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Reconstructing Zakat on Cryptocurrency: A Maqāṣid al-Sharīʻah-Based Comparative Analysis of Indonesia, Malaysia, and Egypt

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Abstract

The rapid expansion of the global digital economy has generated new forms of wealth, including cryptocurrency, that challenge classical zakat classifications traditionally developed for tangible assets. Within Indonesia's hybrid state–religious zakat governance framework, the absence of explicit regulatory articulation regarding cryptocurrency raises questions of doctrinal coherence and institutional alignment. This study aims to analyse the legal position of zakat on cryptocurrency in Indonesia in light of global digital economic developments, to compare it with regulatory approaches in Malaysia and Egypt, and to formulate a maqāṣid al-sharīʿah–based reconstruction capable of strengthening Indonesia's national zakat system. Employing a normative–comparative legal research design, the study examines statutory regulations, institutional fatwas, and scholarly literature through structured analytical dimensions grounded in madhhab-based ontology of māl and hierarchical maqāṣid reasoning. The findings indicate that cryptocurrency may qualify as zakatable wealth where ownership, niṣāb, ḥawl, and sharīʿah compliance criteria are satisfied; regulatory divergence across jurisdictions is primarily shaped by institutional architecture rather than theological disagreement. The study further proposes a layered maqāṣid-based evaluative model integrating ontological recognition, objective-balancing, valuation stabilization, and governance feasibility. By operationalizing maqāṣid as a normative design methodology rather than merely a justificatory lens, this research contributes to contemporary Islamic economic law discourse while offering policy-relevant guidance for coherent digital-era zakat governance.

Keyword :
Cryptocurrency, Zakat Governance, Maqāṣid al-Sharīʿah, Comparative Islamic Law, Digital Economy.

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Introduction

The rapid expansion of the global digital economy has generated new forms of wealth that fundamentally reshape how individuals store, transfer, and accumulate assets. One of the most prominent manifestations of this transformation is the emergence of cryptocurrency as a blockchain-based asset characterized by decentralization, cross-jurisdictional mobility, and increasing integration into modern financial systems. Recent studies demonstrate that crypto assets are no longer perceived merely as speculative instruments but have evolved into investment vehicles, stores of value, and transaction media widely used across societies, including Muslim communities worldwide (Muneeza et al., 2023). In Indonesian, this development is reinforced by the growing adoption of crypto assets and their recognition within national financial regulation, positioning cryptocurrency as an established economic reality intersecting with contemporary Islamic economic law discourse (Wiwoho et al., 2024).

This transformation carries significant implications for zakat as the central Islamic instrument of wealth redistribution and socio-economic justice. Beyond its ritual dimension, zakat functions as a normative mechanism aimed at safeguarding economic balance and protecting wealth (ḥifẓ al-māl), reflecting its broader socio-economic objectives within Islamic law. Classical zakat jurisprudence, however, was historically constructed upon assumptions of tangible and conventional assets such as gold, silver, agricultural produce, and trade commodities. As wealth increasingly materializes in intangible digital forms that nonetheless possess measurable economic value, questions arise concerning the continued adequacy of classical zakat classifications and their alignment with the substantive objectives of Islamic law (Hudaefi & Badeges, 2022). Early substance-oriented discussions have begun to conceptualize cryptocurrency as potentially zakatable within a maqāṣid framework (Abu Bakar, 2017).

The application of *maqāṣid al-sharīʿah* to digital assets is not unprecedented. Cryptocurrency has been situated within a value-preservation framework grounded in *ḥifẓ al-māl*, suggesting that digital assets may fall within broader conceptions of wealth protection in Islamic jurisprudence (Aljamos et al., 2022). Other scholars employ maqāṣid-oriented reasoning to evaluate Sharīʿah compliance by emphasizing public interest (*maṣlaḥah*) and risk mitigation within digital financial instruments (Sanuri, 2023). However, these studies largely operate at the level of normative justification demonstrating compatibility between cryptocurrency and Islamic legal objectives without translating maqāṣid into a structured legal methodology capable of reconfiguring zakat doctrine. They rarely address how maqāṣid should guide asset reclassification, niṣāb determination, valuation standards, or institutional governance mechanisms within formal zakat administration systems. Consequently, maqāṣid is invoked as an ethical evaluative lens rather than operationalized as a reconstructive legal-engineering framework.

