

THE LEGALITY OF DIGITAL CURRENCY TRADING IN ACCORDANCE WITH THE PRINCIPLES OF ISLAMIC COMMERCIAL LAW

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Abstract: The business field is facing massive change due to the high enhancement of technology day by day. Money plays a vital role in business. As a result, many electronic currencies are in circulation today. Digital currency is a crypto currency spread in peer-to-peer network all over the world. This network has a big accounting book called block chain which can be approached by public. The validity of digital currency still raises questions, whether it is in accordance with the terms and conditions in Islamic commercial law. There is controversy and ambiguity among the people on its Shari'ah compliance. The objectives of this paper are to find out Shari'ah perspective of digital currency and analyzing the digital currency trade based on the Principles Islamic commercial Law. This study uses qualitative research method. Secondary data has been collected from the literature such as previous journal publications, news, articles, books, Fiqh rules related to digital currency and authorized or recognized web site information. The researcher has picked the content analysis method to analyze the secondary data. The result of the research is that usage, buying, selling, saving and investing of digital currency is not permissible according to Islamic commercial law. Because digital currency does not concern as Islamic money, it has Gharar, Shubhath, Maysir, no intrinsic value and no real existence. It is decentralized money and not backed by real asset. It is easily used for illegal activities and non-Shari'ah compliant purposes. This view may need to be revisited when digital currency evolve to be more stable, authorized, accepted regulatory framework and without contradict with Islamic commercial law.

Keywords: Digital Currency, Currency Trade, Islamic Commercial Law, Shari'ah View