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Bitcoin's Functional Dichotomy in Hifz al-Mal: A Maqasidi Exegesis of Investment and Exchange

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ABSTRACT

Purpose: The rapid development of Bitcoin has created legal ambiguity in contemporary Islamic jurisprudence, particularly regarding its status as a medium of exchange versus an investment instrument. Previous studies tend to view Bitcoin monolithically, leaving a gap in legal differentiation based on its practical functions. This study aims to reconstruct the legal assessment of Bitcoin from the perspective of hifz al-mal utilizing a Maqasidi exegesis framework.

Design/Method/Approach: Employing a qualitative library research method with a normative-doctrinal approach, the study applies Jasser Auda's systems approach to analyze the functional impact (ma'al) of Bitcoin. The approach is operationalized in three analytical stages: (1) textual deconstruction, which extracts the teleological meaning (maghza) of key normative texts; (2) functional analysis, which evaluates Bitcoin's technical architecture and volatility as ma'al against the objectives of hifz al-mal; and (3) systemic evaluation, which differentiates the legal ruling (hukm) according to the distinct 'illah of each function.

Findings: Applying these three stages, the findings suggest a fundamental functional dichotomy. First, when utilized as a daily transaction tool, Bitcoin presents significant challenges to the criteria of tsamaniyyah (monetary function) due to extreme volatility, which may trigger gharar fahisy (extreme uncertainty) and systemic dharar (harm), rendering it impermissible (haram) through the sadd al-dhari'ah (blocking the means to harm) rule. Second, as a long-term investment instrument, Bitcoin may fulfill the essence of tanmiyah al-mal (wealth development), potentially rendering it mubah (permissible) under strict conditions: grounded in investment intention (rather than speculation/maysir), utilizing idle cash, and accompanied by comprehensive risk understanding (tabayyun). The study indicates that the legal assessment of Bitcoin should not be uniform, but rather differentiated based on its functional impact.

Originality/Values: These findings offer a nuanced normative roadmap for regulators to separate the legal regime of crypto assets as investment commodities from their prohibition as payment tools. Furthermore, it provides practical economic guidance for the Islamic financial market by protecting Muslim investors from speculative traps and offering a foundational framework for Islamic financial institutions to evaluate digital asset exposures.

INTRODUCTION

The development of financial technology over the past two decades has fundamentally transformed the global financial system, particularly through the growing adoption of crypto assets for investment and cross-border transactions. Introduced by Satoshi Nakamoto in 2008, Bitcoin pioneered decentralized digital assets based on blockchain technology, enabling peer-to-peer transfers without direct intervention from central banks.[1] Its transparency and relatively low susceptibility to centralized manipulation have attracted considerable attention amid declining public trust in traditional financial institutions. By the end of 2024, Bitcoin's market capitalization stood at approximately USD 1.85 trillion,[2] and on-chain estimates put the number of Bitcoin owners worldwide at roughly 337 million, about 51% of an estimated 659 million crypto owners.[3] These are estimated owners rather than verified or active users, and the figures should be read as approximations. Its adoption in Muslim-majority countries, including Indonesia, Malaysia, and Pakistan, demonstrates that Bitcoin has evolved beyond a technological experiment into an economic instrument affecting the financial activities of millions of Muslims.

Indonesia, the world's largest Muslim-majority country by population, has experienced rapid growth in crypto asset adoption. According to the Commodity Futures Trading Regulatory Agency (Bappebti), the number of domestic crypto investors reached 18.51 million by the end of 2023, with a transaction value of IDR 149.25 trillion. Between January and November 2024, the transaction value increased to IDR 556.53 trillion, representing 356.16% growth compared with the same period in the previous year.[4] This expansion prompted significant regulatory adjustments. Under Law Number 4 of 2023 on the Development and Strengthening of the Financial Sector (UU P2SK), supervisory authority over crypto assets was transferred from Bappebti to the Financial Services Authority (OJK), effective January 2025, followed by OJK

[1] Budi Raharjo, *Uang Masa Depan: Blockchain, Bitcoin, Cryptocurrencies*. Edited by Mars Caroline Wibowo. Semarang: Yayasan Prima Agus Teknik, 2022.

[2]Otoritas Jasa Keuangan, "Siaran Pers Bersama: Bappebti Kemendag Alihkan Tugas Pengaturan Dan Pengawasan Aset Keuangan Digital Termasuk Aset Kripto Serta Derivatif Keuangan Kepada OJK Dan BI." *Otoritas Jasa Keuangan*, 2025. URL https://ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/Bappebti-Kemendag-Alihkan-Tugas-Aset-Keuangan-Digital-termasuk-Aset-Kripto-serta-Derivatif-Keuangan-kepada-OJK-dan-BI.aspx

[3]Otoritas Jasa Keuangan.

[4]Widi Nugrahaningsih and Novemy Triyandari Nugroho, "Analisis Yuridis Pemanfaatan Aset Kripto Untuk Kepentingan Investasi Dan Transaksi Di Indonesia." *Sosial Simbiosis: Jurnal Integrasi Ilmu Sosial Dan Politik* 1, no. 2 (2024): 104–15, https://doi.org/10.62383/sosial.v1i2.232

Regulation Number 27 of 2024.[5] Nevertheless, regulatory positions remain differentiated. Bank Indonesia (BI) rejects Bitcoin as a lawful means of payment under Law Number 7 of 2011 concerning Currency, whereas Bappebti Regulation Number 5 of 2019 recognizes crypto assets within the framework of commodity trading.[6] This distinction between the recognition of Bitcoin as a tradable asset and its prohibition as a payment instrument raises questions about its classification as *mal* (wealth) and the validity of its transactions under Islamic law.

These regulatory complexities intersect with fundamental principles of *muamalah* (Islamic commercial law). Through the Keputusan Ijtima' Ulama Komisi Fatwa MUI ke-7 Tahun 2021, the Indonesian Ulema Council (MUI) prohibited the use of cryptocurrencies as payment instruments because of concerns regarding *gharar* (uncertainty) and *dharar* (harm), as well as their inconsistency with national currency regulation (Law Number 7 of 2011 and Bank Indonesia Regulation Number 17 of 2015). However, the decision leaves room for recognizing cryptocurrencies as commodities or investment assets, provided that the relevant requirements concerning underlying assets and tangible benefits are satisfied.[7] Bitcoin's extreme price volatility further complicates this assessment. In late 2024, its price briefly reached USD 93,586, approximately IDR 1.44 billion per BTC, before undergoing a sharp correction.[8] Conversely, the long-term buy-and-hold strategy adopted by some Muslim investors raises questions about Bitcoin's potential *maslahah* (benefit or public interest) as an investment instrument. Divergent international scholarly opinions reinforce this complexity.