Divergent responses among Muslim-majority countries regarding zakat on cryptocurrency reflect differences in fiqh methodology and public policy orientation toward digital economic innovation. Malaysia demonstrates a relatively adaptive approach by integrating digital assets into technologically supported zakat governance structures while linking ownership to measurable socio-economic benefit (Nazeri et al., 2023). Egypt illustrates a more cautious trajectory in which classical juristic reasoning interacts incrementally with digital financial developments. Indonesia, by contrast, presents a distinct configuration: despite formal recognition of crypto assets within financial regulation, zakat on cryptocurrency has not yet received explicit normative articulation within the national zakat framework (Fakhruddin et al., 2024).

This condition raises broader institutional and theoretical concerns. The absence of explicit regulatory guidance regarding zakat on digital assets may generate uncertainty in compliance standards and governance mechanisms, potentially affecting zakat's redistributive function in the digital era (Hadi et al., 2021). Regulatory stagnation in responding to technological transformation may also create structural gaps between evolving economic realities and Islamic social finance institutions (Danlami et al., 2023). Yet characterizing this situation as a "legal vacuum" demands conceptual precision. The mere absence of statutory codification does not automatically indicate normative deficiency within Islamic legal tradition.

Classical Islamic law historically evolved through decentralized scholarly authority and fatwa institutions rather than centralized legislative codification, and modern assumptions equating legal validity with state legislation reflect a legal-centralist paradigm (Hallaq, 2009). Therefore, the problem addressed in this study is not the absence of legislation per se, nor a presumption that state codification is inherently superior to organic fiqh development. Rather, Indonesia operates within a hybrid governance structure in which religious authority is institutionally embedded in a state-recognized zakat administration system. Within such a configuration, prolonged normative indeterminacy regarding digital assets may generate institutional fragmentation in reporting standards, audit mechanisms, compliance verification, and public accountability. The issue, accordingly, concerns governance coherence within a formalized national zakat architecture rather than doctrinal plurality in abstract jurisprudence.

Despite increasing scholarly attention to zakat and digital technology, academic discussions on zakat and cryptocurrency remain fragmented. Some studies concentrate primarily on halal–haram debates and volatility concerns, while others emphasize blockchain-based zakat systems or Muslim generational engagement with digital platforms (Rahayu et al., 2025). Although research on digital zakat systems has expanded significantly, it remains insufficiently integrated into systematic comparative legal analysis of zakat on cryptocurrency across jurisdictions (Musa et al., 2022).

Against this backdrop, the research gap addressed in this study does not lie in the absence of maqāṣid discourse on digital assets, but in the limited methodological operationalization of maqāṣid as a structured reconstructive tool within comparative and institutionally grounded zakat governance analysis (Azhar, 2024). Specifically, prior scholarship has not sufficiently examined how maqāṣid can function as a normative design principle capable of harmonizing doctrinal reasoning, asset valuation models, and regulatory architecture within national zakat systems. In particular, Indonesia's legal position on zakat and cryptocurrency has not been critically situated within broader global digital economic developments and cross-country regulatory practices (Lubis et al., 2024). Accordingly, this study addresses two central research questions: first, how the legal position of zakat on cryptocurrency in Indonesia should be understood within the context of global digital economic developments and in comparison with approaches adopted in Malaysia and Egypt; and second, how a maqāṣid al-sharīʿah-based reconstruction of zakat on cryptocurrency can be formulated to strengthen the coherence and effectiveness of Indonesia's national zakat system.

