

CRYPTOCURRENCY IN ISLAMIC ECONOMICS: A CRITICAL ANALYSIS OF DOGECOIN'S COMPLIANCE WITH SHARIA PRINCIPLES

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Abstract

This study examines the characteristics of Dogecoin within the framework of Islamic economics, assessing its compliance with principles such as fairness, transparency, and the prohibition of *gharar*, *maisir*, and *riba*. The research aims to determine whether Dogecoin can function as a legitimate medium of exchange under Islamic financial ethics. A descriptive-analytical approach is employed, focusing on key aspects of Dogecoin, including its volatility, anonymity, and transactional utility. The analysis is grounded in Islamic economic principles, evaluating the extent to which Dogecoin aligns with or deviates from these ethical and legal standards. The findings indicate that while Dogecoin leverages blockchain technology to provide transparency and enhance financial inclusion, its high market volatility and speculative nature pose challenges to meeting Islamic economic principles. These factors contribute to uncertainty (*gharar*) and speculative risk (*maisir*), raising concerns about its permissibility in Islamic finance. This study contributes to the discourse on cryptocurrency in Islamic economics by offering a focused analysis of Dogecoin, a digital asset often overlooked in scholarly discussions. It provides a nuanced evaluation of how emerging financial technologies interact with Islamic financial ethics. The study underscores the need for Islamic-based regulatory frameworks and financial literacy initiatives to ensure responsible engagement with cryptocurrencies. Policymakers and scholars must work toward guidelines that balance innovation with ethical considerations, fostering a financial environment that aligns with Islamic values.

Keywords: Dogecoin, Islamic Economics, Cryptocurrency

INTRODUCTION

The rapid development of information and communication technology has changed most of the patterns of human life and relationships.¹ Technology development in the

¹ Ihsan Helmi Lubis, "Jual Beli Mystery Box Dalam E-Marketplace Ditinjau Dari Perspektif Hukum Ekonomi Syariah," *Yurisprudentia: Jurnal Hukum Ekonomi* 10, no. 2 (2024): 266–87, <https://doi.org/10.24952/yurisprudentia.v10i2.13748>.

digital era has brought many innovations in the financial sector, including the emergence of cryptocurrency. Cryptocurrency, or cryptocurrency, has become a global phenomenon that attracts the public's attention, investors, and regulators.² On the other hand, Sharia Economics is an important element in Islamic law that significantly regulates various aspects of people's lives.³ The goal is to meet economic needs in a way that brings prosperity in this world and the hereafter because Islam is a religion that regulates all aspects of human life, including interaction and worship of Allah and all other aspects of life.⁴

As a unique type of *cryptocurrency*, Dogecoin started its journey as a joke but quickly managed to steal the market's attention and gain significant capitalization. Its existence raises questions, not only from a technological and economic perspective but also from an Islamic law and financial perspective.



Figure 1. Dogecoin Trend Period 2021-2025
Data Source from www.tradingview.com

² Muhammad Naufal Hasani et al., "Analisis Cryptocurrency Sebagai Alat Alternatif Dalam Berinvestasi Di Indonesia Pada Mata Uang Digital Bitcoin," *Jurnal Ilmiah Ekonomi Bisnis* 8, no. 2 (2022): 329–44, <https://doi.org/10.35972/jieb.v8i2.762>.

³ Lilis Hamani and Anggi Irawan, "Gadai Dalam Perspektif Tafsir Hadist Ahkam Muamalah," *AL-IKHTISAR: The Renewal of Islamic Economic Law* 3, no. 2 (2022): 1–14, <http://jurnal.idaqu.ac.id/index.php/al-ikhtisar/article/view/315>.

⁴ Indra Nugraha Pasha and Hisyam Asyiqin, "Tinjauan Hukum Islam Terhadap Jual Beli Barang Misteri Box Di Market Place Shopee," *Collegium Studiosum Journal* 7, no. 1 (June 19, 2024): 20–27, <https://doi.org/10.56301/csj.v7i1.1209>.

Popular meme coin Dogecoin (DOGE) saw a significant spike in daily active users, with a 32 per cent increase in the last 24 hours on August 18, 2024.⁵ This increased network activity caught the attention of market observers and enthusiasts, sparking discussions about its potential impact on the crypto's price. Created to satirize crypto speculation, Dogecoin has become one of the most popular cryptocurrencies.⁶ A strong community and support from prominent figures, such as Elon Musk, drive its popularity. However, its volatile nature and lack of real asset backing present a dilemma from a Sharia economic perspective, emphasizing the principles of fairness, transparency, and the prohibition of gharar (uncertainty) and maisir (gambling). This makes Dogecoin an interesting subject to analyze from an Islamic legal perspective.

