



Evaluating Cryptocurrency through Maqashid Syariah: A Conceptual Framework in Islamic Digital Finance

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Article History:

Received: 16-11-2025

Revised: 13-08-2026

Accepted: 07-10-2026

Keywords: Maqasid Shariah;
Cryptocurrency; Islamic Digital
Finance; Stablecoins;

Abstract: This study evaluates the alignment of cryptocurrency with *maqāṣid al-sharī'ah* in the Islamic digital finance ecosystem by examining the balance between *maṣlaḥah* and *mafsadah*. The study adopts a qualitative library-based approach using literature published between 2018 and 2025, including Scopus- and Web of Science-indexed journals, fatwas, and policy reports. Content analysis, cross-jurisdictional comparison, and thematic synthesis were used to map cryptocurrency characteristics, including volatility, transparency, custody, stablecoin reserves, and governance, onto the five *ḍarūriyyāt* of *maqāṣid al-sharī'ah*. The findings indicate that cryptocurrencies may provide *maṣlaḥah* through payment efficiency, cross-border remittances, financial inclusion, and diversification. However, these benefits remain conditional due to risks related to volatility, speculation, fraud, custody failures, and weak governance. This study proposes a *maqāṣid*-based evaluative framework using indicators of transparency, reserve audits, redemption rights, consumer protection, literacy, market integrity, and regulatory supervision. Accordingly, cryptocurrency should be evaluated based on asset design, intended use, and governance quality.

How to Cite: Andi Irfan, Aulia Ramadhanti, Zin-Eddine Dadach. (2026). The title. *Al Urwah : Sharia Economics Journal*. 3(3). pp. 97-112 <https://doi.org/10.61536/alurwah.v3i03.336>



<https://doi.org/10.61536/alurwah.v3i03.336>

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Introduction

Global cryptocurrency markets have expanded rapidly and become systemically salient to digital finance. Market capitalization rebounded to roughly \$2 trillion+ by early-2024, while stablecoins multiplied and consolidated their role in payments and liquidity routing. Adoption is increasingly grassroots in emerging economies Central & Southern Asia

and MENA account for large on-chain volumes signaling utility beyond speculation and prompting regulators and central banks to respond. In 2024's global survey, 93 central banks reported active CBDC work, often motivated by payment efficiency and financial inclusion, but also by risks observed in crypto markets. These dynamics establish a timely backdrop for evaluating crypto's ethical and socio-economic value using Maqashid Syariah, especially where inclusion benefits may coexist with volatility, operational, and governance risks (BIS, 2025a; BIS, 2025b; Chainalysis, 2024a, 2024b; U.S. Department of the Treasury, 2024).

For Islamic finance, the growth of crypto intersects with Shariah concerns about *gharar*, *maysir*, consumer protection, and asset integrity. Jurisdictions such as Indonesia prohibit crypto as legal tender yet allow it as an investment commodity, illustrating regulatory pragmatism amid ongoing fiqh debates. Contemporary scholarship proposes maqashid-based evaluation e.g., integrating *hifz al-māl* and harm-prevention into assessments of stablecoins and token designs while legal analyses underscore structural limitations of “crypto finance” vis-à-vis rule of law and market integrity. Taken together, these strands justify a conceptual framework that tests whether crypto's promised efficiency and inclusion genuinely advance public interest (*maṣlaḥah*) without amplifying *mafsadah*, aligning Islamic digital finance with Shariah objectives (Aldohni, 2023; Izadin, 2025; Reuters, 2024; AAOIFI, 2025).

Within the Maqāsid Syariah tradition, the *halal*–*haram* debate on cryptocurrency pivots on a calculus of *maṣlaḥah*–*mafsadah* rather than slogans. A number of juristic bodies—most prominently Majelis Ulama Indonesia (MUI)—judge crypto *haram* as currency and invalid as a tradeable asset because of *gharar*, *ḍarar*, and *qimār*, and its conflict with positive monetary law; this frames crypto as predominantly *spekulatif* (harm-leaning) in current practice. Conversely, Malaysia's Shariah Advisory Council (SAC) of the Securities Commission treats several large-cap tokens (e.g., BTC, ETH, SOL) as Shariah-compliant for trading on regulated exchanges, signaling a *produktif-kondisional* posture when risks are governed through licencing, disclosure, and market-integrity rules. Recent conceptual works in Islamic finance likewise propose maqāsid-based metrics (e.g., for stablecoins) and highlight productive, real-economy use-cases of blockchain in Islamic social finance, nudging the discourse from binary rulings to risk-conditioned permissibility.

