

Cryptocurrency as Investment in Commodity Futures Trading in Indonesia; Based on *Maqāṣid al-Sharī'ah* Approach

Achmad Fageh, Aldi Khusmufa Nur Iman
Universitas Islam Negeri Sunan Ampel Surabaya
acb.fageh@uinsby.ac.id

Abstract:

Lately, cryptocurrency investors and transactions in Indonesia are thriving, the number of crypto asset investors as of the end of February 2021 has reached 4.2 million people, which exceeds the number of stock investors in Indonesia. This study aims to determine specifically cryptocurrency as an investment in commodity futures trading in Indonesia using the *Maqāṣid al-Sharī'ah* approach. This research uses a qualitative approach. The data collection technique used is literature study by collecting data from previous studies in the form of documentation of articles, journals, or books as well as publication data from other parties. The data analysis techniques used were data reduction, data presentation, and concluding, from the collected data analyzed through SWOT analysis (strengths, weaknesses, opportunities, and threats) then continued using the *Maqāṣid al-Sharī'ah* approach (*Maṣlahah* and *Mafsadah*). The results show that cryptocurrency technology with blockchain can indeed be recognized as an excellent revolutionary technology, but the position of cryptocurrency as an investment in commodity futures trading contains an element of gambling because it contains high speculation and is gambling by taking advantage of the level of volatility. In addition, cryptocurrencies are prone to be used by illegal practices such as money laundering, so that when compared to *Maṣlahah* and *Mafsadah* it contains greater *Mafsadah*.

Keywords: Cryptocurrency; Bitcoin; Investment; *Maqāṣid al-Sharī'ah*

Abstrak:

Belakangan ini investor dan transaksi cryptocurrency di Indonesia sedang tumbuh subur, jumlah investor aset kripto per akhir Februari 2021 mencapai 4,2 juta orang yang melebihi jumlah investor saham di Indonesia. Penelitian ini bertujuan untuk mengetahui secara spesifik cryptocurrency sebagai investasi dalam perdagangan berjangka komoditi di Indonesia dengan pendekatan *Maqāṣid al-Sharī'ah*. Penelitian ini menggunakan pendekatan kualitatif. Teknik pengumpulan data yang dilakukan yaitu studi pustaka dengan mengumpulkan data dari studi sebelumnya berupa dokumentasi artikel, jurnal ataupun buku serta data publikasi dari pihak lain. Teknik analisis data yang dilakukan yaitu reduksi data, penyajian data, dan penarikan kesimpulan, dari data yang terkumpul

dianalisis melalui analisis SWOT (kekuatan, kelemahan, peluang, dan ancaman) kemudian dilanjut menggunakan pendekatan maqasid al-sbariah (Maṣlahah dan Mafsadah). Hasil penelitian menunjukkan bahwa teknologi cryptocurrency dengan blockchain memang bisa diakui sebagai teknologi revolusioner yang sangat baik, tetapi kedudukan cryptocurrency sebagai investasi dalam perdagangan berjangka komoditi mengandung unsur gambling karena di dalamnya terdapat spekulasi tinggi dan bersifat untung-untungan dengan memanfaatkan tingkat volatilitas. Selain itu cryptocurrency rentan digunakan praktek illegal seperti: money laundry, sehingga jika dibandingkan Maṣlahah dan Mafsadah lebih besar mengandung Mafsadah.

Kata Kunci: *Cryptocurrency; Bitcoin; Investasi; Maqāṣid l-Shar'ah*

Introduction

The first successful decentralized cryptocurrency was known as Bitcoin and was launched in 2009 by the pseudonym Satoshi Nakamoto (Nakamoto, 2008, pp. 19-28). Cryptocurrency works with a peer-to-peer digital exchange system that uses cryptography to generate and distribute tokens (Farell, 2015, pp. 1–23c).

