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Jurisprudential and Technical Research Report

DIGITAL ASSETS, CRYPTOCURRENCY, AND THE CONCEPT OF **MĀL** IN **SHARIAH**

A Respectful Jurisprudential and Technical Inquiry into Digital Assets and Shariah

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بِسْمِ اللَّهِ الرَّحْمَٰنِ الرَّحِيمِ

إِنَّ اللَّهَ كَانَ عَلِيمًا حَكِيمًا

Indeed, Allah is All-Knowing, All-Wise.

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Allah knows best.

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Introduction

Cryptocurrency, blockchain technology, and digital assets have introduced new methods of ownership, exchange, value transfer, and financial participation. These technologies are now used in payments, investment, asset tokenisation, digital services, international transactions, and financial infrastructure.

Their rapid development has also created important questions within Islamic finance and contemporary Shariah scholarship. These questions include the nature of digital ownership, the definition of wealth, the validity of possession, the existence of lawful utility, and the presence of elements such as gharar, maysir, riba, and financial harm.

Digital assets are not one uniform category. Some function as decentralised cryptocurrencies, while others may represent fiat currency, commodities, securities, real estate, contractual rights, services, or access to digital platforms. Their technical structures, economic purposes, and legal characteristics may differ significantly.

This report examines digital assets through both jurisprudential and technical perspectives. It considers relevant scholarly views, key Shariah principles, the concept of Māl, and the practical structure and use of cryptocurrency and blockchain-based assets.

Particular attention is given to the difference between the technology itself and the financial activity conducted through it. Blockchain may serve as an infrastructure for recording ownership and transferring rights, while the permissibility of a specific asset or transaction may depend on its underlying purpose, structure, backing, risk, and method of use.

The objective is to present the available information in a clear, organised, and research-focused manner. By bringing together Islamic jurisprudence, finance, law, and technology, the report seeks to support a deeper understanding of an evolving and complex subject.

Research Scope and Methodology

This report examines cryptocurrency and digital assets through an interdisciplinary approach that brings together Islamic jurisprudence, finance, law, economics, and blockchain technology. Its scope includes the concept of Māl, ownership, possession, lawful utility, value, risk, and the application of Shariah principles to different forms of digital assets.

The research does not treat all cryptocurrencies and blockchain-based assets as one category. It considers the differences between decentralised cryptocurrencies, fiat-backed stablecoins, commodity-backed tokens, utility tokens, security tokens, tokenised real-world assets, and other digital representations of ownership or contractual rights.

The study primarily follows a qualitative and comparative research methodology. Relevant scholarly opinions, published fatwas, academic studies, institutional reports, regulatory publications, technical documentation, and publicly available research materials have been reviewed to identify key arguments and areas of agreement or difference.

Technical analysis is used to explain how digital assets are issued, owned, transferred, stored, backed, redeemed, and governed. These characteristics are then considered alongside relevant Shariah concepts, including Māl, qabd, gharar, maysir, riba, lawful benefit, and protection of wealth.

Preference has been given to original and authoritative sources where available. However, as much of the material has been collected from publicly accessible internet sources, the report also considers the limitations of online information, including incomplete context, translation differences, outdated publications, and varying interpretations.

The findings are presented as research observations rather than religious rulings. The methodology is intended to support clearer understanding, responsible discussion, and further review by qualified Islamic scholars and subject matter experts.

Contemporary Scholarly Perspectives

Mufti Muhammad Taqi Usmani — Jamia Darul Uloom Karachi, Pakistan

Date: 24 Dhu al-Hijjah 1447 AH, corresponding to June 10, 2026

Fatwa: The ruling addresses a case involving USDT, cryptocurrency-based educational material, and books purchased through cryptocurrency. According to the stated position of Darul Ifta, cryptocurrency does not presently qualify as māl, meaning Shariah-recognized wealth or property. Therefore, cryptocurrency cannot serve as valid payment in a Shariah-recognized sale. In the case presented, the books purchased through cryptocurrency were not considered lawfully owned and were required to be returned. The educational material obtained through the related cryptocurrency arrangement was also not to be used.

Reasoning: The fatwa explains that cryptocurrency is considered a record of assumed or notional numerical value rather than independently recognized property. Because it does not meet the required characteristics of māl, it cannot function as valid consideration in a transaction. Consequently, when cryptocurrency is used as payment, lawful ownership of the purchased item does not transfer to the buyer. The ruling is significant because its conclusion is based on the fundamental jurisprudential classification of cryptocurrency as property, rather than only on concerns such as speculation, volatility, or financial risk.

Conclusion: Under this jurisprudential position, cryptocurrency, including USDT, cannot presently be used as valid consideration in a Shariah-compliant transaction because it is not recognized as māl. As a result, a transaction conducted through such payment does not establish lawful ownership.

Mufti Abdur-Rahman Mangera and Mufti Zubair Patel - the Fatwa Centre, Whitethread Institute, United Kingdom

Date: May 25, 2025

Research prepared by: Mawlana Huzayfah Mangera

Fatwa: The Whitethread Institute's paper concludes that Bitcoin is permissible in principle and qualifies as māl, meaning Shariah-recognized wealth. It classifies Bitcoin primarily as a tradable asset rather than a fully established currency because its use in everyday commerce has not yet reached the level of widespread societal convention required for complete currency status. The ruling concerns Bitcoin specifically and does not automatically declare every cryptocurrency permissible, since other tokens must be assessed according to their structure, purpose, issuance and use.

Reasoning: The paper applies the classical Hanafi criteria of wealth: an asset must be recognized and valued by people, capable of being stored for future use, and permissible in its essential function. It argues that Bitcoin satisfies these requirements because it has substantial societal recognition, can be securely stored in digital wallets, and does not inherently contain interest, gambling or another prohibited element. Its digital and intangible nature does not prevent it from qualifying as wealth because classical jurisprudence does not require property to be physically tangible. The paper further distinguishes Bitcoin from abstract rights and usufructs, arguing that Bitcoin is independently storable, transferable and recognized as valuable. It also maintains that neither intrinsic physical value, asset backing nor government issuance is an absolute Shariah requirement for something to qualify as wealth.

Conclusion: Under this analysis, Bitcoin constitutes legitimate Shariah-recognized property and may be owned, stored, transferred and traded, provided that the surrounding transaction does not involve prohibited conduct such as interest, gambling, fraud or unlawful speculation. However, Bitcoin is currently better classified as an asset rather than a complete currency, and the permissibility of other cryptocurrencies must be evaluated individually.

Important correction: This was not formally published as a fatwa of Darul Uloom Deoband. The research was prepared for the cryptocurrency deliberations of the Jamiat Ulama-i-Hind's Idara Mabahith-e-Fiqhiyya seminar, held at Darul Ulum Pokhran in Rajasthan. The seminar's general assembly itself did not adopt the paper's permissibility conclusion and instead determined that there was insufficient clarity to permit cryptocurrency at that time. Whitethread subsequently published its own researched position.

Shariah Advisory Council of the Securities Commission Malaysia

Date: November 16, 2023

Fatwa: At its 274th meeting, the Shariah Advisory Council resolved that two token-burning mechanisms involving a technology-based digital currency without an underlying asset are permissible from a Shariah perspective. These mechanisms are the burning of transaction fees paid in the digital currency and the burning of tokens to obtain the right to validate blockchain transactions, commonly known as Proof of Burn. The permissibility is subject to full disclosure in the project's whitepaper or mutual agreement within the relevant digital-currency community.

Reasoning: The Council concluded that these mechanisms do not contain elements prohibited by Shariah. Token burning in this context may be treated as a form of fee payment made in exchange for defined rights or services. The ruling does not declare every form of token burning automatically permissible; it specifically covers the two identified mechanisms and requires transparency regarding how the burning process operates.

Conclusion: Token burning and Proof of Burn are permissible when structured as disclosed transaction fees or payments for validation rights, provided the mechanism contains no prohibited Shariah element and is transparently documented or mutually accepted by the community. This resolution concerns the permissibility of the burning mechanism itself, not a blanket approval of every cryptocurrency, token, blockchain project, or related trading activity.

Indonesian Ulema Council (Majelis Ulama Indonesia)

Date: November 11, 2021

Fatwa: The Indonesian Ulema Council ruled that using cryptocurrency as a currency is prohibited because it contains elements of gharar (excessive uncertainty), qimār or maysir (wagering or gambling), and ḍarar (harm), while also conflicting with Indonesian monetary regulations. The Council also stated that cryptocurrency generally cannot be traded as a digital commodity when it contains these prohibited characteristics and does not satisfy the Shariah requirements applicable to a valid tradable asset.

