryptocurrency system, which is the peer to peer system, can cause issues such as fraud because there is no authoritative body that regulates the financial system. In addition, bitcoin is also seen as not sharia-compliant due to the existence of gharar (uncertainty) because there is no indicator can be seen to study the growth and fall of the value of this cryptocurrency. It is not like the capital market, which has indicators by which we choose stocks to buy, such as corporate performance, a country's economic status, current issues such as war, and so on.

In this study, the researcher will analyze about cryptocurrency and focus the study on the opinion of Islamic scholars about cryptocurrency and how to solve the issues that arise in the use of cryptocurrency.

METHODS

ROSES review protocol (see Figure 1) was employed in this study. The formulation of research questions is the first of four important steps in this review protocol that must be completed during the entire process. Subsequently, Step 2 involves conducting a systematic search strategy, which entails three further sub-steps (identification, screening, and eligibility). In Step 3, the quality of the selected literature is further determined by expert selection control. Finally, Step 4 involves data extraction where the literature will be grouped and categorised into several themes. Each step is further discussed in the subsequent sections.

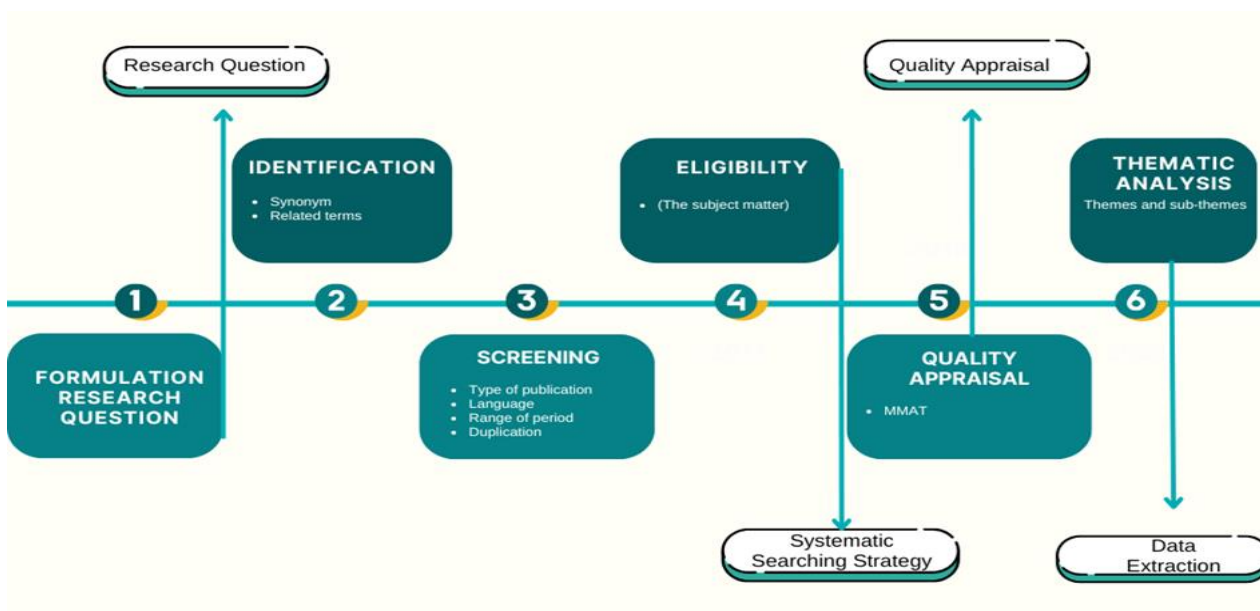


Figure 1

RESULTS AND DISCUSSION

NO	AUTHORS	DATABAS E	GENERAL		Islamic financial revolution		Determinant analysis*	
			issue	security	zakat	Economic developmen t	Fatw a	solutio n
1	Bouri, E et all	Scopus				/		

