INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES

Vol 14, Issue 12, (2024) E-ISSN: 2222-6990

# The Issuance and Supervision of Currencies: Centralization and Decentralization from the Fuqaha Point of View

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**To Link this Article:** http://dx.doi.org/10.6007/IJARBSS/v14-i12/23921 DOI:10.6007/IJARBSS/v14-i12/23921

***Published Date:*** 03 December 2024

**Abstract**

The Fuqaha diverge on the issue of currency issuance and supervision under Shariah law, due to the lack of a dedicated discourse on currency within classical Islamic literature, where the topic is only briefly mentioned in various chapters related to worship (*Ibadah*) and transactions (*Muamalah*). This discrepancy raises pivotal questions regarding contemporary Islamic economic policy and jurisprudence, particularly in the context of centralized versus decentralized financial systems. These modern frameworks starkly contrast with the classical Islamic era and present challenges in elaborating Shariah-compliant monetary policies. This study seeks to elucidate the Islamic legal position on currency issuance and supervision, with specific attention to centralization and decentralization, as interpreted by classical and contemporary jurists. Employing a qualitative methodology, data was collected through document analysis and expert interviews, and subsequently examined using content analysis. Findings indicate a consensus on the fundamental role of currency as a medium of exchange, a store of value, and a unit of measurement. However, divergence emerges on the authority over currency issuance. While some jurists advocate for centralized control under state authority, others support a decentralized approach, allowing private entities to partake in currency regulation. The study further proposes Shariah-compliant parameters emphasizing the necessity for regulatory oversight to prevent elements of *gharar* (uncertainty) and *ghish* (fraud) in currency management. The conclusion underscores the importance of establishing clear Shariah guidelines to mitigate ambiguity and ensure economic stability and the realization of the Maqasid al-Shariah (objectives of Shariah) in financial governance.

**Keywords:** Currencies, Issuance, Supervision, Centralization, Decentralization

## Introduction

Currencies have evolved over the ages resulting in a constantly updated monetary system. In the era before the Prophet Muhammad PBUH's mission, the Arabs used the barter system and commodity currencies before they knew gold and silver currencies (Salus, 1985). They also did not use the paper money system, as it appeared in China in the 3rd Hijri century (Pickering, 1844). The commodity currencies used are gold dinars and silver dirhams which are calculated by scale. Then in the year 77 Hijri, the caliph Abdul Malik bin Marwan began to forge and manufacture his dinars and dirhams (Mahmud, 2003). This currency system continued until the banking system introduced the current account, which allowed transactions to be carried out using cheques. As the world enters the cyber age, currencies are acquired digitally, while the use of physical currencies is decreasing (Ming, 2024). Nowadays, the advancement of the digital field has become the main element of the birth of two currency systems that have their users and ecosystems, namely centralized currency, which is a conventional system, and decentralized currency which is a new system of currency that never existed in the previous era. This new phenomenon has led modern scholars to study this system to obtain a Shariah perspective on the use of decentralized currencies.

The study of decentralized currencies raises questions regarding the concept and definition of currency according to Fuqaha and modern scholars. In addition, it also opens the door to differences of opinion among the fuqaha on the status of currency issuance and supervision according to the Shariah perspective.

This issue becomes more intricate because the discussion of currency is not debated in specific classical literature of jurisprudence but is scattered touched on over various chapters of ibadah and muamalah. Therefore, this study aims to understand the reality of currency, as well as to assess the difference between currency centralization and decentralization systems according to the Shariah perspective.

**Definition of Currency from the Perspective of Fuqaha**

The verses of the Quran and hadith do not precise the definition of money in detail, but rather explain the laws of muamalah related to gold and silver. However, classical jurists take the word *naqdain (نَقدَيْن)* and *nuqud* (نُقُود), which is the dual and *plural* forms of the word *naqd* (نقد), to discuss the definition and Shariah rulings related to money in their books.