In Sharia economics, financial transactions must comply with principles that prohibit excessive speculation. In addition, the medium of exchange must have intrinsic value or be backed by tangible assets.⁷ The use of Dogecoin as a means of transaction and investment is controversial because it relies on market mechanisms without the support of physical assets. This raises questions about Dogecoin's compliance with halal criteria in Sharia economics. There is debate among economists and scholars regarding the use of cryptocurrencies, including bitcoin, as a means of business transactions. The National Sharia Council (DSN) and the Indonesian Ulema Council have issued a fatwa regarding the use of cryptocurrencies, namely DSN/MUI No. 116/DSN-MUI/IX/2017 (NABILA, 2022) Concerning "SHARIAH ELECTRONIC MONEY".⁸

In addition, regulations governing cryptocurrency in many countries, including Indonesia, are still developing and unclear. In Indonesia, the Commodity Futures Trading Regulatory Agency (BAPPEBTI) recognizes cryptocurrency as a commodity, not

⁵ Blockchainmedia, "Dogecoin Melonjak, Pengguna Aktif Naik 32 Persen Dalam Sehari," Investing.com, 2024, <https://id.investing.com/news/cryptocurrency-news/dogecoin-melonjak-pengguna-aktif-naik-32-persen-dalam-sehari-2597644>.

⁶ Albi Nani, "The Doge Worth 88 Billion Dollars: A Case Study of Dogecoin," *Convergence* 28, no. 6 (2022): 1719–36, <https://doi.org/10.1177/13548565211070417>.

⁷ Basant Agarwal et al., "Prediction of Dogecoin Price Using Deep Learning and Social Media Trends.," *EAI Endorsed Trans. Ind. Networks Intell. Syst.* 8, no. 29 (2021): e2, <https://doi.org/10.4108/eai.29-9-2021.171188>.

⁸ Dewan Syariah Nasional dan Majelis Ulama Indonesia, "Fatwa Dewan Syariah Nasional Dan Majelis Ulama Indonesia No: 116/DSN-MUI/IX/2017 Tentang Uang Elektronik Syariah" (2017), <https://drive.google.com/file/d/1KPAvhzjiJ61Pt8EFxxTFfDPNmRHJoQDG/view?pli=1>.

a legal tender.⁹ In the context of Islamic law, Dogecoin's status as a commodity or currency also needs to be further examined. The debate over whether Dogecoin is halal or haram is increasingly important amidst the increasing public interest in investing in and using cryptocurrency.¹⁰ Several academics, for example, Hanafiyah scholars, offer background on buying and selling activities in the business world,¹¹ because buying and selling is the exchange of assets with assets (objects) according to special procedures (permissible) determined by sharia. " According to Imam Nawawi in al-Majmu', "Buying and selling is the exchange of property for property.", namely the transfer of ownership rights by exchanging goods for cash or if both parties agree with other goods.¹²

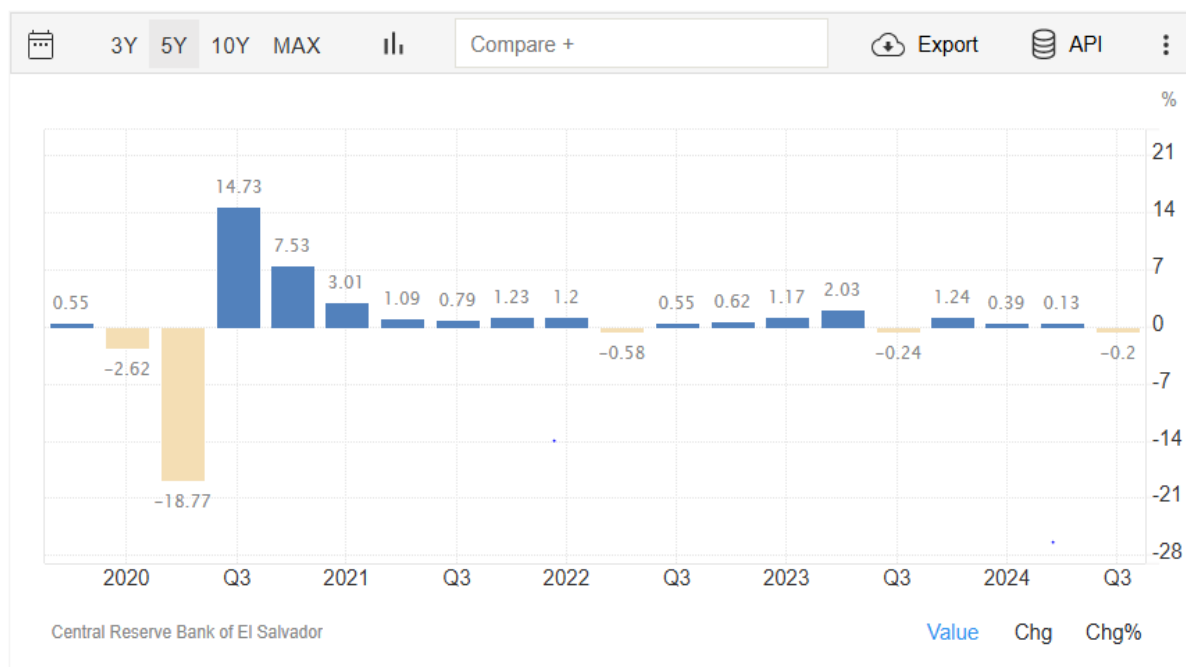


Figure 2 El-Salvador - GDP Growth (q-to-q) Period 2020 - 2024
 Data Source <https://id.tradingeconomics.com/el-salvador/gdp-growth>

⁹ Emiel Salim Siregar et al., "Kepastian Hukum Aset Kripto Sebagai Instrumen Investasi Dalam Perspektif Hukum Islam Dan Hukum Positif," *El-Mujtama: Jurnal Pengabdian Masyarakat* 4, no. 1 (2024): 181-92, <https://doi.org/10.47467/elmutjama.v4i1.3249>.

