

Zakah and Waqf for Cryptocurrency in Islamic Law

Muhammad al Ikhwan Bintarto¹, Yudi Setiawan², Muhammad Uwais Alqarni³, Faishal Hilmi⁴

Universitas Muhammadiyah Yogyakarta^{1,2}, Universitas Islam Negeri Yogyakarta³, Al-Azhar Cairo University⁴

bintartoikhwan1@gmail.com¹, yudiudinnk7@gmail.com²,
waisalqarni61@gmail.com³, Hilmifaishal@gmail.com⁴

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Abstract

Cryptocurrency is a virtual currency based on blockchain. Yet, some countries forbid it as a means of payment in transactions. It can only be used as diversification in investment. In fact, cryptocurrency is a liquid asset even though it fluctuates. In Islam, there are different views whether cryptocurrency can be assets or can be *zakah*, *infaq*, *sadaqah*, and *waqf*. The object of this study is to answer whether the crypto can be *al-ammal az-zakawiyah* or something that can be *zakah* and *waqf* which can be *maslahah* for the society. Another purpose of this research is to enlighten about *zakah* and *waqf* managers on what cryptocurrency for. The theory used is the theory of *zakah* and *waqf* in Islam. This is qualitative study with a conceptual approach and an Islamic law approach. The result of this research is that cryptocurrency can be said as wealth or *al-maal* that can be *zakah*, *infaq*, and *waqf* because it has fulfilled several requirements to be classified as wealth or *al-maal* in Islam. *Zakah* calculation of crypto currency must exceed the *nisab* 2,5% equivalent to 85 grams of gold, the owned can already be an object of *zakah*.

Keywords: Islamic law; *zakah*; *waqf*; cryptocurrency; digital currency

Abstrak

Cryptocurrency adalah mata uang virtual yang berbasis *block chain*, meski beberapa negara melarang penggunaan *cryptocurrency* sebagai alat pembayaran dalam transaksi, namun diperbolehkan apabila penggunaan *cryptocurrency* sebagai diversifikasi dalam investasi, dalam

statusnya *cryptocurrency* merupakan *liquid asset* meskipun berfluktualisasi, dan dalam Islam terdapat perbedaan pandangan apakah *cryptocurrency* dapat dikatakan harta yang dapat dikeluarkan zakat, infak, sedekah dan wakaf selayaknya harta berharga lainnya. Penelitian ini bertujuan untuk menjawab apakah *cryptocurrency* termasuk *al-ammal az-zakawiyah* atau sesuatu yang dapat dizakatkan dan diwakafkan dalam Islam sehingga dapat menciptakan *maslahat* untuk masyarakat luas. Tujuan lain dari penelitian ini adalah untuk memberikan masukan dan pandangan kepada pengelola zakat dan wakaf bagaimana jika *cryptocurrency* digunakan dalam zakat dan wakaf. Teori yang digunakan adalah teori zakat dan wakaf dalam Islam. Metode dalam penelitian ini merupakan studi pustaka dan bersifat kualitatif dengan pendekatan konseptual dan pendekatan hukum Islam. Hasil dari penelitian ini adalah bahwa *cryptocurrency* dapat dikatakan sebagai harta kekayaan atau *al-maal* yang dapat dikeluarkan zakat, infak dan *waqaf*-nya dikarenakan telah memenuhi beberapa persyaratan untuk dikatakan sebagai harta kekayaan atau *al-maal* dalam Islam. Perhitungan zakat *cryptocurrency* jika melebihi *nisab* 2,5% setara dengan 85 gram emas, *cryptocurrency* yang dimiliki sudah dapat menjadi objek zakat.

Kata Kunci: Hukum Islam, zakat, wakaf, *cryptocurrency*, mata uang digital.

Introduction

Cryptocurrency was first recognized by the pseudonymous programmer Satoshi Nakamoto in 2008 with the concept of distributed peer-to-peer digital money, Bitcoin, and operated in January 2009 as an experiment between cryptography enthusiasts who transacted and mined tokens until October 2009 listed on the exchange at \$0.000764 per bitcoin.¹

Cryptocurrency is now also used as a diversification in the field of investment, in research conducted by Wee Seng Wong explained that cryptocurrency has an opportunity as an investment vehicle and concluded that Bitcoin was negatively correlated with S & PP500 and not significantly correlated with other assets. In contrast, Litecoin was negatively associated with bonds and gold but not with stocks. Still, Ripple, positively correlated with other assets, makes it a valuable investment tool for diversification.²

¹ Saifedean Ammous, "Can Cryptocurrencies Fulfil the Functions of Money?," *Quarterly Review of Economics and Finance* 70 (2018): 38–51, <https://doi.org/10.1016/j.qref.2018.05.010>.