Cryptocurrency is considered a new technology that disrupts the established, existing, and trusted financial payment systems for decades. Cryptocurrency can revolutionize the digital trading market by creating a free-flowing trading system with no banking fees. Using cryptocurrency, users can exchange values digitally without third-party supervision. Cryptocurrency works on the theory of breaking an encryption algorithm to create a limited number of unique hashes, combined with a network of computers that verify transactions so that users can exchange hashes as if they were exchanging physical currency (DeVries, 2016, pp. 1–9). Also, cryptocurrencies are not issued by central banks as banknotes, but are formed through algorithms and are decentralized based on blockchain technology that is present on millions of computers around the world, so they cannot be printed by any central agency (Irfan, 2019).

The issuance of cryptocurrency that is not recognized by the central authorities is considered one of the main criticisms because it is unknown and there is no monetary authority to supervise or guarantee it. Also, cryptocurrency is considered an avenue for money laundering and other illegal activities (Lawal, 2019). Several countries are pros and cons of the emergence of this cryptocurrency, contra countries such as Saudi Arabia argue that bitcoin has been used as a tool for illegal transactions in exports and imports and does not comply with any tax rules besides that its use also leads to actions such as money laundering (Fatarib & Meirison, 2021, pp. 237–261). Meanwhile, countries that are pro with

cryptocurrency such as Germany consider bitcoin to be an electronic currency. Therefore, the government can impose profit tax on companies that use electronic money as a transaction tool in various activities. Not only Germany but the realization of bitcoin use in Japan has also been seen from the number of retailers who carry out their activities using bitcoin payments. The number of sellers who apply bitcoin is more than 4,500 outlets (Fatarib & Meirison, 2021, pp. 237–261).

In Indonesia, the government of Indonesia has released official regulations on crypto assets (cryptocurrency) as a commodity in commodity futures trading (PBB) through the Commodity Futures Trading Supervisory Agency (BAPPEBTI). This rule is thought to have delivered a breath of fresh air and a first step into the digital financial industry. Crypto assets that can be used as the subject of Futures Contracts, Sharia Derivative Contracts, and other Derivative Contracts exchanged on the Commodity Futures Exchange were officially regulated by BAPPEBTI and the Minister of Trade Regulation (PERMENDAG) in February 2019 (CNN, 2019). These rules were made to provide space for investors to develop business renewal in the era of digital commodities, business certainty in the digital sector, and certainty of legal protection for investors investing in crypto asset trading, leading to anti-money laundering and terrorism financing. One of the rules used in the reference for cryptocurrency investment is Bappebti Regulation Number 5 of 2019 concerning Technical Provisions for the Implementation of the Physical Market for Crypto Assets in the Futures Exchange (Nitha & Westra, 2020, pp. 712-722).

Lately, cryptocurrency investors and transactions in Indonesia are thriving. The jump in crypto asset prices has sparked the interest of investors and traders in the country. There are concerns that there has been a massive shift in stock exchange investors to digital assets. Based on Bappebti data, the number of crypto asset investors as of the end of February 2021 reached 4.2 million people. This figure is still below the number of investors in the capital market, which reached 4.5 million. However, the number of crypto investors outperforms the number of stock investors (CNBC, 2021). As of February 2021, based on data from the Indonesia Stock Exchange (IDX), the number of Single Investor Identification (SID) shares has reached 2 million accounts or to be precise 2,001,288 accounts. This figure is an increase of 18.05% or 306,020 SID from the end of 2020 of 1.69 million accounts or to be precise 1,695,268 accounts (KSEI, 2021).

Even though Indonesia is a country with a majority Muslim population and has a population of 207.6 million (World Bank, 2019), which a Muslim cannot be isolated from

the guidelines and norms of the prevalent Islamic faith in their everyday lives. A devout Muslim must conduct all commercial activities in compliance with current sharia law and exclude elements that Allah SWT has forbidden.

Many studies have examined the issue of sharia from cryptocurrency, one of which is research conducted by Yuneline, (2019) which seeks to examine the characteristics of cryptocurrencies from four perspectives including the perspective of sharia, which argues that cryptocurrencies can be considered *mal* (property) because of desire and storage, but cannot be considered *Thamaniyyah* (monetary value), because they still require fiat currency values to determine cryptocurrency value.

Amri & Mohammed in Billah (2019) stated in their research that cryptocurrency has its advantages and disadvantages. But for one thing, related to sharia compliance, it is still an ongoing debate. This research sets a new direction in cryptocurrency analysis based on the *Maqāṣid al-Shari'ah*.