¹⁰ Taufik Nahdi and Eduardus Bayo Sili, "Legalitas Penggunaan Cryptocurrency Sebagai Alat Investasi Jangka Panjang Di Indonesia," *Commerce Law* 3, no. 1 (2023): 48-54, <https://doi.org/10.29303/commercelaw.v3i1.2816>.

¹¹ Sagita Auranti and Hisyam Asyiqin, "Transaksi Cryptocurrency Ditinjau Dalam Perspektif Hukum Positif Dan Hukum Islam," *Collegium Studiosum Journal* 7, no. 1 (2024): 11-19, <https://doi.org/10.56301/csj.v7i1.1208>.

¹² Retno Dyah Pekerti and Eliada Herwiyanti, "Transaksi Jual Beli Online Dalam Perspektif Syariah Madzhab Asy-Syafi'i," *Jurnal Ekonomi, Bisnis, Dan Akuntansi* 20, no. 2 (2018): 1-12, <https://doi.org/10.32424/jeba.v20i2.1108>.

Meanwhile, El Salvador's economy grew by 1.58% in the third quarter of 2024, slightly higher than the revised 1.53% growth in the previous quarter. Net foreign demand slowed down (7.26% vs. 20.12% in Q2), while imports declined (1.75% vs. 7.77%). From an expenditure perspective, gross fixed capital formation showed a significant recovery (7.84% vs -3.61%), while household consumption growth slowed (1.65% vs 3.0%), and government spending also fell (-1.55% vs 0.21%). The economy contracted by 0.2% every quarter, down from a revised 0.13% growth in the previous quarter (Source: Central Bank of El Salvador).¹³ Meanwhile, based on the latest data from the Central Statistics Agency (BPS), the poverty rate in Indonesia in March 2024 was recorded at 9.03%, a decrease of 0.33% compared to last year (Badan Pusat Statistik, 2024)

Indonesia has the world's largest Muslim population.¹⁴ As the country transitions to the post-pandemic recovery phase, fiscal strategy remains important in achieving sustainable economic growth.¹⁵ The case study of Dogecoin is very relevant, considering its use not only as an investment but also as a micro-transaction tool on various platforms. However, its very high price volatility is often considered inconsistent with the principles of Sharia economics, which emphasize stability and fairness in transactions. Therefore, an analysis of Dogecoin from a Sharia perspective is needed to provide clarity to Muslims who want to participate in the cryptocurrency world.

Furthermore, cryptocurrencies, in general, are often associated with security risks, anonymity, and potential misuse, such as money laundering. This poses an additional challenge in determining whether cryptocurrencies such as Dogecoin are acceptable within the framework of Islamic law.¹⁶ The Islamic economic perspective demands transparency and responsibility in every financial transaction, so this analysis is important to determine the extent to which these principles can be used with Dogecoin.

¹³ Central Reserve Bank of El Salvador, "El-Salvador - Pertumbuhan PDB (q-to-Q)," 2024, <https://id.tradingeconomics.com/el-salvador/gdp-growth>.

¹⁴ Hamani and Irawan, "Gadai Dalam Perspektif Tafsir Hadist Ahkam Muamalah."

¹⁵ Fauzan Romadhian Khairi, "Indonesia's Fiscal Policy in the Midst of Recession and Post-Pandemic Recovery Reviewed from an Islamic Fiscal Perspective," *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Syariah* 9, no. 2 (2024): 399–418, <https://doi.org/10.24235/jm.v9i2.18880>.

¹⁶ K Nagamani, R Pruthu, and V Sai Teja, "Applications of Blockchain in Cryptocurrency: Bitcoin and Dogecoin," *Int J Res Eng Sci Manage* 4, no. 7 (2021): 87–89.

Thus, this study aims to analyze the legal status of Dogecoin from a sharia economic perspective, considering aspects such as transparency, fairness, and the potential for gharar and maisir. This analysis is expected to provide a comprehensive view for the Muslim community, business actors, and regulators in making decisions regarding the use of Dogecoin and cryptocurrency.

METHOD

This study uses a qualitative method with a descriptive-analytical approach to analyze Dogecoin's use in the Islamic economics perspective. The data used consists of secondary data in the form of literature related to cryptocurrency, Islamic law, and regulatory documents on digital currency. The Dogecoin case study is analyzed by reviewing relevant literature and official documents, such as fatwas related to Islamic economics and cryptocurrency regulations in Indonesia. This approach aims to understand the phenomenon in depth and evaluate the suitability of Dogecoin with Islamic principles, such as the prohibition of gharar, maisir, and usury. The analysis is carried out through textual interpretation of Islamic economic theory and comparison with the characteristics of Dogecoin.

