1. Introduction

One of the most important discoveries in the history of human life is the discovery of tools that can be used as exchanges to transfer ownership. The presence of a medium of exchange has facilitated human life in conducting transactions from one party to another. The emergence of this medium of exchange is a natural response from human civilization to meet their needs. Prior to the discovery of the medium of exchange, in transferring ownership, the ancient community carried out direct exchange (barter system). For example, a sack of wheat is exchanged for a basket of fish. Such a way of exchanging has indeed facilitated human affairs in fulfilling their needs and desires. However, this method has many weaknesses and is very inefficient.

These weaknesses arise because, of course, the value of an item cannot be measured only in terms of quantity or weight. The aspect of difficulty in the process of getting it is also one of the factors that cause the item to be valuable or not. In addition, there are also aspects that are needed or not needed for these items. Humans naturally understand that the more goods are needed and become scarce, the more valuable the value of these goods. So this also raises another weakness of the barter system. Someone who wants to barter must find someone who has the goods they need, and at the same time, that person also...
needs the goods they have. Therefore, the method of exchanging goods for goods is considered unfair and inefficient even though it can answer a few human problems. After humans saw that direct exchange methods had many weaknesses, humans then looked for other, more effective ways of exchanging. Various civilizations around the world see that exchange must be made using something that is more valuable, important, beautiful, hard to find and of course must be mutually agreed upon. These goods will later act as a medium of exchange, as a unit of account, and as a means of storing value (properties).

History records that in various parts of the ancient world, each object was used as a medium of exchange and was considered important in that place. For example, the people of the island of Micronesia used stone money (Rai), the Ilonians, Chinese, Greeks, and Persians used metal coins, the Kingdom of Buton used woven cloth, and in several other areas used stones and shells as a medium of exchange. China, which originally used precious metals as a medium of exchange, found another weakness, namely when the price of gold and silver changed which caused a difference between the nominal value and the intrigue. This is coupled with the depletion of the amount of precious metals in these areas. These difficulties then stimulated thought in China to create money from paper in the Tang Dynasty era. This paper money developed when there was a hoarding of wealth by traders in China, who got notes on the amount of wealth or Hequan. It was this hequan that later developed into banknotes. China then understood that paper money was imitated by other nations, which set their own currencies, such as Dollars, Rupiah, Yen, and so on. The use of money, in fact, continues to grow following the development and lifestyle of humans themselves. Paper money, which is still used today, is not without risks or weaknesses. Some of these weaknesses include: First, you have to carry large amounts of money if you want to make large transactions. To make a cash transaction of Rp. 500 million, you only need one or two suitcases as a container.

This first weakness then spreads to the second weakness, namely the vulnerability of the security of the money from criminal acts. Cash carried or stored in large amounts will trigger theft, robbery, pickpocketing, and so on. This is what later gave birth to the development of financial technology (Fintech) and gave rise to digital money (e-money). Digital money first developed is said to have occurred in the 1960s when Western Union introduced electronic funds transfers (ETF). In Indonesia, digital money only became popular around 2007. Electronic money regulations are contained in Bank Indonesia Regulation Number 11/12/PBI/2009. Not long ago, in 2009, electronic money found a new competitor with the birth of Bitcoin. This money is relatively new because it has its own exchange rate and is independent of any relation to conventional money in the world. This is where a new term emerged in the financial world called cryptocurrency. Cryptocurrencies are made from a combination of blockchain technology and cryptography. Blockchain is a technology for recording interconnected transactions using unique and immutable codes. On the other hand, cryptography is a branch of computer science that studies how to hide information. The high enthusiasm of the public in using crypto money is in line with the strengthening of the crisis of trust with the collapse of several giant world financial institutions. In Indonesia alone, based on CoFTRA data, as of December 2021, 11.2 million people became crypto asset investors. The value of crypto asset trading transactions in Indonesia throughout 2021 reached 859.4 trillion rupiah per day. Even though the public’s enthusiasm for crypto money has strengthened, the use of crypto money is not without problems. Especially if this is seen from the perspective of Islamic economics.