² Wee Seng Wong, Dennis Saerbeck, and Dante Delgado Silva, "Cryptocurrency: A New Investment Opportunity? An Investigation of the Hedging Capability of Cryptocurrencies

Cryptocurrency is now widely known in Indonesian society. This is the only representation of blockchain that is enjoyed by the community, but its potential must continue to be explored; in general, people's interest in cryptocurrency is a means to invest, and now the types of cryptocurrency continue to grow, and there are less There are more than 1568 types of cryptocurrencies in the world, and this will continue to grow along with the existence of ICOs (Initial Coin Offerings) carried out in various countries, including Indonesia.

More people's interest in the use of cryptocurrency, it will have the potential to be part of the economic revolution. As explained by cryptocurrency observer Murad Mahmudov "it is a new form of thinking about money, storing money, transferring money, and just dealing, managing, and understanding money, and all kinds of second-order financial effects that come out of it". Cryptocurrencies offer several improvements in terms of finance including 1. Valuable, *crypto currency* is made in limited quantities to make it a rare asset that is unlikely to depreciate, 2. Efficient, cryptocurrency transactions are also cheaper because they do not use third parties, 3. Uncensored, cryptocurrencies are regulated by mathematics and cryptography.

Cryptocurrencies have properties like other assets that can be *zakah* and *waqf*, and for previous research, those are: Based on previous research by Isti Nuzulul Atiah Priyatno shows that cryptocurrency can be said to be a digital asset with a design to be used as a cryptographic-based exchange medium through encryption algorithms for securing financial transactions, controlling new additional units, as well as validating and verifying asset transfer activities.³

The second research is conducted by Eka Purnama Harahap. Based on her discussion, blockchain technology can take the crowdfunding platform to a different level, not only increasing security in transactions but efficiency and affordability of costs. This technology has several advantages, including very fast disbursement of funds using smart contracts without waiting for days for the verification process of disbursement of funds when the target of the campaign has been met. This convenience will make project makers and investors comfortable using this platform to carry out social programs in the current technological era. However, there are still several things that must be considered regarding the use of block chain technology, because at this time there are no clear legal regulations governing the use of block chain in Indonesia.⁴

and Their Influence on Stock, Bond and Gold Portfolios," *SSRN Electronic Journal*, no. 2611450 (2018), <https://doi.org/10.2139/ssrn.3125737>.

³ Isti Nuzulul Atiah Priyatno, Prima Dwi, "Melirik Dinamika Cryptocurrency Dengan Pendekatan Ushul Fiqih," *Jurnal Ilmiah Ekonomi Islam* 7, no. 03 (2021): 1682–88.

⁴ Eka Purnama Harahap, Qurotul Aini, and Reza Khaerul Anam, "Pemanfaatan Teknologi Blockchain Pada Platform," *Technomedia Journal (TMJ)* 4, no. 2 (2020).

In another research is from Afrizal. The result of his research is a cryptocurrency from a sharia perspective; there are two groups of Islamic scholars and scholars who have different views on the presence of cryptocurrency. One group allows cryptocurrencies and the other group prohibits them. Furthermore, arguing that in Islam, money is treated as a unit of account and a means of exchange and not a store of value, it could be argued that cryptocurrencies meet this criterion. In another perspective, it reports that a comparative analysis has been carried out which shows that Bitcoin is free from usury, inflation, debt and thus even more permissible (*halal*) than fiat digital money today. Its non-inflationary value results from the quality of a valuable asset, unlike fiat currency but "mined" using a rare intrinsically valuable asset - human capital. It is compliant with Islamic law and applies to all forms of cryptocurrency and other related matters in its ecosystem such as options, futures, proof of stake and proof of work, tokens, and initial public offerings.⁵

From the several studies above, researchers have not found research that is similar to the topic that will be discussed in this study, how zakat and cryptocurrency *waqf* from the view of Islamic law, therefore the author wants to research related to this. The urgency of this research is to answer how some scholars view the crypto currency law as a mal which can be zakat or *waqf* or not.

This research will discuss the currency in Islam prespective, *maqashid sharia* views on cryptocurrencies. It can be for *zakat* and *waqf* in Islamic law. The author discusses this issue because so far there are only a few journal writings about it in Indonesia and most of them only discuss regulations or legality. Then, the author alos has not found writing about cryptocurrency management against sharia principles in Indonesia. And the novelty of this research is to provide another view on cryptocurrency law, the law of *zakah* and *waqf* from Islamic perspective.

This is qualitative research by applying literature study. The data sources are taken and collected from books, journals, previous research, or websites which are then read and processed into research material.⁶ And Grand theory used in this study is the theory of Islamic economics, both are the theory of *zakah* and the theory of *waqf*.

⁵ Afrizal Afrizal, Marliyah Marliyah, and Fuadi Fuadi, "Analisis Terhadap Cryptocurrency (Perspektif Mata Uang, Hukum, Ekonomi Dan Syariah)," *E-Mabis: Jurnal Ekonomi Manajemen Dan Bisnis* 22, no. 2 (2021): 13–41, <https://doi.org/10.29103/e-mabis.v22i2.689>.

