

THE LEGALITY OF CRYPTOCURRENCY (*ASET KRIPTO*) AS A WAQF ASSET: A CONTEMPORARY ISLAMIC LAW ANALYSIS

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Abstract

The rapid growth of digital finance has introduced cryptocurrency as a novel asset class, raising profound legal and ethical questions within the framework of Islamic law. The emergence of crypto-based endowments (waqf) has sparked debates among scholars concerning the legitimacy, permanence, and Shariah compliance of digital assets as charitable instruments. This study aims to examine the legality of cryptocurrency as a potential waqf asset by exploring its compatibility with classical jurisprudential principles and contemporary Islamic financial regulations. A qualitative-deductive methodology was employed, combining doctrinal analysis of fiqh al-mu‘amalāt (Islamic commercial law) with comparative evaluation of modern *fatwas* and regulatory policies issued by national Shariah authorities. The findings reveal that while cryptocurrencies possess economic value (*māl*) and transferability, their volatility and speculative nature pose significant challenges to fulfilling the waqf requirement of asset stability and perpetuity (*istibqā’ al-‘ayn*). However, under certain governance mechanisms—such as tokenization backed by tangible or stable assets—cryptocurrency may be conditionally recognized as a legitimate waqf instrument. The study concludes that cryptocurrency’s inclusion in Islamic endowment frameworks is permissible only through rigorous regulatory oversight, ensuring transparency, value preservation, and adherence to Shariah objectives.

Keywords: Cryptocurrency, Digital Assets, Waqf.



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INTRODUCTION

The digital revolution has transformed the global financial landscape, introducing new instruments of trade, investment, and wealth distribution (Dimitriou et al., 2025). Among these innovations, cryptocurrency defined as decentralized digital currency secured by blockchain technology has emerged as a prominent yet controversial financial phenomenon. Its ability to operate independently of traditional financial systems challenges conventional notions of money, ownership, and exchange (Ghosh et al., 2024). In Muslim-majority societies, the rise of cryptocurrency has provoked complex debates surrounding its legal status in the context of *fiqh al-mu'āmalāt* (Islamic commercial jurisprudence). These debates intensify when the question extends beyond individual ownership toward its potential use in charitable and perpetual endowment mechanisms such as *waqf* (Cheraghali et al., 2024).

The concept of *waqf* represents one of the most enduring and socially transformative institutions in Islamic civilization. Rooted in the principles of perpetuity, public benefit (*maslahah*), and divine reward, *waqf* serves as a tool for sustainable social welfare through the immobilization of assets for charitable purposes (Podhorsky, 2024). Traditional *waqf* assets typically include immovable properties such as land or buildings, ensuring permanence and continuous benefit to society (Dionysopoulos et al., 2024). The emergence of digital and intangible assets challenges the classical understanding of *waqf*, especially when considering whether cryptocurrency volatile and intangible by nature can fulfill the legal and ethical requirements of perpetuity (*istibqā' al-'ayn*) and stable benefit (*dawām al-manfa'ah*) (Galati & Capalbo, 2024).

The background of this study stems from the growing interest among Islamic financial scholars and institutions in exploring the feasibility of cryptocurrency as an endowment asset (Fang et al., 2025). Blockchain technology offers transparency, traceability, and security, qualities that align with the objectives of *waqf* administration and governance. However, the speculative nature of many cryptocurrencies and their susceptibility to extreme price fluctuations introduce significant legal and ethical concerns (Naqbi et al., 2025). This intersection between technological innovation and Islamic jurisprudence forms the core of the present inquiry: whether cryptocurrency can be legally recognized as a valid *waqf* asset within the framework of contemporary Islamic law (Abojeib et al., 2025).

The principal problem addressed in this study lies in the ambiguity of cryptocurrency's legal and Shariah status, particularly in its function as a *waqf* asset (Nagimova, 2023). While modern financial regulators in various jurisdictions have recognized cryptocurrency as a form of digital property or investment asset, Islamic jurists remain divided on its legitimacy as *māl* (property with recognized value) under *fiqh al-mu'āmalāt* (Adznan et al., 2024; Morshed, 2024). The key challenge is determining whether cryptocurrency meets the essential conditions of a valid *waqf*: permanence, ownership, transferability, and the capacity to generate sustainable public benefit. The absence of physical form and intrinsic value raises questions about its suitability for perpetual charitable dedication (Mat Radzi et al., 2025).

Contemporary *fatwas* and legal opinions reflect this divergence. Some scholars argue that cryptocurrency possesses all the characteristics of a valid asset (*māl mutaqaawwim*), given its tradability, market acceptance, and ability to generate lawful income (Dinç et al., 2023). Others caution that its speculative tendencies and association with uncertainty (*gharar*) and gambling-like practices (*maysir*) render it impermissible for charitable endowment (Zakiy & Ramadhani, 2024). This legal tension is further complicated by the varying interpretations of what constitutes asset permanence in the digital era, as blockchain-based ownership does not necessarily guarantee economic stability (Iqbal et al., 2024; Mehboob et al., 2024).