While the Palestinian Fatwa Council and the Grand Mufti of Egypt have declared Bitcoin impermissible because of its speculative characteristics, other scholars, including Mufti Faraz Adam, Dr. Ziyaad Mahomed, Mufti Muhammad Abu Bakar, and Maulana Jamal Ahmed, have permitted it under certain conditions, including *ta'amul* (general acceptance) and *istilah* (social recognition

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[5]Muhammad Rizieq and Baidhowi, "Keabsahan Kripto Dalam Perspektif Hukum Ekonomi Syariah: Studi Kasus Fatwa DSN-MUI Terhadap Aset Kripto." *Jurnal Multidisiplin Ilmu Akademik* 2, no. 4 (2025): 61–72. https://doi.org/10.61722/jmia.v2i4.5050

[6]"Harga Bitcoin Di Tahun 2024." BITBO, 2024. https://charts.bitbo.io/id/price/2024

[7]Febrianti Dyahsitasari and Muhammad Yassir, "Bitcoin Digital Assets As An Object Of Inheritance In The Perspective Of Contemporary Islamic Law." *Bustanul Fuqaha: Jurnal Bidang Hukum Islam* 4, no. 2 (2023): 222–36, https://doi.org/10.36701/bustanul.v4i2.961

[8]Achmad Syawal Nurhidayatullah and Oman Fathurohman Sw, "Maqashid Syariah Sebagai Kerangka Kerja Untuk Inovasi Produk Keuangan Non Bank Dalam Era Digital." *Jurnal Masharif Al-Syariah: Jurnal Ekonomi Dan Perbankan Syariah* 9, no. 5 (2024): 3622–53, https://journal.um-surabaya.ac.id/Mas/article/view/24835

of value).[9] These differences, summarized in Table 1, indicate the need for an analytical framework capable of distinguishing Bitcoin's legal implications according to its function and transactional consequences.

Table 1. Synthesis of Scholarly and Institutional Views on Bitcoin and Other Cryptocurrencies

Authority	Legal status	Legal reasoning	Relevance to Bitcoin's function
MUI, Keputusan Ijtima' Ulama Komisi Fatwa ke-7 (2021): cryptocurrency as currency	*Haram*	*Gharar* and *dharar*; inconsistent with Law No. 7 of 2011 and Bank Indonesia Regulation No. 17 of 2015	Addresses the medium-of-exchange function directly; supports the prohibition of payment use
MUI, Keputusan Ijtima' Ulama Komisi Fatwa ke-7 (2021): cryptocurrency as commodity or digital asset	Not valid to trade unless the *sil'ah* requirements are met; valid if they are met	*Gharar*, *dharar*, and *qimar* where the *sil'ah* requirements are absent; valid where the asset has an underlying and a clear benefit	Leaves room for the investment function, conditional on an underlying asset and tangible benefit
Palestinian Fatwa Council; Grand Mufti of Egypt	Impermissible	Speculative characteristics	Parallels the *maysir* boundary drawn in this study; as reported, the ruling is not differentiated by function.
Mufti Faraz Adam; Dr. Ziyaad Mahomed; Mufti Muhammad Abu Bakar; Maulana Jamal Ahmed	Permissible under conditions	*Ta'amul* (general acceptance) and *istilah* (social recognition of value)	Supports Bitcoin's status as *mal*; as reported, the conditions concern recognition of value rather than the volatility-related *gharar* of payment use

Source: Compiled from Majelis Ulama Indonesia (2021) and Dyahsitasari and Yassir (2023); the final column is the author's analysis.

Table 1 shows three patterns relevant to the present analysis. First, prohibitions rest mainly on uncertainty and harm (*gharar*, *dharar*) or on speculation, and they are most explicit where Bitcoin is used as currency or traded speculatively. Second, permissions are conditional: they depend on

[9]Abdul Mustaqim, *"Argumentasi Keniscayaan Tafsir Maqashidi Sebagai Basis Moderasi Islam*." In: Pidato Pengukuhan Guru Besar dalam Bidang Ulumul Qur'an Disampaikan di Hadapan Rapat Senat Terbuka Universitas Islam Negeri Sunan Kalijaga Yogyakarta, 16 Desember 2019, Yogyakarta, https://digilib.uin-suka.ac.id/id/eprint/37005/

recognition of value (*ta'amul*, *istilah*) or on satisfying the *sil'ah* requirements of an underlying asset and a clear benefit. Third, in this study's reading, the MUI decision already separates use as currency from trade as a commodity, but it draws that line mainly through formal categories, such as currency status under positive law and the *sil'ah* requirements, and does not assess the functional consequences (*ma'al*) of each use for *hifẓ al-mal*. The remainder of this study addresses that gap.

In this context, *Tafsir Maqashidi* provides a framework for examining contemporary economic practices in relation to the fundamental objectives of Islamic law. Classical scholars of *usul al-fiqh*, including al-Juwayni, al-Ghazali, and al-Shatibi, developed the foundations of the *Maqasid al-Shari'ah*, including the preservation of five essential values: religion, life, intellect, lineage, and wealth, commonly conceptualized as *al-kulliyyat al-khams*.[10] Among these objectives, *hifẓ al-mal* (the protection of wealth) is particularly relevant to Bitcoin. This principle extends beyond protecting physical assets against theft to encompass clarity of ownership, the circulation of wealth free from *riba* (usury), the prevention of *gharar* and *maysir*, contractual transparency, and the realization of *maslahah* for individuals and society. As an interpretive methodology, *Tafsir Maqashidi* emphasizes the underlying purposes and values of Islamic law rather than relying exclusively on the literal meaning of *nass* (scriptural texts). It conceptualizes Islamic law as a value-oriented framework capable of responding to changing social and civilizational circumstances, including developments in financial technology. [11] Applied to Bitcoin, this approach enables an assessment beyond a generalized halal–haram dichotomy by examining whether its use generates maslahah or *mafsadah* (harm) for individual investors, Muslim communities, and the wider financial system. Accordingly, *hifẓ al-mal* provides a normative basis for assessing Bitcoin's status as mal and evaluating whether its transactional mechanisms conform to the objectives of Islamic law.

Previous studies have contributed to the discussion of Bitcoin under Islamic law, but several analytical limitations remain. Existing scholarship frequently approaches Bitcoin as a single, undifferentiated asset, potentially producing generalized legal conclusions that overlook the differences between its investment and payment functions. Yamkee et al. (2025), for example,

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[10]Abdulbari Kaje Yamkee, Mohd Hafiz Jamaludin, Hanira Hanafi, and Moch. Bukhori Muslim, "The Concept of Hifẓ Al-Māl in Bitcoin Investment From the Perspective of Maqāṣid Al-Sharīʿah Scholars." *Al-Irsyad: Journal of Islamic and Contemporary Issues* 10, no. 1 (2025): 1422–44, https://doi.org/10.53840/alirsyad.v10i1.497

[11]Irdan Nurdiansyah and Hilmi Zaki Ibrahim, "Bitcoin Sebagai Instrumen Investasi Dalam Perspektif Keuangan Islam." *Gunung Djati Conference Series* 52 (2025): 153–62, https://doi.org/10.15575/gdcs.v52i.2772

identified the coexistence of *maslahah* and *mafsadah* in Bitcoin investment but did not develop a systematic legal framework for distinguishing these dimensions.[12] Similarly, Nurdiansyah and Ibrahim (2025) [13] and Dyahsitasari and Yassir (2023) examined Bitcoin as mal or an investment asset but did not systematically explain how the shift from investment to everyday transactions changes the *'illah* (effective legal cause) underlying a ruling.[14] Ardiyansyah et al. (2024) mapped scholarly opinions concerning Bitcoin as a medium of exchange but did not establish a sufficiently developed normative framework for addressing *gharar* and *maysir* within this specific function.[15] These limitations reveal the need for an approach that differentiates Bitcoin's legal assessment according to its function and the consequences arising from each use.