The word *naqd* from an Arabic point of view has several meanings, among which is gold and silver (Fairuzabadi, 2005; Ibn Manzur, 1993). In addition, it also means payment of cash. As a hadith from Jabir r.a.:

عَنْ جَابِرِ بْنِ عَبْدِ اَللَّهِ -رَضِيَ اَللَّهُ عَنْهُمَا- أَنَّهُ كَانَ يَسِيرُ عَلَى جَمَلٍ لَهُ أَعْيَا. فَأَرَادَ أَنْ يُسَيِّبَهُ. قَالَ: فَلَحِقَنِي اَلنَّبِيُّ صلى الله عليه وسلم فَدَعَا لِي، وَضَرَبَهُ، فَسَارَ سَيْراً لَمْ يَسِرْ مِثْلَهُ، قَالَ: بِعْنِيهِ بِوُقيَّةٍ قُلْتُ: لَا. ثُمَّ قَالَ: بِعْنِيهِ فَبِعْتُهُ بِوُقيَّةٍ، وَاشْتَرَطْتُ حُمْلَانَهُ إِلَى أَهْلِي، فَلَمَّا بَلَغْتُ أَتَيْتُهُ بِالْجَمَلِ، فَنَقَدَنِي ثَمَنَهُ، ثُمَّ رَجَعْتُ فَأَرْسَلَ فِي أَثَرِي. فَقَالَ: أَتُرَانِي مَاكَسْتُكَ لِآخُذَ جَمَلَكَ؟ خُذْ جَمَلَكَ وَدَرَاهِمَكَ، فَهُوَ لَكْ.

Meaning: *Jabir b. 'Abdullah (Allah be pleased with them) reported that he was travelling on his camel which had grown jaded, and he decided to let it off. When Allah's Apostle (ﷺ) met him and prayed for him and struck it, so it trotted as it had never trotted before. He said: Sell it to me for an 'uqaya. I said: No. He again said: Sell it to me. So, I sold it to him for an 'uqaya but made the stipulation that I should be allowed to ride back to my family. Then when I came to (my place) I took the camel to him, and he paid me its price in ready money. I then went back, and he sent: (someone) behind me (and as I came) he said: Do you see that I asked you to reduce price for buying your camel. Take your camel and your coins; these are yours.*

(Muslim, 1955). Based on this hadith, the word lined is an example of how the word *naqd* is used in classical Arabic.
Furthermore, *naqd* also means an absolute distinction between dirhams and others. For example, the act of cleaning pure silver dirhams from any mixture (Fairuzabadi, 2005; Ibn Manzur, 1993; Al-Jauhari, 1987). Over and above that, *Naqd* also means possession or ownership. As it is said in Arabic:
نقده إياه نقداً فنقده أي قبضه
Meaning: I give him *a naqd* so he possesses it or owns it. (Faris, 1979).

While the meaning of *naqd* from Fiqh point of view among Fuqaha, there are several opinions. This difference of opinion derived from either linguistic meaning of word *naqd or terminology point of view.* The linguistic meaning of *naqd* emphasized on physical angle which is gold or silver, whether it has been stamped or not, even if it has been shaped or made into jewelry. It is the view of most of the Fuqaha of the Maliki, Shafie, Hanbali, and some of the Hanafi madhhab. It is clearly mentioned in most of their writings as per Ad-Dur al-Muktar states that "property is three things: Price or value in any matter i.e. *Naqdan* (gold and silver)" (al-Haskafi: 2002), as well as Majallah al-Ahkam (n.d) section 130 also states the same.

Scholars of Maliki's school of thought associate zakat with *Naqdan* (gold and silver), the star of livestock, cultivation, business, mining and fitrah". (al-Qarafi: 1994). So the Shafi'I scholars who state in their writings that Riba Al-Yad is the occurrence of possession *(قبض)* by only one of them, and while in the Hadith it is mentioned six things: *Naqdan* (gold and silver), and four types of food" (Rafi'i: 1997). Al-Ramli clearly stated that "*Naqd* is gold and silver even though it has not been touched" (1984). Likewise, the scholars of the Hanbali school explained the same thing (Al-Maqdisi, 2003).

