

# Cryptocurrency Prospect in the International Market: Present Value Management and Islamic Perspective

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## Abstract

Cryptocurrency is an investment commodity that can generate returns and already has a license to trade in exchange. This study aims to examine the prospects of digital cryptocurrency assets more deeply by summarising the results of literature studies in various countries. As a result of this study, it is known that many countries whose governments make strict regulations on support for legality and allow cryptocurrency transactions include: European Union members, namely Germany and Italy, and non-member countries of the European Union, such as Gibraltar. Furthermore, in the Americas, there are Canada and Venezuela. In East Asia and the Asia Pacific, Australia and Japan support the existence of Cryptocurrency. Meanwhile, in Southeast Asian countries, there are contradictions between several countries, including Indonesia, Malaysia, Vietnam, and the Philippines, that reject cryptocurrency transactions because they are considered threats to money laundering and the problem of terrorism. Of course, this is a prospect that cryptocurrency transactions can meet the expectations of all users in the world by making regulations regarding the legality of Cryptocurrency so that the transaction model can be integrated between users, both as an asset and a substitute for international payment currencies.

**Keywords:** Cryptocurrency, Investment, Islamic Perspective.

## 1. Introduction

Cryptocurrency works on the theory of solving encryption algorithms to create unique hashes that are finite in number. With a computer network verifying transactions, users can exchange hashes as if exchanging physical currency. The world's most common and well-known Cryptocurrency has increased in popularity. It has the same basic structure as in 2008, but repeat instances of the world market change have created a new demand for cryptocurrencies much greater than its initial showing. By using a cryptocurrency, users can exchange value digitally without third-party oversight. A finite number of Bitcoins will ever be generated, preventing an overabundance and ensuring its rarity. Despite its requirement as a life-giving material, water is generally accepted as free or of little cost because it is so abundant. If water were rare, it would be more valuable than diamonds. Value exists for Bitcoin because its users trust that if they accept it as payment, they could use it elsewhere to purchase something they want or need [1].

To understand the potential value of Cryptocurrency, it is essential first to understand the technology behind the cryptocurrency platform Blockchain. First created by Satoshi Nakamoto in 2008, Blockchain is the base of the non-centralised payment system platform. The initial goal was to create an electronic payment system based on cryptographic proof instead of trust [2]. The great potential of using Blockchain is having a discrete, transparent, and even foolproof option—the secret lies with the fact that no single source of truth exists. There are several key aspects to this type of operation. One is that there is only one source of truth; this can be a risk if a cyberattack damages it. The second aspect is the current need always to have a middleman; no transaction can occur without the help of the ledger keeper [3] [4].

Upon examination, the researchers found out that there are many versions of how to implement a Blockchain platform, but all share these three main features [2]. First, there is the ledger, a public information piece. The ledger is a series of blocks. Each block holds a set of ordered transactions, and each block also points to the next block. The ledger, or Blockchain, is shared with many record keepers across the platform, preventing transaction information from getting lost or becoming outdated. Second, the user protocol is used. The security aspect of the platform is remarkable and yet simple. As described before, the ledger is comprised of sets of blocks. Each block begins with a cryptographic hash of the previous block, creating the chain. How Hash values are calculated prevents any number tampering; it is essential to understand that the community can spot any changes and breaks in the chain. That type of chain is not unique; it is called a



Merkel chain. However, here is the key to maintaining the authenticity of the information in Blockchain [5]. The Hash key for Blockchain has an added kink. Each Hash number is created by adding a random set of bits.

Current legal and financial structures are not designed with a technology like this in mind. Financial institutions are built on much older forms of currency. In some ways, it is comparable to the computing industry. The computing baseline still relies on transmitting and processing 1s and 0s, providing only two input dimensions. Yet our current technology uses this technologically archaic system due to adoption, cultivation, and lack of need for newer systems. BitPay, the largest bitcoin processor in the world, has recently seen its transaction rate grow 110% in the past 12 months [6] [7] [8].