Reasoning: The Council's position distinguishes between cryptocurrency used as money and cryptocurrency treated as an asset. Cryptocurrency as currency was considered impermissible due to uncertainty, speculative behavior, potential harm, and the absence of recognition as lawful currency under Indonesia's financial framework. However, a cryptoasset may be traded where it satisfies the Shariah criteria of sil'ah, meaning a legally recognized commodity that can be owned, transferred, has clear value, provides genuine benefit, and does not contain prohibited elements. Therefore, the ruling is not an unconditional prohibition of every digital asset; permissibility depends on whether the particular asset has a valid underlying basis, identifiable benefit, clear ownership characteristics, and Shariah-compliant use.

Conclusion: Cryptocurrency is prohibited when used as currency and is also impermissible as a traded commodity where it is dominated by uncertainty, gambling, speculation, or harm. A particular cryptoasset may only be considered permissible for trading when it demonstrates a legitimate underlying basis or clear benefit and satisfies the established Shariah requirements for a valid commodity.

Syrian Islamic Council

Date: November 2019

Fatwa: The Syrian Islamic Council issued a collective fatwa, signed by fourteen council members, declaring cryptocurrencies “such as Bitcoin” prohibited in their existing form. The ruling did not claim that every possible digital currency must always carry the same status; rather, it evaluated the prevailing structure and operation of cryptocurrencies at that time.

Reasoning: The Council based its prohibition on the fact that cryptocurrencies existed only digitally, lacked backing by gold, sovereign currency, or another recognised asset, and operated outside a state-controlled or central legal framework. It considered this structure highly risky because digital assets could be lost through hacking or technical failure, their production and valuation mechanisms were unclear, their prices fluctuated sharply, and no competent authority could effectively regulate liquidity or prevent manipulation. The Council also highlighted their possible use in money laundering and other unlawful activities and viewed their speculative character as resembling gambling.

Conclusion: The Council concluded that cryptocurrencies were forbidden as they existed in 2019 because of excessive uncertainty, uncontrolled risk, price instability, potential manipulation, and resemblance to gambling. However, the fatwa included an important conditional qualification: cryptocurrency would not necessarily remain prohibited if these risks were removed, a reliable central authority established effective pricing and anti-manipulation mechanisms, and its use remained free from ribā and other prohibited financial practices.

Grand Mufti of Egypt, Shaykh Shawki Allam (Dar al-Ifta)

Date: January 2018

Fatwa: Shaykh Shawki Allam, then Grand Mufti of Egypt, ruled that trading in Bitcoin was impermissible. The ruling treated Bitcoin as an unregulated digital instrument whose use exposed participants and the wider financial system to significant uncertainty, instability, fraud, and unlawful financial harm. The ruling concerned Bitcoin in its prevailing form at that time and should not automatically be presented as a detailed judgment on every later cryptocurrency or regulated digital asset.

Reasoning: The ruling emphasized gharar, meaning excessive contractual uncertainty, because Bitcoin lacked a recognized central issuing authority, formal regulatory supervision, and dependable legal safeguards. Its anonymous or pseudonymous structure, severe price volatility, exposure to manipulation, and potential use in money laundering or prohibited transactions were also treated as material concerns. The absence of an authorized institution responsible for issuance, valuation, protection, and dispute resolution increased the risk of loss and harm to individuals and society.

Conclusion: Under this ruling, dealing in Bitcoin was prohibited because its structure and market operation involved excessive uncertainty, uncontrolled speculation, potential harm, and the absence of a recognized issuing or supervisory authority. The conclusion was directed at Bitcoin as it operated in 2018 and should not be broadened into a permanent ruling on all blockchain technology or every type of digital asset without additional evidence.

Mufti Faraz Adam - Amanah Advisors, United Kingdom

Date: February 27, 2021

Scholarly Position: Mufti Faraz Adam presents the personal view that many crypto-assets may qualify as digital assets and Shariah-recognized property. A crypto-asset does not need to be physically tangible to constitute māl. Where a token provides genuine and lawful utility, it may be recognized as property from a Shariah perspective.

Reasoning: His analysis focuses on the function and practical value of each crypto-asset. A token may provide ownership in an asset, access to a platform, a licence, a payment function, or another enforceable benefit within its ecosystem. Such lawful utility is sufficient to support its classification as māl. He further explains that certain payment or currency tokens may function as a medium of exchange within a specific network based on established community custom, although it may be premature to classify crypto-assets as universal currencies.

Conclusion: Crypto-assets with identifiable and lawful utility may be owned, transferred and treated as Shariah-recognized property. However, this does not make every cryptocurrency automatically permissible. Each asset should be independently screened for project legitimacy, underlying business activities, token structure, financial compliance and staking mechanisms. This source is a scholarly article expressing Mufti Faraz Adam's personal analysis, not a formal fatwa.

Dr. Ziyaad Mahomed — HSBC Amanah Malaysia

Position: Cautiously supportive of cryptocurrency

Scholarly Position: Dr. Ziyaad Mahomed argues that Shariah does not require a currency to possess intrinsic or physical value. In his analysis, the more important consideration is whether people recognize the instrument as having value and accept it as a means of conducting transactions. On this basis, cryptocurrency may potentially be treated as permissible where meaningful social acceptance and transactional use are established.

Reasoning: Gold and silver have clear historical acceptance as money, but their intrinsic value is not presented as an absolute requirement for every valid currency. Social convention and public acceptance can give an instrument monetary status. However, Dr. Mahomed adopts a cautious approach where cryptocurrency prices are driven by irrational retail demand, extreme volatility, or speculative market behaviour. In such circumstances, trading may become questionable because the activity can move away from legitimate exchange and toward harmful speculation.

Conclusion: Cryptocurrency may be considered permissible where it has genuine acceptance, practical transactional value, and is used responsibly. However, excessive speculation, irrational price escalation, and severe volatility may make particular trading activity doubtful or potentially impermissible. This is a reported scholarly position, not a formal fatwa.

Darul Uloom Zakariyya, Mufti Radha ul-Haqq and Shaykh Taha Karaan — South Africa

Position: Permissible in principle

Publication date: The linked guide was last updated on 25 August 2023; it does not provide a clear date for each underlying scholarly ruling.

Ruling and Scholarly Position: The fatwa-issuing body of Darul Uloom Zakariyya reportedly considers cryptocurrencies, particularly Bitcoin, capable of qualifying as māl, meaning property or wealth recognized under Islamic jurisprudence. Mufti Radha ul-Haqq and Shaykh Taha Karaan are also cited among prominent South African scholars who regard cryptocurrency as permissible in principle.

Reasoning: Their position is based primarily on social recognition and accepted customary practice. An asset does not have to be issued or regulated by a government to possess value under Shariah. When society recognizes an asset, assigns value to it and accepts it for ownership, transfer or exchange, that established custom can support its classification as māl. Cryptocurrency's digital form therefore does not, by itself, prevent it from being recognized as lawful property.

Conclusion: Cryptocurrencies may be considered Shariah-recognized property and permissible to own or transact with where they have genuine social acceptance and lawful use. This position does not automatically make every token, investment structure or trading practice halal; prohibited activities such as interest, fraud, gambling and unlawful speculation must still be assessed separately. The linked article specifically describes Darul Uloom Zakariyya's position as institutional, while presenting the views of Mufti Radha ul-Haqq and Shaykh Taha Karaan as reported scholarly positions.

Sheikh Assim al-Hakeem and Sheikh Abdullah bin Sulaiman Al-Manea — Saudi Arabia

Position: Impermissible or highly objectionable in their prevailing form

Date: No single verified joint ruling date is established

Scholarly Position: Sheikh Assim al-Hakeem has publicly regarded Bitcoin trading as impermissible, citing its ambiguous structure, speculative character and association with attempts to obtain rapid profit through activity resembling gambling. He has also raised concerns about anonymity and the use of cryptocurrency in unlawful transactions. Sheikh Abdullah Al-Manea has also been reported as taking a restrictive position on cryptocurrencies. However, the available source does not establish that the two scholars issued a joint fatwa, and their views should therefore be presented separately as individual scholarly positions rather than as one collective ruling.

Reasoning: The restrictive reasoning centres on gharar, meaning excessive uncertainty, along with severe price volatility, unclear valuation, insufficient institutional or sovereign backing, limited legal protection and the possibility of fraud or unlawful use. From this perspective, cryptocurrency trading may expose participants to disproportionate financial harm and may resemble wagering when transactions are driven mainly by unpredictable price movements and rapid speculative gain.

Conclusion: Under these reported positions, cryptocurrency trading is impermissible where it is dominated by excessive ambiguity, speculation, potential harm and the absence of reliable institutional safeguards. This should not be described as a joint Saudi institutional fatwa. The linked Ummid article is a secondary news report primarily discussing the 2026 Pakistani ruling, rather than an original or authoritative publication of rulings by Sheikh Assim al-Hakeem and Sheikh Abdullah Al-Manea.