RESULT AND DISCUSSION

1. Characteristics of Dogecoin from the Perspective of Sharia Economic Law

Cryptocurrency appeared in 1983, and David Chaum discovered it by creating a payment method that could be used in cyberspace transactions.¹⁷ Dogecoin is one of the most well-known cryptocurrencies and has unique characteristics compared to other digital currencies.¹⁸ was created in 2013 by Billy Markus and Jackson Palmer, Indra Santo, M. B. A. (2023) in his book. Dogecoin was initially intended as a joke using the Shiba Inu

¹⁷ Palupi Lindiasari Samputra and Septia Zul Putra, "Bitcoin and Blockchain to Indonesia's Economic Resilience: A Business Intelligence Analysis," *JEJAK: Jurnal Ekonomi Dan Kebijakan* 13, no. 1 (2020): 188–202, <https://doi.org/10.15294/jejak.v13i1.23099>.

¹⁸ Evi Mutia, Lilis Maryasih, and Nurma Sari, "The Perspective of Market Analysis on Cryptocurrency Value Post Fatwa Indonesian Ulema Council (MUI)," *Proceedings of AICS-Social Sciences* 12 (2022): 33–39, <https://jurnal.usk.ac.id/AICS-Social/article/view/37765>.

dog meme as its logo.¹⁹ However, its popularity has increased rapidly due to its strong community, its easily accessible nature, and support from famous figures such as Elon Musk.²⁰ From a sharia economic perspective, the characteristics of Dogecoin must be analyzed to determine its compliance with the principles governing financial transactions in Islam.

One of the main characteristics of Dogecoin is its extremely high volatility. The price of Dogecoin can change drastically quickly, often influenced by market sentiment or statements by specific figures.²¹ This volatility is a concern in Islamic economics because it can create uncertainty (*gharar*), which is prohibited in financial transactions. In Islam, the practice of *gharar* is forbidden because it involves uncertainty, such as in gambling, where the amount, size, or delivery of goods cannot be ascertained.²²

In addition to volatility, anonymity is one of the prominent features of Dogecoin and other cryptocurrencies. Dogecoin transactions are recorded using blockchain technology, allowing users to transact without revealing their identities. This anonymity provides privacy for users but can also pose risks such as potential misuse for illegal activities, such as money laundering or terrorist financing. From a sharia perspective, transparency in transactions is an important principle, so too much anonymity can raise doubts about its compliance with Islamic law.

Dogecoin's function as a medium of exchange or commodity is debatable. In several countries, including Indonesia, Dogecoin is not recognized as legal tender but is treated as a digital asset or commodity. According to Dumairy, to function as a medium of exchange, money must meet three criteria: be generally accepted, function as a means of payment, and be legally recognized by the government. In Sharia economics, the medium

¹⁹ Indra Santo, *Melangkah Ke Dunia Cryptocurrency : Memulai Perjalanan Anda Ke Investasi Digital Di Indonesia*, 1st ed (Sleman: Bintang Semesta Media, 2023).

²⁰ Wahyunanda Kusuma Pertiwi and Yudha Pratomo, "Apa Itu Dogecoin, Mata Uang Kripto 'Lelucon' Yang Dipromosikan Elon Musk," *Kompas.com*, 2021, <https://tekno.kompas.com/read/2021/02/11/15320067/apa-itu-dogecoin-mata-uang-kripto-lelucon-yang-dipromosikan-elon-musk?page=all>.

²¹ Klemens Katterbauer et al., "Sharia Compliance of Cryptocurrencies: Data-Driven Sharia Compliance Assessment," *Talaa: Journal of Islamic Finance* 2, no. 2 (2022): 75–85, <https://doi.org/10.54045/talaa.v2i2.691>.

²² Hanif Hawari, "Apa Itu Gharar? Transaksi Yang Diharamkan Dalam Islam," *detikHikmah*, 2023, <https://www.detik.com/hikmah/khazanah/d-7080662/apa-itu-gharar-transaksi-yang-diharamkan-dalam-islam>.

of exchange must have intrinsic value or be supported by tangible assets.²³ With Dogecoin's value being entirely dependent on market mechanisms and having no intrinsic value, this can be considered contrary to this principle.

In terms of utility, Dogecoin is widely used for microtransactions such as tipping on digital platforms or donations to content creators. This makes Dogecoin different from other cryptocurrencies that are more often used as investments. However, these transactions remain vulnerable to extreme fluctuations in value, which can cause injustice to one party. The principle of justice in Islamic economics demands that the exchange rate in transactions must be fair and free from uncertainty.

Dogecoin's unlimited supply nature is also a concern. Unlike Bitcoin, which has a maximum supply of 21 million coins, Dogecoin has no limit, so it can continue to grow indefinitely. In a sharia economy, uncontrolled supply can pose a risk of excessive inflation, ultimately harming users. However, this nature also makes Dogecoin more suitable for everyday transactions than as a store of value.