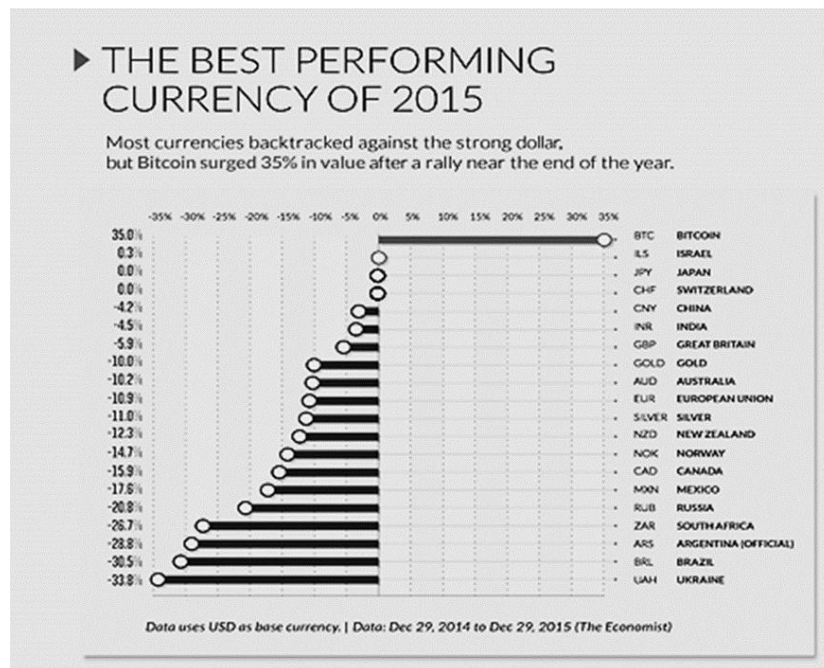


Fig 1. Compare Cryptocurrency with Other Currency

Potential cryptocurrency transactions begin in South America, with a massive increase in bitcoin transactions, increasing 510% from 2014 to 2015. In the past, Argentinians would convert their currency into US dollars to preserve its value. However, Argentina has recently restricted how many US dollars its citizens can convert. As a result, both a black market for purchasing USD at a higher price and increased bitcoin adoption have arisen [9]. The demand for Argentinians to keep their currency value has become very apparent, and cryptocurrencies are prominent legal vehicles to meet that demand.

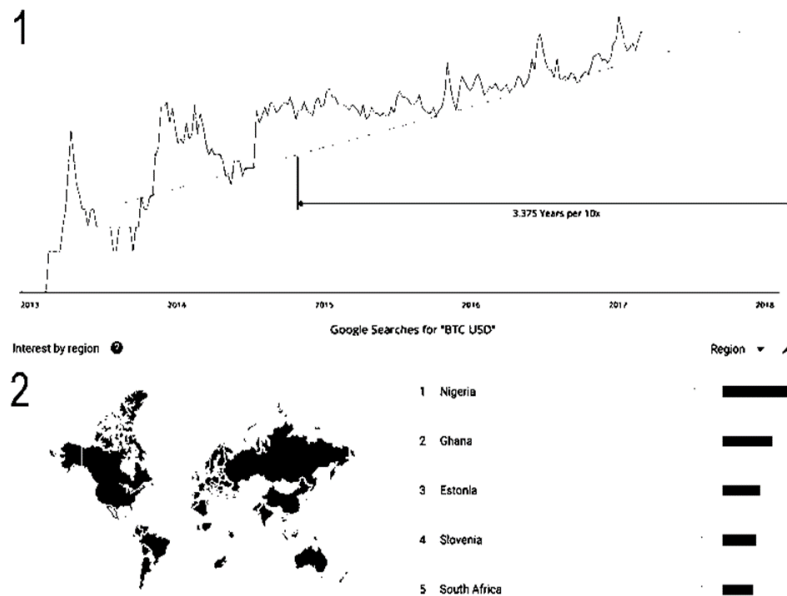


Fig 2. Percentage of Cryptocurrency Distribution in Africa

According to Google statistics, bitcoin searches are rising in 2017 in many countries worldwide. Furthermore, chart one details that bitcoin users have doubled monthly since 2013. Chart 2 shows many searches, mainly from Africa and the Baltic region.

The interest in Cryptocurrency and digital money has expanded to developing countries in Asia, such as several countries in ASEAN that have made regulations and legality of digital asset transactions, and there are even some countries that have officially provided flexibility for their citizens to transact digital assets legally.

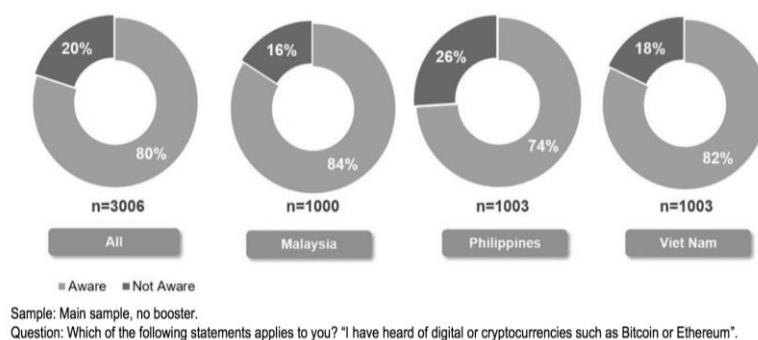


Fig 3. Cryptocurrency Awareness

Leaders of all three digital asset exchanges acknowledge the lack of awareness of cryptocurrencies in Malaysia and say that much needs to be done to educate Malaysians on the value propositions and benefits. "First and foremost, as digital asset exchanges have only been recently regulated, much time is required for efforts to be conducted nationwide to promote the growth and development of digital assets," said Chuah of SINEGY. "We are also grateful for the cooperation provided by our regulators, the SC Malaysia, for not only providing investor protection but also working to provide a neutral learning initiative for the public to understand digital assets" [10]. Similarly, in a survey of crypto awareness (2018), Tang of Luno said, "It is necessary to educate the masses about cryptocurrencies. We strongly believe in responsible investing and spending a ton of resources on educating people about cryptocurrencies." To address the lack of awareness, Luno, Tang said, is currently working on several exciting education programmes with a range of partners to roll out both online and offline education programmes, tailored specifically for Malaysians. "It is still really early in the game, but we have seen tremendous progress over the past few years, and are excited about the future".