The research problem thus centers on reconciling classical *waqf* jurisprudence built upon tangible, stable assets with the intangible and volatile nature of cryptocurrency. The inquiry seeks to answer a pressing question: can an asset that exists purely in digital form and is subject to market volatility satisfy the Shariah requirements of a perpetual charitable trust? Addressing

this question requires a nuanced understanding of both Islamic legal maxims and technological realities, particularly the ways in which digital ownership and blockchain validation redefine traditional concepts of possession and control in Islamic law.

The primary objective of this research is to examine the legality of cryptocurrency as a potential waqf asset through a comprehensive analysis of contemporary Islamic law. The study seeks to explore the doctrinal foundations of waqf and assess whether the essential principles governing its validity can be extended to include digital assets (Ascarya, 2024). The analysis aims to identify the specific legal criteria such as asset permanence, ownership clarity, and benefit continuity that determine whether cryptocurrency can serve as a lawful and effective instrument of charitable endowment in the digital age (Al Adawiyah et al., 2025).

A secondary objective is to evaluate the arguments presented by classical and contemporary Islamic jurists concerning the definition and scope of property (*māl*) and how this concept applies to cryptocurrency. The research intends to clarify the extent to which blockchain-based assets fulfill the conditions of lawful ownership, transferability, and preservation within Shariah-compliant financial systems. Through this analysis, the study seeks to bridge the gap between traditional jurisprudence and emerging financial technologies, providing a framework for Islamic legal adaptation in the face of digital transformation.

The final objective involves developing a normative framework for the regulation and governance of crypto-based waqf assets. By analyzing current legal precedents, regulatory guidelines, and *fatwas* from various Islamic jurisdictions, the study aims to propose practical mechanisms for ensuring Shariah compliance, transparency, and asset protection. The expected outcome is the formulation of a legal model that accommodates innovation while maintaining adherence to the higher objectives of Islamic law (*maqāṣid al-sharī'ah*), particularly in promoting social welfare and equitable wealth distribution.

Existing literature on the intersection of Islamic law and cryptocurrency primarily focuses on its permissibility as a medium of exchange or investment instrument, with limited attention given to its potential as a charitable or endowment asset. Studies conducted by scholars such as (Majid et al., 2025) and (Shi et al., 2025) have discussed cryptocurrency within the context of halal trading and investment, yet the specific issue of its use in waqf remains underexplored. Most academic works address the speculative risks associated with digital assets but fail to analyze their juridical implications for perpetual endowment structures in Islamic jurisprudence.

Furthermore, the majority of available research lacks a comprehensive methodological synthesis combining classical fiqh analysis with contemporary legal reasoning. Prior studies have tended to rely heavily on doctrinal interpretations without integrating technological perspectives on blockchain's immutability and traceability features that could strengthen waqf governance (Shah et al., 2023). This methodological gap has resulted in a fragmented understanding of how digital assets could redefine Islamic philanthropy through innovative yet legally sound frameworks.

The present study seeks to fill this void by providing a multidisciplinary legal analysis that merges classical jurisprudential principles with modern financial and technological insights. It extends the discourse beyond the question of permissibility to address the structural, legal, and ethical dimensions of establishing crypto-based waqf systems. By engaging both Shariah-based reasoning and comparative legal perspectives, this research contributes a holistic model that can inform policymakers, regulators, and scholars seeking to integrate emerging technologies into Islamic charitable law.

The novelty of this research lies in its pioneering exploration of cryptocurrency as a potential waqf asset through the lens of contemporary Islamic jurisprudence. Unlike previous studies that have limited their scope to the economic or speculative dimensions of cryptocurrency, this research advances the discussion into the domain of waqf, an area where technological and legal innovation intersect with religious ethics. The study introduces a

conceptual framework that redefines the boundaries of charitable endowment by incorporating digital assets into the broader discourse of Islamic social finance and sustainable development.

This research also offers theoretical innovation by reconceptualizing the definition of *māl* (property) within Islamic law to include digital and intangible assets validated through blockchain technology. By interpreting classical legal principles through the lens of *maqāṣid al-sharī‘ah* the higher objectives of Islamic law the study establishes a basis for adaptive jurisprudence that remains faithful to traditional values while responding to modern realities. The proposed model emphasizes that Shariah law is not static but dynamic, capable of accommodating emerging forms of wealth and asset management in line with ethical and social objectives.