However, there are also some Malikiyah (Khalil, 2005), and Shafi'iyah such as Imam al-Nawawi (a, 1991), al-Ramli (1983), al-Subki (2010), and al-Isnawi (2009), who specify the *naqd* only gold and silver that have been forged, and this is the opinion of the majority of the Hanafi sect (al-Sarakhsi, 1993; al-Samarqandi, 1994; al-Zaila'I, 1895).

The argument of the jurists that *naqd* is specific to gold and silver alone, whether it has been forged or not, is because according to them, there is no valid evidence from revelation, or ijma' which asserts *that naqd* is gold, silver and whatever other thing takes the place of both, then Muslims should not take anything other than gold or silver as *naqd*.

Their argument are from both angle of *Naqli* and Aqli. Among them are the words of Allah swt:
وَالَّذِينَ يَكْنِزُونَ الذَّهَبَ وَالْفِضَّةَ وَلَا يُنفِقُونَهَا فِي سَبِيلِ اللَّهِ فَبَشِّرْهُم بِعَذَابٍ أَلِيمٍ
Meaning: *And there are those who bury gold and silver and spend it not in the way of Allah. announce unto them a most grievous penalty*. (At – Taubah: 34)

The verse shows that Islam specifically prohibits storing gold and silver from being spent, while wealth in general is not limited to gold and silver only. Thus, this clearly tells that naqd is only valid when it is made of gold or silver (Al-Ghazali, 2009). Meanwhile, the perspective of akal says that the issue related to *naqd* or money is a Shariah matter that Allah s.w.t did not place according to the will of humans, in fact, He alone determined and determined it. Allah swt made gold and silver as prices, values and money, which must occur in the circulation among all human beings. Islam also binds Shariah law with gold or silver as proof that it is a medium of measurement or value. Therefore, Muslims use gold and silver in every of their muamalah activities, be it buying and selling, renting, bartering, almsgiving, diyah, sharing, etc. In addition, this group of Fuqaha is also of the opinion that it has never been found in any authentic hadith, nor in any of the previous or current ummah (the era of classical jurisprudence), which makes money other than gold and silver, and requires other than gold and silver (al-Maqrizi, 1988).

The second viewpoint, which come from the perspective of terminology, asserts that any form of money, whether composed of gold or silver, whether stamped or unstamped, or even if not made from precious metals (such as copper, paper, or leather), may be classified as *naqd* and assume the legal rulings of *naqd*, provided certain qualifying conditions are met. This opinion is supported by prominent jurists such as Muhammad ibn al-Hasan (al-Shaibani, 2012), Abu Thaur (al-Balazuri, 1988), a narration from Ahmad ibn Hanbal (al-Bahuti, 1983; Ibn-Qudamah, 1928), Ibn-Taymiyyah (1995), and some Maliki scholars (al-Dasuqi, 2001). It is also endorsed by several scholars from the Madinah, including Rabi'ah, Yahya ibn Sa'id, al-Laith, Abu Ya'la, and Abu Khattab (al-Dasuqi, 2001; Nizam et al., 1991).

According to this group, financial issues are in the form of *'urfi*, which can be determined by human beings based on the general acceptance and practice among the universal community, which is not limited to gold or silver as long as it is not contrary to the Quran or Hadith. Their reasoning and evidence are based on the story of Saidina Omar al-Khattab r.a when it occurred to him to try to turn camel skins into money, then he did not continue with the idea because it was feared that the animals would become extinct because humans would race each other for the skins from camels to be used as money. From this story, the group has looked at the value and price (*thamaniyah*) of *naqd*, which is the value or price that exists in gold and silver, and not only in the gold and silver minerals themselves (A. Zaid, 2004). Therefore, Ibn-Taymiyah (1995) explained that dirham and dinar do not have a fixed definition from a physical or Shariah point of view, but they are defined by the customs that are adopted by the local ummah. Money, then, is whatever form accepted by the public as an intermediate medium without being limited to a specific type of material made of.