2	Ghaemi Asl et all	Scopus		/		/		
3	Yousaf et all	Scopus		/		/		
4	Dias et all	Scopus				/		/
5	Ali et all	Scopus		/		/		/
6	Nugroho et all	Scopus		/		/		/
7	Azizah et all	Scopus				/		
8	Ali et all	Scopus				/		
9	Ali et all	Scopus		/		/		/
10	Mnif et all	Scopus	/			/		/
11	Mnif et all	Scopus				/		
12	Yousaf et all	Scopus		/		/		
13	Rizvi et all	Scopus		/		/		
14	Abdeldayem et all	Scopus	/	/		/	/	
15	Aloui, C et all	Scopus				/		
16	Mnif et all	Scopus				/		
17	Lahmiri et all	Scopus				/		
18	Shoaib Ali et all	Emerald		/		/		
19	Asif Zaman et all	Emerald		/		/		
20	Jamal Wiwoho et all	Emerald		/	/			
21	M. Kabir Hassan et all	Emerald	/	/			/	/

22	Yousra Trichilli et all	Emerald				/		
23	Aishath Muneeza et all	Emerald	/		/		/	
24	R Othman et all	Google scholar	/				/	
25	A Zaman et all	Google scholar				/		
26	H Abid et all	Google scholar					/	
27	MS Afzal et all	Google scholar	/	/				
28	MM Alshater et all	Google scholar				/		

A total of 28 articles were gathered post-screening, eligibility, and quality appraisal. Specifically, 16 (57.14%) articles originated from Scopus, while 7 (25%) were collected from, and 5 (17.88%) from Google Scholar. There are 6 sub-topics that the author has obtained as a result of this study which is issue, security, zakat, economic development, fatwa and solution.

SUB TOPIC

Issues

Based on the first sub theme, there are some article discuss about the issues that happened among the muslim whether the cryptocurrency is shariah compliance or not. Abdeldayem et all stated that numerous individuals in the Middle East and Gulf Cooperation Council (GCC) do not consider bitcoin, Ethereum, and different cryptocurrencies to be compliant with Shariah law because it has some shariah issues such as speculation. According to Shariah rules, cryptocurrencies don't entirely fit the definition of money. Because of issues with volatility,

inherent value, and governance, scholars disagree about whether they should be considered a medium of exchange. (M. Kabir Hassan et al,2023).

Solutions

Now there is a new technology called one coin to replace the conventional cryptocurrency and it self is shariah compliance. Islamic cryptocurrencies are brand-new technologies that are modeled after real gold or coins. Existing blockchains have been used by technological applications to appease certain investors' religious requirements. Al Maali Consulting certified OneGram as the first cryptocurrency in accordance with accepted Islamic law. Every OneGram coin has a fixed minimum price since it is backed by at least one gram of real gold. (Dias,2024).

Islamic gold-backed cryptocurrencies differ from their conventional counterparts in that they are touted to be Shariah-compliant. The Shariah principles ban Muslim investors from engaging in financial speculation. In this situation, Shariah compliance is assured since the value of the Islamic gold-backed cryptocurrencies is fixed to a set quantity of gold, which constitutes their inherent value and distinguishes them from their conventional counterparts. Unlike Islamic gold-backed cryptocurrencies, the value of traditional cryptocurrencies is defined by the users' collective view and belief in the technology and its utility. In contrast, Islamic gold-backed cryptocurrencies are tied to the value of gold, which is a tangible and historically recognized store of value in Islamic finance (Ali, et al,2024).

CONCLUSIONS

The review emphasized that the reliability of cryptocurrencies largely depends on their compliance with key Shariah principles, such as avoiding excessive uncertainty (gharar), ensuring fair and ethical practices, and observing the prohibition of interest (riba). Although research continues, there is interest in finding innovative solutions to Shariah-compliant cryptocurrencies, to address existing challenges and capitalize on potential benefits for Muslim communities around the world.

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