Islamic law, of course, cannot be separated from the problem of issuing transaction tools or money,
because money is an important aspect that is directly related to the benefit of the ummah. References to the issue of money can be found at the time of Umar ra who argued that the issuance of money was the authority of the authorities (ulil amri). In contrast to this opinion, another opinion says that money is limited to dinars (gold) and dirhams (silver) to be printed as currency. Another problem that is of concern to Islamic law is a matter of transactions and business. In the case of muamalah, the initial law is mubah (permissible). However, this can turn out to be illegitimate if it fulfills two elements, namely lighairihi haraam (object of the transaction) and lighairihi illegitimate (factors outside the object). Many world scholars such as the Egyptian Mufti Shaykh Shawki Alla, Shaykh Haitam and the Saudi government, the Palestinian Fatwa Center, and the Turkish religious authorities are of the opinion that Cryptocurrency is illegal. This prohibition is stated because Cryptocurrency is considered intangible, easy to use for illegal activities and can only be used via the internet. Apart from that, according to them, Cryptocurrency is high, and there will be elements of gharar (speculation) so that it can be included in the category of maysir (gambling). Throughout 2022, the phenomenon of the fall of cryptocurrency occurred almost throughout the year. Starting from the fall in the value of Bitcoin chips, Terra Luna, until several Crypto companies filed for bankruptcy in court. This phenomenon, in large part, proves the concerns of Ulama, academics of Islamic Economics, about the absence of a state authority responsible for Cryptocurrency transactions, etc.

2. Literature Review

Definition of money

Money is an object that can be exchanged with other objects; can be used to value other objects or as a means of calculating and can be used as a means of storing wealth (Rivai, 2007).

Money function

1) Money as a medium of exchange. You can imagine how difficult it is to live in this modern economy without objects that can be used as a medium of exchange. If there is no money, transactions are only carried out by exchanging (or what is known as bartering) between one item and another. 2) Money as a store of value. Valuables are owned in the form of land, houses, gems, and other valuable objects. Even though wealth is stored in various forms, it is undeniable that money is one option that stores wealth. 3) Money as a unit of account (unit of account). 4) Money as a measure of delayed payment (Standard for deferred payment) (Rivai, 2007).

History of the use of money

The history of the use of money continues to grow along with human efforts to make ends meet. Money, which was originally only a medium of exchange (substitute for barter), has now become a benchmark for a person’s status in achieving a level of wealth or position in society. In this regard, as a solution and taking advantage of technological developments, digital money or electronic money, also known as e-money, has begun to be created (Darmawan, 2020).

The emergence of digital money

In line with the increasing use of computers, in 1960, Western Union introduced ETF (Electronic Funds Transfer). Furthermore, in 1964, an aviation operational reservation system with a real-time transaction processing system was established by SABER (Semi-Automatic Business Research Environment). In 1983, a research paper by David Chaum introduced the idea of “Digital Money”. David Lee Chaum was a computer scientist and cryptographer in 2000. In 1997, the use of digital money grew after the Coca-Cola company, for the first time, offered transactions from vending machines using mobile payments. After that, in 2000, PayPal
appeared as a payment service. In Indonesia itself, digital money only became popular in 2007. Regulations regarding the use of electronic money in Indonesia are contained in Bank Indonesia Regulation Number 11/12/PBI/2009. The existence of the definition of digital money, in fact, does not only extend to e-money or the like. In 2009, the world was shocked by the presence of bitcoin, which has its own exchange rate and is independent of any conventional money in the world. Now, the world knows it by the term Cryptocurrency (Darsono et al, 2021).

### About bitcoins

Bitcoin is a digital currency concept with a decentralized peer-to-peer (P 2 P) principle. The decentralized P 2 P concept can run through a blockchain technology network. A decentralized P2P network is the movement of Bitcoins without a central server, not owned and regulated by any central government or financial institution. Bitcoin storage servers are decentralized and distributed. The emergence of Bitcoin signaled a fundamental change in the value of “money” and global financial transactions (Darmawan, 2020).

### 3. Methods

The type of research used in this research is a Literature Study and summarizes some of the opinions of experts, scholars, and leaders of community organizations (Ormas). This research was conducted using literature and documents from previous studies. Qualitative research is carried out according to the type of data and its analysis, which emphasizes research and description in analyzing meaning. The approaches used in this research are the Normative Juridical Approach and the Syar’i Normative Approach. The Syar’i Normative Approach is an approach and analysis carried out using Islamic Studies studies with the aim of knowing conclusions on the matter under study based on Islamic Law while the Normative Approach is an approach carried out based on the main legal material by examining theories, concepts, principles - legal principles and laws and regulations related to this research.