To address this gap, the present study advances a theoretical contribution by operationalizing Jasser Auda's concept of *ma'al* (the consequences or outcomes of an action) within the framework of *Tafsir Maqashidi*. Rather than merely listing arguments for and against Bitcoin, the study examines how the same technological asset may warrant different legal assessments (*hukm*) when its function and consequences differ. Specifically, it distinguishes between *tsamaniyyah* (the function of money or a medium of exchange) and *tanmiyah al-mal* (wealth development through investment). This distinction informs three interrelated contributions. *First*, methodological operationalization, through a structured model of *Tafsir Maqashidi* for digital financial assets involving textual analysis of *maghza* (underlying significance), functional evaluation of *ma'al*, and systemic assessment of broader implications. *Second*, functional-legal differentiation, through an examination of whether Bitcoin's legal assessment should be differentiated according to its function and consequences rather than determined solely by the nature of the asset itself. *Third*, contextual regulatory reconstruction, through a normative framework relevant to Indonesian regulators, particularly OJK and MUI, amid the regulatory transition under the UU P2SK. This framework distinguishes the treatment of crypto assets as digital financial or investment assets from their use as payment instruments, drawing on *sadd al-dhari'ah* (blocking the means to harm) and *tanmiyah al-mal* (wealth development).

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[12]Febrianti Dyahsitasari and Muhammad Yassir, "Bitcoin Digital Assets As An Object Of Inheritance In The Perspective Of Contemporary Islamic Law."

[13]Tegar Ardiyansyah, Izak Saputra, Tembang Kinanti, Kaela Alifta Rahmanda, and Asyari Hasan, "Analisis Penggunaan Bitcoin Sebagai Alat Tukar Di Indonesia Menurut Pendapat Tokoh Islam." *Sosio E-Kons* 16, no. 1 (2024): 9–19, http://dx.doi.org/10.30998/sosioekons.v16i1.21707

[14]Satoshi Nakamoto, "Bitcoin: A Peer-to-Peer Electronic Cash System." 2008, 1–9. https://bitcoin.org/bitcoin.pdf

[15]Bitcoin Wiki, "Genesis Block.", 2024 https://bitcoinwiki.org/wiki/Genesis_block

Based on these research gaps, the study pursues four objectives: *first*, to describe Bitcoin's technical characteristics and transactional mechanisms as an empirical foundation; *second*, to map and systematize hifz al-mal within *Tafsir Maqashidi* as a normative foundation; *third*, to critically evaluate the relationship between Bitcoin's technological and transactional architecture and the principles of *hifẓ al-mal*; and *fourth*, to differentiate the legal assessment of Bitcoin as an investment instrument from its use as a medium of exchange by examining their respective risks, benefits, and consequences. The study's contributions encompass theoretical, practical, and social dimensions. Theoretically, it advances the application of *Tafsir Maqashidi* to the digital economy by developing *hifẓ al-mal* as a structured analytical framework that may be adapted to other digital financial innovations. Practically, it provides a normative reference for regulators, particularly OJK and MUI, in formulating more comprehensive and Sharia-aligned policies concerning crypto assets following the transfer of supervisory authority. Socially, it seeks to strengthen Islamic legal literacy among Indonesian Muslim investors, enabling them to make informed, responsible, and Sharia-conscious financial decisions. Figure 1 presents the conceptual model that integrates these contributions and objectives.

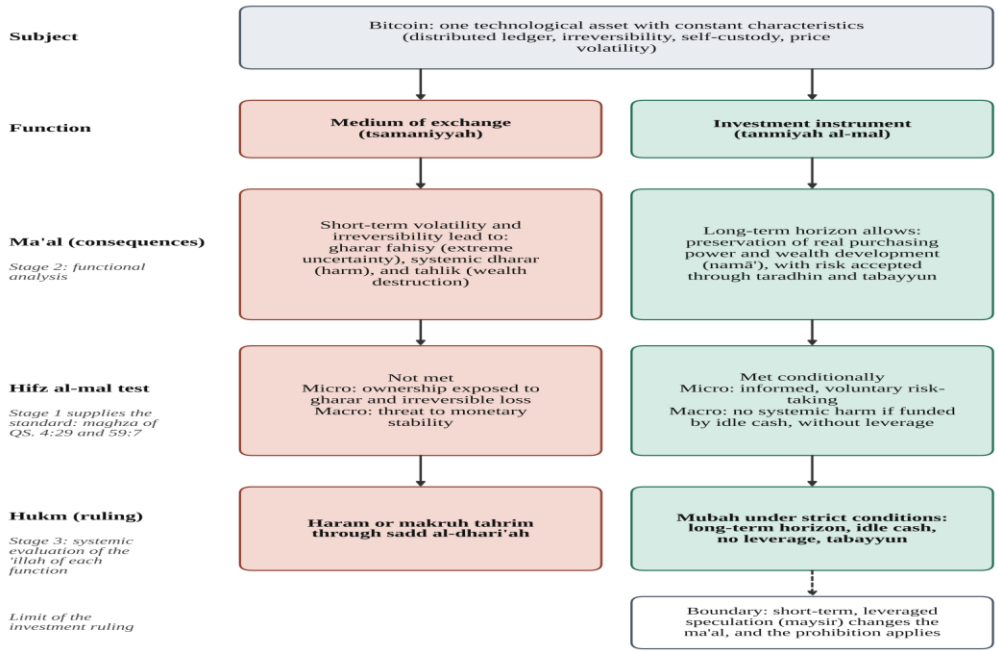


Figure 1. Conceptual Model of Bitcoin's Functional Dichotomy in Hifz al-Mal
Source: Author's analysis based on Jasser Auda's systems approach and classical *Maqasid* principles.

Figure 1 shows how the argument of this study is structured. Bitcoin is treated as a single technological asset whose characteristics (distributed ledger,

irreversibility, self-custody, and price volatility) are constant. Its legal assessment, however, depends on the function it performs. For each function, the analysis identifies the *ma'al*, that is, the foreseeable consequences of that use, and evaluates them against *hifz al-mal* at two levels: the micro level (protection of individual ownership from *gharar* and fraud) and the macro level (preservation of monetary stability from systemic *dharar*). The *hukm* then follows from the *'illah* of each function rather than from the nature of the asset. As a medium of exchange (*tsamaniyyah*), the consequences conflict with *hifz al-mal*, so the ruling is *haram* or *makruh tahrim* through *sadd al-dhari'ah*. As an investment instrument (*tanmiyah al-mal*), the consequences can be reconciled with *hifz al-mal* under strict conditions, so the ruling is *mubah*. The dashed arrow indicates the limit of this ruling: if the investment function degrades into short-term, leveraged speculation (*maysir*), its *ma'al* changes and the prohibition applies.