This study aims to conduct a comparative analysis of zakat legal frameworks on cryptocurrency in Indonesia, Malaysia, and Egypt using maqāṣid al-sharīʿah as the primary normative lens, while also proposing a reconstructed zakat model compatible with the characteristics of the digital economy and Indonesia's zakat governance needs (Fanani et al., 2025). By repositioning maqāṣid from a justificatory discourse to an institutional design methodology, this research contributes both theoretically through structured doctrinal reconstruction and practically through governance-oriented policy formulation. The findings are expected to inform policymakers, zakat institutions, and religious authorities in developing institutionally coherent and maqāṣid-oriented zakat policies.

Literature Review / Theoretical Framework

The rapid digitalization of the global economy has generated new forms of wealth, including cryptocurrency, thereby challenging classical Islamic legal categories historically developed in relation to tangible assets. Zakat presupposes a definable concept of *māl* (wealth) within its jurisprudential framework (Hassan et al., 2025). Classical jurists, however, did not treat *māl* as a fixed ontological category. The Hanafi school generally restricted *māl* to corporeal entities capable of physical possession (*qabḍ*), whereas the Maliki school adopted a broader conception that included usufruct (*manfaʿah*) and certain non-physical economic entitlements (Zaman, 2012). This intra-madhhab divergence remains normatively decisive for contemporary analysis. If cryptocurrency is analogized to intangible economic benefit or transferable digital entitlement, its zakat eligibility finds stronger grounding within a Maliki-oriented ontology, while a stricter Hanafi material criterion raises conceptual difficulty. Accordingly, contemporary classification claims concerning ownership, *niṣāb*, and *haul* must be anchored in the juristic theory of *māl* upon which they rely (Nisa et al., 2025).

Beyond ontological classification, the evaluation of cryptocurrency within Islamic law requires engagement with maqāṣid al-sharīʿah as a structured hierarchy of normative objectives, encompassing the preservation of religion (ḥifẓ al-dīn), life (ḥifẓ al-nafs), intellect (ḥifẓ al-ʿaql), progeny (ḥifẓ al-nasl), and wealth (ḥifẓ al-māl) (Fakhruddin et al., 2024). Reducing analysis to *ḥifẓ al-māl* alone constitutes methodological contraction. Classical maqāṣid theory differentiates between *ḍarūriyyāt*, *ḥājiyyāt*, and *taḥsīniyyāt*, structuring normative prioritization when objectives conflict. Contemporary scholarship highlights tensions between individual economic benefit and collective socio-economic stability, particularly where financial volatility generates systemic risk (Ramadan, 2009). Cryptocurrency markets may enhance private wealth accumulation at the level of *ḥājiyyāt* while simultaneously threatening macroeconomic security and public welfare, thereby implicating *ḍarūriyyāt*-level concerns. A coherent maqāṣid analysis must therefore assess whether recognizing cryptocurrency as zakatable wealth preserves or destabilizes hierarchical normative balance. Studies applying maqāṣid reasoning to digital assets provide important groundwork, yet systematic engagement with inter-objective conflict remains limited (Setiawan, 2025).

Contemporary fiqh scholarship has approached cryptocurrency through doctrinal analogies, examining its permissibility and zakat eligibility in light of ownership, nisab, and haul requirements (Fanani et al., 2025). Additional analyses underscore the speculative nature of cryptocurrency markets and the potential presence of gharar (excessive uncertainty) (Bintarto et al., 2022). However, maqāṣid-centered evaluation must extend beyond technical uncertainty to assess compatibility with ḥifẓ al-nafs and ḥifẓ al-ʿaql. Empirical research indicates correlations between high-risk cryptocurrency speculation and psychological distress, compulsive trading behavior, and mental health vulnerability among retail participants exposed to extreme volatility. From a maqāṣid perspective, such findings are normatively significant. If speculative structures systematically generate measurable psychological harm, the issue transcends private financial autonomy and implicates ḍarūriyyāt-level protection of life and mental well-being. Therefore, zakat eligibility cannot be determined solely by exchange value or liquidity; structural characteristics and socio-psychological consequences must also be considered.