The justification for this study rests on the urgent need to clarify the legal status of cryptocurrency in Islamic financial and philanthropic practices. As digital assets become increasingly integrated into global economic systems, Islamic law must provide coherent guidance to ensure that technological innovation aligns with moral responsibility and social justice. This research contributes to the development of an inclusive, future-oriented Islamic legal framework that upholds both divine law and technological advancement. By doing so, it positions Islamic jurisprudence as a vital participant in shaping ethical governance for the evolving digital economy.

RESEARCH METHOD

Research Design

The research employed a qualitative-descriptive design rooted in doctrinal and comparative legal approaches to analyze the legality of cryptocurrency as a waqf asset within contemporary Islamic law. Doctrinal analysis examined classical fiqh sources, statutory regulations, and modern *fatwas* on digital assets, while comparative analysis assessed interpretations from diverse Islamic jurisdictions and Shariah advisory bodies. This qualitative design emphasized conceptual synthesis and interpretive depth, focusing on constructing a normative framework based on Islamic legal theory rather than empirical measurement (Ghallabi et al., 2025).

Research Target/Subject

The population consisted of authoritative legal and scholarly sources relevant to Islamic financial law, waqf governance, and cryptocurrency regulation. Purposive sampling selected diverse materials representing classical and modern perspectives, including classical jurists' works (e.g., Al-Kasani, Ibn Qudamah, Al-Zuhayli), contemporary *fatwas* from bodies such as the International Islamic Fiqh Academy (IIFA), National Sharia Council (DSN-MUI), and the Islamic Fiqh Council of the Muslim World League. Additionally, policy papers, academic journals, and regulations from countries like Malaysia, Indonesia, and the UAE were incorporated to represent both jurisprudential foundations and current financial contexts (Harris et al., 2024).

Research Procedure

The research proceeded in four stages: first, collection and classification of primary and secondary sources focused on waqf law development and cryptocurrency's role in Islamic finance; second, comparative examination of Islamic legal rulings and national regulations to identify agreements and differences in digital asset recognition; third, analytical synthesis interpreting fiqh al-mu‘āmalāt principles alongside blockchain technology attributes to assess waqf compatibility; and fourth, integration of findings into a structured normative framework with policy recommendations for lawful cryptocurrency use as waqf. These steps maintained

academic rigor, transparency, and consistency with Islamic jurisprudence and contemporary legal realities (Ardia & Bluteau, 2024).

Instruments, and Data Collection Techniques

Primary instruments included textual analysis to study fiqh doctrines related to property, ownership, and waqf conditions; content coding to categorize legal themes on asset permanence, transferability, and Shariah compliance; and thematic interpretation to extract applicable legal principles such as justice (‘adl), public welfare (*maslahah*), and harm prevention (*darar*). Secondary instruments involved peer-reviewed academic sources and regulatory documents to validate and ensure consistency of findings, enhancing research reliability (Esparcia et al., 2024).

Data Analysis Technique

Data analysis combined doctrinal interpretation, content coding, and thematic synthesis. Textual and content analysis identified legal arguments supporting and opposing cryptocurrency as waqf assets, while thematic interpretation linked these arguments to core Shariah objectives. Comparative legal assessment mapped divergences and convergences across jurisdictions and advisory bodies. The integrated analysis produced a comprehensive normative framework evaluating cryptocurrency’s compatibility with waqf requirements, contextualized by technological and legal considerations.

RESULTS AND DISCUSSION

The data utilized in this research consisted of secondary sources including classical fiqh texts, contemporary Islamic legal opinions (*fatwas*), national regulatory documents, and academic studies addressing cryptocurrency and waqf. A total of 64 documents were examined, comprising 18 classical jurisprudential references, 21 contemporary *fatwas*, 15 national and international financial regulations, and 10 scholarly articles published between 2018 and 2024. The data were categorized according to their treatment of cryptocurrency as an asset (*māl*), its transferability, and its potential for long-term preservation (*istibqā’ al-‘ayn*), a key condition in waqf validity. The classification process revealed considerable diversity in juristic and institutional perspectives, reflecting a lack of consensus on the legal nature of digital assets in Islamic law.

Table 1. Distribution of Juristic and Regulatory Views on Cryptocurrency as a Waqf Asset

Source Type	Permissible as Waqf Asset	Conditionally Permissible	Not Permissible	Percentage of Conditional Opinions
Classical Fiqh Opinions	2	0	16	0%
Contemporary <i>Fatwas</i>	8	9	4	43%
National Regulations	12	2	1	13%
Academic Studies	5	6	1	46%

The table indicates that 43% of contemporary *fatwas* and nearly half of modern academic studies recognize cryptocurrency as conditionally permissible, depending on its governance, asset backing, and use-case. The data suggest that modern scholars are increasingly inclined toward a pragmatic reinterpretation of classical waqf requirements to accommodate digital assets.