⁶ Muhammad al Ikhwan Bintarto, "Implementasi Pembiayaan Mudharabah Untuk Kegiatan Usaha Masyarakat Sebagai Upaya Pemulihan Ekonomi Nasional Akibat Pandemi Covid-19," *Jurnal Ilmiah Ekonomi Islam* 7, no. 2 (2021): 571–76, <https://doi.org/10.29040/jiei.v7i2.2489>.

Researchers hope that this research can contribute to decision-making for Amil Zakat institutions to consider cryptocurrencies as a new facility for *zakah*, *infaq*, *shadaqah* and *waqf* to attract cryptocurrency investors dominated by millennials to pay *zakah*, *infaq*, *shadaqah*, and *waqaf*.

Discussion

Currency in Islam

Etymologically, the definition of currency in Islam is derived from the word *al-naqdu-nuqud*, which has several meanings including *al-naqdu*, which means more than dirhams, holding dirhams, and cash, the word *nuqud* is not mentioned in the Quran and hadith because the Arabs because they do not use the word *nuqud* to indicate the price, but use the word dirham and dinar, and the word *fulus* (copper money) to buy cheaper goods.⁷

Then the definition of *nuqud* according to some Islamic scholars: according to Abu Ubaid (d. 224 H), dinars and dirhams are a price value of something which means dinars and dirhams are a measure that is paid in a transaction of goods or services, according to Al-Ghazali (d. 505 H) Allah created dinars and dirhams for intermediary judges between all wealth and all wealth can be measured by dinar and dirham. And according to Ibn al-Qayyim (d 751 H), the dinar and dirham are a price value of a commodity, which means money is the standard for the unit of measure for the price of a commodity.⁸

Imam Ibn Taymiyah in *Majmu' Fatawa* explains that money is an object that has been agreed upon by users to be used as a medium of exchange, even if it is from a stone or a piece of wood. This means that the use of cryptocurrencies up to this point is allowed, but Imam al-Ghazali requires the use of currency to be issued and circulated by government authorities and the government has declared the money to be a legal and official means of payment transactions. Cryptocurrency is still a debate in its use in various countries; Indonesia itself has not or even banned the use of cryptocurrency as a legal means of payment transactions. So in this case, the use of cryptocurrencies as a currency and a means of payment transactions is not allowed from a sharia point of view, because Islam itself emphasizes obeying orders or rules from *ulil amri*, namely the government.⁹

According to the requirements for an object to be used as money, the object must be generally acceptable, the material used for money must also be durable, the quality tends to be the same (uniformity), and the amount can meet

⁷ Rozalinda, *Ekonomi Islam: Teori Dan Aplikasinya Pada Aktifitas Ekonomi*, 4th ed. (Jakarta: Raja Grafindo Persada, 2014). p. 279.

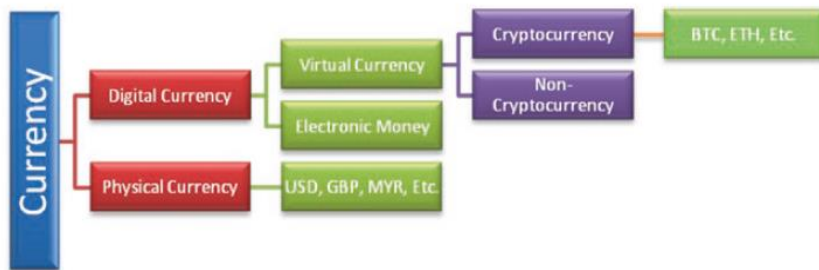
⁸ Ahmad Hasan, *Mata Uang Islami Telaah Komprehensif Sistem Keuangan Islam*, 1st ed. (Jakarta: Raja Grafindo Persada, 2005). P. 201.

⁹ Priyatno, Prima Dwi, "Melirik Dinamika Cryptocurrency Dengan Pendekatan Ushul Fiqih."

the needs of the community and is not easily counterfeited, money must also be easy to carry (portable), and easily divided without reducing its value (divisibility), and has a value that tends to be the stability of value.¹⁰

Currency is divided into two, both are digital currency and physical currency, digital currency is divided into two, both are electronic money or e-money and virtual currency, and virtual currency is further divided into two types, *cryptocurrency*, and *non- cryptocurrency*. This is explained in the chart below:

Picture 1. Distribution of Currency.¹¹



The concept of money demand for speculation is not known in the Islamic concept, and Islam makes property as an object of zakat. Al-Qur'an and hadith explain that dinars and dirhams are currencies used for currency exchange at the time of the prophet, a measure of the value of wealth that is stored and not as a commodity, but in the Qur'an and hadith it is not explicitly ordered to apply dinar and dirham as currency.¹²