The same research was conducted by Noh & Bakar, (2020) which researches related to cryptocurrency as the main currency which is reviewed by the *Maqāṣid al-Shari'ah* approach. Where the research results show the weight of loss or interpretation of cryptocurrency tends to be clearer than *Maslahah* if in this case, it mandates cryptocurrency as the main currency.

Another researcher, Kusuma (2020) examines cryptocurrency in Indonesian commodity futures trading from the viewpoint of Islamic law, concluding that bitcoin in commodity futures trading also retains aspects of *maysir* since it is speculative. It is more difficult than trading foreign currency (forex). As a result, using bitcoin as a sharia derivative contract tool is *haram lighairibi*, or *haram* due to external considerations (*maysir*, *riba*, and vulnerability to criminal practices).

Any of the above analyses focus on the use of cryptocurrencies as a currency from a sharia viewpoint. As a result, this research aims to use the *Maqāṣid al-Shari'ah* approach to assess cryptocurrency as an investment tool in commodity futures trading in Indonesia. The research is intended to help determine reader and associated party perceptions to make it a basic guide for Islamic business ethics in daily life and to provide a foundation for consideration to add benefits and *Maslahah* to economic activity.

Method

This research uses a qualitative approach. The data collection technique used is literature study, in conducting a SWOT analysis (strengths, weaknesses, opportunities, and threats) on cryptocurrency, this article collects data from previous studies by collecting library documentation from articles, journals, or books as well as publication data from other parties who be the source for examining the issues in this article.

The data analysis techniques used in this article are data reduction, data presentation, and concluding. From the data collected through the SWOT analysis, it was analyzed using the *Maqāṣid al-Shari'ah* (*Maṣlahah* and *Mafsadah*) approach. This data analysis process will later sharpen the essence of this article and eliminate data that is not related to the problem formulation of the article so that it will become a discussion that answers the problem formulations that underlie this article.

Discussion

1. *Maqāṣid al-Shari'ah* Approaches on Islamic Law and Economic

The subject of *Maqāṣid al-Shari'ah* or the objective of Sharia has become famous over the years. The stages of the Maqasid theory begin with al-Juwayni. His rough theory was later refined by his student, al-Ghazali. After that, *al-Maqāṣid* gradually developed as an important independent branch of the discipline (Billah & Amadu, 2019). The essence of the *Maqāṣid* concept is to create goodness as well as avoid badness (Mu'allim & YUSDANI, 1999 in Riyanto, 2010, pp. 68–70), the term which corresponds to the essence of *Maqāṣid al-Shari'ah* is *Maslahah* because the rule of law in Islam must lead to *Maṣlahah*.