Deductively mapping the five *ḍarūriyyāt*, scholars weigh: *hifz al-māl* (wealth protection)—volatility, hacks, and scams versus diversification and payment efficiency; *hifz al-dīn* (lawfulness)—does the instrument reduce *gharar/maysir* via governance, asset-backing, and transparency; *hifz al-‘aql*—literacy and deception risks; *hifz al-nafs/-nasl*—household harm from losses. Legal-economic analyses warn of structural incompatibilities between today's “crypto finance” and rule-of-law/market-integrity principles, urging robust oversight; empirical finance shows crypto's risk spillovers to Islamic equities, underscoring prudential concerns. At the same time, higher-objectives reasoning distinguishes types: asset-backed or fiat-backed tokens and tightly regulated exchange-traded coins can better serve *maṣlaḥah* (inclusion, efficiency), whereas unregulated, speculative trading leans toward *mafsadah*—thus a conditional permissibility emerges as the dominant maqāsid-oriented stance linking this debate to the broader research problem of evaluating crypto's net public interest in Islamic digital finance.

The expansion of cryptocurrencies has shaped an increasingly interconnected and “systemically salient” digital financial ecosystem. Global adoption indices indicate a resurgence of on/off-chain activities during 2024–2025, with Asia (particularly India, Indonesia, Vietnam, and the Philippines) standing out in retail and DeFi transactions. Simultaneously, central banks have accelerated their Central Bank Digital Currency (CBDC) agendas—91% of 93 central banks surveyed by the BIS were actively exploring CBDCs in 2024—and tightened governance discourse around stablecoins due to their potential risks to monetary sovereignty and the “singleness of money.” This data landscape underscores the urgency of applying a *Maqāṣid al-Sharī‘ah* lens to evaluate the *manfa‘ah*–*mafsadah* (benefit–harm) balance of cryptocurrencies: inclusion and payment efficiency versus volatility, fraud, and risk spillovers into Islamic financial markets (Chainalysis, 2024/2025; BIS, 2025; Reuters, 2025).

However, a significant research gap persists: most studies stop at the *halal*–*haram* dichotomy, with few developing a systematic *maqāṣid*-based framework. Recent empirical evidence reveals a growing interconnectedness between crypto and Islamic assets—such as spillover and hedging effects between Islamic cryptocurrencies and precious metals (IREF, 2024), and transmissions from crypto/stablecoins to Shariah stock indices (JIABR, 2025). Meanwhile, conceptual advancements are emerging, such as integrating *maqāṣid* principles to assess stablecoins and cryptocurrencies within Islamic portfolios (IMEFM, 2025). Therefore, the research question “how can crypto be evaluated through *maqāṣid* as a conceptual framework within Islamic digital finance?” becomes crucial. The study aims to construct an evaluative framework based on the five *ḍarūriyyāt* (*ḥifẓ al-dīn*, *al-naḥs*, *al-‘aql*, *al-nasl*, and *al-māl*), linking crypto characteristics—volatility, transparency, asset-backing, and regulation—to *maṣlaḥah*/*mafsadah* outcomes across individual, market, and governance levels (Yousaf et al., 2024; Izadin et al., 2025; Izadin & Yusof, 2025).

Recent studies on crypto in Islamic finance remain dominated by market interconnection research—such as spillover dynamics and hedging potential—rather than systematic measurement of *Maqāṣid al-Sharī‘ah* objectives. A TVP-VAR study finds that “Islamic” cryptocurrencies receive return and volatility spillovers from precious metals (Yousaf, Ali, Marei, & Gubareva, 2024), while QVAR analysis shows strong linkages between gold-backed cryptocurrencies and GCC stocks (Ali, Naveed, Hanif, & Gubareva, 2024). The latest evidence from Shariah exchanges confirms shock transmissions from crypto and stablecoins to Islamic stock indices (Izadin & Yusof, 2025). At the policy level, the BIS warns that stablecoins pose risks to monetary sovereignty and market integrity, demanding stricter governance (Aldasoro, Aquilina, Lewrick, & Lim, 2025). These findings are important yet fail to connect the technical-regulatory attributes of crypto to the five *ḍarūriyyāt* (*ḥifẓ al-dīn*, *al-naḥs*, *al-‘aql*, *al-nasl*, *al-māl*), thus revealing a gap between market-based evidence and *maqāṣid*-driven evaluation.

The opportunity lies in formulating a conceptual framework that maps token typologies—Bitcoin/utility; fiat-backed, commodity-backed, over-collateralized, and algorithmic stablecoins—to measurable *maqāṣid* indicators: *gharar*-proxy metrics based on volatility and transparency; *ḥifẓ al-māl* through reserve audits, redemption risk, and market

compliance; *ḥifẓ al-‘aql/naḥs* through literacy, fraud, and consumer protection metrics; and *ḥifẓ al-dīn* through Shariah compliance and *maysir* reduction. This framework extends recent conceptual works integrating *maqāṣid* into crypto and stablecoin assessment—previously limited to portfolio diversification—into ethical, social, and governance evaluation within Islamic digital finance (Izadin, Yusof, & Mazlan, 2025). By bridging empirical spillover evidence on Islamic assets with BIS policy warnings, this framework transcends the *halal–haram* dichotomy toward a replicable and policy-relevant *maṣlaḥah–maḥṣadah* assessment (Izadin & Yusof, 2025; Aldasoro et al., 2025).