Currency In Islam is divided into two, both are:

1. *al-Thaman-ul-Khilqi'* or *al-Nuqood-ul-Khilqiyyah*: the type of currency that is made to fulfil the currency itself or price or as an exchange in trade, services, or by using it as a medium of exchange, currency This money is often referred to as "artificial currency", "intrinsic money". Islam does not recognize anything as intrinsic currency except gold and silver.
2. *al-Thaman-ul-Istilahi* or *al-Nuqood-ul-Istilahiyya*: the type of currency determined by mutual agreement, tradition, and custom, this currency can be in the form of paper or coins.¹³

¹⁰ Afrizal, Marliyah, and Fuadi, "*Analisis Terhadap Cryptocurrency (Perspektif Mata Uang, Hukum, Ekonomi Dan Syariah)*."

¹¹ Farrukh Habib and Salami Saheed Adekunle, "*Case Study of Bitcoin and Its Halal Dimension*," in *Halal Cryptocurrency Management*, ed. m. billah (Cham: Palgrave Macmillan, 2019).

¹² Teddy Kusuma, "Cryptocurrency Dalam Perdagangan Berjangka Komoditi Di Indonesia Perspektif Hukum Islam," *Tsaqafah* 16, no. 1 (2020): 109, <https://doi.org/10.21111/tsaqafah.v16i1.3663>.

¹³ Muhamed Zulkhibri, "*Halal Cryptocurrency and Financial Stability*," in *Halal Cryptocurrency Management*, ed. M. Billah (Cham: Palgrave Macmillan, 2019).

The issue of *cryptocurrency* as a substitute for currency is an exciting thing, especially from an Islamic perspective, this is because cryptocurrencies use a cryptographic technology in the financial system, and the value of cryptocurrencies also uses algorithms in the block chain system, the advantages of block chain are that it is safe, efficient, complicated and difficult to erase. And the requirements for the criteria for money in Islam are that it must be stable, secure, and effective, cryptocurrency may fulfil some of the characteristics of money, but in general, there are three opinions about this cryptocurrency, they are the pros, cons, and neutral groups:¹⁴

The cons group says that *cryptocurrency* can be money; according to Bakar et al. (2017), cryptocurrency is not said to be money characterized by no intrinsic value, the unknown owner (anonymous) and unstable, and according to Meera (2018) mentions "Islamic" money must be backed by assets, while cryptocurrencies do not have physical evidence so they have not can be said to be money.¹⁵

The pro group who says that cryptocurrency follows the characteristics of money; Oziev and Yandiev (2018), argue that cryptocurrencies do not have an emitter, monetary control, and transparency, and according to The Sharia Review Bereau (2018), cryptocurrency is said to be money because it fulfils transaction habits other than requirements. Others, such as *maal* (property), benefit, *haq*, and *dayn*, and according to Amalin (2018), cryptocurrencies that can be used for transactions are those that have transparent regulations, do not contain usury.¹⁶ And the neutral group is Azulbaidi, and Abdullah (2017), who argue that the issue of digital money needs to be studied further to see the suitability of Islamic teachings¹⁷

Professor Charles W. Evans in his research that cryptocurrency (bitcoin) may also be an appropriate medium of exchange for Islamic banking to transfer its value and for the inefficiency of the banking system, and this is positive to support the scope and reach of new phenomena such as blockchain and cryptocurrency for Islamic banking innovation.¹⁸

¹⁴ Dodik Siswantoro, Rangga Handika, and Aria Farah Mita, "The Requirements of Cryptocurrency for Money, an Islamic View," *Heliyon* 6, no. 1 (2020): 1–9, <https://doi.org/10.1016/j.heliyon.2020.e03235>.

¹⁵ Siswantoro, Handika, and Mita.

¹⁶ Siswantoro, Handika, and Mita.

¹⁷ Siswantoro, Handika, and Mita.

¹⁸ Mufti Abdul Kadir Barkatulla, "How Does Sharia View Crypto-Currencies?," Ebrahim College, 2016, <https://ebrahimcollege.org.uk/how-does-sharia-view-crypto-currencies/>.

Cryptocurrency on *Maqashid Sharia* View

Traditional *Maqashid* is divided into three; those are needs (*dharurat*), desire (*hajiyyat*), and will (*tahsiniyat*) or primary, secondary, and tertiary. The theory of *maqashid* sharia continues to develop, now modern science introduces new concepts in the *maqashid* specification, including:

1. General *maqashid*: This *maqashid* is found in all Islamic law, such as needs and desires in the meaning of *maqashid* above, and the proposed new *maqashid* such as justice and facilities.
2. Specific *maqashid*: This *maqashid* discusses certain chapters of Islamic law, such as child welfare in family law, preventing criminal law crimes, preventing monopoly in financial transaction law, etc.
3. Partial *maqashid*: This *maqashid* focuses more on the intention of a confident decision, allowing sick people in a state of trying to break their fast to alleviate their difficulties.¹⁹

al-Qarafi (1868) argues that a goal (*maqashid*) is said to be invalid if it does not lead to the fulfilment of goodness (*maslahah*) and avoiding a damage (*mafsadah*). This shows that there must be a close relationship between *maslahah* and *maqashid*.²⁰

