

# Is Bitcoin A Currency?

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## Abstract

This article aims to clarify some of the basics of cryptocurrency (Bitcoin) and the possibility of it becoming an official currency according to Islamic regulations or even in the Western world, these cryptocurrencies have been widely traded recently due to their value and ease of obtaining. Also, this article shows the aspect of the validity of using Bitcoin as a cryptocurrency in accordance with Islamic Sharia and whether it is allowed to be traded as an official currency in the Arab world or the whole world, as international organizations must adopt it, and through research and until this moment there is no country that has officially adopted it except the State of El Salvador, where The state wanted to adopt this idea and adopt it as a means of payment only because its economy is poor and this idea may help to attract investors and raise the state's economy.

## Introduction

currencies have changed frequently since its origination according to the development of trading. Since the inception of human, trading was through foods and leather until it reached to deal with precious metals such as gold and silver. Years later, due to the difficulty of transporting precious metals; Governments tended to issue bonds and paper currencies that replace precious metals for the sake of protection from risks. With the beginning of technology revolution that overcame all human transactions, including financial transactions and electronic transformation of trade, countries had to create digital money to keep pace with private companies that are usually characterized by a focus on achieving financial profit and with technological progress in the technical and banking field, and the transformation of electronic commerce, this change led to the emergence of digital money as a means of electronic payment and digital currencies for its circulation (Al-Zaabi, 2018).

## Literature Review

With the beginning of the twenty-first century, the communications revolution began which affected almost all aspects of industrial, social and economic life, and since the emergence of the first credit card (Credit Card) from Bank Amirca in 1958 AD and its spread among individuals starting in 1976, users are no longer required to carry paper money. With the spread of ATM machines and Internet at the end of the nineties, and the use of personal computers in conducting banking operations and transfers from outside bank branches and after official working hours, individuals were able to perform their banking operations easily, and citizens are no longer have to carry paper money, all of these technologies have been dependent on an intermediary bank to complete any banking process and carry out settlement and clearing operations. In 2008 when a scientific paper was published by a Japanese programmer, Najamoto Satoshi, containing the first scientific design idea for payment system technology that eliminates the need for a third party A reliable broker, the tambourine system has been called (Cryptocurrency), which are virtual digital currencies that are used in exchanges and financial transactions as for remittances, direct payment electronically, and the new payment system is based on the use of the Internet, and the result of this development was the launch of many digital currencies such as Bitcoin and for the first time in history money loses its tangible physical form, becoming an invisible stream of electronics preserved in the information judiciary on the Internet or on the hard disk of the computer (Badr, 2020).

## Research problem

The global financial movement has witnessed a tremendous development since the spread of the Internet. Today, it has become possible to conduct any financial or commercial transaction through this network quickly and easily, using modern electronic payment methods. The distributed ledger, which constituted a revolution in the traditional concept of currency and cash.

The phenomenon of virtual currencies is a global phenomenon that is rapidly developing away from the control of countries and central banks, as no government has adopted any of the virtual currencies as an official currency, yet it represents a value within a community of interest that uses it as a means of exchange, but this community does not necessarily occupy a single geographical or political unit. Furthermore, in light of these developments it is no longer appropriate to remain neutral, the wisdom today requires leaving the position of indifference by understanding the nature characteristics and types of this money in order to take advantage of the offers or at least address its risks (Amal, 2020).

With the total number of Bitcoin users reaching 135 million, and expectations of reaching one billion in 2025 (Arab trading, 2021), the demand for Bitcoin is increasing and it has become popular in the modern investment market because of its abundant profit at some point and suddenly losses at other ones. About 18 million bitcoins have been mined through operating and increased instantly at a high speed, and some information has been circulated that the limit of bitcoin mining and production will be only 21 million (Greenberg, 2011).

The study problem can be formulated in the following points:

1. How compatible are cryptocurrency with money controls and determinants in Islam, and the extent of the reliability of the issuer?
2. What are the Islamic standards for cryptocurrency for trading, and is it eternal or will it stop one day?
3. Is cryptocurrency a financial cash, or is it one of the types of traded financial bonds (shares - checks - bonds).
4. Are there Islamic standards for cryptocurrency?

## Conclusion

Summarizing the results in several points according the most important of which are:

- 1- It is difficult to adopt Bitcoin as a digital currency for a particular country, due to the difficulty of detecting and knowing the basis of Bitcoin production.
- 2- Bitcoin is a cryptocurrency, not tangible, and there is no party or entity responsible of it.
- 3- Bitcoin's value is constantly changing from rise and fall, as the risk is high.
- 4- It is difficult to track Bitcoin transactions due to the privacy of the account with no organization responsible of the margin of error.
- 5- We can consider Bitcoin as a stock or an instrument but not as a currency, because its characteristics differ from official currencies.

At the end, Bitcoin is a new, contemporary case that is being studied every day by all official economic and legislative bodies. I recommend patience and not risking deal with cryptocurrency in particular, also reading the latest developments in these currencies because of the rapid and frightening changes and developments.

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