The Securities Commission of Malaysia (SC) has approved three cryptocurrency platforms to operate legally. Luno was given the green light last October, while Sinergy and Tokenise Xchange got the whole green light in April 2018. A survey by the Organisation for Economic Cooperation and Development (OECD) revealed that crypto asset awareness in Malaysia is relatively high. Most survey respondents (80%) said they were aware of cryptocurrencies, with the core survey based on an online sample of 3,006 respondents aged 18 and over, living in Malaysia, the Philippines and Vietnam (over 1,000 per country). The high level of awareness of cryptocurrencies in Malaysia (84%) was ten percentage points higher than in the Philippines.

## 2. Literature Reviews

There have been quite a lot of studies and research on Cryptocurrency. It is necessary to combine several previous studies to produce a strong foundation in this research. As for some of the earlier studies that became the basis for comparison and references that were considered relevant to this research, among others:

Author	Method	Determinants	Results
Suhag, Pandya (2019) [11]	Literature Study	Cryptocurrency: Adoption efforts and security challenges in different countries	Lastly, this paper also summarises a high-level overview to propose recommended solutions to overcome the security concerns associated with the adoption of cryptocurrencies.
Peter D. DeVries (2016) [12]	Literature Study	An Analysis of Cryptocurrency, Bitcoin, and the Future	Cryptocurrencies may revolutionise digital trade markets by creating a free-flowing trading system without fees. Bitcoin contributes to a shift in economic paradigms.
Mirza Hedismarlina Yuneline (2019) [13]	Descriptive Research	The legality of Cryptocurrency is viewed from four perspectives: the nature of money, legal, economic, and Sharia perspectives.	This study also includes the implications related to Cryptocurrency's opportunities and risks. The implication of Cryptocurrency is its use as a means of money and not as a speculative instrument.
Jan Lansky (2018) [14]	Literature Study	Possible State Approaches to Cryptocurrencies	The conclusion addresses the implications of adopting a cryptocurrency as a national currency.
Robiyanto et al. (2019) [15]	Analysis GARCH	Examining the day-of-the-week effect and the month-of-the-year effect in the cryptocurrency market	The investors who trade daily can trade Bitcoin on Monday, Wednesday and Thursday because these days, Bitcoin has the potential to generate daily profits.
Mohd Shahid Mohd Noh (2020) [16]	SWOT analysis	Cryptocurrency as A Main Currency: A Maqasidic Approach	Furthermore, this innovation could be designed following the desire of designers with a dynamic structure to fulfil the market's needs.
Wolfgang Karl H'ardle et al. (2020) [17]	Correlation Analysis	Understanding Cryptocurrencies	Cryptocurrencies with many new technologies, considerable confusion exists about both the underlying concept of cryptocurrencies and the approaches for valuing them.
Asress Adimi Gikay (2018) [18]	Literature Study	Regulating Cryptocurrencies Under Payment Services Law: Lessons From European Union Law	It has been almost a decade since Bitcoin was first launched. Today, there are dozens of decentralised peer-to-peer currencies.

Chris Rose (2015) [19]	Literature Study	The Evolution Of Digital Currencies: Bitcoin, A Cryptocurrency Causing A Monetary Revolution	If you see someone praising Bitcoin at a university, that person is from the computer science department. Still, if you see someone criticising Bitcoin, that person is likely from the economics department. The reason is that the odds are objectively against Bitcoin's long-term success.
Fedor Ya. Legotin (2018) [20]	Dymanic Factor Model	Prospects for Crypto-Currency and Blockchain Technologies in Financial Markets	Cryptocurrencies have recently demonstrated impressive growth dynamics, but this is due to the rapidly growing public interest in cryptocurrencies, which provokes market demand while limiting the supply.
Ciupa Katarzyna (2019) [21]	Literature Study	Opportunities, Risks And Challenges	Cryptocurrencies attract good and bad players, with the latter deciding to utilise the new tool for illicit practices.
Lawrence H. White (2018) [22]	Literature Study	The Market for Cryptocurrencies	The cryptocurrency market is still evolving, and (to most economists) is full of surprises. Policymakers should therefore be very humble about the prospects for improving economic welfare by restricting the market.
Michael Sockin (2018) [23]	Equilibrium Analysis	A Model of Cryptocurrencies	We develop a model of a cryptocurrency's initial coin offering (ICO) to understand what fundamentals govern its success and the price at which the currency trades.
Flamur Bunjaku et al. (2017) [24]	Literature Study	Cryptocurrencies – Advantages And Disadvantages	Most academics recognise the advantages of cryptocurrency use in facilitating trade, cost reduction, and the like. Bitcoin and other cryptocurrencies have the potential to replace traditional and new payment methods.
David Kuo Chuen LEE et all (2018) [25]	Fama–MacBeth Regression	Cryptocurrency: A new investment opportunity	Furthermore, the plots of the efficient frontier illustrate that incorporating the CRIX significantly expands the efficient frontier relative to traditional asset classes alone.
Eli Dourado and Jerry Brito (2014) [26]	Literature Study	Cryptocurrency	Cryptocurrency is an impressive technical achievement, but it remains a monetary experiment. Even if cryptocurrencies survive, they may not entirely displace fiat currencies.
Yasar Kaya (2018) [27]	Correlation Analysis	Analysis of the Cryptocurrency Market and Drivers of the Bitcoin Price	The financial data and empirical analyses held in this paper showed that public interest has a high correlation. In all regression tests, it has proven to be a significant variable in influencing the price of bitcoin under a speculative market environment.
Tomas Ankenbrand (2018) [28]	Correlation Analysis	Assessment of cryptocurrencies as an asset class by their characteristics	Based on these findings, the authors conclude that cryptocurrencies qualify as an individual asset class, despite their (yet) limited accessibility.
Jaysing Bhosale (2018) [29]	Descriptive Statistics	Volatility of select cryptocurrencies: A comparison of Bitcoin, Ethereum and Litecoin	With the advent of Blockchain and cryptocurrencies being as new and revolutionary as they are, predicting the five-year projected value of Bitcoin, Ethereum, and Litecoin requires numerous factors to be considered.
Kevin Wang (2019) [30]	Literature Study	An Introduction to Blockchain, Cryptocurrency and Initial Coin Offerings	This new fundraising method has existed for only a few years, but has already become the most popular solution for companies in the blockchain industry.