### 4. Results and Discussion

#### The concept of money in Islamic economics

Islam views money only as a medium of exchange not as a commodity or merchandise. Islam also strongly recommends money to be used as a medium of exchange. Therefore, the motive for demand for money aims to meet transaction needs (money demand for transactions), not for speculation. (Zainul Arifin, 2002). In the Islamic concept, money demand for speculation is not known. Contrary to the conventional system, Islam makes assets the object of Ziswaf, money should not be used for unproductive things because it can reduce the amount of money circulating in society. At the time of the Prophet, the medium of exchange used was Dinar and Dirham. Dinars are made of gold, and Dirhams are made of Silver.

In QS. at-Taubah [9]: 34, it is explained that the people of that time who liked to hoard gold and silver without giving it in charity or using it in the way of Allah SWT, then indeed Allah will give a very painful punishment on the last day.

From the sound of this verse above, it can be explained that gold and silver are treasures that can be kept and used as a symbol of a person’s wealth. So, gold and silver have functioned as a medium of exchange, a store of value, a unit of account, and a future payment standard (Karim, 2017).

#### Analysis of legal aspects of cryptocurrency according to the views of scholars and experts

The most famous and most expensive type of cryptocurrency in value per chip is Bitcoin. The use of digital legal currency (fiat rupiah) can be reflected this time for cryptocurrency and fulfillment of the criteria as a legal currency and/or means of payment. The agreement of the clergy can affect economic progress...
in line with technological developments. In general, Islamic scholars and experts have two different opinions. First, some scholars argue that cryptocurrencies are haram, meaning that they are prohibited by sharia. Another group is of the view that cryptocurrency is, in principle, halal, meaning that it is permitted.

The Ijtima Ulama event for the 7th Fatwa Commission of the Indonesian Ulema Council was held on 9-11 November 2021. The Ijtima Ulama was attended by 700. This triennial event resulted in 17 points of agreement, 3 of which were about cryptocurrency. The points of the agreement include: a) The use of Cryptocurrency as a legal currency is illegal, because it contains gharar, dharar and is contrary to Law number 7 of 2011 and Bank Indonesia Regulation number 17 of 2015; b) Cryptocurrency as a digital commodity/asset is not legally traded because it contains gharar, dharar, qimar and does not meet the syari' requirements of sil'ah, namely: there is a physical form, has a value, the amount is known for sure, the thing is owned and can be handed over to the buyer; c) Cryptocurrency as a commodity/asset that fulfills the requirements as a sil'ah and has an underlying as well as having clear legal benefits to be traded. (mui.or.id) The results of the 2021 Laznah Bahtsul Masail Meeting of the East Java Nahdatul Ulama Regional Executive Board (PWNU) decided that Cryptocurrency is haram. The participants of the deliberation conveyed why Illegal Cryptocurrency is used as Currency/medium of exchange/asset. The legality of transactions that are not guaranteed by the government is feared to cause negative things in the transaction process, and cryptocurrencies do not have sharia benefits as explained in fiqh books. (jatim.nu.or.id)

In addition to Laznah Bahtsul Masail, the East Java Nahdatul Ulama Regional Board (PWNU) and the Muhammadiyah Tarjih Council are of the opinion that Cryptocurrency is illegal both as a means of investment and a medium of exchange. The Tarjih and Tajdin Councils of Muhammadiyah Central Management are of the view that crypto as an investment instrument when viewed from Islamic law has many drawbacks. Having very high volatility makes crypto speculative in nature. Crypto value can increase 2,500 times in just one night or drop by 98 percent in just one week. According to the Muhammadiyah Tarjih Council, its nature is very speculative, there is no clear underlying asset such as government guarantees or gold. causing crypto to contain elements of gharar (obscurity). As narrated in the Hadith History of Muslims and QS. Al Maidah: 90. There are 2 things that do not meet business ethics, namely gharar and maisir. According to the Muhammadiyah Tarjih Council, there are at least two standards that can be used as currency, including: a) Accepted by society, b) Authorized by the State, which in this case is represented by an official authority such as the Central Bank. By being ratified by the State, it means that there is an Authorized Authority that is responsible for it.

The researcher summarizes some of the opinions of the Ulama in are Dr. Syafi'i Antonio, M.Ec, he is of the opinion that or Cryptocurrency is only recognized as a currency or medium of exchange by the community. There are at least 3 weaknesses of Cryptocurrency if it is recognized as a currency or medium of exchange, which are as follows: a). Misused to hide assets from the obligation to pay taxes, b). Misused to commit money laundering, c). Misused to provide gratuities/bribes. He also argues that this is also what scholars see as the advantages and disadvantages of using crypto as a currency/means of exchange. Talking about currency/means of exchange, things that are also inherent in it are matters of government, society, and consumer protection.