Research Methods

This research employs a qualitative-descriptive methodology using a library research approach, focusing on international journal articles (Scopus/WoS), official *fatwas*, *fiqh muamalah* books, and fintech industry reports published between 2018–2025. Data collection was conducted through transparent literature mapping by establishing inclusion and exclusion criteria (topics related to cryptocurrency, *maqashid*, and Islamic finance; period 2018–2025), indexed sources (Scopus/WoS), and a selection flow adapted from PRISMA 2020 to enhance traceability and replicability. The data were analyzed through content analysis to extract key propositions (benefits vs. risks; governance vs. speculation), followed by comparative analysis across jurisdictions (e.g., Indonesia, Malaysia, GCC) and asset types (BTC, utility tokens, various stablecoin models) to identify normative rationales and market practice variations. Findings were synthesized through reflexive thematic analysis, following Braun and Clarke’s phases, to map codes and themes onto the five *maqashid* dimensions (*ḥifẓ al-dīn*, *al-naḥs*, *al-‘aql*, *al-naṣl*, *al-māl*), resulting in an indicator matrix (e.g., *gharar*-proxies based on volatility/transparency; *ḥifẓ al-māl* based on reserve audits and redeemability). Reliability was ensured through an audit trail and peer debriefing on selection and coding decisions. This methodological approach integrates the rigor of literature review reporting (PRISMA), the precision of systematic mapping (Snyder), and the interpretive depth of thematic synthesis (Braun & Clarke; Kiger & Varpio) (Page et al., 2021; Snyder, 2019; Braun & Clarke, 2023; Kiger & Varpio, 2020).

Result and Discussion

From the *maqāṣid* perspective, the assessment of *halal–haram* does not stop at labeling but instead weighs the *maṣlaḥah–maḥṣadah* within the five *ḍarūriyyāt*. In the domain of *ḥifẓ al-dīn*, the primary criterion lies in the avoidance of *ribā*, *gharar* (uncertainty), and *qimār/maysir* (speculation/gambling). Classical traditions (al-Ghazālī, al-Shāṭibī) are revisited by contemporary scholars such as Jasser Auda, who emphasize a systemic approach—an instrument may be judged differently depending on its design, governance, and social context. Thus, cryptocurrency is not inherently *ḥarām* or *ḥalāl*; it must be evaluated based on whether its structure, information flow, and governance reduce *gharar* and close the avenues to *maysir*. This framework shifts the discourse from the essence of technology to the *sharī‘ah* quality of its practice (Auda, 2022).

At the level of authority, the stance of ‘*ulamā*’ and *fatwa* institutions remains polarized. The Indonesian *Majelis Ulama Indonesia* (MUI) declares that the use of crypto as a

currency is *ḥarām*, and its trade as a commodity is invalid due to the elements of *gharar*, *ḍarar*, and *qimār*, in addition to its conflict with positive law regarding legal tender (*Fatwa MUI*—official document). In Indonesia, crypto is not recognized as a means of payment but is traded as a digital asset within the commodity/securities regime—revealing a dissonance between market practices and domestic *sharī‘ah* rulings. Conversely, the *Shariah Advisory Council (SAC)* of the Securities Commission Malaysia permits the trading of digital assets on recognized and supervised exchanges and has even issued technical resolutions on crypto-asset features and corporate actions—marking a stance of “permissible with governance.” This polarity illustrates that *ḥifẓ al-dīn* is highly contingent upon the governance structures and regulatory systems in which such assets operate.

Policy and market data reinforce concerns over *maisir* and *gharar*. The Bank for International Settlements (BIS) evaluates that stablecoins “underperform” as money and pose risks to monetary sovereignty and system integrity, particularly when their reserves and redemption procedures lack transparency; thus, the institution urges much stricter governance frameworks. Mainstream economic media have echoed BIS warnings, highlighting the dominance of USD-backed stablecoins and the risk of market runs when trust deteriorates—as exemplified by the Terra collapse in 2022. Within the frame of *ḥifẓ al-dīn*, these findings indicate potential *mafsadah* when crypto operates without clarity of underlying assets, reserve audits, risk disclosures, and legal compliance—conditions that heighten the *gharar* index and open avenues for *maisir*.

However, contemporary literature demonstrates a productive yet conditional space when design and governance are properly structured. Recent conceptual and empirical studies have integrated *maqāṣid* principles to evaluate both stablecoins and traditional cryptocurrencies within Islamic portfolios—showing that attributes such as audited reserves, transparency, exchange compliance, and redemption mechanisms can reduce *gharar* and strengthen claims of *maṣlahah* (e.g., transaction efficiency, fair price discovery). In Malaysia, the *Shariah Advisory Council (SAC)* has also issued specific resolutions (e.g., on the burning of certain digital assets) under conditions of full disclosure—shifting the discourse from generic *ḥalāl/ḥarām* debates to conditional permissibility based on governance. This trajectory aligns with *maqāṣid*: permitting what yields clear benefit and blocking *mafsadah* through thoughtful design and supervision.