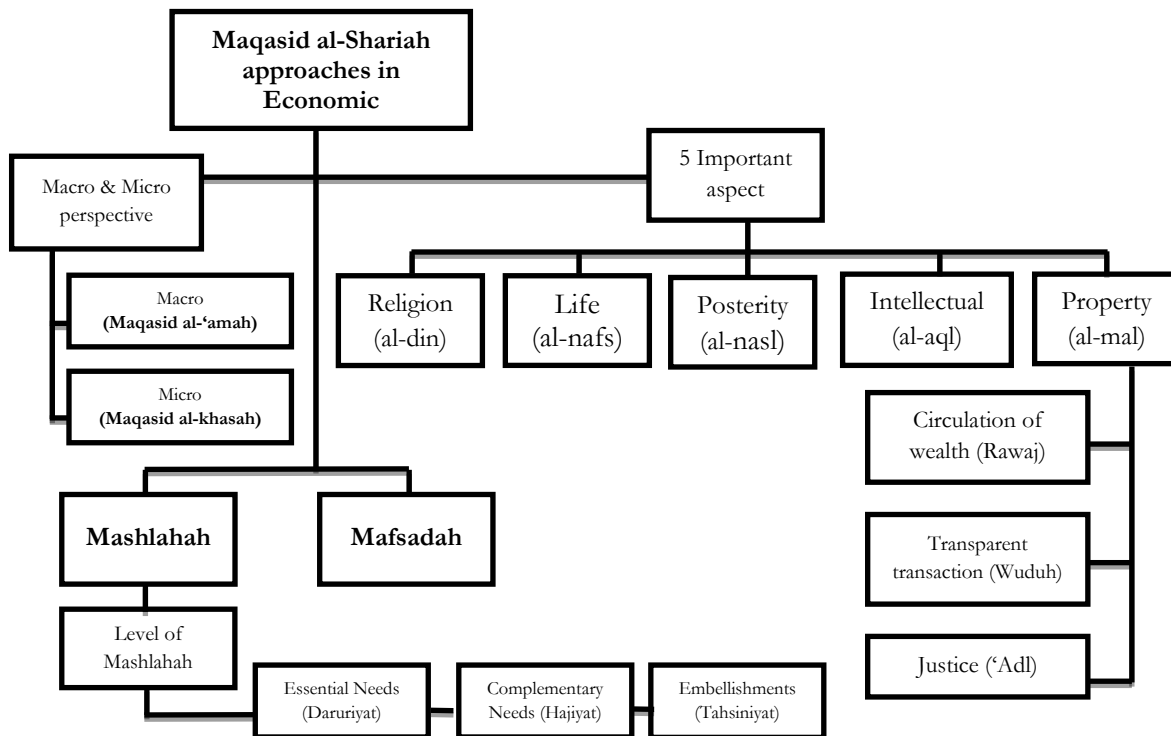
Imam al-Haramian al-Juwaini (1400 H) can be considered the first *ushul fiqh* thinker to stress the role of Maqasid Al-Shari'ah in defining Islamic rule. He explicitly notes that no one can be said to be capable of creating rules in Islam unless he knows Allah's real motivation for issuing His commands and prohibitions. Then al-Juwaini further elaborated this theory concerning *'illat, asl* can be divided into five parts, namely original which is categorized as *huduriyyat* (primary), *al-hajat al-'ammah* (secondary), *makramat* (tertiary) (Riyanto, 2010, pp. 68–70). Furthermore, al-Juwaini's thought was developed by his student, al-Ghazali. *Maslahah* according to al-Ghazali is to maintain religion, soul, mind, descent, and property. The five types of *Maṣlahah* above for al-Ghazali are on a different priority scale and order when viewed from the point of view of their goals, namely primary,

secondary, tertiary goals (Riyanto, 2010, pp. 68–70). Anything that is meant to maintain the five objectives of Islamic law is called *Maṣlaḥah*. On the contrary, anything that damages or negates the five objectives of Islamic law is called *Mafṣadah*. Izzuddin Abd Salam in the book "*Qawā'id al-Aḥkām fī Maṣāliḥ al-Anām*" asserts that all *Maqāṣid al-Shari'ah* aims to maintain existing legal rules by realizing benefit and rejecting *Mafṣadah* (Rohman, 2018, pp. 205–221).

When it comes to dealing with the emergence of problem phenomena, the *Maqāṣid* approach has a unique quality. To begin with, *Maqāṣid al-Shari'ah* serves as the foundation for regulatory legislation aimed at achieving human wellbeing through the induction process in religious source texts. Second, *Maqāṣid al-Shari'ah* is universal, addressing all humanity with the embodiment of *Maṣlaḥah*. Third, *Maqāṣid Al-Shari'ah* covers all aspects of human life, including prayer and *Muamalah*. Fourth, the *Maqāṣid* system of law is definitively founded on a variety of general and particular textual and logical bases, rather than on a single textual basis (Dusuki & Bouheraoua, 2011 in Yulianto, 2019).

In an economic context, *Maqāṣid al-Shari'ah* commonly applies to the goals of sharia in any economic operation, be it commerce, expenditure, finance, or economic policy. Many methods have been used by Islamic academics and scholars in debating and interpreting *Maqāṣid al-Shari'ah* in the economic field. Technically, both of these approaches are based on the Qur'an, al-Hadith, and classical sources. The *Maṣlaḥah* and *Mafṣadah* methodology, however, is the most common and detailed predictor in evaluating economic development, like cryptocurrencies, from the viewpoint of *Maqāṣid al-Shari'ah*, as it will serve multiple aspects. (Noh & Bakar, 2020). Figure 1 summarizes *Maqāṣid al-Shari'ah*'s approach in economics.