Technological innovation in zakat management particularly through fintech and blockchain has been framed as enhancing efficiency, transparency, and accountability in alignment with ḥifẓ al-māl and broader communal welfare (Fakhruddin et al., 2024). Law-and-economics approaches further emphasize regulatory clarity and institutional effectiveness in digital zakat systems (Ahmad et al., 2025). Yet procedural optimization does not resolve foundational ontological and maqāṣid-based concerns. Efficiency cannot substitute for doctrinal coherence.

Comparative regulatory trajectories illustrate divergent approaches. Malaysia has adopted relatively adaptive fatwa and operational frameworks responsive to the digital economy, whereas Indonesia's regulatory environment remains more interpretative and institutionally fragmented (Bintarto et al., 2022). These differences underscore the necessity of grounding contemporary regulatory responses in classical jurisprudence and hierarchical maqāṣid reasoning to avoid selective doctrinal appropriation.

A synthesis of the literature reveals fragmentation: some studies focus on halal–haram classification, others on technical payment mechanisms, and still others on governance (Juniati & Widiastuti, 2024). Few integrate (1) madhhab-based ontological debates on māl, (2) structured maqāṣid hierarchy attentive to inter-objective tension, and (3) empirical socio-psychological evidence concerning speculative harm into a unified framework. This fragmentation risks both anachronism and normative reductionism.

Accordingly, this study advances an integrated framework that (1) situates cryptocurrency within Hanafi–Maliki ontology of māl; (2) applies multi-level maqāṣid analysis attentive to tensions between ḥifẓ al-māl, ḥifẓ al-nafs, and systemic stability across ḍarūriyyāt–ḥājiyyāt hierarchies; and (3) incorporates empirical critiques regarding volatility and psychological harm into zakat evaluation. By synthesizing classical jurisprudence, maqāṣid theory, empirical evidence, and comparative regulatory insight, this framework provides a methodologically coherent foundation for assessing cryptocurrency as a potential zakatable asset.

Research Methodology

This study adopts a normative–comparative legal research design to examine the juridical status of cryptocurrency as zakatable wealth within contemporary Islamic law. The normative dimension focuses on doctrinal analysis of legal texts, fatwas, and statutory regulations concerning zakat and digital assets, consistent with doctrinal legal research methodology (Ihugba, 2020). In line with the theoretical framework, doctrinal interpretation is grounded in classical juristic constructions of māl and hierarchical maqāṣid analysis rather than treated as abstract textual interpretation.

Comparative analysis requires structured criteria rather than descriptive juxtaposition (Legrand, 2003). Accordingly, this research integrates functional and structural comparison. Functionally, it examines how different jurisdictions address the same legal question: whether cryptocurrency qualifies as māl subject to zakat and under what normative conditions. Structurally, it analyzes how institutional configurations particularly the distribution of religious authority, statutory incorporation, and enforcement mechanisms shape doctrinal interpretation and regulatory outcomes.

The selection of Indonesia, Malaysia, and Egypt is theoretically grounded. Indonesia represents a centralized statutory zakat governance model. Malaysia operates under a federal–state structure with decentralized zakat administration. Egypt reflects a predominantly advisory and fatwa-based institutional configuration without comprehensive state-administered enforcement. These institutional architectures are treated as explanatory variables influencing doctrinal development and implementation patterns (Carter & Roucounas, 2018).

Primary sources include statutory regulations, official fatwas, and institutional guidelines from the three jurisdictions. Secondary sources consist of peer-reviewed scholarship on Islamic legal theory, maqāṣid al-sharīʿah, contemporary fiqh muamalah, and digital financial governance (Sanuri, 2023). Materials are analyzed through predefined analytical dimensions: (1) ontological classification of cryptocurrency as māl within Hanafi–Maliki constructs; (2) locus of religious-legal authority; (3) degree of statutory integration into national zakat frameworks; and (4) regulatory responses to volatility assessed through hierarchical maqāṣid reasoning. This structured framework ensures systematic cross-jurisdictional evaluation consistent with comparative legal methodology (Legrand, 2003).