**Definition of Currency from the perspective of a Modern Scholar**

Modern scholars' discussion of money stems from a string of differences in the definition set by Fuqaha regarding money. This is because, most of them hold the second point of view as mentioned above; That is, money is a form of ‘*urfi* that can be termed by humans based on the acceptance and practice of general social policies.

Contemporary scholars largely concur in defining *naqd* (money) through several foundational attributes. They posit that money encompasses any entity recognized by society as a medium of exchange, a store of value, and a standard for measuring value or price (al-Ashqar, 1998; al-Salus, 1985; Shubair, 2007). A re-evaluation of modern definitions reveals four essential criteria that qualify an object as money: (i) its function as a medium of exchange, (ii) its capacity to store value, (iii) its role as a unit for valuing goods or pricing, and (iv) public acceptance. These characteristics reflect classical juristic insights on money.

For instance, Imam al-Ghazali observes: "Among the blessings of Allah (SWT) is His creation of the dirham and dinar, which sustain and advance worldly life. While they are mere stones devoid of inherent value, humanity relies on them to access essential needs, such as food, clothing, and fundamental provisions… One of the wisdoms behind this is that dinar and dirham facilitate the pursuit of desires and acquisition of goods" (al-Ghazali, 2009). This underscores the dirham and dinar’s critical functions as both a store of value and a medium of exchange. Similarly, Imam al-Razi, in his exegesis, affirms: "Gold and silver are universally esteemed as they are made valuable for all goods and services, such that possessing them equates to owning all things" (al-Razi, 1999). Echoing economic principles, Ibn Khaldun emphasizes in his well-known al-*Muqaddimah* (2004) that money not only stores value but also encapsulates purchasing power, further affirming classical perspectives on money’s essential characteristics.

Although the views of modern scholars of Islamic economics and Fiqh differ in word order, terminology, and sentence structure, each of their meanings of money does not escape from classical jurisprudence. According to Ali Salus (1985), money is anything that is generally accepted as payment for the exchange of goods, or relief from any employment obligation. Money is something that is used as a medium of exchange. Some say that money is a tool used by society, and the tool has purchasing power and is accepted by general public and is used as a tool to pay debts, and meet other needs (Shubair, 2007). The term money is also everything that is generally accepted according to customs, laws, and values of something, besides it is an intermediary in the exchange of goods and services as well as an intermediary in debt payment (Syamri, 1987). Umer Chapra (2003) also puts the same definition and even states that money should also promote economic stability, and social well-being. This means that money should not be used as a commodity that can be manipulated for the sole purpose of speculation and profiteering as is the case in the conventional financial system.

**Centralized and Decentralized Currencies**

From a language point of view, centralization means handing over or placing power (government and others) to the central government, namely centralization (government, administration, and so on); Centralizing, delegating or delegating power and others to the central authorities, centralizing some aspects of education administration and management should now be centralized to encourage creativity and diversity in education in the country (DBP, 2016).

Meanwhile, decentralization, on the other hand, means giving more power to the state (district) government, which is affiliated with the central government, the distribution of central power (DBP, 2016).

In terms of financial perspective, a centralized currency is defined as a currency that operates under the sole influence of a government, or a national bank (Dibrova, 2016). Whereas decentralized currencies are currencies that operate not under the sole influence of the government or national banks, but rather under certain private entities, or through certain computer protocols (Mukhopadhyay, 2018).

The Harvard Business Review revealed that the digitalization of finance is becoming more vibrant in the global financial industry to the point that records show that over 90% of the circulation of conventional fiat currencies exists digitally (Mookerjee, 2021). This fact directly contributed to the emergence of decentralized currencies. This story began to become a reality when the first decentralized digital currency was introduced to the world, namely Bitcoin (Chowdhury, 2019).