Furthermore, Dogecoin does not have any physical asset or institutional backing, which is the basis of trust in the traditional financial system. In Islamic economics, the value of an asset must be based on its real existence or clear benefits. Dogecoin, as a digital currency without any backing assets, can be considered not to meet this criterion, making its legal status in Islam questionable.

Nevertheless, Dogecoin has a strong and active community that supports its use for social purposes, such as charitable donations and fundraising. In some cases, the social value of Dogecoin can be considered relevant to Sharia principles that encourage participation in charitable activities and community empowerment. However, this aspect must be carefully weighed against Dogecoin's volatile and uncertain nature. For Muslims, technological development must, of course, be in line with religious concepts, especially with everything related to economic development.²⁴

²³ Dewi Indrayani Hamin, "Crypto Currensi Dan Pandangan Legalitas Menurut Islam: Sebuah Literature Review," *JAMBURA: Jurnal Ilmiah Manajemen Dan Bisnis* 3, no. 2 (2020): 127–39, <https://doi.org/10.37479/jimb.v3i2.9430>.

²⁴ Sajida Sanata Islam and Iffatin Nur, "E-Money Perspektif Maqashid Syariah Fii Al-Muamalah," *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Syariah* 6, no. 2 (2021): 227–36, <https://doi.org/10.24235/jm.v6i2.8608>.

The use of technology in the community's muamalah activities and electronic transactions is based on established principles.²⁵ The legal basis acts as a guideline for actors and provides legal certainty. In addition, legal certainty also contains other principles, such as the principles of transparency, openness, and accountability (Tony et al., 2016). In the context of technology, Dogecoin uses blockchain, which allows transparency in recording transactions. This aligns with Sharia principles that prioritize clarity and openness in financial transactions. However, user anonymity can disrupt this transparency, making it difficult to identify the parties involved in the transaction. Therefore, although blockchain technologically supports Sharia principles, its application to Dogecoin must be analyzed more deeply.

Another characteristic to note is the way Dogecoin is traded in the market. Most Dogecoin transactions are made through speculative exchange platforms. In Islamic economics, speculative activities that are not based on real value are considered as *maysir* (gambling), which is prohibited. *Maysir* is considered one of the three most significant business corruptions, along with *riba* (interest or usury in Christianity) and *gharar* (speculative or uncertain trading). The term *Maysir* comes from Arabic (*yisir*), which means convenience or getting something easily.²⁶ Therefore, Dogecoin trading that is only aimed at making a profit without a clear economic basis can be considered inconsistent with Islamic law.

Support for Dogecoin also comes from the community, which sees it as a tool for financial empowerment, especially for those who do not have access to the traditional banking system. From a Sharia perspective, community empowerment is a noble goal, but the use of financial tools must remain within the corridor in accordance with Islamic principles. Dogecoin, although it can be used for financial inclusion, still has challenges in terms of its compliance with Sharia principles.

²⁵ Moh Holilur Rohman, "Understanding the Legal and Religious Perspectives on Cryptocurrency Transactions: A Study of DSN - MUI Fatwa and Indonesian Currency Regulation: Analysis of Cryptocurrency Evaluation Transactions Perspective of DSN-MUI Fatwa and Law No. 7 of 2011," *Istinbath : Jurnal Hukum* 20, no. 01 (2023): 38-53, <https://doi.org/10.32332/istinbath.v20i01.5688>.

²⁶ Desita Fitriani and Fauzatul Laily Nisa, "Analisis Praktek Larangan Maysir, Gharar, Dan Riba Dalam Asuransi Syariah Di Indonesia," *Jurnal Multidisiplin Ilmu Akademik* 1, no. 3 (2024): 181-90, <https://doi.org/10.61722/jmia.v1i3.1391>.

Thus, Dogecoin's characteristics, including volatility, anonymity, lack of intrinsic value, and speculative use, present significant challenges in ensuring its compliance with the Islamic economy. An analysis of these characteristics provides a basis for understanding how Dogecoin can or cannot be adopted by Muslims in accordance with the principles of Islamic law. The final assessment of its legal status requires a comprehensive view and involves considering the benefits and risks involved.

2. Analysis of Gharar, Maisir, and Riba in Dogecoin Transactions

Dogecoin as a cryptocurrency raises a number of questions regarding its permissibility in Islam, especially due to the potential for gharar, maisir, and riba in transactions involving this asset. These three concepts are prohibited in Islamic law because they have the potential to harm one party or involve uncertainty and unfair practices. Analysis of Dogecoin transactions is important considering the major influence of this cryptocurrency in the modern economy and its increasingly widespread use in society. Through this analysis, it can be determined to what extent Dogecoin meets or violates Sharia principles.