Results and Discussion

The Legal Position of Zakat on Cryptocurrency in Indonesia in the Context of the Global Digital Economy: A Comparative Study with Malaysia and Egypt

The transformation of the digital economy has generated new forms of wealth, including cryptocurrency, which challenge classical constructions of zakat law due to their virtual and decentralized character. Contemporary Islamic jurisprudence no longer confines *māl* to tangible property but recognizes assets possessing economic value, lawful ownership, and growth potential. Within the Hanafi–Maliki ontological debate discussed earlier, the broader Maliki conception supports recognition of non-physical economic entitlements. On this basis, cryptocurrency may qualify as zakatable wealth if ownership, niṣāb, and haul requirements are fulfilled, consistent with its classification as *māl mustafād* (Rosyadhi & Salim, 2022). However, consistent with the functional–structural comparative methodology adopted in this study, doctrinal qualification alone does not determine regulatory integration. Variations across jurisdictions are better explained through institutional design variables that shape how fiqh reasoning is translated into governance practice (Muneeza et al., 2023).

Indonesia: Doctrinal Permissibility and Institutional Fragmentation

In Indonesia, Law No. 23/2011 on Zakat Management does not explicitly incorporate digital assets as zakat objects. Cryptocurrency is recognized as a tradable digital commodity under financial regulation and, since January 2025, supervised by the Financial Services Authority (OJK) pursuant to Government Regulation No. 49/2024 and OJK Regulation No. 27/2024 (OJK, 2024). Yet this regulatory recognition has not been integrated into the zakat legal framework (Financial Services Authority (OJK), 2024).

The Indonesian Ulema Council (MUI), through its 2021 Ijtima Fatwa, distinguished between cryptocurrency's monetary function and ownership-based zakat obligation. While deemed impermissible as legal tender due to gharar and maysir concerns, it may qualify as *māl mutaqawwam* for zakat purposes if ownership conditions are satisfied (Nathania et al., 2025). Thus, the fiqh basis for crypto zakat is not fundamentally rejected. The principal constraint lies not in doctrinal resistance but in structural fragmentation within Indonesia's zakat governance architecture. Authority over zakat administration is centralized under BAZNAS by statute, yet operational practice involves licensed private LAZ institutions, while cryptocurrency supervision falls under OJK's financial regulatory mandate. This tripartite configuration generates jurisdictional segmentation: religious-legal interpretation (MUI), statutory zakat management (BAZNAS/LAZ), and digital asset supervision (OJK) operate within partially overlapping but non-integrated regulatory spheres.

Such fragmentation produces concrete governance consequences, including the absence of standardized valuation methodologies for crypto-based niṣāb calculation, inconsistent reporting protocols for digital asset declarations, uncertainty in audit verification mechanisms, and the lack of coordinated compliance guidelines linking crypto exchanges with zakat institutions. The resulting condition is more accurately characterized as regulatory misalignment rather than doctrinal vacuum (Hadi et al., 2021). From a maqāṣid standpoint, this misalignment risks undermining ḥifẓ al-māl at the systemic level, not because cryptocurrency is inherently non-zakatable, but because institutional incoherence weakens redistributive efficiency and public accountability within the national zakat framework.

Malaysia: Decentralized Authority as Enabling Variable

Malaysia operates under a federal–state structure in which zakat administration is delegated to state religious authorities. This decentralization functions as an enabling institutional variable, allowing state-level experimentation and adaptive implementation without requiring uniform federal statutory reform. PPZ–MAIWP (Federal Territory Zakat Collection Centre) permits zakat payment using Shariah-compliant cryptocurrency under regulated conditions (Pusat Pungutan Zakat–Majlis Agama Islam Wilayah Persekutuan, 2022). Rather than asserting global primacy or exceptional status, this development should be analytically understood as a product of Malaysia's decentralized governance architecture, which structurally aligns religious authority, regulatory discretion, and administrative execution at the state level. Comparative verification across global zakat institutions remains limited; therefore, this study refrains from characterizing Malaysia's initiative as unprecedented in global terms.