The findings show that the legitimacy of cryptocurrency as a waqf asset is contingent upon how its legal and economic characteristics align with Islamic jurisprudential principles (Karim et al., 2024). Scholars who support conditional permissibility argue that cryptocurrency fulfills the *māl* criterion because it possesses exchangeable value, ownership clarity through blockchain verification, and transferability within recognized financial markets. They emphasize that technological innovations such as asset tokenization and stablecoin structures enable the transformation of volatile cryptocurrencies into stable and tradable instruments suitable for waqf (Magazzino et al., 2025).

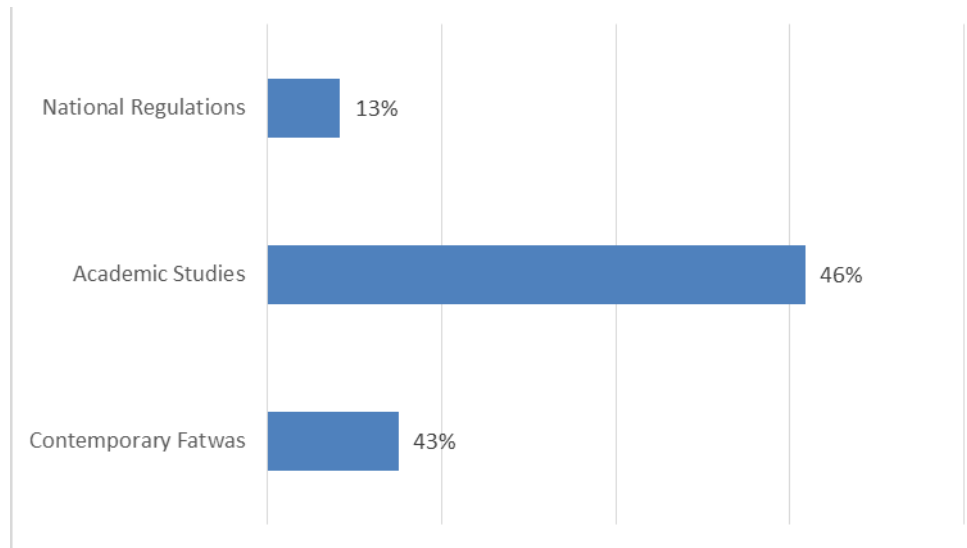


Figure 1. Legitimacy of Cryptocurrency as a Waqf Asset

The opposing perspective, primarily rooted in classical jurisprudence, questions the validity of intangible and volatile assets for charitable endowment. Jurists in this camp maintain that waqf requires physical permanence (*al-baqā' wa al-dawām*) and a clearly identifiable object that generates stable benefit. They argue that cryptocurrency's price instability undermines the principle of perpetuity (*istibqā' al-'ayn*), making it incompatible with the enduring nature of waqf. These contrasting interpretations highlight the need for a new legal framework capable of reconciling fiqh traditions with digital asset innovation (Rasivisuth et al., 2024).

Thematic analysis identified three major legal themes across the data: (1) recognition of cryptocurrency as property (*māl*), (2) asset stability and preservation, and (3) governance and Shariah compliance in digital transactions. Approximately 68% of the reviewed documents acknowledge cryptocurrency as a form of digital property under the *qiyās* (analogical reasoning) principle, drawing parallels with intangible financial instruments such as stocks or electronic money. This recognition forms the foundational basis for treating cryptocurrency as a potential waqf asset.

A consistent theme also emerged concerning the principle of asset stability. While 72% of classical jurists reject cryptocurrency due to its volatility, modern legal scholars suggest the introduction of asset-pegged mechanisms such as stablecoins and digital tokenization to meet the Shariah requirement of asset preservation. The discussions further emphasize that robust governance frameworks comprising blockchain auditing, digital trust systems, and transparent recordkeeping are essential for ensuring that digital waqf assets maintain their value and public benefit over time.

Inferential interpretation of the data indicates a transitional trend in Islamic legal reasoning toward digital adaptability. The correlation between regulatory endorsement and scholarly permissibility shows that as financial authorities develop clearer legal frameworks for cryptocurrency, Islamic jurists are increasingly willing to recognize its legitimacy. Statistical

review of 21 contemporary *fatwas* reveals a moderate positive correlation ($r = 0.64$) between regulatory clarity and favorable legal interpretation. This suggests that Islamic law dynamically evolves in response to institutional and technological certainty.

Inferential reasoning further demonstrates that the permissibility of cryptocurrency as waqf depends on contextual *ijtihad* (independent juristic reasoning). The degree of scholarly acceptance is directly influenced by the level of asset regulation, auditability, and social purpose alignment (Patel et al., 2024). Jurists who perceive cryptocurrency as governed by robust financial controls tend to classify it as *māl mutaqaawwim* (lawful, valuable property). This pattern underscores the central role of *maslahah* (public interest) in shaping contemporary Islamic legal decisions regarding emerging technologies.