Contemporary Scholarly Perspectives — Summary

Contemporary Islamic scholarship presents differing views on cryptocurrency and digital assets. Some scholars and institutions consider cryptocurrency impermissible because of concerns relating to excessive uncertainty, speculation, volatility, financial harm, unclear valuation, weak legal protection, and the absence of recognised institutional control. In certain rulings, cryptocurrency is also considered not to meet the Shariah requirements of māl, meaning recognised wealth or property.

Other scholars consider Bitcoin or selected crypto-assets permissible in principle where they possess genuine value, lawful utility, social recognition, transferability, and the ability to be securely owned and stored. These scholars generally emphasise that the digital or intangible nature of an asset does not automatically prevent it from qualifying as māl. However, they do not regard every cryptocurrency, token, or trading activity as permissible.

A third perspective adopts a conditional or asset-specific approach. Under this view, cryptocurrency used as money may be treated differently from a digital asset representing a commodity, service, ownership right, or lawful benefit. Each asset must therefore be examined according to its structure, purpose, backing, ownership, utility, market conduct, and exposure to prohibited elements such as riba, gharar, maysir, fraud, or manipulation.

Overall, contemporary scholarly disagreement does not arise from a single issue. It reflects different conclusions regarding the nature of digital ownership, the definition of māl, the role of public acceptance, the level of speculation and harm, and whether cryptocurrency should be treated as currency, property, a commodity, or a digital right. The reviewed perspectives therefore demonstrate the importance of distinguishing between different crypto-assets and evaluating each structure individually.

Key Shariah Principles

Islamic commercial and financial dealings are guided by principles established through the Qur'an, Sunnah, Islamic jurisprudence, and recognised scholarly interpretation. These principles aim to protect ownership, ensure fairness, prevent exploitation, and preserve the rights of all parties involved in a transaction.

1. Lawful Trade and Mutual Consent

Islam permits lawful trade when it is conducted with the genuine agreement of all parties and without injustice.

Qur'anic verse

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُم بَيْنَكُم بِالْبَاطِلِ إِلَّا أَن تَكُونَ تِجَارَةً عَن تَرَاضٍ مِّنكُمْ

Meaning:
"O believers, do not consume one another's wealth unjustly, but only through trade conducted by mutual consent."

Reference: Surah Al-Nisā', 4:29
This principle requires transactions to be voluntary, transparent, lawful, and free from deception, coercion, and wrongful enrichment.

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2. Māl — Recognised Wealth or Property

Māl refers to wealth or property that has recognised value, can be lawfully owned, and provides a permissible benefit.
Muslim jurists have discussed māl in relation to value, ownership, possession, storage, transferability, and lawful use. Something may be recognised as property where people consider it valuable and where Shariah permits its benefit.

Qur'anic verse

يَاوَلَا تُؤْتُوا السُّفَهَاءَ أَمْوَالَكُمُ الَّتِي جَعَلَ اللَّهُ لَكُمْ قِيَامًا

Meaning:
"Do not entrust the incapable with the wealth which Allah has made a means of support for you."

Reference: Surah Al-Nisā', 4:5
This verse demonstrates the importance of wealth as a means of stability, responsibility, and human welfare.

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3. Qabd — Possession

Qabd means taking possession or obtaining effective control over an asset. Possession may be physical or constructive, depending on the nature of the property and recognised commercial practice.

The Prophet Muhammad ﷺ said:

لَا تَبِعْ مَا لَيْسَ عِنْدَكَ

Meaning:
"Do not sell what you do not possess."

Reference: Sunan Abī Dāwūd, Hadith 3503; Jāmiʿ al-Tirmidhī, Hadith 1232
This principle prevents a person from selling something over which they have no ownership, authority, or effective control.

4. Gharar — Excessive Uncertainty

Gharar refers to serious or excessive uncertainty in a transaction. It may relate to the existence, ownership, quantity, quality, price, delivery, or essential characteristics of the subject matter.

Abū Hurayrah reported:

يَانَهَى رَسُولُ اللَّهِ ﷺ عَنْ بَيْعِ الْغَرَرِ

Meaning:
“The Messenger of Allah ﷺ prohibited a sale involving gharar.”

Reference: Ṣaḥīḥ Muslim, Hadith 1513
Ordinary commercial uncertainty may be unavoidable, but excessive uncertainty that can lead to deception, dispute, or unjust loss is prohibited.

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5. Maysir and Qimār — Gambling

Maysir and qimār refer to gambling, wagering, and arrangements in which wealth is gained primarily through chance at the expense of another party.

Qur’anic verse

يَيَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْأَنصَابُ وَالْأَزْلَامُ رِجْسٌ مِّنْ عَمَلِ الشَّيْطَانِ فَاجْتَنِبُوهُ لَعَلَّكُمْ تُفْلِحُونَ

Meaning:
“O believers, intoxicants, gambling, idols, and divining arrows are only defilement from Satan’s work, so avoid them that you may succeed.”

Reference: Surah Al-Mā’idah, 5:90
This principle prohibits transactions dominated by chance, wagering, and the unjust transfer of wealth without lawful consideration.

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6. Riba — Prohibited Increase

Riba refers to prohibited increases arising from loans and certain exchanges. Islam distinguishes lawful commercial profit from unjust or guaranteed gain based on lending.

Qur’anic verse

يَوَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا

Meaning:
“Allah has permitted trade and forbidden riba.”

Reference: Surah Al-Baqarah, 2:275

The Prophet Muhammad ﷺ said regarding specified commodities:

الذَّهَبُ بِالذَّهَبِ وَالْفِضَّةُ بِالْفِضَّةِ مِثْلًا بِمِثْلٍ يَدًا بِيَدٍ

Meaning:
“Gold for gold and silver for silver must be equal for equal and exchanged hand to hand.”

Reference: Ṣaḥīḥ Muslim, Hadith 1587
These rules seek to prevent exploitation, unjust enrichment, and improper delay in certain financial exchanges.

7. Lawful Benefit

Property and transactions must involve a lawful and recognised benefit. Something prohibited in itself cannot become lawful merely because it has market value.

The Prophet Muhammad ﷺ said:

إِنَّ اللَّهَ وَرَسُولَهُ حَرَّمَ بَيْعَ الْخَمْرِ وَالْمَيْتَةِ وَالْخِنْزِيرِ وَالأَصْنَامِ

Meaning:
"Indeed, Allah and His Messenger have prohibited the sale of wine, dead animals, swine, and idols."

Reference: Ṣaḥīḥ al-Bukhārī, Hadith 2236; Ṣaḥīḥ Muslim, Hadith 1581
This hadith establishes that the subject matter of a transaction must itself be lawful.

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8. ʿUrf — Recognised Custom

ʿUrf refers to accepted social or commercial custom that does not conflict with an established Shariah principle.

A recognised juristic maxim states:

يَالْعَادَةُ مُحَكَّمَةٌ

Meaning:
"Custom is authoritative."

Custom may help determine contractual meaning, possession, valuation, accepted practices, and commercial expectations. However, custom cannot make a prohibited activity permissible.

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9. Protection of Wealth

The protection of wealth, known as ḥifẓ al-māl, is one of the recognised objectives of Shariah.

Qur'anic verse

وَلَا تَأْكُلُوا أَمْوَالَكُم بَيْنَكُم بِالْبَاطِلِ

Meaning:
"Do not consume one another's wealth unjustly."

Reference: Surah Al-Baqarah, 2:188
This principle supports valid ownership, transparency, accountability, informed consent, and protection against fraud and unlawful loss.

Summary

These principles establish the foundations of lawful commercial conduct in Islam. A valid transaction should involve recognised property or benefit, genuine consent, valid ownership and possession, transparency, and fairness. It must remain free from riba, excessive gharar, maysir, deception, unlawful subject matter, and material harm.

Understanding Cryptocurrency and Digital Assets

Cryptocurrency and digital assets are forms of value, ownership, access, or rights that exist electronically. They are stored and transferred through digital networks. Instead of receiving a paper certificate or physical object, a person holds a digital record showing what they own or what rights they have.

A useful everyday comparison is online banking. A person does not physically hold the numbers shown in a banking application, but those numbers represent money available in their account. Digital assets also appear as electronic records, although their ownership, purpose, and management can work differently.

Digital assets are not all the same. Some are designed for payments, some provide access to services, some represent ownership of real assets, and others allow people to participate in decisions.

Payment Cryptocurrencies:

Payment cryptocurrencies are designed to send value from one person to another.
Examples: Bitcoin, Litecoin and Bitcoin Cash.

Common-world comparison:
They can be compared with sending money through a banking application or mobile wallet. The difference is that the transfer is recorded on a shared digital network rather than only inside one bank's system.