Scholarly analysis indicates that despite volatility and cybersecurity risks, Malaysia exhibits higher institutional certainty due to clearer integration between fatwa authority and operational regulation (Mukhlishin et al., 2024). In maqāṣid terms, Malaysia's approach may be interpreted as operating primarily at the level of ḥājiyyāt facilitation enhancing administrative convenience and digital inclusion while maintaining regulatory safeguards to mitigate ḍarūriyyāt-level systemic risks. The distinguishing factor is structural coherence, not doctrinal innovation.

Egypt: Monetary Sovereignty and Macroeconomic Prioritization

Egypt adopts a restrictive position. In 2017, Dar al-Ifta al-Misriyyah declared cryptocurrency transactions impermissible due to excessive uncertainty, speculative risk, and threats to economic stability. Although articulated in fiqh terminology, the regulatory rationale reflects prioritization of monetary sovereignty and macroeconomic control within a centralized governance model. Importantly, these restrictions are directed at usage and financial stability rather than the conceptual attachment of zakat to owned wealth. Studies indicate that zakat obligations may still attach to cryptocurrency ownership if niṣāb and haul conditions are satisfied, even where transactional use is restricted (Diallo & Aziz, 2025). Egypt's stance therefore represents policy-driven regulatory caution rather than categorical theological rejection of zakat on digital assets. Within a hierarchical maqāṣid framework, Egypt's position can be interpreted as prioritizing ḍarūriyyāt-level protection of economic order and monetary stability over ḥājiyyāt-level facilitation of digital financial innovation. The restriction is thus anchored less in ontological denial of māl status and more in macroeconomic risk containment.

Comparative Synthesis

The comparative findings demonstrate that regulatory divergence cannot be reduced to a binary "adaptive versus restrictive" classification. Across jurisdictions, cryptocurrency is not ontologically excluded from the category of māl. What diverges is the institutional capacity to convert doctrinal permissibility into operational regulatory frameworks.

To clarify the structural variables shaping these outcomes, Table 1 synthesizes the institutional configurations, legal positioning of cryptocurrency, and corresponding zakat governance consequences across the three jurisdictions.

Table 1. Institutional Variables and Zakat Treatment of Cryptocurrency

Country	Institutional Design Variable	Legal Status of Cryptocurrency	Zakat Position	Governance Outcome
Indonesia	Centralized zakat statute; fragmented coordination (BAZNAS–LAZ–OJK)	Recognized as digital commodity; not legal tender	Potentially zakatable (*māl mutaqawwam*)	Regulatory vacuum due to institutional misalignment
Malaysia	Federal–state decentralized zakat authority	Permitted within regulated framework	Explicitly zakatable; operational payment mechanism available	Decentralization enables adaptive implementation
Egypt	Centralized monetary authority;	Generally prohibited for monetary use	Zakat obligation theoretically	Monetary sovereignty and

	advisory fatwa model	acknowledged if ownership valid	macro-stability prioritized

Source: Author's analytical synthesis of statutory regulations, fatwas, and policy documents (2026).

Malaysia's decentralization enables controlled experimentation; Egypt's centralization prioritizes monetary sovereignty and macro-stability; Indonesia's segmented institutional architecture produces coordination failures that delay regulatory integration. The decisive explanatory variable is institutional architecture rather than theological disagreement. Accordingly, the Indonesian challenge is neither doctrinal prohibition nor absence of maqāṣid justification, but the need to structurally harmonize religious authority, statutory zakat governance, and digital financial supervision within a coherent regulatory design.