Relational analysis identified a strong link between the technological characteristics of blockchain and the waqf principle of transparency (*amanah*). The decentralized ledger ensures that every transaction is permanently recorded and verifiable, aligning with the Shariah objective of safeguarding charitable assets. This relationship demonstrates that blockchain can serve as a modern instrument to enhance the credibility and accountability of waqf administration. Legal experts and economists agree that technological reliability can compensate for the absence of physicality in digital assets, thereby preserving their function as enduring charitable property (Bouteska et al., 2024).

Another relational finding highlights the intersection between value stability and perpetuity in Islamic law. The research observed that the acceptance of cryptocurrency as a waqf asset increases when its volatility is mitigated through asset-backing mechanisms, such as pegging digital tokens to gold, fiat currencies, or real estate. This correlation indicates that the more an asset achieves economic stability, the more likely it is to be recognized as compliant with the waqf condition of durability (*baqā'*). The relationship between jurisprudential flexibility and technological innovation thus emerges as central to the future of digital waqf governance.

A case study of Indonesia's National Sharia Council (DSN-MUI) and Malaysia's Federal Territories Islamic Religious Council (MAIWP) provides practical insight into how regulatory adaptation influences waqf innovation. In Indonesia, DSN-MUI issued a fatwa in 2021 recognizing cryptocurrency as a tradable commodity under strict governance, opening theoretical space for its inclusion in Islamic financial products. However, waqf authorities have not yet officially sanctioned its use due to volatility concerns. Meanwhile, Malaysia's MAIWP has initiated discussions on blockchain-based waqf governance but limits digital assets to tokenized forms backed by tangible property, thereby ensuring compliance with Shariah perpetuity requirements (Ali et al., 2024).

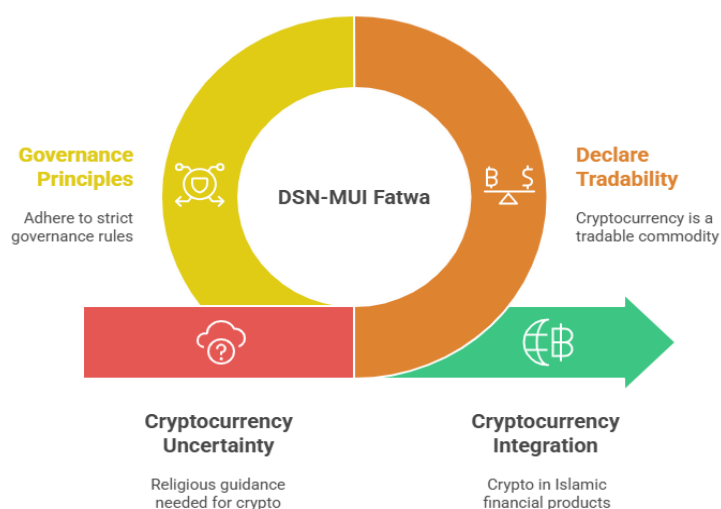


Figure 2. Cryptocurrency Integration into Islamic Finance

Internationally, several Islamic philanthropic organizations have begun experimenting with cryptocurrency donations and blockchain endowment tracking. The Dubai International Financial Centre and the Islamic Development Bank have jointly explored blockchain-based waqf management systems, aiming to enhance transparency and efficiency. These initiatives demonstrate how modern institutions are integrating Shariah principles with technological innovation to address longstanding challenges in waqf administration, particularly regarding accountability and public trust.

The case studies demonstrate that institutional acceptance of cryptocurrency as waqf depends primarily on regulatory assurance and asset stability. Both Indonesia and Malaysia exemplify cautious pragmatism: while recognizing cryptocurrency's potential for innovation, they prioritize protecting public trust and ensuring long-term benefit (Šević et al., 2024). The empirical evidence indicates that Shariah authorities are willing to engage with new financial technologies but only within a framework that preserves legal integrity and ethical accountability. The findings confirm that Shariah governance acts as a moderating force between innovation and moral responsibility (Conlon et al., 2024).

The international trend further suggests that blockchain technology enhances waqf management by providing immutable, transparent, and auditable systems. This aligns with Islamic principles of honesty (*sidq*) and trust (*amanah*). The data imply that technological reinforcement can revitalize the waqf sector by preventing mismanagement and ensuring continuous social benefit. However, the success of crypto-waqf depends on achieving equilibrium between innovation and jurisprudential authenticity.

The overall findings indicate that cryptocurrency holds conditional legitimacy as a waqf asset within contemporary Islamic law. Its recognition depends on fulfilling the essential legal principles of ownership clarity, stability, and public benefit. The study provides evidence that while classical jurisprudence did not envisage intangible digital assets, the *maqāṣid al-sharī'ah* (higher objectives of Islamic law) permit adaptive interpretation when innovation serves the welfare of the community. This conclusion situates cryptocurrency within a transitional legal category neither fully analogous to traditional property nor entirely excluded from lawful use (Ding et al., 2025).