Figure 1. *Maqāṣid al-Sharī'ah* approaches in Economy
Source: (Noh & Bakar, 2020)



Scholars also use the terms *Maṣlaḥah* and *Mafsadah* when discussing *Maqāṣid*. *Maṣlaḥah* means to gain or interest in Arabic, and it refers to the benefit expected by the Sharia lawgiver in preserving faith, spirit, intellect, descent, and properties. *Mafsadah* is the antonym of *Maṣlaḥah*, and it refers to damages avoided by lawgivers by sharia rules and regulations. Ismail et al.,(2016) argued that the best term to explain and describe economic motivations from an Islamic economic viewpoint is *Maṣlaḥah* (welfare). It is one of the sharia's goals to classify all production processes that affect *Maṣlaḥah* as important for humans (Ismail et al., 2016, pp. 1–8). Some consider the *Maṣlaḥah* to be one of the *Maqāṣid al-Sharī'ah's* central principles (Dayyan & Mohammed, 2014, pp. 102–124). In a different light, welfare should be applied and used as a metric for determining the effect of technologies, creativity, and awareness on specific behaviors (Noh & Bakar, 2020).

In the current situation, the *Maṣlaḥah* approach occurs when several things happen but are not mentioned in the Koran or al-Sunnah and these things must be resolved to preserve the *Maqāṣid al-Sharī'ah* (Noh & Bakar, 2020). In the modern period, the role of

Maṣlahah is becoming increasingly important, especially in terms of applying Islam in the realities of modern life. *Maṣlahah* has the potential to transform Islamic traditions, especially in the age of technology, politics, economy, and societal evolution (Noh & Bakar, 2020). This approach can be used to address problems in diverse fields such as banking and economics, politics, medicine, and issues affecting Muslim minorities in the modern world (Noh & Bakar, 2020). Not unexpectedly, many Islamic bodies' resolutions, fatwas, and Islamic rules are now focused on *Maṣlahah*.

2. Cryptocurrency; SWOT Analysis

As mentioned by previous research, cryptocurrencies have been introduced with several strengths. Among other things, transactions that take place in cryptocurrency are very secure with strong cryptographic functions. The transaction uses a secret signature called cryptography which serves to protect it so that there will be no forgery and double issuance (Nakamoto, 2008). A ledger that permanently records all transactions can solve the problem of double-spending (Evans, 2015, pp. 1–11c).

According to (Lee, Guo, & Wang, 2017, pp. 16–40), transactions involving cryptocurrencies can be completed in under a minute. It is quicker than conventional currencies and payment processes because verification and settlement times are not affected by the sender and receiver's geographic area, either directly or indirectly (European Central Bank, 2015) The operation of cryptocurrency, however, has no information on the existence of financial intermediaries. As such, cryptocurrencies have the potential to serve the government recently in regulating foreign tax evasion (Marian, 2013 in Al-hussaini, Ibrahim, Fauzan, & Mohadis, 2019)

Cryptocurrency will also not be affected by inflation and will not be affected by a change of government, this digital money can be considered a commodity like gold (DeVries, 2016, pp. 1–9). Because it has never experienced inflation, there is no erosion of purchasing power due to inflation (Yussof & Al-Harthy, 2018, pp. 48–65). Cryptocurrency may also be known as an unregulated currency since it is not owned by any nation or country.

Another strength, when compared to retail electronic payments and international transfers using fiat currencies, cryptocurrencies promise lower fees than all of these. (Ali,

Barrdear, Clews, & Southgate, 2014, pp. 262–275). Bello Lawal Danbatta (Secretary-General, IFSB Malaysia) stated that cryptocurrency offers various benefits for Muslims such as cost savings, efficient transactions, and including non-bankable ones (Abu Bakar, Rosbi, & Uzaki, 2017).

While cryptocurrencies have some strengths, they also have some weaknesses, including the fact that they have no intrinsic value. For instance, Bitcoin has no inherent value and no physical structure because it only resides in digital form; additionally, its availability is not determined by any central bank, and it is not distributed or managed by any corporation (Muhammad, 2017 in Abubakar, Hassan, & Haruna, 2019, pp. 189–200). Some stakeholders have also argued that digital cryptocurrencies are not real money because they are not supported by tangible assets that have intrinsic value (Bank of England, 2014 in Adam, 2017).