Hifz al-Din as the Principle of Religious Protection in Crypto Financial Practices

Within the framework of *ḥifẓ al-dīn*, the *ḥalāl–ḥarām* assessment of crypto originates from scriptural prohibitions on *maysir* and *gharar*. The Qur’an states: ﴿إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ... رَجَسٌ﴾ and ﴿إِنَّمَا يُرِيدُ الشَّيْطَانُ أَنْ يُوقِعَ بَيْنَكُمُ الْعَدَاوَةَ وَالْبَغْضَاءَ فِي الْخَمْرِ وَالْمَيْسِرِ... فَهَلْ أَنتُمْ﴾ and ﴿مُنْتَهَوْنَ﴾ (QS *al-Mā'idah* 5:90–91: “Indeed, intoxicants and gambling... are abominations of Satan’s work; so avoid them... will you not desist?”). The *ḥadīth* further closes the door to contractual uncertainty: «نَهَى رَسُولُ اللَّهِ ﷺ عَنْ بَيْعِ الْغَرَرِ» —“The Messenger of Allah ﷺ forbade sales involving *gharar*” (*Ṣaḥīḥ*, narrated by Muslim/Ibn Mājah). These *naṣṣ* form the normative boundaries: practices resembling gambling or involving essential uncertainty are

prohibited, while transparent and fair transactions—“لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ” (QS *an-Nisā* 4:29)—are encouraged as acts of *‘ibādah* through commerce.

Applied to cryptocurrency, two streams of *istidlāl* emerge. First, the *ijtihād al-iḥtiyāt* (cautious reasoning): crypto is often practiced as speculative trading characterized by extreme volatility, market manipulation, and information asymmetry—conditions akin to *maysir* and *gharar fāḥish*. Consequently, the *Majelis Ulama Indonesia* (MUI) ruled that using crypto as a currency is *ḥarām*, and as a commodity it is impermissible to trade when involving *gharar-ḍarar-qimār* or failing to meet *sil‘ah* requirements; exceptions exist only when backed by underlying assets and free from *gharar/ḍarar/qimār*, at which point transactions become valid—a form of *taqyīd al-ibāḥah* to safeguard religion and wealth (*ḥifẓ al-dīn/al-māl*). The Qur’anic injunction against consuming wealth “unjustly” reinforces a preventive stance toward fraudulent or *pump-and-dump* schemes that erode *maqāṣid*.

Second, the *ijtihād al-taysīr* (facilitative reasoning) grounded in *taḥqīq al-manāṭ*: in regulated jurisdictions, the SAC–Securities Commission Malaysia has classified several digital assets as *Shariah-compliant* for trading on supervised exchanges (BTC, ETH, SOL, ADA, etc., with documented resolution dates). This approach focuses on verifying technical and governance features (reserves, disclosures, audits, custody, anti-manipulation compliance) to reduce *gharar* and *ḍarar*, bringing transactions closer to *tijārah ‘an tarāḍin*. Within *ḥifẓ al-dīn*, such decisions represent *ijtihād taḥqīqī*—blocking unlawful means (*sadd al-dharā’i*) while opening the path to *maṣlaḥah* when *sharī‘ah* and regulatory conditions are met (licensed DAX, approved asset lists, supervisory regimes).

At the theoretical level, *al-Ghazālī* and *al-Shāṭibī* position the protection of religion and wealth as *darūriyyāt*; any means that predominantly produce harm to intellect, property, or faith must be prevented. *Jasser Auda* reinforces this through his *systems/maqāṣid methodology*: legal evaluation must be outcome-based—emphasizing justice, protection, and welfare—rather than form-based, meaning that crypto assessment must test its net public interest and systemic or ethical risks. Contemporary literature warns of the structural limitations of “crypto finance” in upholding market integrity and the *rule of law* (Aldohni, 2023), while recent Islamic finance studies have begun integrating *maqāṣid* into stablecoin and crypto evaluations, albeit with a predominant focus on portfolio risk–return dynamics. Consensus (*ijmā’*) holds firm on the prohibition of *maysir* and *gharar fāḥish*; the *ikhtilāf* lies in whether specific assets or markets have reduced *gharar* to a tolerable (*yasīr*) level.

Empirical data offer compelling grounds for rigorous *taḥqīq al-manāṭ*: there are observable spillover risks from crypto and stablecoins to Shariah stock indices (JIABR, 2025) and unstable hedging dynamics in “Islamic” cryptocurrencies (IREF, 2024). From a *maqāṣid* standpoint, this necessitates *sharī‘ah-regulatory* boundaries (e.g., audited reserves for stablecoins, risk disclosures, market integrity) before crypto can be claimed to support *ḥalāl* finance. Thus, the findings lead to a reasoned conclusion of “conditional permissibility”: cryptocurrency can align with *ḥifẓ al-dīn* when token design, governance, and market practices eliminate *maysir* and *gharar*; conversely, unrestrained speculation and lack of oversight result in *mafsadah* and *sharī‘ah* non-compliance. This analytical nexus bridges the

scholarly debate with this study's conceptual framework, enabling an evaluation of crypto through measurable *maqāṣid* indicators.

