

Editorial

Cryptocurrency: An Islamic Perspective

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Cryptocurrency has become a groundbreaking financial innovation, changing the way digital transactions and asset management are handled. Its decentralized structure, reliance on blockchain technology, and potential for worldwide access have attracted a lot of attention from investors, technologists, and policymakers around the globe. However, from an Islamic perspective, the permissibility and ethical issues related to cryptocurrencies need careful review based on Islamic law.

Islamic finance is guided by principles from the Quran and Hadith, focusing on justice, transparency, and the prohibition of interest (riba), gambling (maysir), and uncertainty (gharar). Cryptocurrencies, by their nature, challenge traditional financial ideas and raise questions about whether they comply with these principles.

- **Riba (Interest):** Unlike traditional banking, cryptocurrencies do not naturally involve interest; however, using them in interest-based deals or speculative trading could go against Islamic teachings.
- **Gharar (Uncertainty):** The high volatility and speculative aspect of cryptocurrencies create significant uncertainty, which is discouraged in Islamic finance.
- **Maysir (Gambling):** The chance to make profits through speculation and trading in cryptocurrencies can resemble gambling, which is forbidden.

- **Haram Activities:** Cryptocurrencies might be used for illegal actions, including money laundering and funding unlawful enterprises, raising ethical worries.

Despite these issues, some scholars believe cryptocurrencies can be allowed if used ethically and within Islamic law. They stress the importance of transparency, real economic activity, and avoiding speculation. Also, blockchain technology's potential to support financial inclusion matches Islamic principles of justice and fairness.

The Islamic view on cryptocurrencies is complex and multi-layered. While there are real concerns about their volatility, misuse, and speculative nature, there are also chances for ethical and lawful use. It's important for scholars, financial institutions, and users to work together to create guidelines that make sure cryptocurrencies promote economic growth without breaking Islamic ethical standards. Ongoing research and discussion are key to managing this changing landscape responsibly, ensuring that technological progress aligns with Islam's moral and legal standards.