Ahmad Sarwat identified al-Syatibi's view of *maqashid* sharia, which is different from the views of previous scholars. First, it is necessary and important to make *maqashid* sharia a separate discipline; Second, the correlation of *al-fitrah* (religious), *al-samahah* (tolerance), *al-musawat* (egalitarian) and *al-burriyah* (independent) in the context of *maqashid* sharia. In addition, al-Syatibi made *maqashid* sharia an autonomous scientific discipline. This departs from the efforts of al-Syatibi who tried to classify and categorize absolute propositions with relative propositions (*džanny*). This argument is actually disaggregated to identify the objectives of sharia which are understood by al-Syatibi in two perspectives: *maqashid al-syari* and *maqashid al-mukallaf* (purpose of *mukallaf*). *Maqashid* sharia contains four aspects, which include: 1) *qasd al-syari 'fi wad'i al-syari'ah*. This aspect basically identifies God's purpose in enforcing Islamic law. In this context, al-Syatibi believes that Allah has established a law whose purpose is to realize *maslahah* and anticipate *mafsahadat*. In its context, al-Syatibi categorizes *maqashid* sharia into: First, needs that are *dharuriyyat*, which are

¹⁹ Jasser Auda, *Maqasid Al-Shariah As Philosophy Of Islamic Law A Syatem Approach* (London: the international institute of islamic thought, 2007).

²⁰ Jasser Auda, "Maqasid Al-Shariah As Philosophy Of Islamic Law A Syatem Approach" (London: the international institute of islamic thought, 2007).

maintaining essential needs for human life. Essential needs include the protection of religion, soul, mind, lineage, and property.²¹

The *maslahah* above is something that provides benefits for human life, and *mafsbadah* is anything that can cause harm in human life, the criteria for *maslahah* according to the Islamic scholars; first, *maslahah* must be measured under the principles of *maqashid* syariah, the *kulliyah* argument (in general from the Qur'an and hadith), the spirit of the teachings and the principles *kulliyah* of Islamic law, second, *maslahah* must be beneficial to the majority of society and third, *maslahah* provides ease and not a difficulty and can be implemented.

If cryptocurrency linked with *maqashid* sharia, *maslahah* (benefits) of cryptocurrency explanation below:

1. *Blockchain* technology is not regulated by law and without regard to specific standards, but here it can be an opportunity for sharia management to run every platform component, function, and technology following Islamic principles
2. Many platforms offer illegal *cryptocurrency* transactions, this practice can cause harm. In sharia management, the operational prerequisite for a platform is to be legally registered to reduce damage.
3. There is no tax provision in *cryptocurrency*, and any commercial activity that ignores taxes will be a threat to public finances. Here sharia management is present in offering the concept of 2.5% zakat on income subject to applicable laws and regulations in an area.
4. Humanity concern: In *cryptocurrency*, there is no provision or concern for caring for humanity, etc. If it is managed according to sharia principles, it is recommended that some income be set aside based on the *at-tabarru'at* (charity) principle for humanitarian concern; this is to show that with humanity economic justice can be achieved and enforced.²²

After analyzing Bitcoin to see if these criteria are met, arguably, Bitcoin is *Māl* and has *Taqawwum*. According to some scholars, there are some things that have not been fulfilled by cryptocurrency in *maqashid* sharia. However, Bitcoin fails to fulfill the role of money that has been described by Sharia and

²¹ Deri Wanto and Rahmad Hidayat, "Maqasid Shariah's Change as Theory: From Classical to Cotemporary Maqasid Shariah Deri," *Al-Istinbath: Jurnal Hukum Islam* 6, no. 2 (2021): 427–54, doi:<http://dx.doi.org/10.29240/jhi.v6i2.3122> Received:

²² Mohd Ma'Sum Billah, "SWOT Analysis of Halal Cryptocurrency Structure," in *Halal Cryptocurrency Management*, ed. M. Billah (Cham: Palgrave Macmillan, 2019).

thus cannot be considered to have a *Thamaniyyah*. This is ensured by taking into account the risks associated with Bitcoin as well as *Maqāṣid al-Shariah*.²³

The division of *cryptocurrency* is divided into two, both are *asset-backed cryptocurrency* and *non-asset-backed cryptocurrency*. The definition of *asset-backed cryptocurrencies* is a *cryptocurrency* used to assess the economic value of a fixed asset, for example, currency associated with gold assets, property, crude oil, world currencies, etc. Examples of *asset-backed cryptocurrencies* that have been put into practice are. AABBG is an *asset-backed cryptocurrency*, and its value is linked to gold, AGX is a silver commodity, and the Venezuelan government-issued Petro is a crude oil *asset-backed cryptocurrency*.²⁴