Reconstructing the Concept of Zakat on Cryptocurrency Based on *Maqāṣid al-Sharīʿah* for Strengthening Indonesia's National Zakat System

Departing from the comparative and normative findings presented earlier, this reconstruction does not presume that cryptocurrency inherently qualifies as māl nor that zakat obligation follows automatically from its economic value. Instead, maqāṣid al-sharīʿah is employed as a methodological instrument to resolve the contested ontological status of cryptocurrency within zakat law. In line with Jasser Auda's systemic approach, maqāṣid functions not as post hoc justification of predetermined outcomes, but as a structured normative framework that evaluates ownership validity, risk structure, socio-economic consequences, and institutional feasibility before determining legal attachment (Auda, 2008).

Accordingly, the question is not whether cryptocurrency is already māl and therefore zakatable, but whether through maqāṣid-based analysis it satisfies the substantive and systemic criteria necessary for inclusion within zakat's redistributive architecture. From this methodological standpoint, cryptocurrency must be assessed against four cumulative criteria derived from contemporary fiqh discourse: (1) legally recognized ownership, (2) measurable economic value, (3) transferability, and (4) demonstrable compatibility with social welfare objectives. Contemporary scholarship confirms that māl in Islamic jurisprudence is not confined to tangibility but extends to assets possessing recognized economic value and lawful control (Rosele et al., 2022). However, maqāṣid evaluation requires moving beyond ontological recognition to examine whether inclusion enhances or undermines the higher objectives of ḥifẓ al-māl and distributive justice.

Methodologically, analogical positioning (qiyās) situates cryptocurrency closer to trade inventory (ʿurūḍ al-tijārah) or investment assets rather than currency. This distinction avoids conflating speculative digital tokens with stable monetary instruments. Yet this classification does not resolve the critical niṣāb problem. Classical niṣāb standards presuppose relative valuation stability anchored in gold or silver benchmarks. High volatility characteristic of cryptocurrency markets poses structural tension with this presupposition. As argued by Dusuki and Bouheraoua, volatility may undermine fairness and predictability embedded in niṣāb determination (Dusuki & Bouheraoua, 2021).

Therefore, reconstruction cannot simply rely on "market value at calculation date." Instead, a maqāṣid-consistent approach requires stabilization mechanisms, such as averaged valuation over a defined period or pegging crypto valuation to gold-equivalent benchmarks at the time of zakat maturity, in order to preserve niṣāb's objective of equitable burden distribution. This adjustment aligns valuation methodology with the substantive purpose of zakat rather than replicating market fluctuations mechanically. From a hierarchical maqāṣid perspective, recognition of cryptocurrency as zakatable wealth is justified only if it enhances systemic wealth redistribution without generating greater ḍarūriyyāt-level harm. Empirical Islamic economics scholarship affirms that maqāṣid functions as a substantive evaluative framework assessing social welfare contribution rather than formal compliance alone (Mergaliyev et al., 2019). Thus, zakat inclusion of cryptocurrency is conditional upon demonstrable contribution to distributive justice and fiscal transparency within Indonesia's zakat ecosystem.

In the Indonesian context, absence of structured regulation creates risks of zakat avoidance, inconsistent valuation practices, and institutional fragmentation (Hadi et al., 2021). However, this condition should not be framed as mere "legal vacuum," but as incomplete regulatory harmonization between statutory zakat law and digital asset governance**.** Reconstruction must therefore operate at the level of institutional design. Normatively, implementation may proceed through three coordinated steps:

1. Revision of Law No. 23/2011 to clarify that zakatable assets include digitally recognized wealth subject to sharīʿah-compliant criteria.
2. Joint implementing regulations by BAZNAS and OJK establishing standardized valuation methods, gold-benchmarked niṣāb equivalence, reporting protocols, and audit integration with licensed crypto exchanges.
3. Deployment of regulated digital platforms to enhance transparency and traceability.