According to Lee et al., (Lee et al., 2017, pp. 16–40), the absence of intrinsic value in cryptocurrencies, in this case, can cause bubbles and price volatility. because it has high price volatility. This refers to the term speculation. Speculation is an external factor that does not have the attention to determine something like money and currency is valid. Prices are always based on supply and demand rules (Yuneline, 2019).

Another weakness is that the mining fees are too high and keep increasing over time, especially for minable cryptocurrencies. According to Peter, (DeVries, 2016) mining costs increase due to the difficulty in completing the algorithm. Berentsen et al., (2018) argued that mining is expensive because it uses too much electrical power for computational purposes, especially for cryptocurrencies that use proof of work (PoW) as their protocol.

Cryptocurrency can be said to be a decentralized currency system that relies solely on the system and there is no consumer protection for its users (Lee et al., 2017, pp. 16–40). According to Zahudi et al., (2016), the absence of consumer protection in cryptocurrency is mainly due to the limited regulations in it. Also, cryptocurrency is not a legal means of payment and there is no monetary authority to supervise or guarantee it (Lawal, 2019). The Cryptocurrency system operates without the support of any government or any monetary authority (Trabelsi, 2018, cp. 66).

Meera in Chowdhury & Razak (2019) also stated that cryptocurrencies are not backed by real assets. Cryptocurrency is inseparable from the risks associated with

exchange rate volatility, market manipulation, and regulatory risks (Peters, Chapelle, & Panayi, 2016, pp. 239–272). Therefore, many creditors are reluctant to support cryptocurrency companies because of the risk of money laundering (Seele, 2018, pp. 133–139). As a result, cryptocurrency is not a legitimate form of payment, the cryptocurrency issuer is anonymous, cryptocurrency has no central authority or government backing, cryptocurrency is extremely speculative, and cryptocurrency is a conduit for money trafficking and illegal practices.

Apart from the strengths and weaknesses in cryptocurrency, there are opportunities as well as threats related to this currency. Among the opportunities is that cryptocurrency can solve some problems that cannot be solved in the current financial system. According to Peter, (DeVries, 2016), by being a peer-to-peer (P2P) system, cryptocurrency can solve problems in the banking system and close the weaknesses of conventional financial technology.

Moreover, It has the potential to improve global financial performance by lowering transaction costs and promoting peer-to-peer exchanges. In the long run, blockchain technology can broaden financial inclusion by providing safe and affordable payment solutions, and the consequences could have an impact on financial system infrastructure for a secure, reliable, and fast transaction settlement method (Yuneline, 2019). This will have a positive impact on the global economy, especially if it is widely accepted.

In terms of threats, this currency is also at risk of being misused for illegal activities, as well as a risk to financial stability because it is not supported by any assets and lacks consumer protection (Yuneline, 2019). Besides that, the circulation of cryptocurrency in the economy is also untraceable. Thus, the government or regulatory body can lose control of the economy especially if it becomes the main currency (Noh & Bakar, 2020). For example, several governments or countries oppose and reject cryptocurrency, especially Bitcoin for these reasons (Fatarib & Meirison, 2021, pp. 237–261), between:

- a. China, this country has directed to close the Bitcoin exchange, which caused unrest on the conventional stock exchange. After China banned the use of bitcoin and made it mandatory to use legal means of payment, the value of bitcoin decreased by 10%.
- b. Saudi Arabia, this country announced through a Saudi financial institution that the institution has decided to prohibit banks in their country from buying Bitcoin. Bitcoin

has been used as a tool for illegal transactions in export and import and does not comply with any tax rules.