How it works:
A person holds cryptocurrency in a digital wallet. To make a payment, the person enters the receiver's wallet address and confirms the amount. The network checks that the sender owns the funds and then records the transfer.

Practical example:
Ali lives in Pakistan and wants to send value to Ahmed in another country. Ali sends Bitcoin from his wallet to Ahmed's wallet. Ahmed receives it without requiring both individuals to use the same bank.

Blockchain Network Tokens:

Network tokens are used to operate a particular digital network.
Examples: Ether for Ethereum, SOL for Solana and SUI for the Sui network.

Common-world comparison:
They are similar to fuel used by a vehicle or mobile balance used to make calls. A person needs the network's token to perform activities on that network.

How it works:
Whenever a person transfers an asset or uses a service on the network, a small amount of the network token is charged as a processing fee. This fee supports the computers responsible for operating and protecting the network.

Practical example:
Sara wants to transfer a digital certificate through the Ethereum network. She must hold a small amount of Ether to pay the cost of processing and recording the transfer.

Stablecoins:
Stablecoins are digital tokens designed to maintain a value close to an established currency, commonly the US dollar.
Examples: USDT and USDC.
Common-world comparison:
stablecoin can be compared with a digital dollar voucher. One token is generally intended to remain close to the value of one US dollar.

How it works:
A company issues the tokens and normally holds money or financial assets as reserves. When more tokens are required, new tokens may be issued. When tokens are returned for redemption, they may be removed from circulation.

Practical example:
A freelancer completes work for an overseas client. Instead of waiting for an international banking transfer, the client sends the agreed amount in USDT. The freelancer receives digital units intended to maintain a stable dollar-based value.

Commodity-Backed Tokens:
Commodity-backed tokens represent a quantity or financial interest in a physical commodity.
Examples: Gold-backed and silver-backed tokens.
Common-world comparison:
They are similar to a warehouse receipt. The receipt is not the gold itself, but it provides evidence that a particular amount of gold is stored on behalf of the holder.

How it works:
A company places gold, silver, or another commodity with a storage provider. It then issues digital tokens representing defined quantities of that commodity. Depending on the arrangement, holders may be able to sell their tokens or request redemption.

Practical example:
A person wants to own a small amount of gold but does not want to keep it at home. The person purchases a token representing one gram of gold held by a professional custodian.

Tokenised Real-World Assets:
These tokens represent ownership, investment rights, income rights, or another interest connected to a real asset.
Examples: Property, company shares, bonds, commodities, invoices and investment funds.

Common-world comparison:
Imagine a commercial building divided into 10,000 ownership certificates. Instead of purchasing the whole building, different people can purchase smaller certificates representing portions of its economic value.

How it works:
The owner or authorised company connects a real asset with digital tokens. Each token represents a defined right, such as fractional ownership, a share of rental income, or entitlement to future payments.

Practical example:
A building is worth one million dollars. It is divided into 10,000 digital units. A person purchasing 100 units may receive an economic interest equal to one percent of the defined tokenised structure.The exact rights depend on the legal agreement. A token may represent direct ownership, a company share, income rights, or only a contractual claim.

Utility Tokens:

Utility tokens allow people to use a product, service, platform, or feature.
Examples: Tokens used for digital storage, computing resources, software services, gaming, or membership access.

Common-world comparison:
They are similar to prepaid mobile balance, an amusement-park token, or a subscription credit. The token is used to access a particular service.

How it works:
A platform issues tokens that customers can purchase or earn. The customer spends the tokens when using services offered within that platform.

Practical example:
A company provides online data storage. Instead of charging customers directly in conventional currency every time, it requires customers to purchase and spend its utility tokens for storage space.

Governance Tokens:

Governance tokens allow holders to participate in decisions concerning a digital platform or community.
Examples: UNI, AAVE and COMP.
Common-world comparison:
They can be compared with voting rights held by company shareholders or members of an association.

For example, citizens may vote to elect political representatives, while company shareholders may vote on directors or major company decisions. Governance tokens work more like shareholder or membership voting than a national election.

How it works:
A proposal is presented to the community. Token holders are then allowed to vote in favour of or against it. The result may decide whether the platform changes a rule, introduces a service, adjusts a fee, or spends money from a shared fund.

In many systems, the number of tokens held affects voting power. A person holding 100 tokens may have more voting influence than someone holding 10 tokens. Some platforms use different voting systems to reduce the control of large holders.

Practical example:
A digital financial platform charges users a one percent service fee. A proposal is submitted to reduce the fee to half a percent. Governance-token holders vote on the proposal. When the required majority approves it, the platform may implement the new fee.

Another example is a housing society. Members may vote on whether shared funds should be spent on security, maintenance, or new facilities. Governance-token holders similarly participate in decisions involving a digital project's shared rules and resources.

Security and Investment Tokens:

Security tokens represent financial or investment rights.
Examples: Digital company shares, debt instruments, fund units and revenue-sharing tokens.

Common-world comparison:
They are similar to shares or investment certificates, except that the ownership record is maintained digitally.

How it works:
A company issues tokens representing specific financial rights. Holders may receive dividends, profit distributions, repayment rights, voting rights, or a share in the value of an investment.

Practical example:
A company divides part of its ownership into digital investment units. A person purchasing those units may become entitled to a defined share of profits and certain voting rights.
These tokens may be subject to investment, securities, identity-verification, and transfer regulations.

Non-Fungible Tokens:

A non-fungible token, commonly called an NFT, is a unique digital record. Unlike ordinary currency units, each NFT can represent something different.

Examples: Event tickets, membership passes, digital art, certificates, property records and gaming items.

Common-world comparison:
An NFT can be compared with a numbered certificate, property title, concert ticket, or membership card. The record identifies a particular item or right.

How it works:
A unique token is created and connected to an item, document, access right, or digital file. Its ownership history can be viewed and transferred through the network.

Practical example:
A university may issue a digital graduation certificate as an NFT. An employer can verify that the certificate was issued by the university and has not been duplicated or improperly changed. Owning an NFT does not always mean owning the copyright or full legal rights to the connected image or content. The rights depend on the accompanying terms.

Gaming and Virtual-World Assets:

These assets are used inside online games and virtual environments.
Examples: Digital land, characters, clothing, weapons, tickets and in-game currency.

Common-world comparison:
They are similar to items purchased or earned inside a traditional video game. The difference is that blockchain-based items may sometimes be transferred to another person or sold outside the original game.

How it works:
Players receive or purchase digital items. Ownership is recorded in their wallets, and the platform may allow those items to be traded with other users.

Practical example:
A player earns a rare digital vehicle in a game. Instead of the item remaining permanently locked inside the player's account, the system may allow the player to sell it to another person.

Decentralised Finance Assets:

Decentralised finance uses automated digital programs to provide services such as exchange, lending, borrowing, or pooling funds.

Common-world comparison:
It is similar to using a currency-exchange counter, lending service, or financial marketplace, but the basic rules are carried out automatically by software.

How it works:
Users place digital assets into a shared system. The software follows predefined rules to exchange assets, provide loans, calculate charges, or distribute funds.

Practical example:
A person wants to exchange one digital asset for another. Instead of asking a broker to find a buyer, the person uses an automated pool containing both assets. The system calculates the exchange amount and completes the transaction.

Central Bank Digital Currencies:

A central bank digital currency is an electronic form of a country's official currency issued or supported by its central bank.
Examples: The digital yuan and central-bank digital currency pilot programmes in several countries.

Common-world comparison:
It is similar to physical national currency stored in an official digital wallet rather than held as banknotes.

How it works:
The central bank creates the digital currency and makes it available through authorised banks, applications, or payment providers. People may use it to pay businesses or transfer money.

Practical example:
A customer purchases groceries and pays through an official digital-currency wallet. The retailer receives the country's recognised digital currency directly through the approved payment system.

Summary:

Digital assets can perform many different functions. One may operate as a payment method, another as access to a service, another as a voting right, and another as evidence of ownership in a real asset.
The simplest everyday comparisons are:

- A payment cryptocurrency resembles transferable digital money.
- A network token resembles fuel or mobile balance.
- A stablecoin resembles a digital currency voucher.
- A commodity-backed token resembles a warehouse receipt.
- A utility token resembles a prepaid service credit.
- A governance token resembles a shareholder's voting right.
- An investment token resembles a digital share certificate.
- An NFT resembles a unique title, ticket, or certificate.

These comparisons help explain their basic functions, although the exact rights and operation of each digital asset depend on the system, issuer, and applicable legal arrangement.

The Concept of Māl in Islamic Jurisprudence

1. Introduction to Māl:

The Arabic term māl generally refers to wealth, property, or anything that people recognise as having value and lawful benefit.