However, technological adoption must be critically assessed within broader maqāṣid dimensions. Blockchain-based systems raise privacy implications under Indonesia's Personal Data Protection Law (Law No. 27/2022), necessitating strict data minimization and encryption safeguards (Law No. 27 of 2022 on Personal Data Protection, 2022). Furthermore, digital literacy disparities among mustaḥiqq may impede equitable access, while high-energy blockchain models may conflict with environmental stewardship concerns increasingly recognized within contemporary maqāṣid discourse**.** Accordingly, any technological integration must prioritize energy-efficient consensus mechanisms and privacy-preserving architecture to remain maqāṣid-consistent.

Comparative practice, particularly in Malaysia, demonstrates that maqāṣid-based reconstruction can translate into operational policy when institutional alignment is achieved (Mukhlishin et al., 2024). The critical variable is not technological sophistication per se, but regulatory coherence and normative clarity. Accordingly, reconstruction of zakat on cryptocurrency constitutes both normative clarification and institutional reform. It integrates classical fiqh ontology, hierarchical maqāṣid analysis, and structured regulatory design. The objective is not to expand zakat's scope indiscriminately, but to ensure that emerging forms of wealth are incorporated only when their inclusion strengthens systemic redistribution, preserves economic stability, protects individual rights, and aligns with the higher objectives of sharīʿah. Within the global digital economy, such calibrated reconstruction is necessary to maintain zakat's relevance while safeguarding its doctrinal integrity (Rahayu et al., 2025).

Conclusion

This study has addressed its central research questions by analysing the legal position of zakat on cryptocurrency in Indonesia within the broader trajectory of the global digital economy and by comparing regulatory responses in Malaysia and Egypt. The findings demonstrate that cryptocurrency may qualify as zakatable wealth where it fulfils established criteria of lawful ownership, niṣāb, haul, and sharīʿah compliance. Jurisdictional divergence is not rooted in categorical theological disagreement but in differences of institutional architecture, regulatory coordination, and macroeconomic prioritisation. In Indonesia, the principal challenge lies in governance misalignment between religious authority, statutory zakat administration, and digital financial supervision rather than doctrinal prohibition. Accordingly, the issue concerns regulatory coherence within a hybrid state–religious framework rather than the absence of fiqh legitimacy.

This research explicitly acknowledges its methodological limits. As a normative comparative legal inquiry, it does not empirically measure the actual efficacy of cryptocurrency zakat collection, compliance behaviour, or distributive impact, nor does it provide quantitative data concerning cryptocurrency ownership patterns among Indonesian Muslims. The analysis relies predominantly on statutory materials, documented institutional fatwas, and peer-reviewed scholarship without conducting primary archival investigation into deliberative fatwa processes. Furthermore, policy recommendations particularly the proposed revision of Law No. 23/2011 must be understood as conditional and subject to political feasibility, legislative prioritisation, and institutional capacity constraints. Effective integration would require demonstrable readiness of BAZNAS in digital asset valuation, volatility management, audit integration, and technological infrastructure. Any regulatory reform must also respect Indonesia's constitutional structure under the Pancasila framework, which maintains a principled distinction between religious obligation and coercive state enforcement. Zakat remains a religious duty institutionally facilitated not transformed into a compulsory fiscal instrument of the state.

Theoretically, this study advances maqāṣid al-sharīʿah scholarship by operationalising maqāṣid as a structured normative design methodology rather than merely an ethical justificatory lens. Instead of limiting analysis to analogical classification of cryptocurrency as trade inventory or gold-equivalent, it proposes a layered evaluative framework integrating ontological recognition of māl, hierarchical balancing between ḥifẓ al-māl and higher-order stability concerns, valuation-stabilisation mechanisms for niṣāb determination, and institutional feasibility conditions for governance implementation. In doing so, the reconstruction moves beyond compatibility discourse toward regulatory design grounded in doctrinal coherence and systemic analysis, thereby meeting standards of theoretical contribution in contemporary doctrinal legal research. Ultimately, recognition of cryptocurrency as zakatable wealth is normatively defensible only where doctrinal validity, maqāṣid consistency, institutional capacity, constitutional compatibility, and governance coherence converge.

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