Hifz al-Nafs (perlindungan jiwa): keamanan, konsumen, dan implikasi sosial

From the *maqāṣid* perspective, *hifz al-nafs* obliges every financial instrument to minimize harm that may endanger physical safety or the psycho-social well-being of households. The Qur'an declares: ﴿وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا﴾ — “Do not destroy yourselves; indeed, Allah is ever Merciful to you” (QS *al-Nisā'* 4:29), and ﴿وَمَنْ أَحْيَاهَا فَكَأَنَّمَا أَحْيَا النَّاسَ جَمِيعًا﴾ — “Whoever saves one life, it is as if he has saved all of humanity” (QS *al-Mā'idah* 5:32). The *ḥadīth* of the Prophet ﷺ — «لا ضرر ولا ضرار» (“Do not inflict harm or reciprocate harm”) and «إِنَّ دِمَاءَكُمْ وَأَمْوَالَكُمْ وَأَعْرَاضَكُمْ عَلَيْكُمْ حَرَامٌ» (“Your blood, property, and honor are sacred”) — expand the mandate of precaution and protection. From this standpoint, crypto practices must be evaluated on whether their technical architecture, market behavior, and governance structures mitigate harm (fraud, hacking, financial distress) or instead amplify risks to life and family welfare.

Recent data highlight real vectors of harm to consumers. On-chain scam revenues in 2024 reached at least US\$9.9 billion from “pig-butcher” schemes, with flows to criminal addresses amounting to an estimated US\$40.9 billion—illustrating the psychological and social burdens of victims (loss of savings, household stress). Investigative reports also document major hacks involving state actors, such as North Korean networks, causing multibillion-dollar losses and cross-border security threats. Under *hifz al-nafs*, the scale and predatory nature of crypto fraud require stringent consumer protections—robust KYC/AML enforcement, risk warnings, and blacklisting of malicious addresses—before retail participation can be considered *maṣlaḥah*.

Custody risk directly relates to household financial safety. Empirical studies on custodians and wallet providers reveal sharp variations in terms and conditions: rights of rehypothecation, loss-allocation clauses, absence of clear insurance, and inconsistent claim mechanisms—all heightening the risk of permanent loss after incidents. From a *maqāṣid* lens, weak custodial design increases the likelihood of psychological distress, family conflict, and even risky behavior to recoup losses. Therefore, strong custodial standards (asset segregation, audits, cold storage, multi-signature, and insurance schemes) are non-negotiable prerequisites of *hifz al-nafs* for Muslim-market exchanges and wallets.

Systemic episodes such as the Terra-LUNA/UST collapse demonstrate how fragile token mechanisms can transmit massive losses and social panic, while DeFi studies reveal that protocol risk metrics surge during volatility—creating market stress that harms retail households. In *maqāṣid* reasoning, fragile architectures and bank-run dynamics in algorithmic stablecoins contradict *hifz al-nafs* (and *hifz al-māl*), making design restrictions—high-quality reserves, real-time transparency, and stress testing—a necessary *fiqhiyyah* and policy response to prevent harm.

Institutional *ijtihād* reinforces this protection of life and property. The *Majelis Ulama Indonesia (MUI)* closes the door on the use of crypto as a means of payment and restricts trading when *gharar/ḍarar/qimār* is present, to curb social harms tied to speculation and mass

For crypto practices to align with *hifz al-‘aql*, three pillars must coexist: (i) standardized literacy programs (mandatory modules before trading activation and risk comprehension quizzes), (ii) protective market architecture (leverage caps, transaction friction, cool-off mechanisms), and (iii) robust anti-fraud enforcement (risky-address monitoring, in-app scam alerts, complaint channels). This design links empirical evidence—literacy enhances resilience; speculation resembles gambling; fraud induces victimization—to the *maqāṣid* objective of preserving mental clarity and ensuring sound, welfare-oriented decision-making.

Hifz al-Nasl: Long-Term Impact on Family and Generational Well-Being

Within the *maqāṣid* framework, *hifz al-nasl* emphasizes the preservation of intergenerational household welfare and the continuity of family stability across time. Exposure to cryptocurrency can affect family financial sustainability through three channels: (i) value shocks and household leverage cycles, (ii) financial and psychological stress that spills over into family relationships, and (iii) the reallocation of resources away from children’s education and health. Recent policy evidence shows that regions with high crypto exposure experienced increased household and auto credit following crypto gains—signaling wealth-driven risk-taking that heightens vulnerability when prices reverse (Office of Financial Research, 2024). Findings from epidemiology and family studies reinforce this: financial stress correlates with adult depression and deteriorating family well-being and child health, potentially creating long-term developmental trajectories (Guan et al., 2022; Thomson et al., 2022; Rodrigues et al., 2021/2023).