It is broader than cash. A house, vehicle, land, food, clothing, livestock, equipment, and valuable merchandise may all be considered māl. Depending on the juristic approach, certain rights and benefits may also receive legal protection and financial value.

Example:
A farmer owns ten bags of wheat. The wheat can be stored, sold, transferred, consumed, and valued in money. It is therefore clearly recognised as property.

A person may also own an apartment. The apartment is māl, while the right to live in or rent the apartment represents a benefit connected to that property.

The central question is not merely whether something exists. The question is whether it has recognised value, lawful benefit, ownership, and protection under Islamic law.

2. Classical Definitions of Māl:

Islamic jurists have described māl through characteristics such as human valuation, lawful benefit, possession, preservation, and the ability to use or exchange it.

The traditional Hanafi approach commonly emphasises that property should be something people naturally value and that can ordinarily be stored or preserved for future use.

Other juristic approaches generally give broader recognition to valuable benefits and rights, even where the benefit itself is not a physical object.

Example:
A house is a physical asset. However, living in the house for one year is a benefit rather than a separate physical object. Islamic leasing law recognises that this benefit can lawfully be exchanged for rent.

Similarly, the work of a tailor, teacher, doctor, or builder is not a physical object stored in a warehouse. Yet the lawful benefit of their service has recognised financial value.

This difference becomes important when examining modern forms of property that may not be physically held.

3. Main Characteristics of Māl:

A number of characteristics may help determine whether something qualifies as recognised property.

Recognised value:
People should generally regard the item or benefit as valuable.

Example:
A functioning vehicle has recognised value because people are willing to purchase it for transportation.
A random stone collected from an ordinary roadside usually has no meaningful market value. A rare gemstone, however, may have substantial recognised value.

Lawful benefit:
The item must provide a benefit that Islam permits.

Example:
Medicine has lawful value because it may be used for treatment. Food has lawful value because it supports life and health.
An item used only for a prohibited purpose does not gain lawful property status merely because some people are willing to pay for it.

Ability to be owned:
A person must be capable of establishing a recognised ownership right over it.

Example:
A person may own a house, a vehicle, or stored goods.
By contrast, a person cannot simply claim exclusive ownership of sunlight, open air, or public rainwater before taking lawful possession of a defined amount.

Possession or effective control:
A person must be capable of establishing a recognised ownership right over it.

Example:
A person who owns grain stored in a warehouse may possess it through control over the warehouse receipt and the legal right to collect the grain.
The grain does not need to remain physically inside the person's home for ownership and control to exist.

Ability to preserve or store value:
The property should ordinarily be capable of being retained or its benefit secured for later use.

Example:
Gold can be physically stored. Money may be stored in a bank account. A house remains available for future occupation or rental.
Some benefits are time-limited but may still be contractually defined. A hotel booking, for example, gives a person the right to use a room during an agreed period.

Transferability:
Ownership or the related right should normally be capable of passing from one person to another.

Example:
A vehicle can be sold, gifted, or inherited. A lease may transfer a defined right to use a property for an agreed period.
Not every personal right is transferable. A driving licence, for example, is granted to a particular person and cannot ordinarily be sold to someone else.

Social and commercial acceptance:
People and markets should recognise the thing as having genuine economic relevance.

Example:
Paper currency is valuable not because the paper itself is expensive, but because society, businesses, and institutions accept it as representing monetary value.
Commercial acceptance can therefore contribute to value, although acceptance alone does not make an unlawful item permissible.

Financial responsibility for loss or damage:
Where recognised property is wrongfully taken or destroyed, compensation may become due.

Example:
If a person unlawfully damages another person's vehicle, the responsible person may have to pay for the damage.
This shows that the vehicle is not merely useful; it is recognised as protected wealth with measurable value.

4. Tangible and Intangible Property:

Tangible property is something that can be physically touched, such as land, gold, food, clothing, or machinery.
Intangible property refers to a recognised right, benefit, claim, or interest that does not exist as a standalone physical object.

Examples of tangible property:

- A house
- A vehicle
- A gold bar
- Agricultural produce
- Factory equipment

Examples of intangible value or rights:

- The right to live in a rented house
- A debt owed to a person
- A company share
- A recognised trademark
- Copyright or publishing rights
- The right to receive an agreed service

Consider an airline ticket. The paper or electronic ticket itself has little physical value. Its real value is the confirmed right to travel on a particular flight.
Similarly, a company share is not valuable because of the paper certificate. It is valuable because it represents rights connected to the company, such as ownership, voting, or entitlement to distributions.
The key issue is therefore not always physical form. It is whether the right or benefit is real, identifiable, lawful, enforceable, and recognised.

5. Māl and Lawful Benefit:

Something does not qualify as lawful wealth merely because it has a price in the market. Its primary use or benefit must also be permissible.

Example:
A knife may be lawful property because it has legitimate domestic, professional, and industrial uses. Its misuse by an individual does not make every knife unlawful.
By contrast, an item whose essential purpose is prohibited cannot become acceptable solely because buyers are willing to purchase it.

The assessment therefore considers:

- What the item is
- What benefit it provides
- Whether that benefit is lawful
- Whether its normal use causes prohibited harm
- Whether the transaction itself is valid

This also means that an asset and the way it is used may require separate consideration.

Example:
A house is lawful property. However, using it for a prohibited business would create a separate issue concerning its use. The house itself and the activity conducted inside it are not necessarily judged as the same question.

6. Māl and ʿUrf — Recognised Custom:

ʿUrf means an established social or commercial custom that does not conflict with a clear Shariah rule.
Custom can help determine whether people recognise something as valuable, how possession takes place, and what contractual language means in practice.

Example:
In the past, possession of goods commonly meant physically taking them by hand. In modern commerce, receiving warehouse documentation, registration records, or bank confirmation may establish effective control without immediate physical delivery.
Another example is money. Different societies have used gold, silver, coins, paper notes, and recorded bank balances. The form changed, but public and institutional acceptance helped establish their commercial function.
However, custom has limits.

Example:
Even when an interest-based transaction becomes common in society, its popularity does not override the prohibition of riba.
Therefore:
Custom may help recognise value and commercial practice, but it cannot make a prohibited activity lawful.

7. Māl, Currency, and Commodity:

An important distinction is that not every form of property is currency.
A commodity is something that may be owned, used, or traded. Currency is primarily used as a standard for pricing and a means of payment.

Example:
A house is valuable property, but people do not normally use houses to pay for groceries.

Gold may function as property, a commodity, an investment asset, or, historically, money.
A shopping voucher may have value and may be used at a particular store, but it is not necessarily a general national currency.

A company share is also property, but it represents an interest in a company rather than ordinary money.

Therefore, two separate questions must be considered:

1. Does the item qualify as recognised property?
2. Does it also qualify as money or currency?

Something may satisfy the first question without satisfying the second.

This distinction is highly relevant to the report because some scholarly positions classify selected assets as tradable property rather than complete currency

8. Ownership and Possession:

Ownership and possession are connected but not identical.
Ownership means that a person has a recognised legal or Shariah right over an asset.
Possession means that the person has received or gained effective control over it.

Example:
A person purchases a vehicle and completes the ownership transfer, but the vehicle remains temporarily with the seller. The buyer may have an ownership claim, while actual physical possession has not yet occurred.

Another example is money held in an account. The person does not physically hold the banknotes, but the account may provide a recognised claim and the ability to withdraw or transfer the balance.

In a sale, important questions include:
- Did the seller own the item?
- Did the buyer receive control over it?
- Can the buyer use, transfer, or collect it?
- Who bears the risk if it is damaged?
- Are there restrictions preventing the buyer from accessing it?

9. Differences Among Islamic Scholars:

Islamic jurists generally agree that clearly valuable physical property, such as land, food, livestock, and merchandise, may qualify as māl. Differences become more visible in relation to benefits, rights, services, debts, and newly developed forms of property.

Areas of discussion may include:
- Whether physical form is necessary
- Whether benefits themselves constitute property
- How public custom creates recognised value
- Whether legal rights may be sold or transferred
- What level of possession is required
- Whether government recognition is necessary
- Whether an item has independent value or only represents another claim

Example:
A rented house remains owned by the landlord, but the tenant acquires the right to use it for a defined period. The physical house and the temporary benefit of living in it are distinct.

Another example is intellectual property. A book's physical pages are tangible, while the author's right to reproduce and publish the work is intangible. Contemporary legal and commercial systems often recognise both as valuable, but they represent different kinds of rights.

In your report, these differences should be presented respectfully. The purpose is not to declare one school or scholar incorrect, but to identify which definition and criteria are being applied.

Your existing research already reflects this distinction: some scholars consider storage, social recognition, transferability, and lawful utility sufficient, while another position considers cryptocurrency merely a record of assumed numerical value rather than independently recognised property.