The term cryptocurrency is increasingly being discussed after the increase of various types of virtual money, such as Bitcoin, which has begun to be in great demand as an investment because its value continues to fluctuate. This article will review the basic concepts of Cryptocurrency, how it works, facts related to the system, and what it is trying to offer as a disruption in the financial business structure. Based on the results of some previous research that explains a lot about the advantages and disadvantages of Cryptocurrency, we can take something positive based on the many opportunities that come from profits in this cryptocurrency transaction, and considering that in parts of the world, there are still pros and cons regarding cryptocurrency transactions. Whether the opportunities for the future of digital assets still exist or not, all are still limited to talking about opportunity costs [31].

### 3. Results and Discussion

#### 3.1. The Strength of Cryptocurrency Attractiveness Around The World

Investments in digital currency are increasingly prevalent throughout the world. The potential profitability of cryptocurrencies is high, although the risks investors face are also high. Price increases beyond common sense support the potential for high returns from cryptocurrency investing. Citing the coinmarketcap.com site, the price of one Cryptocurrency, bitcoin, on December 31, 2016, is US\$960 for 1 BTC. A year later, or to be precise, on December 31, 2017, the price of 1 BTC was equivalent to US\$12,952. This means that bitcoin costs grow by 1,250% in a year [32]. Seeing this profit opportunity in various parts of the world, they also highly desire to trade in cryptocurrencies. The details of these countries that agree with cryptocurrency transactions are emphasised below.



### 3.2. European Union Member State

The European Commission presented a legislative proposal to amend the Fourth Anti-Money Laundering Directive (AMLD). It suggested, *inter alia*, bringing custodian wallet providers and virtual currency exchange platforms within the scope of the AMLD, meaning they would be obligated to fulfil due diligence requirements and have in place policies and procedures to detect, prevent, and report money laundering and terrorist financing. The proposal contains a definition of virtual currencies, which are described as “a digital representation of value that is neither issued by a central bank or a public authority, nor necessarily attached to a fiat currency, but is accepted by natural or legal persons as a means of payment and can be transferred, stored or traded electronically [33].

Furthermore, in the European Financial Sector (2018), the European Commission presented an action plan to take advantage of the opportunities offered by technology-enabled innovation in financial services (FinTech), like Blockchain, artificial intelligence, and cloud services. The FinTech Action Plan includes the recently launched EU Blockchain Observatory and Forum, which will report on the challenges and opportunities of crypto assets later in 2018. It is also working on a comprehensive strategy on distributed ledger technology and Blockchain, addressing all sectors of the economy.

#### 3.2.1. Germany

The German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) qualifies virtual currencies/cryptocurrencies as account units and financial instruments. Based on Gesetz über das Kreditwesen (2014), Undertakings and persons that arrange the acquisition of tokens, sell or purchase tokens on a commercial basis, or carry out principal broking services in tokens via online trading platforms, among others, are generally required to obtain authorisation from BaFin in advance.

The German BaFin published information on the regulatory assessment of ICOs and the tokens, coins, and cryptocurrencies they are based on. Regulatory Qualification of Tokens or Cryptocurrencies (2017). It stated that firms involved in ICOs need to assess on a case-by-case basis whether the ICOs qualify as financial instruments (transferable securities, units in collective investment undertakings, or investments) or as securities and therefore trigger the need to comply with the relevant financial legislation.

#### 3.2.2. Italy

A Ministerial Resolution of September 2016 issued by the Revenue Agency (Agenzia delle Entrate) addressed aspects of the tax treatment of bitcoin and other cybercurrencies (Skatteverket v. David Hedqvist, 2015). This Resolution implemented the decision issued by the European Court of Justice (ECJ). Research from Paolo Luigi Burlone (2018) explains that the value-added tax (VAT) does not apply to transactions in which cybercurrencies are exchanged for traditional currencies or vice versa.