The system of centralized and decentralized currencies refers to its technical point of view involving several main aspects: issuer, supervision, records and transactions.

Table 1
*Aspects of the Difference Between Centralized and Decentralized Currency*

| **System** | Centralized | Decentralized |
|---|---|---|
| **Issuer** | Issued by a government entity | Issued by an individual or private entity |
| **Supervision** | Supervised by a central entity or authorized body | Supervised by a private body, or technology based on protocols set by issuers and developers |
| **Record** | Recorded and stored by a central entity or authorized body | Recorded and stored in Distributed Ledger Technology (DLT) using *Blockchain* |
| **Transaction** | Centralization and Decentralization | Decentralization only |

(Franco, 2014; Eichengreen, 2019; Claeys, 2018; Mukhopadhyay, 2018; Antonopoulos, 2018)

Table 1 shows four main characteristics of the differences between centralized and decentralized currencies that have significant implications for each currency based on the two systems, including local or international authority supervision. Centralized currencies have their own regulation set by the issuers. These regulations are flexible and open to amendments from time to time. In contrast to decentralized currencies, they are completely bound to the principles and protocols set by the protocol authors as noted in the white paper, making them not open to amendment by any individual or entity due to the currency's dependence on *blockchain* technology. This technology stipulates that any amendment can only be made with the consensus and verification of the entire network available around the world.

In addition, this conceptual difference makes both systems significant in terms of third-party involvement. Centralized currencies involve third parties in the exchange, trading, savings, etc., unless they are obtained in the form of physical cash, then the situation allows transactions to take place without the involvement of banks or governments.

**Currency Centralization According to Shariah Perspective**
The Fuqaha has discussed that the right to issue or forge a currency according to the Shariah law is limited to the power and permission of the government as the sole trustee in safeguarding the general welfare, economy of the country.

According to Imam Nawawi (1970), It is forbidden for anyone other than the ruler to forge dirhams and dinars, even if they are genuine, because it is the sole business of the ruler of state, and to also prevent from fraud.

Regarding the forging of the original dirham, Abu Yusuf narrated that it must be carried out in Dar Dharb because it is the sole responsibility of the ruler (As – Sanami: 1988). *Dar Dharb* is an authoritative governing body responsible for measuring, weighing, forging gold and silver, as well as producing dirham and dinar using state stamps (Al – Qisi, 2009).

Ibn Qayyim (2019) emphasizes that the authorities have a critical responsibility to regulate the minting and issuance of currency, as well as to prevent any unauthorized parties from doing so. He argued that the head of state should ensure that the integrity of the currency is protected from any manipulation or counterfeiting that could undermine economic stability and cause damage that is not easily noticed by humans, except by Allah. Currencies should serve as a legal medium of exchange, not be made an object of speculation or business, as such actions will lead to a gradual and unwitting collapse of the economy.

Al-Bahuti (2008) also agrees with the opinion of Ibn Qayyim who thinks that in order to ensure justice in the financial affairs of the people, the ruler shall issue copper currency (fulus) with a fair and balanced value, without oppressing any party. This measure aims to facilitate the daily affairs of the people and improve their quality of life. In addition, the authorities should not trade the currency by buying raw materials such as iron to be used as fulus for personal gain, as such actions are burdensome to the people. In fact, the authorities must not replace the existing fulus value, as such actions undermine economic stability and cause losses to society.

There are two main views regarding the forging of dirham and dinar by parties other than the government. Imam Ahmad, as described by Al-Ruhaibani (1994), expressly prohibits any currency forging without the permission of the authorities. According to him, only official institutions such as the Forging Centre with government permission are eligible to carry out this process, as forging done without permission has the potential to result in a major sin and invite confusion in economic transactions. Al-Qadhi Iyadh (1987) also agreed, stating that unauthorized forging risks triggering currency fraud and counterfeiting, which in turn threatens economic stability and damages confidence in the country's financial system. This view emphasizes the importance of tight controls by the authorities in ensuring the integrity of the currency, in line with Shariah principles.