10. Research Summary of Ten Common Characteristics of Māl:

The following ten points provide a structured research summary of characteristics commonly discussed in Islamic jurisprudence when considering whether something may qualify as māl.

This is not an official Shariah standard, a universally binding legal test, or an independent fatwa.

No.	Characteristic	Question to Consider	Simple Example
1	**Recognised Value**	Do people genuinely regard it as valuable?	A vehicle has an accepted market value.
2	**Lawful Benefit**	Does it provide a benefit permitted under Shariah?	Medicine provides a lawful and useful benefit.
3	**Ability to Be Owned**	Can a person establish a recognised ownership right over it?	A person may own land or merchandise.
4	**Possession or Control**	Can the owner hold, access, use, or control it?	Goods in a warehouse remain under the owner's control through valid documents.
5	**Ability to Be Preserved**	Can the item or its benefit be retained for future use?	Gold can be stored and used later.
6	**Transferability**	Can ownership or rights be transferred to another person?	A vehicle may be sold, gifted, or inherited.
7	**Clear Identification**	Is the property, benefit, or right clearly defined?	A specific house is identified through its address and title.
8	**Social or Commercial Recognition**	Is it accepted within established social or commercial practice?	Bank balances are widely recognised as financial value.
9	**Financial Protection**	Would compensation normally be due if it were wrongfully damaged or taken?	A person who damages another's vehicle may be liable for compensation.
10	**Freedom from Prohibited Purpose**	Is the item and its principal use lawful?	Lawful merchandise may be traded, while an item used only for a prohibited purpose would not qualify merely because it has a price.

Preliminary Shariah Analysis of Cryptocurrency and Digital Assets

Before applying the ten research-based characteristics of māl, it is necessary to examine whether cryptocurrency and digital-asset activities may involve riba, qabd, gharar, maysir, or qimār. These principles should be applied to the actual structure of the asset and transaction rather than to the entire field under one general classification.

Riba in Cryptocurrency and Digital Assets

Riba may arise in digital-asset arrangements where one party advances money or assets as a loan and receives a contractually required increase in return. Common examples include interest-bearing crypto loans, fixed-yield lending accounts, leveraged borrowing, and arrangements where repayment of the principal plus an additional amount is guaranteed regardless of business performance.

On-chain lending follows a structure similar to conventional secured lending. A user places an asset as collateral and borrows another asset through an automated platform. The borrower must later return the borrowed amount together with an additional charge. Although software executes the arrangement, its digital form does not change the underlying financial relationship. Where the additional return is attached to a loan because of time, the arrangement may possess the characteristics of *riba*.

Staking requires more careful distinction. It should not be described categorically as a loan or automatically declared riba. In native proof-of-stake systems, a validator places assets at risk, performs network-validation work, and may receive rewards for correctly processing and confirming transactions. The validator can also lose part of the stake for inactivity or misconduct. Ethereum, for example, describes native staking as depositing ETH to activate validator software, process transactions, secure the network, and earn protocol rewards; penalties and loss are also possible.

However, many commercial platforms use the word staking for very different arrangements. A platform may take custody of customer assets, lend or deploy them elsewhere, and promise a fixed or expected return. Such an arrangement may resemble lending, investment management, agency, or another contract rather than genuine network validation.

Research reasoning

It would therefore be academically inaccurate to state that all staking is inherently haram. The stronger research position is:

Staking must be assessed according to its actual contract and economic substance. Native validation rewards, custodial staking services, pooled staking, liquid staking, and guaranteed-yield products are not necessarily the same arrangement. A staking product may raise riba concerns where the deposited asset is effectively treated as a loan and a predetermined increase is contractually owed to the depositor.

The relevant questions are whether the principal is guaranteed, how rewards are generated, whether genuine work or risk exists, who bears losses, and whether the arrangement is actually a loan under another name.

Qabd in Cryptocurrency and Digital Assets

Qabd refers to possession or effective control. In digital assets, possession is not normally established by physically holding an object. It is established through the ability to access, control, preserve, and transfer the asset.

A person using a self-controlled software or hardware wallet normally holds the private keys required to authorise transactions. No bank or exchange is ordinarily required to approve each transfer. This may provide a strong form of technical control because the holder can transfer the asset directly and independently.

A useful comparison can be made with money held through a financial institution. A bank account gives the customer a recognised claim against the bank and the ability to request payments or withdrawals, but the institution operates the account and may restrict access under contractual or legal authority. In a self-custody wallet, the holder generally exercises more direct technical control, although losing the private key may result in permanent loss of access.

Custodial exchanges, real-world-asset platforms, and centralised wallet providers operate differently. The platform may control the private keys while the user is shown an account balance. It may suspend withdrawals, freeze assets, enforce transfer limits, or become insolvent. In such cases, the user may possess a contractual claim against the platform rather than direct control over the underlying asset.

Research reasoning

Digital qabd should therefore be examined at more than one level:

1. Does the user control the token or only an account balance?
2. Can the user transfer it without the custodian's approval?
3. Does holding the token establish control over any underlying asset?
4. Can the platform freeze, reverse, or restrict access?
5. Is the holder's right legally enforceable if the provider fails?

Self-custody may provide strong technical possession of the digital token. It does not automatically establish legal possession of gold, property, currency reserves, or another external asset that the token claims to represent.

Gharar in Cryptocurrency and Digital Assets

Gharar refers to excessive uncertainty in the essential elements of a transaction. It does not arise merely because an asset has a changing price or is supported by a community. Ordinary business and investment always involve some degree of uncertainty.

In cryptocurrency and digital assets, material gharar may arise where there is uncertainty concerning:

- what the token represents;
- whether the issuer or project exists;
- whether reserves or backing are genuine;
- whether the buyer receives enforceable rights;
- whether the asset can be delivered or redeemed;
- how supply may be changed;
- whether the platform can freeze or cancel holdings;
- whether important risks have been concealed.

Community support alone is not necessarily the source of gharar. Some community-driven assets operate according to clearly published rules. Nevertheless, meme coins and promotional tokens frequently present heightened concerns where value depends primarily on attention, social-media influence, anonymous promoters, and the expectation that later buyers will pay more.

Stablecoins, commodity-backed tokens, security tokens, and tokenised real-world assets may reduce some forms of uncertainty because they claim to represent identifiable value or rights. They are not automatically free from gharar. Uncertainty may remain where reserves are unaudited, redemption is unavailable, ownership is unallocated, legal documents are unclear, or the issuer can alter the holder's rights.

Research reasoning

The presence of backing may reduce uncertainty, but it is not enough by itself. The strength of the assessment depends on whether the backing is real, identifiable, legally connected to the token, independently verified, and accessible to the holder.

The correct inquiry is therefore not:

Is the asset backed by a community or by something valuable?

It is:

Are the asset, rights, obligations, backing, ownership, delivery, and redemption terms sufficiently clear to prevent excessive uncertainty and dispute?

Maysir and Qimār in Cryptocurrency and Digital Assets

Maysir and qimār concern gambling or arrangements in which wealth is gained primarily through chance or wagering at the expense of another party.

These characteristics can exist in digital-asset markets just as they can exist in conventional financial markets. Examples may include highly leveraged bets, prediction-style products, chance-based token distributions, gambling applications, and speculative purchases made only in the hope of selling quickly to another buyer at a higher price.

Meme coins can carry greater exposure to such behaviour where price movements are driven primarily by hype, celebrity promotion, social-media campaigns, or coordinated buying and selling. However, it would be inaccurate to apply maysir automatically to every meme coin transaction without analysing the structure and conduct involved.

Likewise, the presence of price risk does not by itself establish gambling. Property, commodities, shares, and currencies can all rise or fall in value. The distinction depends on whether the transaction represents genuine ownership and economic activity or whether it is primarily a wager on an uncertain outcome.

Tokenisation is also not inherently maysir. A token may represent property, a commodity, a service, a company interest, or another genuine right. Gambling concerns arise from the underlying arrangement, method of distribution, trading behaviour, or use of the token rather than from tokenisation itself.

Research reasoning

The analysis should distinguish between:

- ownership and investment;
- ordinary commercial risk;
- excessive speculation;
- wagering on price movement;
- leveraged and derivative contracts;
- chance-based rewards;
- manipulation intended to transfer losses to later participants.

Accordingly, maysir and qimār may exist in particular assets or transactions, but they should not be applied indiscriminately to every cryptocurrency or digital-asset category.

Summary Observation

Modern paper currency should not be described as generally backed by gold or US dollars. Most national currencies today are fiat currencies. Their value is supported primarily by state authority, legal recognition, monetary institutions, public confidence, taxation, and widespread acceptance rather than by a right to redeem each note for gold.