In addition, the Resolution of 2016 indicates that for purposes of the corporate income tax (Imposta sul Reddito sulle Società, IRES) and the Italian regional production tax (Imposta Regionale sulle Attività Produttive, IRAP), profits and losses on such transactions constitute corporate income or losses subject to taxation. Margherita Pignatelli (2016) explains that the Resolution contains specific requirements for registering cybercurrency operations, including names, amounts, dates, and other transaction information. According to the Resolution, bitcoin operations performed by individuals who hold bitcoin for other than commercial or corporate purposes do not generate taxable income.

### 3.3. Non-European Members

#### 3.3.1. Azerbaijan

The chairman of the board of Azerbaijan's Central Bank, Elman Rustamov, stated that Cryptocurrency is a very volatile instrument and urged the population to be more careful in dealing with cryptocurrencies. Sputnik Azerbaijan (2018). Earlier in January, it was reported that a working group was established to develop a draft law on regulating trade in cryptocurrencies.

#### 3.3.2. Gibraltar

Gibraltar The government of Gibraltar recently introduced regulations governing the provision of Distributed Ledger Technology (DLT) and is currently introducing draft legislation to regulate initial coin offerings (ICOs). It also considers a further regulatory framework that would address the sale and promotion of tokens to complement the DLT regulations [34].

DLT license holders must also pay an annual fee, charged at a flat rate of £10,000 (approximately US\$14,000). However, an additional fee of up to £20,000 (approximately US\$28,000) may be charged “depending upon the complexity of regulating the DLT Provider.”<sup>370</sup> Companies that are currently licensed under the existing financial legislation in Gibraltar and use DLT to improve their controls, procedures, and processes will not need to obtain a separate licence under the DLT framework, unless the activities are not currently caught within the scope of the licence they hold. However, if they are licensed as a bank, but intend to provide virtual currency wallets and/or services, they will be required to obtain a licence under the DLT regime [34].

### 3.4. The Americas

#### 3.4.1. Canada

This is a spectacular government decision in Canada; the self-regulatory approach allows using cryptocurrencies, including Bitcoin. According to a Financial Consumer Agency of Canada webpage on digital currencies, “we can use digital currencies to buy goods and services on the Internet and in stores that accept digital currencies. You may also purchase and sell digital currency on open exchanges, called digital currency or cryptocurrency exchanges [35].

Canada's tax laws and rules also apply to digital currency transactions, including those made with cryptocurrencies, and digital currencies are subject to the Income Tax Act. The Canadian Securities Administrators (CSA) published CSA Staff Notice 46-307 on Cryptocurrency Offerings [36]. This outlines how securities law requirements may apply to initial coin offerings (ICOs), initial token offerings (ITOs), cryptocurrency investment funds and the cryptocurrency exchanges trading these products. Based on Clare O'Hara (2018), The Globe and Mail reported that the Ontario Securities Commission had approved the country's first blockchain fund, Blockchain Technologies ETF.

### 3.5. Venezuela

According to Gaceta Oficial (2017), the government of Venezuela was authorised to create its Cryptocurrency, the petro, which would be physically backed by Venezuelan barrels of oil. One petro would be supported by a purchase-sale contract for one barrel of Venezuelan oil as quoted in the OPEC Reference Basket and other commodities, including gold, diamond, coltan, and gas.

Mainly provides for the operational details of the petro, including its issuance, mining, and trading in Venezuela, according to the rules on purchase and sale contained in the Civil Code. According to Decree 3196 (2018), a legal expert on information technology law, all cryptocurrencies are considered financial assets subject to the rules applicable to such assets, and none of their provisions declare them illegal. The Decree also creates the Superintendencia de los Criptoactivos Actividades Conexas Venezolana (Superintendency of Venezuelan Crypto-Assets and Related Activities) as the supervisory authority of cryptocurrencies.

### 3.6. East Asia and The Pacific

#### 3.6.1. Australia

The Australian Parliament's Senate Economic References Committee published a report titled "Digital Currency – Game Changer or Bit Player" and following the completion of an inquiry into develop an effective regulatory system for digital currency, the potential impact of digital currency technology on the Australian economy, and how Australia can take advantage of digital currency technology [37].

Based on GST and Digital Currency, ATO (2017) Cryptocurrencies may be considered assets for capital gains tax purposes, with the guidance stating: "Where you use bitcoin to purchase goods or services for personal use or consumption, any capital gain or loss from disposal of the bitcoin will be disregarded (as a personal use asset) provided the cost of the bitcoin is \$10,000 or less. The ATO has also published separate guidance on applying the goods and services tax (GST) concerning digital currency transactions.

Regarding business transactions, the ATO guidance states that the Australian dollar value of bitcoins (the fair market value) received for goods and services must be recorded as part of ordinary income, in the same way as receiving non-cash consideration under a barter transaction. Goods and services tax (GST) is also payable. It is calculated on the market value of the goods or services, which is "ordinarily equal to the fair market value of the bitcoin at the time of the transaction.

#### 3.6.2. Japan

In Japan, cryptocurrency exchange businesses are regulated. The Payment Services Act was amended in June 2016, and the amendment took effect on April 1, 2017. The amended Payment Services Act defines Cryptocurrency. The Act also states that Cryptocurrency is limited to property values stored electronically on electronic devices; currency-denominated assets are excluded [38].