The evidence that became their argument was from the Quran, hadith, and the evidence of reason, among which was the statement of Allah s.w.t.

يَٰٓأَيُّهَا الَّذِينَ آمَنُوا أَطِيعُوا اللَّهَ وَأَطِيعُوا الرَّسُولَ وَأُولِي الْأَمْرِ مِنْكُمْ
Meaning: *O ye who believe! Obey Allah, and obey the Messenger, and those charged with authority among you*. (An – Nisa', 4:59)

This verse emphasizes obeying Allah SWT, the Prophet PBUH in every command and prohibition, and obeying the government. In this context, the use of currency forged by the state becomes an obligation, while exceeding the limit in the right to earn currency is prohibited. Sahal Tusturi, in his commentary on this verse, states that obedience to the ruler includes seven main points, namely dirham, dinar, measurement, weighing, law, hajj, Friday prayers, two Eid al-Fitr, and jihad (al-Qurtubi, 2003). This approach stresses the importance of obedience to the government in aspects involving economic management and the monetary system to ensure social stability and the well-being of the people.

Their argument is backed by other verse of al-Quran in Surah Hud:
قَالُواْ يَـٰشُعَيْبُ أَصَلَوٰتُكَ تَأْمُرُكَ أَن نَّتْرُكَ مَا يَعْبُدُ ءَابَآؤُنَآ أَوْ أَن نَّفْعَلَ فِىٓ أَمْوَٰلِنَا مَا نَشَـٰٓؤُاْ ۖ إِنَّكَ لَأَنتَ ٱلْحَلِيمُ ٱلرَّشِيدُ

Meaning: *They said: "O Shu'aib! Does thy (religion of) prayer command thee that we leave off the worship which our fathers practised, or that we leave off doing what we like with our property? truly, thou art the one that forbeareth with faults and is right- minded!".* (Hud, 11:87).

The verse explains that Allah SWT instructed the Prophet Shu'aib (a.s.) to forbid his people from doing damage to property. The Prophet Shu'aib (a.s) was involved in the deception and falsification of dirham and dinar in the affairs of muamalat among themselves. In addition, they also cheat in scales. Therefore, the Prophet Shu'aib (a.s.) reprimanded and forbade them from committing such acts, but they still acted against him. Finally, Allah s.w.t. sent down a disaster on them, as mentioned in His words in the following verse:

وَلَمَّا جَاءَ أَمْرُنَا نَجَّيْنَا شُعَيْبًا وَالَّذِينَ آمَنُوا مَعَهُ بِرَحْمَةٍ مِنَّا وَأَخَذَتِ الَّذِينَ ظَلَمُوا الصَّيْحَةُ فَأَصْبَحُوا فِي دِيَارِهِمْ جَاثِمِينَ (94)
كَأَنْ لَمْ يَغْنَوْا فِيهَا أَلا بُعْدًا لِمَدْيَنَ كَمَا بَعِدَتْ ثَمُودُ
Meaning: *When Our decree issued, We saved Shu'aib and those who believed with him, by (special) mercy from Ourselves: But the (mighty) blast did seize the wrong- doers, and they lay prostrate in their homes by the morning, As if they had never dwelt and flourished there! Ah! Behold! How the Madyan were removed (from sight) as were removed the Thamud!*. (Hud 11: 94 – 95).

Therefore, based on this verse from Surah Hud, Allah SWT has clearly stated that whoever does such a thing, then they are promised punishment and bad retribution. The prohibited acts include issuing or forging money not with government permission, which is similar to the practice of the Prophet Shu'aib. (al-Baidhawi, 1998).