In the context of gharar, uncertainty is one of the inherent characteristics of Dogecoin. The very high price volatility of Dogecoin is often the main focus. The price of this currency can rise or fall drastically in a matter of hours, which is usually influenced by external factors such as market trends or statements by famous figures. This instability creates great uncertainty for transaction actors. In Islam, gharar is defined as an element of uncertainty that can cause injustice or harm one party. When the value of Dogecoin is difficult to predict, users are in an unstable situation, so the element of gharar becomes very relevant.

In addition to volatility, Dogecoin's value, which has no intrinsic basis, also creates additional uncertainty.²⁷ Unlike physical assets such as gold or property that have real value, Dogecoin is completely dependent on market confidence and supply and demand mechanisms. This situation creates value ambiguity that is contrary to the principles of transactions in Islam, where the value of an asset or good must be clear and agreed upon

²⁷ Dinda Anisa, Tuti Anggraini, and Khairina Tambunan, "Analisis Cryptocurrency Sebagai Alat Alternatif Berinvestasi Di Indonesia," *Owner: Riset Dan Jurnal Akuntansi* 7, no. 3 (2023): 2674–82, <https://doi.org/10.33395/owner.v7i3.1698>.

by both parties when the transaction is made. This ambiguity, if not managed properly, can lead to gharar.

The practice of muamalah or trade transactions generally contains risks related to profit and loss. The parties involved usually hope to always make a profit, but there is no certainty that every effort will be successful.²⁸ In the context of Dogecoin trading, the element of gharar is seen from the uncertainty related to supervision and regulation. Cryptocurrencies usually operate outside the conventional banking system, so their regulations are not as strict as other financial instruments. This poses additional risks, such as the possibility of fraud, market manipulation, and loss of assets due to cyber attacks. In Islam, transactions that contain high risks due to this kind of uncertainty are usually considered impermissible because they can harm society as a whole.

Maisir, or gambling, is another aspect that is highlighted in the analysis of Dogecoin transactions. In language, the term gambling has two names, namely maisir and qimar, but in the Qur'an, the most frequently used term is maisir.²⁹ In sharia, maisir has the same meaning as qimar, namely, all forms of activities that contain elements of gambling.³⁰ Maisir refers to speculation that is not based on clear economic benefits but on luck or unpredictable results. Many people buy Dogecoin not to use it as a means of exchange but to profit from rising prices. This activity is similar to gambling because it involves high risks without a solid economic basis. In a literal context, maisir comes from a root word that means easy. Therefore, maisir is prohibited because of its exploitative nature and does not provide real benefits to society.

Speculation in the Dogecoin market is often exacerbated by leveraged or margin-based trading. Some trading platforms offer users the ability to buy large amounts of Dogecoin with little capital, but the risk of loss is much higher. This practice is similar to

²⁸ Evan Hamzah Muchtar, "Muamalah Terlarang: Maysir Dan Gharar," *Jurnal Asy-Syukriyyah* 18, no. 1 (2017): 82-100, <https://doi.org/10.36769/asy.v18i1.73>.

²⁹ Baldad Muhammad Syarifati and Maya Panorama, "Maysir Element Analysis in Binary Option Platform Case Study of Iq Option Application," *Indonesian Journal of Multidisciplinary Science* 1, no. 10 (2022): 1202-10, <https://doi.org/10.55324/ijoms.v1i10.182>.

³⁰ Ibrahim Shekarau Dahiru and Shuaibu Mahmud Nasidi, "Islam and Its Teachings: A Vital Means to the Problem and Perception of Gambling among Muslims of Nasarawa North Senatorial District Nigeria," *Solo Universal Journal of Islamic Education and Multiculturalism* 3, no. 01 (January 25, 2025): 81-92, <https://doi.org/10.61455/sujiem.v3i01.260>.

gambling, where the final outcome depends on unpredictable price fluctuations. Such speculation not only increases the risk of financial loss for individuals but also creates instability in the broader market, which is contrary to the principles of justice and stability in Islam.

Maisir is also seen in how Dogecoin is promoted on social media and online communities.³¹ Many users use the platform to manipulate prices through campaigns that lead to “pump and dump,” where prices are artificially inflated only to be sold in large quantities by the main perpetrators. This practice involves extreme speculation that harms individuals and damages the integrity of the market as a whole. In Islam, this kind of activity contradicts the values of transparency and honesty.

Furthermore, usury is also a concern in transactions involving Dogecoin. Usury refers to additional profits obtained from loans or unequal transactions. In the Dogecoin ecosystem, usury can appear in various forms, such as interest charged on crypto loans or unfair transaction fees. Some trading platforms allow users to borrow Dogecoin or fiat money with interest, which involves usury. In Islam, such transactions are prohibited due to their exploitative nature.

Usury in Dogecoin transactions is also seen in offering new tokens (Initial Coin Offering or ICO) which often involve promises of high profits without a clear basis. Investors who buy these tokens often must pay more to get the promised profits, which can ultimately be considered a usury. In Islam, unfair transactions or transactions involving excess value like this contradict the principles of justice and equality.