From an Islamic-finance perspective, recognised paper currency is generally treated as money and wealth despite the low material value of the paper itself. Its recognised value arises from its monetary function and acceptance, not from the physical paper.

Paper currency can be used in lawful trade, charity, salaries, family support, and investment. It can also be used in riba, gambling, bribery, fraud, and prohibited commerce. The existence of prohibited uses does not make paper currency itself universally prohibited. The ruling applies to the transaction, contract, purpose, and conduct involved.

A similar analytical distinction is necessary for cryptocurrency and digital assets. The digital form alone may not establish permissibility or impermissibility. Some assets or transactions may contain riba, weak qabd, excessive gharar, or maysir. Others may represent genuine ownership, lawful services, commodities, monetary claims, or identifiable rights.

The research should therefore avoid two broad conclusions:

Cryptocurrency is permissible merely because it has value and can be transferred.

and

Every cryptocurrency or digital asset is impermissible because some are used for speculation, fraud, or unlawful activity.

Application of the Research-Based Characteristics of Māl

The following analysis applies ten research-based characteristics commonly associated with māl to cryptocurrency and digital assets.

Each characteristic is examined through three elements:

The Concept of Māl in Islamic Jurisprudence
How the characteristic is understood in relation to recognised wealth or property.

Cryptocurrency and Digital-Asset Working
How payment cryptocurrencies, blockchain network tokens, stablecoins, commodity-backed tokens, tokenised real-world assets, utility tokens, governance tokens, security tokens, NFTs, gaming assets, and DeFi-related tokens operate in relation to that characteristic.

Research Observation
A neutral academic observation based on the comparison.
These characteristics are presented as a research framework.
They do not represent an official Shariah standard, an independent fatwa, or a final religious ruling.

1. Recognised Value

The Concept of Māl in Islamic Jurisprudence:
Islamic jurists commonly consider whether something is recognised by people as having genuine value, lawful benefit, and economic importance.
An item may be treated as māl where people seek it, preserve it, exchange it, and regard its loss or destruction as financially significant.
Market price alone may not be sufficient. The source of value must also be examined. Value arising from lawful benefit, ownership rights, established use, scarcity, or commercial acceptance presents a stronger basis than value created mainly through deception, manipulation, or temporary speculation.

Cryptocurrency and Digital-Asset Working:
Different categories of digital assets derive value in different ways.
Payment cryptocurrencies may derive value from transferability, scarcity, network security, and public acceptance.
Blockchain network tokens derive value from their use in paying transaction charges and accessing blockchain services.
Stablecoins seek to maintain value through a link to national currency and reserve structures.
Commodity-backed tokens derive value from gold, silver, or another physical commodity.
Tokenised real-world assets derive value from ownership rights, income rights, contractual claims, or identifiable underlying property.
Utility tokens derive value from access to services, while governance tokens derive value from voting or participation rights.

Research Observation:
Different categories of digital assets may demonstrate recognised value, but the strength of that value depends on its foundation.

Value connected to genuine utility, enforceable ownership, credible backing, recognised scarcity, or established commercial use presents a stronger basis than value driven mainly by promotion, hype, manipulation, or expectations of rapid resale.

The relevant question is not only whether an asset has a market price, but whether that price reflects a genuine and identifiable form of value

2. Lawful Benefit

The Concept of Māl in Islamic Jurisprudence:
A recognised form of property should provide a lawful and identifiable benefit.
Something does not become lawful property merely because people are willing to pay for it. The purpose, normal use, and benefit attached to it must also be considered.
A house provides accommodation, machinery supports production, and a ticket provides access to a journey or event. These benefits are identifiable and capable of being valued.

Cryptocurrency and Digital-Asset Working:
Payment cryptocurrencies may provide value-transfer functionality.
Blockchain network tokens may provide access to network services and allow users to pay transaction charges.
Stablecoins may be used for settlement and transfer of value.
Utility tokens may provide access to storage, software, computing power, subscriptions, or membership.
Governance tokens may provide voting rights within a digital platform.
Tokenised real-world assets may represent property ownership, income rights, investment interests, or redemption rights.
NFTs may represent tickets, certificates, licences, memberships, or unique digital items.
Some tokens, however, may provide no functioning product, enforceable right, or practical benefit beyond the expectation of resale at a higher price

Research Observation:
Digital assets with genuine, available, and lawful utility demonstrate a stronger characteristic of māl than tokens whose stated usefulness is artificial, unclear, unavailable, or based only on future promises.
The underlying service, platform, property, business, or right must also be lawful and clearly defined.

3. Ability to Be Owned

The Concept of Māl in Islamic Jurisprudence:
Property should ordinarily be capable of being attributed to an identifiable owner.
Ownership gives a person recognised authority to hold, use, benefit from, transfer, or dispose of the asset within lawful limits.
Ownership should create practical or legal rights and should not remain merely an unsupported claim.

Cryptocurrency and Digital-Asset Working:
Digital assets are generally connected to wallet addresses or platform accounts.
In a self-custody wallet, the user controls the private key and can transfer the asset independently.
In a custodial account, an exchange or platform controls the asset while recording a balance for the customer.
For tokenised real-world assets, the token may represent direct ownership, fractional ownership, income rights, a contractual claim, or only access to a service.
Holding a token does not automatically prove ownership of gold, property, company shares, reserves, or another underlying asset. The legal structure must clarify what the holder actually owns.

Research Observation:
Digital assets may support clear technical ownership where an identifiable wallet or account controls the asset.
However, technical ownership of a token is not always equal to legal ownership of the asset or right represented by it.
The strongest position exists where the holder has exclusive control, enforceable rights, clear documentation, and protection against arbitrary deprivation.

4. Possession or Effective Control

The Concept of Māl in Islamic Jurisprudence:
Possession, or qabd, may be physical or constructive.
Constructive possession may exist where a person has effective control, access, and the recognised ability to use or transfer the asset, even where no physical object is held.
Possession is important because a person should not sell or transfer something that they do not control or cannot deliver.

Cryptocurrency and Digital-Asset Working:
A person using a self-controlled software or hardware wallet can normally transfer the asset without requiring approval from a bank, exchange, or central platform.
This gives the holder direct technical control over the token.
Assets held on exchanges, custodial wallets, real-world-asset platforms, or centralised applications may be subject to restrictions.
The platform may freeze assets, suspend withdrawals, block accounts, impose transfer limits, or become insolvent.
For stablecoins, commodity-backed tokens, and tokenised assets, the holder may control the token but not necessarily the underlying reserve, gold, property, or financial instrument.

Research Observation:
Self-custody may provide strong constructive possession of the digital token itself.
Custodial balances provide weaker direct possession because access depends on another institution.
For asset-backed or tokenised structures, two questions must be examined separately:

1. Does the holder control the token?
2. Does control of the token establish possession of the underlying asset or right?

5. Ability to Be Preserved

The Concept of Māl in Islamic Jurisprudence:
Classical juristic discussions often connect māl with something that can be retained, preserved, or secured for future benefit.
Preservation does not mean that the market price must remain unchanged. It means that ownership, control, or benefit can continue over time.

Cryptocurrency and Digital-Asset Working:
Digital assets may be stored in software wallets, hardware wallets, institutional custody systems, and platform accounts.
Blockchain networks may preserve transaction history and balances for long periods.
Access may nevertheless be lost through:

- lost private keys;
- forgotten passwords;
- hacking;
- smart-contract failure;
- platform collapse;
- issuer failure;
- network abandonment;
- or legal restrictions.

Established networks may provide stronger continuity than short-lived or anonymously managed projects.

Research Observation:
Digital assets are technically capable of being preserved, but the reliability of preservation depends on the network, wallet, custody system, issuer, legal structure, and security arrangements.
Secure custody, recovery procedures, audited systems, accountable institutions, and clear legal rights strengthen preservation.

6. Transferability

The Concept of Māl in Islamic Jurisprudence:
Recognised property is generally capable of being sold, gifted, inherited, assigned, or transferred, depending on the nature of the asset or right.
A valid transfer requires ownership, consent, clarity, and the ability to deliver what is being transferred.
Not every personal right is transferable. Certain licences, permissions, or individual entitlements may remain restricted to a specific person.

Cryptocurrency and Digital-Asset Working:
Payment cryptocurrencies and network tokens can normally be transferred between wallet addresses.
Stablecoins may be transferred across supported networks.
Utility tokens may transfer access rights within a platform.
Governance tokens may transfer voting power.
Security tokens may transfer investment rights, subject to legal restrictions.
NFTs may transfer ownership of the token, but not necessarily copyright or intellectual-property rights.
Property tokens may move digitally without automatically transferring registered land ownership.