Based on the Financial Services Agency (FSA) (2016) under the Payment Services Act, only business operators registered with a competent local Finance Bureau can operate cryptocurrency exchange businesses. The operator must be a stock company or a "foreign cryptocurrency exchange business" that is a company with a representative who is a resident in Japan and has an office in Japan. A "foreign cryptocurrency exchange business" means a cryptocurrency exchange service provider registered with a foreign government in a foreign country under a law that provides an equivalent registration system to the system under the Japanese Payment Services Act.

### 3.7. Southeast Asia Nation

#### 3.7.1. Indonesia

Bank Indonesia (Indonesia's central Bank) has released a statement that warns against buying, selling, or trading in virtual currencies (Press Release, Bank Indonesia, 2018). The statement includes: "Bank Indonesia affirms that virtual currencies, including bitcoin, are not recognised as a legitimate payment instrument, therefore not allowed for payment in Indonesia. This is in line with Act No. 7/2011 on The Currency", which states that currency shall be money of which issued by the Republic of Indonesia and every transaction that has the purpose of payment, or other obligations which need to be fulfilled with money, or other financial transactions conducted within the territory of the Republic of Indonesia, has to be fulfilled with Rupiah [39].

The Bank's statement follows an earlier press release in 2014, in which it encouraged caution concerning virtual currencies and stated that "given the Act No.7 Year 2012 concerning Currency and Act No. 23 Year 1999 which has been amended several times, the latest with Act No.6 Year 2009, Bank Indonesia states that bitcoin and other virtual currency are not currency or legal payment instrument in Indonesia [40].

#### 3.7.2. Malaysia

Bank Negara Malaysia (Malaysia's central Bank) said that "Bitcoin is not recognised as legal tender in Malaysia. The Central Bank does not regulate Bitcoin operations. The public is therefore advised to be cautious of the risks associated with using such digital currency [41]. Based on Malaysia's Inland Revenue Board (IRB) (2018) froze the Malaysian bank account of a UK-based cryptocurrency trading platform, apparently to conduct an audit to determine whether the company has complied with the Income Tax Act 1967, which requires tax to be paid on the income of any person accruing in or derived from Malaysia. A request was made under section 81 of the Act and section 37 of AMLA for information on the company's Malaysian customers. According to the IRB's chief executive, "all traders should adhere to the Malaysian tax requirement by keeping proper records for audit purposes and disclose any cryptocurrency trading transactions when the IRB requests.

#### 3.7.3. Philippines

Jonathan Underhill (2017) explains that Bangko Sentral ng Pilipinas (BSP, i.e., the Philippines Central Bank) has issued guidelines concerning virtual currencies (VCs). Specifically, these Guidelines provide that since VCs are not backed by a central bank or a particular commodity and are not guaranteed by any country, they are not legal tender. However, since they are a conduit to provide specific financial services, such as remittances and payment transactions, entities that offer such services using VCs must register with the BSP and adopt adequate measures to mitigate and manage risks associated with such currencies. In addition, the Guidelines provide penalties applicable to VC entities that conduct operations without the appropriate authorisation from the BSP [42].

#### 3.7.4. Singapore

Based on Press Release, MAS (2017) In the wake of an increase in the number of initial coin offerings (ICOs) in Singapore as a means of raising funds, the Monetary Authority of Singapore (MAS) issued a statement clarifying that the MAS will regulate the offer or issue of

digital tokens in Singapore, if the digital tokens fall within the definition of “securities” regulated under the security laws. MAS's position is not to regulate virtual currencies.

Concerning the new payment regulatory framework, the MAS issued a consultation paper proposing the Payment Services Bill in November 2017. The proposed Bill would expand the scope of regulated payment activities to include virtual currency services and other innovations. Under the new framework, entities carrying out virtual currency services, including buying or selling virtual currency, must be licensed [41].

### 3.7.5. Thailand

The Bank of Thailand issued a circular asking financial institutions to refrain from doing any cryptocurrency business. Bangkok Bank halted transactions involving the trading of cryptocurrencies with a private Thai company, Thai Digital Asset Exchange (TDAX) (Arnab Shome, 2018). Based on research, Darana Chudasri & Somruedi Banchongduang (2018), Krungthai Bank, a state-owned financial institution, halted cryptocurrency transactions with TDAX through the Bank's accounts. According to a news article, the ban will continue after a new regulation (discussed below) is issued.

Though the government expects new laws regarding cryptocurrencies to be enacted in the future, it has decided to implement temporary measures to protect cryptocurrency investors. The Cabinet approved the principles of the drafts of two Royal Decrees, one to regulate digital currencies, including cryptocurrencies, transactions, and initial coin offerings (ICOs), and the other to amend the Revenue Code to collect capital gains taxes on cryptocurrencies [43].

### 3.7.6. Vietnam

Nate Fischler (2018) explains that the State Bank of Vietnam issued a decree on Cryptocurrency. According to news reports, the Bank effectively determined that Bitcoin and other virtual currencies are not legal means of payment. That effectively also outlawed the issuance, supply and use of cryptocurrencies. Those found violating the Decree and other relevant legal principles face fines of up to 200 million dong (around US\$9,000). Some news media also reported that the government is trying to establish a legal framework for cryptocurrencies. It was reported that the Governor of the State Bank of Vietnam (SBV), Le Minh.