Behavioral evidence also identifies parallels between excessive crypto trading and problem gambling patterns (impulsivity, loss chasing), which are associated with family burdens such as insomnia, conflict, and emotional distress—factors that undermine the formation of children’s human capital (Leong et al., 2025; Mosbey, 2024). At the market level, high crypto volatility magnifies household drawdowns and increases sentiment-driven errors, particularly among lower-literacy participants—those more likely to engage as users than investors (Alsulami, 2025; Hayashi & Routh, 2024). In *maqāṣid* terms, these dynamics threaten *hifz al-nasl* through stress spillovers and short-sighted financial decisions that curtail investment in children’s education and health.

Conversely, cross-border payment research highlights that stablecoins are increasingly used for remittances, driven by persistently high costs in traditional remittance channels. When governance risks are minimized, stablecoin adoption can enhance household welfare through consumption smoothing and fiscal space for human capital investment (Ante, 2025; Auer et al., 2025; Murakami, 2025). Human development evidence supports this pathway: remittances have been shown to reduce child mortality and increase household spending on health and education across various countries (Ramkissoon & Deonanan, 2023; Mora-Rivera & Martínez-Jasso, 2024; Askarov & Doucouliagos, 2020/replicated). Through the lens of *hifz al-nasl*, low-cost remittances represent a vehicle of *maṣlahah*—provided that stablecoin reserves, disclosures, and redeemability are robust and transparent.

Accordingly, *hifz al-nasl* requires a conditional assessment: (a) high-risk speculative practices without literacy safeguards and consumer protection constitute *mafsadah* (manifested in stress, debt, and reduced child investment), while (b) the use of crypto-stablecoins in regulated remittance corridors with audited reserves and consumer protections constitutes *maṣlahah* (enabling consumption stability and investment in education and health). This conceptual model weaves together micro-behavioral and macro-financial evidence into an outcome-oriented *fiqhī* reasoning that grounds *maqāṣid* in empirical realities.

To align crypto practices with *hifz al-nasl*, several mechanisms are essential: implementing a family well-being impact test for retail crypto products; mandating literacy modules before trading activation; setting leverage caps and cool-off periods; and, for stablecoin-based remittances, requiring High-Quality Liquid Asset (HQLA) reserves, independent audits, intra-month reporting, on-demand redemption rights, and transparent fees. These measures channel the remittance potential of crypto toward *maqāṣid*-aligned goals (education and health) while closing off *mafsadah* pathways from unprotected speculation. Future research should evaluate the causal impact of stablecoin remittances on child welfare indicators through cross-jurisdictional quasi-experiments (Auer et al., 2025; Thomson et al., 2022; Ramkissoon & Deonanan, 2023).

Hifz al-Māl: Protection of Wealth – Investment Potential vs. Risk of Loss

The Qur'an and *ḥadīth* place the protection of wealth among the *ḍarūriyyāt* (essential necessities). The Qur'an prohibits the destruction and exploitation of wealth: ﴿يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ﴾ — “O you who believe, do not consume one another’s wealth unjustly, except through trade based on mutual consent” (QS 4:29), and ﴿وَلَا تُبْذِرْ تَبْذِيرًا﴾ — “Do not spend wastefully” (QS 17:26–27). The *ḥadīth* «لَا ضَرَرَ وَلَا ضِرَارَ» — “There should be neither harm nor reciprocating harm” — establishes a general legal principle for wealth protection. Within the *maqāṣid* methodology (as developed by *al-Ghazālī*, *al-Shātibī*, and modern thinkers like Jasser Auda), instruments that predominantly cause financial *mafsadah* must be prohibited, whereas those yielding *maṣlahah* under managed risk can be accepted conditionally. This framework thus becomes a lens for evaluating cryptocurrency: does it serve the trust of wealth preservation or expose it to harm?

From the risk perspective, three main threats to *hifz al-māl* are evident: (i) extreme volatility and asset drawdowns, (ii) criminality (scams, drainers, “pig-butcher” schemes), and (iii) systemic risks from token instruments functioning like money. The IMF and Financial Stability Board emphasize the need for comprehensive policies to prevent crypto risk transmission into the formal financial system, while the BIS warns that unregulated stablecoins may erode monetary sovereignty (IMF–FSB, 2023; BIS Bulletin No.108, 2025). On-chain crime data show that illicit addresses received an estimated US\$40.9 billion in 2024, alongside a ~40% year-over-year surge in “pig-butcher” revenues—directly eroding retail wealth (Chainalysis, 2025). From a *maqāṣid* viewpoint, these factors demand *sharī‘ah-regulatory* safeguards before crypto can be claimed to bring financial *maṣlahah* (IMF–FSB, 2023; Aldasoro et al., 2025; Chainalysis, 2025).