However, there is an argument that Dogecoin does not inherently contain *riba* if used simply as a medium of exchange without involving a third party paying interest. As a means of payment, Dogecoin can be considered neutral, as long as it does not involve the addition of prohibited value. However, the *gharar* and *maisir* elements inherent in the Dogecoin ecosystem remain a major challenge from a sharia perspective.

In some cases, Dogecoin has been used for social purposes, such as charitable donations or funding community projects. Such uses may be considered shariah-compliant, as long as they do not involve speculation or uncertainty. However, these

³¹ Abdurrahman Wahid, “Riba Dan Gharar Dalam Bitcoin Pendekatan Qaidah Fiqh,” *Rayah Al-Islam* 7, no. 1 (2023): 358–84, <https://doi.org/10.37274/rais.v7i1.668>.

social benefits must be carefully considered in the context of larger risks, including market volatility and potential fraud.

Overall, this analysis shows that Dogecoin's characteristics allow for the emergence of *gharar*, *maisir*, and *riba*, depending on its use. These elements become very relevant if Dogecoin is traded speculatively or involves interest. Conversely, if used simply as a means of payment in everyday transactions, Dogecoin has the potential to be more in line with sharia principles.

However, the main challenges remain volatility, value ambiguity, and a lack of regulation that supports transparency and fairness. Without clear regulation, Dogecoin is difficult to fully accept in the Islamic economic system. Therefore, a more careful and sharia-based approach is needed to determine its eligibility as part of the Islamic economy.

3. Relevance of Dogecoin Use to the Principles of Fairness and Transparency

Islam firmly states that fair trade and income-generating laws are not prohibited, so many verses in the Qur'an and Hadith support trading activities.³² The principles of justice and transparency are essential elements in Islamic economics. In Islam, every financial transaction must be carried out fairly, not harming either party and be transparent so that both parties understand their rights and obligations.³³ The use of Dogecoin, as a type of modern cryptocurrency, raises the question of whether it can meet these principles. This analysis will examine aspects of justice and transparency in the Dogecoin ecosystem, starting from its transaction mechanism and market structure to its impact on users.

Islamic business ethics emphasize fairness, honesty, and kindness, encouraging sustainable success and economic justice while fulfilling social and spiritual responsibilities.³⁴ From a justice perspective, Dogecoin has the potential to support

³² Muhamad Rizki Alsandi and Anggi Irawan, "Mudharabah Dalam Prespektif Tafsir Ahkam Hadits Muamalah," *AL-IKHTISAR: The Renewal of Islamic Economic Law* 3, no. 1 (2022): 57–67, <https://jurnal.idaqu.ac.id/index.php/al-ikhtisar/article/view/311>.

³³ Azwar Azwar, "Akuntabilitas Dalam Transaksi Keuangan Perspektif Islam," *AL-QIBLAH: Jurnal Studi Islam Dan Bahasa Arab* 2, no. 6 (2023): 706–22, <https://doi.org/10.36701/qiblah.v2i6.1592>.

³⁴ Hardyansyah Yusuf et al., "The Principles of Islamic Business Ethics in the Viral Success of Donat Kompas Galesong: A Review of Islamic Economic Law," *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Syariah* 10, no. 1 (2025): 40–56, <https://doi.org/10.24235/jm.v10i1.16559>.

financial inclusion, as this currency does not require access to the traditional banking system. Users only need to have a digital wallet to store and transfer Dogecoin. With its decentralized nature, Dogecoin can provide access to financial services for the unbanked, especially in areas underserved by the banking system. This aligns with the value of justice in Islam, which aims to create equality in access to economic resources.

However, despite Dogecoin's potential for financial inclusion, its high price volatility often becomes an obstacle to creating fairness. Dogecoin's price can change drastically quickly, usually influenced by market speculation or the influence of specific figures on social media. This situation creates instability that harms users and creates injustice for those who do not understand market risks. In Islamic economics, fairness demands a balance in the distribution of risks and benefits, which is difficult to achieve in the highly speculative Dogecoin ecosystem.

Regarding transparency, Dogecoin offers advantages through the blockchain technology that underlies its operations. Every transaction made with Dogecoin is permanently recorded in the blockchain, which anyone can access. This creates high transparency, as every user can verify the transaction history without needing an intermediary. In the principles of Islamic economics, this transparency is essential to avoid fraudulent practices or uncertainties that harm one party.

However, while blockchain provides transparency in recording transactions, Dogecoin's inherent anonymity can be problematic. Dogecoin users are often not directly identified, making it difficult to ascertain the parties' identities in a transaction. This anonymity can be exploited for illegal activities such as money laundering or terrorism financing, which are contrary to the values of transparency and justice in Islam. In the Sharia economic system, transparency involves not only openness of information but also the moral responsibility of financial actors.

In addition, the Dogecoin market structure that relies heavily on supply and demand mechanisms also raises questions about its fairness.³⁵ The price of Dogecoin is often influenced by a small group of users who own large amounts of assets, known as "whales." This group can manipulate prices through large purchases or sales, harming

³⁵ Mutia, Maryasih, and Sari, "The Perspective of Market Analysis on Cryptocurrency Value Post Fatwa Indonesian Ulema Council (MUI)."

other users. This practice is not by the principles of justice in Islam because it creates an imbalance of power detrimental to smaller or less experienced parties.