RESEARCH METHOD

This study employs a qualitative methodology through library research with a normative-doctrinal approach, systematically integrated into the *Tafsir Maqashidi* framework based on Jasser Auda's systems approach. To ensure methodological transparency and reproducibility, the operationalization of Auda's framework is executed through three explicit analytical phases: (1) Textual Deconstruction: extracting the teleological meaning (*maghza*) of primary normative texts (e.g., QS. An-Nisa: 29, QS. Al-Hasyr: 7) beyond their literal (*bayani*) interpretation; (2) Functional Analysis (*Ma'al*): evaluating Bitcoin's technical architecture (volatility, immutability, decentralization, and self-custody) against the specific objectives of *hifz al-mal* (wealth preservation); and (3) Systemic Evaluation: differentiating the legal ruling (*hukm*) based on the distinct *'illah* (ratio legis) of each function, thereby constructing a binding legal dichotomy between Bitcoin as a medium of exchange and as an investment instrument.

Data collection was conducted utilizing strict inclusion and exclusion criteria. Primary data sources were explicitly limited to: (a) foundational Islamic texts (Qur'an and authentic Hadith); (b) contemporary Indonesian regulatory frameworks, specifically Law No. 4 of 2023 (P2SK), OJK Regulation No. 27 of 2024, and the Keputusan Ijtima' Ulama Komisi Fatwa MUI ke-7 Tahun 2021 regarding Cryptocurrency; and (c) the original Bitcoin whitepaper. Secondary data included peer-reviewed Maqasid literature, academic journals, and institutional reports (e.g., BIS, IMF, SEC) published between 2019 and 2026 to capture the most recent regulatory and market dynamics. Data processing utilized qualitative content analysis, systematically reducing empirical data (e.g., halving cycles, maximum drawdown) into measurable elements of *maslahah* and

mafsadah. The validity of the analysis was ensured through theoretical triangulation, dialoguing classical *fiqh* doctrines (Ibn Taymiyyah, Al-Shatibi) with contemporary *Maqasid* theory (Ibn Ashur, Jasser Auda) and modern monetary economics, culminating in a legally sound dichotomy based on the principles of *sadd al-dhari'ah* and *tanmiyah al-mal*.

Sources were selected in three steps. First, documents were identified through keyword searches on the core concepts of the study (Bitcoin and crypto assets, *hifz al-mal*, *maqasid al-shari'ah*, *tafsir maqashidi*, *gharar*, and *maysir*) and through the websites of the regulators and fatwa institutions named above. Second, candidate documents were screened against three criteria: relevance (the source addresses Bitcoin or crypto assets, the objectives of Islamic law in economic transactions, or the regulatory status of crypto assets in Indonesia), authority (primary texts, official regulations and fatwas, peer-reviewed publications, and reports of recognized institutions were preferred over commentary and promotional material), and currency (the 2019-2026 window applied to empirical, market, and regulatory sources, while classical and foundational *maqasid* works were included irrespective of publication date as theoretical references). Third, the selected documents were read closely and annotated, and the relevant passages were coded as described below.

Coding combined deductive and inductive steps. Deductive categories were derived from Auda's framework and the three analytical phases above: (1) function (*tsamaniyyah* or *tanmiyah al-mal*); (2) *ma'al* indicators (price volatility and drawdowns, irreversibility, self-custody, and legal accountability); (3) the *hifz al-mal* dimension (micro: ownership clarity and protection from *gharar* and fraud; macro: monetary stability and freedom from systemic *dharar*); and (4) *maslahah* and *mafsadah*. Inductive themes, such as the distinction between price volatility, contractual *gharar*, and *maysir*, emerged from repeated reading and are developed in the Results and Discussion. Legal conclusions were drawn in four steps. First, the function under assessment was fixed. Second, its *'illah* and *ma'al* were identified from the coded material. Third, the *ma'al* was weighed against *hifz al-mal* at the micro and macro levels, balancing *maslahah* against *mafsadah*. Fourth, the *hukm* was derived through *sadd al-dhari'ah* where the *mafsadah* is structural, or through *ibahah ashliyah* and *istislah* where the *maslahah* prevails, and the risk can be managed through conditions, and was then cross-checked against the MUI 2021 decision and the Indonesian regulatory framework for consistency.

RESULT AND DISCUSSION

Characteristics And Transactional Mechanisms Of Bitcoin In The Digital Era

Bitcoin emerged during the 2008 global financial crisis as a decentralized peer-to-peer electronic cash system, explicitly challenging traditional financial intermediaries. [16] The ideological underpinnings of this creation crystallized further on January 3, 2009, when the genesis block was mined. Nakamoto embedded a headline from The Times: "Chancellor on brink of second bailout for banks."[17] Over time, its legal classification underwent drastic semantic shifts. In 2015, the US Commodity Futures Trading Commission (CFTC) classified Bitcoin as a "commodity" rather than a currency.[18] This was reinforced in 2024 when the SEC approved spot Bitcoin ETFs, transitioning its image from a retail speculative asset to an institutional investment instrument.[19]

Similarly, in Indonesia, regulatory authority shifted from Bappebti (treating it as a physical commodity) [20] to the OJK under the P2SK Law, reclassifying it as a "Digital Financial Asset" subject to stricter oversight. [21] This succession of transformations highlights an ontological ambiguity—whether Bitcoin is essentially *al-nuqud* (currency), a commodity, or a security—posing a critical challenge for Islamic commercial jurisprudence (*fiqh al-muamalah*), which demands absolute clarity regarding the essence and function of a transactional object to determine its validity as mal and its alignment with *hifẓ al-mal*.

Technically, Bitcoin's architecture is built on four pillars that collectively create a unique structural void from a legal perspective. *First*, distributed ledger technology (DLT) disseminates transaction histories across thousands of nodes, ensuring extraordinary resilience but eliminating a single point of administrative or civil accountability.[22] *Second*, cryptographic immutability makes altering past transactions computationally infeasible, thereby foreclosing any possibility of correcting erroneous or fraudulent transfers. *Third*, its "trustless" consensus

[16]Commodity Futures Trading Commission, "Instituting Proceedings Pursuant To Sections 6(c) And 6(d) Of The Commodity Exchange Act, Making Findings And Imposing Remedial Sanctions."

[17]Chair Gary Gensler, "Statement On The Approval of Spot Bitcoin Exchange-Traded Products." U.S Securities and Exchange Commission, 2024, https://www.sec.gov/newsroom/speeches-statements/gensler-statement-spot-bitcoin-011023

[18]Badan Pengawas Perdagangan Berjangka *Komoditi, "Peraturan Bappebti Nomor 5 Tahun 2019 Tentang Ketentuan Teknis Penyelenggaraan Pasar Fisik Aset Kripto (Crypto Asset) Di Bursa Berjangka*." 2019, 1–29. https://bappebti.go.id/pl/sk_kep_kepala_bappebti/detail/5205

[19]Otoritas Jasa Keuangan, "Salinan Peraturan Otoritas Jasa Keuangan Republik Indonesia Nomor 27 Tahun 2024 Tentang Penyelenggaraan Perdagangan Aset Keuangan Digital Termasuk Aset Kripto." 2024, 1–152.

[20]Bitcoin Wiki, "Statistics."

[21]Bitcoin Wiki.

[22]Bank for International Settlements, "Financial Stability Risks from Cryptoassets in Emerging Market Economies." 2023. https://www.bis.org/publications/paper-138-financial-stability-risks-cryptoassets-emerging-market-economies.pdf

mechanism replaces institutional trust with mathematical certainty, meaning no central authority can reverse funds or be held legally liable for system failures, despite underlying de facto concentrations in mining power.[23] *Fourth*, public transparency allows real-time tracing of addresses, yet pseudonymity complicates the linkage to actual legal subjects, exacerbating anti-money laundering compliance challenges.[24] Ultimately, this architecture lacks a post-transaction correction mechanism and clear legal accountability, directly conflicting with the normative framework of *hifẓ al-mal*, which requires clarity of ownership and traceability.