- c. Lebanon, the Central Bank of Lebanon prohibits the purchase of bitcoin and uses it for any payment.
- d. Iceland, this country has strict rules in capital and investment. This country is trying to control the flow of capital in the country. They think that Bitcoin is incompatible with their banking rules.
- e. Vietnam, since Bitcoin was issued, this country through its central bank has banned the use of Bitcoin as a means of transaction or storage. The use of Bitcoin in Vietnam is illegal because it is linked to criminal acts, such as money laundering.
- f. Bangladesh, the Central Bank of Bangladesh expressed concern about the absence of an integrated payment system by Bitcoin which would harm consumers.
- g. Bolivia and Kyrgyzstan, the Central Bank of these two countries warn not to engage in any activity involving Bitcoin or counterfeit money.
- h. Ecuador and Russia, these two countries indirectly prohibit the use of Bitcoin in any form. As in Ecuador, the majority of parliamentarians prohibit the use of Bitcoin. In Russia, however, warnings continued to pop up in the Russian mass media which economists shouted unofficially.

Figure 1. Compilation of SWOT analysis of the cryptocurrency

Strengths	Weaknesses	Opportunities	Threats
Transparent transaction.	No intrinsic value	Solve conventional financial system problems	Open up opportunities for speculation
secure transactions	Does not have tangible assets	Strengthen global financial efficiency	Risk of being misused for illegal activities
Faster transaction	Perfect vehicle for forming bubbles.	Has the potential to deepen financial inclusion by offering safe and inexpensive payment options	Risk for financial stability

Not affected by inflation	High level of volatility	Can affect the financial market infrastructure for a safe, accurate, and fast transaction settlement process	The circulation of cryptocurrencies in the economy is also untraceable
low transaction fees	Mining costs are too high		
	Absence of consumer protection		
	Limited regulation		
	There is no monetary authority to supervise or guarantee it		
	Without support from the government		
	Money laundering risk		

3. Cryptocurrency as Investment in Commodity Futures Trading in Indonesia; Based on *Maqāṣid al-Sharī'ah* Approach (*Maṣlahah* and *Mafsadah*) Analysis

The commodity market is the meeting point between supply and demand for goods and derivatives. Commodity prices are dictated by consumer supply and demand, not by manufacturers' or sellers' calculations. The price is then determined based on the measurement of individual commodity actors' values (purchasing power). Agricultural commodities like cocoa, sugar, cotton, crude palm oil, CPO, maize, and others are examples of commodity topics. Coal, minerals, and gold are all resources that are traded when it comes to agricultural or mining goods (Kusuma, 2020, pp. 109–126).

. There are two kinds of commodity futures markets: over-the-counter (OTC) and futures exchanges. OTC is a platform for bilateral contract futures. Meanwhile, the futures exchange is a multilateral contract system futures market. The Commodity Market is a term used to describe the over-the-counter (OTC) commodities market. In the meanwhile, the futures market is often referred to as the Commodity Exchange (Samsul, 2010). The Commodity Market is further categorized into forwarding and Swap Contracts. According to Law Number 10, the Year 2011 Concerning Commodity Futures Trading, the

commodity market (futures exchange) has four kinds of contracts: futures contracts, derivatives contracts, Sharia Derivative Contracts, and options contracts.

The Indonesian government has inaugurated the use of cryptocurrency as a commodity in Futures Trading, through the policy of the Minister of Trade of the Republic of Indonesia Number 99 of 2019 concerning the General Policy for the Implementation of Crypto Asset Futures Trading which essentially regulates that "Crypto assets are designated as Commodities that can be used as a commodity. Futures subject that are traded on the Futures Exchange", as stipulated in Article 1. Further regulations are also regulated by the Commodity Futures Trading Supervisory Agency in Bappebti regulation Number 3 of 2019 and Bappebti Number 5 of 2019. (Nitha & Westra, 2020, pp. 712-722). Bappebti not only regulates marketplaces that want to become cryptocurrency platforms in Indonesia but also regulates investors who want to carry out cryptocurrency buying and selling transactions where the requirements must be met, namely investors occupy money to be used for transaction activities with a separate account on behalf of the marketplace. intended for the interests of the Futures Clearing House (Nitha & Westra, 2020, pp. 712-722).