The comparison between fiat currency, *cryptocurrency (not asset-backed)* and *cryptocurrency (asset-backed)* is as follows:

Table 1. difference between fiat currency and cryptocurrency

	fiat currency	<i>Cryptocurrency (not assets-backed)</i>	<i>Cryptocurrency (assets-backed)</i>
<i>Maisir</i>	Medium	High	Low
<i>Gharar</i>	Medium	Low	Low
<i>Maqashid Syariah</i>	No	No	Yes

Data Source: Muhamed Zulkhibri, "Halal Cryptocurrency and Financial Stability," in *Halal Cryptocurrency Management*, ed. M. Billah (Cham: Palgrave Macmillan, 2019).

Behind the risks in cryptocurrency transactions that may cause harm or damage, some things provide problems if managed by Islamic management.

Zakah and waqf for crypto currency

1. Zakah for crypto currency

Islamic scholars have different opinions about the source of zakah able wealth (*al-Ammal al-Zakawiyah*). In the book "AL-Amwal" it is explained that *al-ammal al-zakawiyah* is divided into two parts, both are; First, *zahir* wealth,

²³ Mufti Faraz Adam, "Bitcoin: Shariah Compliant," *Amanah Finance Consultancy* 2017 (2017): 1–54, <https://afinanceorg.files.wordpress.com/2017/08/research-paper-on-bitcoin-mufti-faraz-adam.pdf>.

²⁴ F. Yudhi Priyo Amboro and Agustina Christi, "Prospek Pengaturan Cryptocurrency Sebagai Mata Uang Virtual Di Indonesia (Studi Perbandingan Hukum Jepang Dan Singapura)," *Prospek Pengaturan Cryptocurrency Sebagai Mata Uang Virtual Di Indonesia (Studi Perbandingan Hukum Jepang Dan Singapura)* 21, no. 2 (2019): 14–40, <http://www.ghbook.ir/index.php?name=فرهنگ>

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treasures that are visible and impossible to find, such as plants and fruits, Second, the wealth that may be found by someone, for example, gold and silver.²⁵

According to Kahf (1997), there are three views of fiqh about wealth that can be zakated. First, the opinion that wealth includes agricultural produce, gold and silver (except for personal use), merchandise, short-term net yields, and cash. This is the most agreed-upon method of calculating zakat. Second, the opinion includes all types of assets listed in the narrow opinion plus income on fixed assets, as well as wages, salaries, and professional income. The third opinion includes goods under income plus fixed assets, and those assets used to generate income. This will consist of assets like buildings, machines, containers, etc.²⁶

Based on the explanation above, *cryptocurrency* can be said to have fulfilled most of the conditions for property (*maal*) in Islam based on several definitions and concepts of property in Islam.²⁷ The criteria for property (*maal*) according to the four schools of thought those are: According to the Hanafi school in terms of property (*maal*) that is desired, has physical and can be stored, property or *maal* according to Yusuf al-Qardhawi is everything that humans want to be stored and owned.²⁸ However, the criteria that have not been found in *cryptocurrencies* are physical evidence because *cryptography* uses algorithms but can be stored and has value, then the criteria for property or *maal* according to the Maliki Madzhab is that it can be owned and has security, this has been fulfilled in *Cryptocurrency*, that is, every *cryptocurrency* can be owned and every transaction using *cryptocurrency* is recorded and permanently distributed by the network. can actually be obtained, and while it can be stolen by hackers, it is clear that any property owned by the public carries such a risk. According to the Shafi'i Madzhab, the criterion of wealth is something profitable, and in *cryptocurrency* its value increases all the time, even though it fluctuates. And lastly, the criteria for wealth or *maal* according to the Hambali school are profitable and useful, in this case *cryptocurrency* can be used for investment transactions.²⁹ Another opinion about property (*maal*) was explained by Ibnu 'Asyur about the nature of *maal*,

²⁵ Didin Hafidhudin, *Zakat Dalam Perekonomian Modern*, 1st ed. (Jakarta: Gema Insani Press, 2002).

²⁶ Ade Nur Rohim, Hendri Tanjung, and Irfan Syauqi Beik, *Analisis Fiqh Pola Penyaluran Zakat*, vol. 7308 (1978), p. 217–236.

²⁷ Asnaini Asnaini and Riki Aprianto, “Kedudukan Harta Dan Implikasinya Dalam Perspektif Al-Qur’an Dan Hadis,” *Al-Intaj: Jurnal Ekonomi Dan Perbankan Syariah* 5, no. 1 (2019): 15, <https://doi.org/10.29300/aij.v5i1.1713>.