The mechanism of Bitcoin transfers operates through a non-custodial, autonomous ecosystem. Transactions are constructed using unspent outputs (UTXOs), broadcast to the peer-to-peer network, and validated by miners through a Proof-of-Work consensus before being permanently embedded in the blockchain.[25] This structural autonomy eliminates intermediary institutions, meaning no central authority possesses the capability to freeze, intercept, or reverse executed transactions. Consequently, the system culminates in two properties that serve as sharp analytical tools for *hifẓ al-mal*: irreversibility and self-custody. While designed to prevent double-spending, irreversibility ensures that funds lost to negligence or fraud cannot be recovered. Concurrently, self-custody shifts the entire burden of asset security from regulated institutions to individuals, dismantling traditional consumer protections like chargebacks or deposit insurance[26] This redistribution of risk produces a liability profile antithetical to traditional asset protection, constituting a formidable test for the Sharia's mandate to preserve wealth.

Furthermore, Bitcoin's risk profile is defined by extreme price volatility and the absence of an underlying value anchor. Despite institutional adoption, Bitcoin remains prone to sharp corrections, such as the 36% crash in late 2025.[27]

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[23]Andreas M. Antonopoulos and David A. Harding, *Mastering Bitcoin: Programming the Open Blockchain*. United States of America: O'Reilly Media, 2023.

[24]Burcu *Hacibedel and Hector Perez-Saiz, "Assessing Macrofinancial Risks from Crypto Assets."* International Monetary Fund, 2023, https://www.imf.org/en/publications/wp/issues/2023/09/30/assessing-macrofinancial-risks-from-crypto-assets-539473

[25]Coincentral*, "Bitcoin Turned Less Volatile Than Nvidia As $570 Billion Absorbed In Swings."* MEXC, 2026.

[26]Matthew McGrath, "Bitcoin: Volatility, Regulation, and What Investors Should Know in 2025." Winthrop Wealth, 2025. https://winthropwealth.com/commentary/bitcoin-volatility-regulation-and-what-investors-should-know-in-2025/

[27]Juan Ignacio Ibañez, Lena Klaaßen, Ulrich Gallersdörfer, and Christian Stoll "Bitcoin MiCA White Paper." 2024. https://arxiv.org/abs/2403.10583

It has undergone 34 bearish phases exceeding 20% declines since 2015.[28] Unlike stocks or fiat money, Bitcoin lacks discountable cash flows or state backing, making its intrinsic value exceedingly difficult to determine objectively.[29] This volatility, combined with its deflationary 21-million coin cap that encourages hoarding, and its pseudonymous nature, creates a complex risk profile that demands rigorous evaluation through the lens of hifz al-mal.

Reconstruction of the Concepts of Wealth (*Māl*) and Money (*Tsamaniyyah*) through Tafsir Maqasidi

Before reconstructing the concepts of wealth and money, it is imperative to establish the methodological framework of *Tafsir Maqasidi*. This approach assumes that Sharia texts cannot be comprehended merely at the literal level (*mantuq*); interpretation must extend to grasp the contextual-teleological meaning (*maghza*). Ibn Ashur demonstrates that muamalah rulings are intrinsically linked to a rational *'illah* traceable to the *Maqasid al-Shari'ah*. [30]Al-Shatibi asserts that Sharia injunctions aim to realize welfare by attracting benefit (*jalb al-maslahah*) and repelling harm (*dar' al-mafsadah*).[31] Contemporarily, Jasser Auda positions the *Maqashid* as a dynamic, cognitive legal philosophy open to socio-economic realities.[32] Thus, analyzing Bitcoin requires excavating the *Maqashidi* spirit underpinning wealth and money, rather than searching for explicit textual evidence.

Referring to this framework, the classical definition of māl necessitates reconstruction. Textually, classical jurisprudence defines *māl* as possessing a physical form (*'ain*), capable of being stored and utilized according to custom (*'urf*).[33] However, a *Maqasidi* reading reveals that physical form is not the true *'illah*, but a reflection of historical material conditions. The true essence the Sharia protects is *manfa'ah mu'tabarah* (legally recognized benefit) and the capacity for *iddikhar* (value preservation). If digital entities possess programmed scarcity,

[28]Muhammad Thahir Ibnu Asyur, *Tafsir At-Tahrir Wa At-Tanwir*. Tunisia: Dar At-Tunisiah, 1984.

[29]Asy-Syathibi, *Al-Muwafaqat Fi Ushul Al-Ahkam*. Beirut: Dar Al-Kutub Al-Ilmiyyah, 2003.

[30]Jasser Auda, *Membumikan Hukum Islam Melalui Maqasid Syariah*. Bandung: Penerbit PT Mizan Pustaka, 2008.

[31]Wahbah Az-Zuhayli, *Al-Fiqh Al-Islami Wa Adillatuhu*. Dar Al-Fikr Al-Mouaser, 1989.

[32]Monzer Kahf and Amiirah Nabee Mohomed, "Cash Waqf: An Innovative Instrument of Personal Finance In Islamic Banking."

[33]Wahbah Az-Zuhayli, *Al-Fiqh Al-Islami Wa Adillatuhu*.

transferability, and acceptance within contemporary *'urf*, they are entitled to be considered *māl*, despite lacking physical form.[34]

The foundation of this reconstruction is further fortified when traced through a *Maqasidi* exegesis of QS. An-Nisa (4): 29, which textually prohibits humans from consuming one another's wealth through unjust means, except through trade based on mutual consent.

يٰٓاَيُّهَا الَّذِيْنَ اٰمَنُوْا لَا تَأْكُلُوْٓا اَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ اِلَّآ اَنْ تَكُوْنَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْۗ وَلَا تَقْتُلُوْٓا اَنْفُسَكُمْۗ اِنَّ اللّٰهَ كَانَ بِكُمْ رَحِيْمًا

Translation: "*O you who have believed, do not consume one another's wealth unjustly but only [in lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful.*" (QS. An-Nisa [4]: 29).

Conventional-textual interpretations restrict *batil* (unjust/void) to physical violations like theft. Conversely, *Maqasidi* exegesis expands this to encompass any mechanism structurally capable of annihilating wealth, even with formal consent. Thus, batil includes *gharar fahisy* (extreme uncertainty), information asymmetry, and systemic wealth destruction. This aligns with Al-Zuhaili's principle that prohibiting gharar is a preventive instrument to protect wealth from futility.[35] Therefore, formal consent (*taradhin*) is insufficient if the contract harbors destructive potential.

Following the reconstruction of *māl*, the concept of *tsamaniyyah* (monetary function) must be re-examined. Ibn Taymiyyah indicated that gold and silver were chosen as thaman not for their material essence, but for their role as a *mi'yar* (standard of value).[36] Through a *Maqasidi* lens, money's essence lies in its status as *ma'ilah ilaiha an-nufus* (naturally desired), manifesting as a *miqyar* (measuring tool) and *mukhtazan* (store of value). The stability of these functions is an absolute prerequisite for an instrument to be classified as money; instability distorts the exchange mechanism.[37]

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[34]'Abd. al-Rahman Muhammad bin Qasim Al-'Asimiy, *Majmu' Al-Fatawa Syaikh Al-Islam Ibnu Taymiyah*. Saudi Arabia: Mamlakah Saudi Arabia, n.d.