The next evidence is from a hadith narrated from 'Alqamah bin Abdullah al-Muzani, from his father:
نهى رَسُولُ الله صلى الله عَلَيْهِ وَسَلَّمَ عَنْ كَسْرِ سِكَّةِ الْمُسْلِمِيْنَ الجَائِزة بَينَهُم إِلَّا مِنْ بَأسٍ
Meaning: *The Messenger of Allah (ﷺ) forbade breaking the coins of the Muslims that are in circulation among them, without any necessary reason."*. (Ibn Majah, n.d)

This hadith explains that wasteful and damaging acts of money are prohibited, as well as creating a new currency without permission from the government because it will cause harm, increase the price of goods, and eliminate property (Mahmud, 2003).

In addition, this group also take the opinion of the companions and *Tabi'in*, who affirmed the obligation to safeguard currency rights and hand over the jurisdiction to the government. The government is also responsible for punishing anyone involved in currency counterfeiting or misuse, as did figures such as Abdullah bin al-Zubair, Said bin al-Musayyab, and Umar bin Abdul Aziz. This seems to have become *ijma'* among them, as no narration recorded that opposes this view (Al-Qurtubi, 2006; Ibnu Saad, 2001; Ibn-Hazm, 1984; Ibn-al-Arabi, 2003).

From the point of view of intelectual reasoning (*Aqli*), the creation of currency by individuals or private parties is considered detrimental to consumers, as it can lead to inflation, lack of welfare, and instability in the stock of goods. Therefore, the Fuqaha has stipulated that the position of national treasurer is to constantly check and monitor the scales, measurers, as well as the instruments used to produce the currency, apart from ensuring that the size and weight of the gold Dinar and silver Dirham are maintained at the correct rate (al-Nawawi, 1970; Kuwait Ministry of Awqaf, 1983).

Ahmad Ibrahim (2018) added that classical Fuqaha prohibits the forging and issuance of currency without the permission of the government, especially in the era when dinar and dirham were made of real gold and silver. However, the practice is still prohibited, although the illegally minted dinar and dirham still have their own value due to their original gold and silver content. Thus, in the context of modern currencies that do not have the same characteristics as the classic dinar and dirham, this issue requires a deeper assessment.

Whereas, the second view is that the production and issuance of currency by parties other than the government is permissible act as long as it does not bring harm to Islam and its people. This view is based on Imam Al-Balazuri, who quotes the opinion of Imam Abu Hanifah, Abu Yusuf, Ash-Shaibani, and Imam Ath-Thauri (al-Balazuri, 1988). They justify this action because it is considered a matter of "'*Urfi*" which is a matter that is left to human best decision based on needs and customs.

The basis of this opinion is Islamic legal maxim which reads:
الأصل في الأشياء الإباحة
“The original rule for something is its permissibility.”
According to this maxim, the origin of the law for a matter is that it permissible until there is a postulate deemed *qat'i* (solid clear proof) that clearly states its prohibition.

In addition, they backed their opinion with the words of Saidina Umar r.a. when he once suggested that the dirham be made from camel skin. However, after being advised that it would lead to a shortage of camels, he retracted his view. This Saidina Umar's view indicates that the matter of currency forging and issuance is a problem of *'uruf*, which must be linked to the benefit of Islam and its people, as well as in line with the legal maxim which stipulates that "no harm to oneself and not harmful to others".

This perspective is echoed by Ibn Bayyah (2018) and aligns with the views of Muhyiddin Qaradaghi, who, in a recent interview (2024), articulated that while decentralized currency is fundamentally permissible, it is viewed impermissible due to the potential for harm (محرم تحريم الوسائل). This indicates that decentralized currencies are not inherently prohibited; rather, their lack of regulation and oversight raises significant concerns about their potential negative impacts, thereby rendering them problematic within the current financial landscape.