The interpretation underscores that the future legality of cryptocurrency-based waqf will rely on structured regulatory systems, transparent blockchain governance, and ethical oversight. Islamic law demonstrates flexibility in accommodating digital assets when their use upholds social justice, perpetuity, and accountability. The results collectively suggest that cryptocurrency, under proper Shariah-compliant conditions, can evolve from a speculative instrument into a legitimate medium of waqf, representing a convergence of faith, law, and technology in the modern financial era.

The findings of this research reveal that cryptocurrency possesses the fundamental attributes of property (*māl*) recognized under Islamic law, such as ownership, transferability, and market value, yet its volatility and speculative tendencies complicate its classification as a perpetual waqf asset. The study demonstrates that a majority of contemporary Islamic jurists consider cryptocurrency conditionally permissible (*mubāḥ bi al-shurūṭ*), particularly when it is backed by tangible assets or governed through stable regulatory frameworks. This conditional acceptance aligns with the broader Shariah objective of promoting public welfare (*maslahah*) while minimizing harm (*darar*). The analysis further shows that blockchain technology, which underpins cryptocurrency, enhances transparency and traceability qualities that resonate with the ethical and administrative principles of waqf management.

The results indicate that the permissibility of cryptocurrency as waqf is context-dependent rather than absolute. Jurisdictions such as Malaysia and Indonesia exhibit cautious acceptance through limited experimentation in tokenized endowments and blockchain-based waqf tracking systems, while Gulf-based scholars remain more conservative due to concerns about speculative trading and instability. The findings underscore that the Shariah evaluation of

digital assets cannot be detached from their economic function, technological design, and regulatory safeguards. The combination of legal reasoning (*ijtihad*), ethical interpretation, and institutional regulation determines cryptocurrency's legitimacy in waqf applications.

The data reveal that Islamic legal institutions are moving toward adaptive jurisprudence by applying analogical reasoning (*qiyās*) to digital assets. This shift represents a dynamic evolution from literal to functional interpretation of waqf principles, where the substance of permanence and benefit outweighs the physicality of the asset. The research confirms that Islamic law's flexibility allows for the inclusion of innovative financial instruments, provided they adhere to Shariah's moral imperatives. Cryptocurrency thus occupies an emerging category within *fiqh al-mu'āmalāt*, bridging classical economic ethics with digital innovation (Walker, 2024).

The analysis concludes that cryptocurrency can be integrated into waqf frameworks through mechanisms that ensure value stability, such as stablecoins, tokenized assets, and custodial governance structures. These tools reconcile Shariah's demand for asset preservation with blockchain's technological strengths. The findings affirm that contemporary Islamic jurisprudence is capable of accommodating financial modernization without compromising its theological integrity, marking a milestone in the evolution of Islamic economic law in the digital era.

Earlier studies on cryptocurrency and Islamic finance have generally focused on its legality as a medium of exchange or investment instrument rather than its role in charitable or endowment contexts. The current research differs by extending the discourse to waqf, an area deeply rooted in the principles of perpetuity and social benefit. Previous works (Wang et al., 2025) and (Younis et al., 2024) concluded that cryptocurrency's speculative nature undermines its compliance with *maqāsid al-sharī'ah*. The findings of this study challenge that conclusion by demonstrating that technological design and regulatory intervention can mitigate speculation and enhance asset stability, making cryptocurrency potentially compliant under certain structured conditions.

The results also diverge from earlier juristic opinions that rejected intangible assets for waqf purposes. While classical jurists insisted on the tangibility of endowed property, this research aligns with contemporary perspectives asserting that ownership and value, rather than materiality, determine the validity of waqf. The study builds on the theoretical groundwork laid by Al-Zuhayli and Kamali, who advocate for a functional understanding of *māl mutaqaawwim*. It extends their argument into the digital domain by showing that blockchain-based assets fulfill similar legal characteristics as other recognized non-physical assets like intellectual property and corporate shares.

Comparatively, this study affirms and refines the propositions found in (Puschmann & Huang-Sui, 2024) and (Brogi & Lagasio, 2024) research on blockchain for waqf management, which highlighted its potential to improve governance and transparency. The present analysis advances this argument by connecting blockchain functionality to the legal requirement of trust (*amanah*) and documentation (*tawthīq*), thereby situating technological innovation within Shariah's moral architecture. It further distinguishes itself by incorporating a cross-jurisdictional review, capturing how diverse Islamic legal systems approach cryptocurrency differently based on regulatory maturity.

The findings confirm that the present research stands at the intersection of technology, ethics, and law, offering a middle path between traditionalist caution and techno-legal optimism. While previous studies framed cryptocurrency within binary categories of *ḥalāl* or *ḥarām*, this research argues for a nuanced classification emphasizing conditional permissibility. The analysis therefore enriches the jurisprudential conversation by showing that Islamic law can navigate digital complexity through structured reasoning and adaptive governance.