[35]Fitri Salsabila Siregar, Fina Pebrian Tanjung, Khoirun Nisa Pulungan, Putrima Simamora, and Idris Saleh, "Crypto Assets and Islamic Macroeconomic Stability: A Theoretical Framework Based on Maqashid Sharia." TABLIGH: Journal of Islamic Studies 2, no. 1 (2026): 150–61, https://journal.maalahliyah.sch.id/index.php/tabligh/article/view/513/396

[36]Jasser Auda, *Membumikan Hukum Islam Melalui Maqasid Syariah*.

[37]Andrés Murcia, Anna Kovner, and Alexandre Tombini, "Financial Stability Risks from Cryptoassets in Emerging Market Economies.", 2023, https://www.bis.org/publications/paper-138-financial-stability-risks-cryptoassets-emerging-market-economies.pdf

The significance of the stability of monetary functions is textually reinforced by QS. Al-Hasyr (59): 7, which asserts that the distribution of war booty is regulated in such a way that wealth does not merely circulate among the rich. Allah ﷻ says:

مَآ اَفَاۤءَ اللّٰهُ عَلٰى رَسُوْلِهٖ مِنْ اَهْلِ الْقُرٰى فَلِلّٰهِ وَلِلرَّسُوْلِ وَلِذِى الْقُرْبٰى وَالْيَتٰمٰى وَالْمَسٰكِيْنِ وَابْنِ السَّبِيْلِۙ كَيْ لَا يَكُوْنَ دُوْلَةًۢ بَيْنَ الْاَغْنِيَاۤءِ مِنْكُمْۗ

Translation: "*And what Allah restored [of property] to His Messenger from the people of the towns - it is for Allah and for the Messenger and for [his] near relatives and the orphans, the needy, and the [stranded] traveler, so that it will not be a mere distribution among the rich from among you.*" (QS. Al-Hasyr [59]: 7).

Although revealed in the context of distributing *fa'i* (booty), this verse universally encapsulates the *Maqasidi* principle of the necessity for equitable wealth circulation and the rejection of excessive wealth concentration among a few. This principle can be contextualized to the function of money when linked to the Prophet's Hadith regarding the exchange of gold for gold and silver for silver, which must be conducted equally and on the spot (*yadan bi yadin*). This provision is understood by jurists as an affirmation that gold and silver serve as *thaman*, not merely as commodities traded solely to chase price differentials. The Prophet ﷺ said:

الذَّهَبُ بِالذَّهَبِ، وَالْفِضَّةُ بِالْفِضَّةِ، وَالْبُرُّ بِالْبُرِّ، وَالشَّعِيرُ بِالشَّعِيرِ، وَالتَّمْرُ بِالتَّمْرِ، وَالْمِلْحُ بِالْمِلْحِ، مِثْلًا بِمِثْلٍ سَوَاءً بِسَوَاءٍ، يَدًا بِيَدٍ، فَإِذَا اخْتَلَفَتْ هَذِهِ الْأَصْنَافُ فَبِيعُوا كَيْفَ شِئْتُمْ، إِذَا كَانَ يَدًا بِيَدٍ

Translation: "*Gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates, and salt for salt, like for like, equal for equal, hand to hand. If these commodities differ, then sell as you wish, provided it is hand to hand.*"

A *Maqasidi* reading of both texts yields the maxim that money must not be treated as an object of speculation whose value is bought and sold merely for profit from price fluctuations, because such treatment will structurally cause money to merely "circulate" among large capital owners capable of exploiting such volatility, while its original function as a medium of equitable economic circulation for all layers of society is eroded.

These intellectual renewals converge on the master principle of *hifẓ al-mal*, understood through two dimensions: micro (protecting individual ownership from *gharar* or fraud) and macro (preserving monetary stability from systemic *dharar*). Jasser Auda emphasizes that *Maqasid* operate at both the individual (*fardi*) and societal (*ummah*) levels; an instrument is only beneficial if it fulfills the welfare of both.[38] Consequently, evaluating Bitcoin requires

[38]Muhammad Thahir Ibnu Asyur, *Tafsir At-Tahrir Wa At-Tanwir.*

demarcating the *Maqasidi* criteria for *māl* (*manfa'ah mu'tabarah* and *iddikhar*) from those of *tsamaniyyah* (stability of *miqyar* and *mukhtazan*). This allows precise legal differentiation: Bitcoin is subject to the regime of māl if functioning as an investment/store of value, and *tsamaniyyah* if functioning as a medium of exchange.

Therefore, this *Maqasidi* expansion of the concept of *'batil'* provides the adequate hermeneutic justification required to extend classical Qur'anic principles to the digital realm. It demonstrates that the prohibition is not based on the physical form of the asset (Bitcoin), but on its functional consequence (*ma'al*) of structurally annihilating wealth, which directly violates the teleological objective (*maghza*) of *hifz al-mal*.

Bitcoin as an Investment Instrument: Volatility Analysis and Its Implications for Hifz al-Mal

Bitcoin's price history since 2009 reveals sharp corrections far exceeding those of conventional financial assets. Four structural bear market cycles recorded maximum drawdowns of 81.6% (2014–2015), 83.6% (2018–2019), 74.4% (2020), and 76.7% (2022–2023). The Bank for International Settlements asserts that such extreme fluctuations are a structural characteristic of the crypto ecosystem, not a temporary anomaly that will vanish as the market matures.[39]

If an asset with this risk profile is treated as liquid capital for daily transactions—equivalent to the function of *tsaman* reconstructed earlier—the potential for wealth destruction (*tahlik*) becomes direct and material. Parties storing the value of wages or short-term obligations in Bitcoin face the threat of losing up to three-quarters of their purchasing power within months. From a *Maqasidi* perspective, this correlates with the prohibition against casting wealth into destruction in QS. Al-Baqarah (2): 195:

وَاَنْفِقُوْا فِيْ سَبِيْلِ اللّٰهِ وَلَا تُلْقُوْا بِاَيْدِيْكُمْ اِلَى التَّهْلُكَةِ ۛ وَاَحْسِنُوْا ۛ اِنَّ اللّٰهَ يُحِبُّ الْمُحْسِنِيْنَ

Translation: "*And spend in the way of Allah and do not throw [yourselves] with your [own] hands into destruction. And do good; indeed, Allah loves the doers of good.*" (QS. Al-Baqarah [2]: 195).

This short-term volatility stands in stark contrast to Bitcoin's behavior over a long-term investment horizon. Ten-year compound annual growth rates (CAGR) have historically ranged between 70% and 84%, far surpassing gold (7%–12%) and the S&P 500 (10%–12%). This pattern correlates with halving

[39]Majelis Ulama Indonesia, "Keputusan Fatwa Hukum Uang Kripto Atau Cryptocurrency." *MUI Digital*, 2021, https://mui.or.id/baca/berita/keputusan-fatwa-hukum-uang-kripto-atau-cryptocurrency

cycles—the programmed four-year reduction of mining rewards that constrains new supply—each historically followed by accumulation and medium-term appreciation, albeit with diminishing returns as market capitalization expands. These figures are backward-looking, depend on the start and end dates chosen, and rest on a short price history, so they describe past performance rather than predict future returns.