²⁸ Didin Hafidhudin, “*Zakat dalam Perekonomian...*” 4

²⁹ Mohammad Soleh Nurzaman Sari Irfan Syauqi Beik and Aisha Putrina, “Zakat Standard Framework of Halal Cryptocurrency,” in *Halal Cryptocurrency Management*, ed. Mohd Ma'Sum Billah (Cham: Palgrave Macmillan, 2019).

that it can be stored, the desire to get it, easy to carry everywhere, circulated, limited in number and can be searched.

Cryptocurrencies have similarity properties to gold, those are: 1. *cryptocurrency* has a limited supply, 2. It is unknown who the creator was, and *cryptocurrency* was not created by a central bank or government but from a decentralized network that runs automatically with mathematical algorithms, 3. It cannot be duplicated, 4. It has a durable and unbreakable nature, 5. It is obtained by the mining system, 6. It can be transacted worldwide, 7. Can be traded and exchanged with various currencies in the world, 8. It cannot cancel the transaction, unless the recipient wants to send it back.³⁰

The philanthropic sector in Islamic financial institutions can be enhanced by *blockchain* technology and can help and improve the quality in this sector; *firstly*, blockchain can maintain the data in it and reduce money embezzlement, and if blockchain is used in the micro sector of investment returns and *cryptocurrencies* for *zakat*, *infaq*, *sadaqah*, currently humanity organizations that have accepted *cryptocurrencies* like Red Cross, Save the Children, United Way, and the Wikimedia Foundation, and a Crowdfunding platform that also opens options for using *cryptocurrencies*, namely *bitgive*, *bithope*, and *helperbit* where donors can get bitcoins for campaigns. Fundraising or what is often called *crypto-philanthropy*.³¹

Several innovations are offered if blockchain in cryptocurrency for zakah management system: 1. The Global Solution Networks (GSN) work system for ecosystem platforms and applications, and the blockchain system has a strong framework, and this can strengthen the zakat management system, 2. Blockchain can increase efficiency in collecting and distributing zakat, because zakat can be seen in general using applications, 3. Blockchain can be used to collaborate with the private sector so that it can absorb many donors, 3. Blockchain can also improve the zakat management system because the data is not edited and can still be accessed by everyone.³²

Blockchain technology can be used to reduce risk in financial institutions. Risk reduction is a significant challenge that banks in developing countries have to face as it can affect remittance recipients, businesses that require bank correspondents, and humanitarian organizations in conflict

³⁰ Darmawan Oscar, Rosse, and Sintha, *Bitcoin Trading for Z Generation Cara Gaul Mengenal Dan Trading Bitcoin*, 1st ed. (Jakarta: Jasakom Publisher, 2017). p.4

³¹ Ahmada Khoiril Umam, Onny Herlambang Putra, and Ira Humaira Hany, "Dinamika Cryptocurrency Dan Misi Ekonomi Islam", *An-Nisbah: Jurnal Ekonomi Syariah*, vol. 07, no. 2 (2020), p. 366–386.

³² Irfan Syauqi Beik and Putrina, "Zakat Standard Framework of Halal.....".

countries. Blockchain has the potential to lower verification fees when sending money as well as for providing trade finance.³³

If *cryptocurrency* is analogous to wealth or *maal*, so it is included in wealth or liquid assets, then the zakah calculation is based on the standard 85 grams of gold with a *nisab* of 2.5%, and if it exceeds the nisab equivalent to 85 grams of gold, the cryptocurrency owned can already be an object of zakat. One of the advantages of using cryptocurrencies is increasing the options in zakat, and especially nowadays, cryptocurrencies are favored by many millennials in Indonesia.

2. Waqf for crypto currency

Waqf according to contemporary Islami scholars is to hold a wealth, either temporarily or permanently, used directly or indirectly, and then take advantage of it continuously for the good things, general or specific. This definition contains several elements, those are: 1. Holding waqf object is intended so that it is not be used personally and can provide benefits to others, 2. The definition of waqf here covers movable or immovable property waqf, 3. The definition of waqf above is maintained and preserved. its integrity so that its benefits can be taken continuously, 4. The definition of waqf above contains a repetitive meaning which means the waqf object must run, 5. The definition of waqf produces benefits from the waqf object, 6. The above definition of waqf must be used in public ways such as religious, social, etc., 7. Waqf does not go on except with the wishes of one person, he is wakif, 8. The management of waqf must be good at maintaining the integrity and preservation of the waqf object so that it can always be useful.³⁴