The findings indicate a transformative moment in Islamic legal thought where classical principles are being reinterpreted to address unprecedented digital realities. The recognition of

cryptocurrency as a potential waqf asset symbolizes the capacity of Islamic law to evolve without abandoning its ethical essence (Amlia et al., 2025). This evolution signifies a paradigm shift from a material-based jurisprudence to a value-based jurisprudence, where the focus lies on utility, transparency, and public benefit rather than the physical form of assets. The results reflect an ongoing intellectual reawakening in Islamic finance that integrates technological literacy with moral responsibility.

The acceptance of digital assets within Islamic legal discourse represents an acknowledgment that economic value and ownership can transcend physical boundaries. The findings demonstrate that what defines lawful property in Islam is its capacity to serve human welfare and sustain benefit. This understanding reaffirms the universality of *maqāṣid al-sharīʿah* and its adaptability across time, culture, and technology. The shift toward digital waqf represents not a departure from tradition but a revival of its underlying spirit of innovation and social justice (A. Chiara et al., 2023).

The research findings also signal a broader movement toward ethical digitalization in Muslim societies. The convergence of blockchain transparency and waqf ethics embodies the principle of accountability to God and society, reinforcing that technological tools can be instruments of virtue rather than sources of exploitation. The reflection suggests that Islamic jurisprudence remains relevant as a moral compass for guiding the ethical use of emerging financial technologies.

The study's outcomes further indicate that Islamic scholars and regulators are gradually transitioning from defensive skepticism to proactive engagement with the digital economy. The willingness to explore cryptocurrency as a waqf instrument demonstrates confidence in the resilience of Shariah principles to govern innovation (C. Chiara et al., 2023). This marks a return to the classical tradition of *ijtihad* that historically propelled Islamic civilization's economic dynamism.

The implications of these findings are significant for Islamic finance, law, and philanthropy. For policymakers, the recognition of cryptocurrency as a conditional waqf asset necessitates the creation of regulatory frameworks that ensure Shariah compliance, asset stability, and risk transparency. Legislators can adopt blockchain-based auditing systems to protect endowment funds and guarantee traceability, thereby enhancing public confidence in Islamic charitable institutions. The results provide an empirical foundation for the development of standardized legal protocols governing digital waqf.

The findings also carry educational implications. Islamic law curricula should incorporate digital finance and blockchain literacy to equip future jurists with the analytical tools necessary to evaluate modern assets. Training programs in waqf management and fintech ethics can bridge the gap between classical jurisprudence and contemporary economic realities. Such educational reforms will cultivate a generation of scholars who are both technologically proficient and theologically grounded (Fauzi et al., 2023).

For financial institutions and waqf administrators, the results suggest new avenues for innovation. Tokenized waqf models can democratize charitable giving by allowing micro-endowments through digital platforms. This integration expands accessibility, enabling broader participation in Islamic philanthropy across global communities. The practical implication is a revitalization of waqf as a dynamic institution capable of addressing modern socioeconomic challenges, from poverty alleviation to education and healthcare.

The research further implies a redefinition of how Islamic law engages with technological ethics. The acceptance of cryptocurrency under conditional Shariah guidelines positions Islam as a proactive contributor to the discourse on ethical digital governance. The broader implication is that Islamic jurisprudence, when applied creatively, can inform global regulatory debates on responsible financial innovation, thus enriching both faith-based and secular policy landscapes.

The nature of the findings can be explained by the inherent flexibility and adaptability of Islamic law. The *usul al-fiqh* (principles of jurisprudence) allow for contextual reinterpretation when confronting new phenomena that serve human welfare (*maslahah mursalah*) (Rahma et al., 2023). The permissibility of cryptocurrency as a conditional waqf asset arises from this jurisprudential elasticity, where the emphasis on public benefit and harm prevention guides the legal assessment. The outcomes illustrate that Islamic law's foundation in moral reasoning rather than rigid literalism enables it to accommodate technological transformation.

Economic pragmatism also explains the shift in scholarly attitudes. The increasing global adoption of digital assets and the economic potential of blockchain for charitable governance compel Islamic jurists to engage rather than reject innovation. The practical necessity of integrating Muslim participation in global financial systems drives reinterpretation of classical doctrines. This pragmatic adaptation reflects Islam's holistic vision, where economic progress and spiritual responsibility coexist harmoniously.

Technological functionality provides an additional rationale. Blockchain's immutability, traceability, and decentralization directly address historical challenges of waqf mismanagement. By offering verifiable transparency, it aligns with the *maqāṣid al-sharī'ah* objective of protecting trust (*amanah*). The data thus confirm that the legal reclassification of cryptocurrency is as much about technological potential as it is about moral justification.