Within *fiqh al-muamalah*, such value growth is relevantly linked to tanmiyah al-mal: the Sharia's exhortation to develop wealth productively rather than leave it idle or allow erosion. Bitcoin's fixed, non-intervenable supply further positions it as a structural hedge against fiat depreciation driven by monetary expansion—a function Islamic monetary literature equates with gold's historical role in preserving purchasing power across generations.

This dichotomy between short-term vulnerability and long-term resilience necessitates a *Maqasidi* reinterpretation of *hifz al-mal*. Conventional understanding equates wealth preservation with freezing value in nominally stable form, as reflected in the historical preference for physical gold. A reading oriented toward *maghza*, however, reveals that nominal stability is not an end in itself but a means to preserve real purchasing power over time. Ibn Ashur asserts that the *Maqasid* in *muamalah* are oriented toward substantive welfare, not the formal shape of the instruments used to realize it.[40]

Consequently, a nominally stable fiat currency systemically eroded by inflation may fail *hifz al-mal* in its substantive sense, as its holder silently loses purchasing power despite unchanged nominal savings. Conversely, a nominally fluctuating instrument that preserves or enhances purchasing power over the long term approximates the substance of *hifz al-mal*, provided its volatility is managed through an appropriate holding horizon, and it is not treated as short-term liquidity. This reinterpretation does not negate stability, but shifts the unit of analysis from daily nominal price to purchasing power over a timeframe relevant to the wealth's intended function.

These elaborations culminate in a strict functional differentiation. As a medium of exchange, Bitcoin's short-term volatility contains *gharar fahisy*, undermining *tsamaniyyah* as *miqyar* and *mukhtazan* and rendering daily use difficult to justify Shar'i-wise. This aligns with the Decision of the Seventh Ulema Ijtima of the Fatwa Commission of the Indonesian Ulema Council (2021), which found that cryptocurrencies as currency contain gharar and dharar, thereby invalidating them as a medium of exchange.[41] The same decision, however,

[40]Majelis Ulama Indonesia.
[41]Muhammad Thahir Ibnu Asyur, *Tafsir At-Tahrir Wa At-Tanwir.*

explicitly opens the door to permissibility as commodities, provided they meet the Sharia requirements of *sil'ah*, including clear underlying benefit and value.[42]

Accordingly, this study argues that Bitcoin can be conditionally justified, from a *Maqasidi* perspective, as a long-term store of value. The CAGR data and halving cycle patterns are treated as indicative evidence of Bitcoin's capacity for *tanmiyah al-mal* beyond a five-year horizon, not as a prediction or guarantee that Bitcoin will preserve or increase wealth in the future. Historical returns depend on the period chosen, rest on a short price history, and show diminishing returns as market capitalization expands. The ruling therefore does not rest on expected returns but on the holder's capacity to bear risk: the conditions of idle cash, no leverage, a long horizon, and *tabayyun* are meant to ensure that a price correction does not amount to *tahlik*, even if past patterns do not repeat. This justification remains strictly conditional. To prevent analytical generalization, four concepts must be distinguished. Price volatility denotes natural market fluctuation, which over a long-term horizon constitutes an acceptable and calculable risk. Contractual *gharar* denotes fundamental uncertainty regarding the object, price, or delivery of a contract. When Bitcoin is used as a daily medium of exchange, its volatility—compounded by unpredictable miner fees during network congestion—structurally transforms into *gharar fahisy*: the agreed value may collapse or be eroded before settlement is finalized, violating *taradhin*. The blockchain's immutability and absence of legal accountability exacerbate this condition, as erroneous, coerced, or fraudulent transfers cannot be reversed, producing permanent and unrecoverable *dharar* that contradicts the Sharia's demand for clear dispute resolution. Finally, permissible speculation—calculated risk grounded in fundamental analysis for long-term *tanmiyah al-mal*—must be demarcated from prohibited *maysir*, a zero-sum outcome driven by chance, leverage, and price manipulation without productive value creation. Short-term, highly leveraged trading therefore mimics *maysir* and is prohibited, whereas long-term, fundamentally driven holding with idle cash aligns with the *Maqasidi* objective of wealth preservation.

The Functional Dichotomy of Bitcoin: Legal Differentiation Between a Medium of Exchange and an Investment Asset Based on Maqasidi Exegesis

Contemporary fiqh discourse on Bitcoin frequently remains trapped in a *bayani* (textualist) approach, posing ontological questions: whether Bitcoin is *tsaman* or *sil'ah*, whether it formally fulfills the pillars of mal, or whether it parallels classical commodities. Though linguistically meticulous, such a method stops at labeling and fails to address the tangible impacts of an instrument's use

[42]Jasser Auda, *Membumikan Hukum Islam Melalui Maqasid Syariah*.

within economic activity. *Tafsir Maqashidi* shifts the question from "does it fall into category X" to "what is its functional impact on the *Maqasid al-Shari'ah*." Ibn Ashur asserts that muamalah law cannot be separated from its ma'al—the actual consequences of an action once it operates within social reality.[43] This epistemological shift underpins this section: the ruling on Bitcoin is established not by what it is named, but by the *hikmah* to be achieved and the *mafsadah* to be avoided in each functional use. A single technological entity may therefore receive two distinct legal verdicts depending on the role it performs.

QS. An-Nisa (4): 29 functions here not as a uniform prohibition, but as two complementary legal clauses. The first prohibits consuming one another's wealth through *batil*. Conventional readings restrict this to theft or fraud; *Maqasidi* excavation broadens it to encompass any action that nullifies the wisdom behind wealth and plunges its owner into *tahlik*—loss disproportionate to the formal consent present. When Bitcoin is used as a daily medium of exchange, its *ma'al* is *gharar fahisy*: the value agreed upon at contract becomes irrelevant within hours. This triggers *ghubn fahisy* (systemic exchange injustice), whereby the party receiving payment risks losing a significant portion of the real value owed—not through negligence, but through the inherent nature of the instrument.

This micro-level *mafsadah* is reinforced macroscopically by the Hadith *lā ḍarara wa lā ḍirār*, establishing that no action causing harm to oneself or others is permissible. Through Jasser Auda's systems approach, this maxim safeguards not only the individual but collective systemic stability, since the *Maqasid* operate hierarchically at both the individual and socio-structural levels.[44] Adopted as a mass medium of exchange, Bitcoin would channel its volatility throughout the entire pricing mechanism of the economy, eroding money's function as a common unit of account. The prohibition of Bitcoin as a medium of exchange therefore rests not solely on textual evidence but on *sadd al-dhari'ah*: closing pathways to greater harm before it spreads. The resulting ruling is *haram*, or at minimum *makruh* tahrim.

The verse's second clause—permitting trade based on mutual consent—opens a divergent pathway when Bitcoin is positioned as an investment object. Maqasidically, this is not merely permission to trade but the establishment of *ibahah ashliyah*: the default ruling in *muamalah* is permissibility absent specific prohibitive evidence. Al-Shatibi situates this within a broader scope, holding

[43]Asy-Syathibi, *Al-Muwafaqat Fi Ushul Al-Ahkam*.