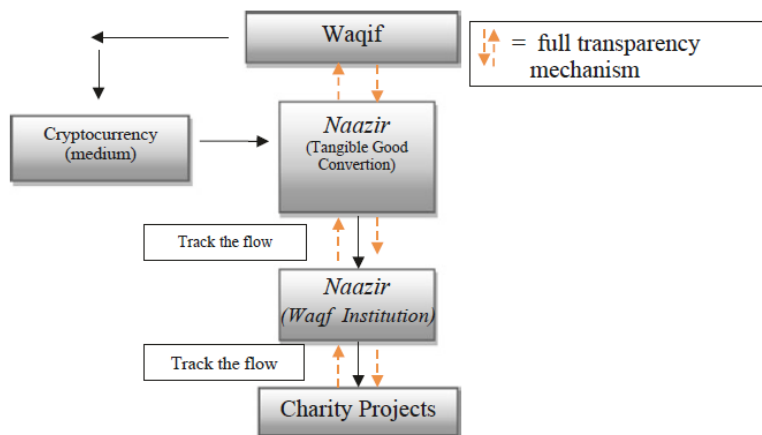
The application of *blockchain* in waqf can support the accuracy of recording, tracking, and offering more securities in waqf from the time the waqf is started to the end user.³⁵ The concept of *cryptocurrency* waqf offered by Irfan Syauqi Beik in his research "*Waqf Led cryptocurrency Model*" is explained that waqf for *cryptocurrency* consists of three pillars, are 1. Waqif, people who do *cryptocurrency* waqf. 2. *Shigat*, is waqf contracts, in this case carried out with technology, 3. *Nadzir*, is people who manage waqf and relate to waqf, 4. *Mauquf alaih*, people who need and have the right to receive waqf, described in the chart below:

³³ Douglas Miller et al., "Blockchain: Opportunities for Private Enterprises in Emerging Markets," no. January (2019). p.5

³⁴ Abdurrohman Kasdi, *Fiqih Wakaf Dari Wakaf Klasik Hingga Wakaf Produktif* (yogyakarta: Idea Press, 2017). p.15

³⁵ Umam, Putra, and Hany, "*Dinamika Cryptocurrency*".

Picture 2. Scheme in Cryptocurrency waqf.³⁶



Crypto currency Waqf offers a secure and transparent network, so avoiding a closed and non-transparent charitable model. By accessing it from the device, the waqif can also receive proof of ownership of the waqf, while the primary mechanism is a hybrid system, by combining issued *cryptocurrencies* with the waqf donation system, with the following flow: •*Naazir* issues waqf coins and provides a "wallet software" platform. •The donation process has been initiated by *wakif*. By sending waqf coins to nazir from the wallet software. Naazir has accepted a donation and process of converting it into tangible goods.³⁷

The concept of integration between blockchain and waqf is in the form of collecting waqf money through crowdfunding with cryptocurrency to be developed as productive waqf. It aims to generate sustainable benefits and benefits, deliver greater benefits and reach globally effectively and efficiently, with a high level of transparency and accountability.³⁸

And the analysis of the explanation above that *cryptocurrencies* can be said to be *maal* according to Yusuf al-Qardhawi and the Maliki Madzhab because assets can be stored and owned and have security for these assets and this has been fulfilled in cryptocurrency, so it can be zakated and waqf.

³⁶ Muhammad Hasbi Zaenal Priyesta Rizkiningsih Irfan Syauqi Beik, "Waqf Led Halal Cryptocurrency Model," in *Halal Cryptocurrency Management*, ed. M. Billah (Cham: Palgrave Macmillan, 2019).

³⁷ Irfan Syauqi Beik.

³⁸ Lu'liyatul Mutmainah, Nurwahidin, and Nurul Huda, "Waqf Blockchain in Indonesia: At A Glance," *AL-AWQAF: Jurnal Wakaf Dan Ekonomi Islam* 14, no. 1 (2021): 31–49.

Conclusion

From the results of the research that data researchers have presented, and at the end of this conclusion concludes that *cryptocurrency* is included in the category of *al-maal* or wealth, which of course can be issued zakat and waqf, here the author argues that zakat in *cryptocurrency* is based on zakah on valuables or liquid assets that The zakah is equivalent to 85 grams of gold with a *nisab* of 2.5% and if it exceeds the *nisab* equal to 85 grams of gold, the *cryptocurrency* can be the object of zakah. Crypto currencies that are allowed to be traded in Islam are crypto currencies based on asset value or asset-backed *cryptocurrencies*, for example, AABBG for gold commodity-based *cryptocurrencies*, AGX for silver, and Petro for crude oil commodities. With the growing interest of millennials in owning crypto currencies in their investment assets, of course, this will be a new facility for zakah and waqf for millennials in Indonesia.

The authors hopes zakat, infaq, shadaqah, and waqf managers in Indonesia to accept *cryptocurrency* as a new facility to pay zakat, infaq shodaqoh, and waqf so that *cryptocurrency* can be used to equalize the economy in an Islamic way and can also be used in social and humanity activities to eliminate a negative stigma about *cryptocurrency* that can only be used for illegal things. Examples of social institute that have accepted *cryptocurrency* as donations are the Red Cross, Save the Children, United Way, the Wikimedia Foundation, bitgive, bithope, and helperbit.

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