## 3.8. Value Reality of Cryptocurrency

The reality is somewhere between these two positions, with cryptocurrencies performing some useful functions and hence adding economic value, yet being potentially highly unstable. The trend is towards regulating cryptocurrencies, and more generally, all crypto-assets, and to their increased trading on organised and regulated exchanges. This would go against the original libertarian rationale that originated with Bitcoin, but protecting market participants and reducing moral hazards and information asymmetries is necessary.

The following shows that the prospect of the cryptocurrency market value over the past five years has constantly increased, along with inflation and exchange rates that fluctuate relatively high.

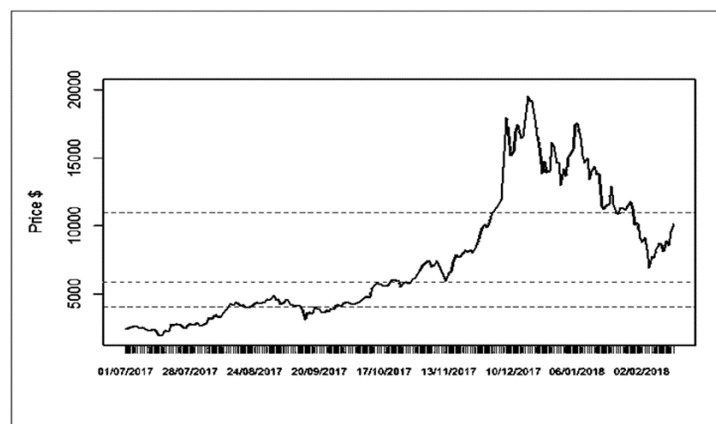


Fig 4. Market Price of Cryptocurrency Bitcoin from 2017 to 2018

Based on the data above, it can be seen that the Bitcoin cryptocurrency has a very stable and significant rate of return that occupies the top position of crypto assets, with a percentage return value of nearly 600%. This is due to the trading volume and the number of enthusiasts for Bitcoin, which continued to increase in 2017.

The discussion aims to show the value and awareness of the investments. However, it would not have come to the limelight if Cryptocurrency had not gained popularity and had a bright future. We will show that, as long as the transaction costs are lower than the cost of payment transactions, the rational behaviour of legal and natural entities requires that they should encourage the use of cryptocurrencies among themselves to reduce the cost of transactions and to overcome the existence of an intermediary when paying.

Cryptocurrency futures allow you to maximise your returns by utilising the power of leverage to multiply your profits and apply advanced trading strategies. Use futures to speculate on the market's direction and minimise risk, all while holding less crypto than on a spot exchange. Bitcoin and digital assets are volatile investments. Many traders attempt to manage their risk by buying an asset when the price drops or selling it when it goes up. The downside of this tactic is that, oftentimes, money is left on the table after you leave the market. If the price rises after you sell, for example, you're missing out on profits you could've earned had you left your position open. A key benefit of futures trading is that you can hedge existing spot positions without additional crypto, allowing you to be agile and prepared for any market environment.

## 3.9. Crypto In Islamic Perspective

Since Islam has come to the Arabian Peninsula, the legal money, the dinar, has been used in the Quresh community. Still, the convert dinar to dinar Arab. (Balazhury:1957). 10 dirhams is equivalent to 7 weights in the people of Mecca (Balazhury:1957). The Prophet, the Messenger of Allah, set the size of the dinar currency as practised by the people of Mecca.

However, the shift from intrinsically valuable commodity money to nominally valuable credit money gave the state (the issuing authority) more latitude and flexibility in its monetary policies. In reality, monetary stagnation affords the government more flexibility in implementing monetary inflation policies. This impacts citizens' liberties, reducing their freedoms while boosting the state's. As a form of public finance, inflation causes prices to rise and fixed incomes to fall, compelling residents to save, not for their advantage, but for the benefit of the state and with no return. Instead, it is an unfairly deducted indirect tax from people's income without their agreement. Price policy, which can be supplemented by the state and forced saving, can complement monetary policy, especially if the country has a dirigée or interventionist economy. (Syafi'i: 1981).

In any event, the government is not entirely free to criticise. This is because currency is more than just a piece of paper imposed by the government (a political issue); its worth is determined by its popularity, or by people's acceptance and faith in its capacity to satisfy their wants (purchasing power) in the present and future. If it is mineral: pure or grassy, by its inherent worth; if it is exchangeable, by its covering and the potential of changing the mineral with it (psychological factor). In addition, the country's production capability (economic factor). Because the true commodity for which money is traded is the country's productivity. It is what defines his purchasing power both locally and abroad. (Almashry: 1981).

Malik said: "If by some stroke of good luck individuals permitted the skins among them to have a track and an eye, I disdain it to be sold for gold and paper initially" (Imam Malik: 1978).