Maqāṣid al-Sharī'ah, through *Maṣlahah* and *Mafsadah*, acts as a tool in analyzing innovations including cryptocurrency. Acts as a method in studying emerging technologies, such as bitcoin, by *Maṣlahah* and *Mafsadah*. According to the SWOT report, the weakness and challenges of cryptocurrency, which can be interpreted as *Mafsadah*, outnumber the benefits and prospects of cryptocurrency, which can be interpreted as *Maṣlahah*. This demonstrates that cryptocurrency, as mentioned in the table above, is unsuitable as an investment vehicle because it lacks inherent value and is subject to excessive speculation.

One of the advantages of cryptocurrency as a transaction tool is lower costs and more transparent transactions because it is caused by a decentralized system where the role of third parties is eliminated so that this method reduces the costs of managing and administering transactions. In the business world, cost reduction is always the main agenda when involving many parties in a system that connects individuals and companies. Thus, the existence of a *Maṣlahah* cryptocurrency system, in this case, can be realized and achieved.

In terms of legality, although cryptocurrency has received a legal umbrella in Indonesia as a commodity in futures trading, Bank Indonesia states that bitcoin and other

cryptocurrencies are not legal currencies or payment instruments in Indonesia, in Bank Indonesia Regulation No. .20 / 6 / PBI / 2018 concerning Electronic Money states that: bitcoin or cryptocurrency is not a currency in Rupiah (Yusup, 2020), The exchange rate is very volatile, so it is vulnerable to the risk of a bubble (inflation), there is no responsible authority and no official administrator, there is no underlying asset that underlies the price of bitcoin, and low consumer protection. so that Bank Indonesia calls it a gambling transaction (Ausop & Aulia, 2018).

This implies that in commodity trading in Indonesia, cryptocurrency still cannot avoid several *Mafsadah* characteristics, one of which is speculation. Cryptocurrency does not have tangible assets so it is vulnerable to high volatility, the phenomenon of soaring bitcoin or cryptocurrency prices is due to purely a large number of market demands and the limited number of offers not from an increase in asset value or the intrinsic value of these goods, so the level of gambling trading in cryptocurrency commodities is also very high.

Besides that, In the crypto world, topics such as hacking losses, and scams are still brought up and debated. According to Binance, a cryptocurrency exchange headquartered in Taiwan, the amount of losses and breaches is worth around USD 40 million, with hackers being able to steal 7000 bitcoins in a single transaction. Phishing, ransomware, and other threats are among the methods used. It also implies that a large-scale security violation has occurred (Reddy, 2019). For the record, hackers stole more than USD 356 million from exchangers in the first three months of 2019 (Nast, 2019). It has been going on since 2017, with a total loss of USD 2 billion, with the majority of the cases involving exchangers (Nast, 2019). This will inevitably disturb the market's smooth operation, particularly as the problem of security breaches is still unresolved, despite some claims that the currency's security cannot be hacked.

Thus, from this study, it is concluded that cryptocurrency technology with blockchain can indeed be recognized as a very good revolutionary technology, but the position of cryptocurrency as an investment in commodity futures trading contains an element of gambling because it contains high speculation and is gambling by taking advantage of the level of volatility. Also, cryptocurrencies are prone to be used by illegal practices such as money laundering, so that when compared to *Maṣlahah* and *Mafsadah* it contains greater *Mafsadah*. Based on the rules of the jurisprudence proposal which reads:

"{*Dar'u al-Mafāsīd Muqaddam 'alā Jalb al-Maṣāliḥ*}". This rule means that it is better / primarily to avoid *Mafsadah* (ugliness/damage) than to take advantage of it (P3EI UII, 2009).

Conclusion

In summary, cryptocurrency is an unprecedented innovation in today's financial world that offers several advantages, however, cryptocurrency is still considered in its infancy and has weaknesses. *Maqāṣid al-Shari'ah* always pays attention to the implications of operational activities and the structure and criteria of this cryptocurrency. Based on the SWOT analysis above, it appears that the weight of the loss or *Mafsadah* tends to be greater than the *Maṣlahah*, both in terms of its usefulness as currency or as an investment instrument in commodity futures trading. However, it is suggested that further studies be carried out by characterizing the level of *Mafsadah* and *Maṣlahah* and even deeper by categorizing and describing cryptocurrency-related models or frameworks that support *Maṣlahah* more than *Mafsadah* from the point of view of *Maqāṣid al-Shari'ah*.

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