

Answer to Question

The Islamic Ruling on Bitcoin

(Translated)

Question by: SchukranJaan

Bismillah Ar-Rahaman Ar-Rahim,

Dear honourable Sheikh.

We hope this finds you in the best health.

We greet you with the warmest and noblest of all greetings:

Assalam Alaikum Wa Rahmatullah Wa Barakatuhu.

A brother and I were talking about the Hukm regarding the buying and selling of cryptocurrencies like Bitcoin, Ethereum, Dash, Ripple etc.)

We both read the ijthad by Ustadh Abu Khaled al-Hejazi but we weren't quite content with what the sheikh had deduced.

We have some problems with how the sheikh analyzed the reality of cryptocurrencies and the comment section under the article too is filled with brothers disagreeing and discussing about how tahqeeq al-manaat was not completely correct.

We would like to know the Hukm regarding selling and buying of cryptocurrencies.

Could you bring light into this subject, because it still doesn't seem clear for us.

Wajazaakumullah khairan

May Allah strengthen us all on his path and let us be the reason for the re-establishment of the bearer of light in this world, the khilafah on the method of the Prophethood.

Ameen

Question by: Wisam Al-Haninny

Assalaam Alaikum, maybe the question will not be answered, but I do understand the pressures that you are in, may Allah give you support

But I have a pressing question because of what I see spreading between the people especially among the Muslims, notably in the recent months.

The question: The Bitcoin currency originated 8 years ago and now it has spread in an unprecedented way and the value of one currency reached more than 8000 dollars, and through my follow-up to its reality and how it is dealt with, I did not find any difference between it and the dollar, except that the latter is materially tangible? I hope that our Sheikh can draw up the Shariah ruling on several fronts, as follows: 1. Dealing with it, in buying and selling 2. Coining: "establishing new currencies" 3. Ruling of exchange between it and other tangible currencies? If you want, I can provide you with websites and YouTube explaining their reality, but I think they are easy to access, and May Allah bless you.

Answer:

Wa Alaikum Assalam Wa Rahmatullah Wa Barakatuhu

Regarding both your questions on the Bitcoin, we have previously answered a similar question on 28/4/2017, and here is the text of the answer:

(1-Bitcoin is not a currency; it does not fulfill the conditions of a currency because the currency which was accepted and implemented by the Prophet (saw) was the Gold and silver currency i.e. Dirhams and Dinars. This Islamic currency fulfilled three important conditions.

- It was a basis to evaluate the goods & services, i.e., it was a measure for prices and wages.

- It was issued by a central authority which undertook the responsibility of issuing the dirhams and the dinars and it was not an unknown body.
- It was widespread and easily accessible among the people and it was not exclusive to a group of people only.

Applying the above on the Bitcoin, it is clear that it does not satisfy the three conditions above:

- It is not a basis to evaluate the goods and services; it is only a tool of exchange of specific goods and services.
- It is not issued by a known body, but it is unknown.
- It is not widespread and easily accessible among the people and it is exclusive to those who exchange it and recognize its value, i.e. it is not for all the society.

Therefore, the Bitcoin currency is not considered as a currency in the Islamic Shariah

2- Hence, Bitcoin is no more than a product; however, this product is issued by an unknown source; it has no backing. In addition to this, it is a big domain for fraud, deception, speculation and cheating, and therefore, it is not allowed to trade in it i.e., it is not permitted to buy or sell them. Especially because of its unknown source, this casts doubt that the source is linked to major capitalist countries, especially America, or gang associated with a major country with malicious purpose, or major international companies for gambling, drug trafficking, money laundering and organized crime management. Why else is the source unknown?

The conclusion is that Bitcoin is only a **product** issued by an unknown (*majhool*) source which has no real backing, and therefore, is open to speculation and fraud, and it is an opportunity for the colonialist capitalist countries, especially America, to exploit such things so as to plunder the resources of the people.

This is the reason why it is not allowed to purchase it due to the Shariah evidence that prohibit **the sale and purchase of any unknown ‘majhool’ product**, and the evidence for this is:

Narrated by Muslim in his Sahih from Abu Huraira that he said: «نَهَى رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ عَنْ بَيْعِ الْغَرَرِ» **“The Messenger of Allah (ﷺ) forbade Gharar transaction sand Hasah transactions.”**

It is also narrated by Tirmidhi from Abu Huraira...

And the meaning of “Hasah sale” is when the seller of clothes says to the buyer: ” I will sell you whatever the pebble I toss falls on” or “I will sell you the land that the pebbles I toss fall on”. So, what is being sold is not known, and this is forbidden.

“Transaction of Gharar” which is uncertain; it may happen or not, such as selling fish in the water or milk that is not being milked from the udder, or selling what is carried by a pregnant (animal) and so on; it is forbidden because it is Gharar.

Thus, it is clear that Gharar transaction or the uncertain, which is the reality of Bitcoin, which is a product from an unknown source and is produced by an unofficial body that can guarantee it, it is not permissible to buy or sell it). End of quote.

Your brother,

Ata Bin Khalil Abu Al-Rashtah

30 Rabi' Al-Awwal 1439 AH

18/12/2017 CE

The link to the answer from the Ameer’s Facebook page:

<https://web.facebook.com/AmeerhtAtabinKhalil/photos/a.122855544578192.1073741828.122848424578904/741076646089409/?type=3&theater>

The link to the answer from the Ameer’s page on Google Plus:

<https://plus.google.com/u/0/b/100431756357007517653/100431756357007517653/posts/5MZfuRFPwwa>

The link to the answer from the Ameer’s page on Twitter:

<https://twitter.com/ataabualrashtah/status/943798258903764992>