[44] CryptoRank, "The Year 2024: A Historic Milestone for Cryptocurrency." CryptoRank, n.d., https://cryptorank.io/insights/reports/the-year-2024-a-historic-milestone-for-cryptocurrency.

that the Sharia facilitates *tanmiyah al-mal* as a form of *maslahah*, provided development rests upon *taradhin*—consent arising from complete understanding of the object and its risks.[45]

This foundation is reinforced by the Hadith *al-muslimūna 'alā syurūṭihim*, establishing that Muslims are bound by their agreed conditions provided they do not render the forbidden lawful or the lawful forbidden. The implication is broad contractual freedom within *fiqh al-muamalah*, highly relevant to Bitcoin as a long-term investment instrument: parties who hold it for hedging or *tanmiyah al-mal* have consciously accepted its risk profile, so such contracts cannot be equated with daily exchanges demanding immediate value certainty. The resulting status is *mubah* or *jaiz*, methodologically supported by *istislah*—ruling based on *maslahah* that is neither explicitly rejected by the texts nor contrary to the spirit of the *Maqasid*.

This dichotomy rests on differing *'illah* and *hikmah* inherent in each function. The *'illah* of a medium of exchange is *tsamaniyyah*—capacity as a stable unit of account—aimed at exchange justice (*al-'adalah fi al-mu'awadhah*); Bitcoin fails this, as its demonstrated volatility triggers injustice rather than preserving it. The *'illah* of an investment asset is *namā'* (growth), aimed at wealth circulation (*tadawul al-mal*) and lawful accumulation; Bitcoin fulfills this over a long-term horizon, as evidenced by the growth patterns and halving cycles analyzed above. A single entity thus legitimately receives two statuses not through methodological inconsistency, but because the *'illah* differs by function. Table 2 consolidates this framework, which operationalizes the conceptual model in Figure 1.

Table 2. Maqasidi Analytical Framework for the Functional Dichotomy of Bitcoin

Analytical Dimension	**Bitcoin as a Medium of Exchange (*Tsamaniyyah*)**	**Bitcoin as an Investment Instrument (*Tanmiyah al-Mal*)**
'Illah (Ratio Legis)	Instability as a unit of account (*miqyar*) and store of value (*mukhtazan*), creating structural vulnerability to wealth destruction (*tahlik*).	Potential for long-term value growth (*namā'*) and hedging capability against fiat currency depreciation.

[45] Crypto.com Research and Insights Team, "Crypto Market Sizing Report 2024." Crypto.com, 2025, https://crypto.com/en/research/2024-crypto-market-sizing-report.

Hikmah (Legal Wisdom)	Ensuring exchange justice (*al-'adalah fi al-mu'awadhah*) and maintaining the stability of the monetary system for societal welfare.	Facilitating productive wealth development and preserving the real purchasing power of the owner over time.
Maslahah / Mafsadah	Triggers systemic *mafsadah*: *Gharar fahisy* (extreme uncertainty in settlement) and collective *dharar* (harm to macroeconomic stability).	Yields individual *maslahah*: Wealth preservation (*hifz al-mal*) for informed investors, provided it utilizes idle funds.
Legal Ruling (*Hukm*)	*Haram* or *Makruh Tahrim* (applied via the maxim of *sadd al-dhari'ah* to block pathways to systemic harm).	*Mubah* (Permissible) under strict conditions: long-term horizon, absence of leverage, and comprehensive *tabayyun* (due diligence).

Source: Author's analysis based on Jasser Auda's systems approach and classical *Maqasid* principles.

Contemporary fatwas on Bitcoin must therefore be formulated upon this functional dichotomy rather than monolithically. As a medium of exchange in real transactions, Bitcoin is haram or *makruh tahrim*, as its utilization generates systemic *mafsadah* threatening monetary stability and exchange justice, invoking *sadd al-dhari'ah*. As an investment asset, it is *mubah* within the category of *muamalah mahdhah*, subject to strict conditions: ownership grounded in the intention of *tanmiyah al-mal* rather than maysir or short-term speculation; funded by idle cash not required for near-term obligations, so that price correction does not plunge the holder into *tahlik*; and accompanied by *tabayyun*, since adequate risk understanding is a prerequisite for the taradhin the verse requires. Through this formulation, *Tafsir Maqashidi* resolves the categorical deadlock long afflicting contemporary fiqh scholarship on Bitcoin, and affirms that *hifz al-mal* can only be fully upheld when law is established upon function and tangible impact rather than nomenclature.

Finally, to ensure alignment with the substantive requirements of sil'ah stipulated in the Ijtima' Ulama decision, this permissibility is explicitly conditioned upon the fulfillment of *manfa'ah mu'tabarah* (legally recognized benefit) and *qimah* (intrinsic value). The conditions proposed above—idle cash, long-term horizon, and comprehensive *tabayyun*—constitute the practical *Maqasidi* operationalization of these substantive requirements, structurally

preventing the asset from devolving into prohibited speculation and validating it as a legitimate store of value that fulfills *tanmiyah al-mal.*

CONCLUSION

This study concludes that the legal status of Bitcoin cannot be determined monolithically; rather, it must be dichotomized based on its functional impact (*ma'al*) on *hifz al-mal*. When utilized as a medium of exchange, Bitcoin's extreme volatility and structural irreversibility trigger gharar fahisy and systemic dharar, rendering it impermissible (*haram*) under the principle of *sadd al-dhari'ah*. Conversely, when positioned as a long-term investment instrument, Bitcoin aligns with the *Maqasidi* objective of *tanmiyah al-mal* (wealth development) and is deemed permissible (*mubah*), provided it is strictly conditioned upon a long-term investment intention, the use of idle cash, and comprehensive due diligence (*tabayyun*) to prevent it from devolving into prohibited speculation (*maysir*).

Theoretically, these findings offer a nuanced perspective by shifting the evaluative focus from a rigid textual-categorical (*bayani*) approach to a functional-teleological (*maqashidi*) framework, demonstrating how a single digital entity can hold distinct legal statuses based on its usage. Practically, this functional dichotomy provides a normative reference for policymakers and regulatory bodies, such as the OJK and DSN-MUI. It suggests that future crypto asset regulations should explicitly separate the legal regime for digital financial assets (as investment commodities) from the strict prohibition of their use as payment tools, ensuring Sharia compliance without stifling digital financial innovation. Furthermore, this functional dichotomy provides practical economic guidance for the Islamic financial market by protecting Muslim investors from speculative traps (*maysir*) and offering a foundational framework for Islamic financial institutions to evaluate digital asset exposures.

Despite these contributions, this study is limited by its normative-doctrinal methodology, which has not yet measured the empirical impact of this dichotomy on the actual financial behavior of Muslim investors. The investment ruling also relies on historical price data, which does not guarantee future performance, so it should be reassessed as market and regulatory conditions change. Future research is recommended to address this gap by examining the practical implementation of these Maqasidi principles in the field, or by expanding the analysis to more complex decentralized finance (DeFi) instruments and smart contracts. Ultimately, preserving wealth in the digital era requires framing technological disruptions within an ethical paradigm that prioritizes substantive public interest (*maslahah).*■

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