The principle of fairness also relates to the fair distribution of profits and losses in transactions. In the Dogecoin ecosystem, users often face risks disproportionate to their potential benefits, especially if they engage in speculative trading. This risk is exacerbated by the lack of regulation that protects users from fraud or system failures. In Islamic economics, fair transactions must balance risks and benefits so no party is disproportionately disadvantaged.

Additionally, regarding transparency, Dogecoin promotions on social media are often not accompanied by adequate information about the risks involved. Many users are tempted to buy Dogecoin because of the promise of large profits, without understanding the volatility or speculative nature of the asset. This lack of education creates an information imbalance that can be detrimental to users, especially those new to cryptocurrency. In Islam, transparency demands honest and open communication between economic actors, which is difficult to achieve in the current Dogecoin ecosystem.

However, Dogecoin also has the potential to create transparency in cross-border transactions. This currency allows users to transfer funds directly without going through intermediaries such as banks, which often charge high fees or impose certain restrictions. Using Dogecoin, transactions can be carried out quickly and cheaply, increasing efficiency and openness in international trade. This potential aligns with Sharia values as the transactions are carried out fairly and transparently.

However, the main challenge remains regulation. Without a clear legal framework, it isn't easy to ensure that Dogecoin can be used fairly and transparently. Many countries still do not have rules governing the use of cryptocurrencies, creating room for harmful practices. In Islam, justice and transparency depend not only on the intentions of individuals but also on the system's structure that supports both.

This study uses Fiqh muamalah as a theoretical basis for Islamic law.³⁶ Fiqh muamalah is a branch of Islamic law that discusses human behaviour in various aspects

³⁶ Syamsuri Syamsuri and Asti Lutfiah, "Analysis of Fraud in Transactions on Shopee: A Fiqh Muamalah Perspective Using the Fraud Triangle Theory," *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Syariah* 10, no. 1 (2025): 1-19, <https://doi.org/10.24235/jm.v10i1.17014>.

of worldly life, such as buying and selling, borrowing and lending, trade cooperation, land management, and renting. In practice, Dogecoin is more often used as an investment instrument than a means of exchange because buying and selling in trade usually contains the risk of profit and loss.³⁷ This raises debate because investment in highly volatile assets such as Dogecoin tends to be speculative, not a productive economic activity. In Islamic economics, investment must be based on activities that benefit society, not just for personal gain. When Dogecoin is used as a means of speculation, it is not easy to justify it within the principles of justice and transparency.

In addition, transparency in using Dogecoin also depends on the user's understanding of blockchain technology. Many users do not understand how blockchain works, and the general public's understanding of cryptocurrency is still unclear, resulting in a lack of acceptance of cryptocurrency in Indonesian society.³⁸ so that they are vulnerable to fraud or errors in use. In Islam, transparency involves the openness of information and ensuring that the information is accessible and understandable to all parties. This challenge shows the need for broader education about cryptocurrencies to ensure their use is by sharia principles.

Overall, Dogecoin's relevance to the principles of fairness and transparency largely depends on how it is used. As a means of payment, Dogecoin has the potential to support financial inclusion and create transparency through blockchain technology. However, challenges such as volatility, anonymity, and lack of adequate regulation often hinder the achievement of these principles. Therefore, a more careful and sharia-based approach is needed to ensure that Dogecoin can be used fairly and transparently.

CONCLUSION

The analysis in this study highlights both the opportunities and challenges of using Dogecoin within the framework of Islamic economics. While Dogecoin offers potential benefits such as enhanced financial inclusion and transparency through

³⁷ Intan Novita Sari and Lysa Ledista, "Gharar Dan Maysir Dalam Transaksi Ekonomi Islam," *Izdihar: Jurnal Ekonomi Syariah* 2, no. 2 (2022): 22–40, <https://doi.org/10.32764/izdihar.v2i2.2610>.

³⁸ Endra Saputra, "Dampak Cryptocurrency Terhadap Perekonomian Indonesia," in *Seminar Nasional Royal (SENAR)*, vol. 1, 2018, 491–96.

blockchain technology, its high volatility, anonymity, and speculative nature pose significant obstacles to Sharia compliance. These characteristics conflict with Islamic economic principles that emphasize justice, transparency, and the prohibition of gharar, maisir, and riba. Therefore, the responsible adoption of Dogecoin within an Islamic financial system requires regulatory improvements, increased public awareness, and measures to mitigate speculative risks while preserving its potential benefits. This study has certain limitations that should be addressed in future research. The analysis primarily focuses on theoretical and qualitative assessments, lacking empirical data on how Dogecoin is practically used in Muslim-majority markets. Additionally, the study does not extensively explore alternative blockchain-based solutions that could align more closely with Islamic finance principles. Future research should investigate real-world applications of cryptocurrencies within Islamic financial institutions and develop frameworks for utilizing blockchain technology in a way that fully adheres to Sharia economic ethics.

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