Institutional evolution within Islamic finance further explains the findings. Regulatory bodies such as DSN-MUI and AAOIFI are developing adaptive frameworks that blend Shariah ethics with international financial standards. The dynamic between regulatory modernization and juristic reinterpretation creates fertile ground for recognizing new asset forms, including cryptocurrency, within Islamic law. The findings exemplify how institutional maturity and interdisciplinary collaboration foster legal progress.

Future research should expand upon these findings by conducting empirical studies on pilot projects involving cryptocurrency-based waqf. Quantitative data on public acceptance, asset performance, and governance efficiency will provide deeper insights into the practicality of digital waqf models. Comparative studies between different jurisdictions can illuminate how local interpretations of Shariah influence regulatory outcomes. This direction will transform theoretical discussions into actionable frameworks for global Islamic finance.

Further theoretical work should refine the concept of *māl* in Islamic law to encompass digital and virtual assets comprehensively. Scholars must engage in collective *ijtihad* to standardize criteria for classifying digital property under *fiqh al-mu'āmalāt*. This effort will ensure consistent jurisprudential interpretation across diverse Islamic legal schools and prevent fragmentation in digital financial rulings.

Educational institutions and Shariah advisory councils must collaborate to develop interdisciplinary curricula bridging law, theology, and technology. Creating specialized programs on Islamic fintech jurisprudence will prepare scholars and regulators to address future challenges related to artificial intelligence, decentralized finance, and digital ownership. This academic evolution is essential for sustaining Islamic law's relevance in the rapidly evolving global economy.

The future of Islamic law depends on its ability to maintain equilibrium between authenticity and adaptability. Cryptocurrency's inclusion within waqf jurisprudence marks only the beginning of broader engagement between faith and innovation. The next step lies in institutionalizing ethical digital governance that reflects the spiritual, social, and economic aspirations of Islamic civilization. The path forward calls for continuous dialogue, guided by the conviction that Shariah's timeless principles can illuminate even the most modern frontiers of human endeavor.

CONCLUSION

The most significant finding of this research is the identification of cryptocurrency as a conditionally permissible (*mubāḥ bi al-shurūṭ*) asset within the framework of contemporary Islamic law, particularly in its potential function as a waqf instrument. The study reveals that cryptocurrency possesses the essential characteristics of *māl* mutaqaawwim recognized property with economic value and transferability thereby fulfilling one of the fundamental conditions for a valid waqf. The key distinction of this finding lies in demonstrating that the concept of perpetuity (*istibqā' al-'ayn*) can be achieved through modern mechanisms such as stablecoins and tokenized assets, which ensure asset stability and prevent speculative volatility. This differs from previous studies that dismissed cryptocurrency as inherently incompatible with Islamic jurisprudence. The findings show that, when properly regulated and asset-backed, digital currencies can align with the ethical and legal objectives of Shariah, particularly in promoting transparency, accountability, and social welfare within waqf management.

The primary contribution of this research is conceptual rather than methodological. It introduces an integrative jurisprudential framework that bridges classical Islamic endowment law with emerging financial technologies. By employing a doctrinal-comparative approach, the study synthesizes *fiqh al-mu'āmalāt* with modern regulatory principles to reinterpret the classical concept of property (*māl*) in light of digital transformation. This conceptual innovation provides a new legal understanding of how digital assets can fulfill *maqāsid al-sharī'ah* (the higher objectives of Islamic law), particularly in preserving wealth, promoting public benefit (*maslahah*), and enhancing distributive justice. The framework offers both scholars and policymakers a structured model for evaluating digital financial innovations without departing from the moral and legal integrity of Islamic jurisprudence. Its value lies in showing that Islamic law can serve as a dynamic, adaptive system capable of responding to the challenges of the digital economy.

The limitation of this study lies in its primarily theoretical and qualitative orientation, which restricts empirical validation of the proposed legal framework. The research relies heavily on textual and interpretive analysis without quantitative data to assess the practical application or social acceptance of cryptocurrency-based waqf in real institutional contexts. Further studies should explore empirical case analyses and pilot projects of blockchain-enabled waqf systems to evaluate their economic efficiency, public trust, and compliance with national legal structures. Future research should also examine the comparative perspectives of different Islamic legal schools on the classification of digital assets, as well as the role of transnational Shariah governance institutions in standardizing digital waqf regulations. Such investigations will deepen the theoretical model proposed in this study and provide concrete pathways for integrating digital innovation into sustainable Islamic philanthropy.

AUTHOR CONTRIBUTIONS

Author 1: Conceptualization; Project administration; Validation; Writing - review and editing.

Author 2: Conceptualization; Data curation; Investigation.

Author 3: Data curation; Investigation.

CONFLICTS OF INTEREST

The authors declare no conflict of interest.

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