That is, if the skins became cash, it would decide on cash for usury. Trading cash for one more, in which it isn't admissible for Annasa' (deferring or delaying). Halaman 10 paragraf 1

Ahmed said: "Everything they decided on amongst themselves,". People used to refer to money as well. I sincerely hope he is in good health." "As for the dirham and the dinar, there is no recognised legal limit," Ibn Taymiyyah declared. Rather, it is a nod to tradition and custom. Some of them indicated that there was no consensus on criticism. It doesn't matter if it's made of stone or wood."

Otherwise, Ibn Hazm said: "All that might be sold is a cost (...). We don't have the foggiest idea where you came from, restricting the examination to gold and silver, and there is no text regarding that. Nor is the adage of one individual of Islam. This is an extremely silly misstep. It is essential for the Shafi'is and the Malikis in an inseparable commitment" (Ibn Hazm: -)

Let the King know that the things are beneficial if done correctly. The harm is widespread if the dirham and dinar money issues are tainted because the King benefits from the goodness of his revenue. Also, less out. Twofold the advantage. On his run, if he excuses her cheating. Also, less expensive to blend silver in with others. The advantage of its decency doesn't do the mischief of its defilement. Then, at that point, if it stays for quite a while, and contacts it a great deal, it turns out to be revolting to individuals, and they try not to hold onto its appeal.

What's more, they wanted its newness and its pungency. Individuals try not to get dirhams, and they are kept from selling things except for cash and have presented a kind of non-customary cash for professional exchanges. They pay for it.

Furthermore, they get the requirements. Moreover, individuals' dealings are nullified. When that is considered, there is a need to change the multiplication. If he changed the likes of him, their situation would remain the same, and his ruling in the future would be the same as his ruling in the past. If he learned from the sultan that his beating changed every year, the people would switch from hitting him to hitting others to avoid humiliation and loss. Transactions were done with it since it is safe from modifying what is saved and protected from fraud. Assuming the money is protected from fraud and change it turns into the cash saved, and exchanges are directed with it in real money and ladies, then, at that point, the advantage is boundless. Also, it was fixed. And the problem was resolved. It was once considered a pillar of the King, and for my life that is the case, because it is the law on which giving and taking revolves, and you will not find its corruption in custom except in conjunction with the King's corruption, so it became one of the King's pillars and informed the King that the Sultanate's money is legitimate (Almawardi: 1981).

According to Al-Ragheb and later Al-Ghazali, money is made up of signs, or "symbols" in the jargon of modern economics. "Know that the bottom is one of the reasons for what is the base of this worldly existence," he writes on page 273 of his book "Al-Dhari'a ila Makarim Al-Sharia." People require each other, and they cannot coexist unless they act as though they do, and each of them commits an act in which he becomes the other's helper, his solace. Gratify him. If a person offers it to someone who benefits him, he can carry it to whoever he wishes. Then he takes from him as much as he does, and if that other person brings that sign, or something like that, to the first, and asks him what he has, he gives it to him so that their affairs are organised. This is why it was said: Dirhams, A silent sultan, a silent arrogance, a piercing seal from God. It was said: For this meaning, it was called in the Persian language "Dinar," meaning the religion that he brought, and the Din is Persian, which is Arabised. And this was the ruler. (Those who hoard gold and silver) verse 34 of Surah At-Tawbah. This is because imprisoning them makes it as if he is incarcerated rulers of people whose livelihood concerns them. This is why the Prophet, may God bless him and grant him peace, stated, "Whoever drinks from gold and silver containers will drag his stomach into the fires of Hell, because it prevents people from acting." (Alashfahany: 1981) Hal 35 Paragraf 2.

Allah created the two metallic stones of gold and silver as a value for each financier (i.e. money is a measure of value), Dhakhirah (a storage tool for "purchasing power and saving"), and Qinya (a mediator for exchange and payment) for the people of the world. If he occasionally acquires anything other than them, it is to collect them (Preferred Liquidity Instrument) (their stable purchasing power distinguishes them). They are the source of wealth, property, and ammunition (prices of goods and services, means of exchange and payment, storage, savings and liquidity) (Ibn Khaldun: 2004).

#### 4. Conclusion

In recent years, we have often heard about Cryptocurrency, or digital currency. Cryptocurrency is a technology that makes digital currency that uses cryptography for security, which makes it so it cannot be counterfeited. Over time, this technology has grown in popularity. It continues to be developed by companies and teams of experts in various parts of the world. It has led to the trend of 'hot fundraising' where a start-up generates millions of dollars in capital by issuing virtual tokens to investors in exchange for traditional money.

Various paradigms have emerged in response to the world's cryptocurrency transaction process. Many countries reject the existence of Cryptocurrency as a substitute for standard currency as a primary transaction tool. Still, few countries think Cryptocurrency is a scientific miracle that must be developed because it has various features and does not rule out the possibility of being used as a science. Legal investment instruments throughout the world will be realised in the future.

Regulations regarding the legality of cryptocurrency transactions are one way to limit practices that are considered dangerous and lead to the process of money laundering and the issue of terrorism. So that when all countries in the world are integrated with one regulatory rule regarding cryptocurrency transactions, good prospects for digital asset investment models will be implemented legally, so that digital currency transactions and world payments can run well, and the choice of financial investment instruments will be more diverse in the future.



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