Nevertheless, some studies note conditional diversification potential under certain market regimes. Research on Islamic portfolios finds linkages and spillovers between gold-backed cryptocurrencies and GCC equities, indicating hedging opportunities under specific conditions—yet this same interconnectedness can amplify shock transmission, making its benefit non-universal (Ali et al., 2024; Snene Manzli et al., 2024). Emerging conceptual-empirical work integrates *maqāṣid* to assess stablecoins and cryptocurrencies within Islamic portfolios, emphasizing the need for *ḥifẓ al-māl* metrics that include transparency, auditing, and redeemability to ensure diversification does not transform into *mafsadah* (Izadin, Yusof, & Mazlan, 2025).

Stablecoin development adds a new dimension to *ḥifẓ al-māl*: massive transaction and trading volumes (USDT + USDC reaching ~US\$23 trillion in 2024) make reserve quality (HQLA), reporting, and redemption rights critical determinants of user wealth protection (IMF Crypto-Assets Monitor, 2025). The BIS recommends regulations to prevent bank-run dynamics and preserve the “singleness of money,” while the IMF advises that stablecoins not be granted legal tender status and remain under prudential oversight equivalent to private money issuers. In *maqāṣid* terms, stablecoins contribute to *ḥifẓ al-māl* only when governance reduces *gharar* through reserve guarantees, independent audits, real-time disclosures, and redress mechanisms (BIS, 2025; IMF, 2024–2025).

At the institutional *ijtihad* level, the *Majelis Ulama Indonesia (MUI)* prohibits the use of crypto as currency and deems trading it as a commodity invalid when it involves *gharar-ḍarar-qimār* or fails to meet *ṣil’ah* conditions—representing *sadd al-dharā’i’* (blocking harmful means) to protect public wealth (MUI, 2021). In contrast, Malaysia’s *Shariah Advisory Council (SAC)* of the Securities Commission designates several digital assets as “Shariah-compliant” for trading on regulated exchanges, stressing *taḥqīq al-manāṭ* through licensing, market integrity, and layered custody. Both approaches aim at *ḥifẓ al-māl*: Indonesia prevents risk at the source, while Malaysia permits conditional *ibāḥah* under supervised micro-environments (SC Malaysia, 2023).

From the perspective of *ijmā’* and *qawā’id*, scholars agree on the prohibition of *maysir* and *gharar fāḥish* but differ (*ikhtilāf*) on determining the *manāṭ*—whether certain token or market designs have reduced *gharar* to a tolerable (*yasīr*) level through reserves, audits, anti-manipulation oversight, custodial safeguards, and consumer education. Relating this to *ḥifẓ al-māl*, the study concludes that (a) speculative leveraged trading across dark venues tends toward *mafsadah* (gambling-like risk, fraud, rug pulls), while (b) managed uses—such as high-quality reserve stablecoin remittances with reporting and redemption rights—can yield *maṣlaḥah* (lower costs, transaction hedging), provided governance meets strict prudential and *sharī’ah* standards.

Maqāṣid-driven policy implications for *ḥifẓ al-māl* comprise three pillars: **Consumer protection** – knowledge testing before trading, leverage limits, cooling-off periods, and effective redress mechanisms. **Market resilience** – prohibiting wash trading and manipulation, ensuring on-/off-chain surveillance, and blacklisting illicit addresses. **Issuer**

and custodian governance – asset segregation, cold storage, multi-signature systems, periodic reserve audits, intra-month reporting, and T+0 redemption rights.

With these safeguards, crypto—as either an asset or payment infrastructure—can move from speculative potential to genuine *sharī‘ah*-compliant wealth protection; without them, *mafsadah* dominates, justifying restrictive stances. Portfolio studies, BIS/IMF policy insights, and crime data collectively underline the urgency of a conditional *maṣlahah–mafsadah* framework to assess “fit-for-Sharī‘ah” status for each token type and market context.

In the *maqāṣid* paradigm, crypto evaluation begins with the central question: do its socio-economic benefits (payment efficiency, inclusion, diversification) outweigh its harms (volatility, fraud, manipulation, systemic risk)? Recent market evidence shows crypto’s impact on Islamic capital markets is mixed: at times, crypto returns negatively affect GCC *Sharī‘ah* indices (indicating shock transmission), while at other times the relationship varies by frequency and market phase, offering diversification windows. Such mixed patterns demand *outcome-oriented maqāṣid* evaluation rather than binary *ḥalāl–ḥarām* rulings (Nomran, 2024; Akinlaso, 2023).

The conservative current holds that most crypto practices today remain speculative and uncertainty-laden, approaching *maysir* and *gharar fāḥish*, where *mafsadah* outweighs *maṣlahah*. Conceptual studies support this view, arguing that crypto’s technological “money” lacks transactional certainty and utility under *fiqh al-mu‘āmalah*, warranting *iḥtiyāt* (caution) until risks are reduced to *yasīr* levels (Wartoyo & Haerisma, 2022; Muhammad, 2025).