Some Governors of the Central Bank and Nobel Laureates also share their opinions about cryptocurrencies. One of the Governors of the Central Bank who has an opinion on Crypto is the Governor of the Central Bank of England Andrew Bailey. Andrew
said "Crypto assets" have extrinsic value, in the sense that people like to collect and own them, just as they like to collect and own all kinds of things, but that extrinsic value is highly unstable and could be nothing other than that. Director Monetary Authority of Singapore Ravi Menon of the opinion “Crypto token prices are not anchored on any fundamentals and are subject to keen speculation. Nobel laureate Joseph Stiglitzh, one of the tasks of the State is to determine the Currency. “Bitcoin is successful only because of its potential for circumvention, and it seems to me it ought to be outlawed”.

**Cryptocurrency crash events throughout 2022**

The researcher also summarizes the events of the fall of cryptocurrencies throughout 2022. On January 24, 2022, the Bitcoin price plunged to as low as US$33,400, a sharp drop from the highest record compared to the bitcoin price in November 2021, which was US$69,000. This is because bitcoin investors are busy selling their bitcoins following the Fed’s statement that it will raise the benchmark interest rate. On March 30th, 2022, Ronin Network suffered a loss of US$620 million, which is equivalent to Rp. 9.6 trillion. Ronin Network itself is Axie Infinity’s Ethereum-based sidechain. This loss was caused by the hacker’s hacking action. The theft of crypto assets is the largest history of theft of crypto assets in history. Still 2022, on May 12th, 2022, the price of the crypto asset Terra Luna fell by 98 percent in just one week. From the value of US$80 on May 7th in a week, it decreased to US$0.0006. According to media technasia.com, the cause of the loss was the performance of UST; Terra’s stablecoin failed to stay at US$ 1 per coin as targeted. On June 17th, 2022, the price of bitcoin chips continued to fall until it reached US$20,000. The decline did not only occur in the value of Bitcoin, the price of Ethereum continued to fall until it touched a price below US$1,000. On June 27th, 2022 Hedge fund from Singapore Three Arrows Capital (3AC) failed to make payments on a loan of US$ 650 million or equivalent to Rp. 10.1 trillion to Voyager Digital. Three Arrows Capital filed for bankruptcy in July 2022. As a result of this failure, Voyager Digital was also affected and filed for bankruptcy on July 7th, 2022. On July 14th, 2022, loan service provider Crypto Celsius also filed for bankruptcy. The day before filing for bankruptcy, crypto Celsius had stopped fund withdrawal transactions on its platform. November 11th, 2022, following the bankruptcy of FTX, crypto lender BlockFi was also affected. As a result, BlockFi also filed for bankruptcy in court.

Quoted from CNBC, The Fed et al. (Federal Deposit Insurance Corp and The Office of the Comptroller of the Currency) warned Financial Institutions in the United States about the risk of scams and fraud in cryptocurrency transactions. Following this, many companies engaged in cryptocurrency filed for bankruptcy and decreased the value of keeping bitcoin, Ethereum and Terra Luna. The effect of risks stemming from the interconnection among users of certain crypto assets. The three authorities above the series of events that occurred in 2022 are a sign of the high volatility and vulnerability of crypto assets. The impact of the global crypto market also affects the trading of crypto assets in Indonesia. Bappebti, or the Ministry of Trade’s Commodity Futures Trading Regulatory Agency, noted that the value of crypto asset trading in Indonesia in January-November 2022 fell by 65.4 percent to Rp. 296.66 trillion compared to transactions throughout 2021, namely IDR 859.4 trillion.

**5. Conclusion**

Cryptocurrency is a digital/virtual currency that is only recognized as a currency/asset/commodity among its communities. Scholars agree that cryptocurrency is not permissible if it is used as a currency/medium of exchange because it has too many disadvantages compared to its mashlahah. Contains gharar and mashir elements. There are concerns that its use is misused for negative things
such as hiding assets from the obligation to pay taxes, being misused to commit money laundering, being misused to provide gratuities/bribes, and other negative things. The fall in the value of cryptocurrencies (bitcoin, ether, terra luna etc.) throughout 2022 is largely due to the absence of a regulatory and responsible authority and the absence of a clear underlying asset. High volatility, so the value of crypto can go up and down very drastically. Cryptocurrency contains elements of qimar (the element of betting), dharar (harming one of the parties), gharar (uncertainty in transactions) and does not meet the requirements of sil’ah (goods) according to sharia.

6. References