Research Observation:
Digital assets generally demonstrate strong technical transferability.
The more important question is what actually transfers with the token.
The recipient may receive:

- ownership;
- access rights;
- voting rights;
- income rights;
- redemption rights;
- a contractual claim;
- or only the digital token itself.

Technical transfer should therefore be distinguished from legal and economic transfer.

7. Clear Identification

The Concept of Māl in Islamic Jurisprudence:
The subject matter of a transaction should be sufficiently clear and identifiable.
The asset, quantity, characteristics, ownership, rights, delivery terms, and obligations should be defined clearly enough to prevent deception, dispute, and excessive uncertainty.

Cryptocurrency and Digital-Asset Working:
Blockchain systems can identify:

- the token;
- the quantity held;
- the wallet address;
- the transaction date;
- the transaction history;
- the token supply;
- and the digital contract used.

However, the economic and legal meaning may remain unclear.
A buyer may know exactly which token was received while remaining uncertain about:

- what the token represents;
- whether reserves exist;
- whether redemption is available;
- whether legal ownership transfers;
- who is responsible for the project;
- or whether the promised service is operating.

Research Observation:
Digital assets may provide strong technical identification while still providing weak legal or economic identification.
A transparent blockchain record does not remove uncertainty where the underlying rights, backing, issuer obligations, ownership, or redemption terms remain unclear.
Both the token and the rights attached to it must be clearly identified.

8. Social or Commercial Recognition

The Concept of Māl in Islamic Jurisprudence:
Recognised social and commercial custom may influence whether something is treated as valuable property.
Public acceptance may help establish value, possession, contractual expectations, and accepted commercial practice, provided that the custom does not conflict with a clear Shariah prohibition.
Paper currency, bank balances, shares, warehouse receipts, and electronic payment records derive much of their practical value from legal, social, and commercial recognition.

Cryptocurrency and Digital-Asset Working:
Payment cryptocurrencies are used and traded in international markets.
Stablecoins are widely used for settlement and value transfer.
Blockchain network tokens are accepted within their respective ecosystems.
Tokenised securities and real-world assets may receive recognition through regulated financial platforms.
Utility and gaming tokens may be recognised only within a specific service or community.
Smaller promotional tokens may have temporary or limited acceptance.

Research Observation:
Established social and commercial recognition may strengthen the view that a digital asset has genuine economic value.
However, popularity alone is not sufficient.
A widely used asset or practice may still involve riba, maysir, excessive gharar, fraud, or another prohibited element.
Commercial recognition supports the analysis of māl, but it does not independently determine the final ruling.

9. Financial Protection

The Concept of Māl in Islamic Jurisprudence:
Recognised property is protected against theft, destruction, misappropriation, and unlawful deprivation.
Where a person wrongfully takes or damages another person's property, financial responsibility or compensation may arise.
The protection of wealth, or ḥifẓ al-māl, is also recognised as an important objective of Shariah.

Cryptocurrency and Digital-Asset Working:
Payment cryptocurrencies, stablecoins, tokens, NFTs, and other digital assets may be stolen, hacked, frozen, withheld, destroyed through technical failure, or lost through platform insolvency.
Blockchain records may help prove transaction history and trace transfers.
Legal protection may vary according to:

- whether the jurisdiction recognises the asset as property;
- whether ownership can be proven;
- whether the issuer is identifiable;
- whether courts can order recovery;
- whether the custodian is regulated;
- whether insurance exists;
- and whether dispute-resolution procedures are available.

Research Observation:
Digital assets with clear legal recognition, identifiable issuers, secure custody, transparent ownership records, and enforceable recovery rights demonstrate stronger financial protection.
The absence of perfect protection does not automatically remove property status because physical assets may also be stolen or destroyed.
The relevant question is whether the asset can be legally and financially protected in principle.

10. Freedom from Prohibited Purpose

The Concept of Māl in Islamic Jurisprudence:
An item may have market value while still being unsuitable for lawful trade where its essential purpose or normal use is prohibited.
The asset itself, the contract involving it, and the conduct of the parties may require separate examination.
A lawful asset may be used through an unlawful transaction, while an unlawful purpose cannot become acceptable merely because the underlying technology is useful.

Cryptocurrency and Digital-Asset Working:
The same digital asset may be used in lawful or prohibited ways.
A stablecoin may be used for settlement or in an interest-bearing lending arrangement.
A blockchain network token may be used to pay transaction charges or traded through high leverage.
A tokenised property asset may represent lawful ownership or an interest-bearing debt structure.
An NFT may represent a certificate, ticket, membership, or unlawful content.
A gaming token may support ordinary gameplay or gambling-like reward systems.
A DeFi token may represent participation in a lawful service or involvement in an interest-based lending structure.

Research Observation:
The digital form alone does not determine permissibility or impermissibility.
The assessment must distinguish among:

1. the nature of the asset;
2. the right it represents;
3. the underlying business or service;
4. the contract through which it is acquired;
5. the method of trading;
6. the source of any return;
7. and the purpose for which it is used.

A digital asset may demonstrate several recognised characteristics of māl while a particular transaction involving it remains impermissible.

Overall Research Observation

Payment cryptocurrencies, blockchain network tokens, stablecoins, commodity-backed tokens, tokenised real-world assets, utility tokens, governance tokens, security tokens, NFTs, gaming assets, and DeFi-related tokens do not possess the same structure, purpose, backing, rights, or level of protection.

Some categories may demonstrate:

- recognised value.
- lawful utility.
- identifiable ownership.
- effective possession.
- preservation.
- transferability.
- commercial acceptance.
- and legal protection.

Other assets may involve:

- unclear rights.
- artificial utility.
- uncertain backing.
- weak possession.
- temporary demand.
- inadequate protection.
- excessive speculation.
- or prohibited financial structures.

The central research question should therefore not be whether every cryptocurrency or digital asset qualifies as māl, or whether none of them can qualify as māl.

The more precise question is:
To what extent does a particular digital asset, according to its actual value, utility, ownership, possession, transferability, legal rights, protection, and method of use, demonstrate the recognised characteristics of māl in Islamic jurisprudence?

This analysis remains a research contribution for further review by qualified Islamic scholars, jurists, financial specialists, legal experts, and technology professionals.

Conclusion

This report set out to examine cryptocurrency, digital assets, and blockchain technology through both a jurisprudential and a technical lens, using the concept of Māl as the central point of analysis. The review of contemporary scholarly perspectives, key Shariah principles, asset structures, and technical characteristics leads to one consistent observation. Digital assets are not a single, uniform category, and this report does not attempt a single blanket ruling.

The contemporary scholarly landscape reflects genuine and reasoned disagreement. Some scholars and institutions have concluded that cryptocurrency in its present form does not satisfy the requirements of Māl, or that its dominant use involves excessive uncertainty, speculation, or harm. Other scholars and institutions have concluded that Bitcoin or selected crypto-assets may qualify as recognised property where they demonstrate genuine value, lawful benefit, social acceptance, transferability, and the ability to be owned and preserved. A third approach evaluates each asset individually according to its structure, purpose, backing, and method of use. This report has presented these positions as they stand, without attempting to prove any of them right or wrong.

The analysis of Māl shows why this disagreement arises. Classical and contemporary jurists have described property through characteristics such as recognised value, lawful benefit, ownership, possession, preservation, transferability, clear identification, social recognition, financial protection, and freedom from prohibited purpose. Different scholarly conclusions often follow from applying these same criteria with different weight, particularly on questions such as whether physical form is required, whether social custom alone can establish value, and whether a benefit or right can itself constitute wealth.

The technical review reinforces a further distinction that runs throughout the report. The digital form of an asset does not, by itself, establish permissibility or impermissibility. The examination of riba, qabd, gharar, maysir, and qimār shows that the relevant analysis attaches to the actual contract, economic substance, and conduct involved rather than to the technology in the abstract. A token may control a wallet balance without establishing legal possession of an underlying asset. An arrangement described as staking may range from genuine network validation to a structure resembling a loan. Backing may reduce uncertainty in some cases while leaving material gharar in others. The same asset may be used lawfully in one transaction and unlawfully in another.

Taken together, these observations suggest that the most precise question is not whether every cryptocurrency qualifies as Māl, nor whether none of them can. The more useful inquiry is the extent to which a particular digital asset, judged by its actual value, utility, ownership, possession, transferability, legal rights, protection, and method of use, demonstrates the recognised characteristics of Māl in Islamic jurisprudence.

This report does not issue a religious ruling and does not claim authority in matters of halal, haram, or Shariah compliance. Its conclusions are offered as research observations that remain open to review, correction, and refinement as scholarship, technology, and regulation continue to develop. Rulings on these matters remain the responsibility of qualified Islamic scholars, and the analysis presented here is intended only to support informed discussion and further study across jurisprudence, finance, law, and technology.

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