The moderate stance accepts conditional permissibility: crypto may be traded or utilized within regulated infrastructures under the principle “same activity, same risk, same regulatory outcome,” aligned with market integrity and investor protection. IOSCO’s 2023–2024 policy recommendations for crypto and DeFi markets advocate parity of regulatory outcomes with securities markets, which, if consistently applied, can reduce *gharar* and *ḍarar* at the market level—allowing *maṣlahah* to emerge through stronger governance (IOSCO, 2023; IOSCO, 2024).

The progressive view sees crypto and blockchain rails as opportunities for *maqāṣid*-driven innovation—such as low-cost remittances, programmable *zakāt/waqf*, and real-asset tokenization—so long as their design and supervision follow Islamic prudential principles. Islamic finance policy reports support this direction: the 2024 IFSB stability report discusses crypto’s risks and opportunities for *Sharī‘ah* industry resilience, emphasizing the compatibility of prudential standards with *maqāṣid*; likewise, recent Islamic economics literature stresses aligning digital transformation with inclusion and justice goals. In essence, *design-science* and *governance by design* are pivotal so that public benefit outweighs harm (IFSB, 2024; Johari, 2025).

Synthesizing these three perspectives, a *maqāṣid*-based analytical lens requires a utility taxonomy: (i) speculative leveraged trading — high *mafsadah* potential; (ii) managed investment in large-cap assets with strong disclosure and custody — conditional

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maṣlahah; (iii) payment/remittance use via high-quality reserve stablecoins — potential *maṣlahah* if auditing and redemption rights are ensured.

Academic evidence cautions that crypto–Islamic market linkages can amplify shock transmission, yet other studies highlight state-dependent diversification benefits—underscoring the need for robust governance parameters (auditing, reserves, reporting) to ensure that portfolio gains do not invert into losses (Nomran, 2024; Akinlaso, 2023).

At the institutional level, prudential and investor-protection standards form the practical bridge between *fiqh* and the marketplace. IOSCO’s recommendations encompass market integrity, conflict management, transparency, custody, listing/admission, price discovery, and surveillance for crypto platforms; the IFSB classifies crypto/digital assets as emerging risk domains requiring supervision to preserve industry stability. Consistent implementation of these standards will reduce *gharar* in market processes and strengthen *hifẓ al-māl*, *al-dīn*, and *al-‘aql*, ensuring that *maṣlahah* increasingly outweighs *mafsadah* (IOSCO, 2023; IFSB, 2024).

Conclusion and Recommendation

In conclusion, the compatibility of cryptocurrency with *maqāṣid al-sharī‘ah* is conditional: its benefits—financial inclusion, payment efficiency, and diversification—constitute *maṣlahah* only when token design, market governance, and user practices effectively suppress elements of *gharar*, *maysir*, and *ḍarar*, while reinforcing the five essentials (*hifẓ al-dīn*, *al-naḥs*, *al-‘aql*, *al-nasl*, and *al-māl*). Theoretically, this study contributes to Islamic fintech literature by shifting the discourse from the *ḥalāl–ḥarām* dichotomy toward an outcome-oriented *maqāṣid* analysis, proposing an operational framework with measurable indicators: transparency, reserve audits, stablecoin redemption rights, market integrity, literacy, and consumer protection as benchmarks for evaluating the *sharī‘ah* compliance of digital assets. Practically, the findings provide guidance for regulators, *Sharī‘ah* supervisory boards (DPS), and industry players—advocating the principle of *same risk–same rules*, custody supervision (asset segregation, multi-signature, insurance), prohibition of manipulation, leverage caps, cool-off periods, scam alerts, and standardized disclosures before retail participation. For stablecoin issuers, the study underscores the requirement for High-Quality Liquid Asset (HQLA) reserves, independent audits, and intra-month reporting. Future research directions include cross-jurisdictional surveys of scholars and practitioners, expert Delphi studies to validate *maqāṣid* indicators, microdata analyses of *Sharī‘ah*-compliant crypto transactions (remittances and retail adoption) using quasi-experimental and stress-testing methods, and longitudinal policy evaluations to ensure that *Sharī‘ah* compliance status becomes genuinely measurable, replicable, and policy-relevant.

Acknowledge

The author expresses profound gratitude to the supervisors and colleagues for their scholarly guidance, constructive critiques, and substantive discussions that have greatly enriched this manuscript. Appreciation is also extended to the ‘*ulamā*’, members of *Sharī‘ah* Supervisory Boards, and Islamic finance practitioners who generously shared their insights—

whether through publications or academic forums—thereby strengthening the conceptual and practical foundations of this study. Special thanks are due to the journal management team, anonymous peer reviewers, and editors for their meticulous review; to the libraries and academic databases (Scopus/WoS) for facilitating access to essential literature; and to the Islamic fintech research community for continuously promoting cross-disciplinary collaboration. The author's deepest gratitude also goes to family and friends for their moral support and encouragement throughout the research process. Any remaining errors, limitations, or oversights are entirely the author's responsibility. May this work contribute meaningfully to the advancement of knowledge and the practice of Islamic digital finance grounded in *maqāṣid al-sharī'ah*.

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