**Findings and Analysis**

The rulings related to centralization and decentralization of currencies are basically not specifically discussed in a particular chapter in most classical fiqh references. However, some opinions from various schools on the problem of centralization and decentralization have been summarized as shown in Table 2 as follows:

Table 2
*The Fuqaha And Arguments Regarding Currency Centralization and Decentralization*

| **System** | Fuqaha | Argument |
|---|---|---|
| **Centralization** | Majority of Mazhab Shafi'i: Nawawi, al-Mawardi, Mazhab Hanafi: As-Sanami | Sole duties and obligations of the government |
| | Majority of mazhab Hanbali: Imam Ahmad, al-Bahuti, Ibnu Qayyim, Al - Maqdisi | Safeguarding the welfare of the ummah and avoiding counterfeiting and fraud, |
| | Al – Qurtubi, Ibnu Saad, Ibnu Hazm, dan lain – lain. | Extreme acts and deceive the people and interfere in government affairs |
| | Abu Ghuddah | Currency must only be issued by the government |
| **Decentralization** | Abu Hanifah, Abu Thaur, Ahmad Al – Balazuri | The original law for every case is a permissibility. |
| | Bin Bayyah | Not the sole power of the government, in fact, it is subject to maslahah and general legal maxims of Shariah |
| | Al - Qaradaghi | Haram as a "mean" but not due to decentralization |

(Reseacher, 2024)

Based on Table 2, the majority of *fuqaha* advocate for the centralization of currency creation, as compared to those who support decentralization. This dominant view, especially regarding the minting and issuance of *dirham* and *dinar*, reflects a well-established position in classical Islamic jurisprudence (Husairi. A., 2019). When reviewing the opinions of scholars and researchers, most align with the classical *fuqaha* in dismissing decentralization, emphasizing the importance of centralized control over currency issuance.

A re-evaluation of the classical jurisprudential stance reveals that limiting currency creation to the government was intended to prevent unauthorized issuance, which was deemed illegal and fraudulent, as it infringed on the ruler's prerogatives. This law remains pertinent today. According to the Central Bank of Malaysia (2022), unauthorized currency creation in the modern context mirrors practices such as money laundering and counterfeit currency production, both of which are aimed at deceiving the public for personal gain. Counterfeit currency holds no legal value and presents a high degree of *gharar* (extreme uncertainty) and *ghish* (fraud). For instance, if the printing of national currency were to be permitted by entities other than the governing authorities, it would lead to significant economic instability. Therefore, counterfeiting and currency manipulation are prohibited under both Shariah and civil law.

Nevertheless, the rise of decentralized currencies, which are neither issued nor authorized by any governmental authority, challenges traditional perspectives. These currencies, a product of advances in computer technology and programming, differ fundamentally from state-backed currencies. Individuals engaging in decentralized currency transactions are aware of this distinction, thus distancing these currencies from fraudulent or counterfeiting activities.

**Conclusion**

For a currency to be considered legitimate under Islamic principles, it must satisfy the essential criteria outlined by fuqaha and Islamic economists: it must function as a medium of exchange, a store of value, and a measure of value. Decentralized currencies, despite their non-governmental origin, should be assessed based on these fundamental criteria rather than dismissed outright. To mitigate risks of uncertainty (*gharar*) and ensure widespread acceptance, decentralized currencies must align with these principles.
Authorities and experts hold a pivotal responsibility in safeguarding the integrity of decentralized currencies, ensuring they are protected from fraud and misconduct as their adoption grows, particularly within the Muslim community. This proactive governance supports the broader objectives of *Maqasid Shariah*, which aim to ensure economic stability and justice.

Therefore, ongoing scholarly research on decentralized currencies is vital, focusing on their technological structure and potential benefits. Fatwas should not classify decentralized currencies as haram solely due to their decentralized nature. Instead, an empirical, research-driven approach rooted in thorough Shariah analysis is necessary. Such an approach ensures that fatwas are aligned with Islamic principles, while also considering the potential economic benefits and challenges posed by this emerging financial technology in the context of a rapidly evolving global digital economy.

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